Summary of Financial Information and Business Results for the Fiscal Year Ended March 31, 2009

May 11, 2009

Name of Listed Company: Dentsu Inc. Listing: Tokyo Stock Exchange
Code No.: 4324
(URL: http://www.dentsu.co.jp/)
Representative: Tatsuyoshi Takashima, President and COO
Contact: Koji Kobayashi, General Manager, Corporate Communications Division (Tel.: +81-3-6216-8041)
Planned date of Ordinary General Meeting of Shareholders: June 26, 2009
Planned date of start of dividend payment: June 29, 2009
Planned filing date of the Financial Report: June 26, 2009

(Amounts less than one million yen are truncated.)

1. Consolidated Business Results for the Fiscal Year Ended March 31, 2009

(From April 1, 2008, to March 31, 2009)

(1) Consolidated Business Results

(Percentages indicate year-over-year increases/decreases.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2009	1,887,170	-8.3	43,184	-23.1	53,363	-21.5
Year ended March 31, 2008	2,057,554	-1.7	56,126	-10.7	67,993	-2.9

	Net income (loss)		Net income per share	Diluted net income per share	Ratio of net income to equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Millions of yen	%	Yen	Yen	%	%	%
Year ended March 31, 2009	(20,453)	—	(79.61)	—	-4.0	4.6	2.3
Year ended March 31, 2008	36,246	18.1	13,202.77	12,804.73	6.5	5.4	2.7

(Reference) Equity in earnings of affiliates was ¥8,970 million for the year ended March 31, 2009, and ¥8,499 million for the year ended March 31, 2008.

Note: Net income per share for the year ended March 31, 2009, represents an amount taking into account the stock split publicly announced as of November 28, 2008.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2009	1,092,543	473,149	41.4	1,823.23
Year ended March 31, 2008	1,251,912	590,861	45.3	206,602.50

(Reference) Equity was ¥452,568 million at the end of the year ended March 31, 2009, and ¥567,293 million at the end of the year ended March 31, 2008.

Note: Net assets per share for the year ended March 31, 2009, represents an amount taking into account the stock split publicly announced as of November 28, 2008.

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash used in investment activities	Net cash used in financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2009	42,359	(22,263)	(27,748)	57,271
Year ended March 31, 2008	56,007	(18,069)	(30,701)	70,252

2. Dividends for the Fiscal Year Ended March 31, 2009

(Record date)	Cash dividend per share 1Q-end	2Q-end	3Q-end	Year-end	Annual	Total cash dividends for the year	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2008	—	1,750.00	—	1,750.00	3,500.00	9,609	26.5	1.7
Year ended March 31, 2009	—	2,000.00	—	15.00	—	8,687	—	1.8
Year ending March 31, 2010 (forecast)	—	12.50	—	12.50	25.00		—	

Note: The year-end dividend per share for the year ended March 31, 2009, and the cash dividend per share figures for the year ending March 31, 2010 (forecast), represent amounts taking into account the stock split publicly announced as of November 28, 2008. For details, see the "(Reference) Retroactively Revised Values Associated with a Stock Split" on Page 4.

3. Prospective Consolidated Business Results for the Fiscal Year Ending March 31, 2010 (From April 1, 2009, to March 31, 2010)

(Percentages indicate year-over-year increases/decreases for the corresponding first-half and full-year periods.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half (cumulative basis)	800,900	-15.6	4,300	-75.8	7,800	-64.7	3,200	-60.6	12.89
Full year	1,634,400	-13.4	15,800	-63.4	23,900	-55.2	11,400	—	45.93

Note: Net income per share for the fiscal year ending March 31, 2010, represents amounts taking into account the stock split publicly announced as of November 28, 2008.

4. Other

(1) The Status of Changes in Major Subsidiaries (Changes in Specified Subsidiaries that might Cause a Change in the Scope of Consolidation): None

(2) Changes in Principles, Procedures and Representation of Accounting Procedures (which are stated in the "Changes in the Basis of Presenting the Consolidated Financial Statements")
(i) Changes relating to revisions to accounting standards, etc.: Yes
(ii) Changes other than (i) above: No

(3) Number of Shares Issued (common stock)
(i) Number of shares issued at year-end (including treasury stock)
As of March 31, 2009 278,184,000
As of March 31, 2008 2,781,840
(ii) Number of shares of treasury stock at year-end
As of March 31, 2009 29,960,751
As of March 31, 2008 36,020
(See "Per Share Information" on page 47 for the number of shares as the basis for the calculation of consolidated net income per share.)

(Reference) Summary of Non-Consolidated Business Results

1. Non-Consolidated Business Results for the Fiscal Year Ended March 31, 2009 (From April 1, 2008, to March 31, 2009)

(1) Non-Consolidated Business Results

(Percentages indicate year-over-year increases/decreases.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2009	1,447,410	-8.7	23,870	-34.2	34,585	-26.9
Year ended March 31, 2008	1,585,982	-1.0	36,281	-5.8	47,341	-0.8

	Net income (loss)		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2009	(32,771)	—	(127.55)	—
Year ended March 31, 2008	24,533	10.3	8,936.06	8,932.81

Note: Net income per share for the year ended March 31, 2009, represents an amount taking into account the stock split publicly announced as of November 28, 2008.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2009	986,741	383,028	38.8	1,543.08
Year ended March 31, 2008	1,112,758	491,819	44.2	179,115.61

(Reference) Equity was ¥383,028 million at the end of the year ended March 31, 2009, and ¥491,819 million at the end of the year ended March 31, 2008.

Note: Net assets per share for the year ended March 31, 2009, represents an amount taking into account the stock split publicly announced as of November 28, 2008.

2. Prospective Non-Consolidated Business Results for the Fiscal Year Ending March 31, 2010 (From April 1, 2009, to March 31, 2010)

(Percentages indicate year-over-year increases/decreases for the corresponding first-half and full-year periods.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half (cumulative basis)	620,700	-14.6	2,000	-82.1	8,200	-60.6	5,100	-50.8	20.55
Full year	1,271,400	-12.2	10,000	-58.1	17,800	-48.5	10,700	—	43.11

Note: Net income per share for the fiscal year ending March 31, 2010, represents amounts taking into account the stock split publicly announced as of November 28, 2008.

Explanation about the Appropriate Use of the Business Forecasts and Other Noteworthy Points

The forecasted business results above are based on certain conditions considered reasonable by the Company at the time of the release of this document. As for the inclusion of the equity held by the Company with regard to the profit and loss of Publicis Groupe S.A., which is an affiliate accounted for by the equity method, the Dentsu Group calculated an amount of equity in earnings of affiliates to be included in the consolidated financial statements for the next fiscal year ending March 31, 2009, using the average exchange rate for the three-month period of January through March 2009 based on Publicis Groupe’s actual business results for the fiscal year under review, because Publicis Groupe does not disclose its business forecasts. Actual results may considerably differ from forecasts due to various uncertain factors. See the Attachment on Page 7 for information relating to the business forecasts above.

(Reference) Retroactively Revised Values Associated with a Stock Split

As was publicly announced on November 28, 2008, the Company conducted a 100-for-1 stock split for its shares of common stock with an effective date of January 4, 2009. The cash dividends per share amounts, assuming that the stock split was conducted at the beginning of the previous fiscal year, are as follows:

(Yen)

	Cash dividend per share				
Record date	1Q-end	2Q-end	3Q-end	Year-end	Annual
Year ended March 31, 2008	—	17.50	—	17.50	35.00
Year ended March 31, 2009	—	20.00	—	15.00	35.00
Year ending March 31, 2010 (forecast)	—	12.50	—	12.50	25.00

1. Business Results and Financial Position

(1) Business Results

1) Overview of Operations

Economic conditions in Japan during fiscal 2008, the year ended March 31, 2009, suffered from the rapid worsening of the global economy in late 2008, which was triggered by the financial crisis in the United States, resulting in further serious conditions in both the corporate and household sectors.

According to Dentsu's research, total advertising expenditures in Japan in calendar year 2008 decreased 4.7% year over year to ¥6,692.6 billion after increasing for four consecutive years. Although advertising expenditures in the four traditional mass media formats—newspapers, magazines, radio and television—decreased 7.6% and marked the fourth consecutive year of decline, Internet advertising expenditures continued to race upward, rising 16.3%, and satellite media-related advertising expenditures climbed 12.1% year over year. Promotional media advertising expenditures decreased 5.8% year over year, turning downward after increasing for four consecutive years.

Against this market backdrop, the corporate group (the "Dentsu Group") experienced an unprecedentedly difficult business environment. One of the biggest challenges was the persistently cautious stance of clients in allocating funds for advertising in the fiscal year under review. Although the Group aggressively worked to develop business activities, seeking to capitalize on opportunities provided by such events as the 29th Summer Olympics held in Beijing in August 2008, and provide solutions based on integrated communication designs, our concerted efforts did not deliver the anticipated results for fiscal 2008.

On a consolidated basis, net sales fell 8.3% from a year earlier to ¥1,887,170 million. Gross profit decreased 8.9% to ¥314,474 million. Operating income dropped 23.1% to ¥43,184 million, and ordinary income declined 21.5% to ¥53,363 million. A net loss of ¥20,453 million was recorded for the fiscal year under review compared with net income of ¥36,246 million a year earlier, partly due to the recording of a ¥51,116 million loss on valuation of investment securities arising from their impairment treatment.

Operating results by business segment are summarized as follows:

a. Advertising

In the mainstay Advertising industry, consolidated net sales fell 8.0% year over year to ¥1,801,160 million and operating income dropped 32.0% to ¥33,924 million. An overview of operations at the Company on a non-consolidated basis and at major domestic consolidated subsidiaries in this business segment is as follows:

<u>Dentsu Inc.</u>

On a non-consolidated basis, net sales of the Company fell 8.7% from a year earlier to ¥1,447,410 million. Gross profit decreased 11.1% to ¥192,716 million. Operating income dropped 34.2% to ¥23,870 million, and ordinary income declined 26.9% to ¥34,585 million. A net loss of ¥32,771 million was recorded for the fiscal year under review compared with net income of ¥24,533 million a year earlier, partly due to the recording of a ¥55,516 million loss on valuation of investment securities arising from an impairment loss and a loss on valuation of stocks of subsidiaries and affiliates.

<u>DENTSU TEC INC.</u>

To cope with the harsh business environment due to the rapid economic setback, Dentsu Tec endeavored to ensure profits by taking measures to thoroughly enhance management of cost of sales and reduction of operating expenses. Affected by such factors as a reduction in orders due to sluggish demand for advertising, a decline in demand following high demand for large-scale events in the previous year and intensified competition, Dentsu Tec's net sales fell 12.8% from a year earlier to ¥146,556 million. Operating income dropped 74.0% to ¥861 million, and ordinary income decreased 62.8% to ¥1,286 million. Net income plummeted 80.5% to ¥349 million.

Cyber Communications Inc.
Although net sales of this consolidated subsidiary increased 31.8% year over year to ¥68,232 million, due to the growth of the Internet advertising market and the concentrated handling of online advertising via intra-group collaboration, gross profit increased only 7.2% to ¥12,999 million, reflecting an increase in the portfolio ratio of low-profitability products and a loss on buying advertising media. In addition, the rate of increase of selling, general and administrative expenses exceeded that of gross profit mainly due to an increase in depreciation attributable to system investments. Operating income decreased 72.9% to ¥284 million, and ordinary income declined 64.8% to ¥327 million. As a result, a net loss of ¥1,121 million was recorded for the fiscal year under review compared with net income of ¥611 million a year earlier, reflecting the impairment of noncurrent assets and a lump-sum amortization of goodwill for the subsidiary recorded during the second quarter of the fiscal year.

b. Information Services
In the Information Services segment, consolidated net sales amounted to ¥75,148 million and operating income was ¥3,893 million. An overview of operations at Information Services International-Dentsu, Ltd., a major consolidated subsidiary in this business segment, is as follows:

Information Services International-Dentsu, Ltd.
Information Services International-Dentsu principally engages in the provision of IT solutions such as the establishment of information systems. The business environment of this consolidated subsidiary became difficult especially in the second half, adversely affected by the emerging phenomenon of a cautious stance of clients in investing in information equipment and/or systems. Furthermore, as a result of the factors such as its extraordinary loss recorded due to impairment of investments in subsidiaries, net sales of this consolidated subsidiary decreased 2.8% year over year to ¥75,148 million. Operating income fell 4.5% to ¥4,481 million and ordinary income decreased 7.0% to ¥4,628 million. Consequently, net income for the fiscal year under review decreased 40.4% to ¥1,357 million.

c. Other Businesses
Net sales in this segment, which covers diverse business fields other than Advertising and Information Services, amounted to ¥38,371 million, and operating income was ¥1,723 million.

Operating results by geographical segment are summarized as follows:

a. Japan

Net sales in Japan decreased 8.2% year over year to ¥1,723,594 million, and operating income decreased 29.7% to ¥39,257 million.

b. Overseas
Net sales in Overseas, decreased 9.3% year over year to ¥178,410 million, whereas operating income surged 1,507.7% to ¥4,067 million.
The non-consolidated performance of the Company has a significant impact on the consolidated business results of the Dentsu Group. An overview of the Company's non-consolidated business results by industry and by business category is summarized as follows:

<By industry>
Among the top 10 industries that account for the highest percentages of the Company's net sales, sales increased 0.5% and 2.9% in Foodstuffs and Hobbies/Sporting Goods, respectively. Meanwhile, sales decreased in the Information/Communications (down 5.9%), Beverages/Cigarettes (down 5.1%), Cosmetics/Toiletries (down 9.2%), Automobiles/Related Products (down 16.3%), Finance/Insurance (down 19.2%), Home Electric Appliances/AV Equipment (down 6.3%), Pharmaceuticals/Medical Supplies (down 7.7%) and Distribution/Retailing (down 1.5%) industry categories.

<By business category>

Business category	Net sales (Millions of yen)	Composition ratio (%)	Year-over-year change (%)
Newspapers	146,766	10.1	-19.2
Magazines	60,010	4.1	-14.2
Radio	22,014	1.5	-7.1
Television	692,992	47.9	-5.6
Time	(343,431)	(23.7)	(-1.3)
Spots	(349,561)	(24.2)	(-9.5)
Interactive Media	26,220	1.8	9.3
OOH Media	42,056	2.9	-14.0
Creative	177,438	12.3	-10.7
Marketing/Promotion	170,868	11.8	-4.6
Content Services	82,104	5.7	-18.4
Others	26,938	1.9	6.5
Total	1,447,410	100.0	-8.7

Note: Advertising transactions for the major business categories are as follows:

Newspapers: Refers to newspapers.
Magazines: Refers to magazines.
Radio: Refers to radio.
Television: Refers to television.
Time: Refers to ads during the broadcasting of television programs (provided during the broadcast by program sponsors).
Spots: Refers to TV spot ads (mainly those provided between programs).
Interactive Media: Refers to Internet and mobile-related media.
OOH Media: stands for out-of-home media, and comprises transportation and outdoor billboard, flyers advertising.
Creative: Ad expression planning, ad fabrication and related operations.
Marketing/Promotion: Strategic planning of marketing/interactive communication /brand management/business administration and others for clients, consulting services, and planning and execution of various solutions such as SP, events, PR, e-promotion and direct marketing.
Content Services: Refers to rights sales, planning and production and other content-related services in the sports and entertainment fields.

During the fiscal year under review, non-consolidated net sales of the Company from advertising in the four traditional mass media (i.e., newspapers, magazines, radio and television) were less than the previous year's results for each component, declining 8.7% to ¥921,784 million in total. As for net sales of other media excluding the four traditional mass media, those of Interactive Media showed a high growth rate but those of Creative and Marketing/Promotion decreased year over year, recording ¥525,626 million in total, a decline of 8.8%. As a result, the composition ratio of media other than the four traditional mass media decreased 0.1 percentage point to 36.3%.

The breakdown of the Company's net sales by business category is summarized as follows:

a. Newspapers
Although net sales for the Household Products (up 162.1%) and Foodstuffs (up 12.3%) business categories increased, those for Finance/Insurance (down 37.2%) and Automobiles/Related Products (down 36.0%) decreased, resulting in a year-over-year decline in the category's sales.

b. Magazines
Net sales for Distribution/Retailing (up 9.7%) improved but failed to compensate for the overall decline in net sales due to declines for Information/Communications (down 17.7%), Food Services/Other Services (down 43.6%) and Cosmetics/Toiletries (down 13.8%).

c. Radio
Net sales for the Government/Organizations (up 23.3%) and Precision Instruments/Office Supplies (up 38.0%) business categories increased, whereas those for Beverages/Cigarettes (down 17.0%), Finance/Insurance (down

11.7%) and Transportation/Leisure (down 15.3%) decreased, resulting in a year-over-year decline in the category's sales.

d. Television
Both Time and Spots were sluggish, with net sales declining year over year.

Time:
Although net sales for Hobbies/Sporting Goods (up 9.5%), Beverages/Cigarettes (up 6.0%) and Home Electric Appliances/AV Equipment (up 7.5%) increased, those for Cosmetics/Toiletries (down 7.5%), Distribution/Retailing (down 17.8%) and Automobiles/Related Products (down 5.6%) decreased considerably, resulting in a year-over-year decline.

Spots:
Although net sales for Education/Medical Services/Religion (up 8.0%) increased, those for Finance/Insurance (down 24.3%), Beverages/Cigarettes (down 8.4%) and Real Estate/Housing Facilities (down 32.9%) decreased, resulting in a year-over-year decline.

e. Interactive Media
Net sales for Information/Communications (up 14.3%), Hobbies/Sporting Goods (up 92.9%), Real Estate/Housing Facilities (up 82.2%) and others improved, more than offsetting the decline for Finance/Insurance (down 5.9%), resulting in a year-over-year increase in the category's sales.

f. OOH Media
Although net sales for Distribution/Retailing (up 20.3%) increased, those for Finance/Insurance (down 33.0%) and Information/Communications (down 16.5%) decreased, resulting in a year-over-year decline in the category's sales.

g. Creative
The growth of Hobbies/Sporting Goods (up 12.4%) failed to offset the declines in net sales for Automobiles/Related Products (down 15.0%) and Finance/Insurance (down 18.3%), resulting in a year-over-year decline in the category's sales.

h. Marketing/Promotion
The growth of net sales for Information/Communications (up 6.4%) and Transportation/Leisure (up 23.9%) failed to offset the declines in net sales for Automobiles/Related Products (down 31.6%) and Food Services/Other Services (down 29.6%), resulting in a year-over-year decline in the category's sales.

i. Content Services
Increases in net sales for Distribution/Retailing (up 30.7%) and Pharmaceuticals/Medical Supplies (up 19.9%) failed to offset the declines in net sales for Information/Communications (down 14.1%) and Finance/Insurance (down 45.0%), resulting in a year-over-year decline in the category's sales.

