

## Overview of 1st Quarter Results for the Year Ending December 31, 2015 [Japanese GAAP]



May 12, 2015

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

### 1. The First Three Months Consolidated Results (January 1, 2015 to March 31, 2015)

#### (1) Consolidated Operating Results

(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.)

	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, 2015	92,062	1.8	2,325	37.3	2,624	35.9	1,540	20.2
Mar. 31, 2014	90,423	3.0	1,693	152.1	1,930	110.4	1,281	151.5

(Notes) Comprehensive income

at March 31, 2015: 8,270 million yen (- %), at March 31, 2014: (2,924) million yen (- %)

	Net Income per Share	Fully Diluted Net Income per Share
	Yen	Yen
Mar. 31, 2015	36.80	36.76
Mar. 31, 2014	30.64	30.61

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio
	millions of yen	millions of yen	%
Mar. 31, 2015	242,160	120,948	49.4
Dec. 31, 2014	243,317	134,999	55.1

(Reference) Shareholders' equity: March 31, 2015: 119,544 million yen, December 31, 2014: 134,184 million yen

### 2. Dividend Information

	Annual Dividend per Share				
	1st quarter end	2nd quarter end	3rd quarter end	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2014(Actual)	-	10.00	-	561.00	571.00
Fiscal 2015(Actual)	-	-	-	-	-
Fiscal 2015(Forecast)	-	10.00	-	-	-

(Notes) Revisions from the most recent dividend forecasts : No

The year-end dividend for FY 2014 consists of the ordinary dividend of 35 yen per share and extraordinary dividend of 526 yen per share.

The sum of the year-end dividend for FY 2015 is undecided (But it is more than 10 yen per share).

### 3. Forecast of Consolidated results Fiscal 2015 (January 1, 2015 to December 31, 2015)

(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.)

	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	358,000	1.4	4,800	17.2	7,770	7.1	4,750	28.5	113.48

(Notes) Revisions from the most recent forecasts: No

\* Notes

(1) Changes in the Scope of Consolidation and Application of the Equity Method : No.  
 New — Companies (Company Name) Except — Companies (Company Name)

(2) Is there any accounting treatment particular to the quarterly financial statements? : Yes.

(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 : No.
4. Restatements : No.

(4) Number of outstanding stocks

1. Number of outstanding stocks (including treasury stock) issued, end of term	at March 31, 2015	42,155,400 shares	at December 31, 2014	42,155,400 shares
2. Number of treasury stock, end of term	at March 31, 2015	281,633 shares	at December 31, 2014	286,576 shares
3. Avg. number of shares (consolidated) outstanding during the terms ended	at March 31, 2015	41,870,744 shares	at March 31, 2014	41,824,455 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 200,300 shares and 206,000 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 the First Quarter of Fiscal 2015 (3) Forecasts for Fiscal 2015" on page 5 for the suppositions that form the assumptions for the business forecasts and cautions concerning the use thereof.

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## 1. Consolidated Results for the First Quarter of Fiscal 2015

### (1) Overview of Operating Results

During the current first quarter (from January 1, 2015 to March 31, 2015), the Japanese economy saw higher stock prices and a weaker yen with little volatility, and improvements in corporate earnings, backed up by on-going economic measures and monetary policies introduced by the government and the Bank of Japan. While at the same time, the employment environment was gradually improving and pay increase was seen in an increasing number of companies. Consumer spending, which had been sluggish due to a consumption tax hike a year ago and price rise, showed a sign of gradual recovery.

According to the “Current Survey of Selected Service Industries” by the Ministry of Economy, Trade and Industry, total gross billings in the advertising industry experienced 3.5% growth in 2014 compared with the previous year. It is almost steadily performing in the new fiscal year with the accumulated billings up to February exceeding that of 2014.

Amid these circumstances, the ADK group, under its “VISION 2020”, aiming for transformation to a “Consumer Activation Company”, which not only delivers messages via advertisements but encourages consumers to take specific actions, thereby contributing to clients’ business performance, has set the stage of the foundation establishment and structural reform deemed to complete by the end of 2016, and the stage of the accelerated growth for the period from 2017 to 2020. To realize the group objectives, in the first quarter of 2015, ADK, the parent company of the group, continued to enhance the solution base and the income management structure while as the group we stepped up our efforts to build the group foundation and structural reform including further in-house production, infra-sharing and cost-control.

