

Digital Advertising Consortium Inc.

(URL <http://www.dac.co.jp/>)

Financial Highlights of 2nd Quarter, Fiscal Year 2011 (December 1, 2009 to May 31, 2010)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%
2nd Quarter of FY 2011	26,958	(10.9)	867	(148.0)	903	(232.9)	560	(-)
2nd Quarter of FY 2009	24,307	(9.2)	349	(-55.4)	271	(-64.9)	19	(-93.7)

	Net income	Diluted net income
	per share	per share
	Yen	Yen
2nd Quarter of FY 2011	1,065.20	1,059.02
2nd Quarter of FY 2009	39.04	38.90

(2) Consolidated financial position

	Total assets	Net assets	Equity Capital ratio	Equity per share
	Mil. ¥	Mil. ¥	%	Yen
2nd Quarter of FY 2011	16,626	10,359	57.4	18,154.10
Fiscal Year 2009	15,499	9,924	58.6	17,284.08

(3) Dividend per share

Record date	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	End of period	Annual dividend
	Yen	Yen	Yen	Yen	Yen
Fiscal Year 2009	—	0.00	—	200.00	200.00
Fiscal Year 2011	—	0.00			
Fiscal Year 2011 (expected)			TBD	TBD	TBD

DAC Consolidated Financial Statements

(1)DAC Consolidated Balance Sheet

(Unit:Thousand Yen)

Items of an account	FY2011 (As of May 31,2010)	FY2009 (As of Nov 30,2009)
	Amount	Amount
Assets		
Current assets		
Cash and deposits	6,082,831	5,678,796
Notes and accounts receivable-trade	5,546,102	5,047,038
Short-term investment securities	101,563	100,963
Other	1,089,396	881,451
Allowance for doubtful accounts	-3,100	-3,732
Total current assets	12,816,793	11,704,516
Noncurrent assets		
Property, plant and equipment	328,628	371,714
Intangible assets		
Goodwill	649,055	673,826
Software	569,570	549,442
Software in progress	12,811	50,086
Other	12,228	10,844
Total intangible assets	1,243,665	1,284,200
Investments and other assets		
Investment securities	1,447,766	1,369,207
Other	922,896	898,503
Allowance for doubtful accounts	-132,876	-128,309
Total investments and other assets	2,237,786	2,139,402
Total noncurrent assets	3,810,080	3,795,316
Total assets	16,626,873	15,499,833
Liabilities		
Current liabilities		
Accounts payable-trade	4,148,190	4,168,747
Short-term loans payable	50,000	—
Current portion of long-term loans payable	101,708	62,220
Accounts payable-other	765,716	446,330
Income taxes payable	534,954	256,257
Provision for directors' bonuses	22,202	19,587
Provision for bonuses	50,786	113,147
Provision for point card certificates	22,969	13,709
Other	198,298	192,794
Total current liabilities	5,894,826	5,272,794
Noncurrent liabilities		
Long-term loans payable	94,468	60,014
Provision for retirement benefits	145,872	121,752
Provision for point card certificates	26,421	16,213
Other	105,397	105,042
Total noncurrent liabilities	372,159	303,021
Total liabilities	6,266,985	5,575,816
Net assets		
Shareholders' equity		
Capital stock	4,031,837	4,031,837
Capital surplus	3,369,621	3,369,621
Retained earnings	2,648,427	2,193,472
Treasury stock	-448,094	-448,094
Total shareholders' equity	9,601,792	9,146,836
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-46,188	-47,948
Foreign currency translation adjustment	-9,472	-10,244
Total valuation and translation adjustments	-55,660	-58,192
Subscription rights to shares	149,556	127,886
Minority interests	664,200	707,486
Total net assets	10,359,888	9,924,016
Total liabilities and net assets	16,626,873	15,499,833

(2)DAC Consolidated Statements of Income

(Unit:Thousand Yen)

