

# Financial Summary for 1H FY2006

(From April 1, 2006 to September 30, 2006)

## 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 Results

# Consolidated Financial Results

(Millions of Yen)

	1H FY2005	1H FY2006	Change
<b>Net sales</b>	<b>931,401</b>	<b>1,035,043</b>	<b>+11.1%</b>
<b>Gross profit</b>	<b>153,969</b>	<b>168,139</b>	<b>+9.2%</b>
Gross profit margin	16.5%	16.2%	-0.3 ppts
<b>Operating income</b>	<b>23,235</b>	<b>27,144</b>	<b>+16.8%</b>
Operating margin *	15.1%	16.1%	+1.0 ppts
<b>Ordinary income</b>	<b>25,418</b>	<b>29,117</b>	<b>+14.6%</b>
<b>Net income</b>	<b>9,797</b>	<b>13,011</b>	<b>+32.8%</b>

Notes: \*Operating margin = Operating Income ÷ Gross Profit × 100

# Consolidated Net Sales < 1 >

## Breakdown by Business Segment

(Millions of Yen)

	1H FY2006	Change
<b>Advertising</b> ( 94.2% of total )	<b>990,780</b>	<b>+11.4%</b>
<b>Other business</b> ( 5.8% of total )	<b>60,596</b>	<b>+2.7%</b>
<b>Total</b>	<b>1,051,377</b>	<b>+10.9%</b>
<b>Eliminations</b>	<b>(16,333)</b>	<b>—</b>
<b>Net sales</b>	<b>1,035,043</b>	<b>+11.1%</b>

## Key Subsidiaries

(Millions of Yen)

	1H FY2006	Change
<b>Advertising:</b>		
5 Regional Dentsu	<b>57,699</b>	<b>+0.4%</b>
DYR Tokyo	<b>16,221</b>	<b>+7.2%</b>
Dentsu Holdings USA	<b>19,998</b>	<b>+6.1%</b>
Beijing Dentsu Advertising	<b>21,449</b>	<b>+44.2%</b>
cci *	<b>23,724</b>	<b>+35.9%</b>
<b>Other business:</b>		
ISID *	<b>34,209</b>	<b>+6.2%</b>
Geneon (Japan)	<b>14,040</b>	<b>+5.5%</b>

\* Consolidated basis

**Notes:** 1. Sales of companies are before eliminations.

2. "5 Regional Dentsu" comprises Dentsu East Japan + Dentsu EYE, Dentsu West Japan, Dentsu Kyushu, Dentsu Hokkaido and Dentsu Okinawa.

# Consolidated Net Sales < 2 >

## Breakdown by Geographic Segment

	(Millions of Yen)		
	1H FY2006	Change	% of Total
<b>The Americas</b>	23,024	+17.1%	2.2%
<b>Europe</b>	57,559	+788.1%	5.5%
<b>China</b>	22,355	+43.9%	2.1%
<b>Asia (excl. Japan, China)</b>	20,882	+26.6%	2.0%
<b>Eliminations</b>	(56)	–	–
<b>Overseas Total</b>	123,764	+113.7%	11.9%
<b>Japan</b>	916,363	+4.4%	88.1%
<b>Total</b>	1,040,128	–	100.0%
<b>Eliminations</b>	(5,084)	–	–
<b>Net sales</b>	1,035,043	+11.1%	–

Note: "Change" of The Americas excludes subsidiaries in South America, which were newly consolidated in FY2006.

## Consolidated Net Sales < 3 >

### Newly Consolidated Subsidiaries Contributing to Net Sales

- |                                   |  |
|-----------------------------------|--|
| ▪ Newly consolidated subsidiaries | 12 companies                                     |
| ▪ Eliminated                      | 2 companies                                      |
| ▪ Consolidated subsidiaries       | 117 companies<br>(10 more than in previous term) |
| ▪ Net sales contribution          | ¥8.7 billion                                     |

\*Above includes 1H 2006 net sales of subsidiaries newly consolidated in 2H FY2005

### Newly Consolidated Subsidiaries

#### 【From 2H FY2005】

- Meitetsu Agency
- Media Shakers
- Dentsu Sports Partners,  
others

#### 【From 1H FY2006】

- Dentsu Latin America
- Dentsu Alpha
- Shingata Azabu / Shingata Soken,  
others

# Consolidated Operating Income

(Millions of Yen)

	1H FY2005	1H FY2006	Change
<b>Gross profit</b>	153,969	168,139	+9.2%
<b>Personnel expenses</b>	77,036	80,451	+4.4%
<b>Salaries</b>	64,633	67,916	+5.1%
<b>Others</b>	12,403	12,534	+1.1%
<b>Operating expenses</b>	46,476	52,987	+14.0%
<b>Depreciation and amortization</b>	7,220	7,556	+4.7%
<b>SG&amp;A total</b>	130,733	140,995	+7.8%
<b>Operating income</b>	23,235	27,144	+16.8%
<b>Operating margin</b>	15.1%	16.1%	+1.0 ppts

