

Financial Summary for FY2006 and Outlook for FY2007

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Cautionary Statement

This document contains forward-looking statements regarding the intent, belief or current expectations of Dentsu Inc. or its management with respect to the results of operations and financial condition of the Dentsu Group.

Such forward-looking statements, based on information known to the management as of May 14, 2007, are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors.

Unless otherwise stated, the following discussion is based on the Dentsu Group's consolidated financial statements prepared in accordance with Generally Accepted Accounting Principles in Japan.

Consolidated Financial Results for FY2006

(Millions of yen)

	FY2005	FY2006	Change
Net sales	1,963,296	2,093,976	+6.7%
Gross profit	325,896	348,391	+6.9%
Gross profit margin	16.6%	16.6%	+0.0 ppts
SG&A	267,120	285,556	+6.9%
Operating income	58,776	62,834	+6.9%
Operating margin	18.0%	18.0%	+0.0 ppts
Ordinary income	64,837	70,044	+8.0%
Net income	31,002	30,688	-1.0%

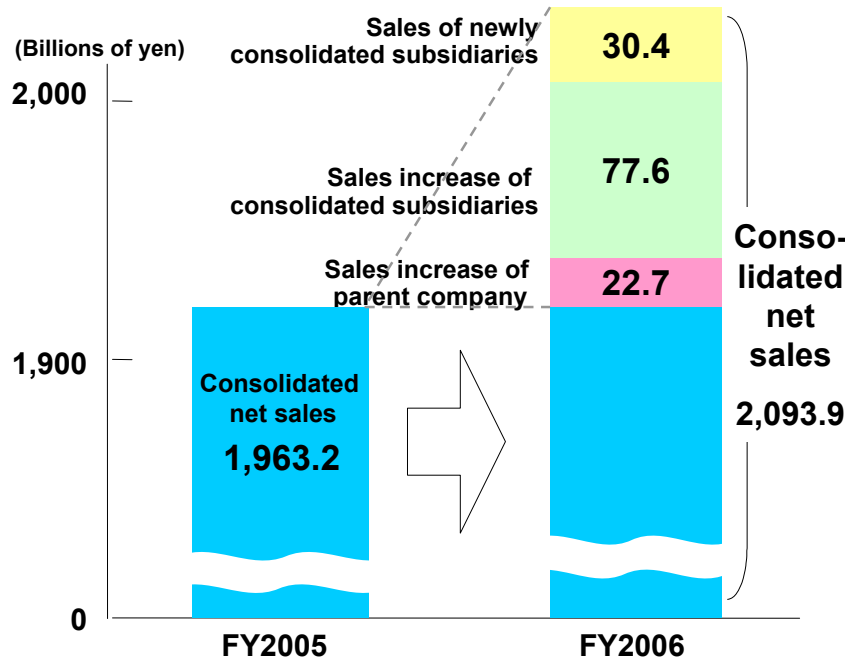
Note: Operating margin = operating income ÷ gross profit x 100

Growth in Consolidated Net Sales

(Millions of yen)

	FY2005	FY2006	Change (%)	Change (amount)
Net sales	1,963,296	2,093,976	+6.7%	+130,679

Reasons for Increase in Consolidated Net Sales



Note: Figures used for sales of newly consolidated subsidiaries, the sales increase of consolidated subsidiaries and the sales increase of the parent company exclude internal transactions. Also, sales of newly consolidated subsidiaries exclude sales of their subsidiaries.

Comments

Principal Group companies contributing to year-on-year growth

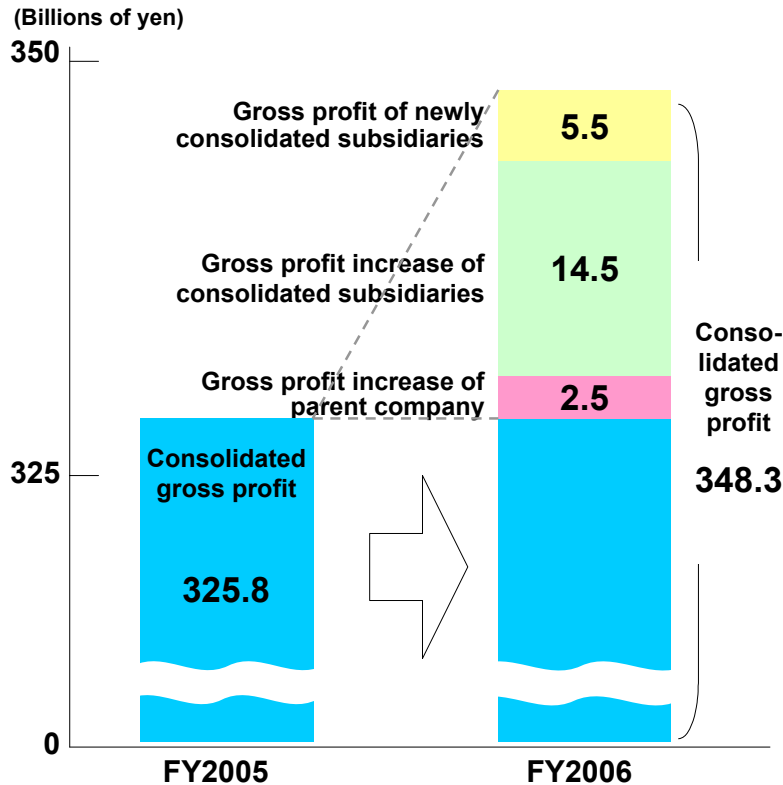
- Dentsu (Parent company)
- Subsidiaries: iSe (sales of hospitality programs), Beijing Dentsu Advertising, ISID, etc.
- Newly consolidated: Meitetsu Agency, Dentsu InnovaK, Dentsu Latin America, etc.

