

Consolidated Financial Statements

Consolidated Statement of Financial Position

Dentsu Inc. and Consolidated Subsidiaries
March 31, 2015

ASSETS	Notes	Millions of Yen		
		Date of Transition (As of April 1, 2013)	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
CURRENT ASSETS:				
Cash and cash equivalents	7	234,475	253,354	365,379
Trade and other receivables	8, 31	836,253	1,054,225	1,224,190
Inventories	9	13,561	14,253	25,982
Other financial assets	10, 18, 31	18,412	15,571	22,732
Other current assets	11	38,530	49,542	43,575
Total current assets		1,141,233	1,386,946	1,681,861
NON-CURRENT ASSETS:				
Property, plant and equipment	12	202,484	201,900	199,037
Goodwill	13	431,732	577,015	656,565
Intangible assets	13	219,898	259,506	274,745
Investment property	15	45,913	45,655	42,160
Investments accounted for using the equity method	6, 16	51,072	56,554	53,042
Other financial assets	10, 18, 31	114,728	107,241	214,393
Other non-current assets		6,981	7,839	22,134
Deferred tax assets	17	50,371	43,274	15,594
Total non-current assets		1,123,182	1,298,986	1,477,673
TOTAL ASSETS	6	2,264,415	2,685,933	3,159,534

Consolidated Statement of Financial Position

Dentsu Inc. and Consolidated Subsidiaries
March 31, 2015

		Millions of Yen		
LIABILITIES AND EQUITY	Notes	Date of Transition (As of April 1, 2013)	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
LIABILITIES:				
CURRENT LIABILITIES:				
Trade and other payables	18, 31	840,795	1,047,796	1,231,220
Bonds and borrowings	19, 31	59,097	62,566	73,653
Other financial liabilities	19, 31	341,161	38,147	54,082
Income tax payables		21,175	28,571	21,520
Provisions	20	5,151	213	208
Other current liabilities		73,504	107,181	130,571
Total current liabilities		1,340,886	1,284,477	1,511,256
NON-CURRENT LIABILITIES:				
Bonds and borrowings	19, 31	180,212	302,399	335,965
Other financial liabilities	19, 31	52,032	62,766	69,765
Liability for retirement benefits	21	57,169	53,185	43,674
Provisions	20	896	852	4,627
Other non-current liabilities		4,335	6,330	8,849
Deferred tax liabilities	17	42,642	50,198	74,331
Total non-current liabilities		337,289	475,734	537,214
Total liabilities		1,678,175	1,760,211	2,048,470
EQUITY:				
Share capital	22	58,967	74,609	74,609
Share premium account	22	60,899	99,906	99,906
Treasury shares	22	(65,077)	(104)	(131)
Other components of equity		5,810	172,711	292,652
Retained earnings	22	501,963	553,889	613,327
Total equity attributable to owners of the parent	31	562,562	901,012	1,080,364
Non-controlling interests		23,677	24,709	30,699
Total equity		586,240	925,722	1,111,063
TOTAL LIABILITIES AND EQUITY		2,264,415	2,685,933	3,159,534

Consolidated Statement of Income

Dentsu Inc. and Consolidated Subsidiaries
Year ended March 31, 2015

	Notes	FY2013 (Year ended March 31, 2014)	Millions of Yen FY2014 (Year ended March 31, 2015)
(Turnover (Note 1))	6	4,177,278	4,642,390
Revenue	6	659,772	728,626
Cost	12, 13, 21, 25	45,117	51,701
Gross profit	6	614,654	676,925
Selling, general and administrative expenses	12, 13, 21, 24, 25	511,287	572,084
Other income	26	11,375	39,102
Other expenses	12, 13, 27	7,459	11,638
Operating profit	6	107,283	132,305
Share of results of associates	16	4,745	7,178
Profit before interest and tax		112,028	139,483
Finance income	28	7,115	7,067
Finance costs	21, 25, 28	8,345	12,255
Profit before tax		110,797	134,295
Income tax expense	17	41,864	49,649
Profit for the year		68,933	84,645
Profit attributable to:			
Owners of the parent		66,507	79,846
Non-controlling interests		2,426	4,799
Earnings per share			
Basic earnings per share (in Yen)	30	241.49	276.89
Diluted earnings per share (in Yen)	30	241.43	276.84

