



2nd Quarter Results for FY2010

August 18, 2010
ASATSU-DK

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 publication deadline for this document. Therefore, the statements are 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 expressly disclaims any obligation to update or revise its forward-looking statements.

Consolidated Performance

ADK

	2009 Jan-Jun	2010 Jan-Jun	Increase/ (Decrease)	Change %
Gross Billings	177,481	168,496	(8,984)	-5.1%
Gross Profit	21,239	19,841	(1,398)	-6.6%
Gross Profit Ratio	12.0%	11.8%		-0.2pt.
SG&A Expenses	21,285	21,326	40	0.1%
Staff Cost	13,897	14,332	434	3.1%
Other	7,387	6,993	(394)	-5.3%
Operating Income	(45)	(1,484)	(1,438)	3,130.6%
Operating Margin	-	-		
Staff Cost/ Gross Profit	65.4%	72.2%		

Millions of Yen

Consolidated Performance



	2009 Jan-Jun	2010 Jan-Jun	Increase/ (Decrease)	Change %
Operating Income	(45)	(1,484)	(1,438)	3,130.6%
Non-Operating Income	1,368	1,484	115	8.4%
Non-Operating Expenses	153	131	(22)	-14.4%
Recurring Profit	1,169	(131)	(1,301)	-
Extraordinary Profit	188	117	(71)	-37.7%
Extraordinary Loss	444	2,629	2,185	492.0%
Income before Income Taxes and Minority Interest	914	(2,643)	(3,557)	-
Income Taxes	505	(778)	(1,283)	-
Minority Interests	19	2	(16)	-84.8%
Net Income	389	(1,868)	(2,257)	-

Millions of Yen

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Consolidated Performance 2010 Jan-Jun

Consolidated Performance



	Gross Billings	Gross Profit	Operating Profit	Recurring Profit
ADK	150,689 -5.8%	14,760 -12.0%	(1,881) -	(650) -
8 Domestic Subsidiaries	17,895 1.2%	3,373 4.0%	(41) -	(1) -
6 Subsidiaries in Greater China	5,603 0.0%	974 15.7%	229 50.7%	267 16.5%
10 Subsidiaries Overseas (excluding Greater China)	5,804 34.2%	963 30.5%	157 661.0%	238 53.8%
Consolidation Adjustment	(11,496)	(231)	50	14
Total	168,496 -5.1%	19,841 -6.6%	(1,484) -	(131) -

Millions of Yen

*ADK Group companies are on slide 32



Non-consolidated Performance

Nominal GDP Growth Rate

Jan - Mar 1.4%

Apr - Jun -0.9% (Cabinet Office; August 16, 2010)

Advertising Expenditure Growth Rate

Jan - Mar -5.8%

Apr - Jun +0.2%

(Research and Statistics Department
Economic and Industrial Policy Bureau
Ministry of Economy, Trade and Industry)

Gross Billings of 9 Agencies -2.0%

	Millions of Yen	Change % 2010 H1 / 2009 H1	Change % CY2009 / CY2008
Dentsu	678,734	+3.6%	-12.6%
Hakuhodo	276,242	-8.9%	-16.5%
ADK	150,689	-5.8%	-13.3%
Daiko	61,193	-0.1%	-11.9%
Tokyu Agency	46,111	-11.9%	-15.2%
East Japan M&C	45,184	-5.2%	-12.5%
Yomiko	39,236	-1.1%	-17.3%
Asahi Koukokusha	20,988	-2.7%	-25.5%
Delphys	18,414	-21.1%	-17.9%
Total	1,336,791	-2.0%	-14.1%

Non-consolidated Performance

ADK

	2009 Jan-Jun	2010 Jan-Jun	Increase/ (Decrease)	Change %
Gross Billings	159,937	150,689	(9,248)	-5.8%
Gross Profit	16,766	14,760	(2,005)	-12.0%
Gross Profit Ratio	10.5%	9.8%		-0.7pt
SG&A Expenses	16,582	16,642	59	0.4%
Staff Cost	10,840	11,069	228	2.1%
Other	5,741	5,572	(168)	-2.9%
Operating Income	184	(1,881)	(2,065)	-
Operating Margin	1.1%	-		
Staff Cost / Gross Profit	64.7%	75.0%		

