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## Overview of 3rd Quarter Results for the Year Ending December 31, 2013 [Japanese GAAP]

November 11, 2013

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 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 Nine Months Consolidated Results ( January 1, 2013 to September 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	%
9 months ended ; Sep. 30, 2013	253,646	(2.5)	1,073	(49.4)	2,983	(19.9)	478	(74.1)
Sep. 30, 2012	260,268	4.1	2,121	0.8	3,725	9.7	1,847	40.3

(Notes) 1. Comprehensive income

at September 30, 2013 : 19,135 million yen (159.0 %) at September 30, 2012 : 7,388 million yen ( - % )

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
9 months ended ; Sep. 30, 2013	11.40	11.40
Sep. 30, 2012	43.73	43.71

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio
	millions of yen	millions of yen	%
Sep. 30, 2013	213,099	122,961	57.2
Dec. 31, 2012	195,163	109,559	55.6

(Reference) Shareholders' equity September 30, 2013 : 121,865 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	342,000	(2.5)	1,380	(56.5)	3,900	(26.6)	2,390	(14.1)	56.99

(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 November 11, 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 5.
- (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 September 30, 2013 : | 42,655,400 shares, | at December 31, 2012 : | 42,655,400 shares, |
|-------------------------|--------------------|------------------------|--------------------|
2. Number of treasury stock, end of term :
- |                         |                 |                        |                 |
|-------------------------|-----------------|------------------------|-----------------|
| at September 30, 2013 : | 841,097 shares, | at December 31, 2012 : | 380,549 shares, |
|-------------------------|-----------------|------------------------|-----------------|
3. Avg. number of shares (consolidated) outstanding during the terms ended :
- |                         |                    |                         |                    |
|-------------------------|--------------------|-------------------------|--------------------|
| at September 30, 2013 : | 41,982,953 shares, | at September 30, 2012 : | 42,244,358 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 263,900 shares and 304,900 shares at the end of the third 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 Three Quarters 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 Three Quarters of Fiscal 2013

### (1) Overview of Operating Results

In the first nine months under review (from January 1, 2013 to September 30, 2013), the Japanese economy treaded a path with a moderate recovery on the back of improving financial markets and the effective implementation of economic stimulus measures. Consumer spending was recovering, especially in the first half of the period, buoyed by the improved consumer confidence, employment and income environments. By the middle of the period, economic measures started producing an effect making the public investment remained strong. The exports also continued to pick up thanks to the depreciation of the yen and recovering overseas economy. Corporate earnings improved steadily responding to stronger demands at home and abroad, and there is a sign of picking-up in capital investment. The recovery trend of the Japanese economy would appear to continue although uncertain factors remain such as a slowdown of emerging markets and the US fiscal problems. Whether the enhancement of corporate earnings will lead to the further expansion of capital investments and subsequently spill over to the hike of prices and wages is to be seen. Furthermore, the impact of last-minute demands stimulated by the planned consumption tax hike and reactionary falls as well as the effect of economic measures to be implemented along with the hike are the things to watch.

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 ¥253,646 million, down 2.5% from the previous corresponding period. Gross profit decreased 2.5% to ¥33,244 million, while operating income decreased 49.4% to ¥1,073 million. Ordinary income decreased 19.9% to ¥2,983 million with ¥1,190 million dividend income. While posting Extraordinary Profit of ¥1,016 million as gains on sale of investment securities, extraordinary loss of ¥2,454 million yen for special retirement allowance incurred from early retirement scheme was recorded, leading to net income before income tax and minority interests for the term under review to be ¥1,306 million yen and the net income to be 478 million yen, down 48.6% and 74.1% from the previous corresponding period respectively.

### Performance by Business Segment

#### **Advertising Business**

Gross billings to outside customers amounted to ¥250,365 million during the period under review, down 2.2% from the same period last year, and segment income decreased 30.6% to ¥1,758 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 segment income, ADK enjoyed profits growth, but domestic and overseas subsidiaries suffered declines and underperformed relative to the prior year.

ADK, which forms the core of the ADK Group, reported gross billings of ¥220,190 million, down 2.8% from the previous corresponding period. Gross profit decreased 2.0% to ¥24,031 million. Our tenacious efforts to control sales, general and administration expenses resulted in operating income of ¥1,199 million, up 5.3% on the same period last year.

Broken down by client business, ADK posted increases in gross billings from clients in such industries as Finance/Insurance, Pharmaceuticals/Medical supplies, Apparel/Jewelry, Automobiles/Auto-Related Products. However, gross billings from clients in such industries as Information/Telecommunication, Cosmetics/Toiletry Goods, Food, Hobbies/Sporting Goods declined.

