

**NEWS RELEASE****FOR IMMEDIATE RELEASE****November 14, 2006**

## **Dentsu Reports Financial Results for First Half Ended September 30, 2006**

*- Consolidated Billings (Net Sales) of 1,035.0 Billion Yen, Gross Profit of 168.1 Billion Yen,  
Ordinary Income of 29.1 Billion Yen -*

Dentsu Inc. (President: Tateo Mataki; Head Office: Tokyo; Capital: 58,967.1 million yen) held a meeting of its Board of Directors on November 14, 2006 at its Tokyo Head Office in Shiodome, Tokyo and finalized its consolidated and non-consolidated financial results for the first half of the fiscal year ending March 31, 2007 (from April 1, 2006 through September 30, 2006).

During the current first half, the Japanese economy continued to show mild growth based mainly on private sector demand. Domestic private sector demand remained stable, and supported by growth in capital expenditures and private consumption, the period of expansion of the economy that commenced in February 2002 reached 56 months in September. Although the performance of the advertising industry remained largely stable, reflecting the expansion of the economy as a whole, in light of varying growth rates experienced by particular clients, industrial categories and advertising media, this expansion was nonetheless not sufficiently robust. In this environment, with the aim of becoming a true "Partner in Creating Value" for clients, media-related companies, content rights holders and consumers, the Dentsu Group pursued a wide range of sales efforts and business activities in order to maintain steady growth in the domestic advertising market, develop advertising-related markets, expand its business in new markets and overseas markets, as well as further aiming to seamlessly connect these four markets. Using the 2006 FIFA World Cup™ and others as springboards, the Dentsu Group made efforts to expand its business, which contributed to the business results for the current first half.

As a result, for the current first half, the Dentsu Group posted consolidated billings (net sales) of 1,035,043 million yen (+11.1% year on year) and gross profit of 168,139 million yen (+9.2%), both historical records for the Dentsu Group, while operating income, ordinary income and net income amounted to 27,144 million yen (+16.8%), 29,117 million yen (+14.6%) and 13,011 million yen (+32.8%) respectively, contributing to year on year gains for both net sales and net income.

Although the Japan Center for Economic Research has predicted that advertising expenditures for the fiscal year ending March 31, 2007 will increase by 2.2% year on year, the growth rate of the four major media is estimated to be minimal.

Under these circumstances, Dentsu forecasts that its consolidated financial results for the fiscal year ending March 31, 2007 will be billings (net sales) of 2,117,585 million yen (+7.9% year on year); ordinary income of 68,827 million yen (+6.2%); and net income of 34,571 million yen (+11.5%).

On a non-consolidated basis, Dentsu forecasts that its financial results for the fiscal year ending March 31, 2007 will be billings (net sales) of 1,620,980 million yen (+2.8% year on year); ordinary income of 48,068 million yen (+4.0%); and net income of 27,102 million yen (+25.8%). The outlook 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, except for the business results for the current first half ended September 30, 2006. Dentsu's ordinary dividend for the fiscal year ending March 31, 2007 will be 3,000 yen per share (including the interim dividend of 1,500 yen) reflecting a planned increase in return of profits to shareholders implemented through a 500 yen per share year on year dividend increase.

#####

Contact: Yukihiro Oguchi  
Senior Manager  
Corporate Communications Division  
Telephone: (813) 6216-8042  
E-mail: yukihiro.oguchi@dentsu.co.jp