Items of an account	FY2009 (December 1,2008 to May 31,2009)	FY2011 (December 1,2009 to May 31,2010)
	Amount	Amount
Net sales	24,307,938	26,958,422
Cost of sales	20,724,339	22,690,571
Gross profit	3,583,599	4,267,850
Selling, general and administrative expenses	3,233,805	3,400,440
Operating income	349,793	867,410
Non-operating income		
Interest income	7,076	2,463
Dividends income	41	72
Foreign exchange gains	8,347	—
Equity in earnings of affiliates	—	33,478
Other	5,129	6,669
Total non-operating income	20,593	42,684
Non-operating expenses		
Interest expenses	4,216	1,336
Commission fee	25,000	—
Foreign exchange losses	—	625
Provision of allowance for doubtful accounts	—	3,000
Equity in losses of affiliates	44,798	—
Other	24,923	1,351
Total non-operating expenses	98,938	6,313
Ordinary income	271,448	903,781
Extraordinary income		
Gain on sales of investment securities	49	98,000
Gain on change in equity	—	20,380
Gain on sales of noncurrent assets	13	—
Other	—	3,015
Total extraordinary income	63	121,395
Extraordinary loss		
Loss on sales of noncurrent assets	13,875	—
Loss on retirement of noncurrent assets	46,717	328
Loss on valuation of investment securities	4,692	12,358
Impairment loss	41,217	—
Loss on valuation of membership	—	1,897
Loss on sales of subsidiaries' stocks	—	1,314
Special retirement expenses	26,608	—
Other	11,253	338
Total extraordinary losses	144,365	16,238
Income before income taxes and minority interests	127,146	1,008,938
Income taxes-current	255,317	404,219
Income taxes-deferred	12,656	-42,977
Total income taxes	267,973	361,241
Minority interests in income (loss)	-160,581	87,574
Net income	19,754	560,122

(3)DAC Consolidated statements of cash flows

(Unit:Thousand Yen)

Items of an account	FY2009 (December 1,2008 to May 31,2009)	FY2011 (December 1,2009 to May 31,2010)
	ammount	ammount
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	127,146	1,008,938
Depreciation and amortization	129,748	155,748
Amortization of goodwill	46,171	45,071
Increase (decrease) in allowance for doubtful accounts	3,079	4,263
Increase (decrease) in provision for retirement benefits	17,451	24,120
Increase (decrease) in provision for directors' retirement benefits	-94,397	—
Increase (decrease) in provision for point card certificates	-459	19,468
Increase (decrease) in provision for directors' bonuses	-10,716	2,614
Loss (gain) on change in equity	—	-20,380
Loss (gain) on sales and valuation of investment securities	4,643	-85,641
Interest and dividends income	-7,117	-2,535
Interest expenses	4,216	1,336
Equity in (earnings) losses of affiliates	44,798	-33,478
Loss (gain) on sales and retirement of noncurrent assets	60,579	328
Loss (gain) on sales of subsidiaries' stocks	—	1,314
Decrease (increase) in notes and accounts receivable-trade	602,179	-887,215
Decrease (increase) in inventories	46,158	6,732
Increase (decrease) in notes and accounts payable-trade	-666,223	331,146
Increase (decrease) in accounts payable-other	424,585	339,113
Increase (decrease) in accrued consumption taxes	-11,908	84,859
Other, net	-28,861	-217,320
Subtotal	691,073	778,484
Interest and dividends income received	7,524	5,391
Interest expenses paid	-4,216	-1,336
Income taxes paid	-224,575	-173,606
Net cash provided by (used in) operating activities	469,806	608,931
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-70,502	-19,670
Purchase of intangible assets	-157,990	-84,497
Purchase of investment securities	-2,700	-28,650
Proceeds from sales and redemption of investment securities	200,000	248,000
Proceeds from sales of investments in subsidiaries	—	63,250
Purchase of stocks of subsidiaries and affiliates	—	-50,000
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-879,262	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	8,704	45,797
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	-248,657
Payments for guarantee deposits	-80,128	-5,471
Proceeds from maturity of insurance funds	12,729	—
Collection of loans receivable	—	16,664
Other, net	-71,287	81
Net cash provided by (used in) investing activities	-1,040,436	-63,152
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-24,960	—
Repayment of long-term loans payable	-86,664	-42,222
Proceeds from issuance of common stock	1,283,130	—
Purchase of treasury stock	-33,498	—
Proceeds from sales of treasury stock	16,222	—
Cash dividends paid	-152,515	-101,229
Other, net	-224	-976
Net cash provided by (used in) financing activities	1,001,489	-144,427
Effect of exchange rate change on cash and cash equivalents	-7,022	1,673
Net increase (decrease) in cash and cash equivalents	423,837	403,024
Cash and cash equivalents at beginning of period	5,337,297	5,671,819
Cash and cash equivalents at end of period	5,761,134	6,074,844