



FY2006 Interim Financial Report

**August 30, 2006
ASATSU-DK INC.**

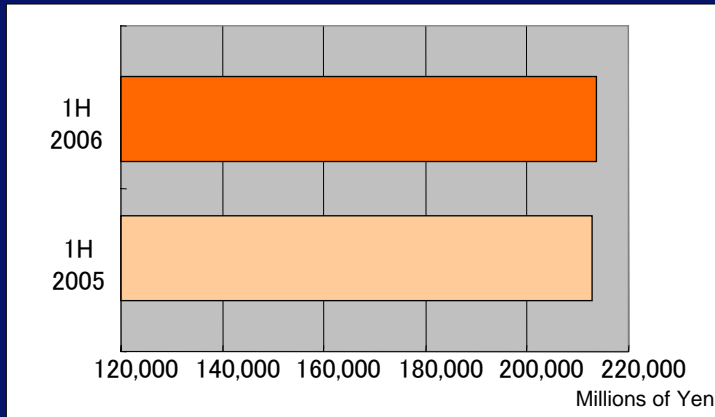


Financial Highlights

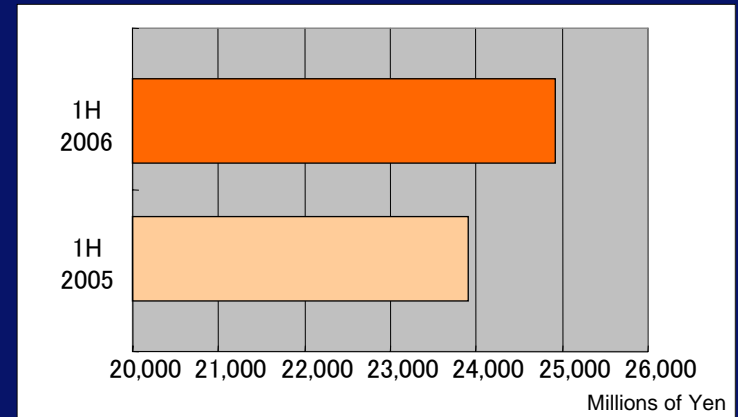
Interim Financial Highlights (Consolidated)



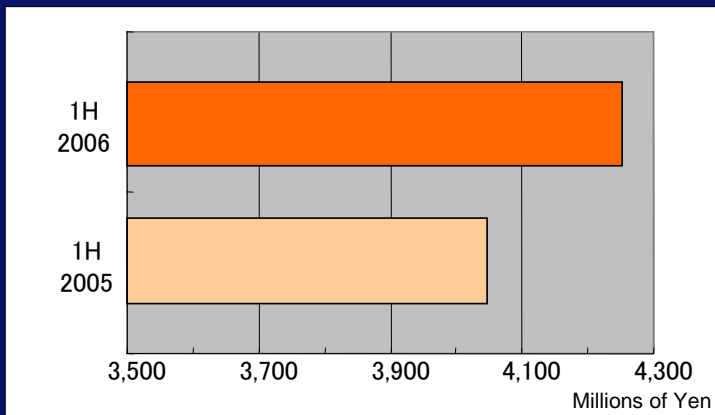
Gross Billings: ¥213,802 million
(vs. 2005: 100.5%)



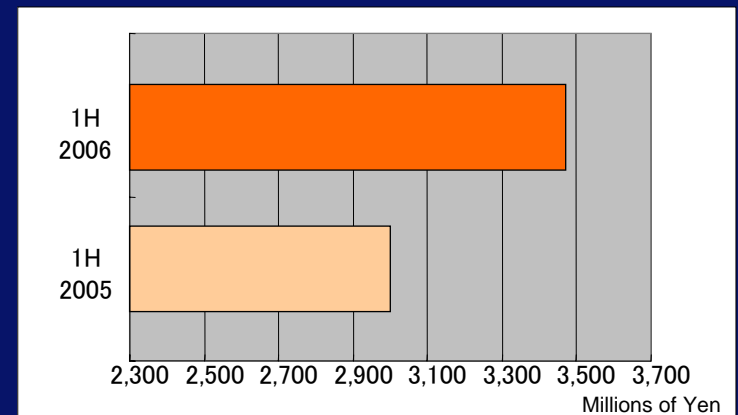
Gross Profit: ¥24,917 million
(vs. 2005: 105.5%)



Operating Income: ¥4,252 million
(vs. 2005: 105.0%)



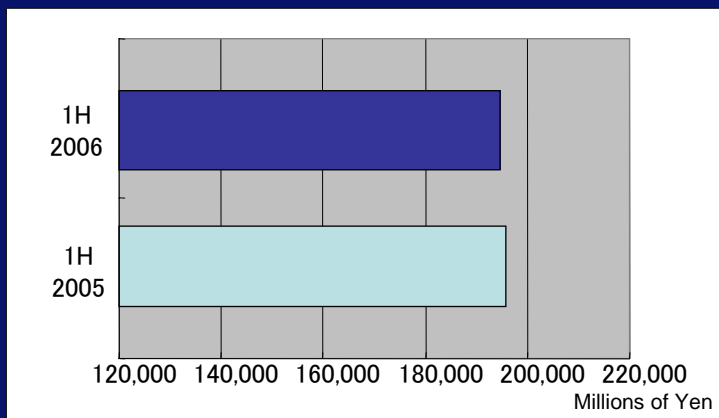
Net Income: ¥3,472 million
(vs. 2005: 115.7%)



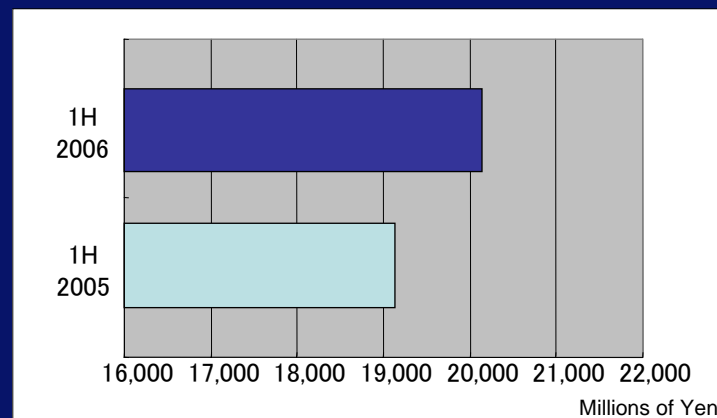
Interim Financial Highlights (Non-consolidated)



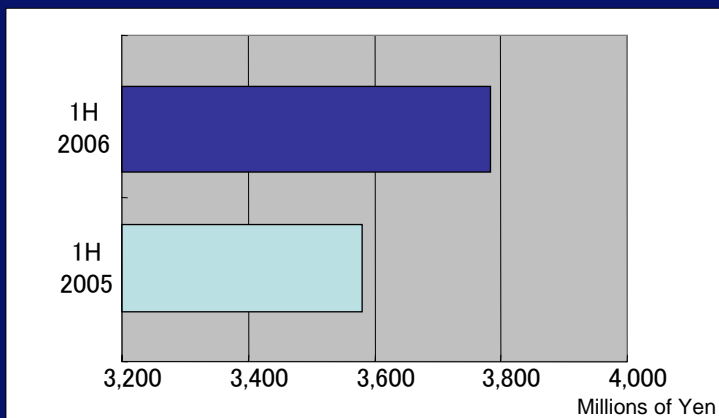
Gross Billings: ¥194,641 million
(vs. 2005: 99.5%)



