# Consolidated Balance Sheets

Nippon Television Network Corporation and Consolidated Subsidiaries
March 31, 2010 and 2009

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| ASSETS | 2010 | 2009 | 2010 |
| **Current Assets:** | | | |
| Cash and cash equivalents (Note 13) | ¥ 45,219 | ¥ 57,630 | $ 486,017 |
| Marketable securities (Notes 3 and 13) | 1,853 | 13,892 | 19,916 |
| Short-term investments (Notes 4 and 13) | 500 | 2,065 | 5,374 |
| Receivables (Note 13): | | | |
| Trade notes | 163 | 2,847 | 1,752 |
| Trade accounts | 68,825 | 72,199 | 739,736 |
| Other | 3,596 | 3,486 | 38,650 |
| Allowance for doubtful accounts | (63) | (69) | (677) |
| Inventories (Note 5) | 10,294 | 12,208 | 110,641 |
| Deferred tax assets (Note 11) | 4,679 | 7,587 | 50,290 |
| Prepaid expenses and other | 6,402 | 11,986 | 68,808 |
| Allowance for doubtful accounts | (698) | (698) | (7,502) |
| Total current assets | 140,770 | 183,133 | 1,513,005 |
| **Property, Plant and Equipment** (Notes 6 and 7): | | | |
| Land | 138,631 | 115,330 | 1,490,015 |
| Buildings and structures | 89,126 | 89,153 | 957,932 |
| Machinery, vehicles and equipment | 94,719 | 95,226 | 1,018,046 |
| Lease assets (Note 12) | 51 | 45 | 548 |
| Construction in progress | 48 | 438 | 516 |
| Total | 322,575 | 300,192 | 3,467,057 |
| Accumulated depreciation | (121,549) | (116,101) | (1,306,416) |
| Net property, plant and equipment | 201,026 | 184,091 | 2,160,641 |
| **Investments and Other Assets:** | | | |
| Investment securities (Notes 3 and 13) | 116,396 | 83,385 | 1,251,032 |
| Investments in and advances to unconsolidated subsidiaries and associated companies | 35,374 | 29,722 | 380,202 |
| Long-term deposits (Note 13) | 8,000 | 9,500 | 85,985 |
| Deferred tax assets (Note 11) | 1,874 | 1,264 | 20,142 |
| Other assets | 10,455 | 7,477 | 112,370 |
| Allowance for doubtful accounts | (107) | (115) | (1,150) |
| Total investments and other assets | 171,992 | 131,233 | 1,848,581 |
| Total | ¥ 513,788 | ¥ 498,457 | $ 5,522,227 |

See notes to consolidated financial statements.

| LIABILITIES AND EQUITY | Millions of Yen 2010 | Millions of Yen 2009 | Thousands of U.S. Dollars (Note 1) 2010 |
|---|---|---|---|
| Current Liabilities: | | | |
| Short-term borrowings (Note 8) | ¥ 697 | | $ 7,491 |
| Payables (Note 13): | | | |
| Trade notes | 1,293 | ¥ 1,692 | 13,897 |
| Trade accounts | 45,057 | 48,813 | 484,276 |
| Other | 5,915 | 10,883 | 63,575 |
| Income taxes payable | 6,774 | 1,392 | 72,807 |
| Accrued expenses and other | 5,737 | 5,447 | 61,662 |
| Total current liabilities | 65,473 | 68,227 | 703,708 |
| Long-Term Liabilities: | | | |
| Liabilities for retirement benefits (Note 9) | 6,037 | 7,630 | 64,886 |
| Guarantee deposits received (Note 6 and 13) | 20,226 | 20,148 | 217,390 |
| Deferred tax liabilities (Note 11) | 4,213 | 1,975 | 45,282 |
| Other | 1,472 | 60 | 15,821 |
| Total long-term liabilities | 31,948 | 29,813 | 343,379 |
| Commitments and Contingent Liabilities (Notes 12 and 14) | | | |
| Equity (Notes 10 and 15): | | | |
| Common stock—authorized, 100,000,000 shares; issued, 25,364,548 shares in 2010 and 2009 | 18,576 | 18,576 | 199,656 |
| Capital surplus | 17,928 | 17,928 | 192,691 |
| Retained earnings | 384,489 | 370,666 | 4,132,513 |
| Unrealized loss on available-for-sale securities | (651) | (5,457) | (6,997) |
| Foreign currency translation adjustments | (347) | (332) | (3,730) |
| Treasury stock—at cost, 879,760 shares in 2010 and 675,446 shares in 2009 | (12,053) | (9,970) | (129,546) |
| Total | 407,942 | 391,411 | 4,384,587 |
| Minority interests | 8,425 | 9,006 | 90,553 |
| Total equity | 416,367 | 400,417 | 4,475,140 |
| Total | ¥513,788 | ¥498,457 | $5,522,227 |

