

FY2007 Interim Earnings Announcement

November 13, 2007
Dentsu Inc.

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 November 13, 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.

Financial Summary for 1H FY2007 and Outlook for Full-Term FY2007

**Setsuo Kamai
Managing Director & CFO**

Consolidated Financial Results for 1H FY2007

	(Millions of yen)			
	1H FY2006	1H FY2007	YoY Change	Against Forecast
Net sales	1,035,043	997,360	-3.6%	-1.1%
Gross profit	168,139	165,875	-1.3%	-1.0%
Gross profit margin	16.2%	16.6%	+0.4 pts	+0.0 pts
SG&A expenses	140,995	142,438	+1.0%	-0.8%
Operating income	27,144	23,437	-13.7%	-2.5%
Operating margin	16.1%	14.1%	-2.0 pts	-0.2 pts
Ordinary income	29,117	30,176	+3.6%	+6.6%
Net income	13,011	14,444	+11.0%	+9.8%

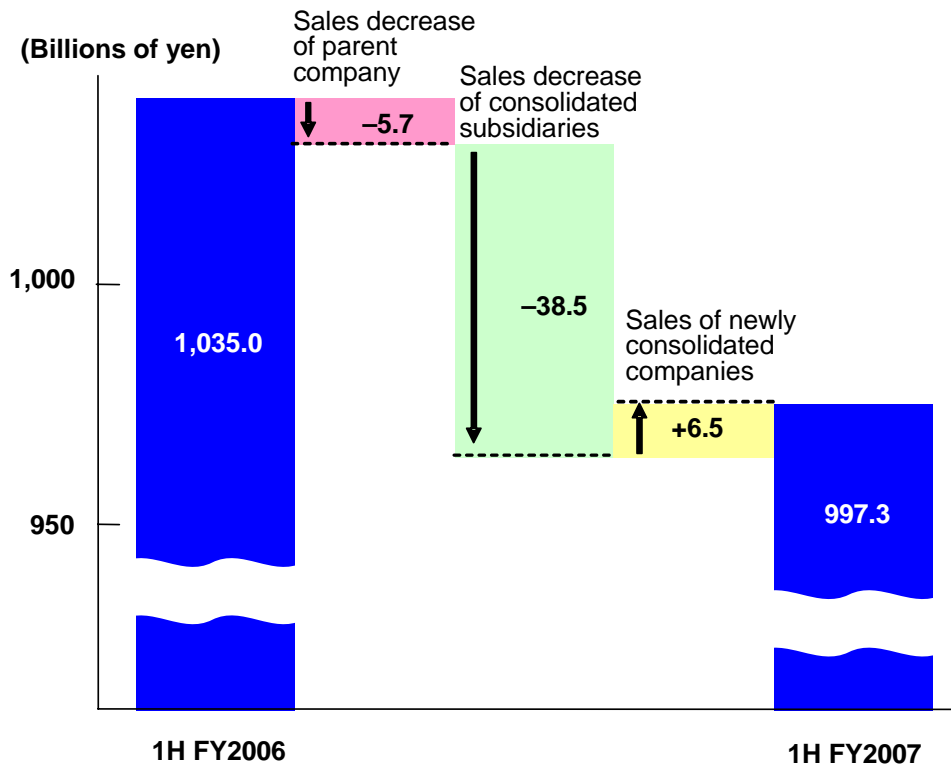
Notes: Comparisons "against forecast" indicate differences from the forecast announced May 11, 2007.
 Operating margin = operating income ÷ gross profit x 100

Consolidated Net Sales

(Millions of yen)

	1H FY2006	1H FY2007	Change	Change (amount)
Net sales	1,035,043	997,360	-3.6%	-37,683

Factors Behind Change in Consolidated Net Sales



Note: Figures used for sales decrease of parent company, sales decrease of consolidated subsidiaries and sales of newly consolidated companies exclude internal transactions.

