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Overview of 2nd Quarter Results for the Year Ending December 31, 2013 [Japanese GAAP]

August 12, 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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 Scheduled date of commencement of dividend payment : September 12, 2013

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

1. The First Six Months Consolidated Results (January 1, 2013 to June 30, 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	%
6 months ended; Jun. 30, 2013	174,469	(3.0)	1,807	(33.6)	3,381	(15.0)	2,114	19.2
Jun. 30, 2012	179,791	8.5	2,722	97.9	3,978	58.0	1,774	102.6

(Notes) 1. Comprehensive income

at June 30, 2013 : 14,291 million yen (181.7 %) at June 30, 2012 : 5,073 million yen (637.3 %)

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
6 months ended; Jun. 30, 2013	50.27	50.25
Jun. 30, 2012	42.02	42.01

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio
	millions of yen	millions of yen	%
Jun. 30, 2013	210,230	118,522	55.8
Dec. 31, 2012	195,163	109,559	55.6

(Reference) Shareholders' equity June 30, 2013 : 117,408 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)	-	10.00			
Fiscal 2013 (Forecast)			-	10.00	20.00

(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
Full-year	347,000	(1.1)	2,620	(17.5)	4,620	(13.1)	1,240	(55.4)	29.57

(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 announced the revised forecast for the fiscal 2013 consolidated results on August 12, 2013 as above.

* 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 6.

- (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. Restatements : No.
- For details, see the Supplementary Information "2.Other Information (3)" on the page 6.

- (4) 1. Number of outstanding stocks (including treasury stock) issued, end of term :
- | | | | |
|--------------------|--------------------|------------------------|--------------------|
| at June 30, 2013 : | 42,655,400 shares, | at December 31, 2012 : | 42,655,400 shares, |
|--------------------|--------------------|------------------------|--------------------|
2. Number of treasury stock, end of term :
- | | | | |
|--------------------|-----------------|------------------------|-----------------|
| at June 30, 2013 : | 847,894 shares, | at December 31, 2012 : | 380,549 shares, |
|--------------------|-----------------|------------------------|-----------------|
3. Avg. number of shares (consolidated) outstanding during the terms ended :
- | | | | |
|--------------------|--------------------|--------------------|--------------------|
| at June 30, 2013 : | 42,070,846 shares, | at June 30, 2012 : | 42,238,475 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 271,300 shares and 304,900 shares at the end of the second 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 the First Six of Fiscal 2013 (3) Forecasts for Fiscal 2013" on page 5 for the suppositions that form the assumptions for the business forecasts and cautions concerning the use thereof.

1. Consolidated Results for the First Six Months of Fiscal 2013

(1) Overview of Operating Results

In the two-quarter period under review (From January 1, 2013 to June 30, 2013), the Japanese economy treaded a path with a moderate recovery on the back of healthier financial markets improved since the end of last year and recovery in the overseas economy. The first few months of the period saw an improvement in consumer confidence responding to weakening of the yen and rising stock prices. In the latter half, public investment was expanded robustly boosted by economic stimulus measures and the export environment also showed a sign of pick-up helped by a turnaround of the external environment. Business sentiment improved, showing the sign that the fall of capital investments is coming to and end. Although uncertain outlook remains to linger, particularly, in the movements of financial markets, the European debt crisis and overseas economies deceleration, the moderate recovery is expected to continue with the underlying strength of domestic demand and a turnaround of overseas economy. Whether the enhancement of corporate earnings will lead to the recovery of domestic demand-led economy with a trickle-down to job creation and wage hike is to be seen.

Under these circumstances, the ADK Group sought to provide communications programs emphasizing maximization of return on communication investments (ROI) for its advertising clients. To this end, we captured the changing media interaction, purchasing patterns of consumers and the associated changing needs of advertisers, and deployed combination of media surrounding the purchasing touch points of consumers, including mass media, the Internet, mobile media, and in-store media and other forms of out-of-home (OOH) media. At the same time, we actively advanced our operations in emerging markets and China, as well as in the content business. However, both sales and profits fell short of the preceding year.

