

Digital Advertising Consortium Inc.

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

Financial Highlights of 3rd Quarter, Fiscal Year 2011 (December 1, 2009 to August 31, 2010)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%	Mil. ¥	%
3rd Quarter of FY 2011	40,014	(12.2)	1,197	(213.9)	1,268	(301.4)	725	(-)
3rd Quarter of FY 2009	35,676	(7.5)	381	(-60.7)	316	(-66.5)	-17	(-)

	Net income per share	Diluted net income per share
	Yen	Yen
3rd Quarter of FY 2011	1,380.54	1,371.67
3rd Quarter of FY 2009	-34.13	-

(2) Consolidated financial position

	Total assets	Net assets	Equity Capital ratio	Equity per share
	Mil. ¥	Mil. ¥	%	Yen
3rd Quarter of FY 2011	16,445	10,582	59.6	18,645.34
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

DAC Consolidated Financial Statements

(1)DAC Consolidated Balance Sheet

(Unit:Thousand Yen)

Items of an account	FY2011 (As of Aug 31,2010)	FY2009 (As of Nov 30,2009)
	Amount	Amount
Assets		
Current assets		
Cash and deposits	6,320,575	5,678,796
Notes and accounts receivable-trade	5,291,000	5,047,038
Short-term investment securities	101,347	100,963
Other	836,788	881,451
Allowance for doubtful accounts	-3,813	-3,732
Total current assets	12,545,899	11,704,516
Noncurrent assets		
Property, plant and equipment	304,140	371,714
Intangible assets		
Goodwill	625,112	673,826
Software	543,567	549,442
Software in progress	26,354	50,086
Other	11,863	10,844
Total intangible assets	1,206,898	1,284,200
Investments and other assets		
Investment securities	1,663,780	1,369,207
Other	854,771	898,503
Allowance for doubtful accounts	-129,876	-128,309
Total investments and other assets	2,388,675	2,139,402
Total noncurrent assets	3,899,714	3,795,316
Total assets	16,445,613	15,499,833
Liabilities		
Current liabilities		
Accounts payable-trade	4,082,989	4,168,747
Short-term loans payable	89,000	—
Current portion of long-term loans payable	105,338	62,220
Accounts payable-other	379,868	446,330
Income taxes payable	338,228	256,257
Provision for directors' bonuses	21,178	19,587
Provision for bonuses	167,658	113,147
Provision for point card certificates	20,076	13,709
Other	296,415	192,794
Total current liabilities	5,500,753	5,272,794
Noncurrent liabilities		
Long-term loans payable	66,318	60,014
Provision for retirement benefits	155,773	121,752
Provision for point card certificates	30,139	16,213
Other	110,020	105,042
Total noncurrent liabilities	362,252	303,021
Total liabilities	5,863,005	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	2,814,243	2,193,472
Treasury stock	-448,094	-448,094
Total shareholders' equity	9,767,608	9,146,836
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	47,413	-47,948
Foreign currency translation adjustment	-10,575	-10,244
Total valuation and translation adjustments	36,837	-58,192
Subscription rights to shares	147,718	127,886
Minority interests	630,442	707,486
Total net assets	10,582,607	9,924,016
Total liabilities and net assets	16,445,613	15,499,833

(2)DAC Consolidated Statements of Income

(Unit:Thousand Yen)

