

1. Organization of the Fuji Television Network Group

The Fuji Television Network Inc. and its subsidiary Nippon Broadcasting System, Inc. and its affiliate The Sankei Shimbun have corporate groups composed of their own subsidiaries and affiliates. Together with Pony Canyon, Inc., a subsidiary of Nippon Broadcasting, this constellation of companies conducts a broad range of businesses that include activities in the fields of culture, art, sports, news and the environment.

Fuji Television's own group of companies is made up of the parent company, Nippon Broadcasting System, Inc. and other 57 subsidiaries and 34 affiliates. The major activities are broadcasting as prescribed by Japan's Broadcasting Law and other laws; planning, production, technology and transmitting involving programs for broadcast; and direct marketing. These companies also provide services related to each of these businesses.

The major business categories of the Fuji Television Network Group are shown below. Note that the categories are the same as the segments used for financial reporting purposes.

Category	Major Companies
Broadcasting Television and radio broadcasting	Fuji Television Network, Inc. Nippon Broadcasting System, Inc.
Program Production and Related Business Planning, production, engineering and relay operations as well as other businesses for programming	Kyodo Edit, Co., Ltd. Kyodo Television, Limited Vasc, Inc. Happo Television, Inc. Van Eight Production, Inc. Fuji Art, Inc. Fuji Creative Corporation Fuji Lighting and Technology, Inc. Basis, Ltd. Fuji International Productions (UK) Ltd. Fujisankei Communications International, Inc.
Direct Marketing Direct marketing and sales of fresh flowers	Dinos Inc. FujiTV Flower Center, Co., Ltd.
Video and Music Production and sale of music and video software, management of music copyrights, etc.	Shinko Music Publishers Co., Ltd. Fujipacific Music Inc. "Fuji Music Partners" Pony Canyon Inc. Ponycanyon Enterprise Inc. Fujipacific Music (USA), Inc. Fujisankei California Entertainment, Inc. T/Q Music, Inc. Windswept Classics, Inc.
Other Businesses Temporary agency services, real estate leasing, software development, publishing, etc.	Nippon Broadcasting Projects, Inc. Bigshot Inc. Fuji Culture Planning, Inc. Fujisankei Advertising work Inc. Fuji Jinzai Center, Inc. Fujimic, Inc. Fuso Publishing, Inc.

Note: Prior to the current fiscal year, Fuji Television's business segments were categorized into Television Broadcasting, Broadcasting-Related Business, Direct Marketing, and Other Businesses. From the interim period, these categories have been reorganized into Broadcasting, Program Production and Related Business, Direct Marketing, Video and Music, and Other.

2. Management Policies

(1) Basic Policies

At present in the media and content industry, a succession of new services that meet consumers' needs are emerging with the diffusion of broadband and from leveraging IT from both software and hardware perspectives, such as the expanding use of services to deliver music via the Internet and the appearance of movie delivery services with business models that do not depend on advertising revenues.

In addition, the use of game consoles and other devices as equipment for viewing movies and as broadband information terminals together with such phenomena as the advance of blogs and social networking sites (SNSs) have created the start of the ubiquitous era where consumers have the choice of accessing any content, wherever and whenever they want.

The change in consumer and corporate behavior precipitated by the diversification of content distribution made possible with digitalization has the potential over the medium- and long-term to facilitate the entry of new competitors and give rise to alternative services that could reshape the competitive landscape in our industry. Taking into account the significance of such changes to its operating environment, the Fuji Television Group has set out the five items listed below as its basic management policies for the medium-to-long term.

1. With the ongoing evolution in the distribution of media and content, become a pioneer in the creation of culture, services, and businesses related to the distribution of new media and content.
2. We aim to maximize our value as a cross media group by exerting selectivity and focus to our business portfolio. In other words, we will place digital terrestrial broadcasting as our core media while building on the satellite media platform of BS satellite, which now reaches 10 million households, and CS satellite media, which is developing into the core of the subscriber-based TV market. In addition, we will flexibly utilize new media, such as mobile media, as epitomized by "one segment broadcasts" (a terrestrial digital broadcasting service aimed at mobile handsets); on-demand services via the Internet and IP TV, etc.; and personal media like blogs, which are attracting attention as a new form of media. We thus aim to build an optimal "media complex" and develop into a ubiquitous company with 100% reach, enabling Fuji Television to deliver compelling and attractive content anywhere and at anytime.
3. To strengthen its "digital content factory" by providing compelling and high-quality content that creates maximize value for consumers and advertising sponsors in each media family by carefully considering the attributes of each type of media always as consumer behavior.
4. To create an even stronger network structure by promoting the digitalization of its core media—digital terrestrial broadcasting—throughout the entire FNS network.
5. By leveraging the brand equity created through the execution of policies (1) through (4) above, we aim to secure stable profits from our movie, event, and broadcasting rights businesses.

And by stepping up efforts to diversify its revenue streams, Fuji Television will continue as the leading company in Japan's media and content industry working to improve its operations, boosting its competitiveness, establishing a stable corporate infrastructure that is supportive of sustained growth, and

maximizing its corporate value, while being ever mindful of its public and social responsibilities as an operator of terrestrial television broadcasting, its core media.

(2) Policies Concerning the Distribution of Company Profits

Fuji Television regards the disbursement of profits to shareholders as one of its most important management responsibilities. Under its management policy, the Company pays dividends commensurate with its performance, while responding to changes in the broadcasting industry by entering new fields of business and aggressively investing in content and capital.

Decisions regarding the appropriate payment of dividends for a specified period are based on a comprehensive review of the Company's performance during said period, the next term's performance forecast, the need for internal reserves, changes in the value of the Company's stock, and other factors.

We plan to allocate internal reserves to meet what we anticipate will be substantial future demand for funds required to strengthen our capabilities to create and procure content and to respond to the digitalization of terrestrial broadcasting--a social lifeline infrastructure--as well as investments in other related businesses. We believe that the use of internal reserves in this fashion will make a significant contribution to the enhancement of shareholder returns and the fulfillment of our social responsibilities going forward.

(3) Management Goals and Indices

The Company believes the setting of certain management goals to be meaningful. That said, we believe our operating environment will continue to experience significant changes over the near term, which may make it difficult to evaluate progress toward such goals using fixed management performance indicators. As a result, we attach great importance to the flexibility of our management, which must remain responsive to changes in our operating environment. In light of these considerations, we have not established specific numerical targets for management. However, management will focus on maximizing corporate value, strive to improve management efficiency as measured by return on equity and return on assets, optimize invested capital, aim to set our debt and capital structure appropriately, and optimize capital costs. Ultimately, these efforts are designed to boost shareholder and corporate value.