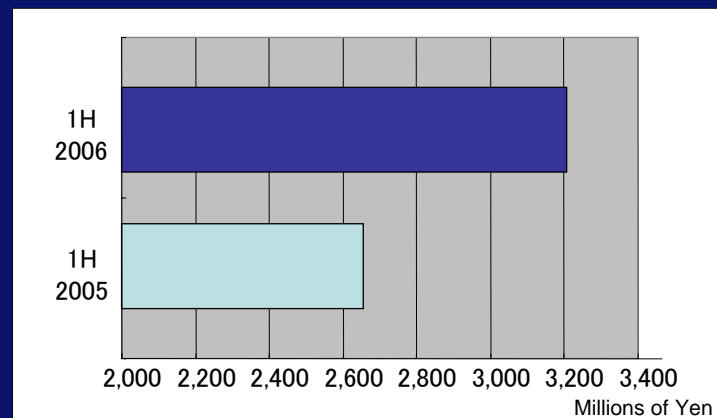
Gross Profit: ¥20,142 million
(vs. 2005: 105.2%)



Operating Income: ¥3,784 million
(vs. 2005: 105.7%)



Net Income: ¥3,206 million
(vs. 2005: 120.7%)



Interim Financial Highlights

	Non-consolidated	Consolidated
Gross Billings	<ul style="list-style-type: none">• EXPO 2005 AICHI JAPAN Ended• Decline in CMB *• Continued Growth of Branch Offices	<ul style="list-style-type: none">• Steady Growth of ADK Arts and TRI Communication• Slower Growth in Medical Related Business• Slump in Publishing
Gross Profit	<ul style="list-style-type: none">• Growth at Branches• Improvement of CMB Profit• Animation Content Gross Profit Ended Declining	
Operating Income	<ul style="list-style-type: none">• Increase Income with Reduction of SG&A Expenses	
Net Income	<ul style="list-style-type: none">• Increase in Non-operating Profit & Extraordinary Profit	

* CMB=Central Media Buying

The logo consists of a dark blue square with the letters "ADK" in white, italicized serif font.

ADK

ADK Non-Consolidated Performance

Forecast on GDP and Advertising Spending in 2006

GDP	Real	Nominal
Annualized Rate for Jan.-Mar.	+2.7	+1.7
Annualized Rate for Apr.-Jan. (Source: Cabinet Office)	+0.8	+1.1
Forecast for 2006FY (Average Rate of Private Research Agencies)	+2.5	+2.2
Advertising Expenses		vs. 2005
1H, 2006FY (Apr.-Sep.)		+3.2%
2H, 2006FY (Oct.-Mar.'07)		+1.7%
Year Round (Source: NIKKEI Advertising Research Institute)		+2.4%
Forecast of National Ad Spending for 2006 (Source: Dentsu)	¥6,088.3 Billion	+2.1%

Gross Billings of Top 8 Ad Agencies

ADK

	2006 Jan - Jun	(Millions of Yen) vs. 1H 2005
Dentsu	803,291	104.9%
Hakuhodo	359,117	101.0%
ADK	194,641	99.5%
Daiko	68,102	93.3%
Tokyu Agency	62,316	97.7%
East Japan M&C	52,796	109.2%
Yomiko	46,227	88.4%
Asahi Ad	29,530	101.0%
TOTAL	1,616,020	102.0%

Breakdown by Industry →

Breakdown by Medium →

Growth in New Clients vs. Existing Clients →

Growth in Non-Japanese vs. Japanese Clients →

**Growth in Media Buying Business (CMB) vs.
Brand-related Business** →

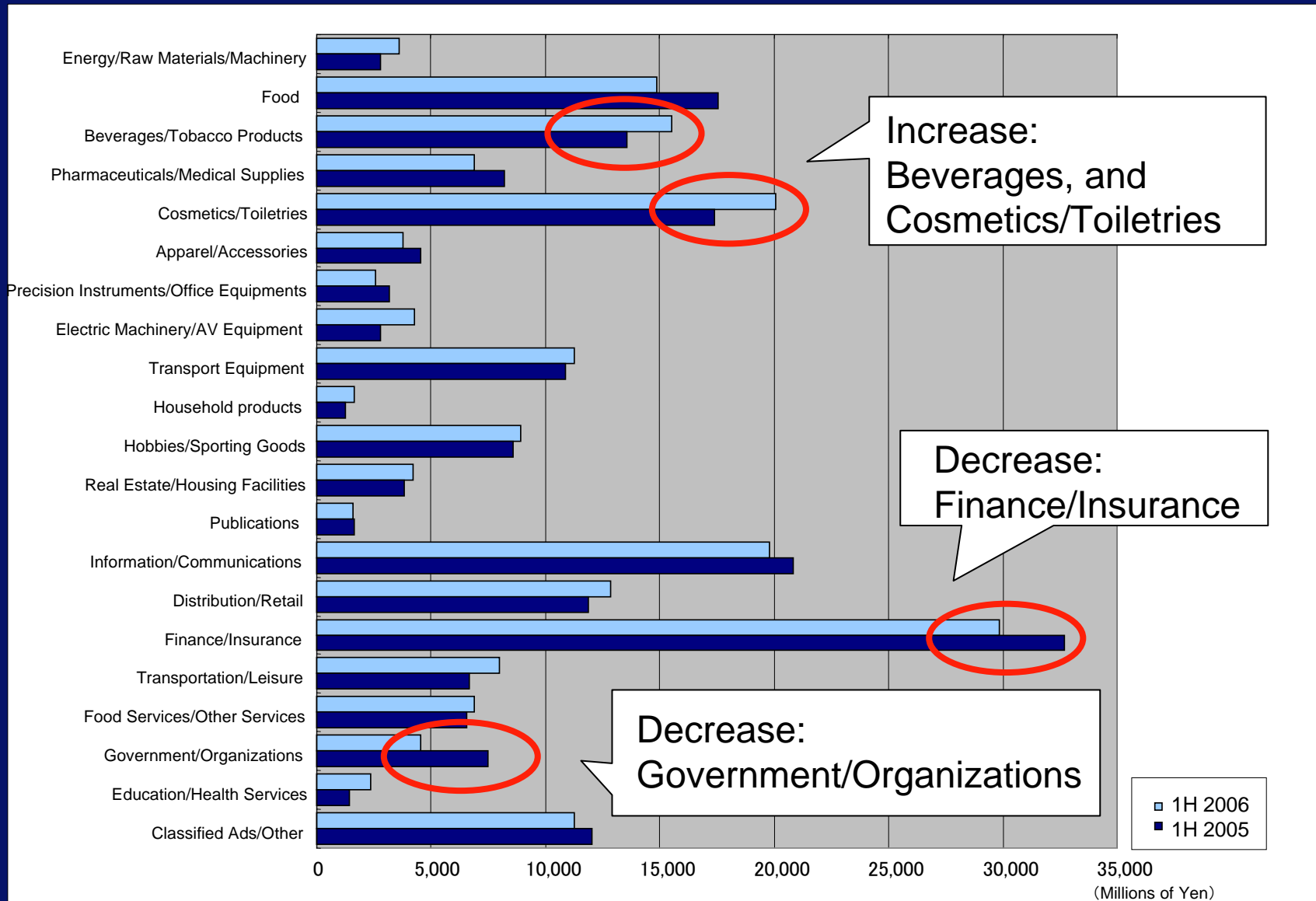
Headquarters Growth vs. Branch Office Growth →

Gross Billings: Breakdown by Industry

(Millions of Yen)

