

**Fuji Television Network, Inc.**  
**Flash Report (Consolidated Basis)**

May 15, 2008

Results for fiscal year ended March 31, 2008

Company Name: **Fuji Television Network, Inc.**

Stock listing: Tokyo Stock Exchange Code number: 4676 URL <http://www.fujitv.co.jp>

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Date of the General Meeting of the Shareholders: June 27, 2008

Planned filing of an annual security report: June 27, 2008 Planned start of dividend payments: June 30, 2008

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

**1. Consolidated Performance**

(1) Operating Results

Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2008	575,484	(1.2)	24,372	(42.4)	27,056	(41.2)	15,770	(36.5)
2007	582,660	(1.8)	42,325	(16.6)	45,995	(8.6)	24,846	119.0

	Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total assets ratio	Operating income-to-operating revenues ratio
	Yen	Yen	%	%	%
2008	6,847.60	---	3.4	3.8	4.2
2007	10,811.13	---	5.4	6.5	7.3

(Reference) Gain (Loss) on investment by equity method: 2008: ¥1,722 million, 2007: ¥2,536 million

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2008	677,000	456,077	66.7	195,967.51
2007	731,496	469,586	63.3	201,008.38

(Reference) Total shareholders' equity: March 31, 2008: ¥451,331 million, March 31, 2007: ¥462,941 million

(3) Cash Flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financial activities	Cash and cash equivalent at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2008	25,383	(41,488)	(9,367)	80,171
2007	60,718	(18,206)	(9,013)	104,324

## 2. Dividends

Years ended/ending March 31

Record date	Dividends per share			Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	Interim dividends	Year-end dividends	Total			
	Yen	Yen	Yen	Millions of yen	%	%
2007	2,000.00	3,000.00	5,000.00	11,515	46.2	2.5
2008	1,800.00	1,800.00	3,600.00	8,291	52.6	1.8
2009 (Forecast)	1,800.00	1,800.00	3,600.00	---	44.8	---

## 3. Forecasts for Fiscal Year ending March 31, 2009

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	284,400	1.0	10,800	46.3	13,600	52.2
Fiscal year	579,100	0.6	28,700	17.8	32,800	21.2

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	7,400	(29.3)	3,213.07
Fiscal year	18,500	17.3	8,032.67

## 4. Other

- Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None
- Changes in accounting rules, procedures or method of presentation relating to the preparation of the consolidated financial statements (Matters included in changes to significant items that form the basis for preparation of the consolidated financial statements).
  - Changes in accordance with revisions to accounting standards: Yes
  - Other changes: None
- Number of Shares Outstanding (Common stock)
 

Number of shares outstanding at fiscal year-end:

2008: 2,364,298 shares    2007: 2,364,298 shares

Number of treasury stocks at fiscal year-end:

2008: 61,202 shares    2007: 61,202 shares

## (Reference) Flash Report (Non-Consolidated Basis)

Results for fiscal year ended March 31, 2008

### 1. Non-Consolidated Performance

(1) Operating Results

Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2008	382,971	1.3	22,420	(36.5)	27,861	(27.0)	15,121	(36.7)
2007	377,875	(1.0)	35,294	(11.3)	38,165	(4.7)	23,904	309.4

	Net income per share	Net income per share after dilution
	Yen	Yen
2008	6,565.77	---
2007	10,379.27	---

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2008	563,040	419,265	74.5	182,044.29
2007	614,290	429,683	69.9	186,567.67

(Reference) Total shareholders' equity: March 31, 2008: ¥419,265 million, March 31, 2007: ¥429,683 million,

### 2. Forecasts for Fiscal Year ending March 31, 2009

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	179,100	(6.9)	10,200	36.7	11,600	26.1
Fiscal year	---	---	---	---	---	---

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	7,000	23.7	3,039.39
Fiscal year	---	---	---

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release. Actual results may differ from the results anticipated in the statements.

For assumptions underlying the forecast and other related items, see Page 8, "Outlook for the Fiscal Year Ending March 31, 2009." Non-consolidated fiscal year forecasts are not included, as the Company will become a certified broadcast holding company structure on October 1, 2008. Forecasts will be announced as soon as figures are available.

## 1. BUSINESS PERFORMANCE

### (1) Analysis of Business Performance

#### [Business Performance in the Subject Fiscal Year]

The Japanese economy during the subject fiscal year (ended March 31, 2008) showed signs of a slight recovery during the initial months, but turned increasingly unsteady from the summer as growth in consumer spending and other types of domestic demand came to a standstill over the subprime loan crisis in the United States. The television advertising market also lagged during the period, as major advertisers cut back on overhead and altered advertising patterns in response to the slowdown in the global economy and rising costs for oil, wheat and other raw materials and commodities.

Amid this economic environment, strong viewer support allowed the Fuji Television Group to achieve a “quadruple crown” in viewer ratings for the fourth consecutive year, 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. This helped stimulate the business environment, and revenue rose in the Broadcasting segment and Program Production and Related Business segment, but lagged in the Direct Marketing and Video and Music segment, leading to a year-on-year decline in consolidated net sales for the subject fiscal year of 1.2% to ¥575,484 million.

Earnings were down in all segments, due to an increase in depreciation expenses in the Broadcasting segment and other factors. Operating income fell 42.4% year on year to ¥24,372 million, with recurring profit down 41.2% to ¥27,056 million.

Net income, despite extraordinary gains from the sale of investment securities and sale of investments, declined 36.5% from the previous fiscal year to ¥15,770 million.

Results by operating segment are as follows.

