

**Fuji Media Holdings, Inc.**  
**Flash Report (Consolidated Basis)**

May 14, 2009

Results for fiscal year ended March 31, 2009

**Company name: Fuji Media Holdings, Inc.**

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

Representative: Kou Toyoda, President and Representative Director

Person to contact: Osamu Okada, General Manager of Group Company Treasury & Finance Department

Telephone: +81-3-3570-8000 (key)

Date of the General Meeting of the Shareholders: June 26, 2009

Planned filing of an annual security report: June 26, 2009 Planned start of dividend payments: June 29, 2009

(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	%
2009	563,320	(2.1)	19,830	(18.6)	22,365	(17.3)	16,567	5.0
2008	575,484	(1.2)	24,372	(42.4)	27,056	(41.2)	15,770	(36.5)

	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	%	%	%
2009	7,193.40	—	3.7	3.3	3.5
2008	6,847.60	—	3.4	3.8	4.2

(Reference) Gain on investment by equity method: Year ended March 31, 2009: ¥1,568 million  
Year ended March 31, 2008: ¥1,722 million

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2009	683,523	453,395	65.7	194,864.16
2008	677,000	456,077	66.7	195,967.51

(Reference) Total shareholders' equity: March 31, 2009: ¥448,790 million, March 31, 2008: ¥451,331 million

(3) Cash Flows

Years ended March 31

	Cash flows from	Cash flows from investing	Cash flows from financial	Cash and cash
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2009	84,760	(36,728)	(9,410)	116,598
2008	25,383	(41,488)	(9,367)	80,171

## 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
	June 30	Sept. 30	Dec. 31	Mar. 31	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2008	—	1,800.00	—	1,800.00	3,600.00	8,291	52.6	1.8
2009	—	1,800.00	—	1,800.00	3,600.00	8,291	50.0	1.8
2010 (Forecast)	—	800.00	—	800.00	1,600.00		40.5	

## 3. Forecasts for Fiscal Year ending March 31, 2010

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	270,500	(4.1)	1,300	(89.7)	3,300	(78.6)
Fiscal year	551,200	(2.2)	12,800	(35.5)	16,100	(28.0)

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	2,600	(54.0)	1,128.92
Fiscal year	9,100	(45.1)	3,951.20

## 4. Other

1. Significant changes in subsidiaries during the subject fiscal year (Transfer of particular subsidiaries following a change in the scope of consolidation): None  
 Additions: 1 (Fuji Television Network, Inc.)      Deletions: None
  
2. 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).
  - a. Changes in accordance with revisions to accounting standards: Yes
  - b. Other changes: None
  
3. Number of Shares Outstanding (Common stock)
  - a. Number of shares outstanding at fiscal year-end:
 

March 31, 2009: 2,364,298 shares	March 31, 2008: 2,364,298 shares
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  - b. Number of treasury stocks at fiscal year-end:
 

March 31, 2009: 61,202 shares	March 31, 2008: 61,202 shares
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## (Reference) Flash Report (Non-Consolidated Basis)

Results for fiscal year ended March 31, 2009

### 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	%
2009	180,115	(53.0)	8,814	(60.7)	13,289	(52.3)	15,052	(0.5)
2008	382,971	1.3	22,420	(36.5)	27,861	(27.0)	15,121	(36.7)

	Net income per share	Net income per share after dilution
	Yen	Yen
2009	6,535.71	—
2008	6,565.77	—

#### (2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2009	490,070	417,124	85.1	181,114.58
2008	563,040	419,265	74.5	182,044.29

(Reference) Total shareholders' equity: March 31, 2009: ¥417,124 million, March 31, 2008: ¥419,265 million

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.

The Company transitioned to a certified broadcast holding company structure on October 1, 2008. As a consequence, there are considerable variations in the non-consolidated business results and financial position.

# 1. BUSINESS PERFORMANCE

## (1) Analysis of Business Performance

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

The Japanese economy during FY2008, ended March 31, 2009, was described in government's *Monthly Economic Report* in March 2009 as "worsening rapidly while in a severe situation," as a result of the increasingly severe impact from the global financial crisis that began in the U.S. in the previous fiscal year. The advertising market has cooled in response, with a majority of companies scaling back their advertising budgets. As a result, total advertising expenditures, which had risen for the last four consecutive years, declined in 2008.

Amid this economic environment, the Fuji Media Holdings Group posted consolidated net sales for FY2008 of ¥563,320 million, a 2.1% decline from the previous fiscal year. This was due to declines in the mainstay Broadcasting and other segments, which offset increases in the Life Information and Advertising segments stemming from the addition of new consolidated subsidiaries and other factors.

Operating income declined 18.6% from the previous fiscal year to ¥19,830 million despite increased earnings in the Video and Music segment and substantial improvement in the Life Information segment, as a result of declines in other segments. Recurring profit also declined 17.3% to ¥22,365 million.

Net income, however, rose 5.0% from the previous fiscal year to ¥16,567 million, as extraordinary losses on valuation of investment securities and impairment were offset by an extraordinary gain from a settlement package received from LDH Corporation.

Results by operating segment are as follows.

Years ended March 31

	Net sales			Operating income (loss)		
	2008	2009	Change	2008	2009	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Broadcasting	406,125	<b>370,368</b>	(8.8)	22,765	<b>18,700</b>	(17.9)
Production	49,758	<b>48,359</b>	(2.8)	2,258	<b>1,826</b>	(19.1)
Video and Music	68,899	<b>68,508</b>	(0.6)	1,375	<b>2,250</b>	63.6
Life Information	63,254	<b>81,827</b>	29.4	(2,455)	<b>90</b>	—
Advertising	27,917	<b>34,007</b>	21.8	383	<b>(58)</b>	—
Other	36,129	<b>33,118</b>	(8.3)	(23)	<b>(669)</b>	—
Eliminations	(76,601)	<b>(72,867)</b>	—	68	<b>(2,310)</b>	—
Total	575,484	<b>563,320</b>	(2.1)	24,372	<b>19,830</b>	(18.6)

## Broadcasting

The Broadcasting segment represents the earnings of Fuji Television Network, Inc. and Nippon Broadcasting System, Inc.