	Gross Billings	Composition Ratio	Increase/Decrease	v s. 1H 2005
Energy/Raw Materials/Machinery	3,620	1.9%	825	129.5%
Food	14,880	7.7%	-2,650	84.9%
Bev erages/Tobacco Products	15,554	8.0%	2,002	114.8%
Pharmaceuticals/Medical Supplies	6,879	3.5%	-1,304	84.1%
Cosmetics/Toiletries	20,086	10.3%	2,704	115.6%
Apparel/Accessories	3,772	1.9%	-780	82.9%
Precision Instruments/Office Equipment	2,574	1.3%	-591	81.3%
Electric Machinery/AV Equipment	4,257	2.2%	1,453	151.8%
Transport Equipment	11,270	5.8%	410	103.8%
Household Products	1,613	0.8%	348	127.5%
Hobbies/Sporting Goods	8,894	4.6%	301	103.5%
Real Estate/Housing Facilities	4,229	2.2%	385	110.0%
Publications	1,559	0.8%	-68	95.8%
Information/Communications	19,791	10.2%	-1,021	95.1%
Distribution/Retail	12,829	6.6%	980	108.3%
Finance/Insurance	29,843	15.3%	-2,882	91.2%
Transportation/Leisure	7,958	4.1%	1,288	119.3%
Food Services/Other Services	6,889	3.5%	331	105.0%
Gov ernment/Organizations	4,549	2.3%	-2,917	60.9%
Education/Health Services	2,340	1.2%	937	166.8%
Classified Ads/Other	11,255	5.8%	-775	93.6%
Total	194,641	100.0%	-1,024	99.5%

Gross Billings: Breakdown by Industry



Gross Billings: Breakdown by Medium



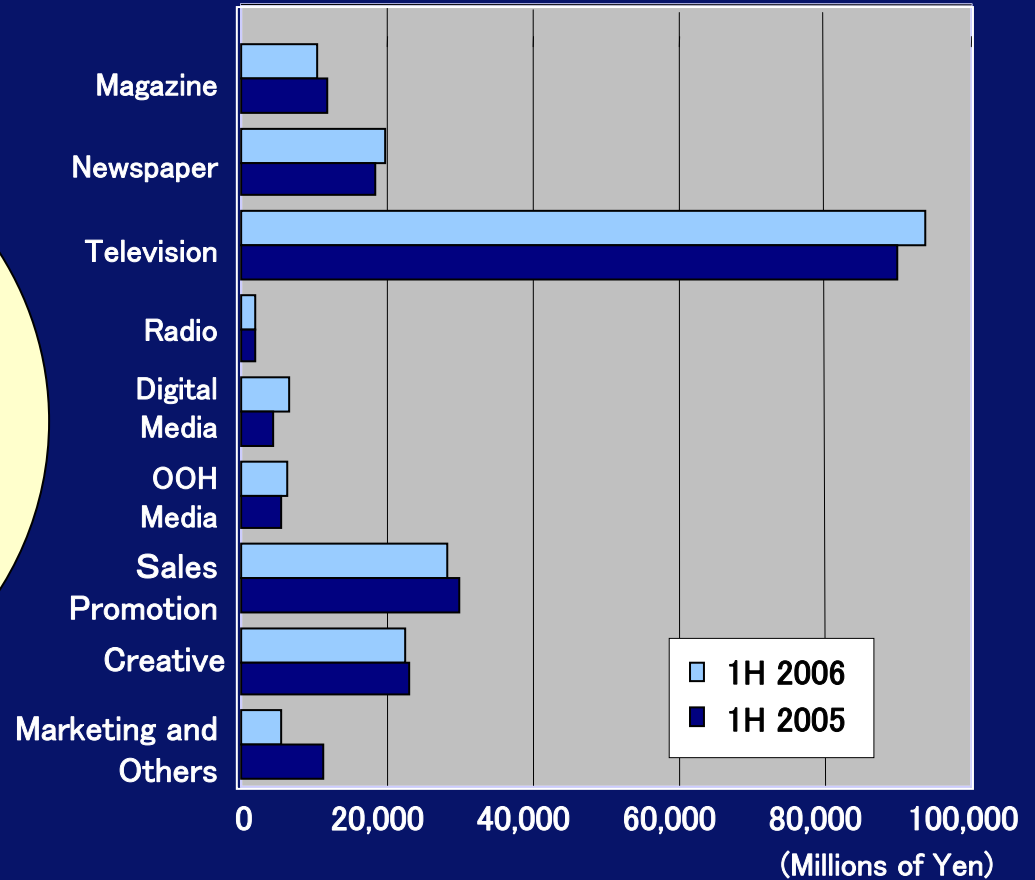
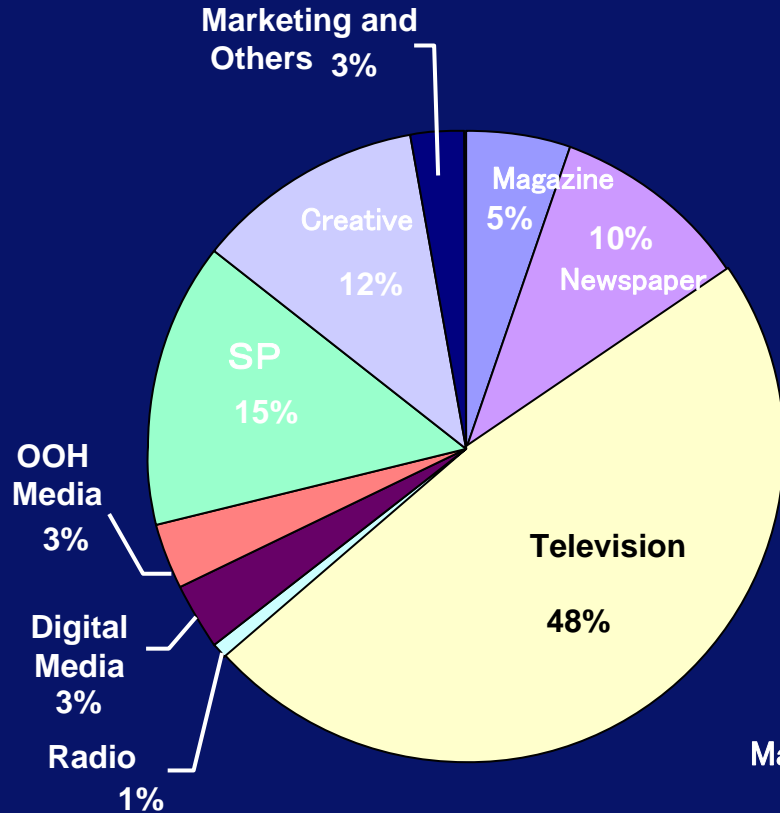
(Millions of Yen)

	ADK		Re : Total of Top 8 Agencies	
	Gross Billings	vs. 1H 2005	Gross Billings	vs.1H 2005
Magazine	10,478	89.9%	76,985	101.8%
Newspaper	19,671	107.9%	209,610	102.8%
Television	93,582	104.0%	701,980	102.8%
Time	33,333	98.9%		
Spot	52,281	107.9%		
Content	7,968	101.9%		
Radio	1,919	100.5%	26,458	100.5%
Digital Media	6,530	146.4%	600,987	101.0%
OOH Media	6,219	115.9%		
Non-Media				
Sales Promotion	28,292	95.0%		
Creative	22,563	98.4%		
Other	5,387	47.4%		
Total	194,641	99.5%	1,616,020	102.0%