Years ended March 31

	Net sales			Operating income (loss)		
	2007	2008	Change	2007	2008	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Broadcasting	402,789	406,125	0.8	36,205	22,765	(37.1)
Program Production and Related Business	52,494	54,342	3.5	3,702	2,659	(28.2)
Direct Marketing	67,321	63,254	(6.0)	(1,664)	(2,455)	---
Video and Music	74,330	68,899	(7.3)	3,561	1,375	(61.4)
Other	59,116	59,129	0.0	729	(37)	---
Eliminated	(73,392)	(76,267)	---	(208)	65	---
Total	582,660	575,484	(1.2)	42,325	24,372	(42.4)

## **Broadcasting**

The Broadcasting segment represents the earnings of Fuji Television and Nippon Broadcasting.

Sales in the Television Broadcasting division increased 1.3% year on year to ¥382,971 million.

Revenues from television broadcasting, the main source of sales in the Television Broadcasting division, declined 1.6% year on year to ¥289,134 million. Time advertising sales (sales for program sponsorship) rose from a year earlier as viewer ratings remained high, but spot advertising sales (sales for commercials that run between programs rather than as a program sponsorship), which are comparatively susceptible to variation in the advertising market, continued to decline from the previous term.

In network time advertising sales (time advertising sales for nationwide broadcasts), regular program sales, despite an increase in cancellations of regular programming in order to schedule one-off programming, were up overall from the previous fiscal year due to greater year-on-year sales during the April and October new programming seasons. One-off programming sales also rose from the previous term due to broadcasts of such programs as the 2007 World Cup Volleyball in November and December, and the World Figure Skating Championships 2008 in March. As a result, network time advertising sales increased 1.1% year on year to ¥136,362 million.

In local time advertising sales for broadcasts to the Kanto region, regular program sales declined year on year overall. Fees for mini program slots (short programs of about five minutes in length) remained steady, but were down for other programming during the April and October new programming seasons. At the same time, one-off program sales rose from the previous fiscal year due to single-company sponsorship for several programs, and a slight rise in sales for specialty programming over the New Year holidays. As a result, local time advertising sales in the Kanto region declined 3.7% year on year to ¥22,002 million.

In spot advertising, sales declined from such industries as non-alcoholic beverages, automobiles and automotive goods, as well as financial services and insurance, with greater shares from cosmetics and toiletries, drugs and other medical products, as well as transportation, leisure and sightseeing. Sales during the first half of the term were down slightly from the same period of the previous fiscal year, as a positive second quarter was offset by a weak first quarter. Sales were also down during the second half, despite signs of a recovery in February. The third quarter was particularly bad, with fierce competition from rival broadcasters for market share pushing down regional average prices. As a result, spot advertising sales declined 3.9% year on year to ¥130,769 million.

Revenue from other broadcasting businesses increased 1.0% year on year to ¥31,175 million, due to strong program sales underpinned by popular shows.

In revenues from other operations in the Television Broadcasting division, income rose in the rights

business. DVD sales for such titles as *Hitoshi Matsumoto no Suberanai Hanashi* and the *Dragonball* series remained strong, overseas titles such as *Prince of the Legend* were successful, and sales of program-related goods were positive. In the movie business, revenue rose on the back of the major hit *HERO* (released in September 2007), which was number one in the Japanese live action category in 2007. In the event business as well, revenue was up due to the nationwide success of *Dralion*, both critically and at the box office. As a result, revenues from other operations rose 17.6% year on year to ¥62,662 million.

In terms of expenses, operating expenses in the Television Broadcasting division rose from the previous fiscal year due to increases in depreciation and operating costs arising from the opening of the Bayside Studio, together with other business costs linked to rising sales.

In the Radio Broadcasting division, which includes both production and program sales revenue, sales declined 7.0% year on year to ¥23,189 million as both time and spot revenue were down from a year earlier.

In terms of expenses, although costs declined with the falloff in revenue, and far-reaching cuts in SG&A expenses helped control expenditures, this was insufficient to compensate for the revenue decline.

For the Broadcast segment overall, sales rose 0.8% from the previous fiscal year to ¥406,125 million, though operating income was down 37.1% to ¥22,765 million.

### Sales by Broadcasting Operations

Years ended March 31

	2007	2008	Change from the previous term
Television broadcasting			
Broadcasting operations	324,604	320,309	(1.3)
Broadcasting	293,728	289,134	(1.6)
Network time	134,830	136,362	1.1
Local time	22,836	22,002	(3.7)
Spot	136,062	130,769	(3.9)
Broadcasting related business	30,875	31,175	1.0
Other operations	53,271	62,662	17.6
Subtotal	377,875	382,971	1.3
Radio broadcasting	24,947	23,189	(7.0)
Elimination in the segment	(33)	(35)	---
Total	402,789	406,125	0.8

## **Program Production and Related Business**

This segment consists of subsidiaries involved in program production, engineering, set design, and other activities. Each of the relevant subsidiaries worked to increase sales from events and other areas not related to programming, achieving a 3.5% increase in sales from the previous fiscal year to ¥54,342 million. Operating income, however, declined 28.2% to ¥2,659 million despite efforts to trim expenses, due to increases in accrued pension costs, depreciation of new hardware, and other expenditures.

## **Direct Marketing**

This segment reflects the business results of Dinos Inc., which posted a 6.0% decline in sales year on year to ¥63,254 million.

Sales in catalogue media rose 0.8% from a year earlier, though revenue in the television shopping business was down 27.4%, which was a significant drag on performance. Internet sales more than doubled, however, rising 115.4% to account for one third of segment sales, due to gains realized from web-based sales promotions.

Fuji Television posted an operating loss for this segment of ¥2,455 million, an increase of ¥790 million from the operating loss in the previous fiscal year. This was due mainly to a higher cost ratio that offset the decline in such SG&A expenses as the distribution, programming, and shipping costs included in direct marketing expenses. However, ¥1,999 million of this operating loss was recorded during the first half, improving to just ¥455 million in the second half of the term.

Dinos Inc. merged with FujiTV Flower Center, Co., Ltd. on April 1, 2007.

## **Video and Music**

In the music industry, the packaged CD and DVD market remained slow, but the music distribution business expanded, centered on mobile phone.

