

# Overview of 3rd Quarter Results (Consolidated and Non-consolidated) for the Year Ending December 31, 2007

November 7, 2007

Company Name : **ASATSU-DK INC.** Exchange : Tokyo Stock Exchange First Section  
 Securities Code : 9747 URL : <http://www.adk.jp/english/ir/index.html>  
 Representative : Koichiro Naganuma, President and Group CEO  
 Contact Person : Tokuya Kama, Special Advisor Tel. +81-3-3547-2028  
 Inquiries in English : Yasuhiro Oshimo, Deputy Division Director, Finance Div. Tel. +81-3-3547-2654

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

## 1. The First Nine Months Consolidated Results ( January 1, 2007 to September 30, 2007 )

### (1) Consolidated Operating Results

#### ① The First Nine months ( From Jan.1, 2007 to Sep. 30, 2007 )

	Gross Billings		Operating Income		Recurring Profit		Net Income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
9 months ended Sep. 30, 2007	319,858	3.1	5,389	(5.1)	6,784	(8.3)	4,109	(8.9)
9 months ended Sep. 30, 2006	310,171	(0.0)	5,675	5.1	7,398	6.2	4,509	12.7
Fiscal 2006	420,059	—	6,392	—	8,914	—	5,070	—

	Net Income per Share	Fully Diluted Net Income per Share
	(yen)	(yen)
9 months ended Sep. 30, 2007	88.83	—
9 months ended Sep. 30, 2006	94.52	94.45
Fiscal 2006	106.62	106.56

#### ② The Third Quarter Consolidated Results ( From Jul.1, 2007 to Sep. 30, 2007 )

	Gross Billings		Operating Income		Recurring Profit		Net Income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
3Q (3 months) 2007	105,298	9.3	1,401	(1.6)	1,656	(7.7)	900	(13.2)
3Q (3 months) 2006	96,369	(1.1)	1,424	5.4	1,796	2.6	1,037	3.8
Fiscal 2006	420,059	—	6,392	—	8,914	—	5,070	—

(Notes) 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) Consolidated Financial Position

	Total Assets	Net Assets	Net Assets Ratio	Net Assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
Sep. 30, 2007	249,872	132,380	52.6	2,910.95
Sep. 30, 2006	246,464	137,035	55.2	2,887.95
Fiscal 2006	256,754	141,387	54.7	2,979.79

## 2. Dividend Information

	Dividend per Share (Yen)		
	interim (yen)	year-end (yen)	Full-year (yen)
Fiscal 2006	10.00	17.00	27.00
Fiscal 2007	10.00	—	40.00
Fiscal 2007(Forecast)	—	30.00	

## 3. Forecast of Consolidated Fiscal 2007 ( January 1, 2007 to December 31, 2007) 【Reference】

	Gross Billings		Operating Profit		Recurring Profit		Net Income		Net Income per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Full-year	431,700	2.8	6,500	1.7	8,400	(5.8)	5,100	0.6	110.96

(Notes) 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.

## 4. Others

(1) Changes in the Scope of Consolidation and Application of the Equity Method  
by the significant subsidiaries? : No.

(2) 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

(3) Is there any variance in the accounting treatment from the most recent accounting year? : Yes.

By the amendment of the corporate tax law in Japan, new depreciation method has adopted by the company and Japanese subsidiaries for tangible fixed assets acquired after April 1, 2007. The impact on the income statement of this change is negligible.

**【Reference】**

1. The First Nine Months Non-consolidated Operating Results ( January 1, 2007 to September 30, 2007 )

(1) Non-consolidated Operating Results

① The First Nine months ( From Jan.1, 2007 to Sep. 30, 2007 )

	Gross Billings		Operating Income		Recurring Profit		Net Income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
9 months ended Sep. 30, 2007	287,707	2.3	5,098	0.3	6,546	0.1	4,227	3.8
9 months ended Sep. 30, 2006	281,254	(1.0)	5,084	2.0	6,539	3.4	4,073	14.1
Fiscal 2006	378,804	—	5,523	—	7,500	—	4,235	—