Comments

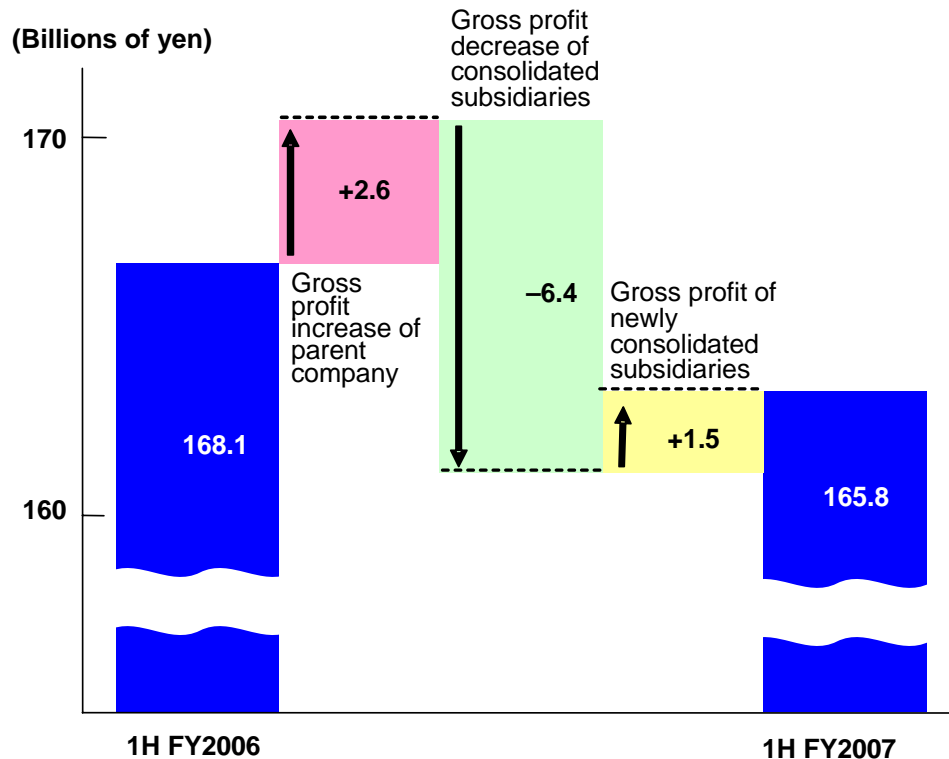
- **Principal Group companies contributing to year-on-year change**
 - Parent: Backlash from the World Cup the previous year
 - Subsidiaries: Decrease from previous-year sales by iSe (World Cup), increase from Dentsu Holdings U.S.A., etc.
 - Newly consolidated: Dentsu InnovaK, etc.

Consolidated Gross Profit

(Millions of yen)

	1H FY2006	1H FY2007	Change	Change (amount)
Gross profit	168,139	165,875	-1.3 %	-2,263
Gross profit margin	16.2%	16.6%	+0.4 pts	—