# Consolidated Ordinary Income and Net Income

(Millions of Yen)

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

# Consolidated Balance Sheets

(Millions of Yen)

	March 31, 2006	September 30, 2006	Change
<b>Current assets</b>	708,414	615,938	-13.1%
<b>Fixed assets</b>	569,308	575,072	+1.0%
<b>Total assets</b>	1,277,722	1,191,010	-6.8%
<b>Current liabilities</b>	590,140	510,344	-13.5%
<b>Long-term liabilities</b>	138,904	123,098	-11.4%
<b>Total liabilities</b>	729,045	633,442	-13.1%
<b>Shareholders' equity</b>	510,985	532,849	+4.3%
Accumulated other comprehensive income	10,195	3,351	-67.1%
Share warrant	–	5	–
<b>Minority interests</b>	27,496	21,360	-22.3%
<b>Total net assets</b>	548,677	557,567	+1.6%
<b>Total liabilities and net assets</b>	1,277,722	1,191,010	-6.8%

# Non-Consolidated Results

# Non-Consolidated Financial Results

(Millions of Yen)

	1H FY2005	1H FY2006	Change
<b>Net sales</b>	755,551	781,812	+3.5%
<b>Gross profit</b>	103,518	103,649	+0.1%
Gross profit margin	13.7%	13.3%	-0.4 pts
<b>Operating income</b>	17,049	17,373	+1.9%
Operating margin	16.5%	16.8%	+0.3 pts
<b>Ordinary income</b>	23,276	23,857	+2.5%
<b>Net income</b>	11,879	12,587	+6.0%

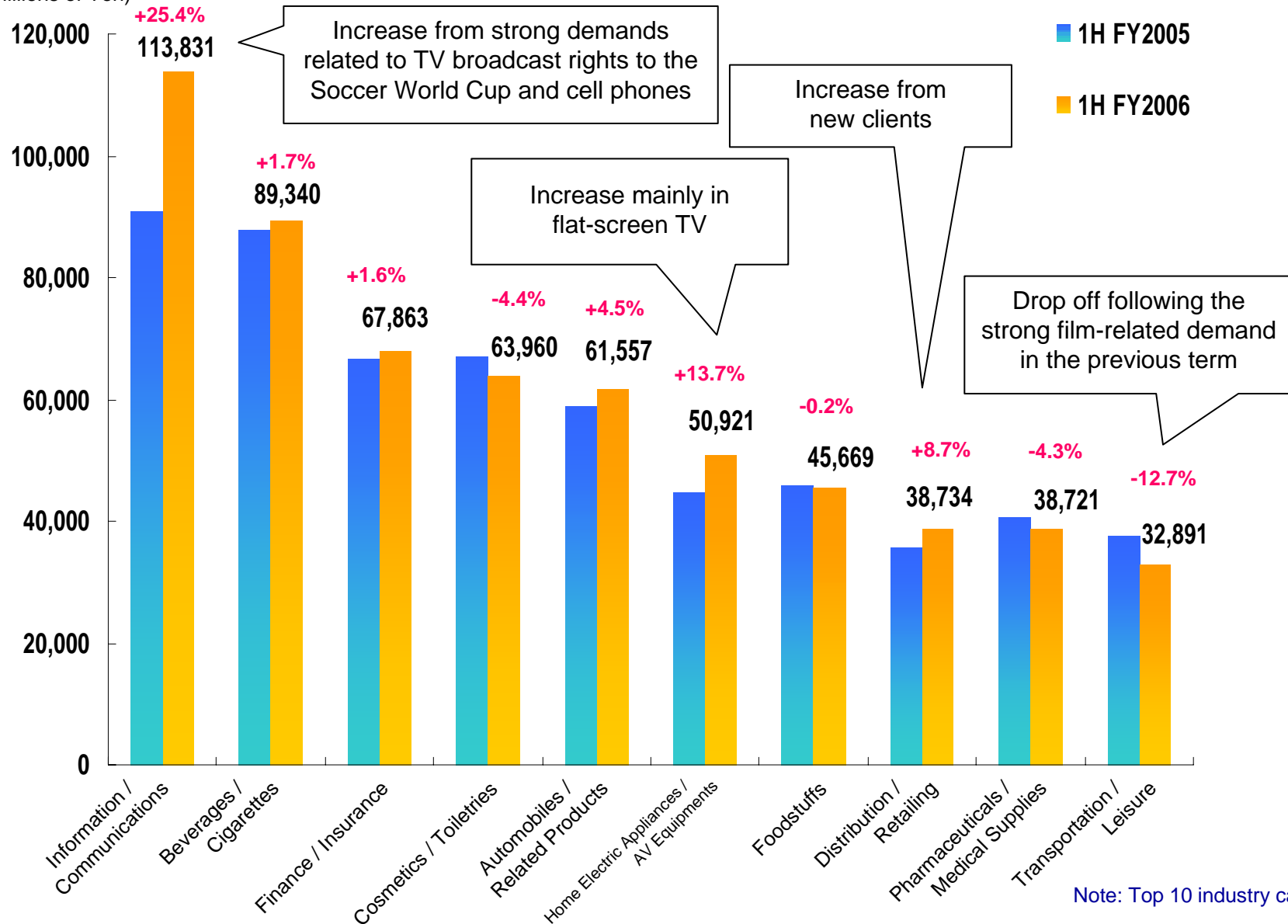
# Non-Consolidated Net Sales by Business Category

