

NEWS RELEASE**FOR IMMEDIATE RELEASE****November 17, 2003**

Dentsu Reports Interim Financial Results for Fiscal Year Ending March 31, 2004

*-Consolidated Billings (Net Sales) of 816.7 Billion Yen, Gross Profit of 135.5 Billion Yen,
Ordinary Income of 16.5 Billion Yen for the April-September Interim Period-*

Dentsu Inc. (President: Tateo Mataki; Head Office: Tokyo; Capital: 58,967.1 million yen) held a meeting of its Board of Directors on November 17, 2003 at its Tokyo Head Office in Shiodome, Tokyo and finalized the consolidated and non-consolidated financial results for the interim period from April 1, 2003 through September 30, 2003 of its fiscal year ending March 31, 2004.

During the interim period under review, Japanese economic uncertainty deepened due to the outbreak of Severe Acute Respiratory Syndrome (SARS) mainly in Asia and the war against Iraq, and concerns about a downturn in the economy rose. Commencing in May, however, the stock market recovery and increased corporate earnings established a basis for an economic rebound. In this environment, however, the advertising industry nevertheless faced a number of difficult challenges with many corporations continuing to reduce their advertising budgets.

In this operating environment, the Dentsu Group pursued a wide range of sales efforts and business activities, but could not make up for the absence of sales that had been generated by the 2002 FIFA World Cup™ in the same period of the previous year, which resulted in declining income and profit. For the current interim period, the Dentsu Group posted consolidated billings (net sales) of 816.7 billion yen (a decline of 2.3% year on year); gross profit of 135.5 billion yen (a 3.4% decline); operating income of 16.5 billion yen (a 30.0% decline); ordinary income of 16.5 billion yen (a 29.4% decline); and interim net income of 6.8 billion yen (a 76.6% decline). Non-consolidated interim results for Dentsu showed billings (net sales) of 663.7 billion yen (a decline of 2.6% year on year); gross profit of 96.2 billion yen (a 5.3% decline); operating income of 14.9 billion yen (a 30.2% decline);

ordinary income of 18.6 billion yen (a 15.9% decline); and interim net income of 11.2 billion yen (a 59.8% decline).

There was a major increase in interim net income for the same period of the previous year attributable to the acquisition of shares of Publicis Groupe S.A., but in the absence of any such factor for the current interim period, the interim net income suffered a major decline.

According to economic trends as forecast by the Cabinet Office, the Japanese economy in fiscal year 2003 is expected to move towards mild recovery attributable mainly to private-sector demand, but the forecast of advertising expenditures by the Japan Center for Economic Research has been revised downward from a 1.7% gain to a 0.5% gain and lack of optimism is expected to continue. The Dentsu Group plans to recover its performance through enhanced sales efforts, active business expansion and cost control measures.

For the foregoing reasons, Dentsu forecasts that its consolidated results for the full fiscal year ending March 31, 2004 will be billings (net sales) of 1,691.7 billion yen (a decline of 0.1% year on year); ordinary income of 41.5 billion yen (an 8.2% decline); and net income of 18.7 billion yen (an 18.5% decline). On a non-consolidated basis, Dentsu forecasts that its full fiscal year results will be billings (net sales) of 1,366.8 billion yen (a decline of 0.1% year on year); ordinary income of 35.8 billion yen (a 13.4% decline); and net income of 20.6 billion yen (a 10.8% decline).

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FIRST-HALF FISCAL YEAR 2003 RESULTS (Consolidated)

April 1, 2003–September 30, 2003

Dentsu Inc.

• **Term Results:** Amounts are indicated with figures below ¥1 million omitted.