The Group reported gross billings of ¥174,469 million, down 3.0% from the previous corresponding period. Gross profit decreased 5.3% to ¥23,046 million, while operating income decreased 33.6% to ¥1,807 million. Ordinary income decreased 15.0% to ¥3,381 million with ¥1,142 million dividend income. Net income before income taxes and minority interests for the quarter increased 26.5% to ¥3,624 million, while the net income for the quarter increased 19.2% to ¥2,114 million.

Performance by Business Segment

Advertising Business

Gross billings to outside customers amounted to ¥172,307 million during the quarter under review, down 2.5% from the previous corresponding period, and segment income decreased 24.8% to ¥2,216 million.

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

subsidiaries all suffered declines and underperformed relative to the prior year.

ADK, which forms the core of the ADK Group, reported gross billings of ¥151,934 million, down 3.0% from the previous corresponding period. Gross profit decreased 4.7% to ¥16,740 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 5.7% to ¥1,727 million.

Broken down by client business, ADK posted increases in gross billings from clients in such industries as Finance/Insurance, Education/Healthcare Services/Religion, Automobiles/Auto-Related Products, Pharmaceuticals/Medical supplies. However, gross billings from clients in such industries as Information/Telecommunication, Cosmetics/Toiletry Goods, Hobbies/Sporting Goods, Beverages/Tobacco products declined.

Broken down by business discipline, gross billings in newspaper, OOH media, digital media, radio media and marketing promotion experienced increases over the previous year but in other segments such as TV, Creative and Other, 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	6,881	4.5	-0.4
	Newspaper	10,918	7.2	9.8
	TV (Program, Spot, Content)	68,338	45.0	-8.7
	Radio	1,579	1.0	5.7
	Digital Media	5,255	3.5	6.2
	OOH Media	5,364	3.5	6.4
Sub-total		98,338	64.7	-4.7
Non-Media	Marketing and Promotion	30,545	20.1	4.9
	Creative and Others	23,050	15.2	-5.3
Sub-total		53,595	35.3	0.2
Total		151,934	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 ¥2,162 million, down 28.0% year-on-year, and the segment loss amounted to ¥408 million, compared with ¥232 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 and book returns, the result was an operating loss.

Overseas Sales

In the consolidated second quarter under review, the ADK Group obtained 8.5% of its gross billings from overseas, up from 7.9% in the previous corresponding period. All overseas sales are generated from the advertising business.

(2) Financial Position

The Group's financial position at the current consolidated second quarter end compared with the end of the previous fiscal year (December 31, 2012) is summarized below.

Total assets amounted to ¥210,230 million, up ¥15,067 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 ¥6,104 million to ¥91,707 million, mainly due to an increase in deferred tax liabilities caused by the aforementioned stock price rises. Total net assets amounted to ¥118,522 million, and the net asset ratio was 56.4%.

(3) Forecasts for Fiscal 2013

The first six months made a certain achievement on the back of the upward momentum in the domestic economy and the growth in overseas economies, in particular, emerging markets. Gross profit was in line with the previous forecast, operating income, ordinary income, net income all exceeded the previous projection by continued efforts to curb sales, general and administration expenses.

Although the recovery of the domestic economy is anticipated to continue, it is still uncertain whether it will lead to full-fledged recovery or not. Thus we take a cautious view on the future performance taking into consideration of cautious judgment by corporations about their business outlook and concerns over decelerating overseas economies. Given in this environment, with respect for the full-year outlook for our consolidated business, we project that gross profit will exceed the previous corresponding period, however, down from the previous forecast. Operating income and ordinary income, on the other hand, are projected to fall below the previous period as well as the forecast. Net income is expected to be ¥ 1,240 million with a record of extraordinary loss as the

structural reform cost.

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.