(4) Medium- to Long-Term Management Strategies and Issues to be Addressed

The Fuji Television Group is working to with the mindset of a "digital content factory" to realize its goal of fortifying its content creation capabilities in the digital age. Content forms the heart of media. Without strong content, it is impossible to develop media. To this end, we will continue to raise content creation skills Groupwide by developing our capabilities in high-definition programming, data transmission, and broadcasting for mobile terminals—the hallmarks of digital broadcasting. With such objectives in mind, in March 2005 we began construction of the Rinkai Fukutoshi Studios (provisional name) in Koto Ward, Tokyo. Scheduled for completion in April 2007, the studios will make the editing and archiving processes digital and more advance and will also concentrate the Fuji Television Group's content creation know-how and function as a true "digital content factory". Our initial plans called for building the studios jointly with Nippon Broadcasting. But since Nippon Broadcasting became a wholly owned subsidiary of Fuji Television on September 1, 2005, these plans have changed and now Fuji Television will be building the studios on its own.

The advent of multimedia and multichannel services and services that utilize telecommunications infrastructure are dramatically reshaping the competitive landscape in Japan's broadcasting industry. In addition, successive relaxation and removal of regulations are adding impetus to these developments.

Against this backdrop, terrestrial digital broadcasting commenced in December 2003. In December 2005, heretofore low-power transmissions will be converted to 10kW full power and with the start of digital broadcasts at relay stations, coverage is expected to expand to approximately 15 million households in the Kanto region. In addition, all broadcast stations nationwide are scheduled to begin digital broadcasts by December 2006.

Furthermore, we plan to launch "one segment" services from April 2006, through which viewers will be able to enjoy terrestrial digital television broadcasts on the mobile phones and other devices. One segment services are a major attraction of terrestrial digital television broadcasts and will also viewing anywhere and at any time. We are confident that this service will attract attention as a service available only through terrestrial digital television broadcasts as it will increase viewing opportunities, provide information in times of emergency, allow for the transmission of information on programs through data broadcasts, and offer an array of other benefits. Fuji Television believes it is its duty to make effective use of the airwave license it has been granted from the government. We also feel that providing services that meet the diversifying needs of our viewers is consistent with its mission to serve the public. As the current analog broadcasting format is scheduled to end in July 2011, we are also working to promote the diffusion of terrestrial digital broadcasting as well as awareness of the upcoming termination of analog service.

On the programming front, we will continue to equip our studios to handle high-definition programming, and raise the percentage of dramas, variety shows, and news and information programs that are offered in a high-definition format. In addition, we are providing data broadcasting services that are linked in real time to TV programs. Looking ahead, we also intend to try combining television programming with e-commerce and blogs and other personal media as a response to the potential growth areas created by the linkage of broadcasting and the Internet.

By strengthening our program lineup and our sales activities, Fuji Television aims to sustain a level of profitability to support both shareholder returns and investment in the future. At the same time, we will fortify our "Media Complex" structure by enhancing media such as BS and CS satellite broadcasts and our movie business as well as rebuilding the capital relationships with our group companies. Through these endeavors, we seek to achieve both sustained growth and improved competitiveness.

Further, we are promoting alliances (i.e., capital and business tie-ups) with firms outside the Fuji Television Group in the Internet and other rapid growth areas in efforts to proactively improve earnings by expanding our business domains and stabilize our management. As one facet of these endeavors, we are allocating a portion of the funds raised through a public offering and capital increase through a third-party placement implemented in 2004 toward the establishment of a venture capital fund aimed primarily at uncovering and fostering venture companies in the areas of video, music, publishing and other content; media-related business, and broadband businesses. We thus intend to take a hands-on approach to investment in related companies in high-growth

fields. In addition, in April 2005, we concluded a basic agreement with livedoor Co., Ltd. for a capital participation and a business tie-up with that company. Fuji Television has underwritten a third-party share allocation by livedoor, and the companies are currently in concrete deliberations with the relevant parties toward business tie-ups in areas of broadcasting and telecommunications where tie-ups are conceivable. Some concrete results of collaboration between Fuji Television and livedoor include the adoption of livedoor's electronic money, use of its elemental Internet-related technologies, consideration of the use of wireless LANs on the production floor, and joint sponsorship of a musical. The companies are thus engaged in a variety of collaborative activities, including some ongoing projects.

Fuji Television more than ever recognizes its social mission as a core media and provider of mass communications to maintain emergency broadcasting capabilities and other "lifeline" services and to provide responsible content as a leader in information and culture. We will take our viewers' feedback to heart, have due consideration of the impact that we can have on young people, and undertake our program production and news reporting activities ever-aware of broadcasting ethics and our social responsibilities.

(5) Basic Policies Concerning the Enhancement of Corporate Governance and Status of Implementation

By organically combining a transmission network (i.e., infrastructure) with programming (i.e., content), Japan's terrestrial broadcasting has attained among the world's highest levels of both diffusion and quality. It is fulfilling the public's right to receive information and become indispensable to people's lifestyles and safety as a vehicle through which culture is communicated.

Fuji Television is working to strengthen its corporate governance systems. These efforts are guided not only by the aim of maximizing shareholder value but also as a key media and mass communications company to honor its social mission to maintain its lifeline functions, such as emergency and disaster announcements, and to responsibly deliver content.

1) Company organization and status of internal management structure

Fuji Television considers the creation of internal systems that ensure the transparency of management to be an important goal of corporate governance. Toward this end, we are working to enhance the general meeting of shareholders, accelerate decision-making and the supervisory function of the Board of Directors, strengthen our auditors' audit capabilities, and enhance disclosures of various types of information.