Sales in the Television Broadcasting division decreased 9.2% year on year to ¥347,877 million.

Fuji Television Network achieved a “triple crown” in viewer ratings for the fifth consecutive year, with broad viewer support that allowed it to capture the top position in the “golden time” (19:00-22:00), prime time (19:00-23:00), and all day (06:00-24:00) slots. Nevertheless, revenues from television broadcasting, the main source of sales in broadcasting operations, declined 7.0% year on year to ¥268,774 million, reflecting the difficulties in the advertising market.

Network time advertising sales (time advertising for nationwide broadcast) declined 1.4% year on year to ¥134,496 million. Sales for regular programming were on a par with the previous fiscal year for the April new programming season, but lagged during the October season, and down for the fiscal year overall. One-off programming sales also declined from the previous fiscal year, despite broadcasts of such major programs as the 2008 Beijing Olympics Volleyball World Final Qualifications, in May and June, the 2008 Beijing Olympics, in August, and *Kurobe no Taiyo*, a special drama to commemorate Fuji Television’s 50th anniversary, in March.

Local time advertising sales for the Kanto region declined 7.7% from the previous fiscal year to ¥20,315 million. Sales for regular programming were strained for both the April and October new programming seasons, and declined from the previous fiscal year. One-off programming sales rose year on year during the first half, but fell sharply in the second half and were down for the year overall.

Spot advertising sales declined 12.9% from the previous fiscal year to ¥113,962 million amid extraordinarily difficult business conditions. Sales rose over the previous fiscal year from such industries as alcoholic beverages, clothing and household goods, but were down for every quarter of the year on sharp falls in movies, magazines and other forms of entertainment, as well as in finance, insurance, real estate and household equipment.

Sales of broadcasting related business in broadcasting operations increased 0.8% year on year to ¥31,424 million, due to an increase in program sales income.

Revenue from other operations in the Television Broadcasting division declined 23.9% from the previous fiscal year to ¥47,678 million. In the rights business, DVD sales were strong for such titles as the *Suberanai Hanashi* series, *Hexagon*, *SP*, and *Galileo*, in the video business but revenue was down year on year as these sales failed to match the substantial income from the *Dragonball* series in the previous fiscal year. In the movie business, similarly, the considerable box office revenue from such hits as *Yougisha X no Kenshin* and *The Magic Hour* fell short of the receipts from the previous fiscal year’s *HERO* and *Adventures of the Super Monkey –Journey to the West–*. In the event business, the production of Cirque du Soleil’s *Corteo* was popular.

In terms of expenses, costs declined considerably in broadcasting and other operations as a result of effective cost controls. Selling, general and administrative (“SG&A”) expenses also declined as a result of lower agency fees, and cutbacks in promotional and miscellaneous expenses. Operating expenses in the Television Broadcasting division declined sharply from the previous fiscal year, but this was insufficient to offset the decline in sales revenue.

In the Radio Broadcasting division, both time and spot revenues were down from the previous fiscal year, and overall sales of the division including production and program sales revenues decreased 2.9% year on year to ¥22,518 million.

In terms of expenses, operating expenses declined as a result of lower agency fees, along with cost controls that held down program production and SG&A expenses, but this was insufficient to offset the decline in sales revenue.

For the Broadcast segment overall, sales declined 8.8% from the previous fiscal year to ¥370,368 million, with operating income down 17.9% to ¥18,700 million.

### Sales by Broadcasting Operations

Years ended March 31

	2008	2009	Change from the previous year
Television broadcasting			
Broadcasting operations	320,309	<b>300,199</b>	(6.3)
Broadcasting	289,134	<b>268,774</b>	(7.0)
Network time	136,362	<b>134,496</b>	(1.4)
Local time	22,002	<b>20,315</b>	(7.7)
Spot	130,769	<b>113,962</b>	(12.9)
Broadcasting related business	31,175	<b>31,424</b>	0.8
Program sales	18,157	<b>18,341</b>	1.0
Other	13,018	<b>13,083</b>	0.5
Other operations	62,662	<b>47,678</b>	(23.9)
Subtotal	382,971	<b>347,877</b>	(9.2)
Radio broadcasting	23,189	<b>22,518</b>	(2.9)
Elimination in the segment	(35)	<b>(27)</b>	—
Total	406,125	<b>370,368</b>	(8.8)

### Production

This segment consists of subsidiaries involved in program production, engineering, set design, and other activities. Sales in this segment declined 2.8% from the previous fiscal year to ¥48,359 million, as a result of a falloff in orders for programs and events. Operating income, despite efforts to trim costs across all expenses categories, decreased 19.1% to ¥1,826 million.

### Video and Music

In the music industry, the production of CDs continued to decline, falling around 40% from peak levels, while music DVD sales remained strong, centered on Japanese pop music. In the internet music download business, growth notably shifted from mobile devices to internet downloads.

Pony Canyon, Inc. posted a slight decline in sales, which include revenue from the internet music download business, overall from the previous fiscal year, and a substantial increase in operating income from reductions in advertising and promotional expenses, and other efforts to trim

costs. In the audio division, sales rose considerably from such titles as aiko's album *Himitsu*, the Hexagon All Stars' album *We Love Hexagon*, and the Shuchishin's single "Shuchishin." In the video division, sales fell from the previous fiscal year despite strong DVD sales for such titles as the South Korean drama *Prince of the Legend*, and the movies *Yougisha X no Kenshin* and *The Magic Hour*, as these could not match the hit animated feature *Dragonball* series in the previous fiscal year.

Fujipacific Music, Inc. posted record levels for both sales and earnings during the subject fiscal year. In the copyright division, sales rose on strong performance for Japanese music, including hit songs from TV shows, and drama and movie DVDs, as well as for mobile and other music downloads, and karaoke use rights. The master recording division also posted strong sales from major hits such as "Shuchishin."

As a result, sales in this segment declined 0.6% from the previous fiscal year to ¥68,508 million, with operating income up 63.6% to ¥2,250 million.

### **Life Information**

The Life Information segment consists of three companies, Dinos Inc., and two newly added subsidiaries, Sankei Living Shimbun, Inc. and Living Pro-Seed, Inc.

