

Financial Report for the 47th Term

Term ending December 2001

March 1, 2002



Non-Consolidated Financial Results

1) P/L

(Unit : million yen)

	1999	2000	vs. Previous Term	2001	vs. Previous Term	vs. Budget
Billings	320,085	340,888	106.5%	358,830	105.3%	98.6%
Revenue (Gross Margin)	33,268	36,565	109.9%	36,989	101.2%	92.9%
Gross Profit Ratio	10.4%	10.7%		10.3%		
Operating Cost	31,255	32,947	105.4%	32,903	99.9%	92.7%
Operating Profit	2,013	3,618	179.7%	4,085	112.9%	95.0%
Operating Margin (OP/GM)	6.1%	9.9%		11.0%		
Ordinary Profit	3,138	4,818	153.5%	5,287	109.7%	97.9%
PAT	3,773	2,259	59.9%	-1,787	-	-

2) Billings/Revenue/Gross Profit Ratio by Media

(Unit : million yen)

	2000			2001				
	Billings	Revenue	Gross Profit Ratio	Billings	vs. Previous Term	Revenue	vs. Previous Term	Gross Profit Ratio
Magazines	24,267	2,972	12.2%	21,319	87.9%	2,687	90.4%	12.6%
Newspaper	39,644	3,689	9.3%	36,937	93.2%	3,496	94.8%	9.5%
TV	154,927	19,280	12.4%	164,242	106.0%	19,853	103.0%	12.1%
Digital Media	3,399	404	11.9%	5,995	176.4%	517	128.0%	8.6%
Radio	4,267	600	14.1%	4,469	104.7%	644	107.3%	14.4%
Sales Promotion	68,646	6,990	10.2%	81,334	118.5%	7,602	108.8%	9.3%
Creative and Others	45,735	2,631	5.8%	44,534	97.4%	2,190	83.2%	4.9%
Total	340,885	36,566	10.7%	358,830	105.3%	36,989	101.2%	10.3%

3) Billings by Industries

(Unit : million yen)

	2000		2001		
	Billings	Composition Ratio	Billings	Composition Ratio	vs. Previous Term
Energy/Raw Materials/Machinery	4,529	1.3%	4,276	1.2%	94.4%
Foods	37,929	11.1%	35,357	9.9%	93.2%
Beverages/Tobacco products	34,713	10.2%	44,426	12.4%	128.0%
Pharmaceuticals/Medical supplies	14,317	4.2%	16,953	4.7%	118.4%
Cosmetics/Toiletry goods	36,468	10.7%	34,938	9.7%	95.8%
Apparel/Jewelry	10,354	3.0%	11,145	3.1%	107.6%
Precision instruments/Office equipment	4,111	1.2%	6,393	1.8%	155.5%
Electric machines/Audio equipment	5,751	1.7%	7,567	2.1%	131.6%
Transport equipment	39,161	11.5%	34,755	9.7%	88.7%
Homecare & Sundry	2,427	0.7%	2,101	0.6%	86.6%
Sports goods/Leisure goods	15,617	4.6%	17,289	4.8%	110.7%
Real estate/Housing	4,306	1.3%	4,449	1.2%	103.3%
Publications	6,721	2.0%	6,720	1.9%	100.0%
Communication services	40,704	11.9%	38,408	10.7%	94.4%
Retails/Wholesale	13,972	4.1%	13,859	3.9%	99.2%
Banking/Securities	32,459	9.5%	33,794	9.4%	104.1%
Transportation services	5,782	1.7%	9,179	2.6%	158.8%
Eatery/Other services	5,781	1.7%	6,503	1.8%	112.5%
Public administration / Members organization	7,726	2.3%	10,211	2.8%	132.2%
Educational/Health services	2,273	0.7%	3,747	1.0%	164.8%
Nonclassifiable/Establishment	15,788	4.6%	16,762	4.7%	106.2%
Total	340,889	100.0%	358,832	100.0%	105.3%

4) Medium-Term Financial Performance

Earnings Indicators

(announced on November 20, 2001)

- Annual Growth in Revenue approx. 3% p. a.
- Staff Cost/
Revenue

	<u>'99</u>	<u>'00</u>	<u>'01</u>	<u>Medium-term target</u>
	66%	62%	61%	→ 55%
- Operating Profit/
Revenue

	<u>'99</u>	<u>'00</u>	<u>'01</u>	<u>Medium-term target</u>
	6%	10%	10.7%	→ 15%
- Annual Growth in Operating Profit approx. 10% p. a.

