

# Overview of 3rd Quarter Results (Consolidated and Non-consolidated) for the Year Ending December 31, 2005



November 10, 2005

Company Name : **Asatsu-DK Inc.** Exchange: Tokyo Stock Exchange First Section  
 Securities Code : 9747 Location of Head Office: Tokyo  
 URL : <http://www.adk.jp/english/ir/index.html>  
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 Name of Parent or Other Related Company : WPP Group plc (code number : WPP/LSE, WPPGY/NASDAQ NM )  
 Attribute of Parent or Other Related Company : Other Related Company, for which the reporting company is  
 an equity method affiliate.  
 Share of voting rights owned by such Other Related Company : 21.38 % as of June 30, 2005

## 1. Matters Concerning the Compilation of the Overview of Quarterly Results.

1) Is any simplified accounting treatment adopted? : Yes.

On non-consolidated basis, the company calculated income tax expense by a simplified method, where income tax expense is a product of non-consolidated income before income taxes multiplied by expected income tax rate for the year. Such figure is used as the company's income tax expense for the consolidated income statements, too.

2) Is there any variance in the accounting treatment from the most recent accounting year? : No.

3) Is there any variance in range of consolidation and equity method companies? : Yes.

Consolidated Subsidiaries ( 1 added, 0 removed); Equity Method Companies ( 0 added, 0 removed)

ADK Thai Holding Ltd. has been added to the group's consolidated subsidiaries as a result of completing an ownership restructuring of its Thai subsidiaries in the third quarter, with ADK Thai Holding Ltd., formerly named as AST Advertising Co., Ltd., becoming a direct holding company of DAI-ICHI KIKAKU (THAILAND) Co., Ltd., a consolidated subsidiary since 1999.

## 2. The First Nine Months Consolidated Results for the Year Ending December 31, 2005

(From Jan.1, 2005 to Sep. 30, 2005)

### (1) Operating Results

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

	Gross Billings		Operating Income		Recurring Profit	
	(millions of Yen)	(%)	(millions of Yen)	(%)	(millions of Yen)	(%)
Nine months ended Sep. 30, 2005	310,279	3.8	5,398	(8.4)	6,966	(4.3)
Nine months ended Sep. 30, 2004	298,835	4.0	5,892	40.0	7,281	—
(Ref.) Fiscal 2004	413,898		8,260		10,257	

	Net Income		Net Income per Share
	(millions of Yen)	(%)	(Yen)
Nine months ended Sep. 30, 2005	4,000	6.2	82.56
Nine months ended Sep. 30, 2004	3,766	—	76.21
(Ref.) Fiscal 2004	5,181		103.25

(Reference) The Third Quarter Consolidated Results (Three months from Jul.1, 2005 to Sep. 30, 2005)

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

	Gross Billings		Operating Income		Recurring Profit	
	(millions of Yen)	(%)	(millions of Yen)	(%)	(millions of Yen)	(%)
3Q(3Months) 2005	97,474	2.4	1,351	(8.3)	1,750	(0.4)
3Q(3Months) 2004	95,194	4.2	1,472	20.1	1,756	—

	Net Income	
	(millions of Yen)	(%)
3Q(3Months) 2005	999	8.4
3Q(3Months) 2004	921	

- (Notes)
1. Percentages shown for Gross Billings, Operating Income, Recurring Profit and Net Income represent increase/decrease from those in the corresponding period of the previous year.
  2. As the group reported its quarterly results of only Gross Billings and Operating Income in 3Q 2003, the y-o-y increase for Recurring Profit and Net Income for 3Q 2004 are not available.

[Supplementary Notes on the Consolidated Results]

During the first nine months of 2005, the Japanese economy has maintained a slow but steady period of growth led by the private sector. The corporate sub-sector's earlier leads, in spite of rising crude oil prices, the tightening of financial policies in US and China, and prevailing deflationary trends, gradually stimulated household sub-sectors.