Dinos Inc. posted net sales down 3.6% from the previous fiscal year to ¥60,954 million. Sales in catalogue media rose 0.7% and television shopping 9.1%, but in the special event businesses, revenue declined sharply as a result of efforts to emphasize profitability .

In terms of earnings, the scaling back of the high-cost special event business, and efforts to cut costs in catalogue sales and SG&A expenses resulted in operating profit of ¥662 million, compared to an operating loss of ¥2,423 million in the previous fiscal year.

Sankei Living Shimbun posted declines in both revenue and earnings due to a decrease in advertising revenue from the publications *Living Shimbun* and *City Living*.

As a result, sales in the Life Information segment rose 29.4% from the previous fiscal year to ¥81,827 million, with operating income of ¥90 million, up ¥2,545 million from the previous fiscal year.

### **Advertising**

The Advertising segment reflects the results of Quaras Inc., established through the merger of four advertising companies on October 1, 2007. While conditions in the advertising market remained harsh, the benefits from the merger led to a 21.8% rise in sales from the previous fiscal year to ¥34,007 million, but a fall in the profit margin resulted an operating loss of ¥58 million for the period.

### **Other**

Fujimic, Inc. posted declines in both revenue and earnings due to a falloff in orders for software development, and sluggish hardware sales.

Fusosha Publishing, Inc., amid a slowdown in the publishing industry, posted lower revenues due to a lack of popular new book titles, with magazines also struggling with sales and advertising. The company's operating loss expanded.

Fujisankei Personnel, Inc., which specializes in placements of temporary workers and recruiting,

posted declines in both revenue and earnings as a result of sluggishness in recruiting due to the economic slowdown.

As a result, sales in the Other segment overall declined 8.3% from the previous fiscal year to ¥33,118 million, with an operating loss of ¥669 million.

### **Equity-Method Affiliates**

Earnings from equity-method affiliates declined 8.9% overall from the previous fiscal year to ¥1,568 million. Fuji Satellite Broadcasting, Inc. (BS Fuji) posted an increase in both revenue and earnings with the steady growth of digital satellite broadcasting (the number of households able to view digital satellite broadcasts reached 51.45 million at the end of March 2009). Memory-Tech Corporation achieved profitability due to gains in both revenue and earnings.

### **[Outlook for FY2009 (Ending March 31, 2010)]**

The global recession triggered by the subprime loan crisis and collapse of Lehman Brothers has caused severe damage to the Japanese economy, with little prospect of a quick recovery.

We anticipate that revenues from television broadcasting, the mainstay of broadcasting operations, will decline further in FY2009. Although corporate earnings are expected to show a slight upturn from the second half, at this point there is little prospect of a solid upswing. Further, since revival of the advertising market generally tends to lag behind recovery in the earnings of the companies that place ads by around half a year, we expect difficult conditions to continue for some time. Revenue was down at the start of FY2009 with spot advertising sales below the levels of the subjectfiscal year, and network time sponsors hesitant to take on fixed costs. We anticipate an upturn in the foods, distribution and retail sectors, recovery will take some time in such sectors as finance, insurance, real estate, housing and automobiles.

In non-broadcasting revenue, we expect income to rise due to the popularity of Cirque du Soleil's *Corteo* in the event business, as well as solid sales in the video, merchandise and mobile services businesses. We also anticipate greater revenue from the release in summer 2009 of the movie *Amalfi* to commemorate Fuji Television's 50th anniversary, and the holding of "*United States of Odaiba*," a new event developed from *Daiba Adventure King* held in previous years. However, these increases are not expected to offset the decline in broadcast revenue.

On a consolidated basis, the addition of new subsidiaries in the advertising business is expected to provide a boost to non-broadcasting segments overall. However, we anticipate declines in both revenue and earnings due to the impact of declines in broadcast operations in an uncertain business environment.

As a result, for FY2009 Fuji Media Holdings is forecasting consolidated net sales of ¥551.2 billion, with operating income of ¥12.8 billion, recurring profit of ¥16.1 billion, and net income of ¥9.1 billion.

## (2) Financial Position

Total assets at the end of the subject fiscal year (March 31, 2009) amounted to ¥683,523 million, an increase of ¥6,522 million from the end of the previous fiscal year (March 31, 2008).

Total current assets amounted to ¥294,369 million, an increase of ¥40,792 million from the end of the previous fiscal year. This was due mainly to a ¥39,376 million increase in marketable securities. Noncurrent assets totaled ¥389,153 million, a decline of ¥34,269 million. This was due mainly to declines of ¥22,198 million in investment securities stemming from falls in market value, and ¥6,103 million in buildings and structures, along with the application of the revised "Accounting Standard for Lease Transactions," under which ¥4,609 million in lease assets that had been included in other property, plant and equipment at the end of the previous fiscal year were recorded in other current assets as lease investment assets.

Total liabilities amounted to ¥230,127 million, an increase of ¥9,204 million from the end of the previous fiscal year. This was due mainly to increases of ¥8,498 million in accrued income taxes and ¥1,807 million in provision for retirement benefits, against a ¥2,932 million decrease in notes and accounts payable, trade.

Total net assets at the end of the subject fiscal year amounted to ¥453,395 million, a decrease of ¥2,682 million from the end of the previous fiscal year. This was the result of ¥16,567 million in net income, against decreases of ¥8,291 million in retained earnings arising from the payment of dividends, ¥9,198 million in valuation difference on available-for-sale securities, and ¥2,754 million in foreign currency translation adjustment.

Cash flows during the subject period were as follows.

Cash provided by operating activities totaled ¥84,760 million, an increase of ¥59,376 million from cash provided during the previous fiscal year. This was due mainly to a ¥6,166 million increase from income before income tax; a ¥17,760 million decrease from payment of income taxes; a ¥7,403 million increase from notes and accounts receivable, trade; a ¥7,352 million increase from revaluation of investment securities; a ¥4,263 million increase from notes and accounts payable, trade; and a ¥3,463 million increase from sales of marketable securities.

Cash used in investing activities totaled ¥36,728 million, a decrease of ¥4,759 million in cash used during the previous fiscal year. This was due mainly to a ¥9,683 million increase in expenditures for purchase of marketable securities; along with ¥3,451 million in payments for purchase of subsidiary shares due to the change of scope of consolidation in the subject fiscal year; and ¥6,891 million in proceeds from the sale of subsidiary shares due to the change of scope of consolidation in the previous fiscal year; against decreases of ¥28,211 million in expenditures for the purchase of tangible fixed assets; and ¥9,389 million for the purchase of investment securities.