Gross Billings: Breakdown by Medium



1H, 2006



Gross Billings Analysis

ADK

New Clients vs. Existing Clients

(Millions of Yen)

	Gross Billings	Composition Ratio	vs. 2005
New Clients	6,421	3.3%	64.4%
Existing Clients	188,220	96.7%	101.4%
Total	194,641	100.0%	99.5%

	Re: 1H 2005	Gross Billings	Composition Ratio	vs. 1H 2004
New Clients		9,974	5.1%	209.4%
Existing Clients		185,690	94.9%	102.9%
Total		195,664	100.0%	105.6%

Gross Billings Analysis

Global Clients vs. Japanese Clients

(Millions of Yen)

	Gross Billings	Composition Ratio	vs. 2005
Non-Japanese Clients	39,776	20.4%	90.6%
Japanese Clients	154,865	79.6%	102.0%
Total	194,641	100.0%	99.5%

	Re: 1H 2005	Gross Billings	Composition Ratio	vs. 1H 2004
Non-Japanese Clients		43,903	22.4%	92.4%
Japanese Clients		151,761	77.6%	110.0%
Total		195,664	100.0%	105.6%

Gross Billings Analysis

CMB vs. Brand-related Business

(Millions of Yen)

	Gross Billings	Composition Ratio	vs. 2005
CMB Business	25,769	13.2%	93.0%
Brand-related Business	168,872	86.8%	100.6%
Total	194,641	100.0%	99.5%

※CMB=Central Media Buying

	Re:1H 2005	Gross Billings	Composition Ratio	vs. 1H 2004
CMB		27,720	14.2%	99.0%
Brand		167,944	85.8%	106.8%
Total		195,664	100.0%	105.6%

Gross Billings Analysis

ADK

Headquarters vs. Branch Offices

(Millions of Yen)

	Gross Billings	Composition Ratio	vs. 2005
Tokyo Headquarters	157,431	80.9%	96.0%
Branch Offices	37,210	19.1%	117.8%
Total	194,641	100.0%	99.5%

Profitable Branch Offices

Osaka Branch	14,541	126.9%
Kyushu Branch	6,681	134.5%

- **Gross Billings ¥194,641 Million**
(vs. 2005 99.5%)

Key Factors

- **EXPO 2005 AICHI JAPAN Ended**
- **Decrease in CMB**
- **Decline in Securing New Accounts**

ADK Non-consolidated P/L Analysis

Gross Profit



Operating Income



Net Income



P/L (Non-consolidated)

(Millions of Yen)

	1H 2005	1H 2006	vs.1H 2005	Change from 2005
Gross Billings	195,664	194,641	99.5%	-1,024
Gross Profit	19,138	20,142	105.2%	1,004
Gross Profit Ratio	9.8%	10.3%	-	+0.5pt
SG&A Expenses	15,558	16,358	105.1%	801
Staff Cost	10,465	11,080	105.9%	615
Other	5,093	5,279	103.6%	186
Operating Income	3,580	3,784	105.7%	204
Non-Operating Income/loss	1,090	1,203	110.4%	114
Recurring Profit	4,670	4,987	106.8%	318
Extraordinary Profit/Loss	31	880	2864.9%	849
Income before Income Taxes	4,700	5,867	124.8%	1,167
Income taxes	2,045	2,662	130.1%	616
Net Income	2,655	3,206	120.7%	550

Operating Margin	18.7%	18.8%
Staff Cost/Gross Profit	54.7%	55.0%

- **Gross Profit ¥20,142 Million (vs. 2005 105.2%)**
 - **Gross Billings and Profit Growth of Branch Offices (Especially Osaka and Kyushu)**
 - **Improvement of CMB Profit Rate**
 - **Recovery of Animation Content Gross Profit**
- **Operating Income ¥3,784 Million (vs.2005 105.7%)**
 - **Control increase of SG&A Expenses within Growth of Gross Profit**
- **Ratio of Operating Income to Net Income before Taxes : 64.5%**

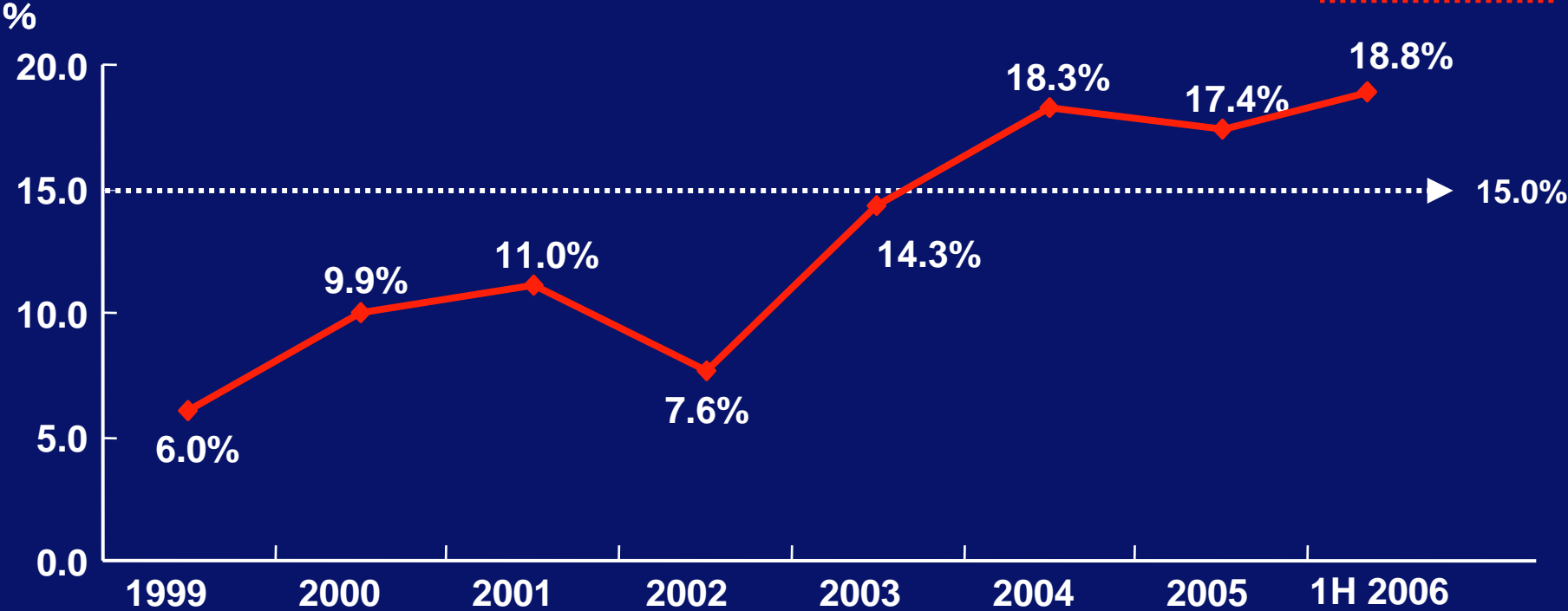
• SG & A Expenses Analysis

(Millions of Yen)

	1H 2005	2H 2006	Increase/ Decrease	vs. 2005
Staff Cost	10,465	11,080	615	105.9%
Others	5,093	5,279	186	103.6%
Total SG&A Expenses	15,558	16,358	801	105.1%