	Net Income per Share
	(yen)
9 months ended Sep. 30, 2007	91.40
9 months ended Sep. 30, 2006	85.38
Fiscal 2006	89.06

② The Third Quarter Non-consolidated Results ( From Jul.1, 2007 to Sep. 30, 2007 )

	Gross Billings		Operating Income		Recurring Profit		Net Income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
3Q (3 months) 2007	93,776	8.3	1,384	6.5	1,547	(0.3)	915	5.4
3Q (3 months) 2006	86,614	(2.2)	1,300	(7.4)	1,551	(6.1)	868	(5.2)
Fiscal 2006	378,804	—	5,523	—	7,500	—	4,235	—

(Notes) 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) Non-consolidated Financial Position

	Total Assets	Net Assets	Net Assets Ratio	Net Assets per share
	(millions of yen)	(millions of yen)	(%)	(yen)
Sep. 30, 2007	217,144	115,026	53.0	2,550.92
Sep. 30, 2006	218,314	120,876	55.4	2,566.45
Fiscal 2006	227,299	124,354	54.7	2,640.40

2. Forecast of Non-consolidated Fiscal 2007 ( January 1, 2007 to December 31, 2007 )

	Gross Billings		Operating Profit		Recurring Profit		Net Income		Net Income per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Full-year	388,000	2.4	5,900	6.8	7,800	4.0	5,000	18.0	108.78

(Notes) 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.

**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.

The revision of forecast for Fiscal 2007 and dividends have been announced on Nov. 7, 2007. Please visit on web site for the announcement.

## 【Supplementary Notes on the Results】

### 1. Overview of Operating Results

During the first nine months of 2007, the Japanese economy maintained its slow but steady growth, led by larger corporate capital expenditures and exports, while limited recovery was seen in private consumption. In the advertising industry, services advertising clients now expect us to go far beyond buying traditional media. They demand optimum media planning solutions that integrate traditional and digital media with maximum returns on their advertising investments. The ADK group responds to these demands by offering integrated communications services, including mass-personal media combined with traditional media by taking advantage of our 360-degree communications programs with the core idea that every touchpoint around a consumer can be used as a creative medium:

#### (Advertising Business Segment)

The group's advertising business generated gross billings of ¥313,655 million (3.3% y-o-y growth). At the parent company, gross billings from clients in Apparel/Jewelry, Information/Communications, and Real estate/Housing sectors increased, and the group acquired new clients and new brands. On the other hand, gross billings from clients in Finance/Insurance, Beverages/Tobacco products, Energy/Raw materials/Machinery industries declined. Among the media divisions at the parent company, the Magazine, Digital Media, and Radio divisions grew their gross billings, although the TV and Newspaper division suffered as the parent company prioritized profitability over gross billings in some media buying transactions. The Animation contents division showed a decline because one of the popular contents peaked in overseas sales and a large contract was not renewed. Gross billings at the consolidated subsidiaries in this segment grew slightly overall, while intra-group sales grew as we continue to increase the creation of synergies.

Thanks to the parent company's reduction of less profitable business in TV and newspaper media, the advertising segment generated slightly larger gross profits. However, after accounting for increased operating expenses, the segment's operating income totaled ¥5,682 million (1.5% y-o-y decline).

#### (Other Business)

The group's subsidiaries in the publishing industry were hard-pressed to generate sales due to the still shrinking demand for publication materials and continued to suffer from large returns of unsold books and magazines. The subsidiaries in this segment tried hard to conserve operating expenses, but were unsuccessful in reporting profitability. As a result, the segment reported sales of ¥6,202 million (a 5.5% y-o-y decline) and an operating loss of ¥290 million for the period (compared with ¥89 million operating loss for 3Q 2006).