Reconciliation from operating profit to underlying operating profit

	Notes	FY2013 (Year ended March 31, 2014)	Millions of Yen FY2014 (Year ended March 31, 2015)
Operating profit		107,283	132,305
Amortization of intangible assets incurred in acquisitions		15,666	19,784
Other adjusting items (selling, general and administrative expenses)		2,910	4,972
Other adjusting items (other income)		(3,992)	(33,275)
Other adjusting items (other expenses)		3,726	8,151
Underlying operating profit (Note 2)	6	125,593	131,937

(Note 1) Turnover represents the total amount billed and billable to clients by the Group, net of discounts, VAT and other sales-related taxes.

Disclosure of turnover information is not required under IFRS; however, it is voluntarily disclosed in the Consolidated Statement of Income since management has concluded that the information is useful for users of the financial statements.

(Note 2) For the definition of underlying operating profit, refer to "3. SIGNIFICANT ACCOUNTING POLICIES (20) Underlying Operating Profit."

Consolidated Statement of Comprehensive Income

Dentsu Inc. and Consolidated Subsidiaries
Year ended March 31, 2015

		Millions of Yen	
	Notes	FY2013 (Year ended March 31, 2014)	FY2014 (Year ended March 31, 2015)
PROFIT FOR THE YEAR		68,933	84,645
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS:			
Net change in financial assets measured at fair value through other comprehensive income	29, 31	(326)	66,704
Remeasurements of defined benefit plans	21, 29	2,916	7,542
Share of other comprehensive income of investments accounted for using the equity method	16, 29	918	152
ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS:			
Exchange differences on translation of foreign operations	29	161,106	46,061
Effective portion of the change in the fair value of cash flow hedges	29	2,973	1,036
Share of other comprehensive income of investments accounted for using the equity method	16, 29	1,053	221
Other comprehensive income, net of tax		168,641	121,717
COMPREHENSIVE INCOME FOR THE YEAR		237,575	206,363
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the parent		234,392	200,471
Non-controlling interests		3,182	5,891

Consolidated Statement of Changes in Equity

Dentsu Inc. and Consolidated Subsidiaries
Year ended March 31, 2015

	Notes	Millions of Yen						
		Total equity attributable to owners of the parent				Other components of equity		
		Share capital	Share premium account	Treasury shares	Share options	Exchange differences on translation of foreign operations	Effective portion of the change in the fair value of cash flow hedges	Net change in financial assets measured at fair value through other comprehensive income
As of April 1, 2013		58,967	60,899	(65,077)	—	—	8,126	15,118
Profit for the year								
Other comprehensive income						160,772	3,001	1,132
Comprehensive income for the year		—	—	—	—	160,772	3,001	1,132
Issue of share capital	22	15,642	15,642					
Share issue costs			(200)					
Repurchase of treasury shares				(29)				
Disposal of treasury shares			23,564	65,002				
Dividends	23							
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control								
Transfer from other components of equity to retained earnings								(983)
Other changes								
Transactions with owners—total		15,642	39,006	64,973	—	—	—	(983)
As of March 31, 2014		74,609	99,906	(104)	—	160,772	11,127	15,267
Profit for the year						45,129	1,004	66,847
Other comprehensive income						45,129	1,004	66,847
Comprehensive income for the year		—	—	—	—	45,129	1,004	66,847
Repurchase of treasury shares				(27)				
Disposal of treasury shares			0	0				
Issue of share options					48			
Dividends	23							
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control								
Transfer from other components of equity to retained earnings								(732)
Transactions with owners—total		—	0	(27)	48	—	—	(732)
As of March 31, 2015		74,609	99,906	(131)	48	205,902	12,131	81,382

