

Financial Summary for 1H FY2006 and Outlook for Full-Term FY2006

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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 management as of November 16, 2006, 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 1H FY2006

(Millions of yen)

	1H FY2005	1H FY2006	Change
Net sales	931,401	1,035,043	+11.1%
Gross profit	153,969	168,139	+9.2%
Gross profit margin	16.5%	16.2%	-0.3 ppts
SG&A expenses	130,733	140,995	+7.8%
Operating income	23,235	27,144	+16.8%
Operating margin	15.1%	16.1%	+1.0 ppts
Ordinary income	25,418	29,117	+14.6%
Net income	9,797	13,011	+32.8%

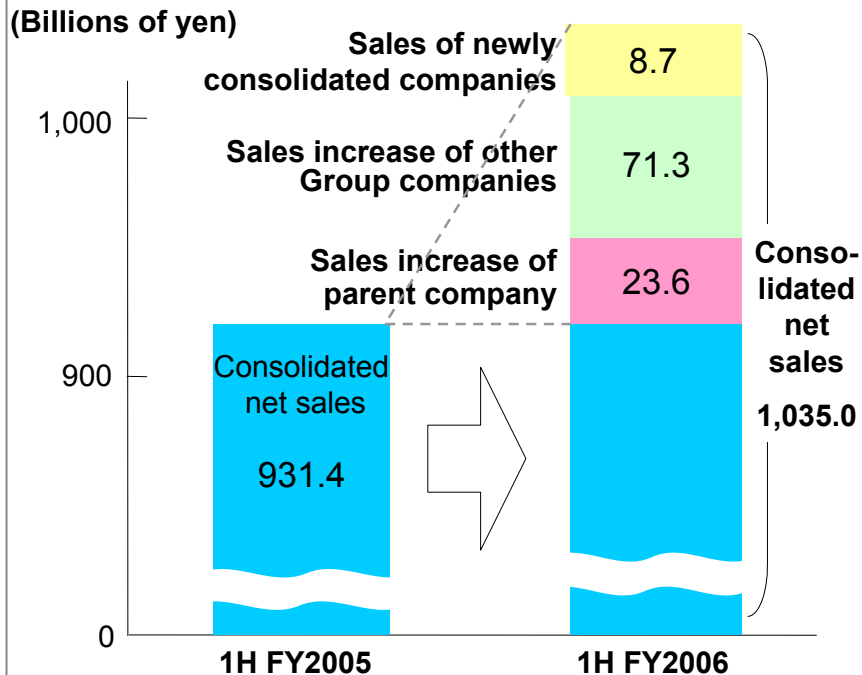
Note: Operating margin = operating income ÷ gross profit x 100

Consolidated Net Sales Growth

(Millions of yen)

	1H FY2005	1H FY2006	Change	Change (amount)
Net sales	931,401	1,035,043	+11.1%	+103,642

Factors behind Increase in Consolidated Net Sales



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

Comments

■ Principal Group companies contributing to year-on-year growth

- Parent: FIFA World Cup matches (broadcasting rights, sales and marketing rights, TV programs, etc.)
- Subsidiaries: iSe (sales of hospitality programs), Beijing Dentsu Advertising, etc.
- Newly consolidated: Meitetsu Agency, Dentsu Latin America, etc.

