

Digital Advertising Consortium Inc.

<http://www.dac.co.jp/>

Financial Highlights of 2nd Quarter, Fiscal Year 2008(December 1, 2007 thru May 31, 2008)

(1) Consolidated

	Net sales	Operating income	Ordinary income	Net income
	Mil.¥	Mil.¥	Mil.¥	Mil.¥
2nd Quarter of FY 2008	22,261 (20.6)	784 (28.2)	774 (18.7)	315 ()
2nd Quarter of FY 2007	18,455 (17.6)	612 (24.5)	652 (52.0)	26 (-93.2)
Ref. Fiscal Year 2007	38,688	1,303	1,328	583

	Net income per share	Diluted net income per share
	Yen	Yen
2nd Quarter of FY 2008	657.14	653.18
2nd Quarter of FY 2007	55.12	54.68
Ref. Fiscal Year 2007	1,195.35	1,186.73

(2) Non-Consolidated

	Net sales	Operating income	Ordinary income	Net income
	Mil.¥	Mil.¥	Mil.¥	Mil.¥
2nd Quarter of FY 2008	20,261 (18.3)	732 (7.6)	729 (3.0)	344 ()
2nd Quarter of FY 2007	17,122 (11.3)	680 (30.1)	708 (38.6)	-1,184 ()
Ref. Fiscal Year 2007	36,090	1,451	1,476	-750

	Net income per share
	Yen
2nd Quarter of FY 2008	718.33
2nd Quarter of FY 2007	-2,427.33
Ref. Fiscal Year 2007	-1,537.42

(3) Consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Mil.¥	Mil.¥		Yen
2nd Quarter of FY 2008	13,688	8,004	53.0	14,993.18
2nd Quarter of FY 2007	12,381	7,427	55.3	14,034.11
Ref. Fiscal Year 2007	13,098	7,553	52.9	14,417.35

(4) Non-consolidated financial position

	Total assets	Total net assets	Equity ratio	Equity per share
	Mil.¥	Mil.¥		Yen
2nd Quarter of FY 2008	11,732	7,150	60.5	14,677.23
2nd Quarter of FY 2007	10,771	6,787	63.0	13,901.16
Ref. Fiscal Year 2007	11,378	6,761	59.2	14,027.48

DAC Consolidated Financial Statements

(1) DAC Consolidated Balance Sheet

(Unit: Thousand Yen)

Items of an account	Q2 FY2007 (As of May.31, 2007)		Q2 FY2008 (As of May.31,2008)		FY2007 (As of Nov.30,2007)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Assets)		%		%		%
Current Assets						
1. Cash and deposits	3,934,380		5,366,250		4,383,409	
2. Notes and accounts receivable-trade	3,497,677		4,099,016		4,264,423	
3. Short-term investment securities	1,241,466		389,394		391,107	
4. Deferred tax assets	75,383					
5. Other	365,023		334,971		784,965	
Allowance for doubtful accounts	-2,294		-2,604		-3,155	
Total currents assets	9,111,637	73.6	10,187,028	74.4	9,820,751	75.0
Non-current Assets						
1. Property, plant and equipment	378,515		417,573		385,735	
2. Intangible assets						
(1) Goodwill	380,410		304,478		342,112	
(2) Software	183,976		297,094		261,774	
(3) Software in progress	148,944		204,130		88,178	
(4) Other	5,215	718,547	6,484	812,188	6,851	698,916
3. Investments and other assets						
(1) Investment securities	1,667,233		1,644,639		1,625,364	
(2) Deferred tax assets	37,866					
(3) Other	594,678		754,941		695,118	
Allowance for doubtful accounts	-127,199	2,172,578	-127,843	2,271,737	-127,715	2,192,767
Total non-current assets	3,269,641	26.4	3,501,499	25.6	3,277,418	25.0
Total assets	12,381,279	100.0	13,688,527	100.0	13,098,170	100.0

(Unit Thousand Yen)