Pony Canyon, Inc.'s music division posted healthy sales of Kreva's album *Yoroshiku Onegaishimasu*, while DVD sales were also strong for such titles as the South Korean drama *Prince of the Legend*, the animated feature *Dragonball*, and the drama program *Hanazakari no Kimitachi-e: Ikemen Paradise*. However, revenue was down year on year with nothing to rival such hits from the previous term as *Dragonball Z*, and *Limit of Love*. Revenue was also down as the music division delayed release of certain major titles until the new fiscal year.

Fujipacific Music, Inc. received a boost to its sales from royalty income for Man Arai and Masafumi Akikawa's *Sen no Kaze ni natte*, and Remioromen's *Konayuki*, but was unable to reach the level of the previous fiscal year, and revenue declined.

As a result, sales in this segment declined 7.3% from the previous fiscal year to ¥68,899 million, with operating income down 61.4% to ¥1,375 million.

## **Other**

In the Other segment, both sales and profits at Fujimic, Inc. rose on the back of strong performance in software development and other areas. Fujisankei Personnel Inc., which focuses on temporary staffing and personnel placement, also posted higher revenue and earnings. In contrast, Fusosha Publishing, Inc. recorded its second consecutive operating loss. Although sales were healthy for such new book titles as *Hexagon Drill*, which was derived from a television program, there were no hit titles such as *Tokyo Tower* in the previous fiscal year, while in the magazine publishing business sales and ad revenue were down amid a slowdown in the publishing industry overall.

As a result, although sales in this segment inched up slightly to ¥59,129 million, Fuji Television posted an operating loss for the segment of ¥37 million.

## **Equity-Method Affiliates**

Among equity-method affiliates, The Sankei Building Co., Ltd. posted positive results, while Fuji Satellite Broadcasting, Inc. (BS Fuji, Inc.) achieved increases in both revenue and earnings, supported by the steady growth in the number of households able to view digital satellite broadcasts (over 36.5 million as of the end of March 2008). Memory-Tech Corporation, however, despite a rise in revenue, posted an operating loss due to increases in costs and expenses. As a result, overall equity in earnings of affiliated companies (net of dividends) declined 32.1% from the previous fiscal year, to ¥1,722 million.

## **[Outlook for the Fiscal Year Ending March 31, 2009]**

The government's *Monthly Economic Report* for April states that "The economic recovery is currently stalled. Exports are beginning to rise and the economy is expected to recover slightly, but recession fears in the United States stemming from the subprime loan crisis, fluctuations in stock and foreign exchange markets, and trends in oil prices have enhanced the risk of an economic slowdown, and caution is necessary."

Also, Dentsu, Inc. reports that the advertising market during 2008 will be marked by such positive factors as corporate restructuring, expansion of the market for IT and digital products and services, the Beijing Olympics, and greater environmental awareness arising from the G8 Hokkaido Toyako Summit. The firm is predicting that advertising will pick up in a wide range of industries, due to such factors as the launch sophisticated new products, and market competitiveness.

Amid this economic environment, the Fuji Television Group will continue with its Group restructuring program, and pursue selection and concentration of management resources in order to further realize synergistic benefits.

In the broadcasting business, we expect mainstay television broadcasting revenue to decline from the previous fiscal year. Despite such positive factors as the Beijing Olympics, considering the economic environment in recent years there is little to suggest that television advertising, particularly spot advertising, will intensify. We anticipate that non-broadcasting revenue will decline as well, particularly in

the event business, as a reaction to the loss of income from *Dralion*, which made such a substantial contribution to sales during the subject fiscal year. However, the addition of new consolidated subsidiaries is forecast to result in a slight increase in consolidated sales overall.

In terms of earnings, we are forecasting across-the-board increases in operating income, recurring profit, and net income. In the Broadcast segment, despite the increase in depreciation expenses centered on the Bayside Studio, we expect earnings to rise due to more efficient management of other expenses. We also anticipate the restoration of profitability at Dinos Inc. in the Direct Marketing segment, and improved profitability for Pony Canyon, Inc. in the Video and Music segment.

As a result of the above, Fuji Television's forecast for the fiscal year ending March 31, 2009, is net sales of ¥579.1 billion, with operating income of ¥28.7 billion, recurring profit of ¥32.8 billion, and net income of ¥18.5 billion. Non-consolidated forecasts are provided only for the first half of the fiscal year, as the Company plans to transition to a certified broadcast holding company on October 1, 2008. Full year non-consolidated forecasts will be announced as soon as figures are available.

[Reference]

Non-consolidated earnings forecasts for the fiscal year ending March 31, 2009, disregarding the transition to a certified broadcast holding company structure, and assuming the corporate structure in place as of the time of this announcement, would be net sales of ¥359.0 billion, with operating income of ¥24.3 billion, recurring profit of ¥25.7 billion, and net income of ¥15.2 billion.

## **(2) Financial Condition**

Total assets at March 31, 2008, amounted to ¥677,000 million, a decrease of ¥54,495 million from the end of the previous fiscal year.

Total current assets amounted to ¥253,577 million, a decrease of ¥29,451 million from the end of the previous fiscal year. This was due mainly to a ¥18,258 million increase in cash and time deposits, against a ¥37,804 million decrease in marketable securities. Total fixed assets were ¥423,423 million, a decline of ¥25,044 million. This was due mainly to a ¥5,952 million decrease in intangible fixed assets resulting from the sale of consolidated subsidiaries and their exclusion from consolidation, along with a ¥18,875 million decrease in investment in securities stemming from a decline in market value.

Total liabilities amounted to ¥220,922 million, a decrease of ¥40,986 million from the end of the previous fiscal year. This was due mainly to a ¥14,355 million decrease in accrued income taxes; a ¥12,195 million decrease in accounts payable (included in other current liabilities); and a ¥7,818 million decrease in deferred tax liabilities stemming from a decrease in the market value of investment securities.

