



Overview of 1st Quarter Results for the Year Ending December 31, 2013 [Japanese GAAP]

May 13, 2013

Company Name : **ASATSU-DK INC.** Exchange : Tokyo Stock Exchange First Section
 Securities Code : 9747 URL : <http://www.adk.jp/english/index.html>
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(Unit: millions of yen, Rounded down under 1 million yen)

1. The First Three Months Consolidated Results (January 1, 2013 to March 31, 2013)

(1) Consolidated Operating Results

	Gross Billings		Operating Income		Ordinary Income		Net Income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
3 months ended; Mar. 31, 2013	87,778	(3.5)	671	(70.3)	917	(63.8)	509	(65.1)
Mar. 31, 2012	91,004	6.6	2,259	104.2	2,537	85.1	1,458	752.9

(Notes) 1. Comprehensive income

at March 31, 2013 : 8,297 million yen ((11.5) %) at March 31, 2012 : 9,373 million yen (939.1 %)

2. Percentages shown for Gross Billings, Operating Income, Ordinary Income and Net Income represent increase/decrease from those in the corresponding period of the previous year.

	Net Income per Share	Fully Diluted Net Income per Share
	yen	yen
3 months ended; Mar. 31, 2013	12.07	12.06
Mar. 31, 2012	34.53	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio
	millions of yen	millions of yen	%
Mar. 31, 2013	207,591	113,255	54.0
Dec. 31, 2012	195,163	109,559	55.6

(Reference) Shareholders' equity March 31, 2013 : 112,132 million yen December 31, 2012 : 108,521 million yen

2. Dividend Information

	Dividend per Share				
	End of first quarter	End of second quarter	End of third quarter	year-end	Full-year
	yen	yen	yen	yen	yen
Fiscal 2012 (Actual)	—	10.00	—	101.00	111.00
Fiscal 2013 (Actual)	—	—	—	—	—
Fiscal 2013 (Forecast)	—	10.00	—	15.00	25.00

(Notes) 1. We do not revise the forecast of the year-end dividends as announced on February 14, 2013.

2. The year-end dividend for FY 2012 includes the extraordinary dividend of ¥ 88 per share from surplus.

3. Forecast of Consolidated results Fiscal 2013 (January 1, 2013 to December 31, 2013)

	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
Interim	174,600	(2.9)	850	(68.8)	2,070	(48.0)	1,080	(39.1)	25.67
Full-year	359,200	2.4	4,000	26.0	5,670	6.7	2,900	4.3	69.16

(Notes) 1. Percentages shown for Gross Billings, Operating Income, Ordinary Income and Net Income represent increase/decrease from those in the corresponding period of the previous year.

2. We do not revise the forecast for the 2013 consolidated results as announced on February 14, 2013.

* Notes

- (1) Changes in the Scope of Consolidation and Application of the Equity Method by the significant subsidiaries ? : No.
- (2) Is there any accounting treatment particular to the quarterly financial statements ? : Yes.
For details, see the Supplementary Information "2.Other Information (2)" on the page 7.
- (3) 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 : Yes.
 4. Resestatements : No.
- For details, see the Supplementary Information "2.Other Information (3)" on the page 7.
- (4) 1. Number of outstanding stocks (including treasury stock) issued, end of term :
at March 31, 2013 : 42,655,400 shares, at December 31, 2012 : 42,655,400 shares,
2. Number of treasury stock, end of term :
at March 31, 2013 : 574,969 shares, at December 31, 2012 : 380,549 shares,
3. Avg. number of shares (consolidated) outstanding during the terms ended :
at March 31, 2013 : 42,227,202 shares, at March 31, 2012 : 42,230,696 shares,
- (Notes) The Company has introduced an "ESOP Trust Utilizing Employee Shareholding Association," and the shares owned by this ESOP are reported as "treasury stock" in the quarterly consolidated financial statements. Consequently, shares owned by this ESOP are included in the number of shares of treasury stock outstanding at the period end above, and there were 296,700 shares and 304,900 shares at the end of the first quarter and at the end of the previous fiscal year, respectively.