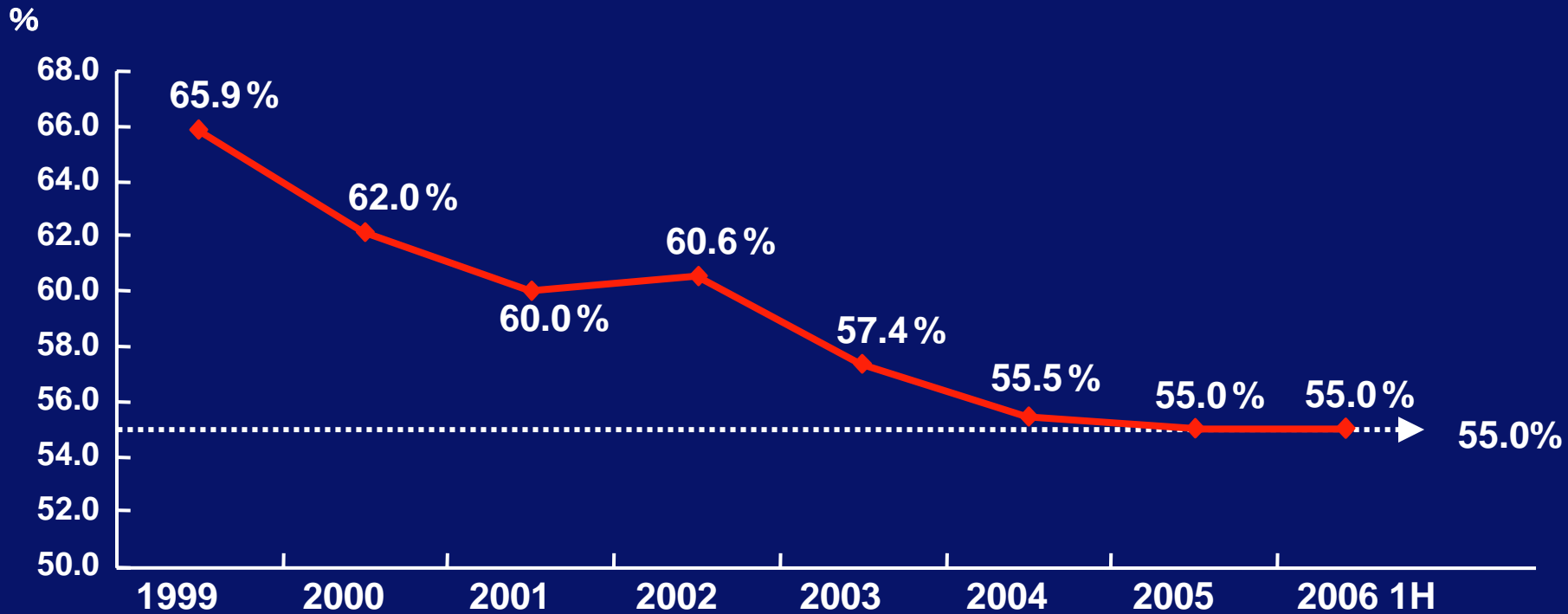
Operating Income / Gross Profit

1999	2000	2001	2002	2003	2004	2005	1H 2006
6.0%	10.0%	11.1%	7.6%	14.3%	18.3%	17.4%	18.8%



Staff Cost / Gross Profit

1999	2000	2001	2002	2003	2004	2005	1H 2006
65.9%	62.1%	60.0%	60.6%	57.4%	55.5%	55.0%	55.0%





ADK Group Performance

Japan

Consolidated Subsidiaries: 8

- Kyowa Kikaku
- ADK International
- ADK Arts
- TRI Communication
- Eiken
- Nihon Bungeisha Publishing
- Neo Shobo
- ADK Boys (New)

Equity Method Affiliates: 2

- Nippon Information Industry
- Digital Advertising Consortium

Overseas

Consolidated Subsidiaries: 12

- ADK America
- Asatsu Europe Holding
- Asatsu Europe
- Asatsu (Deutschland)
- Asatsu-DK Hong Kong
- United Asatsu International
- Asatsu-DK Singapore
- DK Advertising (HK)
- DIK-Ocean Advertising
- Dai-Ichi Kikaku (Thailand)
- ADK Thai Holding
- Shanghai Dai-Ichi Kikaku Fortune Advertising (New)

Equity Method Affiliates: 3

- ASDIK
- Guangdong Guangxu Advertising
- Shanghai Asatsu Advertising

ADK Group P/L



(Millions of Yen)

	1H 2005	1H 2006	vs. 1H 2005	Change from 05	Group to Parent Ratio
Gross Billings	212,805	213,802	100.5%	997	1.10
Gross Profit	23,616	24,917	105.5%	1,301	1.24
Gross Profit Ratio	11.1%	11.7%	-	+0.6pt	-
SG&A Expenses	19,569	20,665	105.6%	1,097	1.26
Staff Cost	13,111	13,897	106.0%	786	1.25
Other	6,457	6,769	104.8%	311	1.28
Operating Income	4,048	4,252	105.0%	204	1.12
Non-Operating Income/loss	1,168	1,351	115.7%	183	1.12
Recurring Profit	5,216	5,603	107.4%	387	1.12
Extraordinary Profit/Loss	106	730	690.0%	624	0.83
Income before Income Taxes and Minority Interests	5,322	6,333	119.0%	1,011	1.08
Income Taxes	2,264	2,839	125.4%	574	1.07
Minority Interest	56	22	40.1%	-34	-
Net Income	3,001	3,472	115.7%	471	1.08

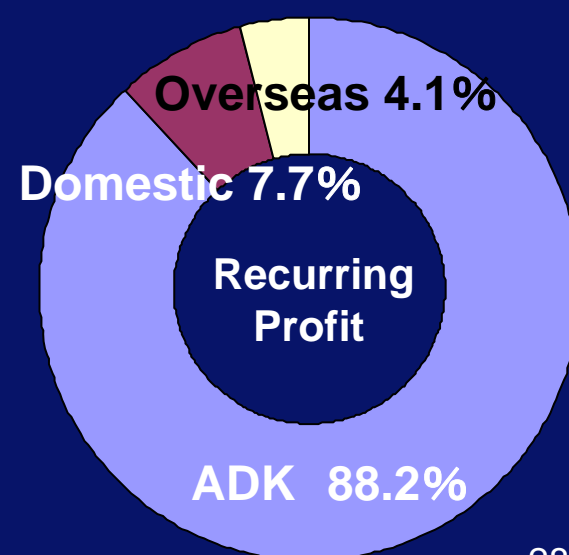
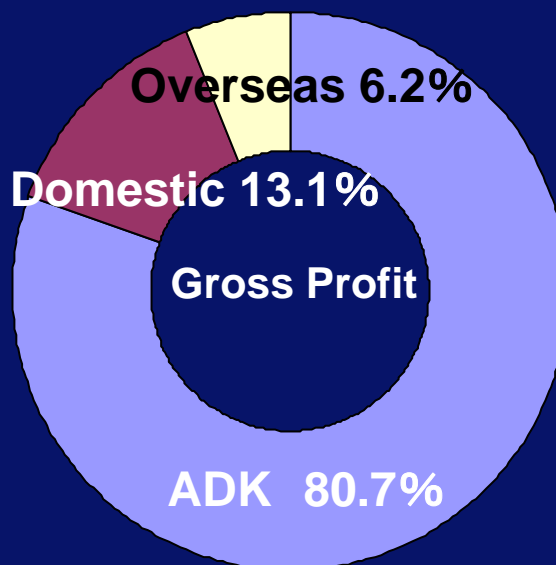
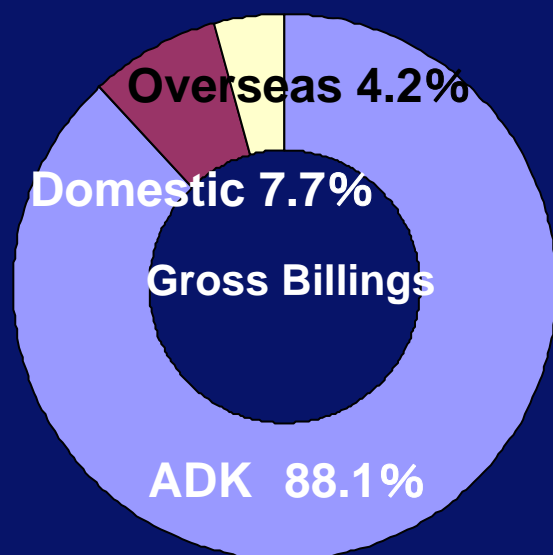
Operating Margin/Gross Profit	17.1%	17.1%
Staff Cost/Gross Profit	55.5%	55.8%