Factors Behind Change in Consolidated Gross Profit



Comments

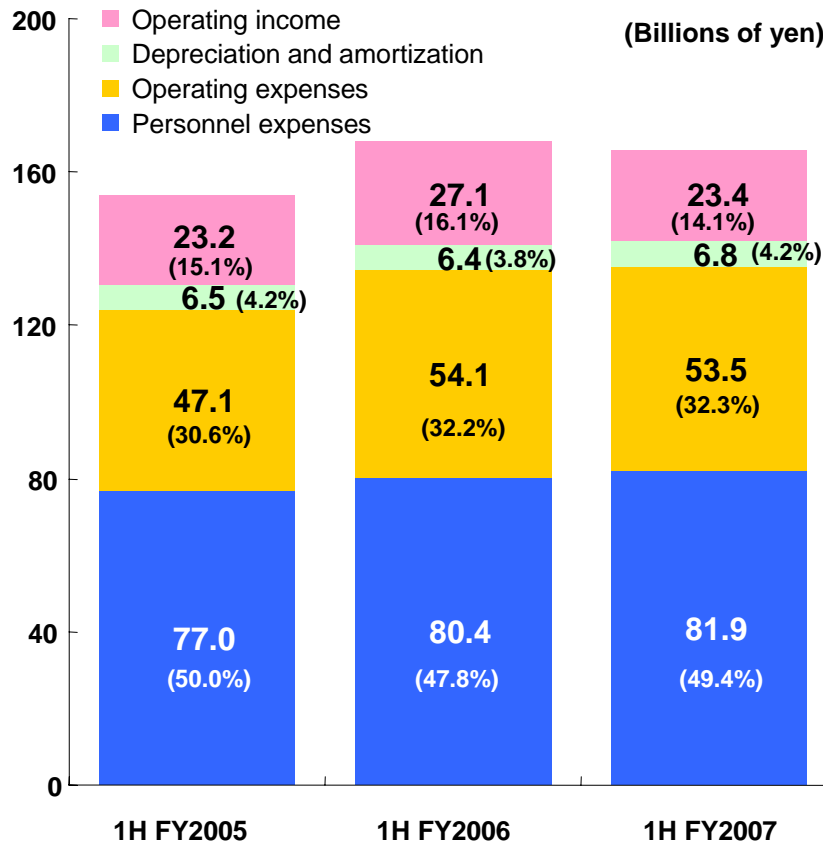
- **Principal Group companies contributing to year-on-year change**
 - Parent: Improved gross profit margin
 - Subsidiaries: Decrease from iSe (World Cup), increase from ISID, and Dentsu Holdings U.S.A., etc.
 - Newly consolidated: Dentsu InnovaK, etc.

Consolidated Operating Income

(Millions of yen)

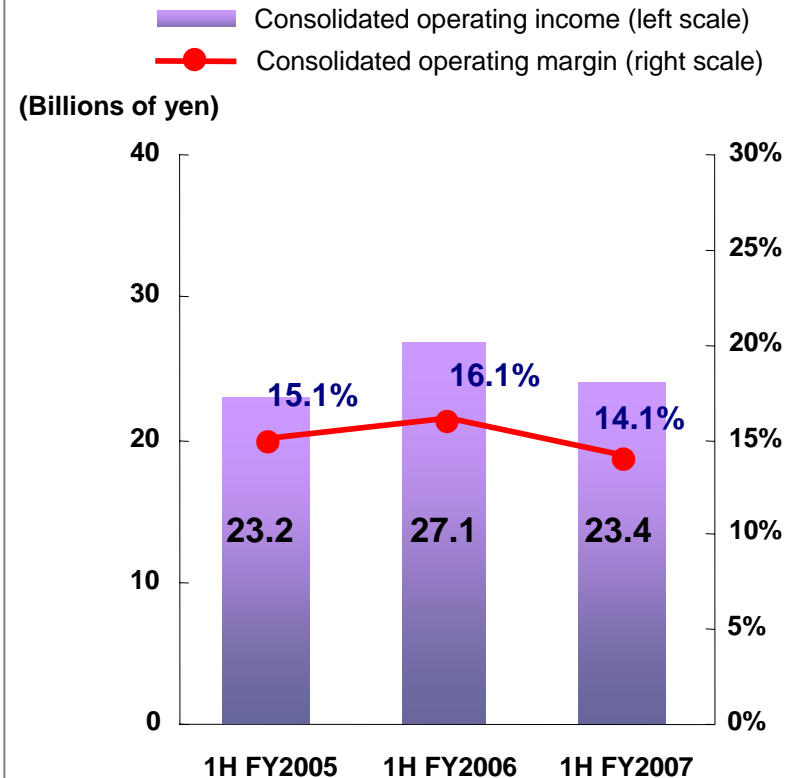
	1H FY2006	1H FY2007	Change	Change (amount)
Operating income	27,144	23,437	-13.7%	-3,707
Operating margin	16.1%	14.1%	-2.0 pts	—

Breakdown of Consolidated Gross Profit



Notes: Figures in parentheses () are percentages of the total.
 "Operating expenses" includes amortization of goodwill.