Growth in Consolidated Gross Profit

(Millions of yen)

	FY2005	FY2006	Change (%)	Change (amount)
Gross profit	325,896	348,391	+6.9%	+22,495
Gross profit margin	16.6%	16.6%	+0.0 ppts	—

Reasons for Increase in Consolidated Gross Profit



Note: Gross profit of newly consolidated subsidiaries excludes gross profit of some of their subsidiaries

Comments

Principal Group companies contributing to year-on-year growth

- Dentsu (Parent company)
- Subsidiaries: iSe (sales of hospitality programs), ISID, CCI, etc.
- Newly consolidated: Meitetsu Agency, Dentsu Latin America, etc.

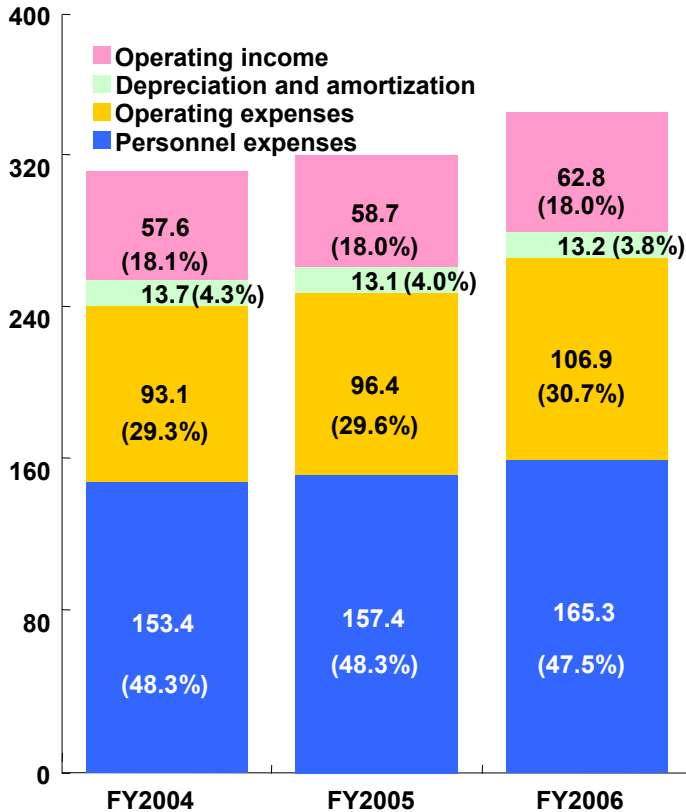
Growth in Consolidated Operating Income

(Millions of yen)

	FY2005	FY2006	Change (%)	Change (amount)
Operating income	58,776	62,834	+6.9%	+4,058
Operating margin	18.0%	18.0%	+0.0 pts	—

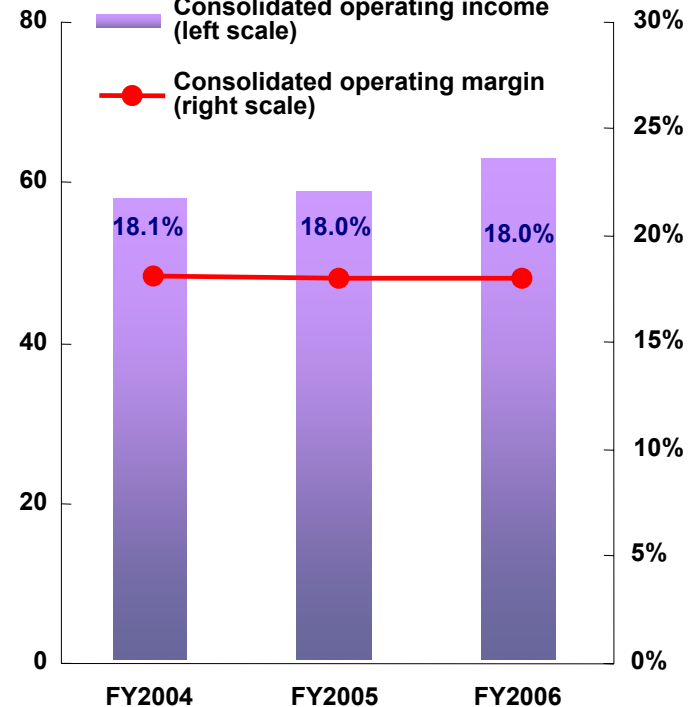
Breakdown of Consolidated Gross Profit

(Billions of yen)