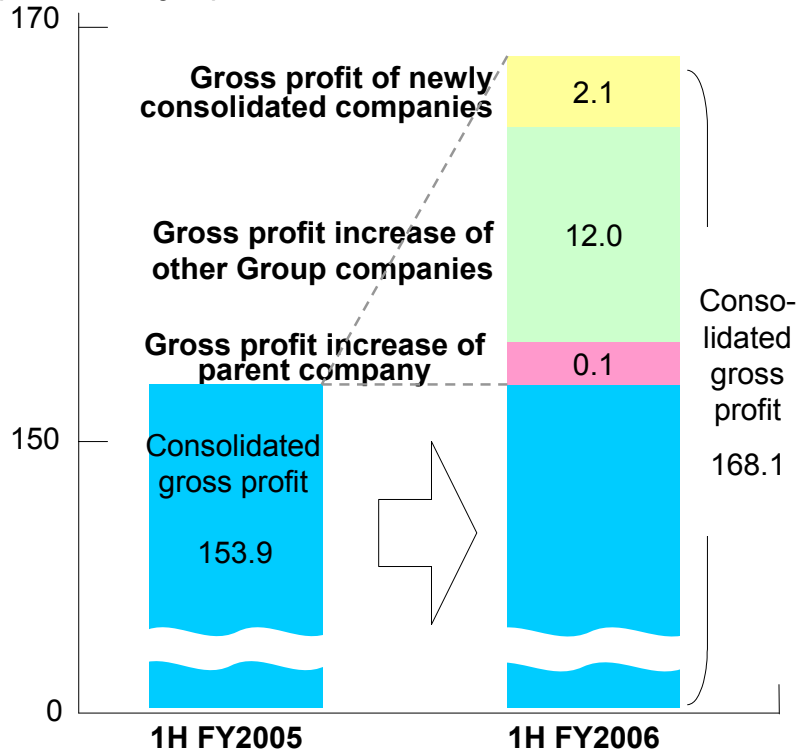
Growth in Consolidated Gross Profit

(Millions of yen)

	1H FY2005	1H FY2006	Change	Change (amount)
Gross profit	153,969	168,139	+9.2%	+14,170
Gross profit margin	16.5%	16.2%	-0.3 pts	—

Factors behind Increase in Consolidated Gross Profit

(Billions of yen)



Note: Gross profit of newly consolidated companies excludes gross profit from their subsidiaries

Comments

- Principal Group companies contributing to year-on-year growth
 - Subsidiaries: iSe (sales of hospitality programs), cci, etc.
 - Newly consolidated: Meitetsu Agency, Media Shakers, Dentsu Latin America, etc.

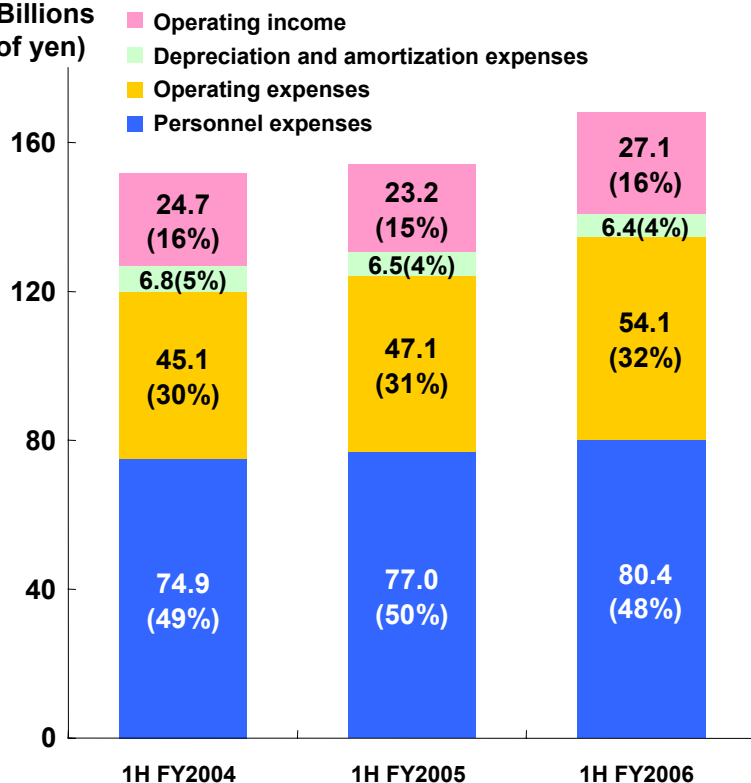
Growth in Consolidated Operating Income

(Millions of yen)

	1H FY2005	1H FY2006	Change	Change (amount)
Operating income	23,235	27,144	+16.8%	+3,909
Operating margin	15.1%	16.1%	+1.0 pts	—

