

Overview of 1st Quarter Results (Consolidated and Non-consolidated) for the Year Ending December 31, 2006

May 15, 2006

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)
 Share of voting rights owned by such Other Related Company : 21.60 % as of December 31, 2005

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 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)
 SHANGHAI DAIICHIKAKU FORTUNE ADVERTISING Co., Ltd. has been added to the consolidated subsidiaries since this first quarter because of increased significance

2. The First Three Months Consolidated Results for the Year Ending December 31, 2006 (From Jan.1, 2006 to Mar.31, 2006)

(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, 2006	105,798	(3.3)	2,514	20.6	2,985	19.2
Three months ended Mar. 31, 2005	109,413	7.2	2,084	(13.9)	2,504	(10.3)
(Ref.) Fiscal 2005	424,705		7,488		10,482	

	Net Income		Net Income per Share
	(millions of yen)	(%)	(yen)
Three months ended Mar. 31, 2006	1,853	27.9	38.66
Three months ended Mar. 31, 2005	1,449	2.9	29.91
(Ref.) Fiscal 2005	5,946		122.11

[Supplementary Notes on the Consolidated Results]

During the first quarter of 2006, the Japanese economy maintained slow but steady growth, led by larger corporate capital expenditures, exports to the US and China, and a recovery in employment. Including private consumption, the foundation for economic growth is now solid enough for the Bank of Japan, even with some uncertainty in oil prices and overseas economies, to announce its decision to terminate its quantitative easing, a long-lasting counter-monetary measure. During the period, although the country's advertising spending increased slightly on a year-on-year basis, the business environment surrounding the ADK group has been difficult due to pressure from advertisers demanding less costly and more efficient communications services while media continued to diversify. Under this competitive environment, the ADK group worked harder to grow with its strategic goal of serving clients as a New Wave Agency, especially by differentiating itself from the competition, prioritizing clients' needs over the media's, and developing new revenue streams like 360-degree consumer touchpoints.

(Advertising Business Segment)

The group's advertising business generated gross billings of JPY 103,671 million (3.4% y-o-y decline). Although gross billings from clients in Electric Machinery/AV Equipment, Beverages, Cosmetics/Toiletries increased, and the group acquired new clients and new brands, gross billings from clients in Finance/Insurance, Government/Organization, and Foods declined. However, operating income improved by 12.0% year-on-year to JPY 2,415 million because of a reduction in less profitable business in TV and newspapers and larger gross billings in digital media. Decrease in overseas sales of Yu-Gi-Oh! Duel Monsters, an animated cartoon with once high popularity, peaked in 2004, was compensated for by an enhanced contents portfolio.

(Other Business)

While the demand in publications has been limited as a result of consumer preference for digital media, the group's consolidated subsidiaries in the publications industry worked to generate sales while facing larger risks of the return of unsold books and magazines. Allowance for sales returns were conservatively assessed in fiscal 2005. The subsidiaries prioritized improvement in the product mix over sales growth to minimize returns and reported sales of JPY 2,126 million (2.0% growth y-o-y) and realized an operating income of JPY 57 million for the period (compared with JPY 69 million operating loss for 1Q 2005).

As a result, the group's gross billings were JPY 105,798 million (3.3% y-o-y decline) while gross profits totaled JPY 12,970 million (10.6% y-o-y growth). Selling, general and administrative expenses were managed so as not to grow faster than gross profits of JPY 10,455 million (8.4% y-o-y growth) to realize larger operating income of JPY 2,514 (20.6% y-o-y growth). Staff cost to gross profit ratio improved by 1.0 percentage point to 55.1% and operating margin increased by 1.6 percentage point to 19.4% compared to those in the first quarter of 2005. Equity in earnings of affiliated companies-net was limited to JPY 26 million, 60.8% smaller than that of the first quarter of 2005, because net income of Digital Advertising Consortium Inc., an internet advertising media representative company, did not grow due to larger personnel expenses, while an information processing services affiliate suffered from sluggish sales growth. The group achieved consolidated recurring profits of JPY 2,985 million (19.2% y-o-y growth), while Income before income tax and extraordinary profits totaled JPY 3,226 million (29.6% y-o-y growth) and Net Income rose to JPY 1,853 million (27.9% y-o-y growth).

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

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	(millions of yen)	(millions of yen)	(%)	(yen)
Mar. 31, 2006	255,533	138,397	54.2	2,886.22
Mar. 31, 2005	245,676	126,591	51.5	2,612.39
(Ref.) Dec.31, 2005	246,867	134,751	54.6	2,809.30

(Reference) The First Three Months Non-consolidated Results for the Year Ending December 31, 2006
(From Jan.1, 2006 to Mar.31, 2006)

(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, 2006	96,831	(4.1)	2,133	10.5	2,527	10.4
Three months ended Mar. 31, 2005	101,002	7.7	1,930	(11.9)	2,289	(8.0)
(Ref.) Fiscal 2005	384,849		6,733		9,284	