As a result, the group's gross billings totaled ¥319,858 million (3.1% y-o-y growth), gross profits were ¥37,807 million (3.7% y-o-y growth). Selling, general and administrative expenses increased to ¥32,418 million (5.3% y-o-y growth), and operating income was ¥5,389 million (5.1% y-o-y decline). Equity in loss of affiliated companies-net of ¥208 million was reported, compared to ¥179 million of Equity in earnings of affiliated companies-net in 3Q 2006. Digital Advertising Consortium Inc., an internet advertising media representative company and an equity-method affiliated company, reported a non-consolidated net loss during the first half due to its write-off of its investment in Ergo-Brains inc., an OSE-listed internet-venture. Other affiliates reported profitability. As a result, the group's consolidated recurring profits were ¥6,784 million (8.3% y-o-y decline), while income before income tax and minority interests fell to ¥7,852 million (3.5% y-o-y decline) and net income totaled ¥4,109 million (8.9% y-o-y decline).

## 2. Supplementary Notes on the Consolidated Financial Condition

As of September 30, 2007, Total Assets were ¥249,872 million, a ¥3,408 million increase from those on September 30, 2006, mainly due to increases in Notes and accounts receivable trade, while the Investment Securities account decreased due to lower market prices, redemptions of bonds and sales of securities. Total Liabilities were ¥117,491 million, a ¥8,062 million increase, mainly due to increases in Notes and accounts payable trade. In order to maximize shareholder returns, ADK acquired two million treasury stocks for ¥7,790 million by August and the balance of treasury stock was ¥20,782 million at the end of the third quarter. Minority Interests were ¥1,119 million. Net Assets, which include Minority Interests and Valuation and Translation Adjustments under the new TSE formula, totaled ¥132,380 million, and the Net Assets Ratio was 53.0%.

## 3. Forecast of consolidated and non-consolidated results for the year ending Dec. 31, 2007 (Period from Jan. 1, 2007 to Dec. 31, 2007)

We hereby revise our forecast for Fiscal 2007 consolidated and non-consolidated results as below shown table.

### Consolidated

	Gross Billings (millions of yen)	Operating Income (millions of yen)	Recurring Profit (millions of yen)	Net Income (millions of yen)	Net Income per share (yen)
Forecast of the last announcement	436,700	7,700	10,100	6,130	133.97
Revised on November 7, 2007	431,700	6,500	8,400	5,100	110.96
Changes	(5,000)	(1,200)	(1,700)	(1,030)	(23.01)
Ratio of Changes (%)	(1.1)	(15.6)	(16.8)	(16.8)	(17.2)
Fiscal 2006	420,059	6,392	8,914	5,070	106.62

Non-consolidated

	Gross Billings (millions of yen)	Operating Income (millions of yen)	Recurring Profit (millions of yen)	Net Income (millions of yen)	Net Income per share (yen)
Forecast of the last announcement	391,000	6,800	8,800	5,300	115.83
Revised on November 7,2007	388,000	5,900	7,800	5,000	108.78
Changes	(3,000)	(900)	(1,000)	(300)	(7.05)
Ratio of Changes (%)	(0.8)	(13.2)	(11.4)	(5.7)	(6.1)
Fiscal 2006	378,804	5,523	7,500	4,235	89.06

While gross margins at the parent company will improve slightly, due to the smaller than forecast gross billings, we anticipate that FY 2007 results will not meet original forecasts. In spite of this, however, the parent company will achieve larger gross billings, operating profits, recurring profits, and net income for the year than in FY 2006.

On a consolidated basis, the ADK group anticipates that it would not reach its original forecasts mainly because of equity in one time loss of an affiliated company (Note-1), operating losses at some domestic and overseas subsidiaries (Note-2), an extraordinary loss at a publishing subsidiary due to the more stringent accounting of allowance for sales returns, an extraordinary loss at a German subsidiary due to its closure of operation at the end of this year(Note-2). Most of these are one-time expenses and losses or the group has already taken measures to prevent a loss for these reasons. Although FY 2007 results would fall below the original forecast, the group will achieve larger gross billings, operating profits, and net income than in FY 2006. Moreover, the group has announced that it will improve the dividend payout ratio to 35%. However, because consolidated net income will be smaller than the original forecasts, the annual dividend forecast is hereby revised down to ¥40 per share from ¥47 per share as revised on August 15.