Broken down by business discipline, gross billings in digital media, newspaper, OOH media, marketing promotion, magazine, and radio media 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	10,254	4.7	1.1
	Newspaper	15,418	7.0	6.9
	TV (Program, Spot, Content)	99,449	45.2	-6.5
	Radio	2,338	1.1	4.3
	Digital Media	8,109	3.7	17.7
	OOH Media	7,572	3.4	9.5
Sub-total		143,142	65.0	-2.6
Non-Media	Marketing and Promotion	43,925	19.9	1.5
	Creative and Others	33,122	15.0	-8.7
Sub-total		77,048	35.0	-3.2
Total		220,190	100.0	-2.8

(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 ¥3,280 million, down 24.9% year-on-year, and the segment loss amounted to ¥685 million, compared with ¥426 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 nine months under review, the ADK Group obtained 8.6% 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 third quarter end compared with the end of the previous fiscal year (December 31, 2012) is summarized below.

Total assets amounted to ¥213,099 million, up ¥17,936 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 ¥4,534 million to ¥90,137 million, mainly due to an increase in deferred tax liabilities caused by the aforementioned stock price rises. Total net assets amounted to ¥122,961 million, and the net asset ratio was 57.7%.

### **(3) Forecasts for Fiscal 2013**

Based on our recent results trend, we revised the consolidated forecasts of FY2013 which we announced on August 12, 2013. For details, please refer to the announcement released today, titled " Notice on Revision of Forecast of FY2013 Results".

## **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

rationality 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, 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.

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

**Consolidated Financial Highlights**

**Nine Months Ended September 30, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012	Year Ended December 31, 2012
GROSS BILLINGS	253,646	260,268	350,822
YEAR-ON-YEAR GROWTH RATE (%)	(2.5)	4.1	1.1
GROSS PROFIT	33,244	34,083	46,169
OPERATING INCOME	1,073	2,121	3,175
YEAR-ON-YEAR GROWTH RATE (%)	(49.4)	0.8	(17.6)
ORDINARY INCOME	2,983	3,725	5,314
YEAR-ON-YEAR GROWTH RATE (%)	(19.9)	9.7	(5.6)
INCOME BEFORE INCOME TAXES	1,306	2,542	4,069
NET INCOME	478	1,847	2,781
ANNUAL DIVIDEND PER SHARE (Yen)	10.00	10.00	111.00
TOTAL ASSETS	213,099	183,689	195,163
SHAREHOLDERS' EQUITY (Shareholders' equity plus valuation and translation adjustments)	121,865	102,409	108,521
MINORITY INTERESTS	1,078	995	1,032
SUBSCRIPTION RIGHTS TO SHARES	16	3	5
TOTAL NET ASSETS (Total of shareholders' equity plus minority interests and Subscription rights to shares)	122,961	103,408	109,559
SHAREHOLDERS' EQUITY PER SHARE (Yen)	2,914.46	2,423.18	2,567.03
NET INCOME PER SHARE (Yen)	11.40	43.73	65.83

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

**Consolidated Balance Sheets**

**September 30, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	September 30, 2013	December 31, 2012
<b><u>Assets</u></b>		
I Current assets		
1. Cash and deposits	23,261	24,489
2. Notes and accounts receivable-trade	74,077	84,128
3. Short-term investment securities	9,996	6,471
4. Inventories	8,375	7,032
5. Other	3,011	2,898
6. Allowance for doubtful accounts	(281)	(257)
Total current assets	118,441	124,762
II Noncurrent assets		
1. Property, plant and equipment	3,448	4,296
2. Intangible assets	2,518	2,342
3. Investments and other assets		
(1) Investment securities	80,241	55,312
(2) Other	9,351	9,876
(3) Allowance for doubtful accounts	(901)	(1,426)
Total investments and other assets	88,690	63,761
Total noncurrent assets	94,657	70,400
Total assets	213,099	195,163



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

**Consolidated Balance Sheets**

**September 30, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	September 30, 2013	December 31, 2012
<b><u>Liabilities</u></b>		
I Current liabilities		
1. Notes and accounts payable-trade	60,694	67,130
2. Short-term loans payable	30	59
3. Current portion of long-term loans payable	164	246
4. Income taxes payable	648	337
5. Provision	1,689	1,211
6. Other	8,200	6,563
Total current liabilities	71,426	75,548
II Noncurrent liabilities		
1. Long-term loans payable	164	246
2. Provision	1,822	1,771
3. Other	16,724	8,037
Total noncurrent liabilities	18,711	10,055
Total liabilities	90,137	85,603
<b><u>Net assets</u></b>		
I Shareholders' equity		
1. Capital stock	37,581	37,581
2. Capital surplus	13,245	13,245
3. Retained earnings	41,352	45,428
4. Treasury stock	(1,927)	(746)
Total shareholders' equity	90,252	95,508
II Accumulated other comprehensive income		
1. Valuation difference on available-for-sale securities	30,902	13,553
2. Deferred gains or losses on hedges	(0)	(2)
3. Foreign currency translation adjustment	711	(539)
Total accumulated other comprehensive income	31,613	13,012
III Subscription rights to shares	16	5
IV Minority interests	1,078	1,032
Total net assets	122,961	109,559
Total liabilities and net assets	213,099	195,163