Net assets amounted to ¥456,077 million, a decrease of ¥13,508 million from the end of the previous fiscal year. Despite the recording of ¥15,770 million in net income, net assets fell as a result of a ¥11,054 million decrease for dividend payments from retained earnings, and a ¥16,032 million decrease in valuation gain on other securities.

Cash flows during the subject fiscal period were as follows.

Cash provided by operating activities totaled ¥25,383 million, a decrease of ¥35,334 million from cash provided in the previous fiscal year. This was due mainly to an ¥15,896 million decrease in income before income taxes, and a ¥19,574 million increase in payment of income tax.

Cash used in investing activities totaled ¥41,488 million, an increase of ¥23,281 million in cash used in the previous fiscal year. This was due mainly to a ¥20,371 million increase in expenditures for the purchase of tangible fixed assets, and a ¥18,181 million decline in proceeds from sales and redemption of marketable securities, against ¥15,698 million in proceeds from sale of investments in the U.S. music business.

Cash used in financing activities totaled ¥9,367 million, an increase of ¥354 million from cash used in the previous fiscal year. This was due mainly to a ¥1,890 million increase in dividends paid, against a ¥2,697 million increase in proceeds from long-term borrowings.

As a result, the balance of cash and cash equivalents at March 31, 2008, stood at ¥80,171 million, a decrease of ¥24,152 million from the end of the previous fiscal year.

Trends in cash flow indices are shown below:

Years ended March 31

	2004	2005	2006	2007	2008
Equity ratio (%)	80.2	70.3	66.9	63.3	66.7
Equity ratio, based on market value (%)	116.5	87.3	97.8	86.0	50.0
Number of years for amortization (%)	0.1	0.1	1.3	1.0	2.4
Interest coverage ratio (times)	356.6	362.8	174.7	57.0	27.5

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 cash flow statements.

\*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.

### **(3) Basic Policies Concerning the Distribution of Company Profits and Dividends in the Subject and Next Fiscal Years**

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 performance, while aggressively investing in infrastructure and content, and entering new fields of business, in order to respond to changes in the broadcasting industry.

Regarding dividends from surplus, we aim for a standard of a non-consolidated dividend payout ratio of 50%, determining the appropriate payment of the dividends for a specified accounting period based on a comprehensive review of the various elements related to the company's income during said period, the investments necessary to develop the business in the future, and other factors.

Based on these policies, Fuji Television made dividend payouts for the fiscal year ended March 31, 2008, totaling ¥3,600 per share. This consisted of a year-end dividend of ¥1,800 per share, and an interim dividend of ¥1,800 per share (a payout ratio on a non-consolidated basis of 54.8%). The dividend payment will be an item on the agenda of the 67th ordinary general meeting of shareholders, scheduled for June 27, 2008.

There is a possibility that the basic policies regarding distribution of earnings will change with the planned transition to a certified broadcast holding company structure on October 1, 2008. However, in accordance with the current policies, the dividend plan for the next fiscal year (ending March 31, 2009) is an interim and year-end dividend of ¥1,800 per share, for a full-year dividend of ¥3,600 per share.

## 2. ORGANIZATION OF THE FUJI TELEVISION GROUP

Fuji Television, its subsidiaries, the Nippon Broadcasting System, Inc. and Pony Canyon, Inc., and its affiliate, the Sankei Shimbun Co., Ltd, each have their own corporate groups composed of subsidiaries and affiliates and this constellation of companies is involved in a broad range of businesses that include activities in the fields of culture, entertainment, sports, news and the environment.

The Fuji Television Group is made up of the parent company (Fuji Television) and 53 subsidiaries and 36 affiliates, including Nippon Broadcasting System, Inc. and Pony Canyon, Inc. The companies' major activities are broadcasting, as prescribed by Japan's Broadcasting Law; planning, production, technology and transmissions involving programs for broadcast; direct marketing, and video and music. These companies also provide services related to each of these businesses.

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

Category	Major Companies
<b>Broadcasting</b> Television and radio broadcasting	Fuji Television Network, Inc. Nippon Broadcasting System, Inc.
<b>Program Production and Related Business</b> 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. Fujisankei Communications International, Inc.
<b>Direct Marketing</b> Direct marketing	Dinos Inc.
<b>Video and Music</b> 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. Windswept Classics, Inc.
<b>Other</b> Publishing, advertising, temporary agency services, equipment leasing, software development, etc.	Quaras Inc. Nippon Broadcasting Projects, Inc. Fujisankei Personnel Inc. Fujimic, Inc. Fusosha Publishing, Inc.

### **3. MANAGEMENT POLICIES**

#### **(1) Basic Policies**

Fuji Television and the Fuji Television Group recognize the public mission and social responsibility inherent in broadcasting, and have adopted as their basic policy the production and distribution of programs, movies, events, and other high-quality content enjoyed by a wide range of viewers, together with the maximization of the value that is generated from such content.

The business environment for the Group has changed dramatically in recent years with the digitization of terrestrial broadcasts, and the spread of Broadcasting Satellite (BS) and Communication Satellite (CS) media, mobile media devices, and broadband Internet access, as well as in terms of domestic economic trends, revisions to applicable laws, and deregulation. The Fuji Television Group, in order to respond readily to these changes in the environment and expand its profit-earning opportunities, has adopted the most effective “content factory” model to provide appealing and high-quality content for a diverse range of transmission routes, substantially boosting its content production capabilities. We are also taking proactive steps to expand businesses outside of broadcasting, and working to restructure the Group by strengthening its management foundation and other initiatives.

Fuji Television seeks to be the representative Japanese media conglomerate, respected in Japan and overseas. As one of the leading companies in the Japanese media content industry, we will continue to maximize the value generated from content and enhance competitiveness, as well as work to establish a stable management foundation that provides sustainable growth, and enhance corporate value.