## Consolidated Financial Results for First Half Ended September 30, 2006

### 1. Summary of Consolidated Balance Sheets

(Millions of Yen: Rounded down to the nearest one million yen)

|   | As of<br>September 30,<br>2006 | Consolidated results<br>divided by<br>non-consolidated results | As of<br>March 31,<br>2006 | Change<br>(%) |
|---|--------------------------------|--|----------------------------|---------------|
| <b>ASSETS</b>   |                                |  |                            |               |
| Current assets  | 615,938                        | 1.23   | 708,414                    | - 13.1        |
| Fixed assets  | 575,072                        | 1.03   | 569,308                    | + 1.0         |
| Total assets  | <b>1,191,010</b>               | 1.12   | 1,277,722                  | - 6.8         |
| <b>LIABILITIES</b>  |                                |  |                            |               |
| Current liabilities   | 510,344                        | 1.07   | 590,140                    | - 13.5        |
| Long-term liabilities   | 123,098                        | 1.15   | 138,904                    | - 11.4        |
| Total liabilities   | <b>633,442</b>                 | 1.09   | 729,045                    | - 13.1        |
| <b>MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>                |                                |  |                            |               |
| Minority interests  | —                              | —  | 27,496                     | —             |
| Shareholders' equity:   |                                |  |                            |               |
| Common stock  | —                              | —  | 58,967                     | —             |
| Capital surplus   | —                              | —  | 55,678                     | —             |
| Retained earnings   | —                              | —  | 410,812                    | —             |
| Land revaluation surplus  | —                              | —  | (6,370)                    | —             |
| Unrealized gain on available-for-sale securities                  | —                              | —  | 20,303                     | —             |
| Foreign currency translation adjustments                          | —                              | —  | (3,737)                    | —             |
| Treasury stock  | —                              | —  | (14,472)                   | —             |
| Total shareholders' equity  | —                              | —  | 521,180                    | —             |
| Total liabilities, minority interests<br>and shareholders' equity | —                              | —  | 1,277,722                  | —             |
| <b>EQUITY</b>   |                                |  |                            |               |
| Shareholders' equity  | 532,849                        | 1.13   | —                          | —             |
| Valuation and translation adjustments, etc.                       | 3,351                          | 0.45   | —                          | —             |
| Stock acquisition rights  | 5                              | —  | —                          | —             |
| Minority interests  | 21,360                         | —  | —                          | —             |
| Total equity  | <b>557,567</b>                 | 1.16   | —                          | —             |
| Total liabilities and equity                                      | <b>1,191,010</b>               | 1.12   | —                          | —             |

## 2. Summary of Consolidated Statements of Income

(Millions of Yen)

|   | <b>First half<br/>ended<br/>September 30,<br/>2006</b> | Consolidated results<br>divided by<br>non-consolidated results | First half<br>ended<br>September 30,<br>2005 | Change<br>(%) |
|---|--|--|--|---------------|
| Net sales   | <b>1,035,043</b>                                       | 1.32   | 931,401                                      | + 11.1        |
| Gross profit                                      | <b>168,139</b>   | 1.62   | 153,969                                      | + 9.2         |
| Operating income                                  | <b>27,144</b>  | 1.56   | 23,235                                       | + 16.8        |
| Other income                                      | <b>3,691</b>   | 0.47   | 3,945  | - 6.4         |
| Other expenses                                    | <b>1,718</b>   | 1.24   | 1,762  | - 2.5         |
| Ordinary income                                   | <b>29,117</b>  | 1.22   | 25,418                                       | + 14.6        |
| Extraordinary income                              | <b>1,589</b>   | 1.09   | 1,661  | - 4.3         |
| Extraordinary loss                                | <b>3,760</b>   | 0.90   | 4,867  | - 22.7        |
| Income before income taxes and minority interests | <b>26,946</b>  | 1.27   | 22,212                                       | + 21.3        |
| Net income  | <b>13,011</b>  | 1.03   | 9,797  | + 32.8        |