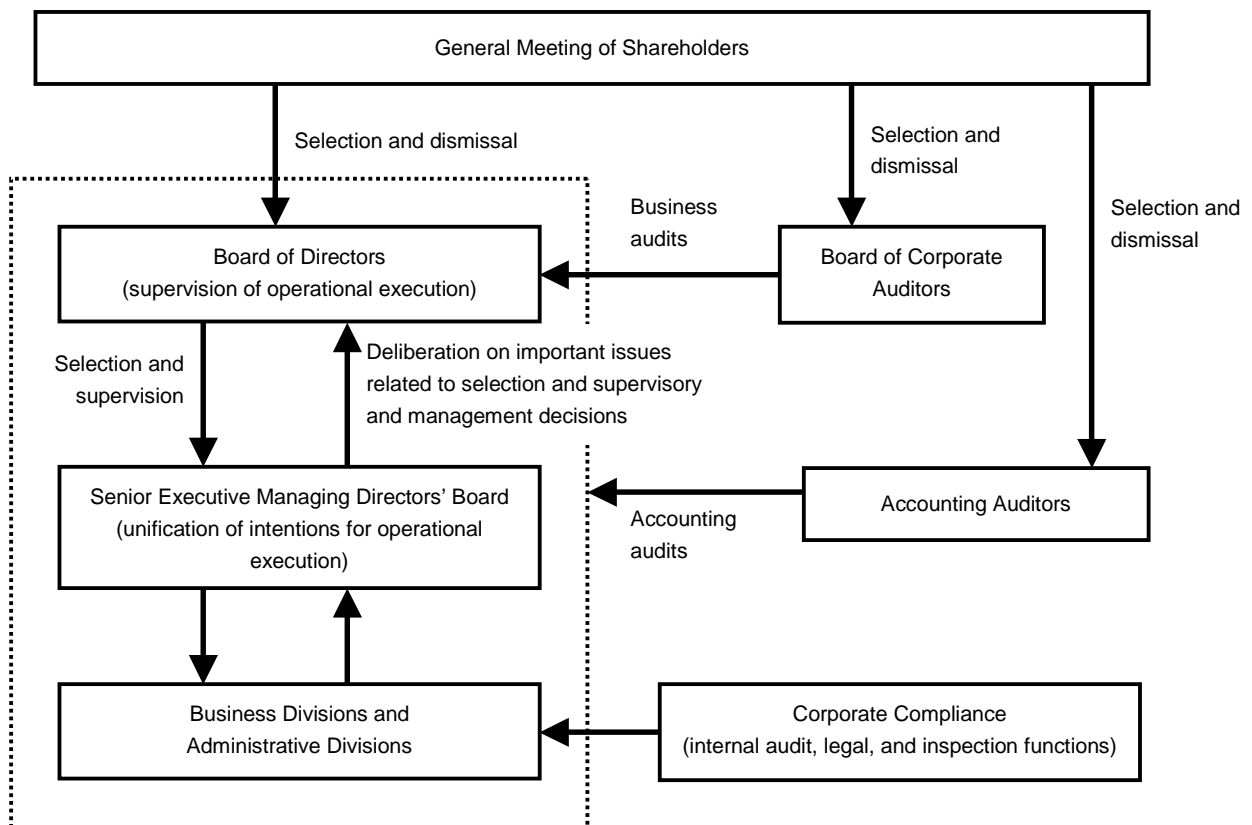
Five external directors have been appointed to the Board of Directors to ensure the transparency of management. In addition, the number of directors has been reduced to 20 from 35 to accelerate the decision-making process and improve the efficiency of business execution. Also, the tenure of directors has been reduced to one year from two in order to clarify the responsibilities of directors and response swiftly to changes in the operating environment.

The Board of Senior Managing Directors, comprising primarily statutory directors, deliberates on important matters raised at the Board of Directors meeting and promotes the sharing of information on the status of business execution at each business division.

Fuji Television continues to adopt an auditor system and its Board of Corporate Auditors comprises, five auditors, including three external auditors. The auditors participate in the meeting of the Board of Directors and other important meetings and perform operational audits by reviewing important documents; interviewing staff in the administrative divisions, operating divisions, and at subsidiaries; and working closely with our internal auditors. At the same time, the auditors perform accounting audits by interviewing our directors and representatives of the finance department and working closely with our accounting auditors.

In the past, our internal audits were conducted by internal auditors appointed within the Office of the President and audited our compliance with the law and internal regulations based on an annual internal audit plan approved by the president. In June 2005, however, Fuji Television established its Corporate Compliance, which combines its internal audit, legal, and inspection functions, to enhance its internal administration structure and promote legally compliant and appropriate operations at a Companywide level. Going forward, the Corporate Compliance will work to solve issues in each division rapidly and in a cross-sectional manner. At the same time, the department will vigorously promote compliance with the Personal Information Protection Law and other regulations; the Fuji Television Code of Conduct, which was established in January 2005; and other in-house rules and regulations, and thus help us to continue to earn the trust that society has placed in Fuji Television.

The status of execution of audits, approach to supervision, and internal administration structure at Fuji Television is as follows.



2) Overview of human resource-related relationships, capital relationships, or business ties and other potential conflicts of interest between the company and its external directors and external auditors

Fuji Television has no business relationships related to human resources, capital, or technology with the companies whose directors have been appointed as its external directors and external auditors. However, Fuji Television does have business relationships with these companies in its Broadcasting and Other businesses. All transactions are conducted under the same terms and conditions as other business partners without such relationships.

(6) Matters related to the parent company

Fuji Television does not have a parent company, so there are no applicable matters.

(7) Fundamental policies related to the group's capital strategies

The operating environment in the Japanese broadcasting industry is being reshaped by the accelerating convergence of broadcasting and telecommunications precipitated by the rapid advance of digitalization. To adapt to these changes, we must accurately grasp and analyze technological innovation and market needs and build new business models not bound by pre-conceived ideas. Further, to maintain a strong position in the media industry of the 21st century, we view it critical to change into a group management structure that allows for selectivity and focus of management resources to be executed both dynamically and efficiently. In addition, we recognize that from a capital perspective it is important to build a stable management structure over the long term is a critical management issue in order for the Fuji Television Group to fulfill its social mission and responsibilities as an operator of mass communication businesses that are highly linked to the public good.

Although Fuji Television and Nippon Broadcasting had a history of cooperation, they have managed their companies separately and, based on independent management policies and strategies, have established their respective positions as leaders in the world of television and radio broadcasting. However, based on the basic policies described above Fuji Television recently acquired management control of Nippon Broadcasting and made the company a wholly owned subsidiary on September 1, 2005. At the same time, Fuji Television decided to reorganize its management structure to allow stable management of its operations. In the future, we intend to reorganize our capital and business relationships with other group companies as needed to ensure dynamic and efficient group management.