ADK Group P/L Analysis



(Millions of Yen)

	Gross Billings	vs. 1H 2005	Gross Profit	vs. 1H 2005	Recurring Profit	vs. 1H 2005
ADK	194,641	99.5%	20,142	105.2%	4,987	106.8%
Domestic Subsidiaries	16,902	106.9%	3,265	102.8%	436	108.5%
Overseas Subsidiaries	9,379	114.6%	1,557	118.0%	233	162.9%
Consolidation Adjustment	-7,119	-	-48	-	-54	-
Total	213,802	100.5%	24,917	105.5%	5,603	107.4%



- **Consolidated Subsidiaries in Japan**
 - **Good performance by ADK Arts, TRI Communication**
 - **Slump in publishing caused by the sluggish demands for books and magazines**
 - **Slower growth in medical related business**
- **Consolidated Subsidiaries Overseas**
 - **Good performance by subsidiaries in Thailand, Singapore, and Hong Kong**
 - **Under-performance by subsidiaries in Taiwan**

The logo consists of a dark blue square with the letters "ADK" in white, italicized serif font.

ADK

Growth Strategies & Progress Report

1) Diversification of Media & Changes in Consumer's Purchasing Process

<Strategy>

High penetration of internet & mobile phones

Changes and diversification of consumer's purchasing process



Enhance Online Agency-functions

<Progress>

- Establish the office of ADK Interactive
- Establish ASP Co., Ltd. (with SEPTENI)
- Set up CGM Marketing Inc. (with Digital Garage Inc., Dentsu Inc. & Cyber Communications inc.)

2) Mature Market with Excess Supply of Products & Growing Retailer's Power

<Strategy>

- Meet the needs of strong brands development
- Enter into communication related to direct business
- ↓
- Enhance branding skills with 360-degree communications
- Establish Direct Business Agency
- Focus on in-Store media

<Progress>

- Develop 360-degree communications programs
- Established Direct Communications Division
- Established In-Store Media Agency : AD&M Inc.
(with MITSUI & Co./ Dai Nippon Printing Co., Ltd.)

3) Continuous Cultivation of Human Resources

<Strategy>

**Cultivate human resources
with the skill to conduct
360-degree communications
programs**



**Expand ADK University &
fully utilize
WPP network resources**

<Progress>

- **ADK University**
 - **Account Director Program
Saturdays × 10 times
(3 cycles per year)**
 - **Manager course**
 - **Rookie course**
 - **Specialized course**

4) Continuous Enhancement of Branches

<Strategy>

Enhance Osaka and Nagoya branches

<Progress>

- **Export the personnel and skill of headquarters to branches**
- **Business alliances with local agencies**

5) Invest in Overseas Markets

<Strategy>

Markets: China, Asia, India, the Middle East & Russia
→Expand ADK's network

Market in Europe & USA
→Utilize our relationship with WPP

<Progress>

- Advance into India and the Middle East Market in 2007 in the form of the joint ventures
- Create customized joint teams for each client with WPP
- Develop ADK Specialized Agency Network

6) Finally, Clients' Ultimate Needs must be Answered

<Strategy>

Answering Clients Needs :

“What’s the right investment amount to spend on my communications?”

“How great is the return?”

“What is the communications program to maximize ROI?”



Invest in developing a new evaluation system

<Progress>

Develop a new evaluation system for our 360-degree communications program



Expand EX-PM Simulator functions

※EX-PM = Experiential Point Management

7) Focus on Group Performance

<Strategy>

Overseas :

Consolidation schedule

Japan :

Create and maximize existing synergies

<Progress>

2007

- Asatsu (Thailand) Co., Ltd.
- ASDIK Ltd.
- Shanghai Asatsu Advertising Co., Ltd.

- **Enhance synergies between group companies**

1) Enhance Creative

- **Cannes Lions 2006**

Silver Prize, The Best Use of Mixed Media :

Hitachi Maxell / Maxell DVD

“DVD Time Capsule Campaign”

- **Bring in experienced, talented executives**
- **Nurture creative stars**

- **Established ADK Boys Inc.**

2) Greater Presence in the Media Market

- **Strategic approach to the broadcasters**
- **Utilize volume of CMB**
- **Improve gross profit ratio**

3) More Development in Content & Event Marketing : Animation Content Business

a) Accelerate

distribution of animation programs overseas

- **Development in Asian Market**
(expansion of Animation business)
ex.) Taiwan, Hong Kong, India, Singapore, Malaysia,
Indonesia, Vietnam, etc.
- **Chinese market : business alliance with Shanghai SMG**
“ Prince of Tennis”

b) Develop various new business models

- one source and multiple use

- **Theatrical Movies : “Doraemon”, “Crayon Shin-chan”, “Masked Rider”**
- **Joint Investment with specialized animation channel : “Humanoid Monster BEM”, “WEED”**
- **Promote DVD sales business of Super Vision Inc.**

c) Distribution of contents to the internet market

- **“Sesame Street Official Site”, etc.**

TV Animation Programs handled by ADK (October 2006)

- **Masked Rider KABUTO**
- **Fushigiboshi no Futagohime GYU!**
- **Eyeshield 21**
- **Pretty Cure Splash Star**
- **Doraemon**
- **Sesame Street**
- **Yu-Gi-Oh! Duel Monsters GX**
- **Crayon Shin-chan**
- **Sergeant Keroro**
- **One-piece**
- **Ghost Hunt (etc.: 15 programs on Terrestrial channels)**
- **WEED**
- **Humanoid Monster Bem**
- **(NEW!) Kabuto Borg (etc.: 3 programs on BS)**

3) More Development in Content & Event Marketing : Sport and Cultural Entertainment

< 1H 2006 >

- **Toray Pan Pacific Tennis**
- **All Japan Collegiate Women's Invitational Ekiden Race**
- **Mitsubishi Diamond Cup Golf**
- **Long-Thibaud Music Competition Winner's Gala Concert**
- **Olympic Concert**

< 2H 2006 >

- **Hirao Masaaki Charity Golf**
- **Honolulu Century Ride**
- **Japan Inter-Collegiate Women's Ekiden Championship**
- **Toray Cup Shanghai International Marathon**
- **All Japan Collegiate Ekiden**
- **JAL Honolulu Marathon**
- **Medalists on Ice**
- **Disney on Classic**
- **Beijing Gugong Museum Exhibition**

The logo consists of a dark blue square on a white background. Inside the square, the letters "ADK" are written in a white, italicized, serif font.