2) Business Results Forecast for the Next Fiscal Year
According to the economic outlook for fiscal 2009 by the Japanese government, the previous projections were of an approximately 0.0% real growth rate and a 0.1% nominal growth rate for the gross domestic product (GDP) (which were determined at a cabinet meeting held on January 19, 2009). The real growth rate was then revised downward to negative 3.3% (reported by the Cabinet Office at an extraordinary cabinet meeting held on April 27, 2009) based on a more severe assessment of recent economic circumstances. The monthly economic report (on April 17, 2009, released by the Cabinet Office) mentioned the need to pay attention to the possible risk of downward pressures on the Japanese economy such as the worsening of the global financial crisis and a further downward swing in the global economy given uncertain economic prospects.

The Japan Center for Economic Research projected that total advertising expenditures for fiscal 2009 in Japan will record a year-over-year decline of 14.8% (released in March 2009).

For the fiscal year ending March 2010, the advertising industry anticipates the favorable impact of several big events such as the 12th IAAF World Championships in Athletics Berlin 2009 and the 45th general election for members of the House of Representatives. Given the rapidly worsening domestic economy, the Dentsu Group intends to cope with the current harsh business environment by enhancing initiatives in the fields of "solutions," "digital" and "global," in reference to advertising solutions, the digital media domain and global operations.
For fiscal 2009 on a consolidated basis, we forecast net sales of ¥1,634.4 billion (down 13.4% year over year), operating income of ¥15.8 billion (down 63.4%), ordinary income of ¥23.9 billion (down 55.2%) and net income

of ¥11.4 billion (compared with a net loss of ¥20,453 million for the fiscal year under review).

Meanwhile, on a non-consolidated basis, we forecast net sales of ¥1,271.4 billion (down 12.2% year over year), operating income of ¥10.0 billion (down 58.1%), ordinary income of ¥17.8 billion (down 48.5%) and net income of ¥10.7 billion (compared with a net loss of ¥32,771 million for the fiscal year under review).

Regarding the consolidated business forecasts above, the Dentsu Group calculated the equity in earnings of affiliates (after extracting ¥2,384 million in the amortization of goodwill) at ¥6,454 million to be included in the consolidated financial statements for the next fiscal year ending March 31, 2010, using the average exchange rate for the three-month period of January through March 2009 based on Publicis Groupe's actual business results for the fiscal year under review, because Publicis Groupe does not disclose its business forecasts. The exchange rate of approximately €1 = ¥121, which was the average exchange rate for the period of January through March 2009, is adopted, as it is adopted for other subsidiaries and affiliates.

3) Basic Policy on Appropriation of Profits

At the Company, to return profits to its shareholders is one of the Company's most important policies. The Company seeks a comprehensive return policy matched to changes in the business environment and strives to achieve this primarily through long-term enhancement of corporate value underpinned by business growth, stable dividends and a flexible approach to the purchase of treasury stock as well as improvement of capital efficiency. The Company determines dividends for each term in a comprehensive manner, with emphasis on the payment stability, while taking into consideration various factors, including the internal reserves required for sustainable investment to respond to the economic changes, the business results for the fiscal year under review, medium- to long-term performance estimates and cash flow status.

4) Appropriation of Profits for the Year Ended March 31, 2009

There has been no change in the above basic policy prioritizing returns to shareholders and the stability of dividends. However, the recent rapid worsening of economic conditions, which was triggered by financial concerns in the United States, has seriously affected the business results of the Company, and the business forecasts for the next fiscal year and beyond remain extremely uncertain. In this difficult business climate, the Company recognizes that maintaining stable and sound management from medium- and long-term viewpoints is essential to meet the expectations of shareholders through consistent improvement in corporate value.

Given this background, after careful study of the dividend amount for fiscal 2008, the Company intends to pay an annual dividend of ¥35 per share in fiscal 2008. This would include a ¥20 per share interim dividend and ¥15 per share year-end dividend.* To provide the dividends to its shareholders, the Company determined to compensate for a deficit in retained earnings brought forward (¥26,724 million) and transfer the partial reversal of general reserve to the retained earnings brought forward. For fiscal 2009, the Company proposes an annual dividend of ¥25 per share (consisting of a ¥12.50 interim dividend and a ¥12.50 year-end dividend) in view of the anticipated difficult business climate.

*The Company conducted a 100-for-1 stock split for its shares of common stock with an effective date of January 4, 2009. Regarding the dividends for fiscal 2008, the cash dividends per share amounts stated in this document assume that the stock split was conducted at the beginning of the previous fiscal year.

(2) Financial Position

As of March 31, 2009, total assets were down ¥159,368 million from a year earlier, reflecting reduced current assets such as notes and accounts receivable—trade and a reduction of investment securities. Total liabilities declined ¥41,657 million owing to decreases in such items as notes and accounts payable—trade despite an increase in borrowed indebtedness. Net assets at the end of the fiscal year were ¥117,711 million lower than a year earlier mainly due to the purchase of treasury stock and a decline in valuation and translation adjustments.

(Cash flow status for the year under review)

Cash and cash equivalents ("cash") on March 31, 2009, decreased to ¥57,271 million from the ¥70,252 million recorded at the end of the preceding fiscal year. As net cash used in investment and financing activities exceeded net cash provided by operating activities, cash at the end of the year decreased ¥12,981 million from a year earlier.

<u>Net cash provided by operating activities</u>

Net cash provided by operating activities amounted to ¥42,359 million compared with ¥56,007 million in the previous term. Although a loss before income taxes and minority interests of ¥4,972 million was recorded for the fiscal year under review, the loss was attributable to non-cash items such as a loss on valuation of investment securities of ¥51,116 million.

Net cash provided by investment activities
Net cash used in investment activities increased, from ¥18,069 million during the preceding term to ¥22,263 million during the year under review. The principal reason for this increase in cash payment of ¥4,193 million from the previous fiscal year was the purchase of investment securities in consolidated subsidiaries despite a decline in payments for the purchase of investment securities.

Net cash provided by financing activities
Net cash used in financing activities amounted to ¥27,748 million compared with ¥30,701 million in the preceding term. A principal reason for this increase was the purchase of treasury stock for the fiscal year under review compared with payments for the repayment of borrowed indebtedness for the previous term.

Trends in cash flow indicators

The trends in cash flow indicators are shown below.

	Year ended March 31, 2005	Year ended March 31, 2006	Year ended March 31, 2007	Year ended March 31, 2008	Year ended March 31, 2009
Equity ratio (%)	39.7	40.8	43.7	45.3	41.4
Equity ratio at market value (%)	63.7	90.3	71.4	49.8	34.0
Years of debt redemption (years)	10.5	1.4	2.8	1.7	3.4
Interest coverage ratio (times)	6.1	28.8	17.9	22.0	16.8

Notes:

1. Equity ratio = Equity/Total assets
   Equity ratio at market value = Aggregate market value/Total assets
   Years of debt redemption = Interest-bearing debt/Operating cash flow
   Interest coverage ratio = Operating cash flow/Interest payment
2. Each indicator is calculated based on the consolidated financial values.
3. Operating cash flow represents the "Net cash provided by operating activities" in the consolidated statements of cash flows. Interest-bearing debt refers to any liability with interest among the liabilities recorded on the balance sheets.

(3) Operating and Other Risk

The operating results, share prices and financial position of the Dentsu Group are subject to various risks, as described below.

Any forward-looking statements in the following discussion are based on the Dentsu Group's judgment as of the date of submitting the Financial Report.

1) Overall Industry-Related Risk

a. Fluctuations in the economic and business environments

The financial results of the Dentsu Group and other companies in the advertising industry are greatly influenced by changes in the market and business conditions because many advertisers consider advertising a variable cost to be adjusted in response to changes in these conditions.

The Dentsu Group has taken steps, such as diversifying the types of services it provides, to reduce its exposure to the impact of fluctuations in the economic and business environments. Nonetheless, as net sales in Japan account for more than 90% of the Dentsu Group's total net sales, its financial results may be influenced by domestic macroeconomic trends and fluctuations in the operating environment of key domestic industry sectors having significant advertising expenditures.

b. Risk related to the media's structural changes

According to the *2008 Advertising Expenditures in Japan* issued by the Company, Internet advertising expenditures recorded double-digit growth every year since the first survey in 1996. It exceeded radio advertising expenditures in 2004 and magazine advertising expenditures in 2006, reaching a 10.4% share in 2008. On the other hand, advertising expenditures for the four traditional mass media (i.e., newspapers, magazines, radio and television) declined for the fourth consecutive year but still accounted for a 49.3% combined market share in 2008.

The Group believes that the development of an Internet-based advertising method should contribute to expanding the overall advertising market by raising synergies between traditional media advertising and Internet advertising.

As of May 2009, the Dentsu Group had leading positions not only in the conventional four mass media but also in Internet advertising while exploiting and expanding business opportunities. However, if the Dentsu Group cannot appropriately cope with these structural changes, its financial results could be adversely affected.

According to a survey on people's contacts with media (how long they have contact with which media per day), contact with TV is overwhelming at 215.1 minutes compared with 72.4 minutes for the Internet (source: Video Research; MCR 2008 Tokyo area). Nevertheless, if consumers' media contact behavior changes drastically in the future, demand for traditional mass media, which accounts for more than half of the Group's net sales, could change and financial results could be adversely affected.

c. Risk related to common business practices in Japan

The common practice in Japan is for advertising companies to purchase time and/or space from media companies on their own behalf, rather than on behalf of advertisers. Accordingly, the Dentsu Group is liable for the payment to media companies regardless of whether it receives payment from the advertiser. This practice exposes the Dentsu Group to the risk of default should an advertiser client's business fail.

The nature of the advertising business in Japan is such that sudden changes in advertising proposals and actual advertisements are frequent. The Dentsu Group strives to preclude problems related to work for clients by encouraging the conclusion of basic written contracts, but the Dentsu Group is exposed to the risk of unforeseen incidents or disputes with clients.

Overseas, especially in Europe and the Americas, relationships between advertisers and advertising companies are usually exclusive within a particular industry. In Japan, however, these relationships are typically less exclusive. Accordingly, the Dentsu Group, like other advertising companies in Japan, may handle multiple clients in a single industry. If the practice in Japan were to change in favor of exclusive relationships, however, and if the Dentsu Group's efforts to respond to this change were ineffective, its financial results could be adversely affected.

2) Competition-Related Risk

a. Risk related to competition among advertising companies

Competition among Japan's advertising companies is intense. Reorganization and mergers among domestic companies and the entry into the market of multinational advertising companies have the possibility to alter the structure of Japan's advertising industry.

Going forward, the Dentsu Group's financial results could be adversely affected by increased competition to secure clients if its efforts to respond to changes in the structure of the industry and in standard business practices prompted by the entry of multinational advertising companies are ineffective.

b. Risk related to competition from new market entrants from adjacent industries

The rapid expansion and diversification of the advertising field is giving rise to competition from an increasing number of companies in adjacent industries, including general trading and consulting companies. The Internet advertising field is also seeing a sharp increase in the number of new market entrants—companies with which it competes in the development and expansion of new businesses. If the Dentsu Group should be unable to meet client demand appropriately in such business domains from either a service or a cost standpoint, or if the entrance of new companies into these new markets were to cause rapid changes in customary advertising business practices, the Dentsu Group's financial results could be adversely affected.

3) Risk Related to Advertisers and Media Companies

The Dentsu Group provides advertising services for many major advertisers in Japan and has maintained stable, long-term relationships with a large majority of its current clients. In the fiscal year under review, consolidated net sales to the Company's top 10 clients (in terms of billings) accounted for approximately 20% of total net sales.

The Dentsu Group has established a strong business foundation by assisting the operations and sales activities of Japan's media companies. This enables us to serve as an effective link between media companies and advertisers.

There is no assurance, however, that the Dentsu Group will be able to maintain the beneficial relationships with current and future clients and media companies. The Dentsu Group's financial results may be adversely affected if it is unable to meet the needs of these companies, its relationships with these companies are terminated or dissolved, accounts decline or the nature of these relationships changes.

In recent years, an increasing number of advertisers have sought to consolidate their media service activities with one advertising company to increase the efficiency of their advertising spending and to reduce costs. As a result, the profitability of advertising in the four traditional mass media is declining. If this trend persists, it could have a negative impact on the Dentsu Group's financial results.

4) Risk Related to Efforts to Reinforce Domestic Service Capabilities

a. Risk related to the development of systems and databases

The Dentsu Group is currently conducting R&D for a computer-based system to evaluate the effectiveness of its clients' advertising and marketing activities, and building a database as part of an effort to cultivate latent demand and increase its share of the domestic advertising market. However, it is unclear when these efforts will lead to the development and introduction of new services. It is possible that such new services will be deemed obsolete—the changing needs of advertisers—or too technologically difficult and, as a consequence, the Group's R&D activities may not produce the desired results.

b. Risk related to investments in the media and Internet advertising businesses

To reinforce its position in the media markets, the Dentsu Group has made investments in the four mass media, OOH media (billboard, transit and other out-of-home media) and satellite broadcasting media (BS and CS broadcasting), as well as in related research and business development programs. However, if demand for media advertising becomes stagnant or competition in the media advertising market intensifies, profits and business results might not be commensurate with investments in R&D and commercialization.

In the Internet advertising area, the Dentsu Group is active in making investments in alliance with a leading, dedicated agency and in several specialized companies and technologies to cope with diversified advertising methods and the spreading business types of advertisers, for cross-media campaign proposals (for the effective mixture of several media and ad expressions in combination with consumers' patterns of behaviors) and search-interlocked advertising (Internet advertising to display a keyword, for which the right is previously purchased by the advertiser, every time its search is hit via a search engine). However, if the Group's responsive actions are inappropriate to meet the rapid progress of relevant technologies and services in the Internet advertising domain, the intended business results might not be commensurate with the investments.

c. Risk related to e-solution development

As a part of its diversification program, the Dentsu Group endeavors to take steps to expand its e-solution businesses, such as customer relationship management (CRM), e-marketing, systems design and other services. However, if demand for these services falls short of expectations, or if the Dentsu Group is unable to respond appropriately to orders from clients or maintain competitiveness against other e-solutions providers, the intended business results might not be commensurate with the investments.

d. Risk related to the expansion of the promotion business

The importance of promotional activities has been rising for advertisers and the market is expanding. Taking advantage of this opportunity, the Dentsu Group has established several dedicated companies in promotion-related fields such as over-the-counter marketing, flyer production, direct business and client access in order to expand future promotion business. However, if demand for these services falls short of expectations, or if the Dentsu Group is unable to maintain competitiveness against other solutions providers, the Group's investments might not produce the business expansion as planned.

5) Risk Related to the Content Business

The Dentsu Group invests actively in the acquisition of rights to and in the production of films, television programs, sporting events and music, and generates profits from the production, distribution, sale and licensing, as well as from the sale of sponsorships, broadcasting rights and content-related advertising, of films and other content. However, planning may extend over several fiscal years and require a considerable financial commitment. In recent years, media that provide content have been diversifying. Moreover, the success of the Group's content business may depend on general public reaction which can be difficult to predict. Therefore, there can be no assurance that the Dentsu Group will realize the benefits expected or that the Group's financial results will not be negatively affected.

6) Risk Related to Global Businesses

a. Risk related to the expansion of overseas businesses

The Dentsu Group conducts its business outside Japan through its own network and by establishing activities in overseas markets through alliances with other companies. In the consolidated fiscal year under review, sales in markets outside Japan accounted for approximately 8.7% of the Dentsu Group's total net sales. The Group recognizes that building a global business portfolio is essential to its future growth and it is thus working to expand its business in overseas markets. Specifically, the localization of human resources and planning systems is promoted to increase earnings. However, the development of overseas markets may require considerable financial investment and the competition among advertising companies has intensified. Therefore, if these efforts for overseas businesses fail to advance or are unsuccessful, the Group's financial results might be adversely affected.

The BRICs and Asian countries where the advertising market has shown remarkable growth and in which the

Dentsu Group focuses on expanding operations through its original network remain underdeveloped in terms of the advertising business. If political and economic conditions, legal restrictions, business practices and other factors in these regions do not develop as predicted, the Group's financial results might be adversely affected.

b. Risk related to the capital and business alliance with Publicis Groupe

At present, the Company invests in Publicis Groupe and has a business alliance in the advertising services and other fields. However, the initially intended business results may not be commensurate with such capital and business tie-ups.

Also, because the Company is a minority shareholder in Publicis Groupe, with approximately 15% of voting rights, its ability to influence the management of Publicis Groupe is limited, and there may, as a result, be instances in which Publicis Groupe's business directions and strategies are not beneficial to the Dentsu Group. Moreover, if the price of shares in Publicis Groupe were to decline sharply, the Company would be required to write off the value of the investment.

7) Risk Related to Ensuring and Developing Human Resources

The growth potential and competitive edge of the Dentsu Group strongly depends on whether we can ensure and develop excellent human resources. The Group intends to ensure the necessary people via the stable employment of new graduates and recruiting midcareer staff with expertise and experience who possess adaptable skills. At the same time, the Group endeavors to develop its own staff by offering training opportunities according to the position and ability of each individual. However, it might become difficult to ensure good human resources or retain excellent people in the Group due to whatever reason. If such situation occurs, the Group's growth power and competiveness might be adversely affected.

8) Risk Related to Legal or Regulatory Changes

Advertising companies in Japan, including the Dentsu Group, are subject to a number of laws. These include laws to prevent delays in payments to subcontractors and protect personal information, as well as regulations applicable specifically to advertising companies. The Group does not anticipate that these laws and regulations will have any material impact on its business. However, the financial results of the Dentsu Group and other advertising companies could be adversely affected by (i) the strengthening of existing laws or regulations affecting the advertising activities of advertisers or the format or content of advertisements, (ii) the introduction of new such laws or regulations or (iii) the reinterpretation of such existing laws or regulations.