Late in the third quarter, the Japanese stock market started to move steadily upward, a welcome endorsement of this renewed economic growth. Although major Japanese agencies achieved larger gross billings, competition in the industry intensified.

Under this environment, the ADK group followed its strategic goal to serve clients as the New Wave Agency, differentiating itself from the competition, prioritizing clients' needs over those of the media, and developing new revenue streams, such as implementing new 360-degree communications touchpoints with consumers. The group's performance for the quarter under review is outlined below.

(Advertising Business Segment)

The group's advertising business generated gross billings of ¥303,479 million (3.9% y-o-y growth), mainly from the clients in finance/insurance and distribution/retail industries. However, operating income declined by 4.7% year-on-year to ¥5,574 million in spite of steady gross profits from TV program sales and a large growth in profits by the Digital Media Division, the domestic production subsidiary, and the group's overseas advertising subsidiaries, particularly in Thailand.

The reasons for the decline in overall profitability include squeezed profit margins of TV spot sales as larger TV spot demand pushed up market prices while price increases borne by advertisers remained limited. In addition, high-margin content sales of *Yu-Gi-Oh!*, one of our best selling anime series, peaked last year, and profit margins of non-media businesses, including sales promotion and creative services, did not grow as fast as expected.

(Other Business)

The group's consolidated subsidiaries in the publications industry continued to suffer from the larger-than-expected returns of unsold inventory (books and magazines), and reported sales of ¥6,799 million (5.4% y-o-y decline) and an operating loss of ¥171 million for the period (compared with ¥59 million operating income for 3Q 2004).

As a result, the group's gross billings were ¥310,279 million (3.8% y-o-y growth), gross profits were ¥34,951 million (3.3% y-o-y decline), selling, general and administrative expenses were lowered to ¥29,552 million (2.3% y-o-y drop), and operating income totaled ¥5,398 million (8.4% y-o-y decline). Equity in earnings of affiliated companies-net was ¥79 million (65.7% y-o-y decline), smaller than that of 3Q 2004, as the equity in the larger earnings of Digital Advertising Consortium Inc., an internet advertising media representative company, could not offset our equity in the net loss at an affiliate of the group's information processing services, which suffered from sluggish sales and an unexpected increase in quality control expenses. Recurring profits were ¥6,966 million (4.3% y-o-y decline), Income before income tax and minority interests was ¥7,084 million (7.7% y-o-y growth) and Net Income was ¥4,000 million (6.2% y-o-y growth).

## (2) Consolidated Financial Position (Unit: millions of Yen, Rounded down under 1 million Yen)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	(millions of Yen)	(millions of Yen)	(%)	(Yen)
Sep. 30, 2005	236,173	130,484	55.3	2,692.90
Sep. 30, 2004	224,831	122,876	54.7	2,486.33
(Ref.) Dec.31, 2004	238,900	123,894	51.9	2,554.78

## [Supplementary Notes on the Consolidated Financial Condition]

As of September 30, 2005, Total Assets were ¥236,173 million, a ¥11,341 million increase from those on September 30, 2004, mainly due to a ¥16,404 million increase in Investment Securities. Total Liabilities were ¥104,499 million, a ¥3,758 million increase, mainly due to a ¥5,202 million increase in deferred tax liabilities, an item in Other long-term liabilities. Minority Interests were ¥1,189 million. Shareholders' Equity totaled ¥130,484 million, due to a ¥6,131 million increase in Unrealized gains on available-for-sale securities. Shareholders' Equity Ratio improved by 0.6 percentage points from that of September 30, 2004 to 55.3%.