As a result of those efforts, the Group reported gross billings of ¥92,062 million, up 1.8% from the previous corresponding period. Gross profit was down 1.5% to ¥13,399 million, while operating income surged 37.3% to ¥2,325 million. Ordinary income grew 35.9% to ¥2,624 million with the addition of ¥346 million non-operating income and ¥47 million non-operating expenses. Income before income taxes and minority interests for the quarter increased 22.9% to ¥2,610 million, while the net income for the quarter expanded 20.2% to ¥1,540 million.

#### Performance by Business Segment

##### (Advertising Business)

Gross billings to customers amounted to ¥91,225 million during the quarter under review, up 1.8% from the previous corresponding period, and segment income increased 25.7% to ¥2,413 million

Overall domestic business experienced a rise both in revenue and profit thanks largely to increased placements for television advertisements and a strong growth by a digital subsidiary, offsetting a weaker performance by a creative firm. Overseas business also saw a rise in revenue as Asian subsidiaries continued to perform healthy. Yet with companies in Europe, the USA and China performing poorly and inflated SG&A expenses, it resulted in a decline in profit. All overseas billings are generated from advertising business, which represents 8.5% (as opposed to 8.8% in 2014) of the consolidated billings during the period under review.

ADK, which forms the core of the ADK Group, reported gross billings of ¥81,174 million, up 3.3% from

the previous year. Gross profit was down 2.2% to ¥9,854 million with operating income of ¥2,160 million, up 54.9% on a year-on-year basis. Although gross profit ratio dropped, ADK saw an increase in operating income as billings grew above the level of the previous year. Saving rent and payroll and controlling SG&A expenses also the contributors to its growth.

Broken down by client business, ADK posted increases in gross billings from clients in such industries as Beverages/Tobacco, Information/Communication, Food, Real Estate/Housing, Cosmetics/Toiletry sectors. However, gross billings declined from clients in such industries as Government/Organizations, Distribution/Retail, Automobile/Automobile-related Products, Education/Medical Service/Religion, Restaurants/Other service sectors.

#### Non-consolidated Performance by Clients business

Breakdown by Clients business	Gross Billings (Millions of Yen)	Composition (%)	Y-o-Y change (%)
Energy/Material/ machinery	764	0.9	27.2
Food	6,585	8.1	12.6
Beverage/Tobacco	6,277	7.7	21.3
Pharma/Medical supplies	3,642	4.5	(0.1)
Cosmetics/Toiletry	7,141	8.8	10.5
Apparel/Jewelry	3,209	4.0	2.0
Precision machinery/Office supplies	1,098	1.4	145.4
Home appliances/AV equipment	662	0.8	32.3
Automobile/Automobile-related Products	4,658	5.7	(6.9)
Household Goods	448	0.6	118.7
Hobbies/Sport Goods	5,988	7.4	0.2
Real Estate/Housing	3,152	3.9	28.6
Publishing	917	1.1	(18.0)
Information/Communication	9,221	11.4	11.8
Distribution/Retail	6,408	7.9	(6.6)
Finance/Insurance	7,164	8.8	(0.9)
Transportation/Leisure	2,197	2.7	(8.1)
Restaurants/Other service	2,093	2.6	(11.2)
Government/Organizations	4,642	5.7	(24.6)
Education/Medical Service/Religion	1,856	2.3	(13.0)
Signage/Other	3,041	3.7	16.2
Total	81,174	100.0	3.3

The English translation is for reference purpose only. If there is any discrepancy between this English translation and the Japanese original version, the Japanese original version shall prevail.

Broken down by business discipline, gross billings in TV, Digital Media, Marketing Promotion, Radio, and Magazine experienced an increase over the previous year but in other segments gross billings declined on a year on year basis.

