



Contents

| | |
|----|---|
| 45 | Consolidated Balance Sheets |
| 47 | Consolidated Statements of Operations |
| 48 | Consolidated Statements of Changes in Equity |
| 49 | Consolidated Statements of Cash Flows |
| 50 | Notes to Consolidated Financial Statements |
| 79 | Independent Auditors' Report |
| 81 | Non-Consolidated Financial Summary |
| 85 | Market Data |
| 89 | History |
| 90 | Subsidiaries and Affiliates |
| 91 | Board of Directors, Corporate Auditors and Executive Officers |
| 92 | Information for Shareholders |

Consolidated Balance Sheets

Dentsu Inc. and Consolidated Subsidiaries
March 31, 2009 and 2008

| ASSETS | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-------------------|-------------------|--|
| | 2009 | 2008 | 2009 |
| CURRENT ASSETS: | | | |
| Cash and cash equivalents (Note 6) | ¥ 57,271 | ¥ 70,252 | \$ 583,030 |
| Time deposits over three months | 1,146 | 1,325 | 11,667 |
| Receivables: | | | |
| Trade notes | 14,257 | 18,996 | 145,145 |
| Trade accounts | 413,438 | 483,794 | 4,208,886 |
| Other | 5,152 | 6,224 | 52,456 |
| Marketable securities (Note 3) | 1,179 | 321 | 12,004 |
| Inventories (Note 4) | 14,464 | 22,768 | 147,253 |
| Advance payment | 27,599 | 24,590 | 280,966 |
| Deferred tax assets (Note 11) | 10,481 | 13,146 | 106,698 |
| Prepaid expenses and other current assets | 4,672 | 4,452 | 47,570 |
| Allowance for doubtful accounts | (3,345) | (4,871) | (34,060) |
| Total current assets | 546,317 | 641,002 | 5,561,617 |
| PROPERTY, PLANT AND EQUIPMENT (Notes 5 and 6): | | | |
| Land | 160,803 | 158,868 | 1,637,007 |
| Buildings and structures | 153,678 | 153,592 | 1,564,478 |
| Other | 27,941 | 21,328 | 284,444 |
| Total | 342,422 | 333,789 | 3,485,930 |
| Accumulated depreciation | (89,783) | (80,751) | (914,016) |
| Net property, plant and equipment | 252,639 | 253,038 | 2,571,914 |
| INVESTMENTS AND OTHER ASSETS: | | | |
| Investment securities (Notes 3 and 6) | 67,233 | 85,455 | 684,451 |
| Investments in unconsolidated subsidiaries and affiliated companies | 108,850 | 166,376 | 1,108,116 |
| Goodwill | 20,658 | 17,477 | 210,312 |
| Intangible assets | 26,360 | 24,305 | 268,351 |
| Deferred tax assets (Note 11) | 35,466 | 29,367 | 361,060 |
| Other assets | 36,129 | 35,981 | 367,808 |
| Allowance for doubtful accounts | (1,112) | (1,093) | (11,328) |
| Total investments and other assets | 293,586 | 357,871 | 2,988,771 |
| TOTAL | ¥1,092,543 | ¥1,251,912 | \$11,122,303 |

See notes to consolidated financial statements.