5) Medium-Term Business Plan

(Unit : million yen)

	2001	2002		2003		2004	
Billings	358,830	365,000	101.7%	377,000	103.3%	390,000	103.4%
Revenue (Gross Margin)	36,989	38,200	103.3%	39,500	103.4%	41,000	103.8%
Gross Profit Ratio	10.3%	10.5%		10.5%		10.5%	
Staff cost	22,215	22,890	103.0%	22,400	97.9%	22,600	100.9%
Staff Cost/Revenue	60.1%	59.9%		56.7%		55.1%	
Other Operating Cost	10,688	10,910	102.1%	11,900	109.1%	12,400	104.2%
Total Operating Cost	32,903	33,800	102.7%	34,300	101.5%	35,000	102.0%
Operating Profit	4,085	4,400	107.7%	5,200	118.2%	6,000	115.4%
Operating Margin (OP/GM)	11.0%	11.5%		13.2%		14.6%	
Ordinary Profit	5,287	5,400	102.1%	6,000	111.1%	6,800	113.3%

6) Planned Improvement of Earnings Indicators

	1999	2000	2001	2002	2003	2004
Market Share	5.62%	5.58%	5.92%			
Staff Cost/Revenue	66.0%	62.1%	60.1%	59.9%	56.9%	55.4%
			(61.0%)			
Operating Margin (OP/GM)	6.0%	10.0%	11.0%	11.5%	13.2%	14.6%
			(10.7%)			
Operating Profit Growth Rate	107.8%	179.8%	112.9%	107.7%	118.2%	115.4%
			(10%±)			

7) P/L for 2002 (H1/H2)

(Unit : million yen)

	2001			2002					
	H1	H2	Total	H1	vs. Previous Term	H2	vs. Previous Term	Total	vs. Previous Term
Billings	180,963	177,868	358,831	175,000	96.7%	190,000	106.8%	365,000	101.7%
Revenue (Gross Margin)	19,380	17,609	36,989	18,500	95.5%	19,700	111.9%	38,200	103.3%
Gross Profit Ratio	10.7%	9.9%	10.3%	10.6%		10.4%		10.5%	
Operating Cost	16,858	16,045	32,903	16,333	96.9%	17,467	108.9%	33,800	102.7%
Operating Profit	2,522	1,564	4,086	2,167	85.9%	2,233	142.8%	4,400	107.7%
Operating Margin (OP/GM)	13.0%	8.9%	11.0%	11.7%		11.3%		11.5%	
Ordinary Profit	3,231	2,057	5,288	2,782	86.1%	2,618	127.3%	5,400	102.1%
PAT	-890	-898	-1,788	-98	11.0%	583	-64.9%	485	-27.1%

Consolidated Financial Results

1) ADK Group

- Companies subject to full consolidation :
21 companies (11 companies in Japan & 10 companies overseas)
- Companies subject to equity method :
6 companies (2 companies in Japan & 4 companies overseas)

* Refer to appendix

2) P/L

(Unit : million yen)

	1999	2000	vs. Previous Term	2001	vs. Previous Term	vs. Budget	Group-to-Parent Ratio
Billings	351,367	383,219	109.1%	402,648	105.1%	98.2%	1.1
Revenue (Gross Margin)	40,950	46,120	112.6%	46,831	101.5%	92.6%	1.3
Gross Profit Ratio	11.7%	12.0%		11.6%			
Operating Cost	38,137	41,040	107.6%	41,860	102.0%	93.4%	1.3
Operating Profit	2,813	5,080	180.6%	4,971	97.9%	85.7%	1.2
Operating Margin (OP/GM)	6.9%	11.0%		10.6%			
Ordinary Profit	4,627	6,678	144.3%	6,467	96.8%	88.6%	1.2
PAT	4,820	3,213	66.7%	-709	-22.1%	82.4%	0.6

