

NEWS RELEASE**FOR IMMEDIATE RELEASE****November 18, 2004**

Dentsu Reports Interim Financial Results for Fiscal Year Ending March 31, 2005

- Consolidated Billings (Net Sales) of 923.4 Billion Yen, Gross Profit of 151.6 Billion Yen,

Ordinary Income of 24.6 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 18, 2004 at its Head Office in Shiodome, Tokyo and finalized consolidated and non-consolidated financial results for the interim period from April 1, 2004 through September 30, 2004 of its fiscal year ending March 31, 2005.

During the interim period under review, despite continuing uncertainty regarding the future, the Japanese economy remained relatively stable. The advertising industry generally showed a recovery trend, supported by factors such as improvement in domestic economic conditions, increased consumption resulting from Japan's summer heat wave, and the ATHENS 2004 Olympic Games (from August 13 through August 29). In this business environment, the Dentsu Group pursued a wide range of aggressive sales efforts and business activities, gaining favor in the handling of its major clients and demonstrating its strength during the Olympic Games, and as a result showed increases in both sales and profits.

For the current interim period, the Dentsu Group posted consolidated billings (net sales) of 923,438 million yen (+13.1% year on year); gross profit of 151,673 million yen (+11.9%); operating income of 24,758 million yen (+49.3%); ordinary income of 24,693 million yen (+48.9%); and net income of 12,244 million yen (+80.0%).

The interim dividend for fiscal year ending March 31, 2005 of 500 yen per share, together with a planned year-end dividend of 500 yen per share, will, taking into account the stock split undertaken in May, 2004, produce an increase in real terms in return on investment for shareholders.

With respect to the Japanese economy for 2004, as production and capital expenditure continue to increase along with the continuing recovery of the world economy, it is predicted that such improvements in the corporate sector will have further expansive

effects on the household sector as the employment environment picks up. As a result, it is anticipated that the Japanese economy will follow a recovery pattern centered on private sector demand, and nominal GDP fiscal year ending March 31, 2005 is estimated to increase by 1.8% year-on-year (according to an announcement made by the Cabinet Office on July 21, 2004). Meanwhile, the Japan Center for Economic Research estimates that gross advertising expenditures for calendar year 2004 will increase by 3.3% year-on-year and advertising expenditures will turn upward.

By efficiently providing “one-stop solutions” for clients, the Dentsu Group is committed to further increasing its share in the domestic advertising market and to exploring advertising-related markets. Furthermore, the Dentsu Group will seek to improve its performance through the expansion of its business by accumulating valuable content and taking an active approach to overseas markets with particular emphasis on Asia, including China, where it anticipates significant growth.

For the foregoing reasons, Dentsu forecasts that its consolidated financial results for the full fiscal year ending March 31, 2005 will be billings (net sales) of 1,898,625 million yen (+8.5% year on year); ordinary income of 54,261 million yen (+15.1%); and net income of 26,586 million yen (-13.9%). On a non-consolidated basis, Dentsu forecasts that its full fiscal year financial results will be billings (net sales) of 1,521,971 million yen (+8.5% year on year); ordinary income of 46,761 million yen (+16.2%); and net income of 27,799 million yen (-7.1%).

The forecast decrease in net income for the full fiscal year results from the negative effect of the absence of extraordinary income derived in the previous fiscal year from a gain on the return of the substitutional portion of employees' pension fund, which amounted to 12,729 million yen (11,400 million yen on a non-consolidated basis).

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Consolidated Financial Results for the First Half of Fiscal Year 2004

April 1, 2004-September 30, 2004

Dentsu Inc.