Cash used in financing activities totaled ¥9,410 million, an increase of ¥43 million from cash used during the previous fiscal year. This was due mainly to a ¥2,608 million decrease in dividends paid; against a decrease of ¥3,145 million in proceeds from long-term borrowings.

As a result, the balance of cash and cash equivalents at the end FY2008 (March 31, 2009) amounted to ¥116,598 million, an increase of ¥36,427 million from the end of FY2007 (March 31, 2008).

Trends in cash flow indices are shown below:

Years ended March 31

	2005	2006	2007	2008	2009
Equity ratio (%)	70.3	66.9	63.3	66.7	<b>65.7</b>
Equity ratio, based on market value (%)	87.3	97.8	86.0	50.0	<b>37.1</b>
Number of years for amortization (year)	0.1	1.3	1.0	2.4	<b>0.7</b>
Interest coverage ratio (times)	362.8	174.7	57.0	27.5	<b>94.8</b>

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 (with shares of treasury stock deducted) by the balance sheet date.

\*3. "Operating cash flows" refers to cash flows used in operating activities as shown in the consolidated statements of cash flows.

\*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 statements of cash flows.

### **(3) Basic Policy on Distribution of Company Profits, and Dividends for FY2008 and FY2009**

Fuji Media Holdings regards the disbursement of profits to shareholders as one of its most important management responsibilities. Our basic policy is to pay a dividend commensurate with performance, while making proactive investments in Group restructuring, equipment, content and entry into new business fields, in order to provide for Group growth and expansion of corporate value under the new certified broadcast holding company structure.

For FY2008 (ended March 31, 2009), Fuji Media Holdings will make a year-end dividend payment of ¥1,800 per share, which together with the interim dividend of ¥1,800 per share amounts to a full-year payout of ¥3,600 per share. The dividend payment will be an item on the agenda of the 68th ordinary general meeting of shareholders, scheduled for June 26, 2009.

Regarding dividends from surplus, in line with the transition to a certified broadcast holding company structure, Fuji Media Holdings will seek a consolidated payout ratio of 40%. The dividend amount will be determined 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.

For FY2009 (ending March 31, 2010), Fuji Media Holdings plans to pay a full-year dividend of ¥1,600 per share, consisting of an interim dividend of ¥800 per share, and year-end dividend of ¥800 per share.

## 2. ORGANIZATION OF THE FUJI MEDIA HOLDINGS GROUP

Fuji Media Holdings adopted a certified broadcast holding company structure on October 1, 2008, splitting off its broadcasting and other mainstay businesses. The corporate name was changed to Fuji Media Holdings, Inc. on this date, with the new company established as a result of the split given the corporate name Fuji Television Network, Inc.

The Fuji Media Holdings Group consists of the certified broadcast holding company Fuji Media Holdings, Inc., together with 70 subsidiaries including Fuji Television Network, Inc., Nippon Broadcasting System, Inc. and Pony Canyon, Inc., and 46 affiliates including Sankei Shimbun Co., Ltd. and The Sankei Building Co., Ltd. The Group's activities include broadcasting as prescribed by Japan's Broadcasting Law; the planning, production, engineering and relay of programs for broadcast; the video and music business; the life information business, such as direct marketing and newspaper publication; the advertising business; and services related to each of these businesses.

Business segments have also been reclassified from the third quarter of FY2008 in accordance with the transition to a certified broadcast holding company structure. The previous business segments, Broadcasting; Program Production and Related Business; Direct Marketing; Video and Music; and Other; have been reclassified as Broadcasting; Production; Video and Music; Life Information; Advertising; and Other.

The major business categories of the Fuji Media Holding Group are shown below.

Category	Major Companies
<b>Broadcasting</b> TV broadcasting business and radio broadcasting business	Fuji Television Network, Inc. Nippon Broadcasting System, Inc.
<b>Production</b> Planning, production, engineering and relay operations as well as other businesses for TV 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.
<b>Video and Music</b> Production and sale of music and video content, management of music copyrights, etc.	Shinko Music Publishers Co., Ltd. Fujipacific Music Inc. "Fuji Music Partners" Pony Canyon Inc. Ponycanyon Enterprise Inc. Fuji Entertainment America, Inc.
<b>Life Information</b> Direct marketing and paper publishing, etc.	Sankei Living Shimbun Inc. Dinos Inc. Living Pro-Seed, Inc.
<b>Advertising</b> Advertising, etc.	Quaras Inc.
<b>Other</b> Publishing, temporary agency services, movables leasing, software development, etc.	Nippon Broadcasting Projects, Inc. Fujisankei Personnel Inc. Fujimic, Inc. Fusosha Publishing, Inc. Fujisankei Communications International, Inc.

### **3. MANAGEMENT POLICIES**

#### **(1) Basic Policy**

Fuji Media Holdings, on October 1, 2008, became the first company in Japan to adopt a certified broadcast holding company structure under the Broadcast Law, making a new start as a holding company controlling a media content group centered on the broadcasting business. We consider this transition to be a “second founding” for us as a media group, and as a leading company in Japan’s media content industry aim to become Japan’s representative media conglomerate, widely respected in Japan and around the world.

The Fuji Media Holdings Group recognizes public mission and social responsibility inherent in broadcasting, and has adopted as its basic management policy to produce and distribute high-quality content, including broadcasting programs, as well as movies, live events, video, music and life information, that is trusted and enjoyed by a wide range of viewers and users, and that helps enrich the everyday lives of citizens.

The Fuji Media Holdings Group, under its new certified broadcast holding company structure, will continue to strengthen its capabilities to produce content, and by utilizing the active business alliances and varied distribution channels throughout the Group, maximize the value and earnings of the content generated. We will also utilize systematic cost management to ensure a stable earnings base and establish a solid foundation for sustainable growth, continually enhance the corporate value of the Group, and meet the trust and expectations of shareholders and investors.

