

Overview of 1st Quarter Results (Consolidated and Non-consolidated) for the Year Ending December 31, 2004

May 12, 2004

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1. Matters concerning the compilation of the overview of quarterly results.

- 1) Is there any variance in the accounting treatment from the most recent accounting year? : 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 range of consolidation and equity method companies? : No.

2. The first three months consolidated results for the year ending December 31, 2004 (Results from Jan.1, 2004 to Mar.31, 2004)

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

	Gross Billings		Operating Income		Recurring Profit	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Three months ended Mar. 31, 2004	102,083	3.7	2,422	32.0	2,793	-
Three months ended Mar. 31, 2003	98,441	-	1,834	-	-	-
(Ref.) Fiscal 2003	395,149		6,416		8,049	

	Net Income		Net Income per Share
	(millions of yen)	(%)	(yen)
Three months ended Mar. 31, 2004	1,408	-	28.51
Three months ended Mar. 31, 2003	-	-	-
(Ref.) Fiscal 2003	3,621		70.53

- (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 1Q 2003, 1Q 2003 results and the y-o-y increase for other items are not available.

[Supplementary Notes on the Consolidated Results]

During the first three months of 2004, the Japanese economy showed some hints of growth, like clear recoveries in profits at many corporations, especially due to larger exports and improvements in stock prices. However, growth in consumer spendings is not yet strong enough to lead the economy as a whole, while it seemed to have hit the bottom.

During the period, although the country's advertising spending was slightly larger on year-on-year basis, advertisers tried to control their budgets more tightly and demanded more efficiency. As a result, the competition in the advertising industry was further fiercer.

Under the business environment, the ADK Group strived harder to grow with the strategic goal to serve the clients as the New Wave Agency, especially by differentiating itself from the competitors, prioritizing the clients' needs over the media's, and developing new revenue sources like 360° consumer touch-points utilization, and performed as below:

The Gross Billings were JPY 102,083 million (3.7% y-o-y growth) due to larger billings to the finance/insurance and communication industries and increase in sales of animation contents. Gross Profits were JPY 12,582 million (9.7% y-o-y growth) because of continuing increase in animation contents sales and better control over cost of sales at the sales promotion and creative departments. We succeeded in controlling Selling, General and Administrative expenses to JPY 10,160 million, or 5.5% y-o-y increase, which was smaller than the Gross Profits growth of 9.7%. All in all, Operating Income was JPY 2,422 million (32.0% y-o-y growth). Recurring Profit was JPY 2,793 million and Net Income was JPY 1,408 million. As the Group began to report its quarterly Recurring Profit and Net Income since Q1 2004, the y-o-y changes of the results are not available.

(2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	(millions of yen)	(millions of yen)	(%)	(yen)
Mar. 31, 2004	233,171	122,636	52.6	2,481.30
Mar. 31, 2003	-	-	-	-
(Ref.) Dec.31, 2003	226,911	119,572	52.7	2,416.67

(Note) As the Group began to report its quarterly Consolidated Financial Position from 1Q 2004, the quarterly Consolidated Financial Position as of March 31, 2003 and the y-o-y changes are not available.

[Supplementary Notes on the Consolidated Financial Condition]

As of March 31, 2004, Total Assets were JPY 233,171 million, a JPY 6,260 million increase from those on December 31, 2003, mainly due to a JPY 4,935 million increase in Investment Securities and a JPY 1,760 million increase in Inventories. Total Liabilities were JPY 109,317 million, pushed by a JPY 1,455million increase in Other long-term liabilities (including a JPY 1,428 million increase in Deferred Tax Liabilities) and a JPY 2,449 million increase in Notes and Accounts Payable-Trade among others. Minority Interests were JPY 1,217 million. Shareholders' Equity was JPY 122,636 million, mainly due to a JPY 2,341 million increase in Unrealized gain on available-for-sale securities.