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

(1) Summary of Consolidated Balance Sheets

(Millions of yen)

Item	Sept. 30, 2004	Consolidated results divided by non-consolidated results	Mar. 31, 2004	Change (%)
Assets				
Current assets	586,297	1.19	601,821	- 2.6
Fixed assets	578,191	1.03	587,272	- 1.5
Total assets	1,164,489	1.11	1,189,094	- 2.1
Liabilities				
Current liabilities	479,475	1.07	494,418	- 3.0
Long-term liabilities	180,868	1.10	200,035	- 9.6
Total liabilities	660,344	1.08	694,454	- 4.9
Minority interests	23,851	—	25,018	- 4.7
Stockholders' equity				
Common stock	58,967	1.00	58,967	—
Capital surplus	55,358	1.00	55,358	—
Retained earnings	369,145	1.14	356,109	+ 3.7
Land revaluation account	5,134	1.00	6,686	- 23.2
Other securities valuation differences	12,432	1.01	14,622	- 15.0
Foreign currency translation adjustments	(5,302)	—	(6,680)	- 20.6
Treasury stock	(15,442)	1.00	(15,442)	+ 0.0
Total stockholders' equity	480,292	1.09	469,621	+ 2.3
Total liabilities, minority interests and stockholders' equity	1,164,489	1.11	1,189,094	- 2.1

(2) Summary of Consolidated Statements of Income

(Millions of yen)

Item	First-Half FY 2004	Consolidated results divided by non-consolidated results	First-Half FY 2003	Change (%)
Net sales	923,438	1.24	816,735	+ 13.1
Gross profit	151,673	1.45	135,511	+ 11.9
Operating income	24,758	1.23	16,577	+ 49.3
Other income	1,939	0.30	2,250	- 13.8
Other expense	2,004	1.44	2,244	- 10.7
Ordinary income	24,693	0.98	16,584	+ 48.9
Extraordinary income	1,157	1.17	1,859	- 37.8
Extraordinary loss	3,340	2.57	3,648	- 8.4
Income before income taxes and minority interests	22,510	0.90	14,795	+ 52.1
Net income	12,244	0.76	6,802	+ 80.0

(3) Summary of Consolidated Statements of Cash Flows

(Millions of yen)

	First-Half FY 2004	First-Half FY 2003
Net cash provided by operating activities	15,139	12,210
Net cash provided by (used in) investing activities	(5,929)	8,324
Net cash used in financing activities	(18,272)	(32,088)
Effect of exchange rate changes on cash and cash equivalents	165	404
Net decrease in cash and cash equivalents	(8,896)	(11,149)
Cash and cash equivalents at beginning of period	62,384	68,139
Net increase in cash and cash equivalents due to change in scope of consolidated subsidiaries	1	1,102
Cash and cash equivalents at end of period	53,490	58,093

Non-Consolidated Financial Results for the First Half of Fiscal Year 2004

April 1, 2004-September 30, 2004

Dentsu Inc.

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

(1) Summary of Non-Consolidated Balance Sheets

Item	Sept. 30, 2004	Mar. 31, 2004	Change (%)
(Millions of yen)			
Assets			
Current assets	492,517	501,299	- 1.8
Fixed assets	560,652	568,441	- 1.4
Total assets	1,053,170	1,069,741	- 1.5
Liabilities			
Current liabilities	449,539	461,044	- 2.5
Long-term liabilities	164,067	182,300	- 10.0
Total liabilities	613,606	643,344	- 4.6
Stockholders' equity			
Common stock	58,967	58,967	—
Capital surplus	55,358	55,358	—
Retained earnings	323,292	306,359	+ 5.5
Land revaluation account	5,134	6,686	- 23.2
Other securities valuation differences	12,253	14,466	- 15.3
Treasury stock	(15,442)	(15,442)	+ 0.0
Total stockholders' equity	439,563	426,396	+ 3.1
Total liabilities and stockholders' equity	1,053,170	1,069,741	- 1.5

(2) Summary of Non-Consolidated Statements of Income

(Millions of yen)

Item	First-Half FY 2004	First-Half FY 2003	Change (%)
Net sales	743,504	663,709	+ 12.0
Gross profit	104,875	96,295	+ 8.9
Operating income	20,201	14,917	+ 35.4
Other income	6,389	5,518	+ 15.8
Other expense	1,388	1,801	- 22.9
Ordinary income	25,201	18,634	+ 35.2
Extraordinary income	991	2,280	- 56.5
Extraordinary loss	1,298	2,216	- 41.4
Income before income taxes	24,894	18,698	+ 33.1
Net income	16,096	11,254	+ 43.0

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