Millions of Yen

Non-consolidated Performance

ADK

	2009 Jan-Jun	2010 Jan-Jun	Increase/ (Decrease)	Change %
Operating Income	184	(1,881)	(2,065)	-
Non-operating Income	1,220	1,287	66	5.5%
Non-Operating Expenses	91	56	(35)	-38.6%
Recurring Profit	1,313	(650)	(1,963)	-
Extraordinary Profit	10	2,646	2,635	25,100.7%
Extraordinary Loss	431	1,394	962	222.9%
Income before Income Taxes	891	601	(290)	-32.5%
Taxes	540	(830)	(1,370)	-
Net Income	351	1,431	1,079	307.0%

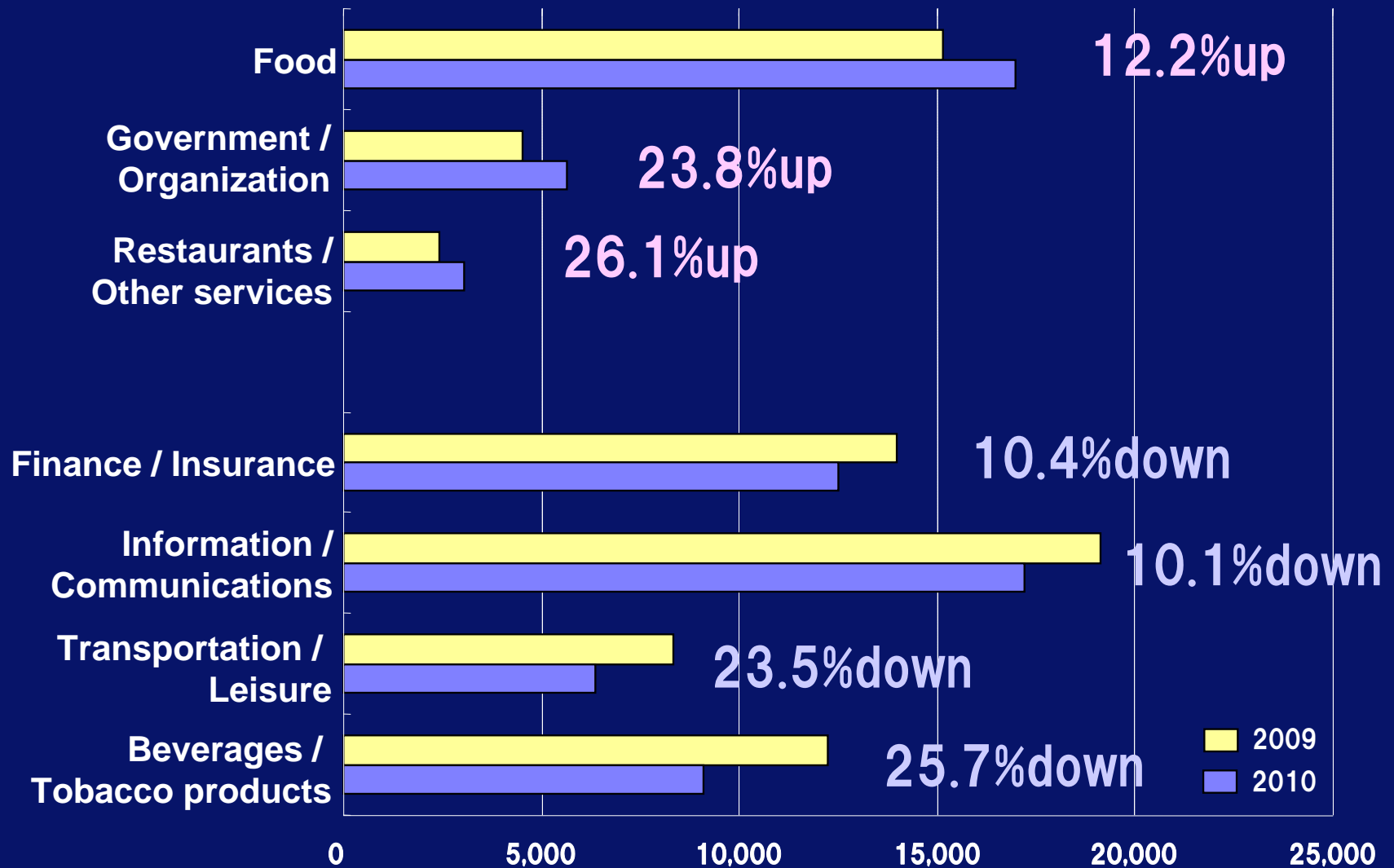
Millions of Yen

Gross Billings: Breakdown by Discipline

	Gross Billings		Total of Top 9 Agencies	
	Millions of Yen	Change	Gross Billings	Change
Magazine	7,627	-14.7%	41,485	-12.1%
Newspaper	11,265	1.0%	124,100	-6.6%
Television	70,539	-8.7%	591,882	-0.4%
Time*	26,806	-8.1%		
Spot	38,172	-9.8%		
Content	5,560	-3.5%		
Radio	1,352	-8.1%	19,117	-9.1%
4 Mass Media	90,785	-8.1%	776,584	-2.6%
Digital Media	6,836	-2.1%		
OOH Media	4,619	6.0%		
Sales Promotion	22,676	-11.9%		
Creative	19,304	1.9%		
Other	6,466	26.3%		
Non-mass Media	59,903	-2.0%	560,201	-1.1%
Total	150,689	-5.8%	1,336,787	-2.0%