(Millions of Yen)

Business Category	1H FY2005			1H FY2006		
	Net sales	Change	% of Total	Net sales	Change	% of Total
Newspapers	91,308	-6.2%	12.1%	90,662	-0.7%	11.6%
Magazines	34,592	-0.3%	4.6%	36,502	5.5%	4.7%
Radio	12,772	-6.0%	1.7%	12,646	-1.0%	1.6%
Television	371,153	-1.5%	49.1%	372,912	0.5%	47.7%
Time	170,930	-4.4%	22.6%	178,370	4.4%	22.8%
Spot	200,223	1.2%	26.5%	194,542	-2.8%	24.9%
Interactive Media	8,197	68.0%	1.1%	10,990	34.1%	1.4%
OOH Media	17,876	-6.3%	2.4%	19,144	7.1%	2.4%
Creative	81,539	1.9%	10.8%	88,860	9.0%	11.4%
Marketing/Promotion	79,201	4.6%	10.5%	81,478	2.9%	10.4%
Content Services	46,060	25.6%	6.1%	57,161	24.1%	7.3%
Others	12,848	163.7%	1.7%	11,455	-10.8%	1.5%
Total	755,551	1.6%	100.0%	781,812	3.5%	100.0%

# Non-Consolidated Net Sales by Industry

(Millions of Yen)



Note: Top 10 industry categories

# Non-Consolidated Operating Income

(Millions of Yen)

	1H FY2005	1H FY2006	Change
<b>Gross profit</b>	103,518	103,649	+0.1%
<b>Personnel expenses</b>	51,459	51,025	-0.8%
<b>Salaries</b>	42,366	42,360	-0.0%
<b>Others</b>	9,093	8,665	-4.7%
<b>Operating expenses</b>	28,931	29,453	+1.8%
<b>Depreciation and amortization</b>	6,078	5,797	-4.6%
<b>SG&amp;A total</b>	86,469	86,276	-0.2%
<b>Operating income</b>	17,049	17,373	+1.9%
<b>Operating margin</b>	16.5%	16.8%	+0.3 pts

# Non-Consolidated Ordinary Income and Net Income

(Millions of Yen)

	1H FY2005	1H FY2006	Change
<b>Operating income</b>	17,049	17,373	+1.9%
<b>Other income</b>	7,660	7,865	+2.7%
<b>Other expenses</b>	1,433	1,380	-3.7%
<b>Net other income</b>	6,227	6,484	+4.1%
<b>Ordinary income</b>	23,276	23,857	+2.5%
<b>Extraordinary income</b>	1,598	1,455	-8.9%
<b>Extraordinary loss</b>	4,084	4,168	+2.1%
<b>Net extraordinary income (loss)</b>	(2,485)	(2,712)	+9.1%
<b>Income before taxes</b>	20,790	21,145	+1.7%
<b>Net income</b>	11,879	12,587	+6.0%

# Outlook for Full-Term FY2006

# FY2006 Consolidated Results Outlook

(Millions of Yen)

	FY2005 (Result)	FY2006 (Estimate)	Change
<b>Net sales</b>	<b>1,963,296</b>	<b>2,117,585</b>	<b>+7.9%</b>
<b>Gross profit</b>	<b>325,896</b>	<b>353,192</b>	<b>+8.4%</b>
Gross profit margin	16.6%	16.7%	+0.1 pts
<b>Operating income</b>	<b>58,776</b>	<b>65,918</b>	<b>+12.2%</b>
Operating margin	18.0%	18.7%	+0.7 pts
<b>Ordinary income</b>	<b>64,837</b>	<b>68,827</b>	<b>+6.2%</b>
<b>Net income</b>	<b>31,002</b>	<b>34,571</b>	<b>+11.5%</b>

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

# FY2006 Non-Consolidated Results Outlook

(Millions of Yen)

	FY2005 (Result)	FY2006 (Estimate)	Change
<b>Net sales</b>	1,577,131	1,620,980	+2.8%
<b>Gross profit</b>	214,144	218,095	+1.8%
Gross profit margin	13.6%	13.5%	-0.1 pts
<b>Operating income</b>	39,214	39,391	+0.5%
Operating margin	18.3%	18.1%	-0.2 pts
<b>Ordinary income</b>	46,218	48,068	+4.0%
<b>Net income</b>	21,537	27,102	+25.8%