## 3. Summary of Consolidated Statements of Cash Flows

(Millions of Yen)

|  | <b>First Half<br/>ended<br/>September 30, 2006</b> | First Half<br>ended<br>September 30, 2005 |
|--|--|---|
| Net cash provided by operating activities                                | <b>22,469</b>                                      | 44,187                                    |
| Net cash used in investing activities                                    | <b>(14,886)</b>                                    | (23,016)                                  |
| Net cash used in financing activities                                    | <b>(18,824)</b>                                    | (27,991)                                  |
| Foreign currency translation adjustments on<br>cash and cash equivalents | <b>507</b>   | 312                                       |
| Net decrease in cash and cash equivalents                                | <b>(10,733)</b>                                    | (6,508)                                   |
| Cash and cash equivalents, beginning of first half                       | <b>78,412</b>                                      | 69,901                                    |
| Cash and cash equivalents of newly consolidated subsidiaries             | <b>274</b>   | 55  |
| Cash and cash equivalents of subsidiaries<br>excluded from consolidation | -  | (67)                                      |
| Cash and cash equivalents increased by merger                            | -  | 268                                       |
| Cash and cash equivalents, end of first half                             | <b>67,953</b>                                      | 63,649                                    |

## Non-Consolidated Financial Results for First Half Ended September 30, 2006

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

(Millions of Yen: Rounded down to the nearest one million yen)

|  | <b>As of<br/>September 30,<br/>2006</b> | <b>As of<br/>March 31,<br/>2006</b> | <b>Change<br/>(%)</b> |
|--|---|-------------------------------------|-----------------------|
| <b>ASSETS</b>                                    |   |                                     |                       |
| Current assets                                   | 502,179                                 | 554,203                             | - 9.4                 |
| Fixed assets                                     | 560,443                                 | 547,798                             | + 2.3                 |
| Total assets                                     | <b>1,062,623</b>                        | 1,102,001                           | - 3.6                 |
| <b>LIABILITIES</b>                               |   |                                     |                       |
| Current liabilities                              | 475,877                                 | 515,627                             | - 7.7                 |
| Long-term liabilities                            | 106,902                                 | 121,849                             | - 12.3                |
| Total liabilities                                | <b>582,779</b>                          | 637,477                             | - 8.6                 |
| <b>SHAREHOLDERS' EQUITY</b>                      |   |                                     |                       |
| Common stock                                     | -                                       | 58,967                              | -                     |
| Capital surplus                                  | -                                       | 55,678                              | -                     |
| Retained earnings                                | -                                       | 350,752                             | -                     |
| Land revaluation surplus                         | -                                       | (6,370)                             | -                     |
| Unrealized gain on available-for-sale securities | -                                       | 19,969                              | -                     |
| Treasury stock                                   | -                                       | (14,472)                            | -                     |
| Total shareholders' equity                       | -                                       | 464,524                             | -                     |
| Total liabilities and shareholders' equity       | -                                       | 1,102,001                           | -                     |
| <b>EQUITY</b>                                    |   |                                     |                       |
| Shareholders' equity                             | 472,393                                 | -                                   | -                     |
| Valuation and translation adjustments, etc.      | 7,450                                   | -                                   | -                     |
| Total equity                                     | <b>479,844</b>                          | -                                   | -                     |
| Total liabilities and equity                     | <b>1,062,623</b>                        | -                                   | -                     |

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

(Millions of Yen)

|                            | <b>First half ended<br/>September 30,<br/>2006</b> | First half ended<br>September 30,<br>2005 | Change<br>(%) |
|----------------------------|--|---|---------------|
| Net sales                  | <b>781,812</b>                                     | 755,551                                   | + 3.5         |
| Gross profit               | <b>103,649</b>                                     | 103,518                                   | + 0.1         |
| Operating income           | <b>17,373</b>                                      | 17,049                                    | + 1.9         |
| Other income               | <b>7,865</b>                                       | 7,660                                     | + 2.7         |
| Other expenses             | <b>1,380</b>                                       | 1,433                                     | - 3.7         |
| Ordinary income            | <b>23,857</b>                                      | 23,276                                    | + 2.5         |
| Extraordinary income       | <b>1,455</b>                                       | 1,598                                     | - 8.9         |
| Extraordinary loss         | <b>4,168</b>                                       | 4,084                                     | + 2.1         |
| Income before income taxes | <b>21,145</b>                                      | 20,790                                    | + 1.7         |
| Net income                 | <b>12,587</b>                                      | 11,879                                    | + 6.0         |