Consolidated Gross Profit Breakdown

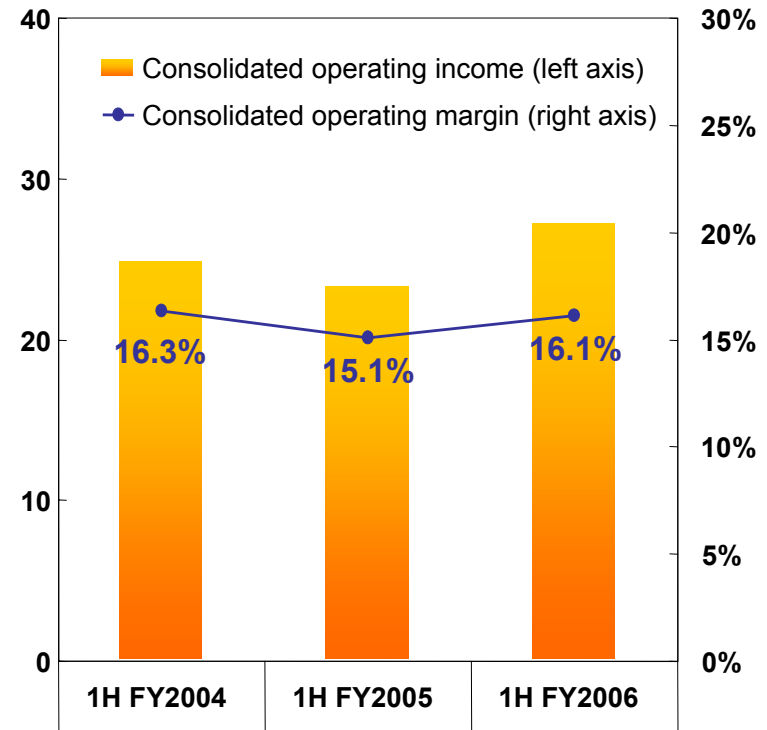
(Billions of yen)



Note: Figures in parentheses () are percentages of the total.

Consolidated Operating Income, Operating Margin

(Billions of yen)



Consolidated Ordinary Income and Net Income

(Millions of yen)

	1H FY2005	1H FY2006	Change
Operating income	23,235	27,144	+16.8%
Other income	3,945	3,691	-6.4%
Other expense	1,762	1,718	-2.5%
Net other income	2,182	1,972	-9.6%
Ordinary income	25,418	29,117	+14.6%
Extraordinary income	1,661	1,589	-4.3%
Extraordinary loss	4,867	3,760	-22.7%
Net extraordinary loss	(3,206)	(2,171)	-32.3%
Income before income taxes	22,212	26,946	+21.3%
Net income	9,797	13,011	+32.8%

Comments

■ Principal other income items

- Equity method investment gain: ¥1.3 billion
- Dividend income: ¥0.7 billion
- Interest income: ¥0.5 billion, others

■ Principal other expense items

- Interest expense: ¥1.1 billion
- Loss on investment in “investment association”: ¥0.2 billion

■ Principal extraordinary income items

- Profit on sales of investment securities: ¥0.5 billion
- Profit on sales of fixed assets: ¥0.5 billion

■ Principal extraordinary loss items

- Impairment loss on investment securities: ¥2.1 billion
- Extraordinary retirement (early retirement) expenses: ¥0.4 billion

Consolidated Balance Sheets

(Millions of yen)

	03/31/06	09/30/06	Change
Current assets	708,414	615,938	-13.1%
Fixed assets	569,308	575,072	+1.0%
Total assets	1,277,722	1,191,010	-6.8%
Current liabilities	590,140	510,344	-13.5%
Long-term liabilities	138,904	123,098	-11.4%
Total liabilities	729,045	633,442	-13.1%
Shareholders' equity	510,985	532,849	+4.3%
Accumulated other comprehensive income	10,195	3,351	-67.1%
Minority interests	27,496	21,360	-22.3%
Total net assets	548,677	557,567	+1.6%
Total liabilities and net assets	1,277,722	1,191,010	-6.8%