Non-consolidated Performance by Discipline

Breakdown by Discipline		Gross Billings (Millions of Yen)	Composition (%)	Y-o-Y change (%)	Main clients business industries (Top: increased industries, Bottom: decreased industries)
Media	Magazine	3,132	3.9	2.0	Apparel/Jewelry, Real Estate/Housing, Cosmetics/Toiletry Beverage/Tobacco, Government/Organizations, Transportation/Leisure
	Newspaper	5,273	6.5	(10.7)	Government/Organizations, Beverage/Tobacco, Food
					Cosmetics/Toiletry, Automobile/Automobile-related Products, Education/Medical Service/Religion
	TV	37,677	46.4	8.2	Food, Real Estate/Housing, Cosmetics/Toiletry Publishing, Finance/Insurance, Education/Medical Service/Religion
					Hobbies/Sport Goods, Distribution/Retail, Real Estate/Housing
	Program	14,332	17.7	7.4	Government/Organizations, Apparel/Jewelry, Home appliances/AV equipment
	Spot	19,961	24.6	7.8	Food, Cosmetics/Toiletry, Real Estate/Housing Hobbies/Sport Goods, Distribution/Retail, Publishing
	Content	3,383	4.2	14.6	Distribution/Retail, Information/Communication, Government/Organizations
					Pharma/Medical supplies, Hobbies/Sport Goods, Automobile/Automobile-related Products
	Radio	768	0.9	12.1	Pharma/Medical supplies, Automobile/Automobile-related Products, Food Transportation/Leisure, Education/Medical Service/Religion, Restaurants/Other service
Digital Media	4,236	5.2	25.6	Automobile/Automobile-related Products, Information/Communication, Distribution/Retail Hobbies/Sport Goods, Transportation/Leisure	
OOH Media	2,057	2.5	(1.8)	Publishing, Information/Communication, Distribution/Retail Restaurants/Other service, Government/Organizations, Apparel/Jewelry	
Sub-total	53,145	65.5	6.4	Food, Real Estate/Housing, Cosmetics/Toiletry Education/Medical Service/Religion, Finance/Insurance, Publishing	
Non-Media	Marketing and Promotion	16,155	19.9	0.6	Beverage/Tobacco, Precision machinery/Office supplies, Finance/Insurance Government/Organizations, Distribution/Retail, Automobile/Automobile-related Products
	Creative	10,021	12.3	(4.1)	Cosmetics/Toiletry, Real Estate/Housing, Beverage/Tobacco Automobile/Automobile-related Products, Distribution/Retail, Transportation/Leisure
					Information/Communication, Transportation/Leisure, Energy/Material/ machinery Government/Organizations, Food, Cosmetics/Toiletry
	Others	1,852	2.3	(12.4)	Beverage/Tobacco, Information/Communication, Precision Machinery/Office supplies Government/Organizations, Distribution/Retail, Automobile/Automobile-related Products
Sub-total	28,028	34.5	(2.1)	Beverage/Tobacco, Information/Communication, Food Government/Organizations, Distribution/Retail, Automobile/Automobile-related Products	
Total	81,174	100.0	3.3	Beverage/Tobacco, Information/Communication, Food Government/Organizations, Distribution/Retail, Automobile/Automobile-related Products	

Notes: 1. Because we offer integrated solutions, data may not represent gross billings exactly by media.

2. TV includes Program, Spot and Content.

3. Content includes Animation, Culture and Sports Marketing, etc.

4. Digital Media includes Internet and Mobile-related media.

(Digital Solutions, such as Website Creation and System Development are included in "Marketing and Promotion".)

5. OOH (Out of Home) Media includes transportation and outdoor advertising and insertions.

6. Marketing and Promotion includes Marketing, Communication Planning, Promotion, Events, PR, Exposition events and Digital Solutions, etc.

(Other Business)

In other business, gross billings to customers amounted to ¥836 million, up 2.9% year-on-year, and the segment loss amounted to ¥89 million, compared with ¥226 million loss in the previous corresponding period.

In an environment where it is hard to generate profit in its main business of publication and sales of books and magazines with the contraction in the overall publishing market, the business posted operating loss. Yet the size of loss became smaller compared to the same period the previous year as a result of efforts to optimize the volume of distribution and curb SG&A expenses.