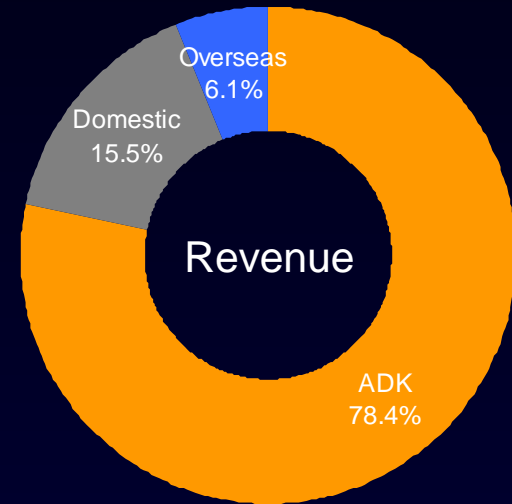
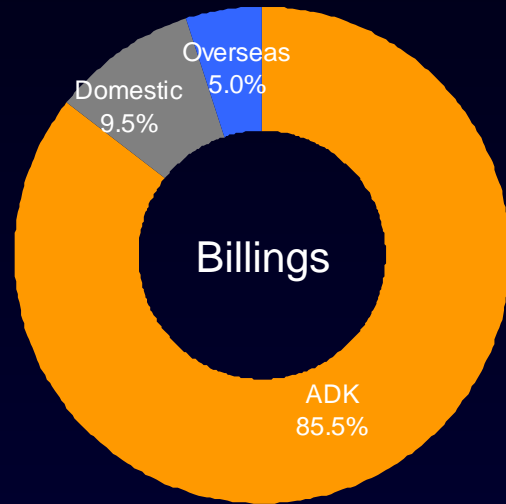
3) P/L for 2002 (H1/H2)

(Unit : million yen)

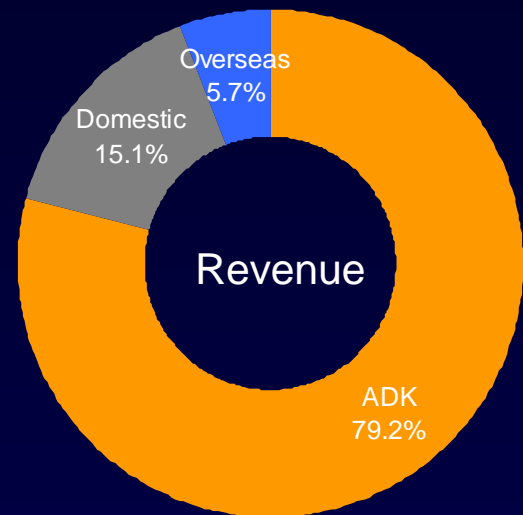
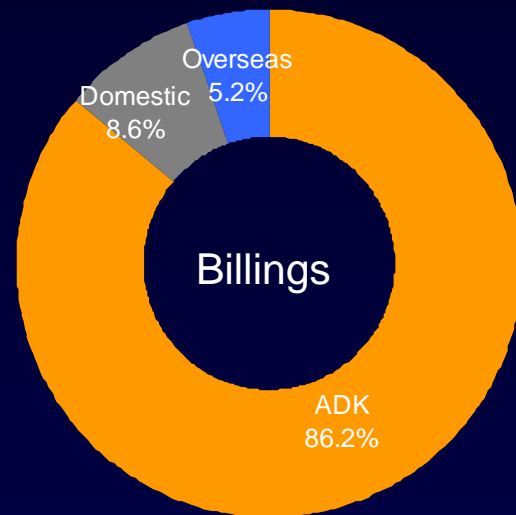
	2001			2002					
	H1	H2	Total	H1	vs. Previous Term	H2	vs. Previous Term	Total	vs. Previous Term
Billings	202,207	200,441	402,648	195,700	96.8%	212,300	105.9%	408,000	101.3%
Revenue (Gross Margin)	23,995	22,836	46,831	23,200	96.7%	24,800	108.6%	48,000	102.5%
Gross Profit Ratio	11.9%	11.4%	11.6%	11.9%		11.7%		11.8%	
Operating Cost	21,251	20,609	41,860	20,660	97.2%	21,940	106.5%	42,600	101.8%
Operating Profit	2,744	2,227	4,971	2,540	92.6%	2,860	128.4%	5,400	108.6%
Operating Margin (OP/GM)	11.4%	9.8%	10.6%	10.9%		11.5%		11.3%	
Ordinary Profit	3,727	2,740	6,467	3,300	88.5%	3,500	127.7%	6,800	105.1%
PAT	-914	205	-709	134	-14.7%	895	436.6%	1,029	-145.1%

4) Breakdown of Billings and Revenue

2001



2002



5) Others

- Investment in securities and affiliated companies
- Depreciation cost / Capital investment

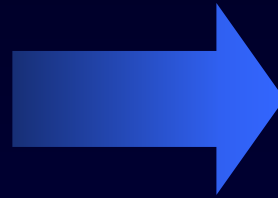
* Refer to appendix

Business Development Plan for 2002

1) Reengineering Road Map

“To visualize the future
ADK first needs to be aware of the present.”