* Implementation status of quarterly review procedures

This quarterly consolidated financial results report is exempt from quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly consolidated financial results report, the review procedures for quarterly consolidated financial statements have not finished.

* 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. Consolidated Results for First Quarters of Fiscal 2013 (3) Forecasts for Fiscal 2013" on page 6 for the suppositions that form the assumptions for the business forecasts and cautions concerning the use thereof.

【Supplementary Information】

1. Consolidated Results for the First Quarter of Fiscal 2013

(1) Overview of Operating Results

During the current first quarter (From January 1, 2013 to March 31, 2013), the Japanese economy showed signs of recovery with recovery in the overseas economy, weakening of the yen and rising stock prices. With the quickened pace of yen weakening supported by the anticipation of new financial and economic policies since the end of last year, the export environment improved and with the improvements in consumer confidence, personal consumption has shown recovery. However, uncertain outlook continues to linger in the overseas economies, particularly in Europe and as it would take some time for the weaker yen and strengthened stock markets to stimulate the physical economy leading to full-fledged economic recovery, the situation requires continued watching.

According to the “Current Survey of Selected Service Industries ” by the Ministry of Economy, Trade and Industry, total gross billings in the advertising industry showed three consecutive months of year-on-year gains, a trend that has been seen since last November. While February showed a monthly drop of 0.5 points, it can be considered to have performed stably. In spite of factors for uncertainty including the rekindling of the European government debt crisis and the slowing economic growth in emerging markets, many risks are not expected to materialize and continued stable conditions are expected.

Under these circumstances, the ADK Group sought to provide communications programs emphasizing maximization of return on communication investments (ROI) for its advertising clients. At the same time, we actively advanced our operations in emerging markets and China, as well as in the content business and exercised strict control over cost of goods sold and reduction in selling and general administrative (SG&A) expenses. However, both sales and profits fell short of the preceding year.

The Group reported gross billings of ¥87,778 million, down 3.5% from the previous corresponding period. Gross profit decreased 13.6% to ¥11,611 million, while operating income decreased 70.3% to ¥671 million. Ordinary income decreased 63.8% to ¥917 million with the addition of ¥58 million interest

income, ¥27 million dividend income and ¥24 million investment income under the equity method. Net income before income taxes and minority interests for the quarter decreased 61.5% to ¥969 million, while the net income for the quarter decreased 65.1% to ¥509 million.

Performance by Business Segment

Advertising Business

Gross billings to outside customers amounted to ¥86,999 million during the quarter under review, down 3.1% from the previous corresponding period, and segment income decreased 61.0% to ¥961 million.

With respect to billings, domestic subsidiaries and overseas subsidiaries all enjoyed revenue growth, the standalone revenues for the parent company (ADK) declined and, for Group as a whole, revenues fell short of last year's performance. In terms of profits, ADK, domestic subsidiaries and overseas subsidiaries all suffered profit declines and underperformed relative to the prior year.

ADK, which forms the core of the ADK Group, reported gross billings of ¥76,659 million, down 3.0% from the previous corresponding period. Gross profit decreased 15.1% to ¥8,591 million. Continued efforts toward the reduction of SG&A expenses were made; however, due to the large share of fixed costs, the reduction of revenue took its toll and the resulting operating income fell 59.3% to ¥771 million.

Broken down by client business, ADK posted increases in gross billings from clients in such industries as Education/Healthcare Services/Religion, Pharmaceuticals/Medical Supplies, Real Estate/Housing, Automobiles/Auto-Related Products, and Apparel/Jewelry. However, gross billings from clients in such industries as Household Goods, Precision Machinery/Office Goods, Home Electrical Appliances/AV Equipment, Hobbies/Sporting Goods and Publishing declined.

Broken down by business discipline, gross billings in newspaper, OOH media and radio experienced increases over the previous year but in other segments gross billings declined on a year on year basis.