Consolidated Operating Income, Operating Margin

(Billions of yen)



Consolidated Ordinary Income and Net Income

(Millions of yen)

	FY2005	FY2006	Change
Operating income	58,776	62,834	+6.9%
Other income	9,352	10,401	+11.2%
Other expense	3,291	3,192	-3.0%
Net other income	6,060	7,209	+18.9%
Ordinary income	64,837	70,044	+8.0%
Extraordinary income	13,080	2,247	-82.8%
Extraordinary loss	12,814	11,579	-9.6%
Net extraordinary income (loss)	266	(9,331)	—
Income before income taxes	65,103	60,712	-6.7%
Net income	31,002	30,688	-1.0%

Comments

■ Principal other income items

Equity method investment gain: ¥6.0 billion; interest income: ¥1.1 billion; dividend income: ¥1.0 billion, others

■ Principal other expense items

Interest expense: ¥2.3 billion; loss on investment in investment association: ¥0.2 billion

■ Principal extraordinary income items

Profit on sales of investment securities: ¥0.6 billion; profit on sales of fixed assets: ¥0.6 billion

■ Principal extraordinary loss items

Impairment loss on investment securities: ¥4.9 billion; special retirement (early retirement) expenses: ¥1.8 billion

Consolidated Balance Sheets

	(Millions of yen)		
	03/31/2006	03/31/2007	Change
Current assets	708,414	663,887	-6.3%
Fixed assets	569,308	604,162	+6.1%
Total assets	1,277,722	1,268,049	-0.8%
Current liabilities	590,140	545,906	-7.5%
Long-term liabilities	138,904	145,097	+4.5%
Total liabilities	729,045	691,003	-5.2%
Shareholders' equity	510,985	546,694	+7.0%
Valuation and translation adjustments, etc.	10,195	8,065	-20.9%
Minority interests	27,496	22,285	-19.0%
Total net assets	548,677	577,046	+5.2%
Total liabilities and net assets	1,277,722	1,268,049	-0.8%

Comments

■ Principal reasons for changes in assets

- Decrease in assets related to the FIFA World Cup
- Increase in investment securities, etc

■ Principal reasons for changes in liabilities

- Decrease in liabilities related to the FIFA World Cup

■ Principal reasons for changes in net assets

- Increase in retained earnings

■ Financial indicators

Equity ratio:	43.7%	(40.8%)
Debt-to-equity ratio:	0.21 times	(0.22 times)
ROE:	5.7%	(6.1%)

Figures in parentheses, (), are as of March 31, 2006.

Consolidated Cash Flows

(yen)

Consolidated Cash Flows

Cash flows from operating activities
+41.9 billion

Cash flows from investing activities
-52.0 billion

Cash flows from financing activities
-9.7 billion

Change in cash and cash equivalents
-17.9 billion

Note: The change in cash and cash equivalents includes foreign currency translation adjustments of ¥1.8 billion.

Comments

Consolidated operating income	+62.8 billion
Depreciation and amortization	+15.5 billion
Working capital	-7.4 billion
Payment of income taxes, etc	-27.8 billion

Acquisition of investment securities, etc.	-41.3 billion
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Dividend payments	-8.1 billion
Change in debt (long/short term)	-2.2 billion

Note: Sources of cash are indicated by +, uses of cash by –.

Consolidated Performance Forecast for FY2007

(Millions of yen)

	FY2006 (Results)	FY2007 (Forecast)	Change
Net sales	2,093,976	2,107,073	+0.6%
Operating income	62,834	63,842	+1.6%
Ordinary income	70,044	73,113	+4.4%
Net income	30,688	37,004	+20.6%

* With regard to our consolidated operating performance forecasts, as the Publicis Groupe S.A., an equity-method affiliate, does not disclose its performance forecasts, for the fiscal year ending December 31, 2007, our forecast assumes equity method investment gain of the Publicis Groupe S.A. of ¥6,046 million (after excluding ¥4,312 million for the amortization of goodwill), the same amount as was recorded for the fiscal year ended March 31, 2007.

(The exchange rate used here is 1 euro = ¥146, the approximate average rate of exchange during FY2006.)