#### **(2) Management Goals and Indices**

Fuji Television believes the setting of certain management goals to be important. At the same time, 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 flexibility in management, which must remain responsive to changes in our operating environment. In light of these considerations, we have not set specific numerical targets. However, by working to improve capital and asset efficiency and setting our liability and capital structure appropriately, we aim to improve our management efficiency as measured by return on equity and return on assets. By achieving an appropriate level of capital costs, we will work to boost shareholder and corporate value.

#### **(3) Medium to Long-Term Management Strategies, and Issues to Be Addressed**

Fuji Television’s management strategy is to further strengthen the content production capabilities that allow the Group to respond to various type of change in the business environment, and to maximize the value of the content created. We will work to strengthen and enhance existing businesses centered on broadcasting, expand peripheral businesses other than broadcasting and develop new business fields, as well as secure stable earnings through careful cost management and establish a solid business foundation for sustainable growth, as we strive to become the representative Japanese media conglomerate respected in Japan and overseas.

In September 2007 Fuji Television opened the Bayside Studio, newly built near the Group's Daiba headquarters to be the central facility for strengthening content production capability. We consolidated the production studios spread across Tokyo in this new production center, establishing in Daiba an integrated structure for content production from the planning stage through recording and editing. This has increased the creativity, work efficiency and cost effectiveness of content production, thereby improving quality, and further advancing the goal of strong content production.

Terrestrial digital broadcasting began in December 2003, with the cessation of analog broadcasts and the transition to full digital planned for July 2011. Fuji Television is steadily taking all possible measures in terms of broadcast equipment and other preparations for this transition, helping to ensure a smooth transition through efforts to promote the spread of terrestrial digital broadcasting and make people aware of the upcoming termination of analog service. In production of broadcast program content, we continue to work to increase the proportion of dramas, variety shows, news and information programs offered in a high-definition format. We are also exploring new types of content creation and transmission combining television broadcasts, mobile media and the Internet, in order to meet the expectations placed in Fuji Television by citizens and viewers.

Fuji Television utilizes the airwaves shared by all residents of Japan to operate a broadcast business, and with a deep awareness of the public mission and social responsibilities of such a business strives to contribute to the fulfillment and development of the lives of a broad range of citizens through its programming and business operations. In July 2006 Fuji Television made its CSR Promotion Office an independent division, and established a CSR Committee and CSR Committee Project Team in order to better incorporate the principles of corporate social responsibility in its operations. We are also continuing with efforts to establish a system of internal controls to ensure proper operational conduct, from the standpoint of transparency in management, and the sustaining and enhancement of fairness. We have also established a Committee for Compliance and Risk Management headed by the president, and designated compliance officers for each workplace in order to ensure that compliance is fully observed.

In its terrestrial digital broadcasting operations Fuji Television makes proactive efforts to ensure stable growth of advertising revenue, strengthen and develop such media as Broadcasting Satellite (BS) and Communication Satellite (CS) broadcasting, mobile phone transmissions, and to link programming with the Internet, reinforcing a structure that provides for transmission of content produced by Fuji Television over a wide range of media, and expands earnings. We are also using television broadcasting as a base to actively pursue non-advertising businesses such as packaged DVD sales, character licensing and other rights businesses, a movie business, an event business, and a direct marketing business using a range of media, as we broaden our management foundation.

In April 2006, the Fuji Television Group transitioned to a consolidated management structure with Fuji Television as an operating holding company, and has continued to restructure its Group subsidiaries, optimize allocation of management resources, and remodel businesses. In March 2007, the Company purchased the remaining stock in Fuji Television's subsidiaries Pony Canyon, Inc. and Fusosha

Publishing, Inc. and made them wholly-owned subsidiaries, and also purchased additional stock in BS Fuji, Inc., an affiliate of Fuji Television. During the subject fiscal year, Dinos Inc. and Fujipacific Music, Inc. were made wholly owned subsidiaries through additional acquisition of shares in November 2007 and February 2008, respectively. In October 2007, Fuji Television's consolidated subsidiaries Bigshot Inc., Fujisankei Advertising Work Inc., and T\*Com Corporation, were merged with Fuji Ad. Systems Corp., a joint venture company of six companies in the Fuyo Group and the Fuji Television Group to form the advertising firm Quaras Inc., creating a new communications business. We intend to continue to pursue a flexible program of selection and concentration of management resources with Fuji Television at the core, maximize the power and creativity of each group company, and develop as a highly competitive media conglomerate.

Achieving this medium to long-term management vision will require quickness in management decision-making and flexibility in execution beyond current levels, together with the implementation of proper Group governance. To realize this, the Company decided to transition to a certified broadcast holding company structure on October 1, 2008, by means of a company split. Fuji Television Group has long been held in high regard for its unrivaled comprehensive business development. Going forward, in response to the deep trust place in us by shareholders and investors, we will further pursue businesses that maximize content value and earnings, secure stable earnings sufficient to provide returns to shareholders and to make future investments suitable for the various changes in the business environment, as well as enhance competitiveness in order to attain sustainable growth.