Items of an account	Q2 FY2007 (As of May.31,2007)		Q2 FY2008 (As of May.31,2008)		FY2007 (As of Nov.30,2007)	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
(Liabilities)		%		%		%
Current liabilities						
1. Accounts payable-trade	3,309,777		3,881,555		4,025,644	
2. Short-term loans payable	85,680				91,899	
3. Current portion of bonds			200,000		200,000	
4. Current portion of Long-term loans payable	292,577		151,106		59,429	
5. Accounts payable-other	351,110		390,246		367,295	
6. Income taxes payable	347,419		397,506		176,420	
7. Provision for directors' bonuses	15,000		15,000		30,000	
8. Other	168,207		248,034		275,835	
Total current liabilities	4,569,772	36.9	5,283,448	38.6	5,226,524	39.9
Non-current liabilities						
1. Bonds payable	200,000				-	
2. Long-term loans payable			208,898		140,006	
3. Provision for retirement benefits	52,922		80,343		62,220	
4. Provision for directors' retirement benefits	88,893		88,113		95,013	
5. Provision for point certificate	40,900		22,927		19,829	
6. Other	1,218		525		867	
Non-current liabilities	383,934	3.1	400,806	2.9	317,936	2.4
Total liabilities	4,953,707	40.0	5,684,255	41.5	5,544,460	42.3
(Net Assets)						
Shareholders' equity						
1. Capital stock	3,387,977	27.4	3,387,977	24.8	3,387,977	25.9
2. Capital surplus	2,801,242	22.6	2,741,944	20.0	2,800,445	21.4
3. Retained earnings	724,677	5.8	1,524,298	11.1	1,281,112	9.8
4. Treasury stock	95,112	-0.8	380,605	-2.8	544,752	-4.2
Total shareholders' equity	6,818,784	55.0	7,273,615	53.1	6,924,783	52.9
Valuation and translation adjustments						
1. Valuation difference on available-for-sale securities	32,606	0.3	15,662	-0.1	1,823	0.0
2. Foreign currency translation adjustment	256	0.0	4,791	-0.0	281	0.0
Total valuation and translation adjustments	32,863	0.3	20,454	-0.1	2,105	0.0
Subscription right to shares	676	0.0	50,593	0.4	22,243	0.2
Minority interests	575,247	4.7	700,517	5.1	604,577	4.6
Total net Assets	7,427,572	60.0	8,004,271	58.5	7,553,709	57.7
Total liabilities and net assets	12,381,279	100.0	13,688,527	100.0	13,098,170	100.0

(2) DAC Consolidated Statements of Income

(Unit Thousand Yen)

Items of an account	Q2 FY2007 (Dec. 2006 thru May 2007)			Q2 FY2008 (Dec. 2007 thru May 2008)			FY2007 (Dec. 2006 thru Nov.2007)		
	Amount		Ratio	Amount		Ratio	Amount		Ratio
			%			%			%
Net sales		18,455,070	100.0		22,261,361	100.0		38,688,514	100.0
Cost of sales		15,552,370	84.3		18,904,667	84.9		32,728,249	84.6
Gross profit		2,902,700	15.7		3,356,693	15.1		5,960,265	15.4
Selling, general and administrative expenses		2,290,453	12.4		2,572,087	11.6		4,657,049	12.0
Operating income		612,247	3.3		784,606	3.5		1,303,216	3.4
Non-operating income									
1. Interest income	14,552			7,154			25,054		
2. Dividends income	4,590			845			21,003		
3. Gain on valuation of securities	9,557						-		
4. Foreign exchange gains	250			8,897			966		
5. Equity in earnings of affiliates	12,199						824		
6. O t h e r	3,421	44,571	0.2	1,732	18,630	0.1	5,633	53,482	0.1
Non-operating expenses									
1. Interest expense	3,145			5,017			6,821		
2. Equity in losses of affiliates				9,764			-		
3. Loss on valuation of securities				10,072			17,642		
4. O t h e r	1,367	4,512	0.0	4,104	28,959	0.1	4,195	28,659	0.1
Ordinary income		652,305	3.5		774,277	3.5		1,328,039	3.4
Extraordinary income									
1. Gain on sales of investment securities				11,532			9,661		
2. Gain on sales of noncurrent asset	1,752						1,828		
3. Gain on change in equity							81,490		
4. O t h e r	40	1,792	0.0	557	12,090	0.0	1,734	94,714	0.2
Extraordinary losses									
1. Loss on valuation of investment securities	8,302			69,760			78,111		
2. Loss on sales of investment securities	1,290			852			9,817		
3. Loss on retirement of noncurrent assets	3,961			33,509			32,000		
4. One-time amortization of goodwill	227,411						227,411		
5. Amortization of advance payments-trade							92,390		
6. Loss on change in equity	5,572								
7. O t h e r	658	247,196	1.3	3,537	107,659	0.5	23,286	463,017	1.1
Income before income taxes and minority interests		406,901	2.2		678,708	3.0		959,736	2.5
Income taxes -current	338,201			395,670			436,122		
Income taxes -deferred	65,015	403,216	2.2	-35,057	360,612	1.6	47,178	483,301	1.2
Minority interests		-23,209	-0.1		2,843	0.0		-106,894	-0.2
Net income		26,894	0.1		315,252	1.4		583,329	1.5

(3) DAC Consolidated Cash Flow Statements

(Unit : Thousand Yen)

Items of an account	Q2 FY2007 (Dec. 2006 thru May 2006)	Q2 FY2008 (Dec. 2007 thru May 2008)	FY2007 (Dec. 2006 thru Nov.2007)
	Amount	Amount	Amount
Cash flows from Operating Activities: Net cash provided by Operating Activities:	700,071	1,275,985	944,022
Cash flows from Investing Activities: Net cash provided by (used in) Investing Activities	335,222	-487,273	297,092
Cash flows from Financing Activities Net cash provided by (used in) Financing Activities	-185,758	201,031	-514,160
Effect of exchange rate change on cash and cash equivalents	756	-11,296	334
Net increase in cash and cash equivalents	850,291	978,446	727,289
Cash and cash equivalents at beginning of term	3,926,586	4,653,876	3,926,586
Cash and cash equivalents at end of term	4,776,878	5,632,322	4,653,876