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

The Fuji Media Holdings Group, from the standpoint of enhancing the corporate value of the Group, will work to ensure proper selection and concentration of internal Group resources, the efficient utilization of shareholders’ equity, and effective management of expenses. Reflecting a timely recognition of changes in the business environment, we will achieve improvement in the operating margin and other indicators of operational efficiency.

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

The Fuji Media Holdings Group, under its new certified broadcast holding company structure, will maintain and expand earnings through its core terrestrial television broadcasting operations. Further, in order to establish an earnings base less susceptible to short-term fluctuations in the advertising market, we will draw on the considerable content production capabilities of Fuji Television Network, Inc. and other Group companies to expand earnings and business in peripheral areas outside of broadcasting, develop new business fields, and increase business revenues that are not dependent on advertising.

##### *1. Strengthen competitiveness and earnings capabilities in terrestrial broadcasting operations*

The Fuji Media Holdings Group will respond flexibly to changes in the advertising market in an effort to ensure sufficient earnings in its core terrestrial television broadcasting operations.

Fuji Television Network, Inc. achieved a “triple crown” in viewer ratings for the fifth consecutive year during the subject fiscal year. We will continue to seek to strengthen content production and program scheduling capabilities, further enhance our value as an advertising medium, and achieve

high levels of advertising revenue despite difficult market conditions.

For the management of program production and other costs, we will consistently pursue innovations that offer cost benefits, and work to establish and manage flexible budgets responsive to revenue trends. Fuji Television Network's programs are the earnings driver for the Group, and we will work to effectively manage expenses so as to maintain and improve the quality of these programs.

## *2. Strengthen and expand non-advertising businesses fields*

In non-advertising businesses outside of broadcasting operations, the Fuji Media Holdings Group will utilize to the fullest extent possible the considerable content production capabilities acquired by the Group in order to expand earnings. The Fuji Media Holdings Group has achieved significant success up to this point by pursuing alliances within the Group centered on the television broadcasting operations of Fuji Television Network, Inc., and utilizing a broad range of tools that includes movies, live events, music and books. Going forward, we will further promote intra-Group alliances to enhance earnings from the retail and business fields.

Fuji Media Holdings will also strengthen earnings capacity in overseas markets, and seek to establish a broad business foundation built around content through expansion in non-advertising business fields that utilize the Group's solid content production capabilities, such as growth in the areas of mobile internet and other digital communications.

## *3. Develop new earnings opportunities*

The Fuji Media Holdings Group is working to develop new businesses that may offer new earnings opportunities. Until this point each Group company had expanded its business by drawing on its own expertise and strengths, but the holding company structure will allow for further new business development within the Group. We will also pursue capital and operational alliances with external companies.

## *4. Reinforce the foundation for group management*

Fuji Media Holdings, under the holding company structure, will pursue the optimal reallocation of management resources within the Group as well as business restructuring, providing the support that will allow each company to achieve autonomous growth through independent corporate activities. At the same time, through proper Group governance we will work to ensure swift management decision-making, and flexible business conduct.

We will also make effective capital investments and cutbacks in expenditures throughout the Group, and further strengthen the corporate financial structure to allow it to respond to future changes in the business environment.

## 4. CONSOLIDATED FINANCIAL STATEMENTS

### (1) Consolidated Balance Sheets

At March 31

Millions of yen

	2008	2009
<b>ASSETS</b>		
Current assets:		
Cash and deposits	64,627	<b>69,265</b>
Notes and accounts receivable-trade	118,160	<b>110,060</b>
Marketable securities	20,893	<b>60,269</b>
Inventories	21,743	<b>20,213</b>
Deferred tax assets	5,333	<b>5,643</b>
Other	23,163	<b>29,405</b>
Allowance for doubtful accounts	(344)	<b>(487)</b>
Total current assets	<b>253,577</b>	<b>294,369</b>
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	114,378	<b>108,275</b>
Machinery, equipment and vehicles	24,129	<b>20,528</b>
Land	27,079	<b>26,348</b>
Construction in progress	5,167	<b>5,537</b>
Other	10,390	<b>5,961</b>
Total property, plant and equipment	<b>181,146</b>	<b>166,652</b>
Intangible assets		
Goodwill	7,385	<b>5,936</b>
Leasehold right	15,356	<b>15,356</b>
Software	18,873	<b>18,448</b>
Other	6,313	<b>6,110</b>
Total intangible assets	<b>47,929</b>	<b>45,851</b>
Investments and other assets		
Investment securities	173,152	<b>150,953</b>
Long-term loans receivable	603	<b>423</b>
Deferred tax assets	7,527	<b>12,063</b>
Other	14,965	<b>14,963</b>
Allowance for doubtful accounts	(1,900)	<b>(1,754)</b>
Total investments and other assets	<b>194,347</b>	<b>176,649</b>
Total noncurrent assets	<b>423,423</b>	<b>389,153</b>
Total assets	<b>677,000</b>	<b>683,523</b>

	2008	2009
<b>LIABILITIES</b>		
Current liabilities:		
Notes and accounts payable-trade	54,216	<b>51,283</b>
Short-term loans payable	5,303	<b>5,188</b>
Accrued income taxes	2,179	<b>10,677</b>
Provision for sales returns	972	<b>714</b>
Provision for directors' bonuses	309	<b>321</b>
Other	52,443	<b>53,427</b>
Total current liabilities	115,425	<b>121,613</b>
Noncurrent liabilities:		
Bonds payable	49,987	<b>49,989</b>
Long-term loans payable	4,454	<b>3,225</b>
Deferred tax liabilities	4,464	<b>5,556</b>
Provision for retirement benefits	32,239	<b>34,046</b>
Provision for directors' retirement benefits	3,172	<b>2,312</b>
Negative goodwill	10,154	<b>9,332</b>
Other	1,026	<b>4,050</b>
Total noncurrent liabilities	105,497	<b>108,514</b>
Total liabilities	220,922	<b>230,127</b>
<b>NET ASSETS</b>		
Shareholders' equity:		
Capital stock	146,200	<b>146,200</b>
Capital surplus	173,664	<b>173,664</b>
Retained earnings	146,322	<b>154,913</b>
Treasury stock	(15,505)	<b>(15,505)</b>
Total shareholders' equity	450,682	<b>459,273</b>
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	1,416	<b>(7,782)</b>
Revaluation reserve for land	(463)	<b>358</b>
Foreign currency translation adjustment	(302)	<b>(3,057)</b>
Total valuation and translation adjustments	649	<b>(10,482)</b>
Minority interests	4,745	<b>4,604</b>
Total net assets	456,077	<b>453,395</b>
Total liabilities and net assets	677,000	<b>683,523</b>