| LIABILITIES AND EQUITY | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|--|-------------------|-------------------|--|
| | 2009 | 2008 | 2009 |
| CURRENT LIABILITIES: | | | |
| Short-term borrowings (Note 6) | ¥ 18,625 | ¥ 10,289 | \$ 189,614 |
| Current portion of long-term debt (Notes 6 and 14) | 6,989 | 5,134 | 71,153 |
| Payables: | | | |
| Trade notes | 38,599 | 53,120 | 392,952 |
| Trade accounts (Note 6) | 328,822 | 377,588 | 3,347,475 |
| Other | 8,718 | 10,196 | 88,751 |
| Income taxes payable | 5,602 | 13,271 | 57,032 |
| Accrued expenses | 21,592 | 30,467 | 219,819 |
| Other current liabilities | 21,124 | 27,434 | 215,051 |
| Total current liabilities | 450,075 | 527,504 | 4,581,851 |
| LONG-TERM LIABILITIES: | | | |
| Long-term debt (Notes 6 and 14) | 118,482 | 81,324 | 1,206,169 |
| Accrued pension and severance costs (Note 7) | 30,674 | 31,559 | 312,267 |
| Deferred tax liabilities (Note 11) | 376 | 571 | 3,827 |
| Deferred tax liabilities on land revaluation difference (Notes 2.i and 11) | 10,293 | 10,298 | 104,790 |
| Other long-term liabilities | 9,493 | 9,792 | 96,643 |
| Total long-term liabilities | 169,318 | 133,547 | 1,723,699 |
| COMMITMENTS AND CONTINGENT LIABILITIES (Notes 14, 16 and 17) | | | |
| EQUITY (Note 8): | | | |
| Common stock, | | | |
| authorized, 1,100,000,000 shares; | | | |
| issued, 278,184,000 shares in 2009 and 2,781,840 shares in 2008 | 58,967 | 58,967 | 600,296 |
| Capital surplus | 61,583 | 61,586 | 626,936 |
| Stock acquisition rights | 0 | 0 | 0 |
| Retained earnings | 429,615 | 460,444 | 4,373,566 |
| Unrealized (loss) gain on available-for-sale securities | (2,440) | 4,339 | (24,839) |
| Deferred gain (loss) on derivatives under hedge accounting | 126 | (559) | 1,292 |
| Land revaluation difference (Note 2.i) | (7,187) | (7,179) | (73,166) |
| Foreign currency translation adjustments | (20,730) | (3,550) | (211,042) |
| Treasury stock— at cost, 29,960,751.00 shares in 2009 and 36,020.19 shares in 2008 | (67,367) | (6,754) | (685,814) |
| Total | 452,568 | 567,293 | 4,607,228 |
| Minority interests | 20,581 | 23,567 | 209,523 |
| Total equity | 473,149 | 590,861 | 4,816,752 |
| TOTAL | ¥1,092,543 | ¥1,251,912 | \$11,122,303 |

Consolidated Statements of Operations

Dentsu Inc. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-------------------|-------------------|--|
| | 2009 | 2008 | 2009 |
| NET SALES | ¥1,887,170 | ¥2,057,554 | \$19,211,753 |
| COST OF SALES | 1,572,696 | 1,712,332 | 16,010,343 |
| Gross profit | 314,474 | 345,222 | 3,201,410 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 271,290 | 289,095 | 2,761,784 |
| Operating income | 43,184 | 56,126 | 439,625 |
| OTHER INCOME (EXPENSES): | | | |
| Interest and dividend income | 2,995 | 3,382 | 30,499 |
| Interest expense | (2,521) | (2,542) | (25,673) |
| Foreign exchange gain (loss)—net | 598 | (81) | 6,095 |
| Equity in earnings of affiliated companies | 8,970 | 8,499 | 91,318 |
| Loss on investments in partnership | (875) | — | (8,908) |
| Gain on sales of investment securities | 864 | 1,903 | 8,797 |
| Impairment loss | (1,405) | (72) | (14,305) |
| Loss on valuation of investment securities | (51,116) | (866) | (520,378) |
| Other—net (Note 10) | (5,666) | (2,738) | (57,690) |
| Other income (expenses)—net | (48,156) | 7,484 | (490,245) |
| INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS | (4,972) | 63,610 | (50,620) |
| INCOME TAXES (Note 11): | | | |
| Current | 14,489 | 25,140 | 147,510 |
| Deferred | 177 | 496 | 1,811 |
| Total income taxes | 14,667 | 25,637 | 149,322 |
| MINORITY INTERESTS IN NET INCOME | 812 | 1,726 | 8,274 |
| NET INCOME (LOSS) | ¥ (20,453) | ¥ 36,246 | \$ (208,217) |
| | | Yen | U.S. Dollars |
| | 2009 | 2008 | 2009 |
| PER SHARE OF COMMON STOCK (Notes 2.r, 8 and 18): | | | |
| Basic net income (loss) | ¥ (79.61) | ¥ 132.03 | \$ (0.81) |
| Diluted net income | — | 128.05 | — |
| Cash dividends applicable to the year | 35.00 | 35.00 | 0.36 |

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Dentsu Inc. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