*Time = Program sponsored ads

Gross Billings: Breakdown by Industry



Note: Categories with a large increase / decrease are shown here. For all categories, please see slide 30

Head Quarters / Branch Offices

	Gross Billings Millions of Yen	Composition Ratio	Change
Headquarters	122,210	81.1%	-3.8%
Branch Offices	28,479	18.9%	-13.5%
Total	150,689	100.0%	-5.8%

CMB / Brand-related Business

	Gross Billings Millions of Yen	Composition Ratio	Change
CMB	13,376	8.9%	-12.3%
Brand-related Business	137,313	91.1%	-5.1%
Total	150,689	100.0%	-5.8%

※CMB=Central Media Buying; A media buying method where an appointed agency handles the entire media buying business for a client with relatively smaller margins compared to the ordinary media buying business.

Gross Billings: ¥150,689 million, 5.8% YOY decline

- **Negative Factor:**

- Decline in Media transactions, including CMB**
 - Struggling branch offices**

Gross Profit: ¥14,760 million, 12.0% YOY decline

Gross Profit Ratio: 9.8%, 0.7 point YOY decline

- **Reasons for decline:**

- Harder competition**

- Cost overruns due to inadequate cost control**

SG&A expenses: ¥16,642 millions, 0.4% increase

	FY2009	FY2010	Change
Personnel	10,840	11,069	+2.1%
Others	5,741	5,572	-2.9%
Total	16,582	16,642	+0.4%

Operating Loss: ¥1,881 million*

***Operating Income ¥184 million
in previous corresponding period**

Although we reduced non-personnel expenses and held down growth in SG&A expenses, the decline in gross profit led to an operating loss.



FY2010 Full-Year Forecast

FY2010 Forecast Non-consolidated P/L



	2010 H1 ①	Change from 2009 H1 %	Forecast for 2010 H2 ② - ①	Change from 2009 H2 %	Forecast for FY2010 ②	Change from FY2009 %
Gross Billings	150,689	-5.8%	163,310	8.1%	314,000	1.0%
Gross Profit	14,760	-12.0%	17,189	15.9%	31,950	1.1%
Gross Profit Ratio	9.8%	-0.7pt.	10.5%	0.7pt.	10.2%	+0.0pt.
SG&A Expenses	16,642	0.4%	16,207	-0.5%	32,850	-0.1%
Staff Cost	11,069	2.1%	10,607	-1.2%	21,677	0.4%
Other	5,572	-2.9%	5,600	0.9%	11,173	-1.0%
Operating Income	-1,881	-	981	-	(900)	-29.0%
Non-Operating Income	1,230	9.1%	369	-37.2%	1,600	-6.8%
Recurring Profit	(650)	-	1,350	-	700	55.9%
Extraordinary Profit	1,251	-	(2,401)	-	(1,150)	17.8%
Income before Income Taxes	601	-32.5%	(1,051)	-	(450)	-14.6%
Net Income	1,431	307.0%	(731)	-	700	-
Operating Margin	-		5.7%		-	
Staff cost / Gross Profit	75.0%		61.7%		67.8%	