The Dentsu Group handles personal and other advertiser information in the course of doing business. the Company has received certification for its information security systems to international standards, and we do our utmost to manage the security of the information we handle. However, should an information leak or other incident occur the Dentsu Group's credibility could suffer substantially, and this situation could have a negative impact on the Dentsu Group's financial results.

9) Risk of Litigation

As of the end of the consolidated fiscal year under review, the Dentsu Group was not subject to any litigation that could have a significant impact on its financial results. However, the Dentsu Group may from time to time become involved in litigation brought against it directly or indirectly in association with the execution of businesses by the Group, including claims by clients, regulatory bodies, consumers or owners of intellectual property. Such claims may relate to the content or creative aspect of advertisement.

2. Status of the Corporate Group

Information disclosure is omitted as there has been no significant change in the descriptions of the "Schematic diagram (Business lines)" and the "Subsidiaries and affiliates" in the most recent Financial Reports (submitted on June 27, 2008).

3. Management Policy

(1) Basic Management Policies
The operating environment in which the Dentsu Group operates has become extremely severe. The growth rate of the domestic advertising market turned negative in fiscal 2008, the year ended March 31, 2009, for the first time in five years (down 4.7% year over year; according to the *2008 Advertising Expenditures in Japan* issued by the Company), mainly due to the economic slowdown resulting from the global financial crisis, weak personal consumption and a discreet corporate attitude toward advertising expenditures. Despite the decline in advertising expenditures for the four traditional mass media (down 7.6%), advertising expenditures on the Internet especially recorded a high growth rate. Meanwhile, marketing needs have become increasingly sophisticated to stimulate consumption, as well as business development overseas by clients.

To pursue sustainable growth ahead, it is essential for the Dentsu Group to accommodate itself to these social changes and shift to new growth models. To this end, "solutions," "digital" and "global" are the three keywords. In the advertising industry of the future, the provision of "true solutions" will become increasingly important, and the capabilities to plan and execute creative solutions through an in-depth understanding of client issues will be required. In particular, it will be essential in the planning process to supply cross-media services, in which digital, creative and content are combined, in addition to the four mass media. It is also essential for the continued growth of the Dentsu Group to offer quality solution proposals in global regions equivalent to those delivered in Japan. The Group aims to achieve further growth with its strategic commitment to the fulfillment of "solutions," "digital" and "global" by taking advantage of changes in the operating environment as business opportunities.

The Dentsu Group introduced in January 2009 a new Groupwide corporate philosophy of "Good Innovation." Taking into account drastic changes in the operating environment and extensions/changes in service domains, the new philosophy defines "Innovation" not only as technological innovation but also as "a broad range of reforms that bring about influential social changes by creating new values with social meaning from some new ideas." The slogan of "Good Innovation." therefore embodies our strong intent that the Group is an entity that will bring about a good future and happiness to the whole of society.

Additionally, as a communication company, the Group will act, always thinking how we might contribute to society, to be trusted and evaluated positively by all stakeholders. We will thus seek a sustainable corporation and to increase our corporate value, while at the same time fulfilling our responsibility as a corporate citizen.

(2) Targeted Management Indicators
The Dentsu Group adheres to the following priority indicators for management.

Growth potential	Net sales, gross profit, operating income
Profitability/Productivity	Gross profit margin Operating margin*
Capital efficiency	Return on equity (ROE) and return on assets (ROA)

*Operating margin = Operating income ÷ Gross profit

(3) Tasks to Be Addressed by the Company and Management Strategy
Given the extent of the global economic crisis, advertising expenditures in Japan were less than the previous year's level for the first time in five years, resulting in a significant impact on the domestic advertising industry. The media environment and distribution channels that attract consumers frequently fluctuate, including the popularized Internet services, extended broadband communications and the approaching commencement of ground digital broadcasting, together with the inevitable changes in people's consumption behavior. As for advertising media, ads on the Internet and satellite broadcasting, other than the four conventional media, have especially grown, causing a clear change in the composition ratio of advertisements by media. The advertising industry is expected to grasp the issues clients regard as important and deliver optimum solutions to meet increasingly sophisticated and complicated needs of clients in the domestic and overseas markets.

The Group's strength is found in consulting service of business management and issues to be addressed and the wide spectrum of professional services it offers, the high quality of these services and the comprehensive advertising communication capabilities that encompass everything from planning to implementation. We aim to be the provider of optimum solutions—trusted by clients everywhere—and we will achieve this goal by building a competitive solutions structure, reinforcing and expanding our presence in the digital domain, and extending our global reach. At the same time, we will cultivate new businesses with innovative ideas from within the Group.

In the current tough business environment, the Dentsu Group is determined to tackle new challenges as a true innovator under the Group philosophy of "Good Innovation." to help clients, media and content holders enhance their own innovations.

a. Solutions
To date, we have provided consulting service of business management and issues to be addressed, the four traditional mass media, the Internet, creative advertising expression, content and sales promotion, which have wide spectrum of professional services, to provide “true solutions,” and solutions based on integrated advertising and communication formats and services above. Now we emphasize solutions, especially marketing campaigns hinging on cross media (in which interactive media, creative and content are combined in addition to the four mass media in response to the target consumers’ behavior), demand for which is expected to rise.

During the fiscal year under review, we consolidated units boasting specialized solutions expertise within the Company to reinforce our responses to the high-level needs of our clients and reorganized relevant organizations with the aim of realizing integrated communication designs at the Group level (July 2008). In September 2008, we established OOH Media Solution, Inc., a dedicated outdoor billboard advertising sales company, jointly with five professional OOH-specialized corporations and Dentsu Creative Force Inc., of which the incorporation purpose is to improve the efficiency of production operations in the creative field within the Group.

In July 2008, we developed the “Spot & Search” cross-media-type advertising service, in which TV commercials and search results–interlocked banner ads are viewable in a unified manner, and the provision of this service to clients has started. In August 2008, we participated in a research consortium of the Media Lab at the Massachusetts Institute of Technology in the United States with the aim of establishing advanced solution services by nurturing a core technology via R&D of future-oriented communication technology. In addition, we conducted a field experiment (February and March 2009) to solidify the value of digital signage as an advertising media and promote its enhanced use and application as a medium.

We will further strengthen the diverse expertise within the Dentsu Group especially at the consolidated solution department and provide comprehensive communication designs to clients. Such expertise and integrated advertising communication capabilities are the strengths of the Group.

b. Digital
We are taking a multifaceted approach to business expansion in the realm of digital media, which hinges on the promising growth of the Internet media business. In November 2008, we established the Digital Business Strategy Committee chaired by the President. We also established the Digital Business Development Office as an internal organization to accelerate business growth in the digital domain. In accordance with a December 2007 capital and business alliance with OPT, Inc., its marketing system became fully operational during the year under review, thereby providing a competitive edge as an Internet marketing specialist. The Company acquired shares of Cyber Communications Inc., an Internet-based advertising media rep, via TOB (March 2009). The Company intends to make Cyber Communications a wholly owned subsidiary through a share exchange *(Kabushiki-kokan)*. With these measures, the Dentsu Group will further reinforce its marketing capability in the digital domain and technological development capability for ad technologies.

Meanwhile, our efforts in the digital domain were not limited to Japan but also extended overseas. To strengthen our activities in the digital domain in China, & c. Inc., an Internet ad joint venture with China’s Focus Media Holding Limited, started marketing activities (August 2008) and Clickstreamers India Pvt. Ltd., an Internet ad company established by the Company, became operational in India in May 2008. The digital media market is expanding, vertically and horizontally, as demand conditions evolve. The Dentsu Group addresses demand by creating comprehensive communication techniques that not only benefit clients but also contribute to the success of media services. These efforts will yield growth in the digital domain.

c. Global
The Dentsu Group seeks to be chosen as the solution group by clients not only in Japan but also overseas to propose and execute optimum advertising solutions. To this end, the Group endeavors to streamline and strengthen its marketing systems and expand businesses overseas.

In Europe and the Americas, McGarry Bowen, LLC, an independent U.S. ad company, was included as a member of the Dentsu Group (November 2008) through its acquisition by a subsidiary, Dentsu Holdings USA, Inc. In markets demonstrating outstanding economic growth, notably Brazil, Russia, India and China (“the BRICs”), we established an ad agency, Dentsu- Smart LLC, in Russia to broaden the range of our services in December 2008.

d. Cultivating new businesses
The Dentsu Group has long functioned as a network of crossroads connecting consumers, clients and media. Our development into a leading advertising communications group has been fueled by the ongoing pursuit of new technologies and business models. To ensure sustainable growth, we must identify new fields of pursuit, cultivate those with potential and then extend their borders. We therefore established the Business Incubation Office, a corporate framework with an incubation feature that elicits support from employees who are keen on new business

prospects and underpins technical progression and business development in the digital media domain (July 2008) to create new businesses.

e. Reallocating business resources to key areas

To address media diversification and the high-level needs of clients and thereby achieve corporate growth, we have applied a Groupwide perspective to personnel recruitment and development.

We will shift personnel into growth domains and priority business segments. We will also encourage members of the Group to look within the Group to effectively deploy personnel. We will aggressively invest in growth domains and direct management resources into priority segments to lead to enhanced client services and new profit sources.

In addition, we will conduct cost-cuts on operating expenses, etc., as we work to streamline back-office sections.

f. Corporate social responsibility measures

For the Dentsu Group as a responsible corporate citizen, CSR transcends legal compliance, environmental protection, social contribution, workplace safety and hygiene, and the protection of human rights to include community issues that impact all stakeholders. We believe that fulfilling this CSR will allow us to foster a solid reputation for corporate reliability and underpin sustainable development of the Group businesses.

As for social contribution programs, the Group continues to support PR communications for the UNESCO World Terakoya Movement, seminars to improve public relations skills at NPOs, the Helping China Develop Advertising Expertise to develop advertising professionals in China and the Advertising Elementary School to promote the ABCs of media literacy through classes in which children can create their own advertisements.

The Company focuses on addressing global environmental issues as a priority task. The Company's success is substantiated by the certification acquired from the Ministry of the Environment in November 2008 for its various initiatives carried out mainly by the Environment Strategy Committee (Chairman: President, established in July 2008)—the first such certification in the advertising industry. In April 2008, the CO_2 Emission Reduction Plan for the Company's head office building was given the highest possible rating of AA+ under the Tokyo Metropolitan Government's "Tokyo CO_2 Emission Reduction Program." To further the Group's overall responses to environmental issues, the Company prepared the "Green Event Guide" (August 2008) to actively propose environment-oriented events. Thus, the Environment Strategy Committee actively seeks to reduce the Group's impact on the environment and proposes solutions deliberated from an environment-first viewpoint in its routine business activities.

In addition, the Group has been active in diverse activities with respect to human rights and productive work/life balance for employees.

In April 2009, the Company established the CSR Committee, which has integrated various CSR functions such as corporate ethics of conduct, information security and social contribution programs, to reinforce CSR activities within the Group.

As described above, the Dentsu Group endeavors to maximize its corporate value as a CSR-conscious corporate group by conducting and participating in a variety of relevant activities.

4. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Millions of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2008)	Current Consolidated Fiscal Year (As of March 31, 2009)
Assets		
Current assets		
Cash and deposits	*4 71,578	*4 58,417
Notes and accounts receivable—trade	502,791	427,696
Short-term investment securities	321	*2 1,179
Inventories	22,768	*7 14,464
Advance payments—trade	24,590	27,599
Short-term loans receivable	1,178	1,840
Deferred tax assets	13,146	10,481
Other	9,498	7,984
Allowance for doubtful accounts	(4,871)	(3,345)
Total current assets	641,002	546,317
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	88,141	83,691
Land	*3 158,868	*3 160,803
Other, net	*4 6,027	*4 8,144
Total property, plant and equipment	*1 253,038	*1 252,639
Intangible assets		
Software	22,582	21,327
Goodwill	17,477	20,658
Other	1,723	5,033
Total intangible assets	41,783	47,019
Investments and other assets		
Investment securities	*2、*4 249,684	*2、*4、*8 174,464
Long-term loans receivable	1,025	515
Deferred tax assets	29,367	35,466
Other	*2、*4 37,382	*2、*4 37,234
Allowance for doubtful accounts	(1,093)	(1,112)
Allowance for investment loss	(278)	—
Total investments and other assets	316,087	246,567
Total non-current assets	610,909	546,226
Total assets	1,251,912	1,092,543

(Millions of yen)

	Previous Consolidated Fiscal Year (As of March 31, 2008)	Current Consolidated Fiscal Year (As of March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable—trade	*4 430,709	*4 367,422
Short-term loans payable	10,289	3,625
Current portion of long-term loans payable	*4 5,134	*4 5,118
Lease obligations	—	1,870
Accrued expenses	30,467	21,592
Income taxes payable	13,271	5,602
Deferred tax liabilities	7	2
Provision for sales returns	1,314	129
Provision for directors’ bonuses	585	202
Reserve for loss on reorganization	527	276
Other	35,195	44,232
Total current liabilities	527,504	450,075
Noncurrent liabilities		
Long-term loans payable	*4 81,324	*4 116,195
Lease obligations	—	2,286
Deferred tax liabilities	571	376
Deferred tax liabilities for land revaluation	*3 10,298	*3 10,293
Provision for retirement benefits	30,544	29,775
Provision for directors’ retirement benefits	1,015	898
Reserve for loss on reorganization	371	247
Other	9,421	9,246
Total noncurrent liabilities	133,547	169,318
Total liabilities	661,051	619,394
Net assets		
Shareholders’ equity		
Capital stock	58,967	58,967
Capital surplus	61,586	61,583
Retained earnings	460,444	429,615
Treasury stock	(6,754)	(67,367)
Total shareholders’ equity	574,243	482,798
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,339	(2,440)
Deferred gains or losses on hedges	(559)	126
Revaluation reserve for land	*3 (7,179)	*3 (7,187)
Foreign currency translation adjustment	(3,550)	(20,730)
Total valuation and translation adjustments	(6,950)	(30,230)
Subscription rights to shares	0	0
Minority interests	23,567	20,581
Total net assets	590,861	473,149
Total liabilities and net assets	1,251,912	1,092,543

(2) Consolidated Statements of Income

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2007, to March 31, 2008)	Current Consolidated Fiscal Year (From April 1, 2008, to March 31, 2009)
Net sales	2,057,554	1,887,170
Cost of sales	1,712,332	1,572,696
Gross profit	345,222	314,474
Selling, general and administrative expenses		
Salaries and allowances	141,274	135,566
Provision for directors' bonuses	597	209
Provision for retirement benefits	7,128	9,453
Provision for directors' retirement benefits	364	266
Welfare expenses	17,036	17,420
Depreciation	13,906	14,583
Amortization of goodwill	2,054	1,885
Provision of allowance for doubtful accounts	1,620	—
Other	105,112	91,904
Total selling, general and administrative expenses	*1 289,095	*1 271,290
Operating income	56,126	43,184
Non-operating income		
Interest income	1,533	1,294
Dividends income	1,848	1,701
Foreign exchange gains	—	598
Equity in earnings of affiliates	8,499	8,970
Other	3,175	2,028
Total non-operating income	15,057	14,592
Non-operating expenses		
Interest expenses	2,538	2,466
Foreign exchange losses	81	—
Loss on investments in partnership	—	875
Provision of allowance for doubtful accounts	136	89
Other	434	982
Total non-operating expenses	3,190	4,413
Ordinary income	67,993	53,363
Extraordinary income		
Gain on sales of noncurrent assets	*2 37	*2 81
Gain on sales of investment securities	1,903	864
Gain on contribution of securities to retirement benefit trust	7,387	—
Reversal of allowance for doubtful accounts	—	248
Reversal of restructuring loss	—	201
Other	*3 626	*3 379
Total extraordinary income	9,953	1,774

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2007, to March 31, 2008)	Current Consolidated Fiscal Year (From April 1, 2008, to March 31, 2009)
Extraordinary loss		
Loss on sales of noncurrent assets	*4 11	*4 18
Loss on retirement of noncurrent assets	*5 539	*5 264
Impairment loss	*6 72	*6 1,405
Loss on valuation of investment securities	—	51,116
Provision of allowance for investment loss	22	—
Loss on valuation of inventories	7,109	—
Provision for loss on restructuring	1,006	—
Amortization of goodwill	*7 2,183	—
Other	*8 3,391	*8 7,305
Total extraordinary loss	14,336	60,110
Income (loss) before income taxes and minority interests	63,610	(4,972)
Income taxes—current	25,140	14,489
Income taxes—deferred	496	177
Total income taxes	25,637	14,667
Minority interests in income	1,726	812
Net income (loss)	36,246	(20,453)

(3) Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2007, to March 31, 2008)	Current Consolidated Fiscal Year (From April 1, 2008, to March 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	58,967	58,967
Balance at the end of current period	58,967	58,967
Capital surplus		
Balance at the end of previous period	61,474	61,586
Changes of items during the period		
Disposal of treasury stock	111	(2)
Total changes of items during the period	111	(2)
Balance at the end of current period	61,586	61,583
Retained earnings		
Balance at the end of previous period	433,383	460,444
Effect of changes in accounting policies applied to foreign subsidiaries	—	(728)
Changes of items during the period		
Dividends from surplus	(8,920)	(9,769)
Net income (loss)	36,246	(20,453)
Reversal of revaluation reserve for land	—	7
Increase due to addition of consolidated subsidiaries	145	—
Change of scope of equity method	*4(410)	*4114
Total changes of items during the period	27,061	(30,100)
Balance at the end of current period	460,444	429,615
Treasury stock		
Balance at the end of previous period	(7,130)	(6,754)
Changes of items during the period		
Purchase of treasury stock	(17)	(60,650)
Disposal of treasury stock	393	37
Total changes of items during the period	376	(60,612)
Balance at the end of current period	(6,754)	(67,367)
Total shareholders' equity		
Balance at the end of previous period	546,694	574,243
Effect of changes in accounting policies applied to foreign subsidiaries	—	(728)
Changes of items during the period		
Dividends from surplus	(8,920)	(9,769)
Net income (loss)	36,246	(20,453)
Reversal of revaluation reserve for land	—	7
Purchase of treasury stock	(17)	(60,650)
Disposal of treasury stock	505	34
Increase due to addition of consolidated subsidiaries	145	—
Change of scope of equity method	*4(410)	*4114
Total changes of items during the period	27,549	(90,715)
Balance at the end of current period	574,243	482,798