## (Reference) The First Nine Months Non-consolidated Results for the Year Ending December 31, 2005 (From Jan.1, 2005 to Sep. 30, 2005)

## (1) Operating Results (Unit: millions of Yen, Rounded down under 1 million Yen)

	Gross Billings		Operating Income		Recurring Profit	
	(millions of Yen)	(%)	(millions of Yen)	(%)	(millions of Yen)	(%)
Nine months ended Sep. 30, 2005	284,212	4.8	4,984	(8.5)	6,321	(3.5)
Nine months ended Sep. 30, 2004	271,123	4.4	5,448	48.2	6,548	—
(Ref.) Fiscal 2004	373,897		7,387		8,990	

	Net Income		Net Income per Share
	(millions of Yen)	(%)	(Yen)
Nine months ended Sep. 30, 2005	3,571	5.0	73.70
Nine months ended Sep. 30, 2004	3,400	—	68.80
(Ref.) Fiscal 2004	4,655		93.04

## (Reference) The Third Quarter Non-consolidated Results (From Jul.1, 2005 to Sep.30, 2005)

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

	Gross Billings		Operating Income		Recurring Profit	
	(millions of Yen)	(%)	(millions of Yen)	(%)	(millions of Yen)	(%)
3Q(3Months) 2005	88,547	3.1	1,404	1.9	1,651	6.0
3Q(3Months) 2004	85,854	4.3	1,377	21.0	1,558	—

	Net Income	
	(millions of Yen)	(%)
3Q(3Months) 2005	916	20.1
3Q(3Months) 2004	762	

(2) Non-consolidated Financial Position (Unit: millions of Yen, Rounded down under 1 million Yen)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	(millions of Yen)	(millions of Yen)	(%)	(Yen)
Sep. 30, 2005	209,599	116,325	55.5	2,400.69
Sep. 30, 2004	199,697	109,510	54.8	2,215.88
(Ref.) Dec.31, 2004	211,874	110,342	52.1	2,275.59

3. Forecast of Consolidated Fiscal 2005 (January 1 to December 31, 2005)

Even though the pressure from competition on profitability is expected to continue, the ADK group will work to take maximum advantage of the gradual and long-lasting economies of growth led by the private sector. We, therefore, do not foresee the need to revise the forecast for Fiscal 2005 consolidated (and non-consolidated) results, which were announced on August 17, 2005.

**A Cautionary Note on Forward-looking Statements:**

This report may contain forward-looking statements based on Asatsu-DK management's view and assumptions of future developments as of the date of such statements. The foregoing statements are inherently subject to risks and uncertainties that could lead to material differences between such statements and actual outcomes. Therefore, Asatsu-DK does not warrant any certainty and accuracy thereto. Asatsu-DK also expressly disclaims any obligation to update or revise its forward-looking statements.

**Asatsu-DK Inc. and Consolidated Subsidiaries**

**Consolidated Income Statements**

**Nine Months Ended September 30, 2005**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2004
GROSS BILLINGS	310,279	298,835	413,898
COST OF SALES	275,327	262,703	364,819
GROSS PROFIT	34,951	36,131	49,079
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
1. Salaries	14,402	13,985	20,133
2. Provision for bonus expenses	1,341	2,589	1,669
3. Provision for pension benefits	1,289	1,352	1,852
4. Rent expenses	2,728	2,839	3,739
5. Other expenses	9,790	9,472	13,425
Total selling, general and administrative expenses	29,552	30,239	40,819
OPERATING INCOME	5,398	5,892	8,260
NON - OPERATING INCOME			
1. Interest income	325	195	327
2. Dividend income	594	574	936
3. Equity in earnings of affiliated companies-net	79	230	350
4. Other income	720	552	718
Total non-operating income including others	1,719	1,553	2,332
NON - OPERATING EXPENSES			
1. Interest expenses	31	33	41
2. Other expenses	121	130	293
Total non-operating expenses including others	152	163	335
RECURRING PROFIT	6,966	7,281	10,257
EXTRAORDINARY PROFITS	394	328	1,120
EXTRAORDINARY LOSSES	276	1,031	1,937
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	7,084	6,578	9,440
INCOME TAXES	3,026	2,793	4,206
MINORITY INTERESTS IN NET INCOME	57	18	53
NET INCOME	4,000	3,766	5,181

