

Summary of Financial Results for the Three Months Ended June 30, 2011

—Japanese GAAP, Consolidated Results—

Name of Listed Company: Dentsu Inc.

Code Number: 4324

Stock Exchange Listing: First Section of the Tokyo Stock Exchange

URL: <http://www.dentsu.com/>

Name of Representative: Tadashi Ishii, President & CEO

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Available

Quarterly results briefing:

Not scheduled

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2011 [Japanese GAAP]

1. Summary of Financial Results for the Three Months Ended June 30, 2011 (from April 1 to June 30, 2011)

(Figures are rounded down to the nearest one million yen)

(1) Consolidated Financial Results (Cumulative)

(Percentages indicate the rate of increase or decrease compared with the same period of the previous fiscal year.)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
Three months ended June 30, 2011	402,131	(3.6)%	4,227	(39.6)%	6,427	125.9%	1,308	274.0%
Three months ended June 30, 2010	416,998	9.4%	6,997	413.9%	2,845	8.4%	349	(81.7)%

(Note)

Comprehensive income

Three months ended June 30, 2011: 3,063 million yen; —%

Three months ended June 30, 2010: (48) million yen; —%

(Yen)

	Net income per share (Basic)	Net income per share (Diluted)
Three months ended June 30, 2011	5.25	5.20
Three months ended June 30, 2010	1.40	1.36

(2) Consolidated Financial Position

(Millions of yen, except percentages)

	Total assets	Net assets	Equity ratio
As of June 30, 2011	1,096,396	511,277	44.9%
As of March 31, 2011	1,133,300	512,141	43.5%

(Reference)

Equity

As of June 30, 2011: 492,110 million yen

As of March 31, 2011: 492,933 million yen

2. Dividends

(Yen)

	Annual cash dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
Dividend paid for the fiscal year ended March 31, 2011	—	14.50	—	15.00	29.50
Dividend paid for the fiscal year ending March 31, 2012	—				
Dividend forecast of the fiscal year ending March 31, 2012		15.00	—	15.00	30.00

(Note) Amendment to the dividend forecast from recently announced figures: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

(Percentages indicate the rate of increase or decrease compared with the previous fiscal year.)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (Yen)
Six months ending September 30, 2011 (Cumulative)	850,100 (2.1)%	14,900 (15.3)%	18,600 11.9%	8,400 193.8%	33.71
Fiscal year ending March 31, 2012	1,850,800 0.9%	50,000 (1.8)%	58,400 7.8%	32,000 47.9%	128.43

(Note) Amendment to the forecast of consolidated financial results from recently announced figures:

None

4. Others

(1) Changes in Significant Consolidated Subsidiaries during the Three Months (change in specified subsidiaries involving changes in the scope of consolidation):

None

(2) Application of Specific Accounting Treatments for Preparing Quarterly Consolidated Financial Statements: None

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors

- a. Changes in accounting policies due to revisions of accounting standards: None
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None
- d. Corrections of errors: None

(4) Number of issued shares (common stock)

- a. Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2011	278,184,000 shares
As of March 31, 2011	278,184,000 shares

- b. Number of shares of treasury stock at the end of the period

As of June 30, 2011	29,030,144 shares
As of March 31, 2011	29,029,808 shares

- c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

As of June 30, 2011	249,154,033 shares
As of June 30, 2010	249,156,841 shares

Notes

Presentation regarding execution status of quarterly review procedures

This summary of consolidated quarterly financial results is not subject to the quarterly review procedures provided for by the Japanese Financial Instruments and Exchange Law. Therefore, at the time of the disclosure of these financial results, the quarterly financial statement review procedures based on the Law have not been completed.

Disclaimer regarding appropriate use of forecasts and related points of note

Since the forecast of financial results has been prepared based on certain conditions which Dentsu believes to be reasonable at this time, actual financial results may be substantially different from the forecast due to various factors. For information relating to the forecast above, please refer to "Forecast of Consolidated Financial Results" on page 9.

1. Qualitative Information on Quarterly Financial Results

(1) Consolidated Financial Results

During the three-month period ended June 30, 2011 (from April 1 to June 30, 2011), the nuclear power plant accident and ensuing power supply restrictions in the aftermath of the Great East Japan Earthquake continued to adversely affect the economic climate; the Japanese economy remained weak overall against a backdrop of stagnant personal consumption and deteriorating corporate earnings resulting from a decline in production and exports.