## (2) Consolidated Statements of Income

Years ended March 31

Millions of yen

	2008	2009
Net sales	575,484	<b>563,320</b>
Cost of sales	390,778	<b>383,524</b>
Gross profit	184,706	<b>179,796</b>
Selling, general and administrative expenses:		
Selling expense	112,048	<b>104,690</b>
General and administrative expenses	48,284	<b>55,275</b>
Total selling, general and administrative expenses	160,333	<b>159,966</b>
Operating income	24,372	<b>19,830</b>
Non-operating income:		
Interest income	696	<b>541</b>
Dividends income	1,949	<b>2,349</b>
Equity in earnings of affiliates	1,722	<b>1,568</b>
Rent income	1,123	<b>855</b>
Gain on sale of securities	28	—
Amortization of negative goodwill	—	<b>719</b>
Other	1,403	<b>561</b>
Total	6,923	<b>6,596</b>
Non-operating expenses:		
Interests	925	<b>897</b>
Loss on investments in partnership	1,552	<b>1,183</b>
Rent expenses	1,185	<b>691</b>
Foreign exchange losses	—	<b>769</b>
Other	576	<b>519</b>
Total	4,239	<b>4,060</b>
Recurring profit	27,056	<b>22,365</b>
Extraordinary gain:		
Gain on sales of noncurrent assets	13	<b>216</b>
Gain on sales of investment securities	2,692	<b>4</b>
Gain on sales of memberships	13	—
Reversal of membership deposits	12	—
Gain on sales of investments	5,665	—
Settlement received	—	<b>30,899</b>
Other	503	<b>108</b>
Total	8,901	<b>31,229</b>
Extraordinary loss:		
Loss on sale of noncurrent assets	61	<b>456</b>
Loss on retirement of noncurrent assets	388	<b>260</b>
Impairment loss	—	<b>2,967</b>
Loss on sale of investment securities	39	<b>813</b>
Valuation losses on investment securities	5,160	<b>12,512</b>
Valuation losses on memberships	12	<b>122</b>
Provision of allowance for doubtful accounts of golf club memberships	16	—
Loss on sale of memberships	3	<b>18</b>
Other	750	<b>750</b>
Total	6,431	<b>17,902</b>
Income before income taxes	29,526	<b>35,692</b>
Income taxes -current	11,591	<b>17,884</b>
Income taxes-deferred	1,860	<b>1,356</b>
Total	13,451	<b>19,241</b>
Minority interests in income (loss)	303	<b>(115)</b>
Net income	15,770	<b>16,567</b>

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

Years ended March 31

Millions of yen

	2008	2009
<b>Shareholders' equity:</b>		
Capital stock:		
Balance at the previous year-end	146,200	<b>146,200</b>
Changes of items during the period:		
Total	—	—
Balance at the current year-end	146,200	<b>146,200</b>
Capital surplus:		
Balance at the previous year-end	173,664	<b>173,664</b>
Changes of items during the period:		
Total	—	—
Balance at the current year-end	173,664	<b>173,664</b>
Retained earnings:		
Balance at the previous year-end	141,364	<b>146,322</b>
Changes of items during the period:		
Dividends from surplus	(11,054)	<b>(8,291)</b>
Net income	15,770	<b>16,567</b>
Reversal of revaluation reserve for land	8	<b>(821)</b>
Increase by merger	366	—
Change of scope of consolidation	—	<b>749</b>
Change of scope of equity method	(132)	<b>387</b>
Total	4,958	<b>8,590</b>
Balance at the current year-end	146,322	<b>154,913</b>
Treasury stock:		
Balance at the previous year-end	(15,505)	<b>(15,505)</b>
Changes of items during the period:		
Total	—	—
Balance at the current year-end	(15,505)	<b>(15,505)</b>
Total shareholders' equity:		
Balance at the previous year-end	445,723	<b>450,682</b>
Changes of items during the period:		
Dividends from surplus	(11,054)	<b>(8,291)</b>
Net income	15,770	<b>16,567</b>
Reversal of revaluation reserve for land	8	<b>(821)</b>
Increase by merger	366	—
Change of scope of consolidation	—	<b>749</b>
Change of scope of equity method	(132)	<b>387</b>
Total	4,958	<b>8,590</b>
Balance at the current year-end	450,682	<b>459,273</b>

(Continued on page 18)

	2008	2009
<b>Valuation and translation adjustments:</b>		
Valuation difference on available-for-sale securities:		
Balance at the previous year-end	17,448	1,416
Changes of items during the period:		
Net changes of items other than shareholders' equity	(16,032)	(9,198)
Total	(16,032)	(9,198)
Balance at the current year-end	1,416	(7,782)
Revaluation reserve for land:		
Balance at the previous year-end	(454)	(463)
Changes of items during the period:		
Net changes of items other than shareholders' equity	(8)	821
Total	(8)	821
Balance at the current year-end	(463)	358
Foreign currency translation adjustment		
Balance at the previous year-end	223	(302)
Changes of items during the period:		
Net changes of items other than shareholders' equity	(526)	(2,754)
Total	(526)	(2,754)
Balance at the current year-end	(302)	(3,057)
Total valuation and translation adjustments:		
Balance at the previous year-end	17,217	649
Changes of items during the period:		
Net changes of items other than shareholders' equity	(16,568)	(11,131)
Total	(16,568)	(11,131)
Balance at the current year-end	649	(10,482)
<b>Minority interests:</b>		
Balance at the previous year-end	6,645	4,745
Changes of items during the period:		
Net changes of items other than shareholders' equity	(1,899)	(141)
Total	(1,899)	(141)
Balance at the current year-end	4,745	4,604
<b>Total net assets:</b>		
Balance at the previous year-end	469,586	456,077
Changes of items during the period:		
Dividends from surplus	(11,054)	(8,291)
Net income	15,770	16,567
Reversal of revaluation reserve for land	8	(821)
Increase by merger	366	—
Change of scope of consolidation	—	749
Change of scope of equity method	(132)	387
Net changes of items other than shareholders' equity	(18,467)	(11,272)
Total	(13,508)	(2,682)
Balance at the current year-end	456,077	453,395