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2007, to March 31, 2008)	Current Consolidated Fiscal Year (From April 1, 2008, to March 31, 2009)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	15,336	4,339
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,997)	(6,779)
Total changes of items during the period	(10,997)	(6,779)
Balance at the end of current period	4,339	(2,440)
Deferred gains or losses on hedges		
Balance at the end of previous period	818	(559)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,377)	686
Total changes of items during the period	(1,377)	686
Balance at the end of current period	(559)	126
Revaluation reserve for land		
Balance at the end of previous period	(7,179)	(7,179)
Changes of items during the period		
Net changes of items other than shareholders' equity	—	(7)
Total changes of items during the period	—	(7)
Balance at the end of current period	(7,179)	(7,187)
Foreign currency translation adjustment		
Balance at the end of previous period	(909)	(3,550)
Changes of items during the period		
Net changes of items other than shareholders' equity	(2,641)	(17,180)
Total changes of items during the period	(2,641)	(17,180)
Balance at the end of current period	(3,550)	(20,730)
Total valuation and translation adjustments		
Balance at the end of previous period	8,065	(6,950)
Changes of items during the period		
Net changes of items other than shareholders' equity	(15,015)	(23,280)
Total changes of items during the period	(15,015)	(23,280)
Balance at the end of current period	(6,950)	(30,230)
Subscription rights to shares		
Balance at the end of previous period	0	0
Changes of items during the period		
Net changes of items other than shareholders' equity	—	(0)
Total changes of items during the period	—	(0)
Balance at the end of current period	0	0
Minority interests		
Balance at the end of previous period	22,285	23,567
Changes of items during the period		
Net changes of items other than shareholders' equity	1,281	(2,986)
Total changes of items during the period	1,281	(2,986)
Balance at the end of current period	23,567	20,581

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2007, to March 31, 2008)	Current Consolidated Fiscal Year (From April 1, 2008, to March 31, 2009)
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	63,610	(4,972)
Depreciation and amortization	16,000	18,001
Impairment loss	72	1,405
Amortization of goodwill	4,238	3,454
Increase (decrease) in allowance for doubtful accounts	783	(688)
Increase (decrease) in provision for retirement benefits	(7,106)	(762)
Interest and dividends income	(3,382)	(2,995)
Interest expenses	2,538	2,466
Foreign exchange losses (gains)	(294)	(35)
Equity in (earnings) losses of affiliates	(8,499)	(8,970)
Loss (gain) on valuation of investment securities	—	51,116
Decrease (increase) in notes and accounts receivable—trade	12,423	63,992
Decrease (increase) in inventories	3,873	7,190
Decrease (increase) in other current assets	(2,375)	(3,562)
Increase (decrease) in notes and accounts payable—trade	5,836	(51,902)
Increase (decrease) in other current liabilities	(6,917)	(11,740)
Other, net	(419)	(1,877)
Subtotal	80,382	60,119
Interest and dividends income received	8,401	6,783
Interest expenses paid	(2,562)	(2,520)
Income taxes paid	(30,213)	(22,022)
Net cash provided by (used in) operating activities	56,007	42,359
Net cash provided by (used in) investment activities		
Payments into time deposits	(1,055)	—
Proceeds from withdrawal of time deposits	3,652	—
Purchase of short-term investment securities	(1,101)	(997)
Proceeds from sales of short-term investment securities	3,128	1,200
Purchase of property, plant and equipment	(4,604)	(4,974)
Proceeds from sales of property, plant and equipment	74	193
Purchase of investment securities	(22,769)	(4,248)
Proceeds from sales of investment securities	14,858	9,662
Purchase of software	(7,511)	(7,588)
Payments of loans receivable	(2,197)	(4,116)
Collection of loans receivable	1,584	3,826
Payments for the purchases of consolidated subsidiaries' stock	(689)	(10,090)
Payments for the investments in consolidated subsidiaries' equity	(0)	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,409)	—
Purchase of investments in subsidiaries' equity resulting in change in scope of consolidation	—	(5,707)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	629

(Millions of yen)

	Previous Consolidated Fiscal Year (From April 1, 2007, to March 31, 2008)	Current Consolidated Fiscal Year (From April 1, 2008, to March 31, 2009)
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(8)	(132)
Other, net	(19)	80
Net cash provided by (used in) investment activities	(18,069)	(22,263)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(3,846)	(5,116)
Increase (decrease) in commercial papers	—	15,000
Proceeds from long-term loans payable	26	40,000
Repayment of long-term loans payable	(17,861)	(5,136)
Repayment of lease obligations	—	(2,213)
Proceeds from stock issuance to minority shareholders	140	710
Purchase of treasury stock	(17)	(60,650)
Proceeds from sales of treasury stock	532	—
Cash dividends paid	(8,920)	(9,769)
Cash dividends paid to minority shareholders	(626)	(601)
Other, net	(127)	28
Net cash provided by (used in) financing activities	(30,701)	(27,748)
Effect of exchange rate change on cash and cash equivalents	168	(5,519)
Net increase (decrease) in cash and cash equivalents	7,405	(13,172)
Cash and cash equivalents at beginning of period	62,015	70,252
Increase in cash and cash equivalents resulting from merger	—	190
Increase in cash and cash equivalents from newly consolidated subsidiary	832	—
Cash and cash equivalents at end of period	*1 70,252	*1 57,271

(5) Going Concern Assumption
None applicable

(6) Important Matters as a Basis for Preparation of the Consolidated Financial Statements

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
1. Scope of consolidation (1) Consolidated subsidiaries The Company has 129 consolidated subsidiaries including Dentsu East Japan Inc. Dentsu Direct Force Inc., and four other companies, five in total, which were established during the current fiscal year; Attik Ltd., and two other companies, three in total, the shares of which the Company acquired during the current fiscal year; and Yokohama Super Factory Co., Ltd., and four other companies, five in total, because of improved significance, were included in the scope of consolidation in the current consolidated fiscal year. The Company sold shares in Wasabi Digital and Visual S.r.l. and excluded it from the scope of consolidation. However, the consolidated statements of income and the consolidated statements of cash flows of said company until the time of the sale of its shares are included in the Company’s consolidated financial statements. Due to mergers within the scope of consolidation, Ad Dents Inc. (Nagoya) and two other companies, three in total, no longer exist. (2) Non-consolidated subsidiaries Major non-consolidated subsidiaries Dentsu Creative Impact Pvt. Ltd. ISID Fairness, Ltd. Reason for exclusion from the scope of consolidation: Dentsu Creative Impact Pvt. Ltd. and ISID Fairness, Ltd., were excluded from the scope of consolidation because their respective total assets, total net sales, net income/loss and retained earnings corresponding to the equity held by the Company have no significant impact on these account items in the consolidated financial statements in view of consolidated total assets, consolidated net sales, consolidated net income/loss and consolidated retained earnings for the year under review.	1. Scope of consolidation (1) Consolidated subsidiaries The Company has 126 consolidated subsidiaries including Dentsu East Japan Inc. Nakahata Inc., and five other companies, six in total, which were established during the current fiscal year, and McGarry Bowen, LLC, in which the Company acquired equity during the current consolidated fiscal year, were included in the scope of consolidation from the current consolidated fiscal year. Geneon Entertainment Inc., and three other companies, four in total, in which the Company sold all or part of their shares, and Dentsu Business Development Europe S.A., and three other companies, four in total, due to the completion of liquidation, were excluded from the scope of consolidation of Dentsu Inc. The consolidated statements of income and the consolidated statements of cash flows of these companies until the time of the completion of sale and liquidation were included in the Company’s consolidated financial statements. Due to mergers within the scope of consolidation, Dentsu Communication Institute Inc., and another one, two in total, no longer exist. (2) Non-consolidated subsidiaries Major non-consolidated subsidiaries Dentsu Creative Impact Pvt. Ltd. ISID Fairness, Ltd. Reason for exclusion from the scope of consolidation: Dentsu Creative Impact Pvt. Ltd. and ISID Fairness, Ltd., were excluded from the scope of consolidation because their respective total assets, total net sales, net income/loss and retained earnings corresponding to the equity held by the Company have no significant impact on these account items in the consolidated financial statements in view of consolidated total assets, consolidated net sales, consolidated net income/loss and consolidated retained earnings for the year under review.

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
2. Matters related to application of the equity method (1) Companies accounted for by the equity method: Video Research Ltd. and 30 other domestic affiliated companies, 31 in total, are accounted for by the equity method. Blogwatcher Inc., which was established during the current consolidated fiscal year; Opt, Inc., which became an affiliated company by acquiring additional shares during the current consolidated fiscal year; and K.K. 24-7 Search and five other companies, six in total, due to their increased importance, were newly accounted for by the equity method in the current consolidated fiscal year. The Company sold all or part of its shares in World Sport Group Holdings Ltd. and two other companies, three in total, during the current consolidated fiscal year, and they are no longer affiliated companies, thereby excluding them from the group of companies accounted for by the equity method. The Company's subsidiary X-line Hypermedia Ltd. has been included in the scope of consolidation from the current consolidated fiscal year, thereby excluding it from the group of companies accounted for by the equity method. (2) Non-consolidated subsidiaries that are not accounted for by the equity method Major non-consolidated subsidiaries Dentsu Creative Impact Pvt. Ltd. ISID Fairness, Ltd. Major affiliated companies Sogo Vision Inc. Shiodome Urban Energy Corp. Telepack Co., Ltd. Reason for not applying the equity method The equity method is not applied because their impact on consolidated net income/loss and consolidated retained earnings is immaterial, and they are not important in other terms as well.	2. Matters related to application of the equity method (1) Companies accounted for by the equity method: Video Research Ltd. and 28 other domestic affiliated companies, 29 in total, are accounted for by the equity method. Brightcove, Inc., in which the Company acquired shares, and JP MEDIA DIRECT Co., Ltd., and another one, two in total, due to their increased importance, were newly accounted for by the equity method in the current consolidated fiscal year. When the Company sold part of its shares in Geneon Entertainment Inc., which was previously a subsidiary, Geneon Entertainment Inc. became an affiliated company of the Company, and was therefore newly accounted for by the equity method in the current consolidated fiscal year. However, Geneon Entertainment Inc. and another one, two in total, having become no longer affiliated companies through mergers, and Ubiquitous Core Inc. and two other companies, three in total, of which liquidation was completed in the current consolidated fiscal year, were excluded from the group of companies accounted for by the equity method in the current consolidated fiscal year. K.K. 24-7 Search became defunct due to a merger with a consolidated subsidiary. (2) Non-consolidated subsidiaries that are not accounted for by the equity method Major non-consolidated subsidiaries Dentsu Creative Impact Pvt. Ltd. ISID Fairness, Ltd. Major affiliated companies Sogo Vision Inc. Shiodome Urban Energy Corp. Telepack Co., Ltd. Reason for not applying the equity method The equity method is not applied because their impact on consolidated net income/loss and consolidated retained earnings is immaterial, and they are not important in other terms as well.

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
3. Matters related to fiscal years of consolidated subsidiaries Of the Company's consolidated subsidiaries, the closing date of Dentsu Young & Rubicam Inc. and 63 other companies, 64 in total, is either December 31 or February 29. To prepare for the consolidated financial statements, the financial statements as of said date are used except for ISI-Dentsu Shanghai Co., Ltd. With regard to important transactions that occurred between each company's closing date and the consolidated closing date, necessary adjustments were made for consolidation. The closing date of ISI-Dentsu Shanghai Co., Ltd., is December 31. As of the consolidated closing date, the financial statements were prepared by the tentative accounting settlement similar to the full-year settlement.	3. Matters related to fiscal years of consolidated subsidiaries Of the Company's consolidated subsidiaries, the closing date of Dentsu Young & Rubicam Inc. and 58 other companies, 59 in total, is either December 31 or February 28. To prepare for the consolidated financial statements, the financial statements as of said date are used except for ISI-Dentsu Shanghai Co., Ltd. With regard to important transactions that occurred between each company's closing date and the consolidated closing date, necessary adjustments were made for consolidation. The closing date of ISI-Dentsu Shanghai Co., Ltd., is December 31. As of the consolidated closing date, the financial statements were prepared by the tentative accounting settlement similar to the full-year settlement. Due to the change of the closing date of ESTECH Corporation, a subsidiary of the Company, the business results of ESTECH Corporation for 15 months (from January 1, 2008, to March 31, 2009) were included in the consolidated financial statements for the consolidated fiscal year under review.
4. Matters related to Accounting Policies (1) Valuation Basis and Method for Important Assets i. Securities: a. Held-to-maturity debt securities: Carried at amortized cost (the interest method) b. Other securities: Available-for-sale securities with market values: Stated at the market value as of the balance sheet date, based on quoted market prices, etc. (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined mainly by the moving-average method.) Available-for-sale securities without market values: Stated mainly at cost determined by the moving-average method c. Subsidiaries' and affiliates' stocks Stated at cost determined by the moving-average method (except for those to which the equity method is applied) ii. Derivative instruments Stated at the market value	4. Matters related to Accounting Policies (1) Valuation Basis and Method for Important Assets i. Securities: a. Held-to-maturity debt securities: Same as the left b. Other securities: Available-for-sale securities with market values: Same as the left Available-for-sale securities without market values: Same as the left c. Subsidiaries' and affiliates' stocks Same as the left ii. Derivative instruments Same as the left

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
iii. Inventories a. Works, work in process and supplies Stated at cost determined by the specific identification method, in principle b. Merchandise Stated at cost by the gross average method, in principle	iii. Inventories Inventories held for the purpose of ordinary sales a. Works, work in process and supplies Stated at cost determined by the specific identification method, in principle (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.) b. Merchandise Stated at cost by the gross average method, in principle (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.) (Change in Accounting Policies) We have adopted the Accounting Standard for the Measurement of Inventories (ASBJ Statement No. 9 (July 5, 2006)) from the consolidated fiscal year under review. The impact of this change on profit/loss and segment information for the consolidated fiscal year under review was immaterial.
(2) Depreciation method for important depreciable assets i. Property, plant and equipment At the domestic companies of the Dentsu Group, depreciation of property, plant and equipment is calculated principally by the declining-balance method at fixed rates. However, the straight-line method is adopted for buildings (excluding building improvements) acquired on or after April 1, 1998. Depreciation for foreign subsidiaries is calculated by the straight-line method. The approximate useful life of assets is as follows. Buildings and structures: 3–65 years Tools/furniture: 2–20 years (Changes in Accounting Procedures) At the domestic companies of the Dentsu Group, pursuant to the revisions to the Corporate Tax Law (the Partial Revision to the Corporate Tax Law, the 6th Law enacted on March 30, 2007, and the Ordinance for Partial Revision to the Cabinet Order Related to the Corporate Tax Law, the 83rd Ordinance on March 30, 2007), we changed the method of depreciation of property, plant and equipment from the consolidated fiscal year under review and now use a method based on the revised Corporate Tax Law with regard to those assets acquired on and after April 1, 2007. The impact on the consolidated financial statements and the segment information is immaterial.	(2) Depreciation method for important depreciable assets i. Property, plant and equipment At the domestic companies of the Dentsu Group, depreciation of property, plant and equipment is calculated principally by the declining-balance method at fixed rates. However, the straight-line method is adopted for buildings (excluding building improvements) acquired on or after April 1, 1998. Depreciation of property and equipment of consolidated foreign subsidiaries is calculated by the straight-line method. The approximate useful life of assets is as follows. Buildings and structures: 3–65 years Tools/furniture: 2–20 years Finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are depreciated by the straight-line method, assuming the lease period as the useful life and no residual value.

