

**NEWS RELEASE****FOR IMMEDIATE RELEASE****May 12, 2008**

## **Dentsu Reports Financial Results for Fiscal Year Ended March 31, 2008**

*- Consolidated Billings (Net Sales) of 2,057.5 Billion Yen, Operating Income of 56.1 Billion Yen*

*Ordinary Income of 67.9 Billion Yen -*

Dentsu Inc. (President & COO: Tatsuyoshi Takashima; Head Office: Tokyo; Capital: 58,967.1 million yen) held a meeting of its Board of Directors on May 12, 2008 at its Head Office in Shiodome, Tokyo and finalized its consolidated and non-consolidated financial results for the fiscal year ended March 31, 2008 (from April 1, 2007 through March 31, 2008).

During the first half of the fiscal year ended March 31, 2008, the Japanese economy continued to show a moderate recovery trend, including steady corporate performance, a recovery in private consumption, etc., but during the second half, due to the effect of slowing in the U.S. economy and an increase in the cost of raw materials, both the corporate sector and the household sector remained uncertain.

In the advertising industry, Dentsu estimates that advertising expenditures in Japan for the 2007 calendar year amounted to 7,019.1 billion yen (+1.1% year-on-year), the fourth consecutive year-on-year increase (in 2007, a retroactive revision was made in the range of estimates for the years after 2005). Expenditures in the four major media fell below those in the previous year for the third consecutive year (-2.6%), while Internet advertising expenditures, continuing their substantial increase, were up by 24.4% year-on-year. Also, "promotion media" advertising expenditures increased by 1.9% year-on-year, the fourth consecutive year-on-year increase, and satellite media-related advertising expenditures increased by 10.8% year-on-year.

In this environment, the Dentsu Group experienced severe business conditions in which clients were conservative in their advertising spending. However, the Group exerted collective efforts and pursued aggressive business activities, including involvement in events such as the 11th IAAF World Championships in Athletics Osaka 2007 (held from

August to September) and the 40th Tokyo Motor Show 2007 (held from October to November).

As a result, the Dentsu Group for the year ended March 31, 2008 posted consolidated billings (net sales) of 2,057,554 million yen (-1.7% year-on-year); gross profit of 345,222 million yen (-0.9%); operating income of 56,126 million yen (-10.7%); and ordinary income of 67,993 million yen (-2.9%). Net income for the year ended March 31, 2008 was 36,246 million yen (+18.1%) due to such factors as a decrease in the tax burden resulting from allocation to gross revenue and deferred tax assets of revaluation loss on investment securities posted in the previous fiscal year.

Dentsu posted non-consolidated billings (net sales) of 1,585,982 million yen (-1.0% year-on-year); gross profit of 216,692 million yen (-0.0%); operating income of 36,281 million yen (-5.8%); ordinary income of 47,341 million yen (-0.8%); and net income of 24,533 million yen (+10.3%).

According to the economic outlook for the fiscal year ending March 31, 2009 reported by the Cabinet Office on January 18, 2008, real GDP is estimated to increase by approximately 2.0%, and nominal GDP is estimated to increase by approximately 2.1% year-on-year. Meanwhile, according to April's monthly report issued by the Cabinet Office on April 18, 2008, the economic recovery is pausing and the report urges caution with respect to an increasing risk of economic downturn in the future. According to the Japan Center for Economic Research, advertising expenditures for the fiscal year ending March 31, 2009 are estimated to increase by 1.6% year-on-year (as of March, 2008).

During the fiscal year ending March 31, 2009, the Beijing 2008 Olympic Games will be held, and factors favorable to the advertising industry are expected, but in an environment which is lacking in strength, the Dentsu Group will seek to expand its businesses by strengthening digital operations, global businesses, and its systems for providing client solutions.

For the foregoing reasons, Dentsu forecasts that its consolidated results for the fiscal year ending March 31, 2009 will be billings (net sales) of 2,083 billion yen (+1.2% year-on-year); operating income of 58.4 billion yen (+4.1%); ordinary income of 68.7 billion yen (+1.0%); and net income of 35.5 billion yen (-2.1%). On a non-consolidated basis, Dentsu forecasts that its results for the fiscal year ending March 31, 2009 will be billings (net sales) of 1,600.3 billion yen (+0.9% year-on-year); operating income of 34,814 million yen (-4.0%); ordinary income of 46,411 million yen (-2.0%); and net income of 25,234 million yen (+2.9%).