ADK

Focus on 2nd Half Activities

Non-Consolidated P/L 2006 Forecast



(Millions of Yen)

	1H Actual	2H Forecast	2H vs. 05	1H:2H	06 Forecast	VS. 2005
Gross Billings	194,641	205,359	108.5%	48.7:51.3	400,000	103.9%
Gross Profit	20,142	21,358	109.7%	48.5:51.5	41,500	107.5%
Gross Profit Ratio	10.3%	10.4%	+0.1pt		10.4%	+0.4pt
SG&A Expenses	16,358	17,592	107.8%	48.2:51.8	33,950	106.5%
Staff Cost	11,080	11,820	109.8%	48.4:51.6	22,900	107.9%
Other	5,279	5,771	104.0%	47.8:52.2	11,050	103.8%
Operating Income	3,784	3,766	119.4%	50.1:49.9	7,550	112.1%
Non-Operating Income/Expense	1,203	597	40.8%	66.8:33.2	1,800	70.5%
Recurring Profit	4,987	4,363	94.5%	53.3:46.7	9,350	100.7%
Extraordinary Profit/Loss	880	-80	-12.7%		800	121.0%
Income Before Income Taxes	5,867	4,283	81.6%	57.8:42.2	10,150	102.1%
Income Taxes	2,662	1,838	73.0%	59.1:40.9	4,500	98.6%
Net Income	3,206	2,444	89.6%	56.7:43.3	5,650	105.0%

Operating Margin	18.8%	17.6%			18.2%	+0.8pt
Staff Cost / Gross Profit	55.0%	55.3%			55.2%	+0.2pt

Consolidated P/L 2006 Forecast



(Millions of Yen)

	1H Actual	2H Forecast	2H vs.2005	1H:2H	06 Forecast	VS.2005
Gross Billings	213,802	226,198	106.7%	48.6:51.4	440,000	103.6%
Gross Profit	24,917	26,783	110.9%	48.2:51.8	51,700	108.2%
Gross Profit Ratio	11.7%	11.8%	+0.1pt		11.8%	+0.5pt
SG&A Expenses	20,665	22,535	108.8%	47.8:52.2	43,200	107.2%
Staff Cost	13,897	15,103	110.5%	47.9:52.1	29,000	108.3%
Other	6,769	7,431	105.4%	47.7:52.3	14,200	105.1%
Operating Income	4,252	4,248	123.5%	50.0:50.0	8,500	113.5%
Non-Operating Income/Expense	1,351	749	41.0%	64.3:35.7	2,100	70.1%
Recurring Profit	5,603	4,997	94.9%	52.9:47.1	10,600	101.1%
Extraordinary Profit/Loss	730	70	15.9%	91.3: 8.7	800	146.5%
Income Before Income Taxes and Minority Interests	6,333	5,067	88.8%	55.6:44.4	11,400	103.4%
Income Taxes	2,839	2,111	76.5%	57.3:42.7	4,950	98.5%
Minority Interests	22	28		44.9:55.1	50	88.7%
Net Income	3,472	2,928	99.4%	54.3:45.7	6,400	107.6%
Operating Margin	17.1%	15.9%			16.4%	+0.8pt
Staff Cost / Gross Profit	55.8%	56.4%			56.1%	+0.1pt

Second Half Forecast

- **Additional increase in gross billings and gross profit from the new clients**
- **Better results from newly enhanced divisions such as the office of ADK Interactive**

Second Half Challenges

- **Activation of the non-CMB clients at headquarters**
- **Maintaining the new momentum of the branches**
- **Continuous improvement of CMB profitability**
- **Revitalization of lagging divisions : magazine, sales promotion and creative**

1st Mid-term Objectives (2002~2004)

Theme : Operational Efficiency

Indicators : Operating Margin 15%

Staff Cost / Gross Profit 55%

	Goal	<u>2004 Actual</u>		<u>2005 Actual</u>		<u>2006 Forecast</u>	
		Non-consolidated	Consolidated	Non-consolidated	Consolidated	Non-consolidated	Consolidated
Operating Margin ※	15%	18.3%	16.8%	17.4%	15.7%	18.2%	16.4%
Staff Cost / GP	55%	55.5%	55.7%	55.0%	56.0%	55.2%	56.1%

※Operating Margin=Operating Income/Gross Profit

2nd Mid-term Objectives (2005~2007)

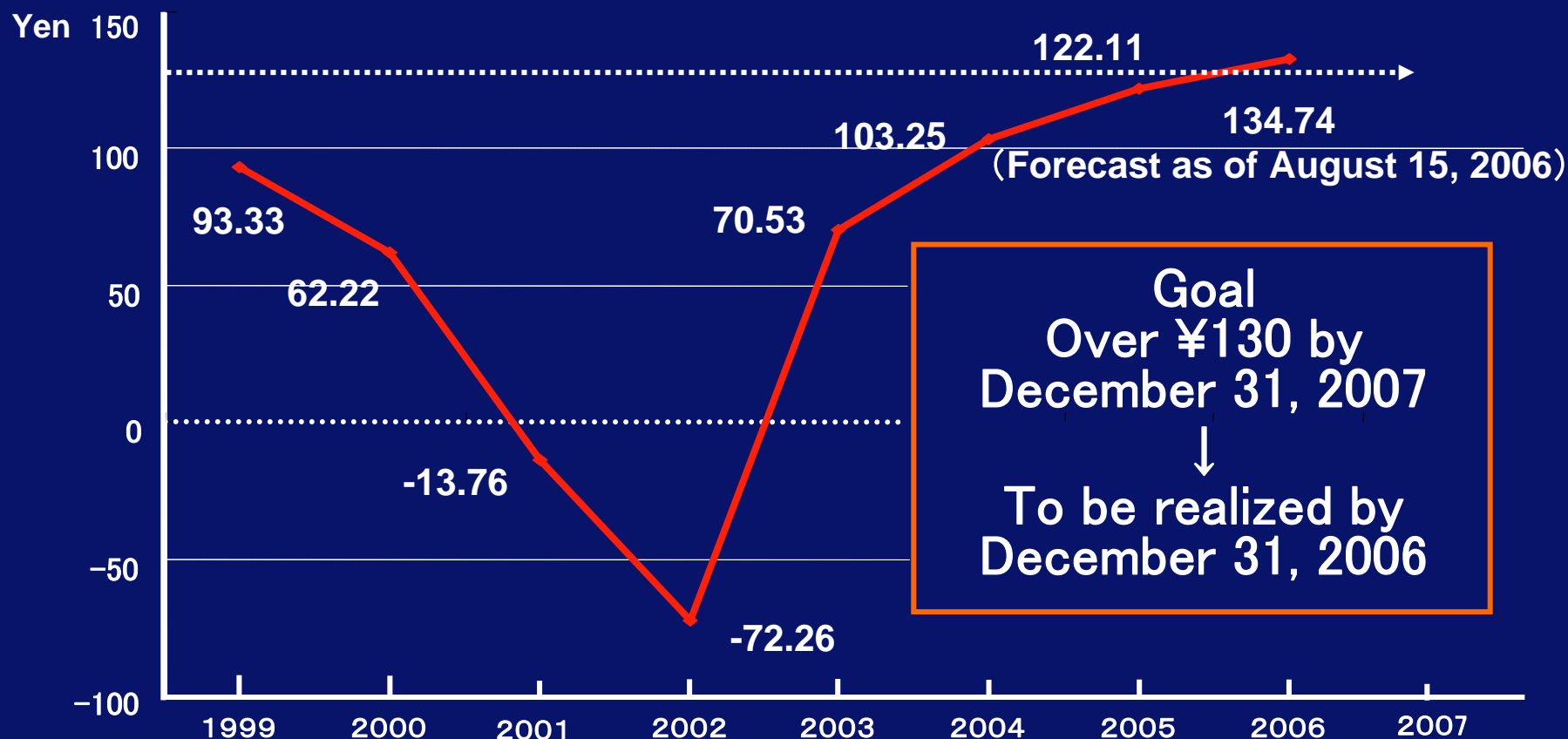
Theme : Sustainable growth in addition to operational efficiency