3. Business Performance and Financial Position

(1) Business Performance

Overview of the Interim Period Ended September 30, 2005

During the interim period (April–September 2005) of fiscal 2006, ending March 31, 2006, the Cabinet Office's *Monthly Economic Report* changed its description of the Japanese economy from one stating that there was weakness in some sectors to one indicating that there was improvement in the corporate and household sectors and that a modest recovery was under way. The Cabinet Office also noted that consumer spending was gradually trending upward, corporate earnings were improving, and capital investment was rising.

Against this backdrop, the television advertising market is expected to expand for the third consecutive year, albeit at a slower growth rate. Market conditions were thus relatively healthy in the interim period, excluding July, which faced a reactionary dip owing to the Athens Olympic Games in the previous year. Furthermore, we earned a “quadruple crown” in viewer ratings in the interim period by capturing the top spots in the “golden time” (19:00-22:00), “prime time” (19:00-23:00), “all day” (06:00-24:00), and “non-prime time” (06:00-19:00 and 23:00-24:00) slots, thanks to the support of our viewership, and this gave a boost to our sales performance.

The addition of Nippon Broadcasting System, Inc. to the Fuji Television Group increased the number of consolidated subsidiaries and contributed to a 25.0% year-on-year rise in consolidated net sales to ¥294,818 million. Operating income also increased, by 11.2% from the previous year, to ¥24,644 million, reflecting a rise in profits owing to an increase in the number of consolidated subsidiaries, which offset lower earnings in the Broadcasting and Direct Marketing segments. Recurring profit, which comprises operating income plus dividend income, interest expenses, stock issuance expenses, and other items, was up 7.1% to ¥24,948 million. Interim net income rose 24.6% year on year to ¥12,749 million, due partly non-recurrence of the extraordinary losses on provisions for doubtful receivables booked in the previous year.

Results by operating segment are as follows.

Six month ended September 30

(Millions of yen)

	Net sales			Operating income		
	2004	2005	Change	2004	2005	Change
Broadcasting	---	207,742	9.1%	---	20,248	(1.4)%
Television broadcasting	190,456	---		20,545	---	
Program production and related business	24,014	26,574	10.7%	1,144	1,404	22.8 %
Direct marketing	31,408	32,472	3.4%	873	305	(65.0)%
Video and music	---	35,886	---	---	2,075	---
Other businesses	13,344	28,728	115.3%	(160)	1,364	---
Eliminated	(23,459)	(36,585)	---	(232)	(754)	---
Total	235,764	294,818	25.0%	22,170	24,644	11.2 %

Prior to the current fiscal year, Fuji Television's business segments were categorized into Television Broadcasting, Broadcasting-Related Business, Direct Marketing, and Other Businesses. From the interim period, these categories have been reorganized into Broadcasting, Program Production and Related Business, Direct Marketing, Video and Music, and Other.

This realignment reflects a review of the business categories included in our operating segments in line with the changes in the scope of consolidation resulting from Nippon Broadcasting becoming a subsidiary. In other words, we combined Fuji Television's television broadcasting business with Nippon Broadcasting's radio broadcasting business under the Broadcasting segment. In addition, we made Video and Music an independent segment, taking it out of the Other segment to reflect its increased importance now that Pony Canyon Inc. is a consolidated subsidiary.

Further, major companies that were previously categorized under Other Businesses but have now been reclassified under Video and Music include Fujipacific Music Inc. and Fujipacific Music (USA), Inc.

Segment classifications of newly consolidated subsidiaries are Nippon Broadcasting under Broadcasting; Pony Canon and Pony Canyon Enterprise under Video and Music; and Nippon Broadcasting Project, Big Shot, and Fujisankei Advertising Work under Other.

Broadcasting

The Broadcasting segment represents the earnings of Fuji Television and those of Nippon Broadcasting. In Television Broadcasting, the drama *Engine*, starring Takuya Kimura, scored average viewer ratings of 22.5%, and the drama *Densha Otoko* was so popular with average viewer ratings of 21.2% that it became a social phenomenon. In addition, our variety, information, and news programming posted strong viewer ratings, enabling revenues in our Television Broadcasting business to outpace the impressive results posted a year ago. Non-advertising operations such as merchandising (e.g., our mobile phone sites and *Alegria 2*-inspired merchandise) and events like *Alegria 2* posted higher reviews and underpinned an all-time high in sales for our Television Broadcasting operations as a whole.

With the addition of the newly consolidated Radio Broadcasting business, interim sales rose 9.1% year on year to ¥207,742 million, but operating income fell 1.4% to ¥20,248 million, reflecting an upturn in program production costs.

Television Broadcasting business sales were ¥192,619 million (up 1.1% year on year) and Radio Broadcasting business sales were ¥15,137 million (for reference, this a year on year decline of 1.3%).

Sales by Broadcasting Operations

Six months ended September 30

(Figures less than ¥1 million have been omitted.)

	2005	2004	Change from the previous term
Television broadcasting			
Broadcasting operations	161,650	163,832	1.3 %
Broadcasting	147,247	148,967	1.2 %
Network time	67,856	67,590	(0.4)%
Local time	10,897	11,096	1.8 %
Spot	68,493	70,280	2.6 %
Broadcasting related business	14,403	14,864	3.2 %
Other operations	28,805	28,787	(0.1)%
Subtotal	190,456	192,619	1.1 %
Radio broadcasting	---	15,137	---
Elimination in the segment	---	(15)	---
Total	190,456	207,742	9.1 %

Program Production and Related Business

This segment consists of subsidiaries involved in program production, set design, engineering, and other activities. Subsidiaries in this segment worked to cut costs and increase revenues from external sources as well as boosting revenues from within the Group. Thanks to these efforts, interim sales in the Program Production and Related Business rose 10.7% year on year, to ¥26,574 million, and operating income rose 22.8% to ¥1,404 million.

Direct Marketing

Sales remained firm in the Direct Marketing segment on the back of beauty and health products offered through our catalog media. While sales rose year on year, operating income declined due to increases in expenses related to logistics and production of direct marketing materials. Orders taken via the Internet, however, rose 76.2% year on year.

Interim sales in the Direct Marketing segment rose 3.4% year on year to ¥32,472 million, but operating income fell 65.0% to ¥305 million.

Video and Music

Video and Music is a newly established segment comprising nine companies, including two that were newly consolidated. Interim segment sales amounted to ¥35,886 million and operating income was ¥2,075 million, due partly to sales of the *Dragonball GT* DVD box set substantially exceeding expectations at Pony Canyon.