Unconsolidated Performance by Discipline

Breakdown by Discipline		Gross Billings (Millions of Yen)	Composition (%)	Y-o-Y change (%)
Media	Magazine	3,213	4.2	(0.5)
	Newspaper	5,581	7.3	18.0
	TV (Program, Spot, Content)	34,138	44.5	(8.0)
	Radio	805	1.1	3.1
	Digital Media	2,561	3.3	(1.8)
	OOH Media	2,651	3.5	3.6
Sub-total		48,952	63.9	(4.0)
Non-Media	Marketing and Promotion	15,198	19.8	(0.7)
	Creative and Others	12,507	16.3	(1.5)
Sub-total		27,706	36.1	(1.1)
Total		76,659	100.0	(3.0)

(Notes)

1. Because we offer cross-media programs, data may not represent gross billings exactly by media.
2. TV includes Program, Spot and Content.
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 the publication and sales of magazines and books, which constitutes other business, gross billings to outside customers amounted to ¥778 million, down 38.5% year-on-year, and the segment loss amounted to ¥275 million, compared with ¥211 million loss in the previous corresponding period.

In an environment where profits are difficult to secure with the contraction in the overall publishing market, revenues declined with increase in magazine returns and while continued efforts have been made to reduce expenses, the

result was an operating loss.

Overseas Sales

In the consolidated 1st quarter under review, the ADK Group obtained 8.5% of its gross billings from overseas, up from 8.1% in the previous corresponding period. All overseas sales are generated from the advertising business.

(2) Financial Position

The consolidated financial position as of the end of previous accounting year (December 31, 2012) in comparison with the current consolidated first quarter end are as follows.

Total assets amounted to ¥207,591 million, up ¥12,428 million from the previous consolidated fiscal year-end, mainly due to an increase in investment securities stemming from rising stock prices. Total liabilities were up ¥8,732 million to ¥94,335 million, mainly due to an increase in deferred tax liabilities caused by the aforementioned stock price rises and an increase in purchase accounts payable. Total net assets amounted to ¥113,255 million, and the net asset ratio was 54.6%.

(3) Forecasts for Fiscal 2013

Although the expectation for recovery of the economy has been growing with a weaker yen and high stock price from the end of last year, the environment surrounding advertising market will not change dramatically for the time being. Accordingly, we expect the performance forecast for the first half results will be in line with the previous forecast. With regards to the consolidated performance forecast for the year, due to economic expansion supported by recovery in external demand and anticipated last minute purchases before the increase in consumption tax and other similar factors, a favorable impact is anticipated also for the company performance. In general, judging from the trends in advertising and sales promotion activities of the companies and impact on our performance at this stage, we expect that performance will be as previously forecasted.

2. Other Information

(1) Changes in Significant Subsidiaries during the Period

Not Applicable.

(2) Adoption of Special Accounting Treatments for Quarterly Consolidated Financial Statements

Calculation of tax expenses

Tax expenses for the period are calculated by using the effective tax rate, which is estimated rationally based on the estimated annual consolidated income before tax after applying deferred tax accounting, and applying that effective tax rate to income before income taxes for the quarter.

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Restatements

Changes in accounting methods that cannot be separated from changes in accounting estimates

The Company and the domestic consolidated subsidiaries, with the amendments to the Corporate Tax Act, have since the consolidated first accounting quarter have changed the method of depreciation to that pursuant to the amended Corporate Tax Act with respect to tangible fixed assets purchased after January 1, 2013.

The impact on operating income, ordinary income and quarterly net income before income taxes and minority interests due to this change is negligible.