Indicators : EPS Growth

**— increase net profits and
continue stock buybacks**

EPS over ¥130 in 2007

Transition of EPS (Excluding Treasury Stock)



	1999	2000	2001	2002	2003	2004	2005	2006/Jun.
Shares Bought Back	-	-	1,000,000	1,000,000	211,600	958,300	500,000	450,000
Outstanding Shares at Year End	51,655,400	51,652,821	50,652,769	49,640,893	49,425,148	48,458,828	47,952,849	47,499,676

2nd Mid-term Objectives

- **Further development of EPS while maintaining operational efficiency**
- **Continuous consideration of ROE, dividend payout ratio and total return to shareholders ratio including share buy-back**



Appendix

B/S (Non-consolidated) Jun.30,2006



(Millions of Yen)

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash & Time Deposits	10,462	Notes Payable-trade	24,097
Notes Receivable-trade	8,702	Accounts Payable-trade	56,806
Accounts Receivable-trade	81,556	Other Current Liabilities	4,810
Marketable Securities	4,083	Total Current Liabilities	85,713
Inventories	6,513	Long-term Liabilities	
Other Current Assets	3,053	Accrued Retirement Benefits	1,383
Allowance for Doubtful Receivables	-512	Other	13,308
Total Current Assets	113,857	Total Long-term Liabilities	14,691
Fixed Assets		Total Liabilities	100,404
Tangible Fixed Assets	1,984	Net Assets	
Intangible Fixed Assets	1,570	Shareholder's Equity	
Investments and Other Assets		Common Stock	37,581
Investment securities	94,548	Capital Surplus	40,608
Other Assets	9,781	Retained Earnings	32,807
Allowance for Doubtful Accounts	-1,071	Treasury Stock-at cost	-11,499
Total Investments and Other Assets	103,258	Total Valuation and Translation Adjustments	20,768
Total Fixed Assets	106,812	Total Net Assets	120,265
Total Assets	220,669	Total Liabilities and Shareholders' Equity	220,669

Shareholders' equity ratio: 54.5%

B/S (Consolidated) Jun.30,2006

(Millions of Yen)

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash & Time Deposits	21,262	Notes & Accounts Payable-trade	85,483
Notes & Accounts Receivable-trade	99,415	Short-term Debt	417
Marketable Securities	4,679	Other	9,126
Inventories	9,044	Total Current Liabilities	95,026
Other Current Asetts	3,443	Long-term Liabilities	
Allowance for Doubtful Accounts	-644	Bonds & Long-term Debt	639
Total Current Assets	137,199	Accrued Retirement Benefits	2,149
Fixed Assets		Other	13,429
Tangible Fixed Assets	3,975	Total Long-term Liabilities	16,217
Intangible Fixed Assets	1,708	Total Liabilities	111,243
Investments and Other Assets		Net Assets	
Investment Securities	94,630	Shareholders' Equity	
Other	11,348	Common Stock	37,581
Allowance for Doubtful Accounts	-1,354	Capital Surplus	40,608
Total Investments and Other Assets	104,624	Retained Earnings	46,414
Total Fixed Assets	110,307	Treasury Stock-at cost	-11,499
		Total Shareholders' Equity	113,104
		Valuation and Translation Adjustment	
		Unrealized Gain on available-for-sale Securities	21,744
		Foreign Currency Translation Adjustments	419
		Deferred Hedge Profit and Loss	-2
		Total Valuation and Translation Adjustment	22,161
		Minority Interests	998
		Total Net Assets	136,263
Total Assets	247,506	Total Liabilities and Net Assets	247,506

Shareholder's equity ratio: 54.7% 54

Consolidated Statement of Cash Flow 1H 2006

(Millions of Yen)

	1H 2005	1H 2006
OPERATING ACTIVITIES		
Income before income taxes and minority interests	5,322	6,333
Depreciation and amortization	618	588
Decrease (increase) in notes and accounts receivable	11,480	4,024
Increase (decrease) in notes and accounts payable	-2,112	-508
Net cash provided by operating activities including others	7,217	5,294
INVESTING ACTIVITIES		
Purchases of tangible fixed assets	-91	-107
Purchases of intangible fixed assets	-137	-127
Purchases of investment securities	-3,279	-4,082
Proceeds from sales of investment securities	1,058	2,978
Net cash (used in) provided by investing activities including others	-2,602	-997
FINANCING ACTIVITIES		
Purchases of treasury stock - net	-8	-1,808
Dividends paid	-533	-1,246
Net cash used in financing activities including others	-567	-3,245
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	13	123
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,061	1,176
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,779	21,939
INCREASE IN CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARY	-	418
CASH AND CASH EQUIVALENTS, END OF YEAR	33,839	23,533

Consolidated Investments as of Jun.30,2006

(Millions of Yen)

Current	Money Management Funds	2,047	
	Free Financial Funds	1,571	
	Discount Nochu Bank Debentures	48	Face value
	Bonds	488	1 issues
	Mutual Funds in Equities and Bonds	525	4 issues
	Total	4,679	
Non Current	WPP Group plc	43,158	31,295,646shares or 2.50%
	Digital Advertising Consortium, Inc.	2,086	Equity Method
	Other Publicly Traded Equities	32,278	168 issues
	Publicly Traded Equities Total	77,522	
	Non Publicly Traded Equities in Affiliated Companies	4,181	16 issues
	Non Publicly Traded Equities in Subsidiary Companies	407	24 issues
	Other Non Publicly Traded Equities	1,208	77 issues
	Non Publicly Traded Equities Total	5,796	
	Bonds	10,899	42 issues
	Mutual Funds in Equities and Bonds	413	9 issues
	Total	94,630	
	Investments in Affiliated Companies (Non-Securities)	236	6 issues
	Investments in Funds (Non-Securities)	118	7 issues
	Total Non Current Investments	94,984	

* DAC market value at end of June 2006: ¥17,834MM 56

Capital Expenditures/Depreciation & Amortization Expenses

Capital Expenditures

(Millions of Yen)

Accounting Items	Non-consolidated ADK	Consolidated Subsidiaries	Consolidated
Buildings	4	21	25
Buildings Improvements	-	-	-
Vehicles	5	4	9
Furniture, Fixture & Equipments	16	57	73
Land	-	-	-
Computer Software	123	4	127
Other	-	0	0
Total	148	86	234

Depreciation & Amortization Expenses

(Millions of Yen)

Accounting Items	Non-consolidated ADK	Consolidated Subsidiaries	Consolidated
Buildings	46	30	76
Buildings Improvements	2	0	2
Vehicles	5	6	11
Furniture, Fixture & Equipments	42	44	86
Computer Software	375	9	384
Other	0	28	28
Total	470	117	588

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. Therefore, the statements are inherently subject to risks and uncertainties that could lead to material differences between such statements and actual outcomes. 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.