

FOR IMMEDIATE RELEASE

May 12, 2011

Dentsu Reports Consolidated Financial Results for the Fiscal Year Ended March 31, 2011

—Posts 1,833.4 Billion Yen in Consolidated Billings (Net Sales) (a 9.2% year-on-year increase), 50.9 Billion Yen in Operating Income (a 36.5% increase), 54.1 Billion Yen in Ordinary Income (a 20.9% increase) and 21.6 Billion Yen in Net Income (a 30.5% decrease)—

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Tadashi Ishii; Head Office: Tokyo; Capital: 58,967.1 million yen) today convened a meeting of its Board of Directors at its Head Office in Tokyo at which it finalized its consolidated and non-consolidated financial results for the fiscal year ended March 31, 2011 (April 1, 2010–March 31, 2011; hereinafter “the fiscal year under review”).

Summary of financial results for the fiscal year ended March 31, 2011

During the fiscal year under review, the Japanese economy showed signs that it was on track to a gradual recovery despite the continued severe employment and income situation. However, there are concerns that the impact of the March 11, 2011 Great East Japan Earthquake, the Fukushima Daiichi Nuclear Power Plant accident and subsequent power shortages will cause a downturn in corporate activities and consumer confidence.

In the advertising industry, Dentsu’s estimate for advertising expenditures in Japan for the 2010 calendar year was 5,842.7 billion yen, a decrease of 1.3% compared with the 2009 calendar year. This marked the third consecutive year of decline. Looking at the breakdown of advertising expenditures by category, spending rose 1.1% in Television but fell in all the other traditional media for the sixth consecutive year, recording a decline of 1.9%. Promotional Media advertising was down 4.4%, marking a third straight year-on-year decline. In contrast, Internet advertising posted a strong gain of 9.6%, while Satellite Media-Related advertising expenditures grew 10.6% due to brisk sales of digital televisions.

The extremely severe business climate continued from the previous year, as clients remained cautious about spending their advertising budgets. Under these difficult market conditions,

the Dentsu Group (hereinafter “the Group”) implemented a broad range of tangible measures under its “Dentsu Innovation 2013” medium-term management plan that was announced in July 2009. As a result of leveraging the multifaceted business opportunities provided by major international events including the 2010 FIFA World Cup South Africa™ tournament held in June and July, and providing “Integrated Communication Design” solutions through collective efforts, the Group achieved an improvement in its business results during the second half of the fiscal year under review.

In the fiscal year under review, the Group posted consolidated billings (net sales) of 1,833,449 million yen, an increase of 9.2% compared with the fiscal year ended March 31, 2010. The Group recorded gross profit of 317,696 million yen, an increase of 7.2%; operating income of 50,937 million yen, an increase of 36.5%; and ordinary income of 54,166 million yen, an increase of 20.9%. However, as the Group posted extraordinary loss including amortization of goodwill and loss on valuation of investment securities, net income for the fiscal year under review amounted to 21,635 million yen, a decrease of 30.5%.

Outlook for the fiscal year ending March 31, 2012

There are concerns that the impact of the Great East Japan Earthquake and subsequent power shortages will cause a downturn in corporate activities and consumer confidence. Against the backdrop of this economic outlook, the Japan Center for Economic Research forecasts advertising expenditures in Japan to decrease 5.1% year on year during the fiscal year ending March 31, 2012 (forecast as of April 2011).

Although difficult operating conditions are expected to continue for some time, the Group will continue to implement a wide range of concrete reforms based on its “Dentsu Innovation 2013” medium-term management plan, and make every effort on diverse fronts toward the nation’s recovery from the Great East Japan Earthquake.

For the fiscal year ending March 31, 2012, on a consolidated basis, Dentsu forecasts billings (net sales) of 1,850.8 billion yen, an increase of 0.9% year on year; operating income of 50.0 billion yen, a decrease of 1.8%; ordinary income of 58.4 billion yen, an increase of 7.8%; and net income of 32.0 billion yen, an increase of 47.9%.

On a non-consolidated basis, for the fiscal year ending March 31, 2012, Dentsu forecasts billings (net sales) of 1,396.8 billion yen (on a par with the fiscal year under review);

operating income of 34.7 billion yen, an increase of 2.7%; ordinary income of 43.3 billion yen, an increase of 7.4%; and net income of 26.4 billion yen, an increase of 51.1%.