(Ref.) The first three months non-consolidated results for the year ending December 31, 2004
(Results from Jan.1, 2004 to Mar.31, 2004)

(1) Operating Results

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

	Gross Billings		Operating Income		Recurring Profit	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Three months ended Mar. 31, 2004	93,823	5.3	2,190	44.0	2,488	-
Three months ended Mar. 31, 2003	89,123	-	1,521	-	-	-
(Ref.) Fiscal 2003	357,597		5,426		6,470	

	Net Income		Net Income per Share
	(millions of yen)	(%)	(yen)
Three months ended Mar. 31, 2004	1,290	-	26.10
Three months ended Mar. 31, 2003	-	-	-
(Ref.) Fiscal 2003	2,832		56.20

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	(millions of yen)	(millions of yen)	(%)	(yen)
Mar. 31, 2004	208,120	109,732	52.7	2,220.21
Mar. 31, 2003	-	-	-	-
(Ref.) Dec.31, 2003	201,361	106,828	53.1	2,160.44

3. Forecast of Fiscal 2004 Consolidated Results (January 1 to December 31, 2004)

Our business environment for the year would still have more uncertainties because of stagnant growth in consumer spendings. We do not foresee a large growth in Japanese advertising spending with few leading factors except for the Olympic Games. Therefore, we do not revise the forecast for Fiscal 2004 consolidated (or non-consolidated) results, which were announced on February 19, 2004.

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 difference 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 Balance Sheets

March 31, 2004

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

Millions of Yen

	March 31, 2004	March 31, 2003	December 31, 2003		March 31, 2004	March 31, 2003	December 31, 2003
<u>ASSETS</u>				<u>LIABILITIES</u>			
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and time deposits	23,733	-	23,527	1. Notes and accounts payable-trade	89,048	-	86,599
2. Notes and accounts receivable-trade	95,893	-	101,026	2. Current portion of bonds	-	-	200
3. Marketable securities	16,669	-	11,427	3. Short-term debts	671	-	389
4. Inventories	8,168	-	6,408	4. Accrued bonuses to employees	2,113	-	1,189
5. Other current assets	3,172	-	2,707	5. Allowance for sales returns	688	-	773
6. Allowance for doubtful accounts	(708)	-	(735)	6. Other current liabilities	6,126	-	7,706
Total current assets	146,928	-	144,361	Total current liabilities	98,648	-	96,858
FIXED ASSETS				LONG-TERM LIABILITIES			
1. Tangible fixed assets	5,534	-	5,642	1. Bonds	500	-	500
2. Intangible fixed assets	2,721	-	2,893	2. Long-term debts	567	-	560
3. Investments and other assets				3. Accrued retirement benefits	3,931	-	3,852
(1) Investment securities	70,133	-	65,198	4. Accrued retirement benefits to directors and corporate auditors	662	-	738
(2) Other assets	9,927	-	10,913	5. Other long-term liabilities	5,006	-	3,551
(3) Allowance for doubtful accounts	(2,074)	-	(2,098)	Total long-term liabilities	10,669	-	9,203
Total investments and other assets	77,986	-	74,013	TOTAL LIABILITIES	109,317	-	106,062
Total fixed assets	86,242	-	82,549	<u>MINORITY INTERESTS</u>	1,217	-	1,276
				<u>SHAREHOLDERS' EQUITY</u>			
				Common stock	37,581	-	37,581
				Additional paid-in capital	40,607	-	40,607
				Retained earnings	36,009	-	35,167
				Unrealized gain on available-for-sale securities	13,530	-	11,188
				Foreign currency translation adjustments	(168)	-	(50)
				Treasury stock-at cost	(4,923)	-	(4,921)
				Shareholders' equity-net	122,636	-	119,572
TOTAL ASSETS	233,171	-	226,911	TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	233,171	-	226,911

