



February 6, 2017

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President and Group CEO
ASATSU-DK INC.
Securities code: 9747

(Progress report on) Notification of inadequate accounting applied by a consolidated subsidiary

As released on January 31, 2017 titled “(Progress report on) Notification of inadequate accounting applied by a consolidated subsidiary”, we informed you of the outcome of necessary investigation, validity of TOB price, etc. and impact on ADK results based on findings provided by the special investigation panel through the means of forensic investigation method and the like on inadequate accounting practice conducted by GONZO K.K. (hereinafter referred to as “GONZO”) before it became part of its consolidated accounting upon the completion of acquisition by Asatsu-DK, INC. (hereinafter referred to as “ADK”) in September 2016. Today, we have finalized what to be corrected for financial settlement reports GONZO had issued in the past, of which we hereby inform you.

○ Correction to needed for the past financial settlements of GONZO

Below is the total impact (i.e. the total impact on the period of April 2011 and March 2016) that would occur as a result of corrections of reports GONZO had issued in the past before it became a consolidated subsidiary of ADK in September 2016.

Sales	▲ 1,496 million yen
Operating income	▲ 1,911 million yen
Net income	▲ 1,811 million yen
Net asset	▲ 1,563 million yen

※ On January 4, 2017, GONZO gained approval of the extension of time to file the semi-annual report for the period ending March 2017 by Kanto Local Finance Bureau with due date of January 31, 2017. Today, we finally submitted to the bureau the corrected reports of securities reports once issued in the past and the semi-annual report for the period ending March 2017.

※ ADK has concluded, as a consequence of qualitative and quantitative examination, that inadequate accounting practice applied by GONZO before it

became part of ADK consolidated accounting had no impact on its income statement and was of minor importance in value, and therefore, we have no plan to correct ADK financial statements issued for the third quarter ended December 2016. We are, however considering to apply an equal depreciation method to process “goodwill”, including the amount of ¥441 million newly identified by the special investigation panel and such, over the period that may be affected by such practice.