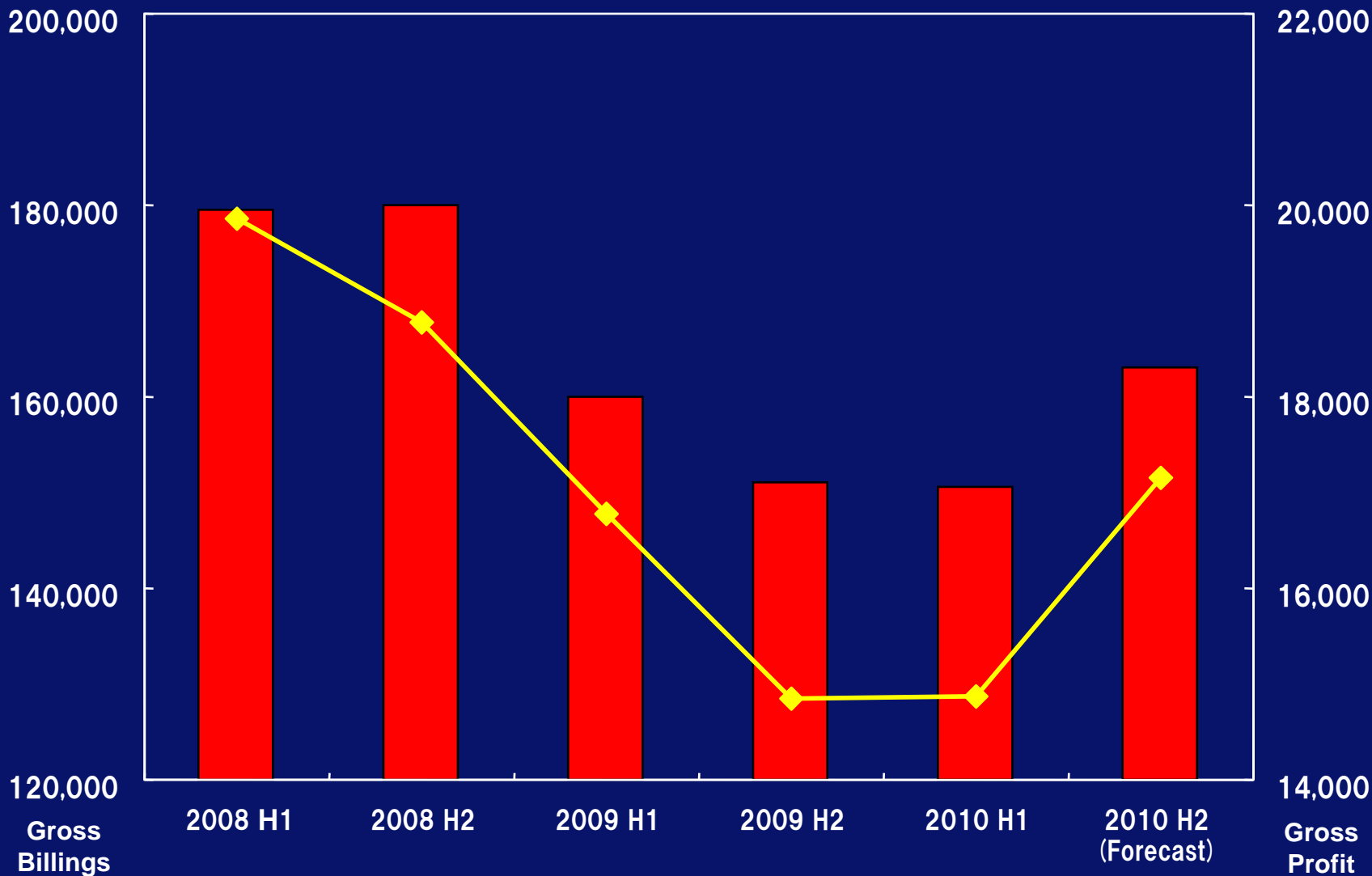
Millions of Yen

Non-consolidated Gross Profit FY2008-FY2010



Gross Billings Gross Profit

Millions of Yen



FY2010 Forecast Consolidated P/L



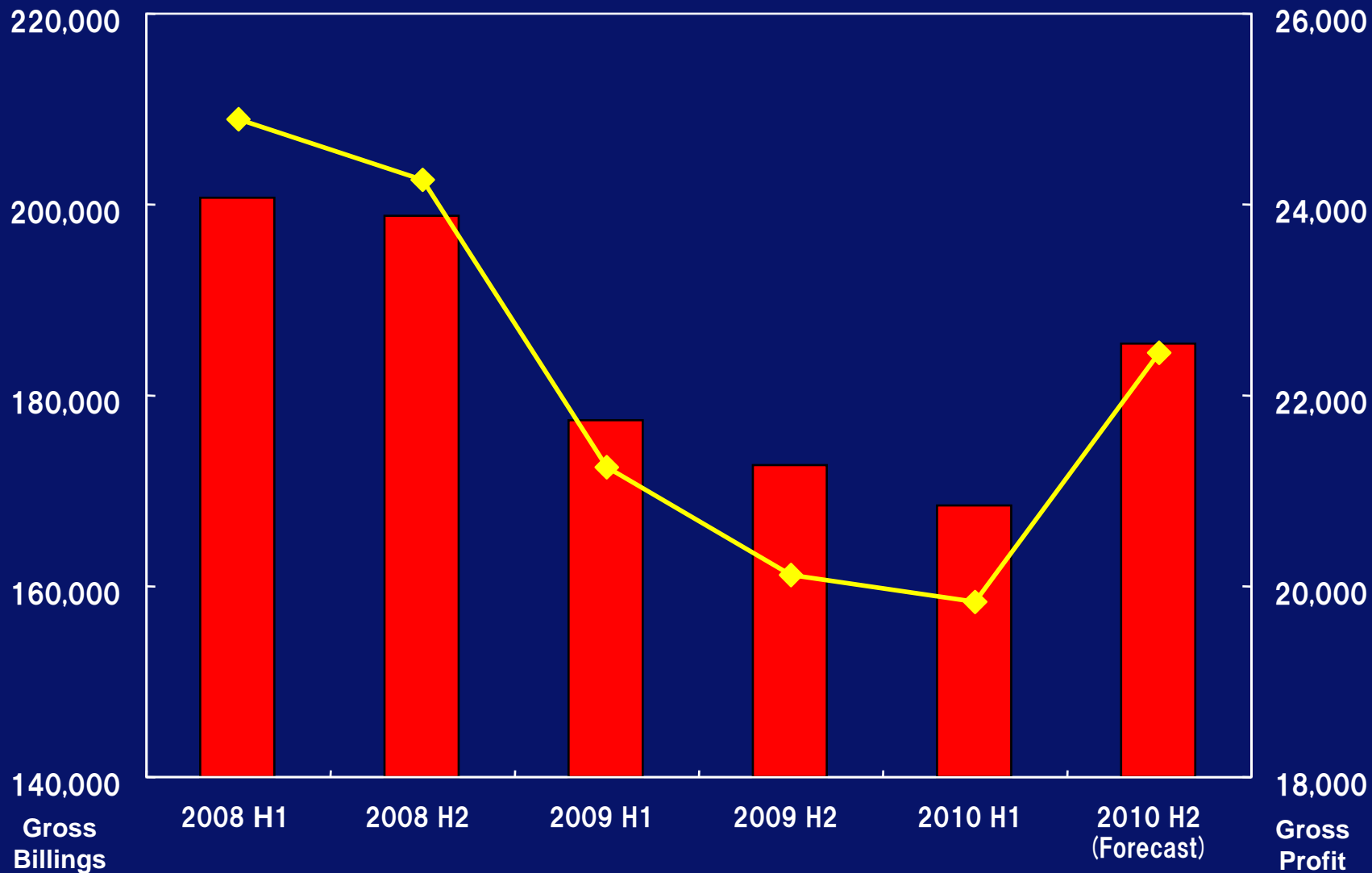
	2010 H1 ①	Change from 2009 H1 %	Forecast for 2010 H2 ② - ①	Change from 2009 H2 %	Forecast for FY2010 ②	Change from FY2009 %
Gross Billings	168,496	-5.1%	185,503	7.4%	354,000	1.1%
Gross Profit	19,841	-6.6%	22,458	11.6%	42,300	2.3%
Gross Profit Ratio	11.8%	-0.2pt.	12.1%	+0.4pt.	11.9%	+0.1pt.
SG&A Expenses	21,326	0.1%	20,973	0.6%	42,300	0.4%
Staff Cost	14,332	3.1%	13,967	1.0%	28,300	2.1%
Other	6,993	-5.3%	7,007	0.0%	14,000	-2.7%
Operating Income	(1,484)	3130.6%	1,484	-	0	-
Non-Operating Income	1,352	11.3%	547	-13.9%	1,900	2.6%
Recurring Profit	(131)	-	2,031	-	1,900	73.6%
Extraordinary Profit	(2,511)	882.6%	(2,538)	-	(5,050)	572.2%
Income before Income Taxes and Minority Interest	(2,643)	-	(506)	-	(3,150)	-
Net Income	(1,868)	-	(631)	100.0%	(2,500)	-
Operating Margin	-		6.6%		0.0%	
Staff cost / Gross Profit	72.2%		62.2%		66.9%	

Millions of Yen

Consolidated Gross Profit FY2008-FY2010



Gross Billings Gross Profit



1) Focus on growing markets

Strengthen capabilities in digital area and boost revenue

ADK interactive

+ Promote digital sales force

ADK Digital Business Divisions

Digital Everywhere

Instill digital knowledge and sales power throughout ADK

Strengthen capabilities in BTL - below the line - areas

- **Focus on in-store marketing and digital signage**

e.g.) Strengthen alliance with Macs Co., Ltd.