Other

The Other segment comprises seven companies, including three that were newly consolidated. Interim sales in this segment jumped 115.3% year on year to ¥28,728 million and operating income was ¥1,364

million—rebounding from an operating loss in the previous year—owing to such factors as growth in orders at software developer Fujimic, Inc., and an upturn in book and magazine sales at Fusosha Publishing, Inc.

Equity-Method Affiliates

Among equity-method affiliates, Fuji Satellite Broadcasting, Inc. (BS Fuji, Inc.) recorded an operating loss in the fifth year since the start of service, as the company continues to face difficult conditions. Other affiliates, however, posted strong comparative performances, resulting in equity in earnings of affiliated companies (net of dividends) of ¥811 million.

Outlook for the Fiscal Year Ending March 31, 2006

Looking at the second half of the fiscal year, the Cabinet Office's *Monthly Economic Report* for October indicated that the Japanese economy was in a mild recovery, and that this recovery was expected to continue on the back of domestic private-sector demand. At the same time, the report noted that the impact of trends in crude oil prices on the domestic and overseas economies necessitated close monitoring.

The spike in crude oil prices is anticipated to have some impact on advertising revenues in the second half of the fiscal year, and we believe caution is warranted regarding the effect that this could spread to broadcasting revenues. Despite these undertones, we will continue to strategically focus our programming production budget on the development of compelling content in house and on securing rights and other intellectual assets. As a result, we are now forecasting a decline in non-consolidated recurring profit and other earnings indicators for the second half and for the full-year versus the forecasts disclosed in May 2005.

We at the same time are revising up our forecasts for consolidated net sales and profits compared with the figures announced in August 2005. This reflects our expectations of changes in the consolidated adjustment account for amortization on the assumption that Nippon Broadcasting will be split up and a portion of the company merged into Fuji Television, effective April 1, 2006, and the fact that performance in the Video and Music segment is outpacing our initial projections.

For the fiscal year ending March 31, 2006, we now forecast consolidated net sales of ¥576.9 billion, recurring profit of ¥46.6 billion, and net income of ¥23.0 billion. On a non-consolidated basis, we now forecast full-year net sales of ¥369.7 billion, recurring profit of ¥36.4 billion, and net income of ¥17.3 billion.

Differences in these revised forecasts and our previously announced and full-year forecasts are shown below.

(1) Consolidated Financial Results of Year ending March 31, 2006 (Millions of Yen)

	Net Sales	Recurring Profit	Net Income
Previous Forecast (A)	571,800	45,600	22,200
Revised Forecast (B)	576,900	46,600	23,000
Change (B-A)	5,100	1,000	800
Percent Change (%)	0.9	2.2	3.6

(2) Non-Consolidated Financial Results of Year ending March 31, 2006

(Millions of Yen)

	Net Sales	Recurring Profit	Net Income
Previous Forecast (A)	364,200	40,200	20,800
Revised Forecast (B)	369,700	36,400	17,300
Change (B-A)	5,500	(3,800)	(3,500)
Percent Change (%)	1.5	(9.5)	(16.8)

(2) Financial Position

In the interim period under review, net cash flows provided by operating activities totaled ¥19,532 million, a year on year decrease of ¥4,128 million, as higher payments for enterprise taxes and other outflows outpaced the increase in profits attributable to a larger number of consolidated subsidiaries and other inflows.

Net cash flows used in investing activities amounted to ¥34,001 million, a ¥42,181 million decline in net outflows. This reflects proceeds from the sale of marketable and investment securities and other inflows offsetting funds used in the acquisition of investment securities and shares of subsidiaries.

Net cash used in financing activities amounted to ¥64,845 million, a ¥64,234 million increase in net outflows, such as those used to repay long-term debt and expenditures used to buy back Fuji Television's own shares as well as an increase in dividend payments and other factors, which outweighed an increase in short-term borrowings.

As a result, cash and cash equivalents at the end of the interim period under review amounted to ¥44,535 million, a decline of ¥27,597 million compared with the balance at the end of the previous interim period and down ¥68,873 million compared with the balance at the end of the fiscal year ended March 31, 2005.

Trends in cash flow indices are shown below:

Years ended March 31

	September 30, 2003	March 31, 2004	September 30, 2004	March 31, 2005	September 30, 2005
Equity ratio (%)	74.5	80.2	79.0	70.3	65.6
Equity ratio, based on market value (%)	108.0	116.5	87.1	87.3	81.6
Number of years for amortization (years)	0.2	0.1	0.2	0.1	1.1
Interest coverage ratio	496.2	356.6	374.0	362.8	133.4

Notes

1. Equity ratio=total shareholders' equity/total assets
2. Equity ratio based on market value: Total market value of stocks/total assets
3. Number of years for amortization: interest-bearing debt/operating cash flows
4. Interest coverage ratio: operating cash flows/interest payments

- *1. All indices are calculated on a consolidated basis.
- *2. The total market value of stocks is calculated by multiplying market value at the balance sheet date by the number of shares issued by the balance sheet date.
- *3. "Operating cash flows" refers to cash flows used in operating activities as shown in the consolidated balance sheets.
- *4. "Interest-bearing debt" refers to all debts listed in the consolidated balance sheets on which the Company pays interest. "Interest payments" denotes interest payments as reflected in the consolidated cash flow statements.

CONSOLIDATED BALANCE SHEETS

(Figures less than ¥1 million have been omitted.)

	September 30				March 31, 2005	
	2004		2005		Millions of yen	%
	Millions of yen	%	Millions of yen	%		
ASSETS						
Current assets:						
1. Cash and time deposits	40,272		47,321		38,855	
2. Trade notes and accounts receivable	100,986		116,088		98,127	
3. Marketable securities	91,614		19,963		135,881	
4. Inventories	23,924		23,511		22,557	
5. Beneficial interests in trust	33,520		---		6,675	
6. Other current assets	14,617		32,095		16,891	
7. Less allowance for doubtful accounts	(233)		(426)		(179)	
Total current assets	304,702	47.6	238,553	34.4	318,810	46.8
Fixed assets:						
1. Tangible fixed assets						
(1) Buildings and structures	91,838		92,234		89,484	
(2) Land	20,558		26,943		20,340	
(3) Other tangible fixed assets	15,222		25,636		17,801	
Total tangible fixed assets	127,618	19.9	144,815	20.9	127,626	18.7
2. Intangible fixed assets						
Total intangible fixed assets	34,280	5.4	44,625	6.5	43,598	6.4
3. Investments and other assets						
(1) Investment in securities	161,962		245,582		176,097	
(2) Other	16,002		24,392		19,034	
(3) Less allowance for doubtful accounts	(4,330)		(5,412)		(3,975)	
Total investments and other assets	173,634	27.1	264,562	38.2	191,155	28.1
Total fixed assets	335,533	52.4	454,003	65.6	362,380	53.2
Total assets	640,236	100.0	692,556	100.0	681,190	100.0

(Figures less than ¥1 million have been omitted.)