## 4. CONSOLIDATED FINANCIAL STATEMENTS

### (1) Consolidated Balance Sheets

At March 31

	2007		2008		Change from the previous year
	Millions of yen	%	Millions of yen	%	
<b>ASSETS</b>					
Current assets:					
1. Cash and time deposits	46,368		64,627		
2. Trade notes and accounts receivable	119,763		118,160		
3. Marketable securities	58,697		20,893		
4. Inventories	23,152		21,743		
5. Deferred income tax	7,173		5,333		
6. Other current assets	28,245		23,163		
7. Less allowance for doubtful accounts	(372)		(344)		
Total current assets	283,029	38.7	253,577	37.5	(29,451)
Fixed assets:					
1. Tangible fixed assets					
(1) Buildings and structures	84,957		114,378		
(2) Machinery and equipment	17,451		24,129		
(3) Land	27,080		27,079		
(4) Construction in progress	41,090		5,167		
(5) Other tangible fixed assets	9,314		10,390		
Total tangible fixed assets	179,893	24.6	181,146	26.7	1,252
2. Intangible fixed assets					
(1) Goodwill	8,616		7,385		
(2) Leased land rights	15,356		15,356		
(3) Software	17,333		18,873		
(4) Other intangible fixed assets	12,575		6,313		
Total intangible fixed assets	53,881	7.4	47,929	7.1	(5,952)
3. Investments and other assets					
(1) Investment in securities	192,027		173,152		
(2) Long-term loans	1,231		603		
(3) Deferred income tax	3,584		7,527		
(4) Other	20,307		14,965		
(5) Less allowance for doubtful accounts	(2,459)		(1,900)		
Total investments and other assets	214,691	29.3	194,347	28.7	(20,344)
Total fixed assets	448,467	61.3	423,423	62.5	(25,044)
Total assets	731,496	100.0	677,000	100.0	(54,495)

At March 31

	2007		2008		Change from the previous year
	Millions of yen	%	Millions of yen	%	
<b>LIABILITIES</b>					
Current liabilities:					
1. Trade notes and accounts payable	58,905		54,216		
2. Short-term borrowings	5,490		5,303		
3. Accrued income taxes	16,535		2,179		
4. Allowance for sales returns	917		972		
5. Allowance for loss on cancellation of contracts	401		309		
6. Other current liabilities	68,295		52,443		
Total current liabilities	150,545	20.6	115,425	17.0	(35,120)
Long-term liabilities:					
1. Corporate bonds	49,984		49,987		
2. Bonds with stock purchase rights	369		---		
3. Long-term borrowings	2,091		4,454		
4. Deferred tax liabilities	12,283		4,464		
5. Retirement allowance for employees	31,683		32,239		
6. Retirement allowance for directors	3,441		3,172		
7. Negative goodwill	10,598		10,154		
8. Other long-term liabilities	911		1,026		
Total long-term liabilities	111,364	15.2	105,497	15.6	(5,866)
Total liabilities	261,909	35.8	220,922	32.6	(40,986)
<b>NET ASSETS</b>					
Shareholders' equity:					
1. Paid-in capital	146,200		146,200		
2. Capital surplus	173,664		173,664		
3. Retained earnings	141,364		146,322		
4. Treasury stock	(15,505)		(15,505)		
Total shareholders' equity	445,723	60.9	450,682	66.6	4,958
Valuation and translation adjustments:					
1. Valuation difference on available-for sale securities	17,448		1,416		
2. Revaluation difference on land	(454)		(463)		
3. Translation adjustments	223		(302)		
Total	17,217	2.4	649	0.1	(16,568)
Minority interests	6,645	0.9	4,745	0.7	(1,899)
Total net assets	469,586	64.2	456,077	67.4	(13,508)
Total liabilities and net assets	731,496	100.0	677,000	100.0	(54,495)

## (2) Consolidated Statements of Income

Years ended March 31

	2007		2008		Change from the previous year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	582,660	100.0	575,484	100.0	(7,175)	(1.2)
Cost of sales	379,444	65.1	390,778	67.9	11,333	3.0
Gross profit	203,215	34.9	184,706	32.1	(18,509)	(9.1)
Selling, general and administrative expenses:						
1. Selling expense	114,604		112,048			
2. General and administrative expenses	46,285		48,284			
	160,889	27.6	160,333	27.9	(556)	(0.3)
Operating income	42,325	7.3	24,372	4.2	(17,952)	(42.4)
Non-operating revenues:						
1. Interests	393		696			
2. Dividends	1,894		1,949			
3. Equity in earnings of affiliates	2,536		1,722			
4. Rental fee	1,124		1,123			
5. Sale of marketable securities	14		28			
6. Others	1,509		1,403			
Total	7,473	1.3	6,923	1.2	(549)	(7.4)
Non-operating expenses:						
1. Interests	921		925			
2. Loss on investment association	1,535		1,552			
3. Rental fee	837		1,185			
4. Others	508		576			
Total	3,803	0.7	4,239	0.7	436	11.5
Recurring profit	45,995	7.9	27,056	4.7	(18,938)	(41.2)

	2007		2008		Change from the previous year	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Extraordinary gain						
1. Gain on sales of fixed assets	46		13			
2. Gain on sales of investment securities	71		2,692			
3. Gain on sales of membership	31		13			
4. Reversal of membership deposits	33		12			
5. Gain on sales of investments	---		5,665			
6. Others	48		503			
Total	230	0.0	8,901	1.5	8,671	---
Extraordinary loss						
1. Loss on sale of fixed assets	19		61			
2. Loss on disposal of fixed assets	200		388			
3. Loss on sale of investment securities	0		39			
4. Valuation losses on investment securities	342		5,160			
5. Valuation losses on membership	2		12			
6. Reserves for membership deposits	16		16			
7. Loss on sale of membership	0		3			
8. Special retirement benefit	70		---			
9. Others	151		750			
Total	803	0.1	6,431	1.1	5,628	700.7
Income before income taxes	45,422	7.8	29,526	5.1	(15,896)	(35.0)
Income taxes and enterprise taxes	20,858		11,591			
Adjustment for income taxes	(1,036)		1,860			
Total	19,821	3.4	13,451	2.3	(6,370)	(32.1)
Minority interests	753	0.1	303	0.1	(450)	(59.7)
Net income	24,846	4.3	15,770	2.7	(9,076)	(36.5)