	Net Income		Net Income per Share
	(millions of yen)	(%)	(yen)
Three months ended Mar. 31, 2006	1,631	23.4	34.03
Three months ended Mar. 31, 2005	1,322	2.5	27.29
(Ref.) Fiscal 2005	5,382		111.23

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

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	(millions of yen)	(millions of yen)	(%)	(yen)
Mar. 31, 2006	227,456	123,697	54.4	2,579.65
Mar. 31, 2005	219,580	112,929	51.4	2,330.49
(Ref.) Dec.31, 2005	219,546	120,328	54.8	2,509.31

3. Forecast of consolidated and non-consolidated results for the year ending Dec. 31, 2006
(CY period from Jan. 1, 2006 to Dec. 31, 2006)

[Supplementary Note on the forecast]

We do not revise the forecast for the interim and fiscal 2006 consolidated and non-consolidated results as announced on February 15, 2006.

[Distribution of Surplus]

At the general meeting of shareholders on March 30, 2006, amendments to some parts of the articles of incorporation of the company were approved and the board of directors has been granted authority to resolve the distribution of surplus funds so that the board can execute flexible capital policies in a timely manner. Quarterly dividend distributions can be resolved following this amendment. However, considering likely operational cost increases and an unsteady stream of net income, the board believes that it is beneficial for shareholders to keep semi annual dividend distributions instead of quarterly dividend distributions.

The board confirms the company's policy on shareholders returns, that both cash dividends and purchase of treasury stock are used as key vehicles to improve the shareholders' return, and that 25% of consolidated net income is to be distributed through common dividends with a minimum annual dividend of JPY 20 per share thereby giving shareholders the benefits of both performance-based distributions and a stable dividend stream.

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 Income Statements

Three Months Ended March 31, 2006

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005	Year Ended December 31, 2005
GROSS BILLINGS	105,798	109,413	424,705
COST OF SALES	92,827	97,681	376,931
GROSS PROFIT	12,970	11,731	47,774
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
1. Salaries	4,265	4,078	20,972
2. Provision for bonus expenses	1,552	1,289	307
3. Provision for pension benefits	441	394	1,782
4. Rent expenses	915	909	3,642
5. Other expenses	3,280	2,976	13,582
Total selling, general and administrative expenses	10,455	9,647	40,286
OPERATING INCOME	2,514	2,084	7,488
NON - OPERATING INCOME			
1. Interest income	148	96	462
2. Dividend income	62	27	1,092
3. Equity in earnings of affiliated companies-net	26	68	124
4. Other income	280	249	1,445
Total non-operating income	517	441	3,125
NON - OPERATING EXPENSES			
1. Interest expenses	10	12	37
2. Other expenses	36	8	93
Total non-operating expenses	46	20	130
RECURRING PROFIT	2,985	2,504	10,482
EXTRAORDINARY PROFITS	494	171	1,314
EXTRAORDINARY LOSSES	253	186	768
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	3,226	2,489	11,028
INCOME TAXES	1,358	1,024	5,025
MINORITY INTERESTS IN NET INCOME	14	15	56
NET INCOME	1,853	1,449	5,946

Asatsu-DK Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2006

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	March 31, 2006	March 31, 2005	December 31, 2005
<u>ASSETS</u>			
CURRENT ASSETS			
1. Cash and time deposits	22,088	23,426	21,334
2. Notes and accounts receivable-trade	100,946	105,943	103,078
3. Marketable securities	4,621	9,735	2,987
4. Inventories	8,809	8,483	7,575
5. Other current assets	2,815	3,329	3,218
6. Allowance for doubtful accounts	(613)	(645)	(683)
Total current assets	138,668	150,272	137,510
FIXED ASSETS			
1. Tangible fixed assets	4,008	4,256	4,029
2. Intangible fixed assets	1,800	2,347	1,990
3. Investments and other assets			
(1) Investment securities	101,049	79,197	93,161
(2) Other assets	11,460	11,288	11,630
(3) Allowance for doubtful accounts	(1,454)	(1,685)	(1,453)
Total investments and other assets	111,055	88,800	103,337
Total fixed assets	116,864	95,403	109,357
TOTAL ASSETS	255,533	245,676	246,867

Asatsu-DK Inc. and Consolidated Subsidiaries

Consolidated Balance Sheets

March 31, 2006

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	March 31, 2006	March 31, 2005	December 31, 2005
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
1. Notes and accounts payable-trade	87,081	94,583	85,615
2. Short-term debt	844	257	573
3. Current portion of long-term debt	49	355	49
4. Accrued bonuses to employees	1,784	1,513	453
5. Allowance for sales returns	641	776	750
6. Other current liabilities	7,324	7,259	6,875
Total current liabilities	97,726	104,746	94,319
LONG - TERM LIABILITIES			
1. Bonds	500	500	500
2. Long-term debt	148	226	158
3. Accrued retirement benefits	2,382	4,247	2,801
4. Accrued retirement benefits to directors and corporate auditors	649	630	635
5. Other long-term liabilities	14,725	7,507	12,702
Total long-term liabilities	18,405	13,110	16,798
TOTAL LIABILITIES	116,132	117,857	111,117
<u>MINORITY INTERESTS</u>	1,003	1,227	997
<u>SHAREHOLDERS' EQUITY</u>			
Common stock	37,581	37,581	37,581
Capital surplus	40,607	40,607	40,607
Retained earnings	44,760	40,158	44,191
Unrealized gain on available-for-sale securities	24,765	15,959	21,784
Foreign currency translation adjustments	379	98	277
Treasury stock-at cost	(9,696)	(7,814)	(9,690)
SHAREHOLDERS' EQUITY-NET	138,397	126,591	134,751
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	255,533	245,676	246,867