	September 30				March 31, 2005	
	2004		2005		Millions of yen	%
	Millions of yen	%	Millions of yen	%		
LIABILITIES						
Current liabilities:						
1. Trade notes and accounts payable	44,464		54,778		45,540	
2. Short-term borrowings	1,910		36,307		2,015	
3. Allowance for sales returns	119		933		138	
4. Allowance for loss of annulment of contracts	1,129		---		16	
5. Other current liabilities	48,678		70,973		50,440	
Total current liabilities	96,302	15.0	162,992	23.5	98,152	14.4
Long-term liabilities:						
1. Bonds with stock purchase rights	336		342		63,223	
2. Long-term borrowings	---		1,900		293	
3. Deferred tax liabilities	---		23,628		3,219	
4. Retirement allowance for employees	24,208		30,991		23,863	
5. Retirement allowance for directors	2,257		3,073		2,880	
6. Other long-term liabilities	3,394		6,880		383	
Total long-term liabilities	30,196	4.7	66,817	9.7	93,864	13.8
Total liabilities	126,498	19.7	229,809	33.2	192,017	28.2
MINORITY INTERESTS						
Minority interests	8,130	1.3	8,343	1.2	10,084	1.5
SHAREHOLDERS' EQUITY						
Common stock	106,200	16.6	146,200	21.1	114,750	16.9
Capital surplus	133,664	20.9	173,664	25.1	142,214	20.9
Retained earnings	261,056	40.8	275,711	39.8	272,090	39.9
Reevaluation differences of land	2,106	0.3	2,096	0.3	2,103	0.3
Valuation gain on other securities	19,614	3.0	37,268	5.4	18,545	2.7
Foreign exchange adjustment	(897)	(0.1)	(585)	(0.1)	(1,236)	(0.2)
Treasury stock	(16,139)	(2.5)	(179,953)	(26.0)	(69,380)	(10.2)
Total shareholders' equity	505,606	79.0	454,403	65.6	479,088	70.3
Total liabilities, minority interests and Shareholders' equity	640,236	100.0	692,556	100.0	681,190	100.0

CONSOLIDATED STATEMENTS OF INCOME

(Figures less than ¥1 million have been omitted.)

	Six months ended September 30				Year ended March 31, 2005	
	2004		2005		Millions of yen	%
	Millions of yen	%	Millions of yen	%		
Net sales	235,764	100.0	294,818	100.0	476,733	100.0
Cost of sales	149,088	63.2	191,300	64.9	301,561	63.3
Gross profit	86,676	36.8	103,518	35.1	175,172	36.7
Selling, general and administrative expenses						
1. Selling expense	46,100		55,545		93,825	
2. General and administrative expenses	18,405		23,328		37,765	
Operating income	22,170	9.4	24,644	8.4	43,581	9.1
Non-operating revenues						
1. Interests	161		125		352	
2. Dividends	630		907		723	
3. Equity in earnings of affiliates	846		811		657	
4. Rental fee	483		555		1,064	
5. Stock lending fee	---		402		---	
6. Others	238		573		239	
Non-operating expenses						
1. Interests	63		204		123	
2. Losses on partnership investments	376		---		594	
3. Loss on investment association	---		633		---	
4. Issue of new stocks	94		487		94	
5. Rental fee	395		581		851	
6. Payment fee	---		328		---	
7. Others	306		835		475	
Recurring profit	23,293	9.9	24,948	8.5	44,478	9.3

(Figures less than ¥1 million have been omitted.)

	Six months ended September 30				Year ended March 31, 2005	
	2004		2005		Millions of yen	%
	Millions of yen	%	Millions of yen	%		
Extraordinary gain						
1. Gain on the sale of fixed assets	0		0		8	
2. Gain on the sale of securities	---		411		69	
3. Reversal of doubtful accounts	---		52		---	
4. Reversal of retirement allowance for directors	---		97		---	
5. Reversal of Allowance for loss of annulment of contracts	---		7		---	
6. Others	24		13		10	
Extraordinary loss						
1. Loss on sale of fixed assets	3		128		281	
2. Loss on disposal of fixed assets	71		151		434	
3. Loss on sale of investment securities	280		198		286	
4. Devaluation of investment securities	1		179		---	
5. Devaluation of membership	4		7		45	
6. Provision for doubtful accounts	2,713		145		2,503	
7. Provision for doubtful accounts of membership deposits	441		46		281	
8. Provision for loss of annulment of contracts	1,129		---		16	
9. Loss on sale of membership	---		5		6	
10. Others	13		61		980	
Income before income taxes	18,658	7.9	24,606	8.3	39,730	8.3
Income taxes and enterprise taxes	11,046		9,208		19,475	
Adjustment for income taxes	(914)		1,797		(1,456)	
Minority interest in earnings of consolidated subsidiaries	(1,709)	(0.7)	850	0.3	(1,134)	(0.3)
Net income	10,234	4.3	12,749	4.3	22,845	4.8

APPROPRIATION OF CONSOLIDATED RETAINED EARNINGS

(Figures less than ¥1 million have been omitted.)

	Six months ended September 30				Year ended March 31, 2005	
	2004		2005			
	Millions of yen		Millions of yen		Millions of yen	
CAPITAL SURPLUS						
Capital surplus at the beginning of the year		133,664		142,214		133,664
Increase in capital surplus						
Issuance of new stock by public offering	---	---	31,450	31,450	8,550	8,550
Capital surplus at the end of the period		133,664		173,664		142,214
RETAINED EARNINGS						
Retained earnings at the beginning of the year		252,821		272,090		252,821
Increase in retained earnings						
1. Net income	10,234		12,749		22,845	
2. Transfer to land revaluation excess	---	10,234	6	12,756	---	22,845
Decrease in retained earnings						
1. Cash dividends	1,742		8,742		3,235	
2. Directors' bonuses	257		393		259	
3. Decrease in retained earnings due to change to the scope of consolidation	---	1,999	---	9,135	81	3,576
Retained earnings at the end of the period		261,056		275,711		272,090

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Figures less than ¥1 million have been omitted.)