Comments

■ Principal reasons for changes in assets

- Decrease in assets related to the FIFA World Cup
- Decreases in notes and accounts receivable

■ Principal reasons for changes in liabilities

- Decreases in liabilities related to the FIFA World Cup
- Decreases in notes and accounts payable

■ Financial indicators

- Capital to asset ratio: 45.0% (40.8%)
- Debt to equity ratio: 0.19 times (0.22 times)

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

Cash Flows

Cash Flows

Cash flows from operating activities
+¥22.4 billion

Cash flows from investing activities
-¥14.8 billion

Cash flows from financing activities
-¥18.8 billion

Change in cash and cash equivalents
-¥10.7 billion

Note: Change in cash and cash equivalents includes accumulated other comprehensive income of ¥0.5 billion.

Comments

Consolidated net income	+¥13.0 billion
Depreciation and amortization	+¥8.5 billion
Working capital	+¥4.0 billion

Acquisition of investment securities, etc.	-¥10.1 billion
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Reduction of long-term debt	-¥24.7 billion
Issuance of commercial paper	+¥10.0 billion
Dividend payments	-¥4.0 billion

Note: Sources of cash are indicated by +
uses of cash by -

FY2006 Consolidated Results Outlook

(Millions of yen)

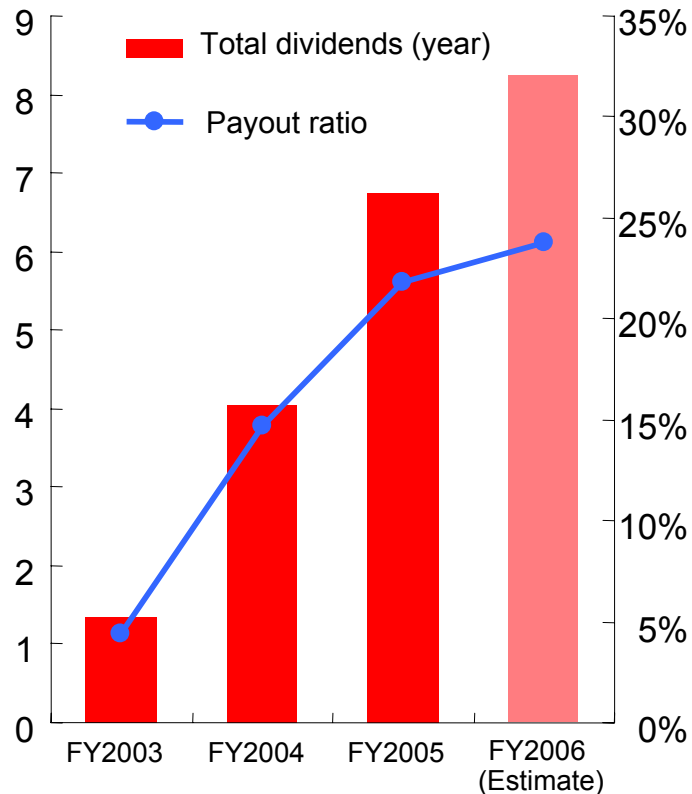
	FY2005 (Result)	FY2006 (Estimate)	Change
Net sales	1,963,296	2,117,585	+7.9%
Ordinary income	64,837	68,827	+6.2%
Net income	31,002	34,571	+11.5%

Note: Consolidated income estimates exclude the equities of Publicis Groupe, which is accounted for by the equity method, for 2H FY2006.

Interim Dividends

Total Dividends and Payout Ratio (Consolidated)

(Billions of yen)



Total interim dividends: Approx ¥4.1 billion
(Approx ¥8.2 billion expected for the year)

Interim dividends per share: ¥1,500
(Year-end per-share dividends of ¥1,500,
anticipated total for the year of ¥3,000)

Fundamental Policy on Return to Shareholders

- Long-term growth in corporate value through expansion of operations
- Stable dividends
- Expeditious acquisition of own shares