**Asatsu-DK Inc. and Consolidated Subsidiaries**

**Consolidated Balance Sheets**

**September 30, 2005**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	September 30, 2005	September 30, 2004	December 31, 2004
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
1. Cash and time deposits	21,887	21,319	22,749
2. Notes and accounts receivable-trade	90,319	86,896	105,237
3. Marketable securities	10,245	16,308	10,377
4. Inventories	11,522	10,483	6,939
5. Other current assets	2,162	4,008	3,196
6. Allowance for doubtful accounts	(641)	(611)	(709)
Total current assets	135,497	138,405	147,790
<b>FIXED ASSETS</b>			
1. Tangible fixed assets	4,126	5,258	4,290
2. Intangible fixed assets	2,083	2,507	2,483
3. Investments and other assets			
( 1 ) Investment securities	84,529	68,125	74,520
( 2 ) Other assets	11,585	12,283	11,364
( 3 ) Allowance for doubtful accounts	(1,649)	(1,747)	(1,549)
Total investments and other assets	94,465	78,661	84,335
Total fixed assets	100,645	86,426	91,109
<b>TOTAL ASSETS</b>	236,173	224,831	238,900

**Asatsu-DK Inc. and Consolidated Subsidiaries**

**Consolidated Balance Sheets**

**September 30, 2005**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	September 30, 2005	September 30, 2004	December 31, 2004
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES</b>			
1. Notes and accounts payable-trade	82,452	81,725	90,324
2. Short-term debt	1,000	368	405
3. Current portion of long-term debt	49	46	368
4. Accrued bonuses to employees	1,428	2,711	1,818
5. Allowance for sales returns	675	634	893
6. Other current liabilities	5,474	5,856	7,804
Total current liabilities	91,081	91,343	101,614
<b>LONG-TERM LIABILITIES</b>			
1. Bonds	500	500	500
2. Long-term debt	168	566	228
3. Accrued retirement benefits	3,290	4,112	4,724
4. Accrued retirement benefits to directors and corporate auditors	627	602	617
5. Other long-term liabilities	8,831	3,615	6,112
Total long-term liabilities	13,417	9,397	12,182
<b>TOTAL LIABILITIES</b>	104,499	100,741	113,796
<b><u>MINORITY INTERESTS</u></b>	1,189	1,214	1,209
<b><u>SHAREHOLDERS' EQUITY</u></b>			
Common stock	37,581	37,581	37,581
Capital surplus	40,607	40,607	40,607
Retained earnings	42,235	37,921	39,336
Unrealized gain on available-for-sale securities	17,765	11,633	14,078
Foreign currency translation adjustments	117	66	99
Treasury stock-at cost	(7,823)	(4,934)	(7,810)
<b>SHAREHOLDERS' EQUITY-NET</b>	130,484	122,876	123,894
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	236,173	224,831	238,900

**Asatsu-DK Inc. and Consolidated Subsidiaries**

**Segment Information**

(Unaudited and before reclassifications and rearrangements)

**Nine Months Ended September 30, 2005**

Millions of Yen

	Advertising	Others	Total	Eliminations or Corporate	Consolidated
<b>GROSS BILLINGS</b>					
1 Billings to out-of-group customers	303,479	6,799	310,279	-	310,279
2 Inter-segment billings	288	116	405	(405)	-
<b>Total billings</b>	<b>303,768</b>	<b>6,916</b>	<b>310,684</b>	<b>(405)</b>	<b>310,279</b>
Operating expenses*	298,193	7,087	305,281	(401)	304,880
Operating income	5,574	(171)	5,402	(3)	5,398

**Nine Months Ended September 30, 2004**

Millions of Yen

	Advertising	Others	Total	Eliminations or Corporate	Consolidated
<b>GROSS BILLINGS</b>					
1 Billings to out-of-group customers	291,666	7,168	298,835	-	298,835
2 Inter-segment billings	301	64	365	(365)	-
<b>Total billings</b>	<b>291,968</b>	<b>7,232</b>	<b>299,201</b>	<b>(365)</b>	<b>298,835</b>
Operating expenses*	286,133	7,173	293,307	(363)	292,943
Operating income	5,834	59	5,894	(2)	5,892

\* Operating expenses is the total of cost of sales and selling, general, and administrative expenses.