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
(Additional information) At domestic companies of the Group (except for those with a settlement date of December 31 or February 29), from the current consolidated fiscal year, property, plant and equipment acquired on and before March 31, 2007, are equally depreciated for five years beginning with the following year from the completion of depreciation up to the depreciable limit. The impact of the change on the consolidated financial statements and the segment information is immaterial. ii. Intangible assets The amortization of intangible assets is computed by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years). Software for market sale is amortized by the straight-line method over the estimated sales revenue (volume) and effective period (within 3 years). (3) Accounting Standards for Important Reserves a. Allowance for doubtful accounts To prepare for losses from bad debts, the domestic companies of the Dentsu Group provide an allowance for doubtful accounts at an amount of possible losses from uncollectible trade receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables. Overseas consolidated subsidiaries provide estimated amounts on the estimated recoverability for specific doubtful receivables.	ii. Intangible assets The amortization of intangible assets is computed by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years). Software for market sale is amortized by the straight-line method over the estimated sales revenue (volume) and effective period (within 3 years). Finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are depreciated, assuming the lease period as the useful life and no residual value. (3) Accounting Standards for Important Reserves a. Allowance for doubtful accounts Same as the left

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
b. Allowance for investment loss To prepare for possible losses that may be incurred related to available-for-sale securities without market values, estimated amounts that are deemed necessary are provided.	—
c. Provision for sales returns To prepare for possible losses due to sales returns, estimated amounts of loss based on the actual rate of past returned goods unsold are provided.	c. Provision for sales returns Same as the left
d. Provision for directors' bonuses Provision for directors' bonuses is provided at an estimated amount to accrue for the consolidated fiscal year under review.	d. Provision for directors' bonuses Same as the left
e. Provision for loss on reorganization To prepare for possible losses that may be incurred related to reorganization part of our businesses, the estimated amount for relevant losses is provided.	e. Reserve for loss on reorganization Same as the left
f. Provision for retirement benefits The provision for employees' retirement benefits is provided at an amount recognized to have accrued as of the consolidated balance-sheet date based on the projected retirement benefit obligation and fair value of pension plan assets at the end of the consolidated fiscal year under review. Prior service liabilities are amortized by the straight-line method over the average remaining service years (15–18 years) for employees at the time of recognition from the following year of recognition. The actuarial gain or loss is amortized by the straight-line method over the average remaining service years (9.8–18 years) for employees at the time of recognition from the following consolidated fiscal year of recognition during each consolidated fiscal year.	f. Provision for retirement benefits The provision for employees' retirement benefits is provided at an amount recognized to have accrued as of the consolidated balance-sheet date based on the projected retirement benefit obligation and fair value of pension plan assets at the end of the consolidated fiscal year under review. Prior service liabilities are amortized by the straight-line method over the average remaining service years (principally 17 years) for employees at the time of recognition from the following year of recognition. The actuarial gain or loss is amortized by the straight-line method over the average remaining service years (principally 17 years) for employees at the time of recognition from the following consolidated fiscal year of recognition during each consolidated fiscal year.
g. Provision for directors' retirement benefits The provision for directors' retirement benefits is and of provided at an estimated amount to accrue for the fiscal year under review based on the internal rules. (Additional information) Dentsu Inc., a company submitting the consolidated financial statements, determined to abolish the retirement compensation system for directors and auditors. At the Ordinary General Meeting of Shareholders held on June 28, 2007, the proposal to abolish retirement benefits for directors and auditors was approved. Accordingly, the provision for directors' retirement benefits was reversed at the full amount with the unpaid portion until the abolishment included and presented in "Other" under "Noncurrent liabilities."	g. Provision for directors' retirement benefits The provision for directors' retirement benefits is provided at an estimated amount to accrue for the fiscal year under review based on the internal rules.
(4) Accounting standard for important lease transactions Finance leases other than those that are deemed to transfer the ownership of the lease properties to lessees are accounted for by a method similar to the procedures used for ordinary operating leases.	—

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
(5) Important Hedge Accounting The Company and some of its consolidated subsidiaries adopt hedge accounting. The hedge accounting methods and related matters are as follows. a. Hedge accounting methods Deferred hedge accounting is adopted principally. For interest rate swaps, the preferential treatment is applied to the swaps that satisfy the requirements of such preferential treatment. b. Hedge instruments and hedged subjects 1) a. Hedge instruments Forward foreign exchange contracts b. Hedged subjects Foreign currency denominated receivables and payables and future transactions denominated in a foreign currency 2) a. Hedge instruments Interest rate swaps b. Hedged subjects Interest on loans payable c. Hedging policy The Company uses forward foreign exchange contracts and interest rate swaps, limited to the range of actual demand, for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates and interest rate fluctuation risks related to loans payable. The Company has a policy that it is prohibited to use hedge instruments for the purpose of speculating to seek sale/purchase gains. d. Evaluation method for hedge effectiveness The evaluation of hedge effectiveness is omitted because important conditions for hedge instruments and hedged subjects are identical, and it can be assumed that cash flow fluctuation risks are avoided throughout the hedge period. For future transactions denominated in a foreign currency, some consolidated subsidiaries evaluate hedge effectiveness by comprehensively taking into account past transactions and the feasibility of future transactions and assessing the appropriateness of hedged subjects. The evaluation of hedge effectiveness is omitted with regard to interest rate swaps for which the preferential treatment is applied.	(5) Important Hedge Accounting The Company and some of its consolidated subsidiaries adopt hedge accounting. The hedge accounting methods and related matters are as follows. a. Hedge accounting methods Same as the left b. Hedge instruments and hedged subjects Same as the left c. Hedging policy Same as the left d. Evaluation method for hedge effectiveness Same as the left
(6) Method of Accounting Processing of Consumption Tax Transactions subject to the consumption tax and any local consumption tax are recorded at amounts exclusive of the consumption taxes.	(6) Method of Accounting Processing of Consumption Tax Same as the left
5. Matters Related to the Valuation of Assets and Liabilities of Consolidated Subsidiaries The valuation of assets and liabilities of consolidated subsidiaries is processed according to the fair market value method.	5. Matters Related to the Valuation of Assets and Liabilities of Consolidated Subsidiaries Same as the left

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
6. Matters Related to the Amortization of Goodwill Goodwill is equally amortized over 3–20 years. An insignificant amount of difference is included in profit/loss when such difference occurs.	6. Matters Related to the Amortization of Goodwill Same as the left
7. Cash and cash equivalents in the consolidated statements of cash flows Cash and cash equivalents consist of cash on hand, cash in banks that can be withdrawn at any time and short-term investments with a maturity of three months or less when purchased that can be easily converted to cash and are subject to little risk of change in value.	7. Cash and cash equivalents in the consolidated statements of cash flows Same as the left

(7) Changes in Important Matters as a Basis for Preparation of the Consolidated Financial Statements
Changes in Accounting Procedures

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
	1. Adoption of the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements Adopting the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No. 18 issued by the ASBJ on May 17, 2006) from the fiscal year under review, we have made necessary adjustments to the consolidated financial statements. The impact of this change on the financial statements and the segment information for the consolidated fiscal year under review was immaterial. 2. Accounting standard for lease transactions Finance leases other than those that are deemed to transfer the ownership of the lease properties to lessees had been accounted for by a method similar to the procedures used for ordinary operating leases. However, for the consolidated fiscal year under review, the Company applied the Accounting Standard for Lease Transactions (ASBJ Statement No. 13 (June 17, 1993 (Business Accounting Council, First Subcommittee), revised March 30, 2007)) and the Implementation Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 (January 18, 1994 (Japanese Institute of Certified Public Accountants, Accounting System Committee), revised March 30, 2007)). The impact of this change on the financial statements and the segment information for the consolidated fiscal year under review was immaterial.

Change of presentation methods

<table>
<tr><th>Previous consolidated fiscal year
From April 1, 2007, to March 31, 2008</th><th>Current consolidated fiscal year
From April 1, 2008, to March 31, 2009</th></tr>
<tr><td>(Consolidated Statements of Income)
1. Rent income that had been separately presented for the previous consolidated fiscal year has become less than 10/100 of the aggregate non-operating income and is therefore included in “Other” of “Non-operating income” for the current consolidated fiscal year. Rent income that is included in “Other” of “Non-operating income” for the current consolidated fiscal year was ¥415 million.
2. The gain on sales of subsidiaries and affiliates’ stocks that had been separately presented for the previous consolidated fiscal year has become less than 10/100 of the aggregate extraordinary income and is therefore included in the gain on sales of investment securities for the current consolidated fiscal year. The gain on sales of subsidiaries and affiliates’ stocks that is included in the gain on sales of investment securities for the current consolidated fiscal year was ¥527 million.
3. The loss on sales of investment securities that had been separately presented for the previous consolidated fiscal year has become less than 10/100 of the aggregate extraordinary loss and is therefore included in “Other” of “Extraordinary loss” for the current consolidated fiscal year. The loss on sales of investment securities in “Other” of “Extraordinary loss” for the current consolidated fiscal year was ¥169 million.
4. The loss on valuation of investment securities that had been separately presented for the previous consolidated fiscal year has become less than 10/100 of the aggregate extraordinary loss and is therefore included in “Other” of “Extraordinary loss” for the current consolidated fiscal year. The loss on valuation of investment securities in “Other” of “Extraordinary loss” for the current consolidated fiscal year was ¥813 million.
5. The loss on valuation of stocks of subsidiaries and affiliates that had been separately presented for the previous consolidated fiscal year has become less than 10/100 of the aggregate extraordinary loss and is therefore included in “Other” of “Extraordinary loss” for the current consolidated fiscal year. The loss on valuation of stocks of subsidiaries and affiliates in “Other” of “Extraordinary loss” for the current consolidated fiscal year was ¥53 million.
6. Special retirement expenses that had been separately presented for the previous consolidated fiscal year have become less than 10/100 of the aggregate extraordinary loss and are therefore included in “Other” of “Extraordinary loss” for the current consolidated fiscal year. Special retirement expenses in “Other” of “Extraordinary loss” for the current consolidated fiscal year were ¥261 million.</td><td>(Consolidated Statements of Income)
1. The loss on valuation of investment securities of ¥866 million (including a ¥53 million loss on valuation of stocks of subsidiaries and affiliates) for the previous consolidated fiscal year had been included in “Other” of “Extraordinary loss.” However, the loss on valuation of investment securities has exceeded 10/100 of the aggregate extraordinary loss and is therefore being presented separately for the current consolidated fiscal year.
2. The amortization of goodwill, which is an extraordinary loss, had been separately presented for the previous consolidated fiscal year. However, it has become less than 10/100 of the aggregate extraordinary loss and is therefore included in “Other” of “Extraordinary loss” for the current consolidated fiscal year. The amortization of goodwill that is included in “Other” of “Extraordinary loss” for the current consolidated fiscal year was ¥1,568 million.</td></tr>
</table>

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
(Consolidated Statements of Cash Flows) 1. The loss on valuation of investment securities that had been separately presented for the previous consolidated fiscal year has become insignificant in its amount and is therefore included in “Other” of “Net cash provided by (used in) operating activities” for the current consolidated fiscal year. The loss on valuation of investment securities included in “Other” of “Net cash provided by (used in) operating activities” for the current consolidated fiscal year was ¥813 million. 2. Payments into time deposits (¥796 million for the previous consolidated fiscal year) and proceeds from withdrawal of time deposits (¥514 million for the previous consolidated fiscal year) that had been included in “Other” of “Net cash provided by (used in) investment activities” have become significant in amounts and are therefore being presented separately for the current consolidated fiscal year.	(Consolidated Statements of Cash Flows) 1. The loss on valuation of investment securities (¥866 million (including a ¥53 million loss on valuation of stocks of subsidiaries and affiliates) for the previous consolidated fiscal year) that had been included in “Other” of “Net cash provided by (used in) operating activities” has become significant in its amount and is therefore being presented separately for the current consolidated fiscal year. 2. Payments into time deposits and proceeds from withdrawal of time deposits that had been separately presented for the previous consolidated fiscal year have become less significant and are therefore included in “Other” of “Net cash provided by (used in) investment activities.” Payments into time deposits included in “Other” of “Net cash provided by (used in) investment activities” for the current consolidated fiscal year were ¥1,800 million and proceeds from withdrawal of time deposits were ¥1,864 million. 3. Proceeds from sales of treasury stock that had been separately presented for the previous consolidated fiscal year have become less significant and are therefore included in “Other” of “Net cash provided by (used in) investment activities.” Proceeds from sales of treasury stock included in “Other” of “Net cash provided by (used in) investment activities” for the current consolidated fiscal year were ¥35 million.

(8) Notes to the Consolidated Financial Statements
(Notes to the Consolidated Balance Sheets)

Previous Consolidated Fiscal Year (As of March 31, 2008)	Current Consolidated Fiscal Year (As of March 31, 2009)
*1. Accumulated depreciation of property, plant and equipment ¥80,751 million *2. Items related to non-consolidated subsidiaries and affiliated companies The following relates to the Company's non-consolidated subsidiaries and affiliated companies Investment securities (Stock) ¥160,680 million Investment securities (Other) ¥3,549 million Investments and other assets Other (Investments in capital) ¥2,147 million	*1. Accumulated depreciation of property, plant and equipment ¥89,783 million *2. Items related to non-consolidated subsidiaries and affiliated companies The following relates to the Company's non-consolidated subsidiaries and affiliated companies Securities (Other) ¥23 million Investment securities (Stock) ¥105,715 million Investment securities (Other) ¥1,515 million Investments and other assets Other (Investments in capital) ¥1,619 million
*3. The Company revalued the land used for its business in accordance with the "Law Concerning Revaluation of Land" (Law No. 34, March 31, 1998). The revaluation difference has been included in "Net assets" as "Revaluation reserve for land," net of the related tax that is included in "Liabilities" as "Deferred tax liabilities for revaluation." Revaluation method set forth in Article 3, Paragraph 3, of said law The value of land is determined using two methods. One is to compute the property value based on the assessed value of the property, which becomes the basis of calculation of the property tax amounts as stipulated by Article 16 of the Property Tax Act, computed by a method determined and announced by the Director-General of the National Tax Agency Japan, adjusted reasonably, as stipulated in Article 2, Paragraph 4, of the Ordinance for Enforcement of the Law Concerning Revaluation of Land (Government Ordinance No. 119, March 31, 1998). The other method is calculation by appraisal and evaluation by a real estate appraiser as stipulated in Article 2, Paragraph 5, of the Ordinance for Enforcement of the Law Concerning Revaluation of Land. Date of revaluation: March 31, 2001 Total fair market values of revaluated properties as of the end of the current consolidated fiscal year were not below the book value after the revaluation.	*3. Same as the left
*4. Pledged assets Cash and deposits ¥177 million Property, plant and equipment and other, net (vehicles) ¥34 million Investment securities ¥1 million Total ¥213 million The above assets are pledged as collateral for the following liabilities Notes and accounts payable—trade ¥1,183 million Current portion of long-term loans payable ¥10 million Long-term loans payable ¥19 million Total ¥1,213 million In addition to the above, ¥10 million of cash and deposits is pledged as collateral to guarantee transactions that are released on official publications (*Kanpo*) and ¥0 million of investments and other assets are pledged as collateral for opening checking accounts.	*4. Pledged assets Cash and deposits ¥85 million Property, plant and equipment and other, net (vehicles) ¥13 million Investment securities ¥1 million Total ¥100 million The above assets are pledged as collateral for the following liabilities Notes and accounts payable—trade ¥898 million Current portion of long-term loans payable ¥6 million Long-term loans payable ¥6 million Total ¥911 million In addition to the above, ¥10 million of cash and deposits is pledged as collateral to guarantee transactions that are released on official publications *(Kanpo)* and ¥0 million of investments and other assets are pledged as collateral for opening checking accounts.

<table>
<tr><th>Previous Consolidated Fiscal Year
(As of March 31, 2008)</th><th>Current Consolidated Fiscal Year
(As of March 31, 2009)</th></tr>
<tr><td>5. Contingent liabilities
(1) The liability on guarantee resulting from a loan scheme for housing funds for employees was ¥3,161 million.
(2) The Company and consolidated subsidiaries are contingently liable for guarantees of bank loans of the following companies.
Electronic Library Incorporated ¥264 million
Phoenix Communications Inc. (South Korea)
(KRW 40,000,000 thousand) ¥4,044 million
PDS Media, Inc. (South Korea)
(KRW 9,000,000 thousand) ¥909 million
Football Media Services Pte. Ltd. (Singapore)
(US$357 thousand) ¥35 million
Match Hospitality AG (Switzerland)
(US$30,125 thousand) ¥3,018 million
PT. Dentsu Indonesia
(IDR 30,000,000 thousand) ¥327 million
Dentsu Marcom Middle East FZ LLC (UAE)
(AED 800 thousand) ¥21 million
Dentsu Utama Sdn. Bhd. (Malaysia)
(MYR 1,000 thousand) ¥31 million
Dentsu Creative Impact Pvt. Ltd. (India)
(INR 679 thousand) ¥1 million
Frontage Inc. ¥167 million
Digital Egg Inc. ¥519 million
Total ¥9,341 million

6. Notes receivable—trade discounted ¥37 million

—</td>
<td>5. Contingent liabilities
(1) The liability on guarantee resulting from a loan scheme for housing funds for employees was ¥2,704 million.
(2) The Company and consolidated subsidiaries are contingently liable for guarantees of bank loans of the following companies.
Electronic Library Incorporated ¥264 million
Phoenix Communications Inc. (South Korea)
(KRW 35,000,000 thousand) ¥2,460 million
PDS Media, Inc. (South Korea)
(KRW 9,000,000 thousand) ¥632 million
Match Hospitality AG (Switzerland)
(US$30,125 thousand) ¥2,959 million
PT. Dentsu Indonesia
(IDR 55,000,000 thousand) ¥473 million
Dentsu Marcom Middle East FZ LLC (UAE)
(AED 800 thousand) ¥21 million
Dentsu Utama Sdn. Bhd. (Malaysia)
(MYR 1,000 thousand) ¥26 million
Dentsu Creative Impact Pvt. Ltd. (India)
(INR 4,051 thousand) ¥7 million
Frontage Inc. ¥167 million
Digital Egg Inc. ¥447 million
ZHONGYING DENTSU TEC ADVERTISING CO., LTD. ¥100 million
Total ¥7,560 million

—

*7. Breakdown of inventories:
Merchandise and finished goods ¥34 million
Works ¥1,269 million
Work-in-process ¥12,953 million
Raw materials and supplies ¥207 million
Total ¥14,464 million
*8. Contract of Loans for Consumption
Of investment securities, those equivalents to ¥136 million are loaned under contracts of loans for consumption of securities.</td></tr>
</table>

(Notes to the Consolidated Statements of Income)

Previous consolidated fiscal year
From April 1, 2007, to March 31, 2008

*1. R&D expenses included in selling, general and administrative expenses were ¥905 million.

*2. This item includes a gain on sale of vehicles of ¥23 million.

*3. This item includes a gain on change in equity in stocks of subsidiaries and affiliates of ¥464 million.

*4. This item includes a loss on sales of buildings of ¥5 million.

*5. This item includes a loss on retirement of buildings and structures of ¥227 million and a loss on retirement of software of ¥257 million.

*6. Impairment loss

The impairment losses are recorded for the following asset groups for the consolidated fiscal year under review.

Major application	Category	Location
Asset for business use	Tools/furniture and others	Minato-ku, Tokyo
Asset for business use	Tools/furniture and software	California, USA
Asset for business use	Goodwill	Rome, Italy

(1) Asset Grouping Method

The asset grouping for the Group was made based on the business segments. However, the asset grouping of rental assets and idle assets was made for specific properties.

(2) Reason for Recording the Impairment Loss

Due to decreased profitability and decisions related to liquidation at each office, the book values of the above asset groups were reduced to the respective collectible amounts and such reduced amounts were recorded as an impairment loss under extraordinary loss. The breakdown of such impairment loss is as follows.

Buildings and structures	¥2 million
Other property, plant and equipment (Tools/furniture, etc.)	¥16 million
Software	¥26 million
Goodwill	¥21 million
Other intangible assets	¥5 million
Total	¥72 million

(3) Method to calculate collectible amounts

The impairment loss was calculated assuming that collectible amounts are zero.

Current consolidated fiscal year
From April 1, 2008, to March 31, 2009

*1. R&D expenses included in selling, general and administrative expenses were ¥1,259 million.

*2. This item includes a gain on sale of properties of ¥28 million.

*3. This item includes a reversal of allowance for investment loss of ¥98 million.

*4. This item includes a loss on sales of tools and furniture of ¥13 million.

*5. This item includes a loss on retirement of buildings and structures of ¥105 million.

*6. Impairment loss

The impairment losses are recorded for the following asset groups for the consolidated fiscal year under review.