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

Years ended March 31

Millions of yen

	2008	2009
Cash flows from operating activities:		
Income before income taxes	29,526	35,692
Depreciation and amortization	23,937	24,087
Impairment loss	—	2,967
Amortization of goodwill	1,142	1,530
Increase (decrease) in allowance for doubtful accounts	(206)	165
Increase (decrease) in other provision	615	2,487
Interest and dividends income	(2,645)	(2,891)
Interests expense	925	897
Foreign exchange losses (gains)	51	541
Equity in (earnings) losses of affiliates	(1,722)	(1,568)
(Gain) loss on sales and retirement of noncurrent assets	437	500
(Gain) loss on sales of investment securities	(2,653)	809
Loss (gain) on sales of investments in capital	(5,665)	—
Loss (gain) on valuation of investment securities	5,160	12,512
Settlement package	—	(30,899)
Decrease (increase) in notes and accounts receivable-trade	3,810	11,214
Decrease (increase) in inventories	1,331	1,703
Increase (decrease) in notes and accounts payable-trade	(7,195)	(2,932)
Other	4,193	2,398
Subtotal	51,041	59,215
Interest and dividends income received	3,083	3,297
Interest expenses paid	(923)	(894)
Income taxes paid	(27,817)	(10,057)
Income taxes refund	—	2,300
Settlement package received	—	30,899
Net cash provided by operating activities	25,383	84,760

*(Continued on page20)*

	2008	2009
Cash flows from investing activities:		
Purchase of securities	(316)	<b>(10,000)</b>
Proceeds from sales and redemption of securities	4,770	<b>2,386</b>
Purchase of property, plant and equipment	(41,708)	<b>(13,497)</b>
Proceeds from sale of property, plant and equipment	1,800	<b>629</b>
Payments on purchase of intangible assets	(7,284)	<b>(5,812)</b>
Purchase of investment securities	(14,448)	<b>(5,058)</b>
Proceeds from sales and redemption of investment securities	1,838	<b>751</b>
Payments for acquisition of subsidiaries' stocks	(2,123)	<b>(2,917)</b>
Proceeds from acquisition of subsidiaries' stock associated with changes to the scope of consolidation	—	<b>(3,451)</b>
Proceeds from sale of subsidiaries' stock associated with changes to the scope of consolidation	6,891	—
Payments of loans receivable	(75)	<b>(67)</b>
Collection of loans receivable	240	<b>239</b>
Proceeds from sales of investments in capital	8,807	—
Other	121	<b>68</b>
Net cash used in investing activities	<b>(41,488)</b>	<b>(36,728)</b>
Cash flows from financing activities:		
Net decrease in short-term borrowings	(760)	<b>(985)</b>
Proceeds from long-term loans payable	3,845	<b>700</b>
Repayments of long-term loans payable	(1,098)	<b>(1,359)</b>
Redemption of bonds	(353)	—
Dividends paid	(10,296)	<b>(7,688)</b>
Dividends paid to minority shareholders	(702)	<b>(31)</b>
Other	—	<b>(47)</b>
Net cash used in financing activities	<b>(9,367)</b>	<b>(9,410)</b>
Effect of exchange rate changes on cash and cash equivalents	(116)	<b>(3,067)</b>
Net increase (decrease) in cash and cash equivalents	<b>(25,588)</b>	<b>35,553</b>
Cash and cash equivalents at the beginning of the year	104,324	<b>80,171</b>
Increase in cash and cash equivalents resulting from merger	1,435	—
Increase in cash and cash equivalents from newly consolidated subsidiaries	—	<b>913</b>
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	<b>(40)</b>
Cash and cash equivalents at the end of the year	80,171	<b>116,598</b>

## SEGMENT INFORMATION

### 1. Business segment information

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 (loss)	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 business segments adopted below are those used for internal control purposes.

2. Major operations, products, and services by business segment

Business Segment	Major operations, products, and services
Broadcasting business	TV broadcasting business and radio broadcasting business
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 content, 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 property, plant and equipment. Property, plant and equipment 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 property, plant and equipment acquired on and before March 31, 2007. When the depreciated value of any property, plant or equipment 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 property, plant or equipment 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.

**Year ended March 31, 2009**

	Millions of Yen								
	Broadcasting	Production	Video and music	Life Information	Advertising	Other	Total	Eliminations	Consolidation
Net sales:									
1. Net sales to third parties	349,181	19,827	67,049	70,867	17,280	39,112	563,320	—	563,320
2. Intra-group net sales and transfers	21,186	30,233	1,458	613	1,707	17,233	72,433	(72,433)	—
Total sales	370,368	50,061	68,508	71,481	18,988	56,346	635,754	(72,433)	563,320
Operating expenses	352,185	48,033	66,257	71,139	18,876	57,705	614,199	(70,708)	543,490
Operating income (loss)	18,182	2,027	2,250	341	111	(1,359)	21,555	(1,725)	19,830
Assets, depreciation, impairment loss and capital expenditures:									
Total assets	364,870	26,952	61,778	29,823	9,762	25,840	519,027	164,495	683,523
Depreciation	21,078	756	542	693	29	1,500	24,601	(513)	24,087
Impairment loss	539	—	2,000	—	—	427	2,967	—	2,967
Capital expenditures	15,746	1,069	295	227	15	1,214	18,568	(1,020)	17,547

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

2. Major operations, products, and services by business segment

Segment	Major operations, products, and services
Broadcasting	TV broadcasting business and radio broadcasting business
Production	Planning, production, engineering and relay operations as well as other businesses for TV programming
Video and music	Production and sale of music and video content, management of music copyrights, etc.
Life information	Direct marketing and paper publishing, etc.
Advertising	Advertising, etc.
Other	Publishing, temporary agency services, movables leasing, software development, etc.