**Asatsu-DK Inc.**

**Non-consolidated**

**Income Statements**

**Nine Months Ended September 30, 2005**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Year Ended December 31, 2004
GROSS BILLINGS	284,212	271,123	373,897
COST OF SALES	255,683	241,163	333,536
GROSS PROFIT	28,528	29,960	40,360
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	23,544	24,511	32,973
OPERATING INCOME	4,984	5,448	7,387
NON - OPERATING INCOME	1,423	1,161	1,761
NON - OPERATING EXPENSES	86	62	157
RECURRING PROFIT	6,321	6,548	8,990
EXTRAORDINARY PROFITS	299	154	930
EXTRAORDINARY LOSSES	254	747	1,390
INCOME BEFORE INCOME TAXES	6,366	5,955	8,531
INCOME TAXES	2,794	2,554	3,875
NET INCOME	3,571	3,400	4,655

**Asatsu-DK Inc.****Non-consolidated****Balance Sheets****September 30, 2005**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	September 30, 2005	September 30, 2004	December 31, 2004
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS</b>			
1. Cash and time deposits	11,878	12,272	13,174
2. Notes receivable-trade	9,524	9,517	10,000
3. Accounts receivable-trade	71,009	67,540	82,978
4. Marketable securities	9,742	16,033	10,247
5. Inventories	9,222	8,709	5,648
6. Other current assets	1,568	3,479	2,701
7. Allowance for doubtful accounts	(554)	(505)	(627)
Total current assets	112,390	117,048	124,123
<b>FIXED ASSETS</b>			
1. Tangible fixed assets	2,162	2,910	2,285
2. Intangible fixed assets	1,897	2,273	2,262
3. Investments and other assets			
( 1 ) Investment securities	84,881	68,646	75,190
( 2 ) Other assets	9,792	10,426	9,427
( 3 ) Allowance for doubtful accounts	(1,525)	(1,607)	(1,414)
Total investments and other assets	93,148	77,464	83,202
Total fixed assets	97,208	82,648	87,751
<b>TOTAL ASSETS</b>	<b>209,599</b>	<b>199,697</b>	<b>211,874</b>

**Asatsu-DK Inc.**  
**Non-consolidated**

**Balance Sheets**  
**September 30, 2005**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	September 30, 2005	September 30, 2004	December 31, 2004
<b><u>LIABILITIES</u></b>			
CURRENT LIABILITIES			
1. Notes payable-trade	23,236	22,184	23,209
2. Accounts payable-trade	54,501	54,443	60,861
3. Other current liabilities	3,708	6,153	6,891
Total current liabilities	81,446	82,781	90,962
LONG-TERM LIABILITIES			
1. Accrued retirement benefits	2,484	3,289	3,933
2. Accrued retirement benefits to directors and corporate auditors	627	602	617
3. Other long-term liabilities	8,715	3,514	6,018
Total long-term liabilities	11,827	7,405	10,569
TOTAL LIABILITIES	93,274	90,186	101,532
<b><u>SHAREHOLDERS' EQUITY</u></b>			
Common stock	37,581	37,581	37,581
Capital surplus	40,607	40,607	40,607
Retained earnings	29,036	25,297	26,553
Unrealized gain on available-for-sale securities	16,922	10,958	13,410
Treasury stock-at cost	(7,823)	(4,934)	(7,810)
SHAREHOLDERS' EQUITY-NET	116,325	109,510	110,342
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	209,599	199,697	211,874