- Material Subsequent Events

Consolidated 1 st Quarter under Review (Commenced January 1, 2013 and ended March 31, 2013)
<u>The Issuance of Equity Compensation Type Stock Options (Stock Options)</u> <p>With the objective of furthering the desire to contribute to corporate performance and the share price and further raise morale by sharing the benefits and risks with shareholders through share prices, the Company resolved to issue stock options to 4 directors and 4 senior executive officers as equity compensation type stock options pursuant to the provisions of Articles 236, 238 and 240 of the Companies' Act.</p> <p>Details are as included in the "Notice Relating to the Issuance of Equity Compensation Type Stock Options (Stock Options) to Directors" dated today and "Notice Relating to the Issuance of Equity Compensation Type Stock Options (Stock Options) to Senior Operating Officers".</p>

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ASATSU-DK INC. and Consolidated Subsidiaries**Consolidated Financial Highlights****Three Months Ended March 31, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012	Year Ended December 31, 2012
GROSS BILLINGS	87,778	91,004	350,822
YEAR-ON-YEAR GROWTH RATE (%)	(3.5)	6.6	1.1
GROSS PROFIT	11,611	13,431	46,169
OPERATING INCOME	671	2,259	3,175
YEAR-ON-YEAR GROWTH RATE (%)	(70.3)	104.2	(17.6)
ORDINARY INCOME	917	2,537	5,314
YEAR-ON-YEAR GROWTH RATE (%)	(63.8)	85.1	(5.6)
INCOME BEFORE INCOME TAXES	969	2,518	4,069
NET INCOME	509	1,458	2,781
ANNUAL DIVIDEND PER SHARE (Yen)	-	-	111.00
TOTAL ASSETS	207,591	197,699	195,163
SHAREHOLDERS' EQUITY (Shareholders' equity plus valuation and translation adjustments)	112,132	104,784	108,521
MINORITY INTERESTS	1,115	1,007	1,032
TOTAL NET ASSETS (Total of shareholders' equity plus minority interests)	113,255	105,791	109,559
SHAREHOLDERS' EQUITY PER SHARE (Yen)	2,664.71	2,480.59	2,567.03
NET INCOME PER SHARE (Yen)	12.07	34.53	65.83

ASATSU-DK INC. and Consolidated Subsidiaries**Consolidated Balance Sheets****March 31, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	March 31, 2013	December 31, 2012
<u>Assets</u>		
I Current assets		
1. Cash and deposits	25,354	24,489
2. Notes and accounts receivable-trade	84,046	84,128
3. Short-term investment securities	6,457	6,471
4. Inventories	9,090	7,032
5. Other	3,480	2,898
6. Allowance for doubtful accounts	(315)	(257)
Total current assets	128,113	124,762
II Noncurrent assets		
1. Property, plant and equipment	4,214	4,296
2. Intangible assets	2,420	2,342
3. Investments and other assets		
(1) Investment securities	64,761	55,312
(2) Other	9,504	9,876
(3) Allowance for doubtful accounts	(1,423)	(1,426)
Total investments and other assets	72,842	63,761
Total noncurrent assets	79,477	70,400
Total assets	207,591	195,163

ASATSU-DK INC. and Consolidated Subsidiaries**Consolidated Balance Sheets****March 31, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	March 31, 2013	December 31, 2012
<u>Liabilities</u>		
I Current liabilities		
1. Notes and accounts payable-trade	69,792	67,130
2. Short-term loans payable	264	59
3. Current portion of long-term loans payable	220	246
4. Income taxes payable	451	337
5. Provision	1,716	1,211
6. Other	8,253	6,563
Total current liabilities	80,698	75,548
II Noncurrent liabilities		
1. Long-term loans payable	246	246
2. Provision	1,671	1,771
3. Other	11,719	8,037
Total noncurrent liabilities	13,636	10,055
Total liabilities	94,335	85,603
<u>Net assets</u>		
I Shareholders' equity		
1. Capital stock	37,581	37,581
2. Capital surplus	13,245	13,245
3. Retained earnings	41,804	45,428
4. Treasury stock	(1,234)	(746)
Total shareholders' equity	91,397	95,508
II Accumulated other comprehensive income		
1. Valuation difference on available-for-sale securities	20,407	13,553
2. Deferred gains or losses on hedges	(0)	(2)
3. Foreign currency translation adjustment	326	(539)
Total accumulated other comprehensive income	20,734	13,012
III Subscription rights to shares	8	5
IV Minority interests	1,115	1,032
Total net assets	113,255	109,559
Total liabilities and net assets	207,591	195,163