Major application	Category	Location
Asset for business use at Criteria Communications Inc.	Software and tools/furniture	Minato-ku, Tokyo
Asset for business use	Goodwill	California, USA

(1) Asset Grouping Method

The asset grouping for the Group was made based on the business segments. However, the asset grouping of rental assets and idle assets was made for specific properties.

(2) Reason for Recording the Impairment Loss

Due to decreased profitability and decisions related to liquidation at each office, the book values of the above asset groups were reduced to the respective collectible amounts and such reduced amounts were recorded as an impairment loss under extraordinary loss. The breakdown of such impairment loss is as follows.

Buildings and structures	¥28 million
Other property, plant and equipment (Tools/furniture, etc.)	¥148 million
Software	¥974 million
Goodwill	¥209 million
Other intangible assets	¥44 million
Investments and other assets (Other)	¥0 million
Total	¥1,405 million

(3) Method to calculate collectible amounts

The impairment loss was calculated assuming that collectible amounts are zero.

<table>
<tr><th>Previous consolidated fiscal year
From April 1, 2007, to March 31, 2008</th><th>Current consolidated fiscal year
From April 1, 2008, to March 31, 2009</th></tr>
<tr><td>*7. Amortization of goodwill
Goodwill was amortized based on Paragraph 32 of the Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements (Accounting System Committee Report No. 7, March 29, 2007, Japanese Institute of Certified Public Accountants).</td><td>—</td></tr>
<tr><td>*8. This item includes a loss on business restructuring of ¥1,351 million. The loss on business restructuring was incurred due to the decision to restructure part of the business. The breakdown of the loss on business restructuring is as follows.
<table><tr><td>Provision for sales returns</td><td>¥471 million</td></tr><tr><td>Loss on valuation of inventories</td><td>¥745 million</td></tr><tr><td>Other</td><td>¥134 million</td></tr><tr><td>Total</td><td>¥1,351 million</td></tr></table></td><td>*8. This item includes a loss on business restructuring of ¥4,423 million and amortization of goodwill of ¥1,568 million based on Paragraph 32 of the Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements (Accounting System Committee Report No. 7, March 29, 2007, Japanese Institute of Certified Public Accountants).
The loss on business restructuring was incurred due to the decision to restructure part of the business. The breakdown of the loss on business restructuring is as follows.
<table><tr><td>Loss on valuation of inventories</td><td>¥3,807 million</td></tr><tr><td>Other</td><td>¥615 million</td></tr><tr><td>Total</td><td>¥4,423 million</td></tr></table>The loss on valuation of inventories was calculated not based on net sales value but by applying the necessary evaluation discount, taking into account future prospects of the business for which the restructuring was determined.</td></tr>
</table>

(Notes to the Consolidated Statement of Changes in Net Assets)

Previous consolidated fiscal year (From April 1, 2007, to March 31, 2008)

1. Matters related to class and total number of shares issued and treasury stock

	Number of shares at the end of the previous consolidated fiscal year (Shares)	Number of shares increased during the current consolidated fiscal year (Shares)	Number of shares decreased during the current consolidated fiscal year (Shares)	Number of shares at the end of the current consolidated fiscal year (Shares)
Shares issued				
Common stock	2,781,840	—	—	2,781,840
Total	2,781,840	—	—	2,781,840
Treasury stock				
Common stock	38,056.69	55.31	2,091.81	36,020.19
Total	38,056.69	55.31	2,091.81	36,020.19

(Outline of the reasons for the changes in the number of shares)

The reason for the decrease in the number of shares of treasury stock was mainly as follows:

Decrease due to the exercise of a stock option 2,058.00 shares

2. Matters related to subscription rights to shares

Company name	Breakdown	Class of shares for subscription rights	Number of shares for subscription rights (Shares)				Balance at the end of the current consolidated fiscal year (Millions of yen)
			At the end of the previous consolidated fiscal year	Increase	Decrease	At the end of the current consolidated fiscal year	
(Consolidated subsidiary) Criteria Communications Inc.	—	—	—	—	—	—	0
Total			—	—	—	—	0

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Aggregate amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 28, 2007	Common stock	4,115	1,500	March 31, 2007	June 29, 2007
Board of Directors meeting held on November 9, 2007	Common stock	4,804	1,750	September 30, 2007	December 10, 2007

(2) The following resolution was scheduled for the dividend of which the record date falls in the consolidated fiscal year ended March 31, 2009, whereas the effective date falls in the following consolidated fiscal year.

Resolution	Class of shares	Source of dividend	Aggregate amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2008	Common stock	Retained earnings	4,805	1,750	March 31, 2008	June 30, 2008

Current consolidated fiscal year (From April 1, 2008, to March 31, 2009)

1. Matters related to class and total number of shares issued and treasury stock

	Number of shares at end of the previous consolidated fiscal year (Shares)	Number of shares increased during the current consolidated fiscal year (Shares)	Number of shares decreased during the current consolidated fiscal year (Shares)	Number of shares at end of the current consolidated fiscal year (Shares)
Shares issued				
Common stock	2,781,840	275,402,160	—	278,184,000
Total	2,781,840	275,402,160	—	278,184,000
Treasury stock				
Common stock	36,020.19	29,924,893.43	162.62	29,960,751.00
Total	36,020.19	29,924,893.43	162.62	29,960,751.00

(Outline of the reasons for the changes in the number of shares)

The reason for the increase in the number of shares issued was mainly as follows:

Increase due to the exercise of a stock split 275,402,160 shares

The reason for the increase in the number of shares of treasury stock was mainly as follows:

Increase due to the exercise of a stock split 29,660,215.86 shares

Increase due to market purchase through trust 130,817.00 shares

Increase due to tender offer 129,796.00 shares

2. Matters related to subscription rights to shares

Company name	Class of shares for subscription rights	Number of shares for subscription rights (Shares)				Balance at end of the current consolidated fiscal year (Millions of yen)
		At end of the previous consolidated fiscal year	Increase	Decrease	At end of the current consolidated fiscal year	
(Consolidated subsidiary) Criteria Communications Inc.	—	—	—	—	—	0
Total		—	—	—	—	0

Note: The first day of the period for the exercise of subscription rights to shares has yet to arrive.

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of shares	Aggregate amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2008	Common stock	4,805	1,750	March 31, 2008	June 30, 2008
Board of Directors meeting held on November 12, 2008	Common stock	4,964	2,000	September 30, 2008	December 8, 2008

(2) The following resolution is scheduled for the dividend of which the record date falls in the current consolidated fiscal year ended March 31, 2009, whereas the effective date falls in the following consolidated fiscal year.

Resolution	Class of shares	Source of dividend	Aggregate amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2009	Common stock	Retained earnings	3,723	15	March 31, 2009	June 29, 2009

Note: On January 4, 2009, the Company implemented a stock split at a ratio of 100 shares per share of common stock.

*4. A change in the scope of application of the equity method for the previous consolidated fiscal year was the sum of a decrease due to the increased number of companies accounted for by the equity method and a decrease due to exclusions from the list of companies accounted for by the equity method.

(Notes to the Consolidated Statements of Cash Flows)

Previous consolidated fiscal year From April 1, 2007, to March 31, 2008	Current consolidated fiscal year From April 1, 2008, to March 31, 2009
*1. Balance of cash and cash equivalents at end of period and the relation with items presented in the consolidated balance sheets: Cash and deposits ¥71,578 million Time deposits with a maturity period of more than 3 months ¥(1,325) million Cash and cash equivalents ¥70,252 million	*1. Balance of cash and cash equivalents at end of period and the relation with items presented in the consolidated balance sheets: Cash and deposits ¥58,417million Time deposits with a maturity period of more than 3 months ¥(1,146) million Cash and cash equivalents ¥57,271 million
2. Breakdown of assets and liabilities of companies that newly became consolidated subsidiaries through the acquisition of shares The breakdown of assets and liabilities at the beginning of consolidation of Attik Ltd. and two other companies, three in total, that newly became consolidated subsidiaries through the acquisition of shares is as follows. Current assets ¥1,242 million Noncurrent assets ¥109 million Total assets ¥1,352 million Current liabilities ¥310 million Total liabilities ¥310 million	2. Breakdown of assets and liabilities of companies that newly became a consolidated subsidiary through the acquisition of equity The breakdown of assets and liabilities at the beginning of consolidation of McGarry Bowen, LLC, which newly became a consolidated subsidiary through the acquisition of equity, is as follows. Current assets ¥1,966 million Noncurrent assets ¥252 million Total assets ¥2,218 million Current liabilities ¥860 million Total liabilities ¥860 million
—	3. Breakdown of assets and liabilities of companies that ceased to be consolidated subsidiaries through the sale of shares The breakdown of assets and liabilities of Geneon Entertainment Inc. and three other companies, four in total, that were excluded from the list of consolidated subsidiaries through the sale of shares is as follows. Current assets ¥9,950 million Noncurrent assets ¥640 million Total assets ¥10,590 million Current liabilities ¥5,488 million Noncurrent liabilities ¥66 million Total liabilities ¥5,555 million
4. Details of important non-fund transactions Contribution of securities to retirement benefit trust The contribution of securities to retirement benefit trust is included in the increase/decrease amounts of the reserve for retirement benefits. The book value of contributed investment securities is ¥924 million and the contribution amount (market value) was ¥8,312 million.	—

(Segment information)
Business Segments
Previous consolidated fiscal year (From April 1, 2007, to March 31, 2008)

(Millions of yen)

	Advertising	Other Business	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operating income Net sales a. Net sales to customers outside the Group	1,955,471	102,083	2,057,554	—	2,057,554
b. Net sales or transferred amounts between segments inside the Group	1,564	29,114	30,678	(30,678)	—
Total	1,957,035	131,197	2,088,233	(30,678)	2,057,554
Operating expenses	1,907,155	128,136	2,035,292	(33,864)	2,001,427
Operating income	49,880	3,060	52,940	3,185	56,126
II. Assets, depreciation, impairment loss and capital expenditure					
Assets	1,247,458	196,348	1,443,806	(191,894)	1,251,912
Depreciation	15,250	2,262	17,513	(1,512)	16,000
Impairment loss	39	33	72	—	72
Capital expenditure	9,908	3,486	13,394	(1,197)	12,197

Notes:

1. Segmentation method

Businesses of the Dentsu Group are segmented based on the Japan Standard Industry Classification (JSIC) so that the actual condition of businesses of the group-wide business activities can be specifically and appropriately disclosed.

2. Content of the respective business segments

Advertising: Newspapers, magazines, radio, television, the Internet, sales promotion, movies, outdoors, transportation, plus all other advertising businesses as well as ad expressions-related strategic planning, production, marketing, PR, content services and other service activities for advertising

Other Business: Information services, sale of information-related products, production, manufacturing and sales of video images, music and other duplicates; leasing office space; building maintenance service; temporary staffing; calculation services on commission; etc.

Current consolidated fiscal year (From April 1, 2008, to March 31, 2009)

(Millions of yen)

	Advertising	Information Services	Other Business	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operating income Net sales						
a. Net sales to customers outside the Group	1,800,214	63,150	23,805	1,887,170	—	1,887,170
b. Net sales or transferred amounts between segments inside the Group	946	11,998	14,565	27,510	(27,510)	—
Total	1,801,160	75,148	38,371	1,914,680	(27,510)	1,887,170
Operating expenses	1,767,236	71,255	36,647	1,875,139	(31,153)	1,843,986
Operating income	33,924	3,893	1,723	39,540	3,643	43,184
II. Assets, depreciation, impairment loss and capital expenditure						
Assets	1,075,929	59,701	104,658	1,240,289	(147,746)	1,092,543
Depreciation	15,749	3,096	752	19,598	(1,597)	18,001
Impairment loss	1,405	—	—	1,405	—	1,405
Capital expenditure	7,381	5,888	198	13,467	(793)	12,674

Notes:

1. Segmentation method

Businesses of the Dentsu Group are segmented based on the Japan Standard Industry Classification (JSIC) so that the actual condition of businesses of the Groupwide business activities can be specifically and appropriately disclosed.

2. Content of the respective business segments

Advertising: Newspapers, magazines, radio, television, the Internet, sales promotion, movies, outdoors, transportation, plus all other advertising businesses as well as ad expressions-related strategic planning, production, marketing, PR, content services and other service activities for advertising

Information Services: Information services and sale of information-related products

Other Business: Production, manufacturing and sales of video images, music and other duplicates; leasing office space; building maintenance service; temporary staffing; calculation services on commission; etc.

3. Change in business segmentation

Although the Information Services business had previously been included in Other Business, for the first quarter of the consolidated fiscal year under review, the absolute value of operating losses from Information Services business exceeded 10% of the absolute value of the total amount of operating income from a segment in which operating income was produced. Therefore, from the consolidated fiscal year under review, Information Services has been separately presented.

Segment information by business category according to the same business segmentation for the previous consolidated fiscal year is as follows.

Current consolidated fiscal year (From April 1, 2008, to March 31, 2009)

(Millions of yen)

	Advertising	Other Business	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operating income Net sales a. Net sales to customers outside the Group	1,800,214	86,956	1,887,170	—	1,887,170
b. Net sales or transferred amounts between segments inside the Group	946	26,418	27,365	(27,365)	—
Total	1,801,160	113,375	1,914,536	(27,365)	1,887,170
Operating expenses	1,767,236	107,742	1,874,978	(30,992)	1,843,986
Operating income	33,924	5,633	39,557	3,626	43,184
II. Assets, depreciation, impairment loss and capital expenditure					
Assets	1,075,929	164,330	1,240,259	(147,716)	1,092,543
Depreciation	15,749	3,836	19,586	(1,584)	18,001
Impairment loss	1,405	—	1,405	—	1,405
Capital expenditure	7,381	6,086	13,467	(793)	12,674

Geographical Segments

Previous consolidated fiscal year (From April 1, 2007, to March 31, 2008)

(Millions of yen)

	Japan	Others	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operating income Net sales a. Net sales to customers outside the Group b. Net sales or transferred amounts between segments inside the Group	 1,875,598 1,991	 181,955 14,751	 2,057,554 16,742	 — (16,742)	 2,057,554 —
Total	1,877,590	196,706	2,074,296	(16,742)	2,057,554
Operating expenses	1,821,785	196,453	2,018,238	(16,811)	2,001,427
Operating income	55,804	253	56,057	68	56,126
II. Assets	1,043,948	213,841	1,257,789	(5,876)	1,251,912

Note: “Others” consists substantially of the United States and China.

Current consolidated fiscal year (From April 1, 2008, to March 31, 2009)

(Millions of yen)

	Japan	Others	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operation income Net sales a. Net sales to customers outside the Group b. Net sales or transferred amounts between segments inside the Group	 1,721,735 1,858	 165,434 12,975	 1,887,170 14,834	 — (14,834)	 1,887,170 —
Total	1,723,594	178,410	1,902,005	(14,834)	1,887,170
Operating expenses	1,684,337	174,342	1,858,679	(14,693)	1,843,986
Operating income	39,257	4,067	43,325	(141)	43,184
II. Assets	942,751	152,844	1,095,595	(3,051)	1,092,543

Note: “Others” consists substantially of the United States and China.

Overseas Sales

Previous consolidated fiscal year (From April 1, 2007, to March 31, 2008)

I. Overseas net sales: ¥185,632 million

II Consolidated net sales: ¥2,057,554 million

III. Overseas net sales as a percentage of consolidated net sales: 9.0%

Notes: 1. “Others” consists substantially of the United States and China.

2. Consolidated overseas net sales indicate sales of the Company and its consolidated subsidiaries in countries or regions other than Japan.

Current consolidated fiscal year (From April 1, 2008, to March 31, 2009)

I. Overseas net sales: ¥164,972 million

II Consolidated net sales: ¥1,887,170 million

III. Overseas net sales as a percentage of consolidated net sales: 8.7%

Notes: 1. “Others” consists substantially of the United States and China.

2. Consolidated overseas net sales indicate sales of the Company and its consolidated subsidiaries in countries or regions other than Japan.

(Per share information)

Previous consolidated fiscal year (From April 1, 2007, to March 31, 2008)	Current consolidated fiscal year (From April 1, 2008, to March 31, 2009)
Net assets per share ¥206,602.50 Net income per share (basic) ¥13,202.77 Net income per share (diluted) ¥12,804.73	Net assets per share ¥1,823.23 Net loss per share (basic) ¥(79.61) Net income per share (diluted) — Note: On January 4, 2009, the Company implemented a stock split at a ratio of 100 shares per share of common stock. (Per share information assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year) Net assets per share ¥2,066.03 Net income per share (basic) ¥132.03 Net income per share (diluted) ¥128.05

Notes:

1. Although dilutive securities exist with regard to diluted net income per share, the net loss value is not stated in the table.
2. Basis of computation for basic net income per share and diluted net income per share

Item	Previous consolidated fiscal year (From April 1, 2007, to March 31, 2008)	Current consolidated fiscal year (From April 1, 2008, to March 31, 2009)
Net income (loss) on the consolidated statements of income (Millions of yen)	36,246	(20,453)
Net income (loss) related to common stock (Millions of yen)	36,246	(20,453)
Amount of net income (loss) not attributable to common shareholders (Millions of yen)	—	—
Average number of shares of common stock outstanding for the period (Thousands)	2,745	256,931
Major breakdown of net income deferred used in the computation of diluted net income per share (Millions of yen) Subscription rights to shares of subsidiaries Subscription rights to shares of affiliated companies and bonds with subscription rights to shares	 0 1,079	 — —
Net income deferred (Millions of yen)	1,079	—
Major breakdown of the number of shares of common stock increased used in the computation of diluted net income per share (Thousand shares) Stock option by acquisition of treasury stock Subscription rights to shares	 0 0	 — —
Number of shares of common stock increased (Thousand shares)	1	—
Summary of the dilutive securities that were not included in the computation of diluted net income per share due to the lack of a dilution effect	—	The stock options (subscription rights to shares method) adopted by the ordinary general meeting of shareholders held on June 27, 2003 355,200 shares of common stock

(Releases to be omitted)
The release of notes relative to lease transactions, derivative transactions, stock options, transactions with related parties, tax-effect accounting, securities, retirement benefits and corporate combinations is omitted because such release is deemed to be insignificant to the financial statements.