Millions of Yen

| | Outstanding Number of Shares of Common Stock | Common Stock | Capital Surplus | Stock Acquisition Rights | Retained Earnings | Unrealized (Loss) Gain on Available-for-sale Securities | Deferred Gain (Loss) on Derivatives under Hedge Accounting | Land Revaluation Difference | Foreign Currency Translation Adjustments | Treasury Stock | Total | Minority Interests | Total Equity |
|--|---|-----------------|--------------------|--------------------------------|----------------------|--|--|-----------------------------------|---|-------------------|-----------------|-----------------------|-----------------|
| BALANCE, APRIL 1, 2007 | 2,743,783.31 | ¥58,967 | ¥61,474 | ¥ 0 | ¥433,383 | ¥ 15,336 | ¥ 818 | ¥(7,179) | ¥ (909) | ¥ (7,130) | ¥554,760 | ¥22,285 | ¥577,046 |
| Net income | — | — | — | — | 36,246 | — | — | — | — | — | 36,246 | — | 36,246 |
| Cash dividends, ¥3,250 per share | — | — | — | — | (8,920) | — | — | — | — | — | (8,920) | — | (8,920) |
| Change of scope of equity method | — | — | — | — | (410) | — | — | — | — | — | (410) | — | (410) |
| Repurchase of treasury stock | (55.31) | — | — | — | — | — | — | — | — | (17) | (17) | — | (17) |
| Disposal of treasury stock | 2,091.81 | — | 111 | — | — | — | — | — | — | 393 | 505 | — | 505 |
| Other changes in the year | — | — | — | — | 145 | (10,997) | (1,377) | — | (2,641) | — | (14,870) | 1,281 | (13,588) |
| BALANCE, MARCH 31, 2008 | 2,745,819.81 | ¥58,967 | ¥61,586 | ¥ 0 | ¥460,444 | ¥ 4,339 | ¥ (559) | ¥(7,179) | ¥ (3,550) | ¥ (6,754) | ¥567,293 | ¥23,567 | ¥590,861 |
| Adjustment of retained earnings due to an adoption of PITF No.18 (Note 2.s) | — | — | — | — | (728) | — | — | — | — | — | (728) | — | (728) |
| Stock split (Note 8) | 245,741,944.14 | — | — | — | — | — | — | — | — | — | — | — | — |
| Net loss | — | — | — | — | (20,453) | — | — | — | — | — | (20,453) | — | (20,453) |
| Cash dividends, ¥3,750 per share | — | — | — | — | (9,769) | — | — | — | — | — | (9,769) | — | (9,769) |
| Change of scope of equity method | — | — | — | — | 114 | — | — | — | — | — | 114 | — | 114 |
| Reversal of revaluation reserve for land | — | — | — | — | 7 | — | — | (7) | — | — | — | — | — |
| Repurchase of treasury stock | (264,677.57) | — | — | — | — | — | — | — | — | (60,650) | (60,650) | — | (60,650) |
| Disposal of treasury stock | 162.62 | — | (2) | — | — | — | — | — | — | 37 | 34 | — | 34 |
| Other changes in the year | — | — | — | (0) | — | (6,779) | 686 | — | (17,180) | — | (23,273) | (2,986) | (26,259) |
| BALANCE, MARCH 31, 2009 | 248,223,249.00 | ¥58,967 | ¥61,583 | ¥ 0 | ¥429,615 | ¥(2,440) | ¥ 126 | ¥(7,187) | ¥(20,730) | ¥(67,367) | ¥452,568 | ¥20,581 | ¥473,149 |

Thousands of U.S. Dollars (Note 1)

| | Common Stock | Capital Surplus | Stock Acquisition Rights | Retained Earnings | Unrealized (Loss) Gain on Available-for-sale Securities | Deferred Gain (Loss) on Derivatives under Hedge Accounting | Land Revaluation Difference | Foreign Currency Translation Adjustments | Treasury Stock | Total | Minority Interests | Total Equity |
|--|------------------|--------------------|--------------------------------|----------------------|--|--|-----------------------------------|---|--------------------|--------------------|-----------------------|--------------------|
| BALANCE, MARCH 31, 2008 | \$600,296 | \$626,963 | \$ 2 | \$4,687,413 | \$ 44,172 | \$(5,696) | \$(73,089) | \$(36,142) | \$(68,765) | \$5,775,155 | \$239,925 | \$6,015,080 |
| Adjustment of retained earnings due to an adoption of PITF No.18 (Note 2.s) | — | — | — | (7,419) | — | — | — | — | — | (7,419) | — | (7,419) |
| Net loss | — | — | — | (208,217) | — | — | — | — | — | (208,217) | — | (208,217) |
| Cash dividends, \$38.18 per share | — | — | — | (99,456) | — | — | — | — | — | (99,456) | — | (99,456) |
| Change of scope of equity method | — | — | — | 1,169 | — | — | — | — | — | 1,169 | — | 1,169 |
| Reversal of revaluation reserve for land | — | — | — | 77 | — | — | (77) | — | — | — | — | — |
| Repurchase of treasury stock | — | — | — | — | — | — | — | — | (617,430) | (617,430) | — | (617,430) |
| Disposal of treasury stock | — | (27) | — | — | — | — | — | — | 381 | 354 | — | 354 |
| Other changes in the year | — | — | (2) | — | (69,012) | 6,989 | — | (174,899) | — | (236,925) | (30,401) | (267,327) |
| BALANCE, MARCH 31, 2009 | \$600,296 | \$626,936 | \$ 0 | \$4,373,566 | \$(24,839) | \$1,292 | \$(73,166) | \$(211,042) | \$(685,814) | \$4,607,228 | \$209,523 | \$4,816,752 |