Consolidated Operating Income, Operating Margin



Consolidated Ordinary Income and Net Income

	(Millions of yen)		
	1H FY2006	1H FY2007	Change
Operating income	27,144	23,437	-13.7%
Other income	3,691	8,247	+123.4%
Other expense	1,718	1,508	-12.2%
Net other income	1,972	6,739	+241.6%
Ordinary income	29,117	30,176	+3.6%
Extraordinary income	1,589	8,641	+443.5%
Extraordinary loss	3,760	12,469	+231.5%
Net extraordinary loss	(2,171)	(3,828)	—
Income before income taxes and minority interests	26,946	26,348	-2.2%
Income taxes	12,236	11,582	-5.3%
Minority interests	1,698	321	-81.1%
Net income	13,011	14,444	+11.0%

Comments

■ Principal other income items

Equity method investment gain: ¥3.8 billion
 Dividend income: ¥1.6 billion
 Gain on investments in investment association: ¥1.0 billion, others

■ Principal other expense items

Interest expense: ¥1.2 billion

■ Principal extraordinary income items

Gain on contribution of securities to the employee retirement benefit trust: ¥7.3 billion
 Profit on sales of investment securities: ¥1.0 billion

■ Principal extraordinary loss items

D&T partnership (loss on write-down of inventories): ¥7.1 billion
 Geneon USA (loss on business restructuring): ¥2.9 billion

Consolidated Balance Sheets

(Millions of yen)

	03/31/07	09/30/07	Change
Current assets	663,887	610,436	-8.1%
Fixed assets	604,162	604,179	+0.0%
Total assets	1,268,049	1,214,615	-4.2%
Current liabilities	545,906	496,998	-9.0%
Long-term liabilities	145,097	133,289	-8.1%
Total liabilities	691,003	630,287	-8.8%
Shareholders' equity	546,694	557,093	+1.9%
Valuation and translation adjustment, etc.	8,065	4,642	-42.4%
Minority interests	22,285	22,592	+1.4%
Total equity	577,046	584,328	+1.3%
Total liabilities and equity	1,268,049	1,214,615	-4.2%

Comments

■ Principal reasons for changes in assets

- Decrease in cash and cash equivalents
- Decrease in trade receivables
- Decrease in inventories

■ Principal reasons for changes in liabilities

- Decrease in trade payables
- Decrease in interest-bearing debt
- Decreases in reserve for retirement benefits for employees

■ Principal reasons for changes in equity

- Increase in retained earnings

■ Financial indicators

	09/30/06	03/31/07	09/30/07
Equity ratio	45.0%	43.7%	46.2%
Debt-to-equity ratio	0.19 times	0.21 times	0.18 times

Consolidated Cash Flows

(yen)

Consolidated Cash Flows

Cash flows from operating activities
+14.2 billion

Cash flows from investing activities
+0.1 billion

Cash flows from financing activities
-20.4 billion

Change in cash and cash equivalents
-5.0 billion

Note: Cash equivalents includes exchange translations of ¥1.0 billion.

Comments

Consolidated operating income	+23.4 billion
Depreciation and amortization	+10.1 billion
Increase in working capital	+3.2 billion
Income taxes—paid	-17.9 billion

Sales of marketable securities	+9.3 billion
Purchases of marketable securities	-3.6 billion
Purchases of software	-3.2 billion

Dividend payments	-4.1 billion
Change in debt (Long-term, short-term)	-16.4 billion

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

FY2007 Consolidated Results Outlook

(Millions of yen)

	FY2006 Actual	FY2007 Forecast	YoY Change	Against Forecast
Net sales	2,093,976	2,065,871	-1.3%	-2.0%
Gross profit	348,391	349,962	+0.5%	-1.6%
Operating income	62,834	59,239	-5.7%	-7.2%
Operating margin	18.0%	16.9%	-1.1ppts	-1.1ppts
Ordinary income	70,044	71,463	+2.0%	-2.3%
Net income	30,688	37,615	+22.6%	+1.7%

Notes: The column titled "Against Forecast" compares the current FY2007 forecast with the initial forecast released May 11, 2007.