(Important subsequent events)

Previous consolidated fiscal year (From April 1, 2007, to March 31, 2008)	Current consolidated fiscal year (From April 1, 2008, to March 31, 2009)
(Acquisition of treasury stock and tender offer of treasury stock) Dentsu Inc., the company submitting the consolidated financial statements, by resolution of the Board of Directors at its meeting held on May 12, 2008, determined to acquire treasury stock and conduct a tender offer of treasury stock under Article 156, Item 1, of the Companies Act, as applied pursuant to Article 165, Item 3, of said law, and the Articles of Incorporation of Dentsu Inc. By resolution of the Board of Directors at its meeting held on June 23, 2008, the Company determined to purchase its treasury stock in the market. (1) Purpose of acquisition of treasury stock The Company intends to acquire its treasury stock in order to implement flexible capital policy such as improvement of capital efficiency and distribution of dividends to shareholders to address changes in management environment. (2) Resolution of the Board of Directors with regard to acquisition of treasury stock (at its meeting held on May 12, 2008) 1) Class of shares to be acquired Common stock 2) Period for acquisition From May 13, 2008, to December 31, 2008 3) Aggregate number of shares to be acquired Maximum of 300,000 shares 4) Aggregate acquisition amounts Maximum of ¥60,000 million (3) Outline of the tender offer 1) Period of the tender offer From May 13, 2008, to June 10, 2008 2) Tender offer price ¥239,000 per share 3) Basis of calculation of the tender offer price For higher accuracy and objectiveness in determination of tender offer price, the Company determined to adopt a stock price as close as possible to the date of determination, thereby adopting the closing stock price at the Tokyo Stock Exchange as of May 9, 2008, the closest business day before the date of the determination. 4) Number of listed share certificates to be purchased 251,000 shares If the total number of tendered share certificates does not exceed the number of share certificates to be purchased, all the tendered share certificates are purchased. If	—

Previous consolidated fiscal year (From April 1, 2007, to March 31, 2008)	Current consolidated fiscal year (From April 1, 2008, to March 31, 2009)
the total number of tendered share certificates exceeds the number of share certificates to be purchased, the pro rata method is used for the clearance and settlement of shares. 5) Funds used for the tender offer ¥60,094 million 6) Start date of settlement June 17, 2008 (4) Results of the tender offer The total number of tendered share certificates (129,796 shares) did not exceed the number of share certificates to be purchased (251,000 shares); all tendered share certificates were purchased. (5) Resolution of the Board of Directors concerning the purchase of treasury stock in the market (at a meeting held on June 23, 2008) 1) Class of shares to be purchased Common stock 2) Period for acquisition June 24, 2008, to December 26, 2008 3) Number of shares to be purchased Maximum of 170,000 shares 4) Aggregate acquisition amount Maximum of ¥28,900 million 5) Purchase method Market purchase through trust	

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2008)	Current Fiscal Year (As of March 31, 2009)
Assets		
Current assets		
Cash and deposits	*2 39,247	*2 29,266
Notes receivable—trade	*3 16,990	12,549
Accounts receivable—trade	*3 393,375	*3 346,678
Short-term investment securities	157	1,050
Works	949	1,257
Work in process	10,092	8,276
Supplies	180	169
Advance payments—trade	17,015	20,989
Prepaid expenses	530	533
Short-term loans receivable to subsidiaries and affiliates	37,260	27,524
Deferred tax assets	8,987	7,074
Other	3,616	4,627
Allowance for doubtful accounts	(2,429)	(1,626)
Total current assets	525,974	458,371
Noncurrent assets		
Property, plant and equipment		
Buildings	71,232	67,540
Structures	1,848	1,712
Vessels	0	0
Vehicles	46	38
Tools, furniture and fixtures	2,770	2,434
Land	*4 152,867	*4 152,830
Total property, plant and equipment	*1 228,766	*1 224,556
Intangible assets		
Patent right	5	0
Leasehold right	5	5
Software	21,079	16,933
Other	172	171
Total intangible assets	21,263	17,110
Investments and other assets		
Investment securities	*7 81,434	*7 63,668
Stocks of subsidiaries and affiliates	*7 202,911	*7 166,453
Investments in other securities of subsidiaries and affiliates	3,038	1,287
Investments in capital	154	101
Investments in capital of subsidiaries and affiliates	894	1,761
Long-term loans receivable	804	29
Long-term loans receivable from employees	22	18
Long-term loans receivable from subsidiaries and affiliates	2,768	2,368
Claims provable in bankruptcy, claims provable in rehabilitation and other	136	209
Long-term prepaid expenses	458	1,317
Membership	2,649	—
Consortium liquidation assets	12,228	—
Deferred tax assets	23,953	28,743
Other	8,370	23,590
Allowance for doubtful accounts	(2,789)	(2,849)
Allowance for investment loss	(283)	—
Total investments and other assets	336,753	286,701
Total noncurrent assets	586,783	528,369
Total assets	1,112,758	986,741

(Millions of yen)

	Previous Fiscal Year (As of March 31, 2008)	Current Fiscal Year (As of March 31, 2009)
Liabilities		
Current liabilities		
Notes payable—trade	*3 43,463	*3 33,239
Accounts payable—trade	*3 348,934	*3 305,750
Short-term loans payable	*3 61,438	*3 62,453
Current portion of long-term loans payable	5,106	5,106
Lease obligations	—	9
Commercial papers	—	15,000
Accounts payable—other	10,042	9,250
Accrued expenses	17,996	11,875
Income taxes payable	5,602	1,122
Advances received	4,070	4,525
Deposits received	1,060	1,140
Provision for directors' bonuses	287	—
Provision for loss on guarantees	2,179	36
Other	3,064	2,610
Total current liabilities	503,245	452,123
Noncurrent liabilities		
Long-term loans payable	81,287	116,178
Lease obligations	—	20
Provision for retirement benefits	18,036	17,091
Deferred tax liabilities for land revaluation	*4 10,298	*4 10,293
Other	8,070	8,006
Total noncurrent liabilities	117,694	151,589
Total liabilities	620,939	603,713
Net assets		
Shareholders' equity		
Capital stock	58,967	58,967
Capital surplus		
Legal capital surplus	60,899	60,899
Other capital surplus	694	692
Total capital surplus	61,594	61,591
Retained earnings		
Legal retained earnings	722	722
Other retained earnings		
General reserve	350,900	364,500
Retained earnings brought forward	29,409	(26,724)
Total retained earnings	381,032	338,498
Treasury stock	(6,921)	(67,533)
Total shareholders' equity	494,672	391,523
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,848	(1,476)
Deferred gains or losses on hedges	(521)	167
Revaluation reserve for land	*4 (7,179)	*4 (7,187)
Total valuation and translation adjustments	(2,853)	(8,495)
Total net assets	491,819	383,028
Total liabilities and net assets	1,112,758	986,741

(2) Non-Consolidated Statements of Income

(Millions of yen)

	Previous Fiscal Year (From April 1, 2007, to March 31, 2008)	Current Fiscal Year (From April 1, 2008, to March 31, 2009)
Net sales	1,585,982	1,447,410
Cost of sales	1,369,289	1,254,694
Gross profit	216,692	192,716
Selling, general and administrative expenses		
Salaries and allowances	90,979	83,465
Provision for directors' bonuses	287	—
Provision for retirement benefits	5,528	7,921
Provision for directors' retirement benefits	73	—
Welfare expenses	10,466	10,256
Presentation and planning expenses	3,719	3,036
Correspondence and transportation expenses	8,692	7,609
Entertainment expenses	3,321	2,919
Investigation expenses	8,196	7,178
Rent expenses	3,678	3,183
Business consignment expenses	18,587	18,707
Depreciation	12,845	12,361
Other	14,032	12,202
Total selling, general and administrative expenses	180,410	168,845
Operating income	36,281	23,870
Non-operating income		
Interest income	804	692
Interest on securities	353	431
Dividends income	*1 9,214	*1 9,343
Rent income	*2 2,929	*2 2,840
Gain on investments in partnership	905	—
Foreign exchange gains	—	326
Other	1,171	893
Total non-operating income	15,379	14,530
Non-operating expenses		
Interest expenses	2,232	2,457
Provision of allowance for doubtful accounts	*3 1,536	—
Loss on investments in partnership	—	766
Foreign exchange losses	287	—
Other	262	592
Total non-operating expenses	4,319	3,815
Ordinary income	47,341	34,585

(Millions of yen)

	Previous Fiscal Year (From April 1, 2007, to March 31, 2008)	Current Fiscal Year (From April 1, 2008, to March 31, 2009)
Extraordinary income		
Gain on sales of noncurrent assets	*4 1	*4 49
Gain on sales of investment securities	621	850
Gain on sales of subsidiaries and affiliates' stocks	513	—
Reversal of allowance for doubtful accounts	98	295
Gain on contribution of securities to retirement benefit trust	7,387	—
Other	297	252
Total extraordinary income	8,920	1,448
Extraordinary loss		
Loss on sales of noncurrent assets	*5 0	*5 0
Loss on retirement of noncurrent assets	*6 161	*6 74
Loss on valuation of inventories	7,109	—
Loss on valuation of investment securities	686	1,750
Loss on valuation of stocks of subsidiaries and affiliates	4,126	53,765
Loss on liquidation of subsidiaries and affiliates	232	—
Loss on support to subsidiaries and affiliates	3,633	5,352
Special retirement expenses	*7 7	*7 99
Provision for loss on guarantees	*8 1,201	*8 73
Other	237	383
Total extraordinary loss	17,397	61,499
Income (loss) before income taxes	38,865	(25,466)
Income taxes-current	13,873	6,422
Income taxes-deferred	459	883
Total income taxes	14,332	7,305
Net income (loss)	24,533	(32,771)

(3) Non-Consolidated Statement of Changes in Net Assets

(Millions of yen)

	Previous Fiscal Year (From April 1, 2007, to March 31, 2008)	Current Fiscal Year (From April 1, 2008, to March 31, 2009)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	58,967	58,967
Balance at the end of current period	58,967	58,967
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	60,899	60,899
Balance at the end of current period	60,899	60,899
Other capital surplus		
Balance at the end of previous period	566	694
Changes of items during the period		
Disposal of treasury stock	128	(2)
Total changes of items during the period	128	(2)
Balance at the end of current period	694	692
Total capital surplus		
Balance at the end of previous period	61,465	61,594
Changes of items during the period		
Disposal of treasury stock	128	(2)
Total changes of items during the period	128	(2)
Balance at the end of current period	61,594	61,591
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	722	722
Balance at the end of current period	722	722
Other retained earnings		
General reserve		
Balance at the end of previous period	337,600	350,900
Changes of items during the period		
Provision of general reserve	13,300	13,600
Total changes of items during the period	13,300	13,600
Balance at the end of current period	350,900	364,500
Retained earnings brought forward		
Balance at the end of previous period	27,097	29,409
Changes of items during the period		
Dividends from surplus	(8,920)	(9,769)
Provision of general reserve	(13,300)	(13,600)
Net income (loss)	24,533	(32,771)
Reversal of revaluation reserve for land	—	7
Total changes of items during the period	2,312	(56,134)
Balance at the end of current period	29,409	(26,724)
Total retained earnings		
Balance at the end of previous period	365,419	381,032
Changes of items during the period		
Dividends from surplus	(8,920)	(9,769)
Net income (loss)	24,533	(32,771)
Reversal of revaluation reserve for land	—	7
Total changes of items during the period	15,612	(42,534)
Balance at the end of current period	381,032	338,498

(Millions of yen)

	Previous Fiscal Year (From April 1, 2007, to March 31, 2008)	Current Fiscal Year (From April 1, 2008, to March 31, 2009)
Treasury stock		
Balance at the end of previous period	(7,307)	(6,921)
Changes of items during the period		
Purchase of treasury stock	(17)	(60,650)
Disposal of treasury stock	404	37
Total changes of items during the period	386	(60,612)
Balance at the end of current period	(6,921)	(67,533)
Total shareholders' equity		
Balance at the end of previous period	478,544	494,672
Changes of items during the period		
Dividends from surplus	(8,920)	(9,769)
Net income (loss)	24,533	(32,771)
Reversal of revaluation reserve for land	—	7
Purchase of treasury stock	(17)	(60,650)
Disposal of treasury stock	532	35
Total changes of items during the period	16,127	(103,148)
Balance at the end of current period	494,672	391,523
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	15,163	4,848
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,315)	(6,324)
Total changes of items during the period	(10,315)	(6,324)
Balance at the end of current period	4,848	(1,476)
Deferred gains or losses on hedges		
Balance at the end of previous period	816	(521)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,338)	689
Total changes of items during the period	(1,338)	689
Balance at the end of current period	(521)	167
Revaluation reserve for land		
Balance at the end of previous period	(7,179)	(7,179)
Changes of items during the period		
Net changes of items other than shareholders' equity	—	(7)
Total changes during the period	—	(7)
Balance at the end of current period	(7,179)	(7,187)
Total valuation and translation adjustments		
Balance at the end of previous period	8,800	(2,853)
Changes of items during the period		
Net changes of items other than shareholders' equity	(11,653)	(5,642)
Total changes of items during the period	(11,653)	(5,642)
Balance at the end of current period	(2,853)	(8,495)

(4) Going concern assumption
None applicable

(5) Important accounting policies

Previous fiscal year From April 1, 2007, to March 31, 2008	Current fiscal year From April 1, 2008, to March 31, 2009
1. Valuation Basis and Method for Securities (1) Subsidiaries' and affiliates' stocks Stated at cost determined by the moving-average method (2) Other securities: Available-for-sale securities with market values: Stated at the market value as of the balance sheet date, based on quoted market prices, etc. (Unrealized gains and losses are reported, net of applicable taxes, in a separate component of net assets. The cost of securities sold is determined mainly by the moving-average method.) Available-for-sale securities without market values: Stated mainly at cost determined by the moving-average method	1. Valuation Basis and Method for Securities (1) Subsidiaries' and affiliates' stocks Same as the left (2) Other securities: Available-for-sale securities with market values: Same as the left Available-for-sale securities without market values: Same as the left
2. Valuation Basis and Method for Inventories Works, work in process and supplies: Stated at cost determined by the specific identification method	2. Valuation Basis and Method for Inventories Inventories held for ordinary sales purposes works, work in process and supplies: Stated at cost determined by the specific identification method (Amounts in the balance sheets were calculated by writing down the book value with regard to the inventories for which profitability was clearly declining.) (Change in Accounting Policies) We have adopted the Accounting Standard for the Measurement of Inventories (ASBJ Statement No. 9 (July 5, 2006))from the fiscal year under review. There was no impact of this change on profit/loss for the fiscal year under review.
3. Valuation Basis and Method for Derivative Instruments Stated at the market value 4. Depreciation Method for Noncurrent Assets (1) Property, plant and equipment Depreciation of property, plant and equipment of the Company is calculated by the declining-balance method at fixed rates. However, the straight-line method is adopted for buildings (excluding building improvements) acquired on or after April 1, 1998. The approximate useful life of assets is as follows. Buildings: 3–50 years Structures: 5–65 years Tools/furniture: 2–20 years	3. Valuation Basis and Method for Derivative Instruments Same as the left 4. Depreciation Method for Noncurrent Assets (1) Property, plant and equipment Depreciation of property, plant and equipment of the Company is calculated by the declining-balance method at fixed rates. However, the straight-line method is adopted for buildings (excluding building improvements) acquired on or after April 1, 1998. The approximate useful life of assets is as follows. Buildings: 3–50 years Structures: 5–65 years Tools, furniture and fixture: 2–20 years However, finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are depreciated, assuming the lease period as the useful life and no residual value.

Previous fiscal year From April 1, 2007, to March 31, 2008	Current fiscal year From April 1, 2008, to March 31, 2009
(Changes in Accounting Procedures) Pursuant to the revisions to the Corporate Tax Law (the Partial Revision to the Corporate Tax Law, the 6th Law enacted on March 30, 2007, and the Ordinance for Partial Revision to the Cabinet Order Related to the Corporate Tax Law, the 83rd Ordinance on March 30, 2007), from the fiscal year under review, the Company changed the method of depreciation of property, plant and equipment and now uses a method based on the revised Corporate Tax Law with regard to those assets acquired on and after April 1, 2007. The impact on the financial statements is immaterial. (Additional information) From the current fiscal year, property, plant and equipment acquired on and before March 31, 2007, are equally depreciated for five years beginning with the following year from the completion of depreciation up to the depreciable limit. The impact of the change on financial statements is immaterial.	
(2) Intangible assets The amortization of intangible assets is computed by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).	(2) Intangible assets The amortization of intangible assets is computed by the straight-line method. Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years). Finance leases other than those that are deemed to transfer the ownership of the leased assets to the lessees are amortized, assuming the lease period as the useful life and no residual value.
(3) Long-term prepaid expenses Long-term prepaid expenses are equally amortized.	(3) Long-term prepaid expenses Same as the left
5. Accounting Standards for Important Reserves (1) Allowance for doubtful accounts To prepare for losses from bad debts, the Company provides an allowance for doubtful accounts at an amount of possible losses from uncollectible trade receivables based on the actual rate of losses from bad debt for ordinary receivables, and on the estimated recoverability for specific doubtful receivables.	5. Accounting Standards for Important Reserves (1) Allowance for doubtful accounts Same as the left
(2) Allowance for investment loss To prepare for possible losses that may be incurred related to available-for-sale securities without market values, estimated amounts that are deemed necessary are provided.	—
(3) Provision for directors' bonuses A provision for directors' bonuses is provided at an estimated amount to accrue for the fiscal year under review.	—