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Dentsu Inc. and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|-----------------|-----------------|--|
| | 2009 | 2008 | 2009 |
| OPERATING ACTIVITIES: | | | |
| Income(loss) before income taxes and minority interests | ¥ (4,972) | ¥ 63,610 | \$ (50,620) |
| Adjustments for: | | | |
| Income taxes—paid | (22,022) | (30,213) | (224,194) |
| Depreciation and amortization | 18,001 | 16,000 | 183,256 |
| Impairment loss | 1,405 | 72 | 14,305 |
| Amortization of goodwill—net | 3,454 | 4,238 | 35,165 |
| Foreign exchange gain—net | (35) | (294) | (361) |
| Write-down of investment securities | 51,116 | 866 | 520,378 |
| Equity in earnings of affiliated companies | (8,970) | (8,499) | (91,318) |
| Changes in assets and liabilities, net of effects from newly consolidated subsidiaries: | | | |
| Decrease in notes and accounts receivable—trade | 63,992 | 12,423 | 651,454 |
| Decrease in inventories | 7,190 | 3,873 | 73,203 |
| (Decrease) increase in notes and accounts payable—trade | (51,902) | 5,836 | (528,382) |
| (Decrease) increase in allowance for doubtful accounts | (688) | 783 | (7,009) |
| Decrease in liability for retirement benefits | (762) | (7,106) | (7,759) |
| Increase in other current assets | (3,562) | (2,375) | (36,266) |
| Decrease in other current liabilities | (11,740) | (6,917) | (119,518) |
| Other—net | 1,855 | 3,710 | 18,893 |
| Total adjustments | 47,331 | (7,603) | 481,845 |
| Net cash provided by operating activities | 42,359 | 56,007 | 431,225 |
| INVESTING ACTIVITIES: | | | |
| Payments for purchases of marketable securities | (997) | (1,101) | (10,156) |
| Proceeds from sales of marketable securities | 1,200 | 3,128 | 12,217 |
| Payments for purchases of property, plant and equipment | (4,974) | (4,604) | (50,638) |
| Proceeds from sales of property, plant and equipment | 193 | 74 | 1,971 |
| Payments for purchases of investment securities | (4,248) | (22,769) | (43,255) |
| Proceeds from sales of investment securities | 9,662 | 14,858 | 98,368 |
| Payments for purchases of software | (7,588) | (7,511) | (77,252) |
| Payments for loans | (4,116) | (2,197) | (41,904) |
| Proceeds from collection of loans | 3,826 | 1,584 | 38,958 |
| Payments for the purchases of consolidated subsidiaries | (10,090) | (689) | (102,726) |
| Payments for the purchases of newly consolidated subsidiaries (Note 12.a) | (5,707) | (1,409) | (58,104) |
| Payments for sales of investments in subsidiaries resulting in change in scope of consolidation (Note 12.b) | (132) | (8) | (1,352) |
| Proceeds from sales of subsidiaries excluded from consolidation (Note 12.b) | 629 | — | 6,406 |
| Other—net | 80 | 2,577 | 818 |
| Net cash used in investing activities | (22,263) | (18,069) | (226,650) |
| FINANCING ACTIVITIES: | | | |
| Increase (decrease) in short-term borrowings—net | 9,883 | (3,846) | 100,620 |
| Proceeds from long-term debt | 40,000 | 26 | 407,207 |
| Repayments of long-term debt | (7,349) | (17,861) | (74,822) |
| Proceeds from issuance of subsidiaries' stock to minority shareholders | 710 | 140 | 7,231 |
| Payments for repurchase of treasury stock | (60,650) | (17) | (617,430) |
| Dividends paid to shareholders | (9,769) | (8,920) | (99,456) |
| Dividends paid to minority shareholders | (601) | (626) | (6,122) |
| Other—net | 28 | 404 | 288 |
| Net cash used in financing activities | (27,748) | (30,701) | (282,485) |
| FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS | (5,519) | 168 | (56,184) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (13,172) | 7,405 | (134,094) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 70,252 | 62,015 | 715,185 |
| INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM MERGER | 190 | — | 1,939 |
| CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES | — | 832 | — |
| CASH AND CASH EQUIVALENTS, END OF YEAR | ¥ 57,271 | ¥ 70,252 | \$ 583,030 |

See notes to consolidated financial statements.