	Notes	Millions of Yen					
		Total equity attributable to owners of the parent			Other components of equity		
		Remeasurements of defined benefit plans	Total	Retained earnings	Total	Non-controlling interests	Total equity
As of April 1, 2013		(17,435)	5,810	501,963	562,562	23,677	586,240
Profit for the year			—	66,507	66,507	2,426	68,933
Other comprehensive income		2,978	167,884		167,884	756	168,641
Comprehensive income for the year		2,978	167,884	66,507	234,392	3,182	237,575
Issue of share capital	22		—		31,285		31,285
Share issue costs			—		(200)		(200)
Repurchase of treasury shares			—		(29)		(29)
Disposal of treasury shares			—		88,567		88,567
Dividends	23		—	(8,600)	(8,600)	(2,397)	(10,997)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	(6,979)	(6,979)	728	(6,251)
Transfer from other components of equity to retained earnings			(983)	983	—		—
Other changes			—	14	14	(481)	(467)
Transactions with owners—total		—	(983)	(14,581)	104,057	(2,150)	101,906
As of March 31, 2014		(14,456)	172,711	553,889	901,012	24,709	925,722
Profit for the year			—	79,846	79,846	4,799	84,645
Other comprehensive income		7,643	120,625		120,625	1,092	121,717
Comprehensive income for the year		7,643	120,625	79,846	200,471	5,891	206,363
Repurchase of treasury shares			—		(27)		(27)
Disposal of treasury shares			—		0		0
Issue of share options			48		48		48
Dividends	23		—	(10,669)	(10,669)	(2,498)	(13,167)
Transactions with non-controlling interests in subsidiaries that do not result in a loss of control			—	(10,471)	(10,471)	2,596	(7,875)
Transfer from other components of equity to retained earnings			(732)	732	—		—
Transactions with owners—total		—	(684)	(20,408)	(21,119)	97	(21,021)
As of March 31, 2015		(6,813)	292,652	613,327	1,080,364	30,699	1,111,063

Consolidated Statement of Cash Flows

Dentsu Inc. and Consolidated Subsidiaries
Year ended March 31, 2015

	Notes	FY2013 (Year ended March 31, 2014)	Millions of Yen FY2014 (Year ended March 31, 2015)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		110,797	134,295
ADJUSTMENTS FOR:			
Depreciation and amortization		33,334	40,390
Impairment loss		2,005	1,824
Interest and dividend income		(4,668)	(4,275)
Interest expense		6,690	7,112
Share of results of associates		(4,745)	(7,178)
Increase (decrease) in liability for retirement benefits		1,070	(215)
Other—net		(9,413)	(38,339)
Cash flows from operating activities before adjusting changes in working capital and others		135,071	133,614
CHANGES IN WORKING CAPITAL:			
(Increase) decrease in trade and other receivables		(96,904)	(114,985)
(Increase) decrease in inventories		738	(12,201)
(Increase) decrease in other current assets		(328)	10,114
Increase (decrease) in trade and other payables		72,376	101,835
Increase (decrease) in other current liabilities		16,597	41,163
Change in working capital		(7,519)	25,927
Subtotal		127,552	159,542
Interest received		1,622	2,046
Dividends received		7,065	6,895
Interest paid		(6,304)	(6,564)
Income taxes paid		(37,948)	(49,531)
Net cash flow from operating activities		91,986	112,388
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment, intangible assets and investment property		(19,201)	(21,669)
Proceeds from sale of property, plant and equipment, intangible assets and investment property		2,492	36,074
Net cash (paid) received on acquisition of subsidiaries		(319,380)	(35,528)
Net cash (paid) received on disposal of subsidiaries		16,487	—
Payments for purchases of securities		(3,788)	(4,536)
Proceeds from sales of securities		12,038	2,235
Other—net		103	(2,184)
Net cash flow from investing activities		(311,248)	(25,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in short-term borrowings		10,014	(4,055)
Proceeds from long-term borrowings		212,103	52,134
Repayment of long-term borrowings		(32,083)	(16,375)
Repayments of bonds		(77,688)	(8,008)
Proceeds from issue of share capital		31,285	—
Payment for acquisition of interest in a subsidiary from non-controlling interests		(2,348)	(580)
Proceeds from sales of interest in a subsidiary to non-controlling interests		11	59
Payments for purchase of treasury shares		(29)	(27)
Proceeds from disposal of treasury shares		88,723	0
Dividends paid	23	(8,600)	(10,669)
Dividends paid to non-controlling interests		(2,195)	(2,527)
Other—net		(1,656)	(1,558)
Net cash flow from financing activities		217,536	8,391
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		20,604	16,856
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		18,879	112,025
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7	234,475	253,354
CASH AND CASH EQUIVALENTS AT END OF PERIOD	7	253,354	365,379