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

**Consolidated Income Statements**

**Nine Months Ended September 30, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Nine Months Ended September 30, 2013 (From January 1 to September 30, 2013)	Nine Months Ended September 30, 2012 (From January 1 to September 30, 2012)
I Gross billings	253,646	260,268
II Cost of sales	220,401	226,184
Gross profit	33,244	34,083
III Selling, general and administrative expenses		
1. Salaries and allowances	16,446	16,294
2. Provision for bonuses	1,149	1,041
3. Provision for directors' retirement benefits	27	35
4. Provision of allowance for doubtful accounts	(302)	8
5. Other	14,850	14,581
Total selling, general and administrative expenses	32,171	31,961
Operating income	1,073	2,121
IV Non-operating income		
1. Interest income	192	183
2. Dividends income	1,190	923
3. Equity in earnings of affiliates	109	4
4. Other	488	691
Total non-operating income	1,981	1,803
V Non-operating expenses		
1. Interest expenses	9	16
2. Expenses of real estate rent	25	24
3. Other	36	158
Total non-operating expenses	71	199
Ordinary income	2,983	3,725

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

**Consolidated Income Statements**

**Nine Months Ended September 30, 2013**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Nine Months Ended September 30, 2013 (From January 1 to September 30, 2013)	Nine Months Ended September 30, 2012 (From January 1 to September 30, 2012)
VI Extraordinary income		
1. Gain on sales of investment securities	1,016	133
2. Other	33	18
Total extraordinary income	1,050	151
VII Extraordinary loss		
1. Loss on sales of investment securities	117	214
2. Loss on valuation of investment securities	22	57
3. Special retirement expenses	2,454	823
4. Other	132	239
Total extraordinary losses	2,727	1,334
Income before income taxes	1,306	2,542
Income taxes	811	682
Income before minority interests	494	1,859
Minority interests in income	15	12
Net income	478	1,847

## ASATSU-DK INC. and Consolidated Subsidiaries

### Consolidated Comprehensive Income Statements

#### Nine Months Ended September 30, 2013

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Nine Months Ended September 30, 2013 (From January 1 to September 30, 2013)	Nine Months Ended September 30, 2012 (From January 1 to September 30, 2012)
I Income before minority interests	494	1,859
II Other comprehensive income		
1. Valuation difference on available-for-sale securities	17,350	5,416
2. Deferred gains or losses on hedges	1	41
3. Foreign currency translation adjustment	1,289	70
Total other comprehensive income	18,641	5,529
III Comprehensive income	19,135	7,388
Comprehensive income attributable to		
1. Comprehensive income attributable to owners of the parent	19,079	7,368
2. Comprehensive income attributable to minority interests	56	20

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

**Segment Information**

(Unaudited and before reclassifications and rearrangements)

**Nine Months Ended September 30, 2013**

Millions of Yen

	Reportable segments			Adjustment (*Note1)	Amount on Consolidated Income Statements (*Note2)
	Advertising	Non- advertising	Total		
<b>GROSS BILLINGS</b>					
1. Billings to customers	250,365	3,280	253,646	-	253,646
2. Inter-segment billings	13	1	15	(15)	-
Total billings	250,379	3,282	253,661	(15)	253,646
Segment income (loss)	1,758	(685)	1,073	0	1,073

Note1: Adjustment of segment income (loss) is mainly due to the deduction of the transaction between the segments and unrealized income.

Note2: Segment income (loss) equals operating income on the consolidated income statement.

**Nine Months Ended September 30, 2012**

Millions of Yen

	Reportable segments			Adjustment (*Note1)	Amount on Consolidated Income Statements (*Note2)
	Advertising	Non- advertising	Total		
<b>GROSS BILLINGS</b>					
1. Billings to customers	255,899	4,369	260,268	—	260,268
2. Inter-segment billings	—	10	10	(10)	—
Total billings	255,899	4,380	260,279	(10)	260,268
Segment income (loss)	2,534	(426)	2,107	13	2,121

Note1: Adjustment of segment income(loss)is mainly due to the deduction of the transaction between the segments and unrealized income.

Note2: Segment income (loss) equals operating income on the consolidated income statement.