

**NEWS RELEASE****FOR IMMEDIATE RELEASE****May 17, 2005**

## **Dentsu Reports Financial Results for Fiscal Year Ended March 31, 2005**

*-Consolidated Billings (Net Sales) of 1,910.4 Billion Yen,*

*Ordinary Income of 59.2 Billion Yen, Net Income of 27.5 Billion Yen -*

Dentsu Inc. (President: Tateo Mataka; Head Office: Tokyo; Capital: 58,967.1 million yen) held a meeting of its Board of Directors on May 17, 2005 at its Head Office in Shiodome, Tokyo and finalized its consolidated and non-consolidated financial results for the fiscal year ended March 31, 2005 (from April 1, 2004 through March 31, 2005).

During the fiscal year ended March 31, 2005, despite some lingering sluggishness, there were major improvements in corporate profits and a recovery in the employment environment, and the Japanese economy continued to rebound, based principally on private sector demand. Nominal GDP during the period is estimated to have increased by 0.8% year on year (according to "Economic Outlook for FY2005 and Basic Economic and Fiscal Management Measures" reported by the Cabinet Office on January 21, 2005).

In the advertising industry, advertising expenditures moved to exceed the results of the previous year, reflecting the recovery in the Japanese economy. In particular, positive factors such as the ATHENS 2004 Olympic Games and increased consumption resulting from Japan's summer heat wave substantially improved advertising demand. As a result, Dentsu estimates that advertising expenditures in Japan for calendar year 2004 amounted to 5,857.1 billion yen (+3.0% year on year), the first increase in four years. Advertising expenditures in the four major media exceeded those in the previous year, and internet advertising expenditures also substantially increased due to the diffusion of broadband.

In this business environment, the Dentsu Group pursued a wide range of sales efforts and other business activities as it continued its efforts to become a true "Partner in Creating Value" for clients, media-related companies and consumers. As a result, for the fiscal year ended March 31, 2005, the Group posted consolidated billings (net sales) of 1,910,469 million yen (+9.2% year on year); gross profit of 317,902 million yen (+8.1%); operating income of 57,603 million yen (+23.4%); ordinary income of 59,265 million yen (+25.7%); and net income of 27,532 million yen (-10.8%), with both billings (net sales) and gross profit

being the best in Dentsu's history.

Dentsu posted non-consolidated billings (net sales) of 1,531,939 million yen (+9.2% year on year); gross profit of 213,649 million yen (+5.8%); operating income of 41,717 million yen (+19.3%); ordinary income of 49,261 million yen (+22.4%); and net income of 26,321 million yen (-12.0%).

The decrease in net income for the fiscal year ended March 31, 2005 resulted from the absence of extraordinary income derived in the previous fiscal year from a gain on the partial refund of retirement allowance, which amounted to 12,729 million yen (11,400 million yen on a non-consolidated basis).

With respect to the future of the Japanese economy, along with the continuing recovery of the world economy, consumption will increase steadily due to improvement in the corporate sector and the spreading effect in the household sector of improvements in the employment and income environment. It is anticipated that the Japanese economy will continue a mild recovery based mainly on private sector demand, with nominal GDP estimated to increase by 1.3% year on year (according to “Economic Outlook for FY2005 and Basic Economic and Fiscal Management Measures” reported by the Cabinet Office on January 21, 2005). Meanwhile, the Japan Center for Economic Research estimates that gross advertising expenditures for the fiscal year ending March 31, 2006 will increase by 1.1% year on year and advertising expenditures will continue to grow (as of March, 2005).

The Dentsu Group will seek to improve its performance by actively strengthening our position in the domestic market, further expanding our business in advertising-related markets, enlarging our business in new markets and overseas markets, and implementing business connecting the above four markets.

For the foregoing reasons, Dentsu forecasts that its consolidated financial results for the fiscal year ending March 31, 2006 will be billings (net sales) of 1,959,106 million yen (+2.5% year on year); ordinary income of 59,299 million yen (+0.1%); and net income of 30,724 million yen (+11.6%).

On a non-consolidated basis, Dentsu forecasts that its financial results for the fiscal year ending March 31, 2006 will be billings (net sales) of 1,582,849 million yen (+3.3% year on year); ordinary income of 46,775 million yen (-5.0%); and net income of 28,362 million yen (+7.8%).

The forecast for consolidated financial results reported above does not take into account Dentsu's share of net income, and so forth, of Publicis Groupe S.A., which is an affiliated company accounted for by the equity method.

In addition, Dentsu's year-end dividend for the fiscal year ended March 31, 2005 is forecast to increase by 500 yen per share to 1,000 yen. As a result, the ordinary dividend for the fiscal year ended March 31, 2005 will be 1,500 yen per share (including the interim dividend of 500 yen). This matter will be subject to approval at the Company's General Meeting of Shareholders scheduled to be held on June 29, 2005. The Company is also planning a dividend for the fiscal year ending March 31, 2006 of 2,000 yen per share (including an interim dividend of 1,000 yen).

Note: Cautionary statement with respect to forward-looking statements

This forecast for financial results has been made by Dentsu based on information currently available to it, and contains potential risks and uncertainties. Therefore, actual business results may differ from the forecast due to changes in various factors.