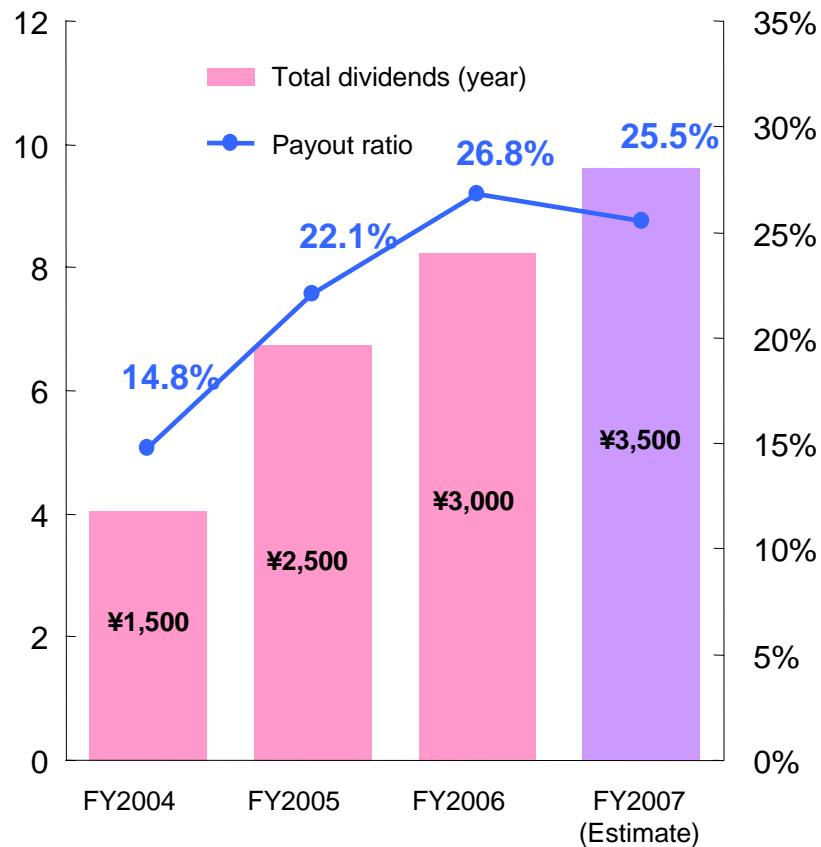
With regard to the Dentsu Group's full-term consolidated operating performance forecasts, as the Publicis Groupe S.A., an equity-method affiliate, does not disclose its performance forecasts for the second half of FY2007, our forecast assumes equity in profits of the Publicis Groupe S.A. of ¥4,059 million (after excluding ¥2,203 million for the amortization of goodwill), the equivalent amount in euro that was recorded for the same period last year.

The exchange rate used here is 1 euro = ¥159.6, the approximate average rate of exchange, which is also used in other affiliated companies, during the first half of FY2007.

Interim Dividends

Total Dividends and Payout Ratio (Consolidated)

(Billions of yen)



Total interim dividends: Approx. ¥4.8 billion
(Approx. ¥9.6 billion expected for the year)

Interim dividends per share: ¥1,750
(Year-end dividends per-share of ¥1,750,
anticipated total for the year of ¥3,500)

Fundamental Policies on Shareholder Return

- Long-term growth in corporate value through expansion of operations
- Stable dividends
- Expeditious purchase of treasury stocks

Note: Figures within the graph indicate dividends per share.