Note 1)

The group will report equity in loss of affiliated companies-net for the year because of the group's equity in loss of Digital Advertising Consortium Inc., one of the equity method affiliates, which recognized a loss on valuation of its investment in Ergo-Brains inc.. The already reported loss during 1H 2007 was ¥316 million.

Note 2)

Some of the group's domestic and overseas subsidiaries would report operating losses or would incur larger than before operating losses under the stagnant advertising and publishing markets in their territories. In order to recover profitability at these subsidiaries and/or minimize further losses, the group has taken measures to close operations at the German subsidiary, have a loss-making domestic subsidiary folded into profitable one, and took measures to restructure European and Taiwanese advertising subsidiaries as well as domestic publishing subsidiaries.

**ASATSU-DK INC. and Consolidated Subsidiaries**

**Consolidated Income Statements**

**Nine Months Ended September 30, 2007**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Year Ended December 31, 2006
I GROSS BILLINGS	319,858	310,171	420,059
II COST OF SALES	282,050	273,711	371,374
GROSS PROFIT	37,807	36,460	48,685
III SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
1. Salaries	16,292	15,251	23,003
2. Provision for bonus expenses	1,488	1,257	95
3. Provision for pension benefits	1,371	1,347	1,812
4. Rent expenses	2,874	2,743	3,675
5. Other expenses	10,391	10,184	13,705
Total selling, general and administrative expenses including others	32,418	30,784	42,292
OPERATING INCOME	5,389	5,675	6,392
IV NON—OPERATING INCOME			
1. Interest income	463	422	588
2. Dividend income	883	801	1,206
3. Equity in earnings of affiliated companies-net	-	179	240
4. Other income	415	518	772
Total non-operating income including others	1,763	1,922	2,807
V NON—OPERATING EXPENSES			
1. Interest expenses	25	22	30
2. Equity in loss of affiliated companies-net	208	-	-
3. Other expenses	133	176	255
Total non-operating expenses including others	367	199	285
RECURRING PROFIT	6,784	7,398	8,914
VI EXTRAORDINARY PROFITS	1,890	1,305	1,877
VII EXTRAORDINARY LOSSES	823	571	1,109
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	7,852	8,133	9,682
INCOME TAXES	3,717	3,589	4,556
MINORITY INTERESTS IN NET INCOME	25	34	55
NET INCOME	4,109	4,509	5,070

**ASATSU-DK INC. and Consolidated Subsidiaries**

**Consolidated Balance Sheets**

**September 30, 2007**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	September 30, 2007	September 30, 2006	December 31, 2006
<b><u>ASSETS</u></b>			
<b>I CURRENT ASSETS</b>			
1. Cash and time deposits	23,597	18,110	22,145
2. Notes and accounts receivable-trade	101,524	95,133	100,907
3. Marketable securities	3,994	4,600	5,213
4. Inventories	12,778	11,535	7,979
5. Other current assets	3,404	3,297	3,396
6. Allowance for doubtful accounts	(513)	(638)	(759)
Total current assets	144,786	132,039	138,882
<b>II FIXED ASSETS</b>			
1. Tangible fixed assets	3,889	3,903	3,868
2. Intangible fixed assets	1,142	1,664	1,558
3. Investments and other assets			
(1) Investment securities	89,846	98,130	102,019
(2) Other assets	11,272	11,872	11,601
(3) Allowance for doubtful accounts	(1,065)	(1,146)	(1,175)
Total investments and other assets	100,053	108,856	112,445
Total fixed assets	105,086	114,425	117,871
<b>TOTAL ASSETS</b>	<b>249,872</b>	<b>246,464</b>	<b>256,754</b>