Established *Cross Ocean Media* with *LAWSON* and *NTT DOCOMO*

1) Focus on growing markets - 1

Overseas markets

Asia: Support Japanese clients' overseas expansion

Malaysia: Establish 2nd operation

Philippines: Establish JV with local partner

China: Obtain local clients in addition to Japanese ones

Expo 2010 Shanghai:

- **Japan Pavilion**
- **Chinese Private Enterprise Pavilion**

Europe and USA: Attract Japan-based global clients

**Take advantages of WPP Group companies' assets
in addition to ADK's own network**

➤ **Introduce *Global Account Director* system**

Enhance global sales force in ADK

1) Focus on growing markets - 2

Social themes

- Focus on government and corporate clients' campaigns with social themes such as environment etc.

Direct business

- Expand portfolio of clients in direct business
- Serve national clients in direct business

2) Contents business

Expand overseas business

- Rebuild overseas strategy, centered on *IMMG*

Multiple use of contents

- Events, delivery through Web, etc.

Take advantage of existing popular contents

e.g.)

- 3D *Yu-Gi-Oh!* Movie
- “*Doraemon’s Scientific Future*” Exhibition etc.

3) Improve profitability

Reduce costs

- ① Tighter management of media inventories and bargaining on media costs
- ② More focus on cost reduction in procurement
- ③ Set higher standards for investments in content

+

Adopt rigorous cost controls

Cut SG&A expenses to reduce fixed costs

Personnel expenses: Reduce wages for temporary workers, etc.

Others: Reduce office space to cut rent

Streamline IT operating cost

+

Implementation of Early Retirement Program

4) Strengthen Sales Capability of ADK

Most important tasks for achieving 2nd-half targets and future growth

- Reassess and reinforce client-specific sales strategies
- Promote global sales, especially in China
 - Expand business with local clients in China e.g.) Chinese Private Enterprise Pavilion at Shanghai Expo
- Enhance digital sales power
 - Establish *Digital Marketing Strategy Office* in ADK
 - Raise companywide digital skills
 - Staff digital talent to sales front-line



Appendix

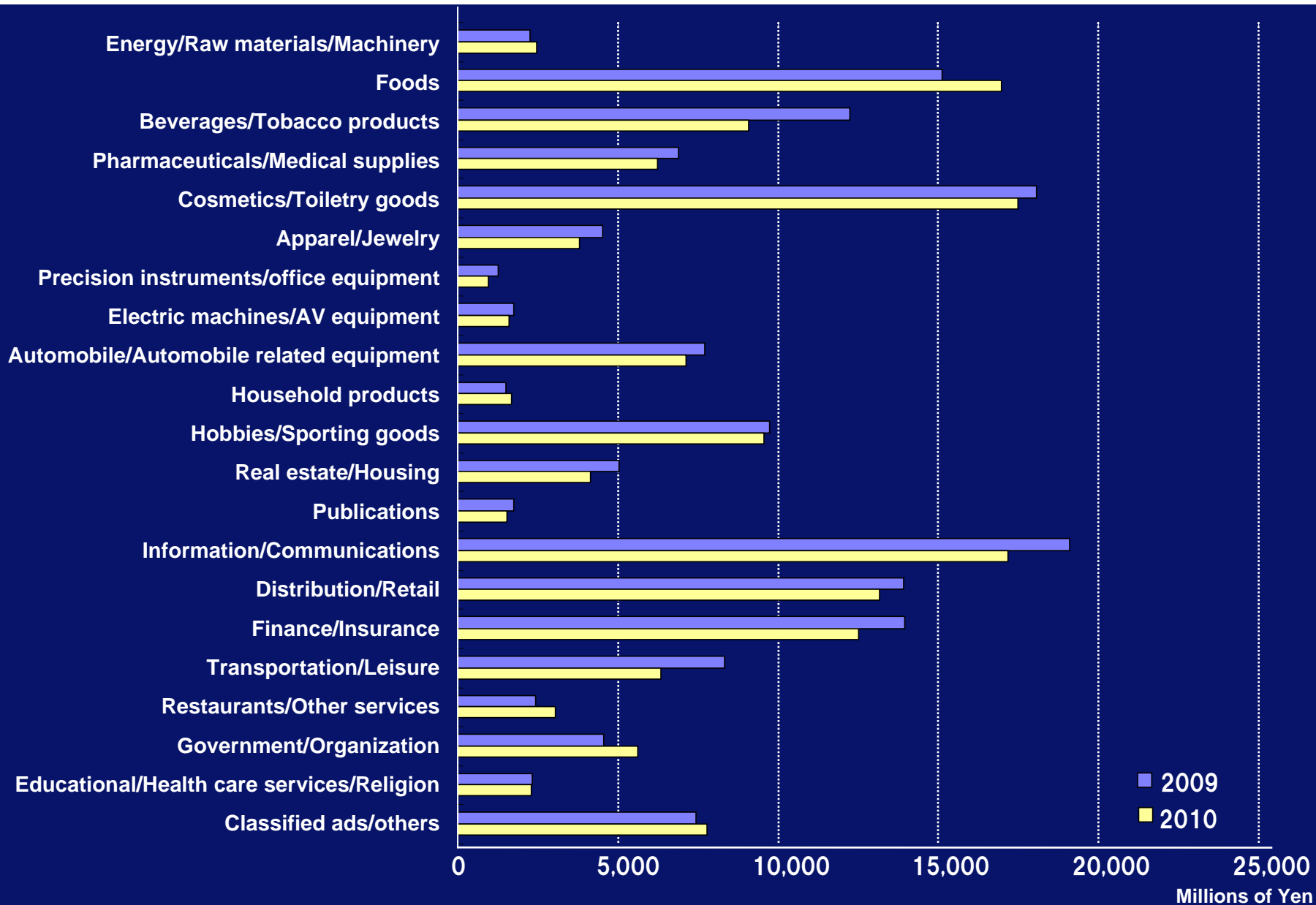
2010 1H Non-consolidated Gross Billings: Breakdown by Industry