Items of an account	FY2009 (December 1,2008 to August 31,2009)	FY2011 (December 1,2009 to August 31,2010)
	Amount	Amount
Net sales	35,676,080	40,014,407
Cost of sales	30,347,823	33,712,352
Gross profit	5,328,256	6,302,055
Selling, general and administrative expenses	4,946,824	5,104,671
Operating income	381,431	1,197,384
Non-operating income		
Interest income	8,315	3,976
Dividends income	4,731	5,143
Foreign exchange gains	8,080	467
Equity in earnings of affiliates	—	60,438
Other	4,679	10,573
Total non-operating income	25,807	80,599
Non-operating expenses		
Interest expenses	4,569	2,711
Commission fee	25,000	—
Equity in losses of affiliates	36,899	—
Provision of allowance for doubtful accounts	—	3,000
Loss on investments in partnership	—	3,004
Other	24,666	381
Total non-operating expenses	91,135	9,097
Ordinary income	316,103	1,268,886
Extraordinary income		
Gain on sales of investment securities	49	118,605
Gain on sales of noncurrent assets	13	—
Gain on change in equity	76,409	—
Other	2,653	32,248
Total extraordinary income	79,125	150,853
Extraordinary loss		
Loss on sales of noncurrent assets	13,643	—
Loss on sales of subsidiaries' stocks	—	1,314
Loss on valuation of membership	—	1,897
Loss on retirement of noncurrent assets	46,717	—
Loss on valuation of investment securities	256,366	89,827
Loss on sales of investment securities	252	—
Impairment loss	56,550	—
Special retirement expenses	26,608	—
Other	11,320	9,671
Total extraordinary losses	411,460	102,711
Income (loss) before income taxes and minority interests	-16,230	1,317,029
Income taxes-current	154,199	498,000
Income taxes-deferred	36,089	-12,189
Total income taxes	190,289	485,811
Minority interests in income (loss)	-189,025	105,278
Net income (loss)	-17,494	725,939

(3)DAC Consolidated statements of cash flows

(Unit:Thousand Yen)

Items of an account	FY2009 (December 1,2008 to August 31,2009)	FY2011 (December 1,2009 to August 31,2010)
	ammount	ammount
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	-16,230	1,317,029
Depreciation and amortization	206,643	238,008
Amortization of goodwill	70,224	69,020
Increase (decrease) in allowance for doubtful accounts	3,640	4,976
Increase (decrease) in provision for retirement benefits	24,919	34,021
Increase (decrease) in provision for directors' retirement benefits	-94,397	—
Increase (decrease) in provision for point card certificates	-5,793	20,292
Increase (decrease) in provision for directors' bonuses	-13,847	1,590
Loss (gain) on sales and valuation of investment securities	256,569	-28,777
Loss (gain) on sales of subsidiaries' stocks	—	1,314
Interest and dividends income	-13,046	-9,119
Interest expenses	4,569	2,711
Equity in (earnings) losses of affiliates	36,899	-60,438
Loss (gain) on sales and retirement of noncurrent assets	60,347	328
Loss (gain) on change in equity	-76,409	-20,123
Decrease (increase) in notes and accounts receivable-trade	1,303,047	-632,113
Decrease (increase) in inventories	12,743	-41,495
Increase (decrease) in notes and accounts payable-trade	-916,813	265,945
Increase (decrease) in accounts payable-other	-31,026	-53,008
Increase (decrease) in accrued consumption taxes	-15,634	108,716
Other, net	332,855	167,616
Subtotal	1,129,260	1,386,495
Interest and dividends income received	13,481	11,975
Interest expenses paid	-4,569	-2,711
Income taxes paid	-512,735	-407,586
Net cash provided by (used in) operating activities	625,437	988,173
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-113,679	-22,322
Purchase of intangible assets	-238,892	-121,746
Purchase of investment securities	-2,700	-131,284
Proceeds from sales and redemption of investment securities	200,000	269,160
Purchase of stocks of subsidiaries and affiliates	-372,643	-50,000
Proceeds from sales of investments in subsidiaries	—	63,250
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-878,262	—
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	-82,478	-5,671
Collection of loans receivable	—	29,162
Proceeds from maturity of insurance funds	12,729	—
Other, net	51,623	6,477
Net cash provided by (used in) investing activities	-1,415,598	-165,835
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-37,440	39,000
Repayment of long-term loans payable	-129,996	-66,741
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
Cash dividends paid to minority shareholders	-38,800	-50,400
Other, net	-240	-1,463
Net cash provided by (used in) financing activities	906,861	-180,834
Effect of exchange rate change on cash and cash equivalents	-9,193	-734
Net increase (decrease) in cash and cash equivalents	107,506	640,768
Cash and cash equivalents at beginning of period	5,337,297	5,671,819
Cash and cash equivalents at end of period	5,444,804	6,312,587