Asatsu-DK Inc. and Consolidated Subsidiaries

Segment Information

(Unaudited and before reclassifications and rearrangements)

Three Months Ended March 31, 2006

Millions of Yen

	Advertising	Others	Total	Eliminations or Corporate	Consolidated
GROSS BILLINGS					
1 Billings to out-of-group customers	103,671	2,126	105,798	-	105,798
2 Inter-segment billings	71	50	121	(121)	-
Total billings	103,743	2,176	105,919	(121)	105,798
Operating expenses*	101,285	2,118	103,404	(121)	103,283
Operating income	2,457	57	2,514	(0)	2,514

Three Months Ended March 31, 2005

Millions of Yen

	Advertising	Others	Total	Eliminations or Corporate	Consolidated
GROSS BILLINGS					
1 Billings to out-of-group customers	107,329	2,083	109,413	-	109,413
2 Inter-segment billings	91	31	123	(123)	-
Total billings	107,421	2,115	109,536	(123)	109,413
Operating expenses*	105,265	2,184	107,450	(120)	107,329
Operating income	2,155	(69)	2,086	(2)	2,084

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

Asatsu-DK Inc.

Non-consolidated

Income Statements

Three Months Ended March 31, 2006

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005	Year Ended December 31, 2005
GROSS BILLINGS	96,831	101,002	384,849
COST OF SALES	86,336	91,383	346,245
GROSS PROFIT	10,494	9,619	38,603
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	8,361	7,688	31,870
OPERATING INCOME	2,133	1,930	6,733
NON - OPERATING INCOME	422	361	2,602
NON - OPERATING EXPENSES	28	2	50
RECURRING PROFIT	2,527	2,289	9,284
EXTRAORDINARY PROFITS	486	169	1,224
EXTRAORDINARY LOSSES	102	133	563
INCOME BEFORE INCOME TAXES	2,911	2,325	9,945
INCOME TAXES	1,280	1,003	4,563
NET INCOME	1,631	1,322	5,382

Asatsu-DK Inc.
Non-consolidated

Balance Sheets
March 31, 2006

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	March 31, 2006	March 31, 2005	December 31, 2005
<u>ASSETS</u>			
CURRENT ASSETS			
1. Cash and time deposits	11,081	13,555	11,360
2. Notes receivable-trade	9,633	9,969	9,212
3. Accounts receivable-trade	81,338	86,240	82,952
4. Marketable securities	4,158	9,344	2,408
5. Inventories	5,920	6,306	5,685
6. Other current assets	2,334	2,740	2,757
7. Allowance for doubtful accounts	(475)	(559)	(553)
Total current assets	113,991	127,597	113,823
FIXED ASSETS			
1. Tangible fixed assets	2,015	2,249	2,055
2. Intangible fixed assets	1,647	2,137	1,821
3. Investments and other assets			
(1) Investment securities	101,283	79,797	93,396
(2) Other assets	9,680	9,360	9,610
(3) Allowance for doubtful accounts	(1,162)	(1,561)	(1,160)
Total investments and other assets	109,802	87,595	101,845
Total fixed assets	113,465	91,982	105,722
TOTAL ASSETS	227,456	219,580	219,546

Asatsu-DK Inc.
Non-consolidated

Balance Sheets
March 31, 2006

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	March 31, 2006	March 31, 2005	December 31, 2005
<u>LIABILITIES</u>			
CURRENT LIABILITIES			
1. Notes payable-trade	21,302	24,691	23,395
2. Accounts payable-trade	60,847	65,155	56,672
3. Other current liabilities	4,769	5,324	3,971
Total current liabilities	86,918	95,170	84,039
LONG - TERM LIABILITIES			
1. Accrued retirement benefits	1,623	3,432	2,015
2. Accrued retirement benefits to directors and corporate auditors	649	630	635
3. Other long-term liabilities	14,567	7,416	12,527
Total long-term liabilities	16,840	11,479	15,178
TOTAL LIABILITIES	103,759	106,650	99,217
<u>SHAREHOLDERS' EQUITY</u>			
Common stock	37,581	37,581	37,581
Capital surplus	40,607	40,607	40,607
Retained earnings	31,232	27,272	30,847
Unrealized gain on available-for-sale securities	23,972	15,283	20,982
Treasury stock-at cost	(9,696)	(7,814)	(9,690)
SHAREHOLDERS' EQUITY-NET	123,697	112,929	120,328
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	227,456	219,580	219,546