Asatsu-DK Inc. and Consolidated Subsidiaries

Consolidated Income Statements

Three Months Ended March 31, 2004

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003	Year Ended December 31, 2003
GROSS BILLINGS	102,083	98,441	395,149
COST OF SALES	89,500	-	348,266
GROSS PROFIT	12,582	11,467	46,882
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
1. Salaries	3,923	-	20,164
2. Provision for bonus expenses	1,894	-	1,121
3. Provision for pension benefits	422	-	1,722
4. Rent expenses	951	-	3,834
5. Other expenses	2,967	-	13,623
Total selling, general and administrative expenses	10,160	-	40,466
OPERATING PROFIT	2,422	1,834	6,416
NON - OPERATING INCOME			
1. Interest income	40	-	238
2. Dividend income	17	-	624
3. Equity in earnings of affiliated companies-net	77	-	343
4. Other income	260	-	737
Total non-operating income	395	-	1,944
NON - OPERATING EXPENSES			
1. Interest expenses	15	-	49
2. Other expenses	9	-	262
Total non-operating expenses	24	-	311
RECURRING PROFIT	2,793	-	8,049
EXTRAORDINARY PROFITS	34	-	791
EXTRAORDINARY LOSSES	91	-	1,393
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	2,735	-	7,447
INCOME TAXES	1,317	-	3,727
MINORITY INTERESTS IN NET INCOME	9	-	98
NET INCOME	1,408	-	3,621

Asatsu-DK Inc.**Unconsolidated****Balance Sheets****March 31, 2004**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

Millions of Yen

	March 31, 2004	March 31, 2003	December 31, 2003		March 31, 2004	March 31, 2003	December 31, 2003
ASSETS				LIABILITIES			
CURRENT ASSETS				CURRENT LIABILITIES			
1. Cash and time deposits	13,980	-	13,121	1. Notes payable-trade	25,007	-	24,859
2. Notes receivable-trade	11,928	-	12,387	2. Accounts payable-trade	59,380	-	55,910
3. Accounts receivable-trade	74,067	-	77,956	3. Other current liabilities	5,301	-	6,509
4. Marketable securities	16,366	-	11,199	Total current liabilities	89,688	-	87,280
5. Inventories	6,452	-	5,228	LONG-TERM LIABILITIES			
6. Other current assets	3,055	-	2,645	1. Accrued retirement benefits	3,117	-	3,014
7. Allowance for doubtful accounts	(603)	-	(626)	2. Accrued retirement benefits to directors and corporate auditors	662	-	738
Total current assets	125,248	-	121,912	3. Other long-term liabilities	4,919	-	3,498
FIXED ASSETS				Total long-term liabilities	8,699	-	7,252
1. Tangible fixed assets	3,166	-	3,238	TOTAL LIABILITIES	98,388	-	94,532
2. Intangible fixed assets	2,447	-	2,592	SHAREHOLDERS' EQUITY			
3. Investments and other assets				Common stock	37,581	-	37,581
(1) Investment securities	70,856	-	66,210	Additional paid-in capital	40,607	-	40,607
(2) Other assets	8,219	-	9,248	Retained earnings	23,632	-	22,835
(3) Allowance for doubtful accounts	(1,817)	-	(1,841)	Unrealized gain on available-for-sale securities	12,834	-	10,725
Total investments and other assets	77,258	-	73,617	Treasury stock-at cost	(4,923)	-	(4,921)
Total fixed assets	82,872	-	79,448	Shareholders' equity-net	109,732	-	106,828
TOTAL ASSETS	208,120	-	201,361	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	208,120	-	201,361

Asatsu-DK Inc.

Unconsolidated

Income Statements

Three Months Ended March 31, 2004

(Before reclassifications and rearrangements)

Millions of Yen

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003	Year Ended December 31, 2003
GROSS BILLINGS	93,823	89,123	357,597
COST OF SALES	83,339	-	319,680
GROSS PROFIT	10,484	9,177	37,917
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	8,293	-	32,491
OPERATING PROFIT	2,190	1,521	5,426
NON - OPERATING INCOME	300	-	1,225
NON - OPERATING EXPENSES	2	-	182
RECURRING PROFIT	2,488	-	6,470
EXTRAORDINARY PROFITS	29	-	698
EXTRAORDINARY LOSSES	13	-	1,011
INCOME BEFORE INCOME TAXES	2,505	-	6,157
INCOME TAXES	1,215	-	3,325
NET INCOME	1,290	-	2,832