Where is ADK now?
Understanding of the present situation



Direction for growth!
ADK's goals and vision of the future

Reengineering for Our Future

2) Acknowledgement of the Current Condition and Need for Innovation

The Need for Courageous Reengineering

Significant Deterioration in ADK's Financial Position & Operational Efficiency (over the last 10 years*)

Billings	1.40 times
Revenue (Gross Margin)	1.21 times
Operating Profit	0.44 times

Operational Efficiency Index	<u>ADK</u>	<u>Worldwide Std.</u>
Staff Cost/Revenue	45.2% → 62.1%	50%
Operating Profit /Revenue	27.2% → 10.0%	15 → 20%

(*'90~'00)

3) Plan for The 3 Major Reformations

- A lean and flat organization by avoiding top heavy structure and excessive staffs
- Restore ADK's strong customer ties by integrating all functions, creating synergy/cohesiveness among group companies and fulfilling infrastructure
- Strengthen ADK headquarters' functions such as HR, finance and corporate development areas

(Refer to Guidelines for ADK Reformation announced on Nov. 20, 2001)

4) The Significance of 2002

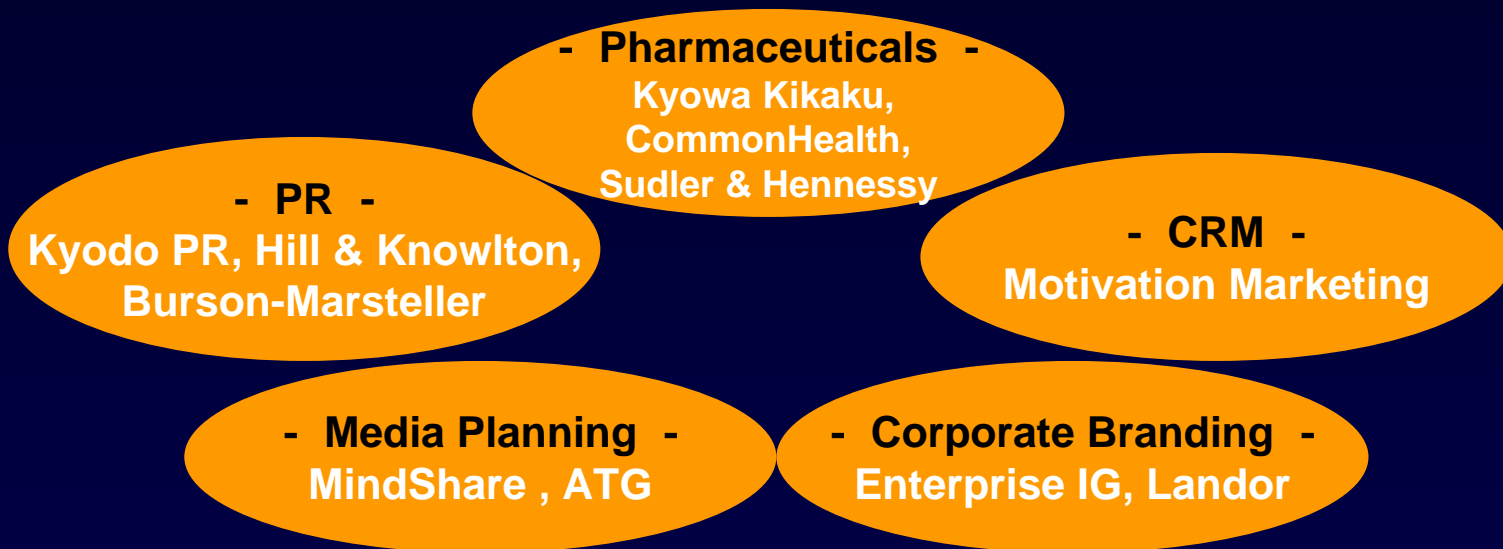
- 2002 is the year during which ADK implements its reformation and reinforces its foundations as a strong company able to achieve sustainable long-term growth
- 2002 is the year to prepare for a much greater payoff in the future

5) Basic Strategies

(1) Seeing clients as brand owners,

ADK help them leverage their brands by:

- Maximizing branding power
- Maximizing creative power
- Maximizing media planning power
- Implementing 360 degree communications with ADK/WPP affiliates



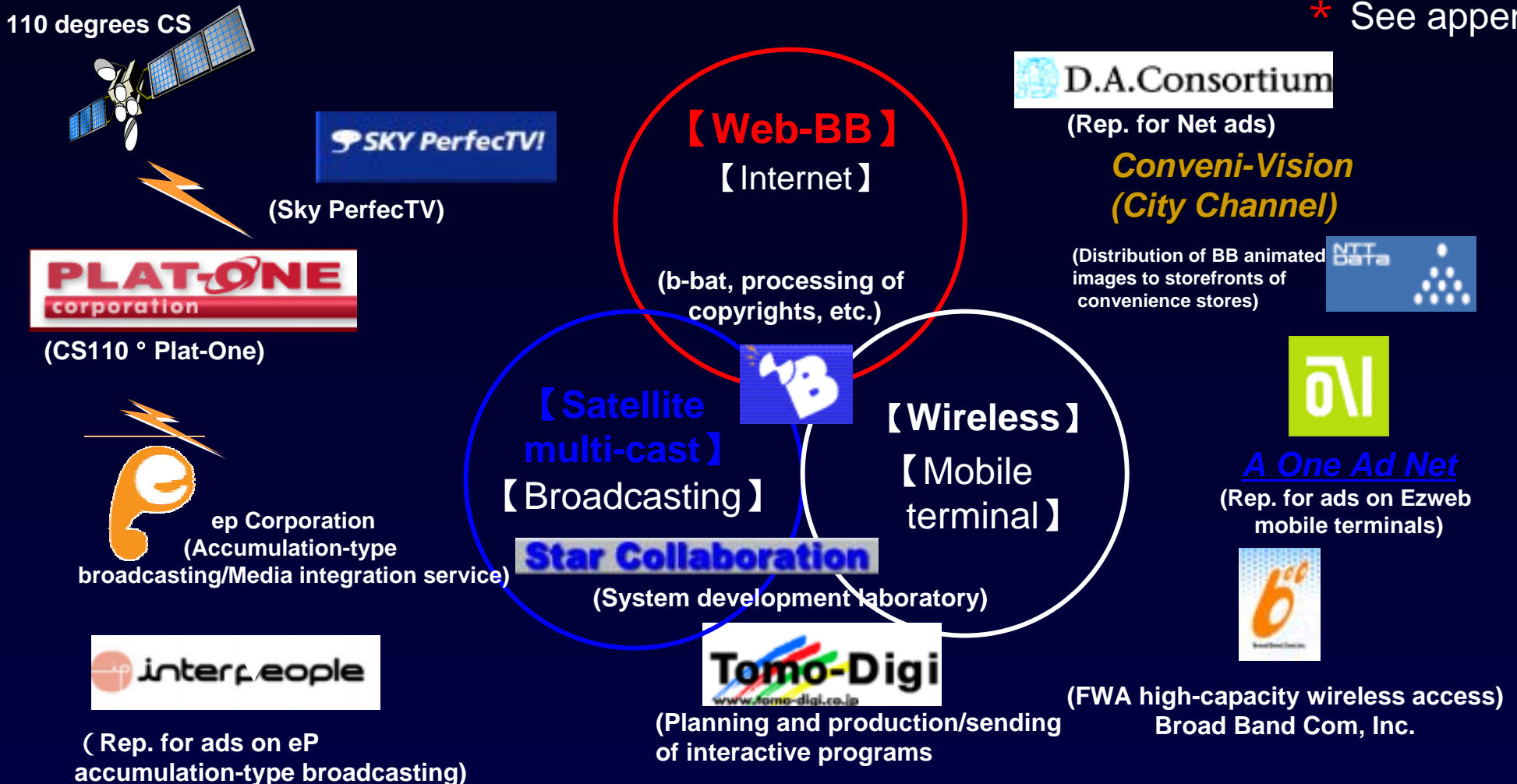
5) Basic Strategies

- (2) By challenging conventional wisdom and practices, ADK provides innovative client solutions as a New Wave Agency.
- (3) By tapping WPP member resources in Japan as well as overseas, ADK strengthens and sharpens its competitive edge.

5) Basic Strategies

(4) ADK is tuned into next-generation digital and broadband media and actively invests in leading-edge companies in each key sector.