**ASATSU-DK INC. and Consolidated Subsidiaries**

**Consolidated Balance Sheets**

**September 30, 2007**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	September 30, 2007	September 30, 2006	December 31, 2006
<b><u>LIABILITIES</u></b>			
<b>I CURRENT LIABILITIES</b>			
1. Notes and accounts payable-trade	89,480	81,897	84,448
2. Short-term debt	546	164	344
3. Current portion of bonds	500	-	500
4. Current portion of long-term debt	49	49	49
5. Accrued bonuses to employees	1,529	1,374	289
6. Allowance for sales returns	719	756	770
7. Other current liabilities	9,124	7,991	9,823
Total current liabilities	101,950	92,233	96,226
<b>II LONG-TERM LIABILITIES</b>			
1. Bonds	-	500	-
2. Long-term debts	68	128	108
3. Accrued retirement benefits	1,343	1,910	1,694
4. Allowance for retirement benefits to directors	682	668	681
5. Other long-term liabilities	13,445	13,987	16,655
Total long-term liabilities	15,540	17,195	19,140
<b>TOTAL LIABILITIES</b>	117,491	109,429	115,366
<b><u>NET ASSETS</u></b>			
<b>I SHAREHOLDERS' EQUITY</b>			
1. Common stock	37,581	37,581	37,581
2. Capital surplus	40,607	40,607	40,607
3. Retained earnings	50,660	47,104	47,671
4. Treasury stock-at cost	(20,782)	(12,967)	(12,973)
Total shareholders' equity	108,067	112,325	112,886
<b>II VALUATION AND TRANSLATION ADJUSTMENTS</b>			
1. Unrealized gain on available-for-sale securities	22,256	23,386	26,676
2. Deferred hedge profit and loss	(4)	1	1
3. Foreign currency translation adjustments	942	304	774
Total valuation and translation adjustments	23,194	23,692	27,452
<b>III MINORITY INTERESTS</b>	1,119	1,016	1,048
<b>TOTAL NET ASSETS</b>	132,380	137,035	141,387
<b>TOTAL LIABILITIES AND NET ASSETS</b>	249,872	246,464	256,754

**ASATSU-DK INC. and Consolidated Subsidiaries**

**Consolidated Statements of Changes in Net Assets**  
**Nine Months Ended September 30, 2007**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

SHAREHOLDERS' EQUITY					
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	Total
Balance as of December 31, 2006	37,581	40,607	47,671	(12,973)	112,886
Dividend Paid			(1,258)		(1,258)
Net Income			4,109		4,109
Acquisition of treasury stock				(7,809)	(7,809)
Disposal of treasury stock		0		0	0
Increase due to new consolidated subsidiaries			138		138
Net changes of other items than shareholders' equity					
Total changes of items during the year		0	2,989	(7,808)	(4,818)
Balance as of September 30, 2007	37,581	40,607	50,660	(20,782)	108,067

VALUATION AND TRANSLATION ADJUSTMENTS					MINORITY INTERESTS	TOTAL NET ASSETS
	Unrealized gain on available-for-sale securities	Deferred hedge profit and loss	Foreign currency translation adjustments	Total		
Balance as of December 31, 2006	26,676	1	774	27,452	1,048	141,387
Dividend Paid						(1,258)
Net Income						4,109
Acquisition of treasury stock						(7,809)
Disposal of treasury stock						0
Increase due to new consolidated subsidiaries						138
Net changes of other items than shareholders' equity	(4,420)	(5)	168	(4,258)	70	(4,188)
Total changes of items during the year	(4,420)	(5)	168	(4,258)	70	(9,007)
Balance as of September 30, 2007	22,256	(4)	942	23,194	1,119	132,380

**ASATSU-DK INC. and Consolidated Subsidiaries**

**Consolidated Statements of Changes in Net Assets**

**Nine Months Ended September 30, 2006**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	SHAREHOLDERS' EQUITY				Total
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	
Balance as of December 31, 2005	37,581	40,607	44,191	(9,690)	112,689
Dividend Paid			(1,721)		(1,721)
Bonus to directors and corporate auditors paid			(38)		(38)
Net Income			4,509		4,509
Acquisition of treasury stock				(3,277)	(3,277)
Disposal of treasury stock		0		0	0
Increase due to new consolidated subsidiaries			163		163
Net changes of other items than shareholders' equity					
Total changes of items during the year		0	2,913	(3,277)	(363)
Balance as of September 30, 2006	37,581	40,607	47,104	(12,967)	112,325