Meanwhile, the business environment remained severe as some clients were cautious about spending their advertising budgets with their supply chains affected by the earthquake, causing disturbances to their production and shipment activities.

Under such circumstances, the Dentsu Group (hereinafter "the Group") implemented a broad range of tangible measures under its medium-term management plan entitled "Dentsu Innovation 2013." Furthermore, the Group leveraged its comprehensive resources and pursued a diverse array of business opportunities by providing "Integrated Communication Design" solutions. As a result, for the three months ended June 30, 2011, the Group posted consolidated billings (net sales) of 402,131 million yen, a decrease of 3.6% compared with the same period of the previous fiscal year; gross profit of 68,146 million yen, an increase of 0.7%; operating income of 4,227 million yen, a decrease of 39.6%; and ordinary income of 6,427 million yen, an increase of 125.9%. The Group recorded net income of 1,308 million yen, an increase of 274.0%, for the three months ended June 30, 2011.

Since Publicis Groupe S.A., an affiliated company accounted for by the equity method, does not disclose its accounts on a quarterly basis, the consolidated financial results for the three months ended June 30, 2011 do not take into account Dentsu's share of net income and amortization of goodwill of Publicis Groupe S.A.

Financial results by reportable segment for the three months ended June 30, 2011 were as follows:

a. Advertising

In the Advertising segment, net sales of 389,718 million yen, a decrease of 3.6% compared with the same period of the previous fiscal year, and segment income of 3,878 million yen, a decrease of 44.6%, were posted.

b. Information Services

In the Information Services segment, net sales of 12,865 million yen, an increase of 4.0% compared with the same period of the previous fiscal year, and segment loss of 693 million yen (segment loss of 1,258 million yen for the same period of the previous fiscal year) were posted. Each of the group companies of Information Services International-Dentsu, Ltd. belongs to this segment.

c. Other Businesses

In the Other Businesses segment, net sales of 4,452 million yen, a decrease of 21.3% compared with the same period of the previous fiscal year, and segment income of 144 million yen, a decrease of 69.4%, were posted.

Financial results by geographic segment were as follows:

a. Japan

In Japan, net sales of 351,457 million yen, a decrease of 6.8% compared with the same period of the previous fiscal year, and operating income of 3,864 million yen, a decrease of 41.9%, were posted.

b. Other Countries

In other countries, net sales of 53,076 million yen, an increase of 28.8% compared with the same period of the previous fiscal year, and operating income of 464 million yen, an increase of 7.8%, were posted.

Regarding Dentsu Group companies with a December 31 closing date, including subsidiaries in countries other than Japan, their financial results for the three months from January 1 to March 31, 2011 are, as a general rule, incorporated in the consolidated financial results for the three months ended June 30, 2011.

Consolidated financial results are greatly affected by the non-consolidated financial results of Dentsu Inc. (hereinafter "Dentsu" or "the Company"). Non-consolidated financial results by business and industry categories for the three months ended June 30, 2011 were as follows:

Dentsu posted non-consolidated billings (net sales) of 301,024 million yen, a decrease of 7.6% compared with the same period of the previous fiscal year; gross profit of 40,403

million yen, a decrease of 3.8%; operating income of 3,514 million yen, a decrease of 38.6%; and ordinary income of 9,653 million yen, a decrease of 1.0%. Dentsu posted net income of 5,177 million yen, a decrease of 40.8%, for the three months ended June 30, 2011.

<By Business Category>

Category	Net sales (Millions of yen)	Composition ratio (%)	Change (%, compared to the same period of the previous year)
Newspapers	24,569	8.2	(11.8)
Magazines	6,846	2.3	(23.4)
Radio	4,386	1.5	(3.7)
Television	150,833	50.1	(8.7)
Time	66,853	22.2	(6.1)
Spot	83,979	27.9	(10.6)
Interactive Media	9,871	3.3	6.9
OOH Media	10,356	3.4	(7.7)
Creative	37,846	12.6	(6.6)
Marketing/Promotion	34,799	11.6	(7.3)
Content Services	15,660	5.2	(2.1)
Others	5,855	1.9	18.8
Total	301,024	100.0	(7.6)

(Note 1) Major business categories are as follows:

Newspapers:	Newspaper advertising
Magazines:	Magazine advertising
Radio:	Radio advertising
Television:	Television advertising
Television (Time):	Television time advertising (program sponsorship)
Television (Spot):	Television spot advertising (in between programs)
Interactive Media:	Internet and mobile-related media advertising
OOH Media:	Out of Home (transit, outdoor and flyers) media-related advertising
Creative:	Creative planning, production and related services
Marketing/Promotion:	Strategic planning and implementation of activities such as branding, marketing, communications, sales promotions, events, PR, e-promotions and direct marketing as well as management consulting
Content Services:	Licensing sales, planning and production in the sports marketing and entertainment fields and other content services
Others:	Satellite and other media, including media planning

(Note 2) The composition ratio of each business category is rounded to the nearest tenth.

The four mass media posted net sales of 186,635 million yen, a decrease of 9.6% compared with the same period of the previous fiscal year. For businesses other than the four mass media, net sales of 114,388 million yen, a decrease of 4.2%, were posted, and the net sales composition ratio came to 38.0%, an increase of 1.4 points from the same period of the previous fiscal year.

<By Industry Category>

Category	Net sales (Millions of yen)	Composition ratio (%)	Change (%, compared to the same period of the previous year)
Information/Communications	38,970	12.9	(6.2)
Beverages/Cigarettes	34,353	11.4	(15.4)
Cosmetics/Toiletries	31,913	10.6	1.8
Finance/Insurance	21,555	7.2	(6.9)
Distribution/Retailing	19,942	6.6	17.0
Foodstuffs	19,015	6.3	(13.6)
Home Electric Appliances/ AV Equipment	16,909	5.6	(12.2)
Pharmaceuticals/ Medical Supplies	16,201	5.4	(6.6)
Transportation/Leisure	13,531	4.5	8.3
Food Services/Other Services	13,433	4.5	(20.6)
Government/Organizations	11,323	3.8	(12.4)
Hobbies/Sporting Goods	11,242	3.7	(18.0)
Real Estate/Housing Facilities	9,120	3.0	8.5
Apparel/Fashion, Accessories/Personal Items	8,850	2.9	14.5
Automobiles/ Related Products	8,086	2.7	(44.4)
Others	26,574	8.8	(1.2)
Total	301,024	100.0	(7.6)

(Note) The composition ratio of each industry category is rounded to the nearest tenth.

For the three months ended June 30, 2011, among the Company's top fifteen contributing industry categories, only five showed year-on-year increases including Cosmetics/Toiletries, an increase of 1.8% compared with the same period of the previous fiscal year, and Distribution/Retailing, an increase of 17.0%. Meanwhile, net sales decreased in ten industry categories, such as Information/Communications, a decrease of 6.2%; and Beverages/Cigarettes, a decrease of 15.4%, creating a harsh environment for the Company.

(2) Forecast of Consolidated Financial Results

The Japanese economy is expected to pick up, owing primarily to the recovery of production activities driven by the rapid restoration of supply chains. As for the advertising market, despite a sizable decline in the Television Spot category in May, it has also been on a recovery track thereafter. Meanwhile, there remain downside risk factors including the power supply restrictions and the soaring yen due primarily to the delayed recovery of the U.S economy as well as the public finance crisis in Europe.

Given these circumstances, the forecast of consolidated financial results for the first half ending September 30, 2011 and fiscal year ending March 31, 2012, which was announced on May 12, 2011, still remains valid.

Regarding the forecast of consolidated financial results, in relation to Dentsu's share of net income of Publicis Groupe S.A., an affiliated company accounted for by the equity method, Publicis Groupe S.A. does not disclose its forecast of financial results, and accordingly, Dentsu's equity in income of affiliated companies for the fiscal year ending March 31, 2012 is forecast to be 5,333 million yen (after deducting 1,712 million yen for amortization of goodwill) based on the financial results of Publicis Groupe S.A. for its fiscal year ended December 31, 2010. The average foreign exchange rate for the period from January to March 2011 of approximately 1 euro = 112.6 yen, the same rate used for other affiliated companies, has been applied.

2. Matters Related to Summary Information and Additional Information

(1) Changes in Significant Consolidated Subsidiaries during the Three Months

No items to report

(2) Application of Specific Accounting Treatments for Preparing Quarterly Consolidated Financial Statements

No items to report

(3) Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors

No items to report

(4) Additional Information

1. Revisions of accounting standards

Starting from the beginning of the first quarter of fiscal 2011, the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009) have been applied for accounting changes and corrections of prior period errors.