* See appendix



5) Basic Strategies

(5) ADK views its content businesses as important revenue streams and continues to invest in and promote them.

- Exports to overseas markets
- Turning content into video
- Sales promotion tools

Animations we presently handle and purchase

	Program Name	Station
1	Banpaiyan Kids	CX
2	Kochira Katsushikaku Kameari Koen-mae Hashutsujo	CX
3	Onepiece	CX
4	Doraemon	ANB
5	Crayon Shin-chan	ANB
6	Kamen-Rider Agido	ANB
	(New) Kamen-Rider Ryuki	ANB
7	Motto Ojamajo Doremi	ANB
	(New) Ojamajo Doremi	ANB
8	Shaman King	TX
9	Prince of Tennis	TX
10	Fruits Basket	TX
	(New) Seven Nana	TX
11	Web Diver	TX
12	Ask to Dr. Lin	TX
	(New) Rockman	TX
13	Yugio Duel Monsters	TX
14	Power Puff Girls	TX

(The number of animations handled will rise to 16 from April.)

5) Basic Strategies

(6) Recognizing ADK's share is about 6% and there are still a lot of rooms to expand, ADK taps an investment fund to aggressively cultivate new clients and expand market share.

ADK's share (in Japanese ad industry)

5.92%



(Results in 2001)

ADK Group in Japan

: Subject to consolidated accounting

: Subject to equity method

Agency Group

Kyowa Kikaku
Asatsu International
Sanyu Agency Co
Dai-Ichi Kikaku Communications
Daiichi Kikaku Relation Marketing
Kyodo PR
Xinhua Enterprise
Nippon Agency
Motivation Marketing

Total 9 cos.

Publishing Business Group

Nihon Bungeisha Publishing
Million Shobo Ukon

Total 3 cos.

Consulting Group

Nippon Marketing Systems
Info-Tech

Total 2 cos.

Creative Group

Prime Pictures
Sun Artist Studio
Tokyo Ad Party
Makes
JDP
Ad Bridge
Berk

Total 7 cos.

IT Group

AT Interactive
Nippon Information Industry
Digital Advertising Consortium
Future Media & Communications
Star Collaboration

Total 5 cos.

Content Group

Tenyu
Nihon Ad Systems
Light Song Music Publishing
PFM Center
Comics Wave
MangaZoo Dot Com

Total 6 cos.

ADK Group Overseas

ASATSU Europe Holding B.V.
 ASATSU Europe B.V.
 ASATSU (Deutschland) Gmbh.
 · ASATSU U.K. Ltd.
 · ASATSU FRANCE S.A.S
 Total five cos.

ASATSU America Inc.

· Beijing Huawen-Asatsu International Advertising Co., Ltd.
 · Tetsu-Asahi Advertising Co., Ltd.
 · Beijing Eastern Three Companies Public Relations Planning Co., Ltd.
 · Beijing Quan Wei Dai-Ichi Kikaku Advertising Co., Ltd.
 Shanghai Asatsu Advertising Co, Ltd.
 · Dai-ichi Kikaku Fortune Advertising Co., Ltd.
 Guandong Guang Xu (ASATSU) Advertising Co., Ltd.

Total 7 cos.

· Subject to consolidated accounting
 · Subject to equity method

DK Advertising (HK) Ltd.
 DK Advertising (HK)
 United –ASATSU International Ltd.
 · Asachin International Ltd.
 DIK Ocean – Advertising Co., Ltd.
 Media Plus Communications Ltd.
 NEXUS/ASATSU Advertising Pte, Ltd.
 · IMMG Pte Ltd.
 · AST Advertising Co., Ltd.
 · ASATSU (Thailand) Co.,Ltd.
 Dai-ichi (Thailand) Co.,Ltd.
 ASDK Inc. Ltd.
 · ASATSU (M) Sdn. Bhd.
 · Dai-ichi Kikaku (Malaysia) Sdn. Bhd.
 · Pt.Asta Atria Surya
 · ASATSU-DK VIETNAM INC.
 · Seoul LG AD/ADK Division
 · New Delhi Liaison Office
 · Philippine Rep. Office

Total 16 cos. and 3 local offices

Securities Investments Held by ADK (2001)

Short-Term Investments

(Unit : yen)

Breakdown	Details	Amount of breakdown	Total amount
Cash & Cash equivalent	MMF		4,002,122,502
Bonds	Discount bond	147,516,920	739,916,920
	Corporate bond	493,350,000	
	Issued euro bond	99,050,000	
Mutual Fund			503,900,000
Total			5,245,939,422