Millions of Yen

	2009 Jan-Jun	2010 Jan-Jun	Increase/(Decrease)	Change%
Energy / Raw materials / Machinery	2,257	2,485	228	10.1%
Food	15,128	16,968	1,840	12.2%
Beverages / Tobacco products	12,239	9,090	(3,149)	-25.7%
Pharmaceuticals / Medical supplies	6,906	6,230	(677)	-9.8%
Cosmetics / Toiletry goods	18,074	17,482	(593)	-3.3%
Apparel / Jewelry	4,521	3,819	(702)	-15.5%
Precision instruments / Office equipment	1,276	955	(321)	-25.2%
Electric machines / AV equipment	1,739	1,627	(112)	-6.5%
Automobiles / Auto-related products	7,731	7,125	(606)	-7.8%
Household products	1,496	1,666	170	11.3%
Hobbies / Sporting goods	9,734	9,567	(167)	-1.7%
Real estate / Housing	5,037	4,155	(881)	-17.5%
Publications	1,743	1,529	(214)	-12.3%
Information / Communications	19,113	17,187	(1,926)	-10.1%
Distribution / Retail	13,908	13,157	(751)	-5.4%
Finance / Insurance	13,967	12,508	(1,458)	-10.4%
Transportation / Leisure	8,319	6,361	(1,958)	-23.5%
Restaurants / Other services	2,423	3,055	632	26.1%
Government / Organization	4,546	5,626	1,080	23.8%
Education / Health care services/Religion	2,337	2,311	(26)	-1.1%
Classified ads / other	7,444	7,787	343	4.6%
Total	159,937	150,689	-9,248	-5.8%

2010 1H Non-consolidated Gross Billings: Breakdown by Industry



Japan

Consolidated Subsidiaries: 8

- Kyowa Kikaku
- ADK International
- ADK Arts
- Eiken
- Nihon Bungeisha Publishing
- Neo Shobo
- Boys
- ADK Dialog

Equity Method Affiliates: 1

- Digital Advertising Consortium

Greater China Consolidated Subsidiaries: 6

- Asatsu Century (Shanghai) Advertising
- Shanghai Asatsu Advertising
- Asatsu-DK Hong Kong
- United Asatsu International
- DK Advertising (HK)
- DIK-Ocean Advertising

Overseas Consolidated Subsidiaries: 10

- ADK America
- Asatsu Europe Holding
- Asatsu Europe
- Asatsu (Deutschland)
- Asatsu-DK Singapore
- Dai-Ichi Kikaku (Thailand)
- ADK Thai Holding
- Asatsu (Thailand)
- ASDIK
- ADK Malaysia NEW

Equity Method Affiliate: 1

- Guangdong Guangxu Advertising

Consolidated Balance sheet (As of June 30, 2010)



(Millions of Yen)