**Note: Cautionary statement with respect to forward-looking statements**

This forecast of business 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, 2008

### 1. Summary of Consolidated Balance Sheets

	(Millions of Yen: Rounded down to the nearest one million yen)			
	As of March 31, 2008	Consolidated results divided by non- consolidated results	As of March 31, 2007	Change (%)
<b>ASSETS</b>				
Current assets	641,002	1.2	663,887	- 3.4
Fixed assets	610,909	1.0	604,162	+ 1.1
Total assets	<u>1,251,912</u>	<u>1.1</u>	<u>1,268,049</u>	<u>- 1.3</u>
<b>LIABILITIES</b>				
Current liabilities	527,504	1.0	545,906	- 3.4
Long-term liabilities	133,547	1.1	145,097	- 8.0
Total liabilities	661,051	1.1	691,003	- 4.3
<b>EQUITY</b>				
Shareholders' equity	574,243	1.2	546,694	+ 5.0
Valuation and translation adjustments, etc.	(6,950)	2.4	8,065	-
Stock acquisition rights	0	-	0	-
Minority interests	23,567	-	22,285	+ 5.8
Total equity	<u>590,861</u>	<u>1.2</u>	<u>577,046</u>	<u>+ 2.4</u>
Total liabilities and equity	<u>1,251,912</u>	<u>1.1</u>	<u>1,268,049</u>	<u>- 1.3</u>

## 2. Summary of Consolidated Statements of Income

	(Millions of Yen)			
	<b>Fiscal year ended March 31, 2008</b>	Consolidated results divided by non- consolidated results	Fiscal year ended March 31, 2007	Change (%)
Net sales	<b>2,057,554</b>	1.3	2,093,976	- 1.7
Gross profit	<b>345,222</b>	1.6	348,391	- 0.9
Operating income	<b>56,126</b>	1.5	62,834	- 10.7
Other income	<b>15,057</b>	1.0	10,401	+ 44.8
Other expenses	<b>3,190</b>	0.7	3,192	- 0.0
Ordinary income	<b>67,993</b>	1.4	70,044	- 2.9
Extraordinary income	<b>9,953</b>	1.1	2,247	+ 342.8
Extraordinary loss	<b>14,336</b>	0.8	11,579	+ 23.8
Income before income taxes and minority interests	<b>63,610</b>	1.6	60,712	+ 4.8
Net income	<b>36,246</b>	1.5	30,688	+ 18.1

## 3. Summary of Consolidated Statements of Cash Flows

	(Millions of Yen)	
	<b>Fiscal year ended March 31, 2008</b>	Fiscal year ended March 31, 2007
Net cash provided by operating activities	<b>56,007</b>	41,962
Net cash used in investing activities	<b>(18,069)</b>	(52,003)
Net cash used in financing activities	<b>(30,701)</b>	(9,779)
Foreign currency translation adjustments on cash and cash equivalents	<b>168</b>	1,849
Net increase (decrease) in cash and cash equivalents	<b>7,405</b>	(17,971)
Cash and cash equivalents, beginning of year	<b>62,015</b>	78,412
Cash and cash equivalents of newly consolidated subsidiaries	<b>832</b>	1,574
Cash and cash equivalents, end of year	<b>70,252</b>	62,015

## Non-Consolidated Financial Results for Fiscal Year Ended March 31, 2008

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

	(Millions of Yen: Rounded down to the nearest one million yen)		
	As of March 31, 2008	As of March 31, 2007	Change (%)
<b>ASSETS</b>			
Current assets	525,974	549,959	- 4.4
Fixed assets	586,783	585,846	+ 0.2
Total assets	1,112,758	1,135,805	- 2.0
<b>LIABILITIES</b>			
Current liabilities	503,245	518,486	- 2.9
Long-term liabilities	117,694	129,973	- 9.4
Total liabilities	620,939	648,459	- 4.2
<b>EQUITY</b>			
Shareholders' equity	494,672	478,544	+ 3.4
Valuation and translation adjustments, etc.	(2,853)	8,800	-
Total equity	491,819	487,345	+ 0.9
Total liabilities and equity	1,112,758	1,135,805	- 2.0

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

(Millions of Yen)

	<b>Fiscal year ended March 31, 2008</b>	Fiscal year ended March 31, 2007	Change (%)
Net sales	<b>1,585,982</b>	1,602,062	- 1.0
Gross profit	<b>216,692</b>	216,739	- 0.0
Operating income	<b>36,281</b>	38,496	- 5.8
Other income	<b>15,379</b>	11,613	+ 32.4
Other expenses	<b>4,319</b>	2,364	+ 82.7
Ordinary income	<b>47,341</b>	47,746	- 0.8
Extraordinary income	<b>8,920</b>	1,997	+ 346.6
Extraordinary loss	<b>17,397</b>	10,036	+ 73.3
Income before income taxes	<b>38,865</b>	39,707	- 2.1
Net income	<b>24,533</b>	22,243	+ 10.3