	Six months ended September 30		Year ended
	2004	2005	March 31, 2005
	Millions of yen	Millions of yen	Millions of yen
Cash flows from operating activities			
1. Income before income tax	18,658	24,606	39,730
2. Depreciation	5,948	8,407	12,673
3. Amortization of consolidated differences	168	213	547
4. Increase in allowance for doubtful accounts	3,181	(249)	2,692
5. Increase (decrease) in other allowance	2,226	(718)	966
6. Interest and dividend receivable	(791)	(1,033)	(1,075)
7. Interests expense	63	204	123
8. Loss on revaluation of foreign currency assets	0	(0)	0
9. Equity in earnings of affiliates	(846)	(811)	(657)
10. (Gain) loss on sale and disposal of fixed assets	75	279	707
11. (Gain) loss on sale of investment securities	---	(411)	(23)
12. Decrease (increase) in notes and accounts receivable, trade	(4,001)	1,298	(946)
13. Decrease (increase) in inventories	(2,955)	781	(1,255)
14. Increase in notes and accounts payable	826	(2,234)	1,506
15. Others	5,861	2,309	(427)
Subtotal	28,415	32,643	54,563
16. Proceeds from interests and dividend income	984	1,319	1,298
17. Payment of interests	(63)	(146)	(123)
18. Payment of income tax	(5,623)	(14,640)	(11,036)
19. Others	(51)	356	(29)
Net cash provided by operating activities	23,661	19,532	44,673
Cash flows from investing activities			
1. Payments for purchase of marketable securities	(42,416)	(943)	(73,981)
2. Proceeds from sale of marketable securities	21,690	43,576	66,503
3. Payments on purchase of tangible fixed assets	(19,035)	(5,349)	(23,228)
4. Proceeds from sale of tangible fixed assets	6	150	386
5. Payments on purchase of intangible assets	(2,273)	(3,145)	(8,736)
6. Payments on purchase of investment securities	(37,792)	(65,048)	(110,460)
7. Proceeds from sale of investment securities	366	23,573	742
8. Payments for acquisition of subsidiaries' stock	---	(6,467)	(0)
9. Payments for the acquisition of subsidiaries' stock associated with changes to the scope of consolidation	---	(40,339)	(2,840)
10. Payments for the loans	(3)	(68)	(22)
11. Proceeds from the loans collected	7	18	32
12. Others	3,267	20,042	16,089
Net cash used in investing activities	(76,183)	(34,001)	(135,516)

	Six months ended September 30		Year ended March 31, 2005
	2004	2005	
	Millions of yen	Millions of yen	Millions of yen
Cash flows from financing activities			
1. Net decrease in short-term borrowings	(162)	26,418	(1,220)
2. Proceeds from long-term borrowings	---	240	80
3. Repayments from long-term debt	---	(64,397)	(163)
4. Proceeds from the issuance of bonds with stock purchase rights attached	---	---	80,000
5. Payments on purchase of treasury stocks	---	(18,147)	---
6. Dividends paid by the Company	(1,742)	(8,742)	(3,235)
7. Dividends paid to minority interests	(80)	(217)	(102)
8. Proceeds from investments by minority interests	1,373	---	1,373
Net cash used in financing activities	(610)	(64,845)	76,731
Effect of exchange rate changes on cash and cash equivalents	33	452	(31)
Net increase (decrease) in cash and cash equivalents	(53,099)	(78,862)	(14,142)
Cash and cash equivalents at the beginning of the interim period	125,232	113,408	125,232
Cash and cash equivalents of new consolidated subsidiaries	---	9,988	2,318
Cash and cash equivalents at the end of the interim period	72,133	44,535	113,408

SEGMENT INFORMATION

Six months ended September 30, 2004

(Figures less than ¥1 million have been omitted.)

	Millions of yen						
	Television broadcasting	Broadcasting-related business	Direct marketing	Other	Total	Eliminations	Consolidated
Net sales and income:							
1. Operating revenues from third parties	187,683	8,838	31,203	8,039	235,764	---	235,764
2. Intra-group net sales and transfers	2,773	15,175	204	5,305	23,459	(23,459)	---
Total sales	190,456	24,014	31,408	13,344	259,223	(23,459)	235,764
Operating expenses	169,911	22,870	30,535	13,504	236,821	(23,226)	213,594
Operating income	20,545	1,144	873	(160)	22,402	(232)	22,170

Notes: 1. The segments adopted below are those used for internal control purposes.

2. Major operations, products, and services by segment

Business Segment	Major operations, products, and services
TV broadcasting business	Sales of TV broadcasting time and programming
Broadcasting-related business	Planning, production, engineering and relay operations as well as other businesses for TV programming
Direct marketing	Direct marketing and sales of fresh flowers
Other	Temporary agency services, movables leasing, software development, publishing

Six months ended September 30, 2005

(Figures less than ¥1 million have been omitted.)

	Millions of yen							
	Broadcasting	Broadcasting-related business	Direct marketing	Video and Music	Other	Total	Eliminations	Consolidated
Net sales:								
1. Net sales to third parties	198,017	9,359	32,275	35,334	19,833	294,818	---	294,818
2. Intra-group net sales and transfers	9,725	17,214	197	552	8,895	36,585	(36,585)	---
Total sales	207,742	26,574	32,472	35,886	28,728	331,403	(36,585)	294,818
Operating expenses	187,493	25,169	32,166	33,811	27,364	306,005	(35,831)	270,174
Operating income	20,248	1,404	305	2,075	1,364	25,398	(754)	24,644

Notes: 1. The segments adopted below are those used for internal control purposes.

2. Major operations, products, and services by segment

Segment	Services and products provided
Broadcasting	Television and radio broadcasting
Broadcasting-Related Business	Planning, production, engineering and relay operations well as other businesses for TV programming for programming
Direct Marketing	Direct marketing, sale of fresh flowers
Video and Music	Production and sale of music and video software, management of music copyrights, etc.
Other Businesses	Temporary agency services, real estate leasing, software development, publishing, etc.

3. Changes to segment classifications

Prior to the current fiscal year, Fuji Television's business segments were categorized into Television Broadcasting, Broadcasting-Related Business, Direct Marketing, and Other Businesses. From the interim period, these categories have been reorganized into Broadcasting, Program Production and Related Business, Direct Marketing, Video and Music, and Other.