Previous fiscal year From April 1, 2007, to March 31, 2008	Current fiscal year From April 1, 2008, to March 31, 2009
(4) Provision for loss on guarantees To prepare for possible losses that may be incurred related to guarantees, estimated amounts that are deemed necessary are provided, taking into account the financial situation of the company for which the Company guarantees.	(4) Provision for loss on guarantees Same as the left
(5) Reserve for retirement benefits The reserve for employees' retirement benefits is provided at an amount recognized to have accrued as of the balance-sheet date based on the projected retirement benefit obligation and fair value of pension plan assets at the end of the fiscal year under review. Prior service liabilities are amortized by the straight-line method over the average remaining service years (17 years) for employees at the time of recognition from the following year of recognition. The actuarial gain or loss is amortized by the straight-line method over the average remaining service years (17 years) for employees at the time of recognition from the following fiscal year of recognition during each fiscal year.	(5) Reserve for retirement benefits Same as the left
(6) Provision for directors' retirement benefits — (Additional information) The Company determined to abolish the retirement compensation system for directors and auditors. At the Ordinary General Meeting of Shareholders held on June 28, 2007, the proposal to abolish retirement benefits for directors and auditors was approved. Accordingly, the provision for directors' retirement benefits was reversed at the full amount with the unpaid portion until the abolishment included and presented in "Other" under "Noncurrent liabilities."	—
6. Accounting standard for lease transactions Finance leases other than those that are deemed to transfer the ownership of the lease properties to lessees are accounted for by a method similar to the procedures used for ordinary operating leases.	—
7. Hedge Accounting (1) Hedge accounting methods The Company adopts deferred hedge accounting. For interest rate swaps, the preferential treatment is applied to the swaps that satisfy the requirements of such preferential treatment.	7. Hedge Accounting (1) Hedge accounting methods Same as the left
(2) Hedge instruments and hedged subjects 1) a. Hedge instruments Forward foreign exchange contracts b. Hedged subjects Future transactions denominated in a foreign currency 2) a. Hedge instruments Interest rate swaps b. Hedged subjects Interest on loans payable	(2) Hedge instruments and hedged subjects Same as the left

Previous fiscal year From April 1, 2007, to March 31, 2008	Current fiscal year From April 1, 2008, to March 31, 2009
(3) Hedging policy The Company uses hedge instruments for the purpose of mitigating future risks of fluctuation of foreign currency exchange rates and interest rate fluctuation risks related to loans payable, pursuant to the internal rules. The Company has a policy that it is prohibited to use hedge instruments for the purpose of speculating to seek sale/purchase gains. (4) Evaluation method for hedge effectiveness Concerning forward foreign exchange contracts, the evaluation of hedge effectiveness is omitted because important conditions for hedge instruments and hedged subjects are identical and it can be assumed that cash flow fluctuation risks are avoided throughout the hedge period. The evaluation of hedge effectiveness is omitted with regard to interest rate swaps for which the preferential treatment is applied. 8. Method of Accounting Processing of Consumption Tax Transactions subject to the consumption tax and any local consumption tax are recorded at amounts exclusive of the consumption taxes.	(3) Hedging policy Same as the left (4) Evaluation method for hedge effectiveness Same as the left 8. Method of Accounting Processing of Consumption Tax Same as the left

(6) Changes of Important Accounting Policies

Changes in accounting procedures

Previous fiscal year From April 1, 2007, to March 31, 2008	Current fiscal year From April 1, 2008, to March 31, 2009
—	2. Accounting standard for lease transactions Finance leases other than those that are deemed to transfer the ownership of the lease properties to lessees had been accounted for by a method similar to the procedures used for ordinary operating leases. However, for the fiscal year under review, the Company applied the Accounting Standard for Lease Transactions (ASBJ Statement No. 13 (June 17, 1993 (Business Accounting Council, First Subcommittee), revised March 30, 2007)) and the Implementation Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16 (January 18, 1994 (Japanese Institute of Certified Public Accountants, Accounting System Committee), revised March 30, 2007)), thereby accounting for such finance leases by a method similar to the procedures used for ordinary sales/purchase transactions. The impact of this change on the financial statements for the fiscal year under review was immaterial.

Change of presentation methods

Previous fiscal year From April 1, 2007, to March 31, 2008	Current fiscal year From April 1, 2008, to March 31, 2009
(Balance Sheets) 1. Right of using facilities and Telephone subscription rights that had been separately presented for the previous fiscal year have become less than 1/100 of total assets and therefore are included in “Other” in “Intangible assets” for the current fiscal year. Right of using facilities and Telephone subscription rights for the year under review were ¥2 million and ¥167 million, respectively. 2. Guarantee deposits that had been separately presented for the previous fiscal year have become less than 1/100 of total assets and therefore are included in “Other” in “Investments and other assets” for the current fiscal year. Guarantee deposits for the year under review were ¥1,055 million. 3. Long-term accounts payable—other and long-term deposits received that had been separately presented for the previous fiscal year have become less than 1/100 of total liabilities and net assets and therefore are included in “Other” in “Noncurrent liabilities” for the current fiscal year. Long-term accounts payable—other and long-term deposits received for the year under review were ¥2,854 million and ¥5,216 million, respectively.	(Balance Sheets) 1. Membership and Consortium liquidation assets that had been separately presented for the previous fiscal year have become less than 1/100 of total assets and therefore are included in “Other” in “Investments and other assets” for the current fiscal year. Membership and Consortium liquidation assets for the year under review were ¥2,500 million and ¥8,770 million, respectively.
—	(Statements of Income) 1. Gain on sales of stocks of subsidiaries and affiliates that had been separately presented for the previous fiscal year has become less than 10/100 of total extraordinary income and therefore is included in “Other” in “Extraordinary income” for the current fiscal year. Gain on sales of stocks of subsidiaries and affiliates for the year under review was ¥18 million. 2. Loss on liquidation of subsidiaries and affiliates that had been separately presented for the previous fiscal year has become less than 10/100 of total extraordinary loss and therefore is included in “Other” in “Extraordinary loss” for the year under review. Loss on liquidation of subsidiaries and affiliates for the year under review was ¥34 million.

(7) Notes to Non-consolidated Financial Statements

(Balance Sheets)

Previous fiscal year As of March 31, 2008	Current fiscal year As of March 31, 2009
*1 Accumulated depreciation of property, plant and equipment ¥62,771 million	*1 Accumulated depreciation of property, plant and equipment ¥67,275 million
*2. Pledged assets ¥10 million of cash and deposits is pledged as collateral to guarantee transactions that are released on official publications	*2. Pledged assets Same as the left
*3. Matters related to subsidiaries and affiliates Major assets and liabilities related to subsidiaries and affiliates were itemized and the details were as follows.	*3. Matters related to subsidiaries and affiliates Major assets and liabilities related to subsidiaries and affiliates were itemized and the details were as follows.

Previous fiscal year (Millions of yen)

Notes receivable—trade	0
Accounts receivable—trade	24,530
Notes payable—trade	13
Accounts payable—trade	107,817
Short-term loans payable	61,438

Current fiscal year (Millions of yen)

Accounts receivable—trade	21,819
Notes payable—trade	18
Accounts payable—trade	59,349
Short-term loans payable	62,453

Previous fiscal year As of March 31, 2008	Current fiscal year As of March 31, 2009
Accounts payable—trade included liabilities of ¥60,590 million due to factoring used for Dentsu Management Services Inc.	Accounts payable—trade included liabilities of ¥51,818 million due to factoring used for Dentsu Management Services Inc.
*4. The Company revalued the land used for its business in accordance with the “Law Concerning Revaluation of Land” (Law No. 34, March 31, 1998). The revaluation difference has been included in “Net assets” as “Revaluation reserve for land,” net of the related tax that is included in “Liabilities” as “Deferred tax liabilities for revaluation.” Revaluation method set forth in Article 3, Paragraph 3, of said law The value of land is determined using two methods. One is to compute the property value based on the assessed value of the property, which becomes the basis of calculation of the property tax amounts as stipulated by Article 16 of the Property Tax Act, computed by a method determined and announced by the Director-General of the National Tax Agency Japan, adjusted reasonably, as stipulated in Article 2, Paragraph 4, of the Ordinance for Enforcement of the Law Concerning Revaluation of Land (Government Ordinance No. 119, March 31, 1998). The other method is calculation by appraisal and evaluation by a real estate appraiser as stipulated in Article 2, Paragraph 5, of the Ordinance for Enforcement of the Law Concerning Revaluation of Land. Date of revaluation: March 31, 2001 Total fair market values of revaluated properties as of the end of the current fiscal year were not below the book value after the revaluation.	*4. Same as the left

Previous fiscal year
As of March 31, 2008

5. Contingent liabilities

(1) The liability on guarantee resulting from a loan scheme for housing funds for employees was ¥3,161 million.

(2) The Company is contingently liable for guarantees of bank loans of the following companies.

Dentsu Holdings Europe Ltd. (England) (GBP 2,000 thousand)	¥400 million
Dentsu(Malaysia)Sdn. Bhd. (MYR 3,300 thousand)	¥103 million
Beijing Dentsu Advertising Co., Ltd. (US$80,000 thousand)	¥8,015 million
Electronic Library Inc.	¥264 million
Dentsu East Japan Inc. and other regional Dentsu companies: 4 companies in total	¥1,090 million
Phoenix Communications Inc.(South Korea) (KRW 40,000,000 thousand)	¥4,044 million
Shanghai Oriental Partner Advertising Co., Ltd.	¥262 million
Dentsu InnovaK Inc.(South Korea) (KRW 18,000,000 thousand)	¥1,819 million
Dentsu Holdings (Thailand) Ltd. (THB 160,000 thousand)	¥508 million
Frontage Inc.	¥167 million
PDS Media, Inc. (South Korea) (KRW 9,000,000 thousand)	¥909 million
Dentsu Media (Thailand) Ltd. (THB 550,000 thousand)	¥1,749 million
Football Media Services Pte. Ltd. (Singapore) (US$ 357 thousand)	¥35 million
Dentsu Marcom Pvt. Ltd. (India) (INR 279,006 thousand)	¥703 million
Cdp-travissully Ltd. (England)	¥164 million
Dentsu Marcom Middle East FZ LLC (UAE) (AED 800 thousand)	¥21 million
PT. Dentsu Indonesia (IDR 30,000,000 thousand)	¥327 million
Dentsu Communications Pvt. Ltd. (India) (INR 191,829 thousand)	¥483 million
Dentsu Utama Sdn. Bhd. (Malaysia) (MYR 1,000 thousand)	¥31 million
Dentsu Creative Impact Pvt. Ltd. (India) (INR 679 thousand)	¥1 million
Match Hospitality AG (Switzerland) (US$30,125 thousand)	¥3,018 million
Total	¥24,122 million

6. Loan Commitment Contracts

The Company has loan commitment contracts with some subsidiaries and affiliates. The current balance of the amounts yet to be loaned within the credit line under the contracts and other relevant information are as follows.

(Millions of yen)

Total amount for loan commitment contracts	33,715
Amount loaned	9,809
Difference	23,905

*7. Contract of Loans for Consumption

Investment securities equivalent to ¥191 million and ¥415 million of stocks of subsidiaries and affiliates are loaned under contracts of loans for consumption of securities.

Current fiscal year
As of March 31, 2009

5. Contingent liabilities

(1) The liability on guarantee resulting from a loan scheme for housing funds for employees was ¥2,704 million.

(2) The Company is contingently liable for guarantees of bank loans of the following companies.

Dentsu Holdings Europe Ltd. (England) (GBP 2,000 thousand)	¥280 million
Dentsu (Malaysia) Sdn. Bhd. (MYR 3,300 thousand)	¥88 million
Beijing Dentsu Advertising Co., Ltd. (US$80,000 thousand)	¥7,858 million
Electronic Library Inc.	¥264 million
Dentsu East Japan Inc. and other regional Dentsu companies: 4 companies in total	¥1,022 million
Phoenix Communications Inc. (South Korea) (KRW 35,000,000 thousand)	¥2,460 million
Dentsu InnovaK Inc. (South Korea) (KRW 20,000,000 thousand)	¥1,406 million
Dentsu Holdings (Thailand) Ltd. (THB 160,000 thousand)	¥441 million
Frontage Inc.	¥167 million
PDS Media, Inc. (South Korea) (KRW 9,000,000 thousand)	¥ 632 million
Dentsu Media (Thailand) Ltd. (THB 550,000 thousand)	¥1,518 million
Dentsu Marcom Pvt. Ltd. (India) (INR 122,173 thousand)	¥238 million
Cdp-travissully Ltd.(England)	¥195 million
Dentsu Marcom Middle East FZ LLC (UAE) (AED 800 thousand)	¥21 million
PT. Dentsu Indonesia (IDR 55,000,000 thousand)	¥473 million
Dentsu Communications Pvt. Ltd. (India) (INR 100,282 thousand)	¥195 million
Dentsu Utama Sdn. Bhd. (Malaysia) (MYR 1,000 thousand)	¥26 million
Dentsu Creative Impact Pvt. Ltd. (India) (INR 4,051 thousand)	¥7 million
Match Hospitality AG (Switzerland) (US$30,125 thousand)	¥2,959 million
Dentsu Alpha Limited (Vietnam) (US$3,750 thousand)	¥368 million
Total	¥20,627 million

6. Loan Commitment Contracts

The Company has loan commitment contracts with some subsidiaries and affiliates. The current balance of the amounts yet to be loaned within the credit line under the contracts and other relevant information are as follows.

(Millions of yen)

Total amount for loan commitment contracts	26,481
Amount loaned	6,737
Difference	19,744

*7. Contract of Loans for Consumption

Investment securities equivalent to ¥136 million and ¥434 million of stocks of subsidiaries and affiliates are loaned under contracts of loans for consumption of securities.

(Statements of Income)

Previous fiscal year From April 1, 2007, to March 31, 2008	Current fiscal year From April 1, 2008, to March 31, 2009
*1. Dividend income includes ¥7,400 million from subsidiaries and affiliates. *2. Rent income includes ¥2,588 million from subsidiaries and affiliates. *3. Provision of allowance for doubtful accounts includes ¥1,434 million loaned to subsidiaries and affiliates. *4. Gain on sales of noncurrent assets is as follows. (Millions of yen) Software 1 Other 0 Total 1 *5. Loss on sales of noncurrent assets is as follows. Vehicles ¥0 million *6. Loss on retirement of noncurrent assets is as follows. (Millions of yen) Buildings 39 Software 117 Other 4 Total 161 *7. Special retirement expenses are additional retirement benefits due to the implementation of the special early retirement system. *8. This is related to guarantees for subsidiaries and affiliates.	*1. Dividend income includes ¥7,830 million from subsidiaries and affiliates. *2. Rent income includes ¥2,523 million from subsidiaries and affiliates. *3. — *4. Gain on sales of noncurrent assets is as follows. (Millions of yen) Land 28 Other 21 Total 49 *5. Loss on sales of noncurrent assets is as follows. Buildings ¥0 million *6. Loss on retirement of noncurrent assets is as follows. (Millions of yen) Software 64 Other 10 Total 74 *7. Same as the left *8. Same as the left

(Statement of Changes in Net Assets)

Previous fiscal year (April 1, 2007, to March 31, 2008)

Matters related to class and number of shares of treasury stock

	Number of shares at end of the previous fiscal year (Shares)	Number of shares increased during the current fiscal year (Shares)	Number of shares decreased during the current fiscal year (Shares)	Number of shares at end of the current fiscal year (Shares)
Common stock	38,056.69	55.31	2,091.81	36,020.19

(Outline of the reasons for the changes in the number of shares)

The reason for the decrease in the number of shares of treasury stock was mainly as follows:

Decrease due to the exercise of a stock option 2,058.00 shares

Current fiscal year (April 1, 2008, to March 31, 2009)

Matters related to class and number of shares of treasury stock

	Number of shares at end of the previous fiscal year (Shares)	Number of shares increased during the current fiscal year (Shares)	Number of shares decreased during the current fiscal year (Shares)	Number of shares at end of the current fiscal year (Shares)
Common stock	36,020.19	29,924, 893.43	162.62	29,960,751.00

(Outline of the reasons for the changes in the number of shares)

The reason for the increase in the number of shares of treasury stock was mainly as follows:

Increase due to the exercise of a stock split 29,660, 215.86 shares

Increase due to market purchase through trust 130,817.00 shares

Increase due to tender offer 129,796.00 shares

(Per-share information)

Previous fiscal year (From April 1, 2007, to March 31, 2008)	Current fiscal year (From April 1, 2008, to March 31, 2009)
Net assets per share ¥179,115.61 Net income per share (basic) ¥8,936.06 Net income per share (diluted) ¥8,932.81	Net assets per share ¥1,543.08 Net loss per share (basic) ¥(127.55) Net income per share (diluted) — Note: On January 4, 2009, the Company implemented a stock split at a ratio of 100 shares per share of common stock. (Per share information assuming that the stock split was conducted at the beginning of the previous fiscal year) Net assets per share ¥1,791.16 (Basic) net income per share ¥89.36 (Diluted) net income per share ¥89.33

Notes:

1. Although dilutive securities exist with regard to diluted net income per share, the net loss value is not stated in the table for the current fiscal year.
2. Basis of computation for basic net income per share and diluted net income per share

Item	Previous fiscal year (From April 1, 2007, to March 31, 2008)	Current fiscal year (From April 1, 2008, to March 31, 2009)
Net income (loss) on the statements of income (Millions of yen)	24,533	(32,771)
Net income (loss) related to common stock (Millions of yen)	24,533	(32,771)
Amount of net income (loss) not attributable to common shareholders (Millions of yen)	—	—
Average number of shares of common stock outstanding for the period (Thousands)	2,745	256,931
Major breakdown of the number of shares of common stock increased used in the computation of diluted net income per share (Thousand shares)		
Stock option for acquisition of treasury stock	0	—
Subscription rights to shares	0	—
Number of shares of common stock increased (Thousand shares)	1	—
Summary of the dilutive securities that were not included in the computation of diluted net income per share due to the lack of a dilution effect	—	The stock options (subscription rights to shares) adopted by the ordinary general meeting of shareholders held on June 27, 2003 355,200 shares of common stock

(Important subsequent events)

Previous fiscal year (From April 1, 2007, to March 31, 2008)	Current fiscal year (From April 1, 2008, to March 31, 2009)
(Acquisition of treasury stock and tender offer of treasury stock) The Company, by resolution of the Board of Directors at its meeting held on May 12, 2008, determined to acquire treasury stock and conduct a tender offer of treasury stock under Article 156, Item 1, of the Companies Act, as applied pursuant to Article 165, Item 3, of said law, and the Articles of Incorporation of Dentsu Inc. By resolution of the Board of Directors at its meeting held on June 23, 2008, the Company determined to purchase its treasury stock in the market. An explanation of the details is provided in the "(Important subsequent events)" of the Consolidated Financial Statements.	—

6. Other

(1) Transfer of officers

The details are explained in the news release of February 13, 2009: "Dentsu Announces Management Changes Including Prospective Members of the Board and Executive Officers."

(2) Other

None applicable