ASATSU-DK INC. and Consolidated Subsidiaries**Consolidated Income Statements****Three Months Ended March 31, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Three Months Ended March 31, 2013 (From January 1 to March 31, 2013)	Three Months Ended March 31, 2012 (From January 1 to March 31, 2012)
I Gross billings	87,778	91,004
II Cost of sales	76,167	77,572
Gross profit	11,611	13,431
III Selling, general and administrative expenses		
1. Salaries and allowances	4,960	4,856
2. Provision for bonuses	1,025	1,336
3. Provision for directors' retirement benefits	12	11
4. Provision for directors' bonuses	28	—
5. Provision of allowance for doubtful accounts	52	2
6. Other	4,861	4,964
Total selling, general and administrative expenses	10,939	11,172
Operating income	671	2,259
IV Non-operating income		
1. Interest income	58	59
2. Dividends income	27	21
3. Equity in earnings of affiliates	24	1
4. Other	160	236
Total non-operating income	270	318
V Non-operating expenses		
1. Interest expenses	4	5
2. Expenses of real estate rent	5	5
3. Loss on investments in partnership	7	—
4. Other	8	29
Total non-operating expenses	25	40
Ordinary income	917	2,537

ASATSU-DK INC. and Consolidated Subsidiaries**Consolidated Income Statements****Three Months Ended March 31, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Three Months Ended March 31, 2013 (From January 1 to March 31, 2013)	Three Months Ended March 31, 2012 (From January 1 to March 31, 2012)
VI Extraordinary income		
1. Gain on sales of investment securities	216	2
2. Other	4	0
Total extraordinary income	220	2
VII Extraordinary loss		
1. Loss on sales of investment securities	62	—
2. Loss on valuation of investment securities	26	0
3. Office transfer expenses	41	—
4. Other	37	20
Total extraordinary losses	168	21
Income before income taxes	969	2,518
Income taxes	441	1,066
Income before minority interests	527	1,452
Minority interests in income (loss)	17	(5)
Net income	509	1,458

ASATSU-DK INC. and Consolidated Subsidiaries**Consolidated Comprehensive Income Statements****Three Months Ended March 31, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Three Months Ended March 31, 2013 (From January 1 to March 31, 2013)	Three Months Ended March 31, 2012 (From January 1 to March 31, 2012)
I Income before minority interests	527	1,452
II Other comprehensive income		
1. Valuation difference on available-for-sale securities	6,854	7,261
2. Deferred gains or losses on hedges	1	43
3. Foreign currency translation adjustment	913	616
Total other comprehensive income	7,770	7,921
III Comprehensive income	8,297	9,373
Comprehensive income attributable to		
1. Comprehensive income attributable to owners of the parent	8,231	9,353
2. Comprehensive income attributable to minority interests	66	19

ASATSU-DK INC. and Consolidated Subsidiaries**Segment Information**

(Unaudited and before reclassifications and rearrangements)

Three Months Ended March 31, 2013Millions of Yen

	Reportable segments			Adjustment	Amount on Consolidated Income Statements
	Advertising	Non-advertising	Total		
GROSS BILLINGS					
1. Billings to customers	86,999	778	87,778	-	87,778
2. Inter-segment billings	2	1	3	(3)	-
Total billings	87,001	779	87,781	(3)	87,778
Segment income (loss)	961	(275)	686	(14)	671

Note: Segment income (loss) has been adjusted to equal the operating income on the consolidated income statements.

Three Months Ended March 31, 2012Millions of Yen

	Reportable segments			Adjustment	Amount on Consolidated Income Statements
	Advertising	Non-advertising	Total		
GROSS BILLINGS					
1. Billings to customers	89,738	1,266	91,004	-	91,004
2. Inter-segment billings	1	9	11	(11)	-
Total billings	89,739	1,275	91,015	(11)	91,004
Segment income (loss)	2,468	(211)	2,256	3	2,259

Note: Segment income (loss) has been adjusted to equal the operating income on the consolidated income statements.