Cash dividends applicable to the fiscal year ended March 31, 2011

Based on a comprehensive view of such factors as business results for the fiscal year under review, the medium- to long-term results outlook and the Group's funding situation, cash dividends per share of common stock are expected to be 29.50 yen, including an interim dividend of 14.50 yen and a year-end dividend of 15.00 yen (the latest dividend forecast was 14.50 yen).

Cash dividends per share of common stock applicable to the fiscal year ending March 31, 2012, are expected to be 30.00 yen, including an interim dividend of 15.00 yen and a year-end dividend of 15.00 yen.

Cautionary statement with respect to forward-looking statements

These business results forecasts have been made by Dentsu on the basis of currently available information, and hence involve potential risks and uncertainties. Consequently, actual business results may differ from the forecasts due to changes in various factors.

Consolidated Financial Results for the Fiscal Year Ended March 31, 2011

1. Summary of Consolidated Balance Sheets

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

	As of March 31, 2011	As of March 31, 2010	% Change
ASSETS			
Current assets	611,607	568,424	7.6
Noncurrent assets	521,692	549,811	(5.1)
Total assets	1,133,300	1,118,236	1.3
LIABILITIES			
Current liabilities	478,975	461,595	3.8
Noncurrent liabilities	142,183	151,083	(5.9)
Total liabilities	621,158	612,679	1.4
NET ASSETS			
Shareholders' equity	523,647	508,824	2.9
Accumulated other comprehensive income (loss)	(30,714)	(24,573)	-
Minority interests	19,208	21,306	(9.8)
Total net assets	512,141	505,556	1.3
Total liabilities and net assets	1,133,300	1,118,236	1.3

2. Summary of Consolidated Statements of Income

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

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010	% Change
Net sales	1,833,449	1,678,618	9.2
Gross profit	317,696	296,490	7.2
Operating income	50,937	37,323	36.5
Non-operating income	9,704	11,873	(18.3)
Non-operating expenses	6,475	4,407	46.9
Ordinary income	54,166	44,790	20.9
Extraordinary income	3,172	1,852	71.3
Extraordinary loss	21,959	6,594	233.0
Income before income taxes and minority interests	35,379	40,048	(11.7)
Net income	21,635	31,130	(30.5)
Reference			
Comprehensive income	16,686	37,516	(55.5)

3. Summary of Consolidated Statements of Cash Flows

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

	Fiscal year ended	Fiscal year ended
	March 31, 2011	March 31, 2010
Net cash provided by operating activities	72,914	74,989
Net cash used in investing activities	(1,825)	(9,251)
Net cash used in financing activities	(29,339)	(31,282)
Effect of exchange rate change on cash and cash equivalents	(2,969)	1,052
Net increase in cash and cash equivalents	38,781	35,508
Cash and cash equivalents at beginning of period	92,854	57,271
Increase in cash and cash equivalents from newly consolidated subsidiary	26	75
Cash and cash equivalents at end of period	131,662	92,854

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2011

1. Summary of Non-Consolidated Balance Sheets

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

	As of March 31, 2011	As of March 31, 2010	% Change
ASSETS			
Current assets	505,634	470,408	7.5
Noncurrent assets	505,904	540,404	(6.4)
Total assets	1,011,538	1,010,812	0.1
LIABILITIES			
Current liabilities	480,055	470,814	2.0
Noncurrent liabilities	116,277	133,587	(13.0)
Total liabilities	596,332	604,402	(1.3)
NET ASSETS			
Shareholders' equity	423,534	413,297	2.5
Valuation and translation adjustments	(8,328)	(6,886)	-
Total net assets	415,206	406,410	2.2
Total liabilities and net assets	1,011,538	1,010,812	0.1

2. Summary of Non-Consolidated Statements of Income

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

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2010	% Change
Net sales	1,396,798	1,315,072	6.2
Gross profit	193,129	185,479	4.1
Operating income	33,799	26,313	28.4
Non-operating income	12,350	11,640	6.1
Non-operating expenses	5,838	4,251	37.3
Ordinary income	40,312	33,702	19.6
Extraordinary income	7,669	1,792	327.9
Extraordinary loss	21,430	6,663	221.6
Income before income taxes	26,551	28,830	(7.9)
Net income	17,471	27,055	(35.4)

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