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ASATSU-DK INC. and Consolidated Subsidiaries

Consolidated Financial Highlights

Six Months Ended June 30, 2013

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012	Year Ended December 31, 2012
GROSS BILLINGS	174,469	179,791	350,822
YEAR-ON-YEAR GROWTH RATE (%)	(3.0)	8.5	1.1
GROSS PROFIT	23,046	24,336	46,169
OPERATING INCOME	1,807	2,722	3,175
YEAR-ON-YEAR GROWTH RATE (%)	(33.6)	97.9	(17.6)
ORDINARY INCOME	3,381	3,978	5,314
YEAR-ON-YEAR GROWTH RATE (%)	(15.0)	58.0	(5.6)
INCOME BEFORE INCOME TAXES	3,624	2,866	4,069
NET INCOME	2,114	1,774	2,781
ANNUAL DIVIDEND PER SHARE (Yen)	10.00	10.00	111.00
TOTAL ASSETS	210,230	189,489	195,163
SHAREHOLDERS' EQUITY (Shareholders' equity plus valuation and translation adjustments)	117,408	100,508	108,521
MINORITY INTERESTS	1,102	989	1,032
TOTAL NET ASSETS (Total of shareholders' equity plus minority interests)	118,522	101,498	109,559
SHAREHOLDERS' EQUITY PER SHARE (Yen)	2,808.31	2,378.74	2,567.03
NET INCOME PER SHARE (Yen)	50.27	42.02	65.83
CASH FLOW FROM OPERATING ACTIVITIES	8,948	4,395	2,581
CASH FLOW FROM INVESTING ACTIVITIES	1,281	560	(1,719)
CASH FLOW FROM FINANCING ACTIVITIES	(5,753)	(606)	(1,184)
CASH AND CASH EQUIVALENTS, END OF THE PERIOD (YEAR)	33,061	31,013	27,264

ASATSU-DK INC. and Consolidated Subsidiaries

Consolidated Balance Sheets

June 30, 2013

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	June 30, 2013	December 31, 2012
<u>Assets</u>		
I Current assets		
1. Cash and deposits	22,970	24,489
2. Notes and accounts receivable-trade	76,597	84,128
3. Short-term investment securities	15,104	6,471
4. Inventories	8,075	7,032
5. Other	3,812	2,898
6. Allowance for doubtful accounts	(293)	(257)
Total current assets	126,268	124,762
II Noncurrent assets		
1. Property, plant and equipment	4,075	4,296
2. Intangible assets	2,519	2,342
3. Investments and other assets		
(1) Investment securities	70,214	55,312
(2) Other	8,105	9,876
(3) Allowance for doubtful accounts	(953)	(1,426)
Total investments and other assets	77,366	63,761
Total noncurrent assets	83,962	70,400
Total assets	210,230	195,163

ASATSU-DK INC. and Consolidated Subsidiaries

Consolidated Balance Sheets

June 30, 2013

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	June 30, 2013	December 31, 2012
<u>Liabilities</u>		
I Current liabilities		
1. Notes and accounts payable-trade	66,509	67,130
2. Short-term loans payable	28	59
3. Current portion of long-term loans payable	188	246
4. Income taxes payable	1,625	337
5. Provision	952	1,211
6. Other	6,615	6,563
Total current liabilities	75,919	75,548
II Noncurrent liabilities		
1. Long-term loans payable	164	246
2. Provision	1,730	1,771
3. Other	13,893	8,037
Total noncurrent liabilities	15,787	10,055
Total liabilities	91,707	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	43,410	45,428
4. Treasury stock	(1,938)	(746)
Total shareholders' equity	92,298	95,508
II Accumulated other comprehensive income		
1. Valuation difference on available-for-sale securities	24,378	13,553
2. Deferred gains or losses on hedges	1	(2)
3. Foreign currency translation adjustment	729	(559)
Total accumulated other comprehensive income	25,109	13,012
III Subscription rights to shares	11	5
IV Minority interests	1,102	1,032
Total net assets	118,522	109,559
Total liabilities and net assets	210,230	195,163