(2) Financial Position

The consolidated financial position as of the end of previous accounting year (December 31, 2014) in comparison with the current consolidated first quarter end are as follows.

Total assets amounted to ¥242,160 million, down ¥1,157 million from the previous consolidated fiscal year-end, mainly due to a decrease in cash and deposit as a result of dividend payment although the value of investment securities increased stemming from a rise of their market value. Total liabilities, on the other hand, were up ¥12,893 million to ¥121,211 million, mainly due to an increase in short-term borrowings. Total net assets amounted to ¥120,948 million, and the shareholder's equity ratio was 49.4%.

(3) Forecasts for Fiscal 2015

During the current first quarter (from January 1, 2015 to March 31, 2015), the business performed strongly against the initial full-year forecasts, exceeding the results of the previous corresponding year. Although we need to access with caution whether or not the consumption spending continues to improve, we still anticipate that the Japanese economy will maintain its upward momentum, thus, the advertising market will move strongly in the medium- and long-term. For those reasons, we have not changed the consolidated business forecasts which we released on February 13, 2015.

We continue our efforts to further grow the business by promoting development and provision of solutions that capture changes in the media environment and consumer behaviors, ensuring to improve competitive edge and profitability.

## 2. Matters relating to Summary Information (Notes)

### (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

(Change in accounting policy)

Effective from the first quarter of the fiscal year ending December 31, 2015, the Group has adopted Article 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26 of May 17, 2012; the “Accounting Standard for Retirement Benefits”) and Article 67 of “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25 of March 26, 2015; the “Guidance on Retirement Benefits”). Therefore, the Group has changed the calculation methods for retirement benefit obligations and current service costs, and has changed the method of attributing estimated retirement benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Group has changed the method of determining the discount rate from using the bond rate determined by reference to the terms closely related to average remaining working lives of the employees, to using a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

With regard to the application of the Accounting Standard for Retirement Benefits, in accordance with the transitional accounting treatments as stated in Article 37 of the Accounting Standard for Retirement Benefits, the Group has reflected the effect of changing the determination of retirement benefit obligations and current service costs in retained earnings at the beginning of the three-month period ending December 31, 2015.

As a result, net defined benefit asset has increased by ¥423 and net defined benefit liability has decreased by ¥631 million for the beginning of the three-month period ended December 31, 2015, while retained earnings have increased by ¥678 million. Operating income, ordinary income and income before income taxes and minority interests have had minimal impact for the three-month period ending December 31, 2015.



### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of Yen)

	December 31, 2014	March 31, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	32,738	29,034
Notes and accounts receivable-trade	87,112	87,073
Short-term investment securities	7,534	432
Inventories	8,088	8,355
Other	2,419	3,051
Allowance for doubtful accounts	(687)	(708)
Total current assets	137,205	127,237
Noncurrent assets		
Property, plant and equipment	4,839	4,773
Intangible assets	1,672	2,425
Investments and other assets		
Investment securities	93,185	100,761
Other	7,172	7,715
Allowance for doubtful accounts	(756)	(754)
Total investments and other assets	99,601	107,723
Total noncurrent assets	106,112	114,922
Total assets	243,317	242,160

(Millions of Yen)

	December 31, 2014	March 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	71,574	72,756
Short-term loans payable	46	10,545
Current portion of long-term loans payable	82	82
Income taxes payable	1,561	971
Provision	1,510	1,903
Other	9,078	10,539
Total current liabilities	83,853	96,799
Noncurrent liabilities		
Provision	74	64
Other	24,390	24,347
Total noncurrent liabilities	24,464	24,412
Total liabilities	108,317	121,211
<b>Net assets</b>		
Shareholders' equity		
Capital stock	37,581	37,581
Capital surplus	11,982	11,982
Retained earnings	42,265	20,944
Treasury stock	(569)	(561)
Total shareholders' equity	91,260	69,946
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40,118	47,121
Deferred gains or losses on hedges	5	0
Foreign currency translation adjustment	2,819	2,473
Remeasurements of defined benefit plans	(20)	1
Total accumulated other comprehensive income	42,923	49,597
Subscription rights to shares	40	45
Minority interests	775	1,359
Total net assets	134,999	120,948
Total liabilities and net assets	243,317	242,160