2. Others

Since Publicis Groupe S.A., an affiliated company accounted for by the equity method, does not disclose its quarterly financial results, the consolidated financial results for the three months ended June 30, 2011 do not take into account Dentsu's share of net income and amortization of goodwill of Publicis Groupe S.A.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2011	As of June 30, 2011
Assets		
Current assets		
Cash and deposits	132,483	148,225
Notes and accounts receivable—trade	430,477	370,833
Short-term investment securities	94	94
Inventories	9,458	16,966
Other	41,357	40,709
Allowance for doubtful accounts	(2,262)	(2,896)
Total current assets	<u>611,607</u>	<u>573,932</u>
Noncurrent assets		
Property, plant and equipment		
Land	160,379	160,388
Other, net	83,197	82,829
Total property, plant and equipment	<u>243,577</u>	<u>243,218</u>
Intangible assets		
Goodwill	32,853	35,304
Other	20,327	19,697
Total intangible assets	<u>53,180</u>	<u>55,001</u>
Investments and other assets		
Investment securities	155,193	155,771
Other	73,045	72,187
Allowance for doubtful accounts	(3,198)	(3,615)
Allowance for investment loss	(106)	(100)
Total investments and other assets	<u>224,934</u>	<u>224,243</u>
Total noncurrent assets	<u>521,692</u>	<u>522,463</u>
Total assets	<u>1,133,300</u>	<u>1,096,396</u>

(Millions of yen)

	As of March 31, 2011	As of June 30, 2011
Liabilities		
Current liabilities		
Notes and accounts payable—trade	379,374	349,342
Short-term loans payable	3,138	2,590
Income taxes payable	11,412	1,061
Provision	566	904
Asset retirement obligations	53	40
Other	84,428	88,188
Total current liabilities	478,975	442,127
Noncurrent liabilities		
Long-term loans payable	78,961	77,601
Provision for retirement benefits	33,177	35,092
Other provision	661	480
Asset retirement obligations	784	827
Other	28,598	28,989
Total noncurrent liabilities	142,183	142,990
Total liabilities	621,158	585,118
Net assets		
Shareholders' equity		
Capital stock	58,967	58,967
Capital surplus	60,899	60,899
Retained earnings	468,846	466,422
Treasury stock	(65,064)	(65,065)
Total shareholders' equity	523,647	521,223
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,930	2,865
Deferred gains or losses on hedges	(2,823)	(3,442)
Revaluation reserve for land	(7,187)	(7,187)
Foreign currency translation adjustment	(22,634)	(21,348)
Total accumulated other comprehensive income	(30,714)	(29,112)
Minority interests	19,208	19,167
Total net assets	512,141	511,277
Total liabilities and net assets	1,133,300	1,096,396

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Net sales	416,998	402,131
Cost of sales	349,298	333,984
Gross profit	67,700	68,146
Selling, general and administrative expenses		
Salaries and allowances	31,700	33,334
Provision for directors' bonuses	92	107
Provision for retirement benefits	2,709	2,826
Provision for directors' retirement benefits	50	40
Welfare expenses	4,377	4,575
Depreciation	3,175	2,961
Amortization of goodwill	648	558
Provision of allowance for doubtful accounts	—	590
Other	17,947	18,924
Total selling, general and administrative expenses	60,702	63,919
Operating income	6,997	4,227
Non-operating income		
Interest income	108	172
Dividends income	1,258	1,239
Equity in earnings of affiliates	—	1,022
Other	960	1,066
Total non-operating income	2,327	3,500
Non-operating expenses		
Interest expenses	546	477
Equity in losses of affiliates	2,564	—
Foreign exchange losses	2,620	158
Amortization of long-term prepaid expenses	348	375
Other	399	288
Total non-operating expenses	6,479	1,300
Ordinary income	2,845	6,427