ASATSU-DK INC. and Consolidated Subsidiaries

Consolidated Income Statements

Six Months Ended June 30, 2013

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Six Months Ended June 30, 2013 (From January 1 to June 30, 2013)	Six Months Ended June 30, 2012 (From January 1 to June 30, 2012)
I Gross billings	174,469	179,791
II Cost of sales	151,423	155,454
Gross profit	23,046	24,336
III Selling, general and administrative expenses		
1. Salaries and allowances	11,360	11,432
2. Provision for bonuses	394	356
3. Provision for directors' retirement benefits	18	24
4. Provision of allowance for doubtful accounts	(287)	7
5. Other	9,751	9,792
Total selling, general and administrative expenses	21,238	21,613
Operating income	1,807	2,722
IV Non-operating income		
1. Interest income	125	122
2. Dividends income	1,142	890
3. Equity in earnings of affiliates	68	1
4. Other	296	408
Total non-operating income	1,633	1,422
V Non-operating expenses		
1. Interest expenses	6	10
2. Expenses of real estate rent	19	19
3. Other	33	137
Total non-operating expenses	59	167
Ordinary income	3,381	3,978

ASATSU-DK INC. and Consolidated Subsidiaries

Consolidated Income Statements

Six Months Ended June 30, 2013

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Six Months Ended June 30, 2013 (From January 1 to June 30, 2013)	Six Months Ended June 30, 2012 (From January 1 to June 30, 2012)
VI Extraordinary income		
1. Gain on sales of investment securities	479	117
2. Other	32	3
Total extraordinary income	511	120
VII Extraordinary loss		
1. Loss on sales of investment securities	117	206
2. Loss on valuation of investment securities	24	29
3. Special retirement expenses	—	818
4. Other	126	177
Total extraordinary losses	268	1,232
Income before income taxes	3,624	2,866
Income taxes	1,476	1,081
Income before minority interests	2,148	1,784
Minority interests in income	33	10
Net income	2,114	1,774

ASATSU-DK INC. and Consolidated Subsidiaries

Consolidated Comprehensive Income Statements

Six Months Ended June 30, 2013

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Six Months Ended June 30, 2013 (From January 1 to June 30, 2013)	Six Months Ended June 30, 2012 (From January 1 to June 30, 2012)
I Income before minority interests	2,148	1,784
II Other comprehensive income		
1. Valuation difference on available-for-sale securities	10,825	3,180
2. Deferred gains or losses on hedges	3	35
3. Foreign currency translation adjustment	1,313	72
Total other comprehensive income	12,143	3,288
III Comprehensive income	14,291	5,073
Comprehensive income attributable to		
1. Comprehensive income attributable to owners of the parent	14,211	5,058
2. Comprehensive income attributable to minority interests	79	15

ASATSU-DK INC. and Consolidated Subsidiaries

Segment Information

(Unaudited and before reclassifications and rearrangements)

Six Months Ended June 30, 2013

Millions of Yen

	Reportable segments			Adjustment	Amount on Consolidated Income Statements
	Advertising	Non-advertising	Total		
GROSS BILLINGS					
1. Billings to customers	172,307	2,162	174,469	-	174,469
2. Inter-segment billings	8	1	9	(9)	-
Total billings	172,315	2,163	174,479	(9)	174,469
Segment income (loss)	2,216	(408)	1,807	0	1,807

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

Six Months Ended June 30, 2012

Millions of Yen

	Reportable segments			Adjustment	Amount on Consolidated Income Statements
	Advertising	Non-advertising	Total		
GROSS BILLINGS					
1. Billings to customers	176,789	3,001	179,791	—	179,791
2. Inter-segment billings	—	9	9	(9)	—
Total billings	176,789	3,011	179,801	(9)	179,791
Segment income (loss)	2,948	(232)	2,715	7	2,722

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