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements

Three Months Ended March 31, 2015

	(Millions of Yen)	
	Three Months Ended March 31, 2014 (From January 1 to March 31, 2014)	Three Months Ended March 31, 2015 (From January 1 to March 31, 2015)
Gross billings	90,423	92,062
Cost of sales	76,814	78,662
Gross profit	13,608	13,399
Selling, general and administrative expenses		
Salaries and allowances	4,900	5,014
Provision for bonuses	1,831	1,309
Provision for directors' retirement benefits	6	2
Provision for directors' bonuses	37	—
Provision of allowance for doubtful accounts	(9)	3
Other	5,149	4,744
Total selling, general and administrative expenses	11,915	11,073
Operating income	1,693	2,325
Non-operating income		
Interest income	60	54
Dividends income	10	7
Equity in earnings of affiliates	37	61
Other	180	222
Total non-operating income	289	346
Non-operating expenses		
Interest expenses	2	4
Provision of allowance for doubtful accounts	19	—
Loss on sales of securities	—	24
Loss on valuation of compound financial instruments	14	—
Other	16	18
Total non-operating expenses	52	47
Ordinary income	1,930	2,624
Extraordinary income		
Gain on sales of non-current assets	3	1
Gain on sales of investment securities	282	—
Other	23	0
Total extraordinary income	309	2
Extraordinary loss		
Loss on sales of investment securities	2	—
Loss on valuation of investment securities	77	0
Loss on liquidation of subsidiaries and associates	—	4
Loss on cancellation of leases	—	5
Other	37	5
Total extraordinary losses	116	16
Income before income taxes	2,123	2,610
Income taxes	795	1,018
Income before minority interests	1,327	1,591
Minority interests in income	46	51
Net income	1,281	1,540

## Consolidated Comprehensive Income Statements

Three Months Ended March 31, 2015

(Millions of Yen)

	Three Months Ended March 31, 2014 (From January 1 to March 31, 2014)	Three Months Ended March 31, 2015 (From January 1 to March 31, 2015)
Income before minority interests	1,327	1,591
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,929)	7,002
Deferred gains or losses on hedges	0	(5)
Foreign currency translation adjustment	(321)	(341)
Remeasurements of defined benefit plans, net of tax	—	22
Share of other comprehensive income of associates accounted for using equity method	(1)	0
Total other comprehensive income	(4,252)	6,678
Comprehensive income	(2,924)	8,270
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(2,965)	8,214
Comprehensive income attributable to minority interests	41	55

### (3) Notes to Consolidated Financial Statements

(Items related to going concern assumption)

Not Applicable.

(Notes on significant changes in the amount of shareholders' equity)

Not Applicable.

(Segment Information)

Three Months Ended March 31, 2014

(Millions of Yen)

	Reportable segments			Adjustment (*Note1)	Amount on Consolidated Income Statements (*Note2)
	Advertising	Non- advertising	Total		
<b>GROSS BILLINGS</b>					
Billings to customers	89,610	812	90,423	—	90,423
Inter-segment billings	0	10	11	(11)	—
Total billings	89,611	823	90,434	(11)	90,423
Segment income (loss)	1,919	(226)	1,693	0	1,693

(Note) 1 Adjustment of segment income (loss) is mainly due to the deduction of the transaction between the segments and unrealized income.

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

Three Months Ended March 31, 2015

(Millions of Yen)

	Reportable segments			Adjustment (*Note1)	Amount on Consolidated Income Statements (*Note2)
	Advertising	Non- advertising	Total		
<b>GROSS BILLINGS</b>					
Billings to customers	91,225	836	92,062	—	92,062
Inter-segment billings	6	34	41	(41)	—
Total billings	91,232	870	92,103	(41)	92,062
Segment income (loss)	2,413	(89)	2,324	1	2,325

(Note) 1 Adjustment of segment income (loss) is mainly due to the deduction of the transaction between the segments and unrealized income.

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

(Material Subsequent Events)

Not Applicable.