	VALUATION AND TRANSLATION ADJUSTMENTS				MINORITY INTERESTS	TOTAL NET ASSETS
	Unrealized gain on available-for-sale securities	Deferred hedge profit and loss	Foreign currency translation adjustments	Total		
Balance as of December 31, 2005	21,784		277	22,062	997	135,749
Dividend Paid						(1,721)
Bonus to directors and corporate auditors paid						(38)
Net Income						4,509
Acquisition of treasury stock						(3,277)
Disposal of treasury stock						0
Increase due to new consolidated subsidiaries						163
Net changes of other items than shareholders' equity	1,602	1	26	1,630	19	1,649
Total changes of items during the year	1,602	1	26	1,630	19	1,285
Balance as of September 30, 2006	23,386	1	304	23,692	1,016	137,035

**ASATSU-DK INC. and Consolidated Subsidiaries**

**Consolidated Statements of Changes in Net Assets**

**Year Ended December 31, 2006**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	SHAREHOLDERS' EQUITY				Total
	Common stock	Capital surplus	Retained earnings	Treasury stock-at cost	
Balance as of December 31, 2005	37,581	40,607	44,191	(9,690)	112,689
Dividend Paid			(1,721)		(1,721)
Bonus to directors and corporate auditors paid			(38)		(38)
Net Income			5,070		5,070
Acquisition of treasury stock				(3,283)	(3,283)
Disposal of treasury stock		0		0	0
Increase due to new consolidated subsidiaries			163		163
Decrease due to change in accounting standards of foreign subsidiaries			5		5
Net changes of other items than shareholders' equity					
Total changes of items during the year		0	3,479	(3,283)	196
Balance as of December 31, 2006	37,581	40,607	47,671	(12,973)	112,886

	VALUATION AND TRANSLATION ADJUSTMENTS				MINORITY INTERESTS	TOTAL NET ASSETS
	Unrealized gain on available-for-sale securities	Deferred hedge profit and loss	Foreign currency translation adjustments	Total		
Balance as of December 31, 2005	21,784		277	22,062	997	135,749
Dividend Paid						(1,721)
Bonus to directors and corporate auditors paid						(38)
Net Income						5,070
Acquisition of treasury stock						(3,283)
Disposal of treasury stock						0
Increase due to new consolidated subsidiaries						163
Decrease due to change in accounting standards of foreign subsidiaries						5
Net changes of other items than shareholders' equity	4,892	1	496	5,390	51	5,441
Total changes of items during the year	4,892	1	496	5,390	51	5,638
Balance as of December 31, 2006	26,676	1	774	27,452	1,048	141,387

## ASATSU-DK INC. and Consolidated Subsidiaries

### Segment Information

(Unaudited and before reclassifications and rearrangements)

#### Nine Months Ended September 30, 2007

Millions of Yen

	Advertising	Others	Total	Eliminations or Corporate	Consolidated
<b>GROSS BILLINGS</b>					
1 Billings to out-of-group customers	313,655	6,202	319,858	-	319,858
2 Inter-segment billings	26	181	208	(208)	-
Total billings	313,682	6,384	320,066	(208)	319,858
Operating expenses*	307,999	6,674	314,674	(205)	314,468
Operating income	5,682	(290)	5,391	(2)	5,389

#### Nine Months Ended September 30, 2006

Millions of Yen

	Advertising	Others	Total	Eliminations or Corporate	Consolidated
<b>GROSS BILLINGS</b>					
1 Billings to out-of-group customers	303,604	6,566	310,171	-	310,171
2 Inter-segment billings	85	218	303	(303)	-
Total billings	303,690	6,785	310,475	(303)	310,171
Operating expenses*	297,918	6,874	304,793	(297)	304,495
Operating income	5,771	(89)	5,682	(6)	5,675

#### Year Ended December 31, 2006

Millions of Yen

	Advertising	Others	Total	Eliminations or Corporate	Consolidated
<b>GROSS BILLINGS</b>					
1 Billings to out-of-group customers	410,875	9,184	420,059	-	420,059
2 Inter-segment billings	97	311	409	(409)	-
Total billings	410,973	9,495	420,469	(409)	420,059
Operating expenses*	404,604	9,459	414,063	(396)	413,667
Operating income	6,369	36	6,405	(12)	6,392

