

FOR IMMEDIATE RELEASE
November 12, 2014

Dentsu Announces Adoption of IFRS and Change in Fiscal Year-End

Dentsu Inc. (Tokyo: 4324; ISIN: JP3551520004; President & CEO: Tadashi Ishii; Head Office: Tokyo; Capital: 74,609.81 million yen) today convened a meeting of its Board of Directors at its Head Office in Tokyo at which it passed two resolutions. The first resolution concerns the adoption of the International Financial Reporting Standards (hereinafter "IFRS") in place of the Japanese GAAP used to date, starting from the fiscal year ending March 2015, and the second concerns a change in the fiscal year-end stipulated in the current Articles of Incorporation of the Company. The fiscal year-end change is expected to be brought to the General Meeting of Shareholders which is scheduled to be held in late June, 2015, and is subject to shareholder approval. Details are provided below.

Reason

In March 2013, Dentsu acquired major U.K. listed advertising agency Aegis Group plc which changed its name to Dentsu Aegis Network Ltd. Currently operating in more than 120 countries and territories worldwide, the Company has maintained steady growth. Under these circumstances, Dentsu has decided to adopt IFRS in order to increase comparability in international capital markets. Furthermore, having all the consolidated subsidiaries share the same closing date promotes unified management across the Group, as well as enhancing transparency through the timely and appropriate disclosure of management information and financial results.

Transition to IFRS

The adoption of IFRS will take effect from Dentsu's consolidated financial results for the fiscal year ending March 2015 (fiscal 2014). Japanese GAAP will be used for the financial statements up until the end of the third quarter (ending December 31, 2014). Please refer to the attached document for the effects that the adoption of IFRS will have on the Company's Consolidated Financial Statements.

Change in Fiscal Year-End

Current: March 31

After change: December 31

Due to this change in fiscal year-end, fiscal 2015 will be a transitional period of nine months from April 1, 2015 to December 31, 2015.

Consolidated subsidiaries whose closing date is other than December 31 will also be subject to the same change.

In the case of consolidated subsidiaries with a December 31 closing date, the fiscal period will consist of the twelve months from January 1, 2015 to December 31, 2015, without any change.

From fiscal 2016 (year ending December 2016) onward, the fiscal period will be the twelve-month period from January 1 to December 31.

Future Financial Outlook

The financial outlook for fiscal 2015 (the nine months from April 1, 2015 to December 31, 2015) will be provided in the Company's announcement of consolidated financial results for the fiscal year ending March 2015 that is scheduled to be made in May 2015.

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Reconciliation from JGAAP to IFRS Consolidated Income Statement
Dentsu Inc. and Consolidated Subsidiaries
Year ended March 31, 2014

JGAAP					IFRS	
JPY in millions		1. Reclassification on presentation	2. GAAP adjustments	Total	JPY in millions	
Net sales	2,309,359	-1,666,075		-1,666,075	Revenue	643,284
Cost of sales	1,715,287	-1,666,075		-1,666,075	Cost of sales	45,117
Gross profit	594,072	-1,670,315	145	-1,670,170	Gross profit	598,166
SG&A	522,581	-1,665,950		-1,665,950	SG&A and others	489,567
Operating profit	71,490	-4,365	145	4,095	Operating profit	108,599
Other income (expenses)	9,682	4,240	-145	4,095	Share of results of associates	4,745
Income before income taxes and minority interests	81,172	-3,976	-29,036	-33,013	Profit before interest and tax	113,344
Income taxes	39,741	-2,127		-2,127	Finance income (costs)	-2,547
Net income before minority interests	41,430	2,403		2,403	Profit before tax	110,797
Minority interests in net income	2,629	-689		-689	Income tax expenses	41,864
Net income	38,800	-3,563		-3,563	Profit for the year	68,933
		2,100	-26,836	-26,836	Non-controlling interests	2,426
		-2,200	980	980	Owners of the parent	66,507
		8,215	28,892	37,108		
		3,764	980	4,745		
		3,764		3,764		
			980	980		
		-11,981	-247	-12,228		
		-4,365		-4,365		
		-1,270		-1,270		
		-857		-857		
		2,403		2,403		
		-689		-689		
		-3,764		-3,764		
		-3,436		-3,436		
			-247	-247		
		-	29,625	29,625		
		-	2,122	2,122		
		-	27,503	27,503		
		-	-203	-203		
		-	27,706	27,706		

1. Reclassification on presentation:

- 1.1. Under JGAAP, Net sales and Cost of sales are disclosed on a gross basis while under IFRS, Net sales and Cost of sales for advertising businesses are reported on a net basis.
- 1.2. The items reported in Other income (expenses) under JGAAP, such as FX gains from operating activities, Impairment loss and Others, are reclassified to SG&A and Others under IFRS.
- 1.3. Financial items such as Profit or Loss on revaluation of earnout included in SG&A under JGAAP are moved to Finance income (costs) below Operating profit under IFRS.
- 1.4. Other reclassification includes items such as Profit distributions, Rent income, and Long-term expenses.
- 1.5. Cash discount included in Other income (expenses) under JGAAP is reclassified to Operating profit under IFRS.
- 1.6. Share of results of associates is included in Other income (expenses) under JGAAP whereas this is disclosed separately, as Share of results of associates, below Operating profit under IFRS.

2. GAAP adjustments:

- 2.1. Under JGAAP, goodwill is amortized whereas under IFRS, goodwill is not amortized. Therefore, the adding back of goodwill under IFRS has a positive impact on profit.
- 2.2. Other than goodwill, there are some other, less significant differences between JGAAP and IFRS. These are related to the accounting for retirement benefits, depreciation on PPE and so on.

**Reconciliation from JGAAP to IFRS Consolidated Balance Sheet
Dentsu Inc. and Consolidated Subsidiaries
As of March 31, 2014**

JPY in millions	JGAAP	IFRS
Assets		
Current assets		
Cash and cash equivalents	228,129	253,354 ¹
Trade and other receivables	1,033,955	1,054,225
Inventories	14,253	14,253
Others	92,047	65,113
Total current assets	1,368,385	1,386,946
Non-current assets		
Property, plant and equipment	249,320	201,900
Goodwill	558,834	577,015 ²
Other intangible assets	259,506	259,506
Others	202,273	260,565
Total non-current assets	1,269,933	1,298,986
Total assets	2,638,319	2,685,933

JPY in millions	JGAAP	IFRS
Liabilities		
Current liabilities		
Trade and other payables	989,805	1,047,796
Bonds and borrowings	43,485	62,566
Income tax payables	28,571	28,571
Others	191,402	145,542
Total current liabilities	1,253,263	1,284,477
Non-current liabilities		
Bonds and borrowings	295,480	302,399
Others	181,080	173,334
Total non-current liabilities	476,560	475,734
Total liabilities	1,729,824	1,760,211
Equity		
Shareholders' equity & Accumulated other comprehensive income	883,118	-
Total equity attributable to owners of the parent	-	901,012
Non-controlling interests	25,377	24,709
Total equity	908,495	925,722
Total liabilities and equity	2,638,319	2,685,933

1. Adjustments due to the difference in accounting periods applied in the Dentsu Group

Under IFRS, Dentsu temporarily makes the adjustments on cash and loans to cover the difference in accounting periods applied across the Dentsu Group until the unification of the accounting period targeted for December 2015.

2. Adjustments on Goodwill

Under JGAAP, goodwill is amortized whereas under IFRS, goodwill is not amortized. Therefore, the difference between the balance of JGAAP and IFRS is mainly due to added-back amortization.