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## Consolidated Financial Results for Fiscal Year Ended March 31, 2005

### 1. Summary of Consolidated Balance Sheets

(Millions of Yen)

	As of March 31, 2005	Consolidated results divided by non-consolidated results	As of March 31, 2004	Change (%)
<b>ASSETS</b>				
Current assets	666,851	1.22	601,821	+ 10.8
Fixed assets	573,185	1.03	587,272	- 2.4
Total assets	1,240,037	1.12	1,189,094	+ 4.3
<b>LIABILITIES, MINORITY INTERESTS AND STOCKHOLDERS' EQUITY</b>				
Liabilities:				
Current liabilities	530,837	1.07	494,418	+ 7.4
Long-term liabilities	192,457	1.19	200,035	- 3.8
Total liabilities	723,294	1.10	694,454	+ 4.2
Minority interests	24,888	—	25,018	- 0.5
Stockholders' equity:				
Common stock	58,967	1.00	58,967	—
Capital surplus	55,358	1.00	55,358	—
Retained earnings	383,657	1.15	356,109	+ 7.7
Land revaluation account	4,535	1.00	6,686	- 32.2
Net unrealized gains on securities	12,516	1.04	14,622	- 14.4
Foreign currency translation adjustments	(7,737)	—	(6,680)	+ 15.8
Treasury stock	(15,443)	1.00	(15,442)	+ 0.0
Total stockholders' equity	491,855	1.10	469,621	+ 4.7
Total liabilities, minority interests and stockholders' equity	1,240,037	1.12	1,189,094	+ 4.3

## 2. Summary of Consolidated Statements of Income

(Millions of Yen)

	<b>Fiscal year ended March 31, 2005</b>	Consolidated results divided by non-consolidated results	Fiscal year ended March 31, 2004	Change (%)
Net sales	<b>1,910,469</b>	1.25	1,749,110	+ 9.2
Gross profit	<b>317,902</b>	1.49	294,044	+ 8.1
Operating income	<b>57,603</b>	1.38	46,687	+ 23.4
Other income	<b>4,898</b>	0.48	4,576	+ 7.0
Other expense	<b>3,236</b>	1.21	4,123	- 21.5
Ordinary income	<b>59,265</b>	1.20	47,140	+ 25.7
Extraordinary income	<b>2,575</b>	1.09	19,149	- 86.6
Extraordinary loss	<b>6,911</b>	1.41	7,526	- 8.2
Income before income taxes and minority interests	<b>54,929</b>	1.18	58,763	- 6.5
Net income	<b>27,532</b>	1.05	30,881	- 10.8

## 3. Summary of Consolidated Statements of Cash Flows

(Millions of Yen)

	<b>Fiscal year ended March 31, 2005</b>	Fiscal year ended March 31, 2004
Net cash provided by operating activities	<b>14,681</b>	35,829
Net cash provided by (used in) investing activities	<b>(8,289)</b>	9,881
Net cash provided by (used in) financing activities	<b>1,006</b>	(51,508)
Effect of exchange rate changes on cash and cash equivalents	<b>111</b>	(1,060)
Net increase (decrease) in cash and cash equivalents	<b>7,510</b>	(6,857)
Cash and cash equivalents at beginning of year	<b>62,384</b>	68,139
Net increase in cash and cash equivalents due to change of consolidated subsidiaries	<b>6</b>	1,102
Cash and cash equivalents at end of year	<b>69,901</b>	62,384

## Non-Consolidated Financial Results for Fiscal Year Ended March 31, 2005

### 1. Summary of Non-Consolidated Balance Sheets

	(Millions of Yen)		
	As of March 31, 2005	As of March 31, 2004	Change (%)
<b>ASSETS</b>			
Current assets	548,320	501,299	+ 9.4
Fixed assets	557,314	568,441	- 2.0
Total assets	<b>1,105,635</b>	1,069,741	+ 3.4
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Liabilities:			
Current liabilities	495,818	461,044	+ 7.5
Long-term liabilities	161,540	182,300	- 11.4
Total liabilities	<b>657,359</b>	643,344	+ 2.2
Stockholders' equity:			
Common stock	58,967	58,967	-
Capital surplus	55,358	55,358	-
Retained earnings	332,767	306,359	+ 8.6
Land revaluation account	4,535	6,686	- 32.2
Net unrealized gains on securities	12,090	14,466	- 16.4
Treasury stock	(15,443)	(15,442)	+ 0.0
Total stockholders' equity	<b>448,276</b>	426,396	+ 5.1
Total liabilities and stockholders' equity	<b>1,105,635</b>	1,069,741	+ 3.4

## 2. Summary of Non-Consolidated Statements of Income

(Millions of Yen)

	<b>Fiscal year ended March 31, 2005</b>	Fiscal year ended March 31, 2004	Change (%)
Net sales	<b>1,531,939</b>	1,402,533	+ 9.2
Gross profit	<b>213,649</b>	201,941	+ 5.8
Operating income	<b>41,717</b>	34,975	+ 19.3
Other income	<b>10,229</b>	8,871	+ 15.3
Other expense	<b>2,685</b>	3,596	- 25.3
Ordinary income	<b>49,261</b>	40,249	+ 22.4
Extraordinary income	<b>2,358</b>	17,676	- 86.7
Extraordinary loss	<b>4,887</b>	6,770	- 27.8
Income before income taxes	<b>46,732</b>	51,155	- 8.6
Net income	<b>26,321</b>	29,924	- 12.0