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

**ASATSU-DK INC.****Non-consolidated****Income Statements****Nine Months Ended September 30, 2007**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Year Ended December 31, 2006
I GROSS BILLINGS	287,707	281,254	378,804
II COST OF SALES	257,452	251,864	340,072
GROSS PROFIT	30,254	29,390	38,731
III SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	25,155	24,306	33,208
OPERATING INCOME	5,098	5,084	5,523
IV NON—OPERATING INCOME	1,555	1,566	2,162
V NON—OPERATING EXPENSES	107	112	185
RECURRING PROFIT	6,546	6,539	7,500
VI EXTRAORDINARY PROFITS	1,985	1,279	1,658
VII EXTRAORDINARY LOSSES	836	391	894
INCOME BEFORE INCOME TAXES	7,694	7,427	8,264
INCOME TAXES	3,466	3,353	4,028
NET INCOME	4,227	4,073	4,235

**ASATSU-DK INC.****Non-consolidated****Balance Sheets****September 30, 2007**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	September 30, 2007	September 30, 2006	December 31, 2006
<b><u>ASSETS</u></b>			
<b>I CURRENT ASSETS</b>			
1. Cash and time deposits	10,604	7,833	11,098
2. Notes receivable-trade	6,443	7,167	8,261
3. Accounts receivable-trade	84,086	77,539	81,444
4. Marketable securities	3,268	4,115	4,445
5. Inventories	8,495	8,537	5,477
6. Other current assets	2,807	2,708	3,161
7. Allowance for doubtful accounts	(426)	(499)	(627)
Total current assets	115,279	107,402	113,261
<b>II FIXED ASSETS</b>			
1. Tangible fixed assets	1,853	1,937	1,930
2. Intangible fixed assets	1,041	1,526	1,424
3. Investments and other assets			
(1) Investment securities	90,488	98,392	102,162
(2) Other assets	9,302	10,131	9,608
(3) Allowance for doubtful accounts	(820)	(1,075)	(1,087)
Total investments and other assets	98,970	107,447	110,682
Total fixed assets	101,865	110,911	114,037
<b>TOTAL ASSETS</b>	<b>217,144</b>	<b>218,314</b>	<b>227,299</b>

**ASATSU-DK INC.****Non-consolidated****Balance Sheets****September 30, 2007**

(Unaudited and before reclassifications and rearrangements)

Millions of Yen

	September 30, 2007	September 30, 2006	December 31, 2006
<b><u>LIABILITIES</u></b>			
I CURRENT LIABILITIES			
1. Notes payable-trade	17,611	20,049	21,083
2. Accounts payable-trade	65,072	56,441	57,811
3. Other current liabilities	4,899	5,316	5,912
Total current liabilities	87,582	81,808	84,807
II LONG-TERM LIABILITIES			
1. Accrued retirement benefits	510	1,156	930
2. Allowance for retirement benefits to directors	682	668	681
3. Other long-term liabilities	13,341	13,804	16,524
Total long-term liabilities	14,535	15,629	18,137
TOTAL LIABILITIES	102,117	97,437	102,944
<b><u>NET ASSETS</u></b>			
I SHAREHOLDERS' EQUITY			
1. Common stock	37,581	37,581	37,581
2. Capital surplus	40,607	40,607	40,607
3. Retained earnings	36,331	33,199	33,361
4. Treasury stock-at cost	(20,782)	(12,967)	(12,973)
Total shareholders' equity	93,738	98,421	98,576
II VALUATION AND TRANSLATION ADJUSTMENTS			
1. Unrealized gain on available-for-sale securities	21,293	22,453	25,776
2. Deferred hedge profit and loss	(4)	1	1
Total valuation and translation adjustments	21,288	22,455	25,777
TOTAL NET ASSETS	115,026	120,876	124,354
TOTAL LIABILITIES AND NET ASSETS	217,144	218,314	227,299