Assets	
Current Assets	
Cash and Time deposits	22,031
Notes and Accounts Receivable-trade	83,571
Marketable Securities	6,361
Inventories	8,811
Other Current Assets	3,155
Allowance for Doubtful Receivables	(329)
Total Current Assets	123,601
Fixed Assets	
Tangible Fixes Assets	3,815
Intangible Fixed Assets	1,406
Investments and Other Assets	
Investments Securities	47,348
Other Assets	10,926
Allowance for Doubtful Accounts	(1,923)
Total Investments and Other assets	56,350
Total Fixed Assets	61,572

Liabilities	
Current Liabilities	
Notes and Account Payable-trade	68,898
Short-term Debt	178
Other Current Liabilities	8,642
Total Current Liabilities	77,719
Long –term Liabilities	
Long-term Debt	1,089
Allowance	2,336
Other	991
Total Long-term Liabilities	4,417
Total Liabilities	82,137

Shareholder's Equity	
Common Stock	37,581
Capital Surplus	20,024
Retained Earnings	49,141
Treasury stock-at cost	(7,768)
Total shareholder's Equity	98,977
Valuation and Translation Adjustment	
Unrealized Gain on Available-for-sale Securities	4,178
Deferred Hedge Profit and Loss	(25)
Foreign Currency Translation Adjustment	(1,074)
Total Valuation and Translation Adjustment	3,078
Minority Interests	980
Total Net Assets	103,036

Total Assets	185,173
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Total Liabilities and Shareholder's Equity	185,173
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Consolidated Shareholders' equity ratio excluding minority interest : 55.1% 33

Consolidated Cash flow

(Millions of Yen)

	FY2009 1H	FY2010 1H
OPERATING ACTIVITIES		
Income before income taxes and minority interests	914	(2,643)
Depreciation and amortization	457	404
Decrease (increase) in notes and accounts receivable	18,638	4,564
Increase (decrease) in notes and accounts payable	(7,799)	(420)
Net cash provided by operating activities including others	11,187	3,327
INVESTING ACTIVITIES		
Purchases of tangible fixed assets	(59)	(71)
Purchases of intangible fixes assets	(227)	(102)
Purchases of investment securities	(481)	(579)
Proceeds from sales of investment securities	584	2,877
Net cash provided by (used in) investing activities including others	-805	3,137
FINANCIAL ACTIVITIES		
Purchases of treasury stock - net	(880)	(797)
Dividends paid	(430)	425
Net cash used in financing activities including others	(1,709)	(532)
FOREIGN CURRENCY TRANSLATION ADJUSTMENT ON CASH AND EQUIVALENTS	403	(524)
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,076	5,408
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARY	12,807	18,844
INCREASE IN CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARY	-	217
CASH AND CASH EQUIVALENTS, END OF YEAR	21,883	24,471

Consolidated Investments as of June 30, 2010

(Millions of Yen)

Current	Fixed-income Investment Trust Funds	5,706	
	Bonds	316	3 issues
	Equities and Other Investment Trust Funds	337	9 issues
	Total	6,361	
Non Current	WPP plc	26,465	31,295,646 shares or 2.49%
	Digital Advertising Consortium Inc.	2,318	Equity method*
	Other Publicly Traded Equities	12,888	136 issues
	Total	41,672	
	Non Publicly Traded Equities in Affiliated Companies	1,177	15 issues
	Non Publicly Traded Equities in Subsidiary Companies	847	19 issues
	Other Non Publicly Traded Equities	1,915	71 issues
	Total	3,939	
	Corporate Bonds	1,572	12 issues
	Mutual Funds in Equities and Bonds	163	7 issues
	Total	47,348	
	Investments in Affiliated companies (Non-Securities)	331	7 issues
	Investments in Funds (Non-Securities)	95	8 issues
	Total	47,775	

* Market value of ADK's interest in DAC of June 2010 : ¥4,432 million

Capital Expenditures/Depreciation & Amortization Expenses



(Millions of Yen)

Accounting Items	Capital Expenditures		
	Non-consolidated ADK	Consolidated subsidiaries	Consolidated
Buildings	13	8	21
Buildings Improvements	-	-	-
Vehicles	-	11	11
Furniture, Fixtures & Equipment	17	20	38
Land	-	-	-
Licenses	-	-	-
Computer Software	100	1	102
Lease Assets	3	14	17
Others	9	0	10
Total	144	56	201

Accounting Items	Depreciation & Amortization Expenses		
	Non-consolidated ADK	Consolidated subsidiaries	Consolidated
Buildings	34	25	59
Buildings Improvements	1	0	1
Vehicles	4	6	11
Furniture, Fixtures & Equipment	15	61	76
Land	-	-	-
Licenses	-	-	-
Computer Software	218	13	232
Lease Assets	9	6	15
Others	2	5	8
Total	285	118	404