3. Non-allocatable operating expenses which have been included in "Eliminations" totaled ¥5,467 million. These mainly included operating expenses connected with Fuji Media Holdings as a certified broadcast holding company.

4. In Assets, the total of all corporate assets including those in Eliminations amounted to ¥196,962 million. These mainly included the Company's surplus funds (cash and deposits, marketable securities, etc.), funds for long-term investment (investment securities, etc.), and assets for divisions connected with management divisions.

5. As stated in "Changes in Significant Matters Regarding the Basis for Preparation of the Financial Statements," from the subject fiscal year Fuji Media Holdings has applied "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, (Business Accounting Council Committee No.1, June 17, 1993), revised March 30, 2007), and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No.16 (Japanese Institute of Certified Public Accountants, Accounting System Committee, January 18, 1994), revised March 30, 2007). For financial lease transactions other than ownership transfers (lender), the accounting method has been changed from the method for ordinary lease transaction to the method for

ordinary sales transaction, and such transactions are recorded as lease investment assets.

As a result of this change, at the end of the subject fiscal year Fuji Media Holdings recorded ¥7,892 million as lease investment assets for the assets in its Other business segment.

6. Fuji Media Holdings, at the meeting of its Board of Directors on November 6, 2008, decided to change the classification of its business segments from the third quarter of fiscal 2008.

The previous business segments, Broadcasting; Program Production and Related Business; Direct Marketing; Video and Music; and Other; have been reclassified as Broadcasting; Production; Video and Music; Life Information; Advertising; and Other.

The Fuji Media Holdings Group, with the aim of achieving its long-term Group vision of becoming Japan's representative media conglomerate, widely respected in Japan and around the world, on October 1, 2008, adopted a certified broadcast holding company structure centered on Fuji Media Holdings, Inc. We consider the transition to a certified broadcast holding company structure to be a "second founding" for the media group. Recognizing that we are standing at the starting line for building a new Group management structure centered on the certified broadcast holding company, we have made these business segment reclassifications from the standpoint of strengthening group management, and rationalizing resource reallocation in response to the business environment.

As a result of this change, the former "Program Production and Related Business" will become "Production"; the "Direct Marketing" segment of Dinos Inc., and the free paper publishing business centered on Sankei Living Shimbun, Inc., included in the "Other" segment will be incorporated into the "Life Information" segment; and the advertising business of Quaras Inc. included in the "Other" segment will become an independent "Advertising" segment.

Figures for the second quarter period include the results for the first half prior to the segment reclassification. In the figures for the subject second quarter period, first half figures for "Program Production and Related Business" are included in the "Production" segment, and "Direct Marketing" in "Life Information." Segment information for the first half of FY2008 prior to the reclassification is as follows.

Six months ended September 30, 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	177,164	10,430	29,013	33,804	31,561	281,975	—	281,975
2. Intra-group net sales and transfers	10,129	15,223	125	808	8,018	34,306	(34,306)	—
Total sales	187,294	25,654	29,139	34,613	39,579	316,281	(34,306)	281,975
Operating expenses	176,635	24,169	29,425	33,244	40,129	303,603	(34,270)	269,333
Operating income (loss)	10,659	1,485	(286)	1,369	(549)	12,677	(36)	12,641
Depreciation, and capital expenditures:								
Depreciation	10,204	365	315	251	568	11,705	(245)	11,459
Impairment loss	539	—	—	—	—	539	—	539
Capital expenditures	8,216	385	142	191	495	9,430	(716)	8,713

7. Segment results cumulative through the fiscal year, assuming a change in segment classifications from the start of the subject fiscal year, are as follows.

Year ended March 31, 2009

	Millions of Yen								
	Broadcasting	Production	Video and music	Life Information	Advertising	Other	Total	Eliminations	Consolidation
Net sales:									
1. Net sales to third parties	349,181	19,329	67,049	80,918	31,692	15,148	563,320	—	563,320
2. Intra-group net sales and transfers	21,186	29,030	1,458	908	2,314	17,969	72,867	(72,867)	—
Total sales	370,368	48,359	68,508	81,827	34,007	33,118	636,188	(72,867)	563,320
Operating expenses	351,667	46,532	66,257	81,736	34,066	33,787	614,048	(70,557)	543,490
Operating income (loss)	18,700	1,826	2,250	90	(58)	(669)	22,140	(2,310)	19,830
Assets, depreciation, and capital expenditures:									
Total assets	364,870	26,952	61,778	29,823	9,762	25,840	519,027	164,495	683,523
Depreciation	21,078	702	542	770	56	1,449	24,601	(513)	24,087
Impairment loss	539	—	2,000	—	—	427	2,967	—	2,967
Capital expenditures	15,746	1,032	295	327	52	1,113	18,568	(1,020)	17,547

8. Segment results cumulative through the previous fiscal year, assuming a change in segment classifications from the start of the previous fiscal year, are as follows.

Year ended March 31, 2008

	Millions of Yen								
	Broadcasting	Production	Video and music	Life Information	Advertising	Other	Total	Eliminations	Consolidation
Net sales:									
1. Net sales to third parties	383,134	19,039	67,111	62,783	26,223	17,192	575,484	—	575,484
2. Intra-group net sales and transfers	22,990	30,719	1,788	471	1,693	18,936	76,601	(76,601)	—
Total sales	406,125	49,758	68,899	63,254	27,917	36,129	652,085	(76,601)	575,484
Operating expenses	383,360	47,500	67,523	65,710	27,533	36,152	627,781	(76,669)	551,111
Operating income (loss)	22,765	2,258	1,375	(2,455)	383	(23)	24,303	68	24,372
Assets, depreciation, and capital expenditures:									
Total assets	359,919	26,471	68,327	18,410	10,032	25,979	509,140	167,860	677,000
Depreciation	19,788	827	733	601	28	2,482	24,461	(523)	23,937
Capital expenditures	23,747	1,190	368	835	229	5,236	31,606	(478)	31,128

## 2. Geographical segment information

For the fiscal years ended March 31, 2008 and 2009, geographical segment information is not disclosed because businesses within Japan occupied more than 90% of total sales of all segments.

### 3. Overseas sales

For the fiscal years ended March 31, 2008 and 2009, overseas sales are not disclosed because they were below 10% of consolidated net sales.