### (3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2007

	Shareholders' equity				
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2006	146,200	175,275	269,855	(160,851)	430,479
Change in year ended March 31, 2007					
Dividends from surplus			(9,212)		(9,212)
Directors' bonuses from earnings appropriation			(382)		(382)
Net income			24,846		24,846
Cancellation of treasury stock		(1,610)	(143,735)	145,346	---
Transfer to land revaluation excess			18		18
Decrease in the change to the scope of consolidation			(26)		(26)
Net increase/decrease during the term under review except in shareholders' equity					
Total	---	(1,610)	(128,491)	145,346	15,244
Balance at March 31, 2007	146,200	173,664	141,364	(15,505)	445,723

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation differences on other securities	Land revaluation excess	Equity adjustment from foreign currency translation	Total		
Balance at March 31, 2006	32,621	(435)	237	32,423	8,921	471,825
Change in year ended March 31, 2007						
Dividends from surplus						(9,212)
Directors' bonuses from earnings appropriation						(382)
Net income						24,846
Acquisition of treasury stock						---
Transfer to land revaluation excess						18
Decrease in the change to the scope of consolidation						(26)
Net increase/decrease during the term under review except in shareholders' equity	(15,173)	(18)	(14)	(15,206)	(2,276)	(17,482)
Total	(15,173)	(18)	(14)	(15,206)	(2,276)	(2,238)
Balance at March 31, 2007	17,448	(454)	223	17,217	6,645	469,586

Year ended March 31, 2008

	Shareholders' equity				
	Paid-in capital	Capital surplus	Retained earnings	Treasury stock	Total
Balance at March 31, 2007	146,200	173,664	141,364	(15,505)	445,723
Change in year ended March 31, 2008					
Dividends from surplus			(11,054)		(11,054)
Net income			15,770		15,770
Transfer to land revaluation excess			8		8
Increase due to merger			366		366
Decrease in the change to the scope of consolidation			(132)		(132)
Net increase/decrease during the term under review except in shareholders' equity					
Total	---	---	4,958	---	4,958
Balance at March 31, 2008	146,200	173,664	146,322	(15,505)	450,682

	Valuation and translation adjustments				Minority interests	Total net assets
	Valuation differences on other securities	Land revaluation excess	Equity adjustment from foreign currency translation	Total		
Balance at March 31, 2007	17,448	(454)	223	17,217	6,645	469,586
Change in year ended March 31, 2008						
Dividends from surplus						(11,054)
Net income						15,770
Transfer to land revaluation excess						8
Increase due to merger						366
Decrease in the change to the scope of consolidation						(132)
Net increase/decrease during the term under review except in shareholders' equity	(16,032)	(8)	(526)	(16,568)	(1,899)	(18,467)
Total	(16,032)	(8)	(526)	(16,568)	(1,899)	(13,508)
Balance at March 31, 2008	1,416	(463)	(302)	649	4,745	456,077

#### (4) Consolidated Statements of Cash Flows

Years ended March 31

	2007	2008	Change from the previous year
	Millions of yen	Millions of yen	Millions of yen
Cash flows from operating activities:			
1. Income before income tax	45,422	29,526	
2. Depreciation	18,626	23,937	
3. Amortization of negative goodwill	754	1,142	
4. Increase (decrease) in allowance for doubtful accounts	259	(206)	
5. Increase (decrease) in other allowances	(19)	615	
6. Interest and dividend receivable	(2,288)	(2,645)	
7. Interests expense	921	925	
8. Loss on revaluation of foreign currency assets	(12)	51	
9. Equity in earnings of affiliated companies, net of dividends	(2,536)	(1,722)	
10. (Gain) loss on sales and disposal of fixed assets	174	437	
11. (Gain) loss on sales of marketable securities	(71)	(2,653)	
12. (Gain) loss on sales of investments	---	(5,665)	
13. Loss on revaluation of investment securities	---	5,160	
14. Decrease (increase) in notes and accounts receivable, trade	(8,402)	3,810	
15. Decrease (increase) in inventories	(637)	1,331	
16. Increase in notes and accounts payable	7,612	(7,195)	
17. Others	3,808	4,193	
Subtotal	63,610	51,041	(12,568)
18. Proceeds from interests and dividend income	2,801	3,083	
19. Payment of interests	(1,066)	(923)	
20. Payment of income taxes	(8,243)	(27,817)	
21. Refund of income taxes	3,600	---	
22. Others	14	---	
Net cash provided by operating activities	60,718	25,383	(35,334)

	2007	2008	Change from the previous year
	Millions of yen	Millions of yen	Millions of yen
Cash flows from investing activities:			
1. Payments for purchase of marketable securities	(25,144)	(316)	
2. Proceeds from sales and redemption of marketable securities	22,951	4,770	
3. Payments on purchase of tangible fixed assets	(21,336)	(41,708)	
4. Proceeds from sale of tangible fixed assets	126	1,800	
5. Payments on purchase of intangible fixed assets	(6,372)	(7,284)	
6. Redemption of bonds	(5,267)	(14,448)	
7. Proceeds from sales and redemption of marketable securities	10,095	1,838	
8. Payments for acquisition of subsidiaries' stocks	(5,681)	(2,123)	
9. Proceeds from sale acquisition of subsidiaries' stock associated with changes to the scope of consolidation	---	6,891	
10. Payments for the loans	(259)	(75)	
11. Proceeds from the loans collected	98	240	
12. Proceeds from sales of investments	---	8,807	
13. Others	12,584	121	
Net cash used in investing activities	(18,206)	(41,488)	(23,281)
Cash flows from financing activities:			
1. Net decrease in short-term borrowings	276	(760)	
2. Proceeds from long-term borrowings	1,148	3,845	
3. Repayments of long-term debt	(1,736)	(1,098)	
4. Payments for redemption of bonds with stock purchase rights	---	(353)	
5. Dividends paid by the Company	(8,406)	(10,296)	
6. Dividends paid to minority interests	(294)	(702)	
Net cash used in financing activities	(9,013)	(9,367)	(354)
Effect of exchange rate changes on cash and cash equivalents	18	(116)	
Net increase (decrease) in cash and cash equivalents	33,517	(25,588)	
Cash and cash equivalents at the beginning of the year	71,163	104,324	33,160
Net increase in cash and cash equivalents of new consolidated subsidiaries	---	1,435	
Decrease in cash and cash equivalents of the change of the scope of consolidation	(356)	---	
Cash and cash equivalents at the end of the year	104,324	80,171	(24,152)