(1) Balance-Sheet Summary

Item	Sept. 30, 2003	Consolidated results/ non-consolidated results (times)	Mar. 31, 2003	Rate of increase ((indicates decrease)
(Millions of yen; percent)				
Assets				
Current assets	541,689	1.22	583,104	7.1
Non-current assets	598,050	1.03	604,196	1.0
Total assets	1,139,740	1.11	1,187,300	4.0
Liabilities				
Current liabilities	445,858	1.08	488,837	8.8
Non-current liabilities	219,549	1.09	232,992	5.8
Total liabilities	665,408	1.08	721,829	7.8
Minority interest	23,871	—	23,376	2.1
Stockholders' equity				
Common stock	58,967	1.00	58,967	—
Additional paid-in capital	55,358	1.00	55,358	—
Retained earnings	333,652	1.15	329,263	1.3
Revaluation reserve for land	5,770	1.00	4,004	44.1
Unrealized gain on securities	13,480	1.02	5,592	141.0
Foreign currency translation adjustments	1,328	—	303	—
Treasury stock	15,441	1.00	11,396	35.5
Total stockholders' equity	450,460	1.11	442,093	1.9
Total liabilities, minority interest and stockholders' equity	1,139,740	1.11	1,187,300	4.0

(2) Income Statement Summary

(Millions of yen; percent)

Item	First-Half FY 2003	Consolidated results/ non-consolidated results (times)	First-Half FY 2002	Rate of increase (indicates decrease)
Net sales (billings)	816,735	1.23	835,803	2.3
Gross profit	135,511	1.41	140,259	3.4
Operating income	16,577	1.11	23,677	30.0
Non-operating revenues	2,250	0.41	1,967	14.4
Non-operating expenses	2,244	1.25	2,160	3.9
Ordinary income	16,584	0.89	23,484	29.4
Extraordinary profit	1,859	0.82	36,770	94.9
Extraordinary loss	3,648	1.65	6,154	40.7
Income before income taxes	14,795	0.79	54,099	72.7
Net income	6,802	0.60	29,037	76.6

(3) Breakdown of First-Half FY 2003 Consolidated Cash Flow Statement Summary

(Millions of yen; indicates decrease)

	First-Half FY 2003	First-Half FY 2002
Cash flows provided by operating activities	12,210	28,280
Cash flows provided by (used in) investing activities	8,324	69,267
Cash flows provided by (used in) financing activities	32,088	45,772
Effect of exchange rate changes on cash and cash equivalents	404	1,011
Net increase (decrease) in cash and cash equivalents	11,149	3,774
Cash and cash equivalents at beginning of year	68,139	67,690
Increase in cash and cash equivalents from newly consolidated subsidiaries	1,102	2,233
Cash and cash equivalents at end of year	58,093	73,698

FIRST-HALF FISCAL YEAR 2003 RESULTS (Non-Consolidated)

April 1, 2003–September 30, 2003

Dentsu Inc.

• **Term Results:** Amounts are indicated with figures below ¥1 million omitted.

(1) Balance-Sheet Summary

Item	Sept. 30, 2003	Mar. 31, 2003	(Millions of yen; percent)
			Rate of increase ((indicates decrease)
Assets			
Current assets	444,150	473,964	6.3
Non-current assets	578,071	581,461	0.6
Total assets	1,022,221	1,055,426	3.1
Liabilities			
Current liabilities	414,166	447,976	7.5
Non-current liabilities	200,889	214,552	6.4
Total liabilities	615,055	662,528	7.2
Stockholders' equity			
Common stock	58,967	58,967	—
Additional paid-in capital	55,358	55,358	—
Retained earnings	289,279	280,505	3.1
Revaluation reserve for land	5,770	4,004	44.1
Unrealized gain on securities	13,231	5,457	142.4
Treasury stock	15,441	11,396	35.5
Total stockholders' equity	407,166	392,897	3.6
Total liabilities and stockholders' equity	1,022,221	1,055,426	3.1

(2) Income Statement Summary

(Millions of yen; percent)

Item	First-Half FY 2003	First-Half FY 2002	Rate of increase (indicates decrease)
Net sales (billings)	663,709	681,715	2.6
Gross profit	96,295	101,653	5.3
Operating income	14,917	21,360	30.2
Non-operating revenues	5,518	2,469	123.4
Non-operating expenses	1,801	1,674	7.6
Ordinary income	18,634	22,155	15.9
Extraordinary profit	2,280	35,667	93.6
Extraordinary loss	2,216	8,335	73.4
Income before income taxes	18,698	49,487	62.2
Net income	11,254	28,003	59.8

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