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Extraordinary income		
Gain on sales of noncurrent assets	4	3
Gain on sales of investment securities	1,347	116
Other	73	16
Total extraordinary income	1,424	136
Extraordinary loss		
Loss on sales of noncurrent assets	3	16
Loss on retirement of noncurrent assets	40	172
Impairment loss	226	—
Special retirement expenses	1,478	1,005
Loss on revision of retirement benefit plan	—	949
Other	977	711
Total extraordinary losses	2,725	2,856
Income before income taxes and minority interests	1,544	3,708
Income taxes—current	967	176
Income taxes—deferred	813	2,175
Total income taxes	1,781	2,351
Income (loss) before minority interests	(236)	1,356
Minority interests in income (loss)	(586)	47
Net income	349	1,308

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Income (loss) before minority interests	(236)	1,356
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,221)	999
Deferred gains or losses on hedges	(1,053)	(623)
Foreign currency translation adjustment	510	1,176
Share of other comprehensive income of associates accounted for using equity method	1,951	155
Total other comprehensive income	187	1,707
Comprehensive income	(48)	3,063
Comprehensive income attributable to		
Owners of the parent	516	2,910
Minority interests	(565)	153

(3) Notes on Premise of Going Concern

No items to report

(4) Segment and Other Information

<Segment Information>

I. Three Months Ended June 30, 2010 (from April 1 to June 30, 2010)

1. Net sales and income or loss by reportable segment

(Millions of yen)

	Advertising	Information Services	Other Businesses	Total	Adjustment	Amount on quarterly consolidated statements of income
Net sales	404,380	12,376	5,654	422,411	(5,412)	416,998
Segment income (loss)	7,000	(1,258)	472	6,214	782	6,997

(Notes) 1. The differences between the total of income or loss of reportable segments and the amount on the quarterly consolidated statements of income are due to the elimination of intersegment transactions and deduction of unrealized profits.

2. Segment income (loss) has been adjusted to equal the operating income on the quarterly consolidated statements of income.

2. Goodwill and impairment of noncurrent assets by reportable segment

(Significant change in amount of goodwill)

Starting from the first quarter of fiscal 2010, Dentsu Innovation Interactive, LLC became a consolidated subsidiary. As a result, Dentsu posted goodwill of 13,034 million yen for the first quarter of fiscal 2010, resulting in an increase in the Advertising segment.

II. Three Months Ended June 30, 2011 (from April 1 to June 30, 2011)

1. Net sales and income or loss by reportable segment

(Millions of yen)

	Advertising	Information Services	Other Businesses	Total	Adjustment	Amount on quarterly consolidated statements of income
Net sales	389,718	12,865	4,452	407,037	(4,906)	402,131
Segment income (loss)	3,878	(693)	144	3,330	897	4,227

(Notes) 1. The differences between the total of income or loss of reportable segments and the amount on the quarterly consolidated statements of income are due to the elimination of intersegment transactions and deduction of unrealized profits.

2. Segment income (loss) has been adjusted to equal the operating income on the quarterly consolidated statements of income.

2. Goodwill and impairment of noncurrent assets by reportable segment

No items to report

(Reference Information)

[By Geographic Segment]

Three Months Ended June 30, 2010 (from April 1 to June 30, 2010)

(Millions of yen)

	Japan	Other Countries	Total	Eliminations/Corporate	Consolidated
Net sales	377,050	41,212	418,262	(1,263)	416,998
Operating income	6,648	431	7,079	(82)	6,997

Three Months Ended June 30, 2011 (from April 1 to June 30, 2011)

(Millions of yen)

	Japan	Other Countries	Total	Eliminations/Corporate	Consolidated
Net sales	351,457	53,076	404,533	(2,402)	402,131
Operating income	3,864	464	4,328	(101)	4,227

(Note) "Other Countries" consists substantially of the U.S. and China.

[Overseas Sales]

Three Months Ended June 30, 2010 (from April 1 to June 30, 2010)

I. Overseas net sales:	40,379 million yen
II. Consolidated net sales:	416,998 million yen
III. Overseas net sales as a percentage of consolidated net sales:	9.7%

Three Months Ended June 30, 2011 (from April 1 to June 30, 2011)

I. Overseas net sales:	50,707 million yen
II. Consolidated net sales:	402,131 million yen
III. Overseas net sales as a percentage of consolidated net sales:	12.6%

(Notes) 1. Overseas net sales indicate net sales in countries or regions other than Japan by the Company and its consolidated subsidiaries.

2. "Countries or regions other than Japan" consists substantially of the U.S. and China.

(5) Notes on Significant Changes in the Amount of Shareholders' Equity

No items to report