This realignment reflects a review of the business categories included in our operating segments in line with the changes in the scope of consolidation resulting from Nippon Broadcasting becoming a subsidiary. In other words, we combined Fuji Television's television broadcasting business with Nippon Broadcasting's radio broadcasting business under the Broadcasting segment. In addition, we made Video and Music an independent segment, taking it out of the Other segment to reflect its increased importance now that Pony Canyon Inc. is a consolidated subsidiary.

As a result, compared with the same classifications in the previous fiscal year, sales and operating income increased respectively by ¥15,122 million and ¥850 million in the Broadcasting segment compared with the former Television Broadcasting segment. In addition, sales rose by ¥35,886 million and operating income by ¥2,075 million in the Video and Music segment, and sales declined by ¥48,188 million and operating income by ¥2,906 million in the Other segment.

The following table shows segment data assuming that the segment classifications used during the interim period ended September 30, 2005 were applied in the interim period ended September 30, 2004 and the fiscal year ended March 31, 2005.

Six months ended September 30, 2004

(Figures less than ¥1 million have been omitted.)

	Millions of yen							
	Broadcasting	Program production and related business	Direct marketing	Video and music	Other	Total	Eliminations	Consolidated
Net sales and income:								
1. Operating revenues from third parties	187,683	8,838	31,203	380	7,659	235,764	---	235,764
2. Intra-group net sales and transfers	2,773	15,175	204	4	5,300	23,459	(23,459)	---
Total sales	190,456	24,014	31,408	384	12,959	259,223	(23,459)	235,764
Operating expenses	169,911	22,870	30,535	530	12,974	236,821	(23,226)	213,594
Operating income	20,545	1,144	873	(145)	(14)	22,402	(232)	22,170

Year ended March 31, 2005

(Figures less than ¥1 million have been omitted.)

	Millions of yen							
	Broadcasting	Program production and related business	Direct marketing	Video and music	Other	Total	Eliminations	Consolidated
Net sales and income:								
1. Operating revenues from third parties	370,463	19,881	67,966	895	17,526	476,733	---	476,733
2. Intra-group net sales and transfers	5,575	29,802	399	4	12,004	47,786	(47,786)	---
Total sales	376,039	49,683	68,366	900	29,531	524,520	(47,786)	476,733
Operating expenses	337,253	46,545	66,118	1,416	29,747	481,081	(47,929)	433,152
Operating income	38,785	3,137	2,248	(515)	(216)	43,438	142	43,581

	Millions of yen						
	TV broadcasting	Broadcasting- related business	Direct marketing	Other	Total	Eliminations	Consolidated
Net sales:							
1. Net sales to third parties	370,463	19,881	67,966	18,422	476,733	---	476,733
2. Intra-group net sales and transfers	5,575	29,802	399	12,009	47,786	(47,786)	---
Total sales	376,039	49,683	68,366	30,431	524,520	(47,786)	476,733
Operating expenses	337,253	46,545	66,118	31,163	481,081	(47,929)	433,152
Operating income	38,785	3,137	2,248	(732)	43,438	142	43,581

Notes: 1. The segments adopted below are those used for internal control purposes.

2. Major operations, products, and services by segment

Business Segment	Major operations, products, and services
TV broadcasting business	Sales of TV broadcasting time and programming
Broadcasting-related business	Planning, production, engineering and relay operations as well as other businesses for TV programming
Direct marketing	Direct marketing and sales of fresh flowers
Other	Temporary agency services, movables leasing, software development, publishing

IMPORTANT SUBSEQUENT EVENTS

During the previous interim period (April 1, 2004 through September 30, 2004)

Not applicable

During the previous interim period (April 1, 2005 through September 30, 2005)

Basic agreement reached regarding Group reorganization

Fuji Television and its consolidated subsidiary Nippon Broadcasting System, reached a basic agreement regarding the Group reorganization described below, and this was approved by the Board of Directors of both companies on November 17, 2005.

a) Corporate spin off at Nippon Broadcasting

Nippon Broadcasting's radio broadcasting and all other businesses will be carried on by a newly established company (the New Company) in a corporate spin off with a new company being established. This spin off is designed to facilitate appropriate staffing levels and create a new organizational structure that will further enhance the efficiency of the radio broadcasting business. In addition, we are confident that it will help sustain a management structure that will keep the New Company a leading company in the radio industry in the coming age of digital broadcasting.

We intend to transfer the broadcasting license held by Nippon Broadcasting to the New Company. However, the transfer of the license following the spin off is subject to approval of the Minister of Internal Affairs and Communications under Article 20-2 of the Radio Law. The spin off will not occur if the transfer of the radio license is not approved.

b) Merger of Fuji Television and Nippon Broadcasting

Following the spin off, Nippon Broadcasting will cease to exist as a business entity and will be absorbed into Fuji Television as the surviving entity. By concentrating the shares in Fujisankei Communications Group companies held by both Fuji Television and Nippon Broadcasting into Fuji Television, this merger is designed to create a management structure with Fuji Television positioned as the operating holding company for the Fujisankei Communications Group and thus facilitates swift decision-making. We note that this merger will not occur if the corporate spin off is deemed to be not in compliance with relevant laws.

In addition, with the merger the 573,704 shares of Fuji Television stock owned by Nippon Broadcasting (booked as ¥145,668 million in treasury stock at the end of the interim period under review) will become Fuji Television's treasury stock and will be cancelled immediately after the merger agreement is concluded.

c) Schedule going forward for the spin off and merger

November 30, 2005:	Board of directors meeting to be convened to approve spin off Signing of spin off plan and merger agreement
December 21, 2005:	Ad hoc general meeting of shareholders to be held to spin off plan and merger agreement (Nippon Broadcasting)
April 1, 2006:	Date of spin off and merger
April 3, 2006:	Registration of spin off and merger

(Note 1) The spin off plan and merger agreement is expected to be approved at the meeting of the Board of Directors of both companies to be convened on November 30, 2005 after the details of the spin off and merger have been decided.

(Note 2) This corporate spin off is subject to approval of the Minister of Internal Affairs and Communications as stipulated under Article 20-2 of the Radio Law, and is scheduled to be noted as such in the plan for the spin off.

(Note 3) The merger is subject to the corporate spin off being deemed in compliance with relevant laws, and scheduled to be noted as such in the plan for the merger.

(Note 4) This merger is in accordance with the simplified merger process stipulated under Article 413-3-1 of the Commercial Code of Japan, and Fuji Television therefore plans to implement it without approval of the general meeting of shareholders.