Stock of Affiliated Companies

(Unit : yen)

Breakdown	Details	Total amount
Stocks of subsidiaries	33 companies	5,741,206,873
Stocks of affiliated companies	18 companies	2,176,163,661
WPP Group Inc	1 company	45,554,818,596
Total		53,472,189,130

Long-Term Investments

(Unit : yen)

Breakdown	Details	Amount of breakdown	Total amount
Listed stocks	133 issues	15,670,697,806	
Unlisted stocks	73 issues	2,044,808,997	17,715,506,803
Bonds	10 issues		2,541,597,000
Mutual Fund	36 issues		3,091,360,296
Total			23,348,464,099

Amount of Capital Investment and Depreciation (2001)

Amount of Capital Investment (increase)

(Unit : yen)

Account Title	Non-Consolidated Amount	Consolidated Subsidiary	Consolidated Amount
Building	63,892,180	29,090,010	92,982,190
Building Improvement	0	0	0
Vehicle/Transportation equipment	22,480,741	1,547,106	24,027,847
Furniture & Fixture	48,480,019	99,169,392	147,649,411
Land	0	0	0
Goodwill	0	0	0
Software	1,055,042,193	2,658,591	1,057,700,784
Subscriber's right for phone service	0	10,300	10,300
Total	1,189,895,133	132,475,399	1,322,370,532

Depreciation Cost

(Unit : yen)

Account Title	Non-Consolidated Amount	Consolidated Subsidiary	Consolidated Amount
Building	84,015,071	114,170,372	198,185,443
Structure	2,840,705	0	2,840,705
Vehicle/Transportation equipment	13,550,042	4,541,593	18,091,635
Instrument and fixtures	74,569,651	64,031,808	138,601,459
Land	0	0	0
Others	0	48,869,101	48,869,101
Goodwill	10,000,000	81,875,366	91,875,366
Software	505,093,752	8,558,870	513,652,622
Dedicated phone line	171,780	0	171,780
Long-term prepaid expenses	20,064,092	0	20,064,092
Beneficiary right for building trust	1,421,154	0	1,421,154
Total	711,726,247	322,047,110	1,033,773,357

Broadband and Digital Media Investment Targets

	Business Type	Company Name	Capitalization	Holding	Amount Invested	Contents of Business
1	Production of content	Tomorrow and Digital Inc.	2.35 billion yen	1.7%	40 million yen	Data broadcasting and production of digital content for the net
2	Broadcasting	Wow Wow Inc.	11.38 billion yen	-	30 million yen	General broadcasting business by BS
3		BS-i Inc.	30 billion yen	0.5%	150 million yen	General broadcasting business by BS
4		Music Bird Inc.	5.74 billion yen	0.35%	20 million yen	General broadcasting business by BS (music)
5	Platform	Plat-One Inc.	9 billion yen	1%	90 million yen	110°CS broadcasting
6		Sky Perfect Communications Inc.	139.45 billion yen	-	90 million yen	Customer management/broadcasting/BB business for CS broadcasting
7		ep Corporation	25 billion yen	0.4%	100 million yen (planned)	Service combining broadcasting, the Net and accumulated data
8	Content aggregator	b-bat Inc.	1.69 billion yen	1.06%	18 million yen	Distribution of content over BB and processing of copyrights
9	Media representative	D.A. Consortium Inc.	3.24 billion yen	27.348%	-	Handling of Net ads, consulting and surveys
10		A-One Ad Net Inc.	490 million yen	8%	39,2 million yen	Handling of limits for mobile ads for au carriers
11		Interpeople Inc.	200 million yen	10%	20 million yen	Exclusive representative for the ep service and invitation of SP, etc.
12	Infrastructure	Broad Band Com Inc.	3 billion yen	1%	30 million yen	Provision of a high-speed access line using FWA
13	CATV	Tokyo Cable Network Inc.	1.6 billion yen	0.625%	10 million yen	Cable Television business (broadcasting and the Net)
14		Cable Television Tokyo Inc.	3.6 billion yen	0.37%	13.2 million yen	Cable Television business (broadcasting and the Net)
15	SP media	City Channel Inc.	600 million yen	1%	6 million yen	Street media business using the BB network
16	System	Star Collaboration Inc.	172 million yen	46%	-	Development laboratory of broadcasting and Net-related systems