## SEGMENT INFORMATION

Year ended March 31, 2007

	Millions of yen							
	Broadcasting	Program production and related business	Direct marketing	Video and music	Other	Total	Eliminations	Consolidation
Net sales:								
1. Net sales to third parties	379,277	21,173	67,039	72,996	42,173	582,660	---	582,660
2. Intra-group net sales and transfers	23,512	31,321	282	1,333	16,942	73,392	(73,392)	---
Total sales	402,789	52,494	67,321	74,330	59,116	656,052	(73,392)	582,660
Operating expenses	366,584	48,791	68,986	70,768	58,386	613,518	(73,183)	540,334
Operating income	36,205	3,702	(1,664)	3,561	729	42,533	(208)	42,325
Assets, depreciation, and capital expenditures:								
Total assets	591,244	32,458	23,541	63,982	31,184	742,411	(10,914)	731,496
Depreciation	15,130	579	539	914	1,956	19,121	(494)	18,626
Capital expenditures	43,150	580	1,045	470	1,864	47,110	(566)	46,544

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
Broadcasting business	Sales of TV broadcasting and radio broadcasting
Program production and 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
Video and Music	Production and sale of music and video software, management of music copyrights, etc.
Other	Publishing, advertising, temporary agency services, movables leasing, software development, etc.

3. As stated in the Significant Matters Regarding the Basis for Preparation of the Financial Statements, 4. Matters Concerning Accounting Standards, (4) Accounting Standards for Major Allowances, iii. Allowance for Directors' Bonus (change in accounting policy), from the subject fiscal year Fuji Television has applied the Accounting Standard for Directors' Bonus (Accounting Standards Board of Japan (ASBJ) Corporate Accounting Standard No. 4 of November 29, 2005). As a result of this change, when compared to the former method, operating expenses during the subject fiscal year increased by ¥111 million in the Broadcasting segment, ¥136 million in the Program Production and Related Business segment, ¥105 million in the Video and Music segment, and ¥49 million in the Other Businesses segment, with operating income reduced in each segment accordingly.

4. As stated in Changes in Significant Matters Regarding the Basis for Preparation of the Financial Statements (Changes in Accounting Standards, etc., Pertaining to Corporate Integration), due to a revision to regulations concerning consolidated financial statements for the period, from the subject fiscal year, goodwill and negative goodwill or amortization of goodwill and negative goodwill will be accounted together. As a result of this change, when compared to the former method, operating expenses during the subject fiscal

year increased by ¥497 million in the Broadcasting segment, ¥72 million in the Program Production and Related Business segment, ¥18 million in the Direct Marketing segment, ¥73 million in the Video and Music segment, and ¥9 million in the Other segment, with operating income reduced in each segment accordingly. Furthermore, assets increased by ¥92 million in the Program Production and Related Business segment, ¥202 million in the Direct Marketing segment, ¥6,379 million in the Video and Music segment, and ¥599 million in the Other segment.

Year ended March 31, 2008

	Millions of yen							
	Broadcasting	Program production and related business	Direct marketing	Video and music	Other	Total	Eliminations	Consolidation
Net sales:								
1. Net sales to third parties	383,134	20,406	62,783	67,111	42,049	575,484	---	575,484
2. Intra-group net sales and transfers	22,990	33,936	471	1,788	17,080	76,267	(76,267)	---
Total sales	406,125	54,342	63,254	68,899	59,129	651,752	(76,267)	575,484
Operating expenses	383,360	51,683	65,710	67,523	59,167	627,444	(76,333)	551,111
Operating income	22,765	2,659	(2,455)	1,375	(37)	24,307	65	24,372
Assets, depreciation, and capital expenditures:								
Total assets	538,148	29,148	18,428	68,327	33,395	687,448	(10,447)	677,000
Depreciation	19,788	1,318	601	733	2,019	24,461	(523)	23,937
Capital expenditures	23,747	1,598	835	368	5,057	31,606	(478)	31,128

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
Broadcasting business	Sales of TV broadcasting and radio broadcasting
Program production and related business	Planning, production, engineering and relay operations as well as other businesses for TV programming
Direct marketing	Direct marketing
Video and Music	Production and sale of music and video software, management of music copyrights, etc.
Other	Publishing, advertising, temporary agency services, movables leasing, software development, etc.

3. Fuji Television and its consolidated subsidiaries, in accordance with revisions to the corporate tax code, have changed their depreciation method for tangible fixed assets. Tangible fixed assets acquired on and after April 1, 2007 are depreciated in accordance with the provisions of the revised corporate tax code. As a result of this change, compared to the former method operating expenses for the subject fiscal year increased ¥1,004 million in the Broadcasting segment; ¥94 million in the Program production and related business segment; ¥3 million in the Direct marketing segment; ¥11 million in the Video and Music segment; and ¥21 million in the Other segment, with corresponding decreases in operating income.

4. Fuji Television and its consolidated subsidiaries, in accordance with revisions to corporate tax code, apply the following accounting for tangible fixed assets acquired on and before March 31, 2007. When the depreciated value of a tangible fixed asset reaches 5% of its acquisition cost (under the depreciation method applicable before revision) in a certain fiscal year, the difference between such value (5% of the acquisition cost) and the memorandum value of the asset is depreciated in an equal amount over five years from the next fiscal year. This amount is included in depreciation expenses. In accordance with this change, operating expenses of the Broadcasting segment increased ¥176 million; the Program production and related business segment ¥29 million; the Direct marketing segment ¥2 million; and the Other segment ¥7 million; with corresponding decreases in operating income.