# Consolidated Statements of Income

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| Net Sales | ¥296,934 | ¥324,563 | $3,191,466 |
| Cost of Sales | 207,598 | 240,046 | 2,231,277 |
| Gross profit | 89,336 | 84,517 | 960,189 |
| Selling, General and Administrative Expenses | 65,773 | 72,302 | 706,932 |
| Operating income | 23,563 | 12,215 | 253,257 |
| Other Income (Expenses): | | | |
| Interest and dividend income | 2,672 | 2,667 | 28,719 |
| Interest expense | (11) | (3) | (118) |
| Gain (loss) on sales of investment securities | 4 | (119) | 43 |
| Loss on sales of stock of subsidiaries | (1,115) | | (11,984) |
| Loss on devaluation of investment securities | (229) | (1,387) | (2,461) |
| Other—net | 484 | 835 | 5,201 |
| Other income—net | 1,805 | 1,993 | 19,400 |
| Income before Income Taxes and Minority Interests | 25,368 | 14,208 | 272,657 |
| Income Taxes (Note 11): | | | |
| Current | 7,299 | 2,013 | 78,450 |
| Deferred | 1,818 | 6,303 | 19,540 |
| Total income taxes | 9,117 | 8,316 | 97,990 |
| Minority Interests in Net Loss (Income) | 344 | (270) | 3,697 |
| Net Income | ¥ 16,595 | ¥ 5,622 | $ 178,364 |
| | Yen | | U.S. Dollars |
| Per Share of Common Stock (Note 2. l): | | | |
| Basic net income | ¥676.43 | ¥227.70 | $7.27 |
| Cash dividends applicable to the year | 290.00 | 180.00 | 3.12 |

See notes to consolidated financial statements.

# Consolidated Statements of Changes in Equity

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

| | Thousands | Thousands | Millions of Yen | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Number of Shares of Common Stock Issued | Number of Shares of Treasury Stock | Common Stock | Capital Surplus | Retained Earnings | Unrealized Gain (Loss) on Available-for-Sale Securities | Foreign Currency Translation Adjustments | Treasury Stock | Total | Minority Interests | Total Equity |
| Balance, April 1, 2008 | 25,365 | 669 | ¥18,576 | ¥17,928 | ¥369,909 | ¥ 2,411 | ¥ (19) | ¥ (9,904) | ¥398,901 | ¥8,767 | ¥407,668 |
| Net income | | | | | 5,622 | | | | 5,622 | | 5,622 |
| Cash dividends, ¥195 per share | | | | | (4,865) | | | | (4,865) | | (4,865) |
| Increase in treasury stock—net | | 6 | | | | | | (66) | (66) | | (66) |
| Net change in the year | | | | | | (7,868) | (313) | | (8,181) | 239 | (7,942) |
| Balance, March 31, 2009 | 25,365 | 675 | 18,576 | 17,928 | 370,666 | (5,457) | (332) | (9,970) | 391,411 | 9,006 | 400,417 |
| Net income | | | | | 16,595 | | | | 16,595 | | 16,595 |
| Cash dividends, ¥180 per share | | | | | (4,475) | | | | (4,475) | | (4,475) |
| Increase in treasury stock—net | | 192 | | | | | | (2,044) | (2,044) | | (2,044) |
| Change of scope of equity method | | | | | 1,703 | | | | 1,703 | | 1,703 |
| Change in equity in affiliates accounted for by equity method —treasury stock | | 13 | | | | | | (39) | (39) | | (39) |
| Net change in the year | | | | | | 4,806 | (15) | | 4,791 | (581) | 4,210 |
| Balance, March 31, 2010 | 25,365 | 880 | ¥18,576 | ¥17,928 | ¥384,489 | ¥ (651) | ¥(347) | ¥(12,053) | ¥407,942 | ¥8,425 | ¥416,367 |

| | Thousands of U.S. Dollars (Note 1) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | Capital Surplus | Retained Earnings | Unrealized Loss on Available-for-Sale Securities | Foreign Currency Translation Adjustments | Treasury Stock | Total | Minority Interests | Total Equity |
| Balance, March 31, 2009 | $199,656 | $192,691 | $3,983,942 | $(58,652) | $(3,568) | $(107,158) | $4,206,911 | $96,797 | $4,303,708 |
| Net income | | | 178,364 | | | | 178,364 | | 178,364 |
| Cash dividends, $1.93 per share | | | (48,098) | | | | (48,098) | | (48,098) |
| Increase in treasury stock—net | | | | | | (21,969) | (21,969) | | (21,969) |
| Change of scope of equity method | | | 18,305 | | | | 18,305 | | 18,305 |
| Change in equity in affiliates accounted for by equity method —treasury stock | | | | | | (419) | (419) | | (419) |
| Net change in the year | | | | 51,655 | (162) | | 51,493 | (6,244) | 45,249 |
| Balance, March 31, 2010 | $199,656 | $192,691 | $4,132,513 | $ (6,997) | $(3,730) | $(129,546) | $4,384,587 | $90,553 | $4,475,140 |

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

| | Millions of Yen | | Thousands of U.S. Dollars (Note 1) |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| **Operating Activities:** | | | |
| Income before income taxes and minority interests | ¥ 25,368 | ¥ 14,208 | $ 272,657 |
| Adjustments for: | | | |
| Income taxes—paid | (1,937) | (6,871) | (20,819) |
| Depreciation and amortization | 9,622 | 11,528 | 103,418 |
| (Decrease) Increase in liabilities for retirement benefits | (1,569) | 619 | (16,864) |
| (Gain) loss on sales of investment securities | (4) | 119 | (43) |
| Loss on sales of stock of subsidiaries | 1,115 | | 11,984 |
| Loss on devaluation of investment securities | 229 | 1,387 | 2,461 |
| Equity in earnings of unconsolidated subsidiaries and associated companies | (273) | (266) | (2,934) |
| Changes in operating assets and liabilities: | | | |
| Decrease in trade notes and accounts receivable | 5,968 | 7,288 | 64,144 |
| Decrease in inventories | 1,914 | 2,705 | 20,572 |
| Decrease in trade notes and accounts payable | (3,589) | (6,002) | (38,575) |
| Other—net | 3,287 | (767) | 35,330 |
| Total adjustments | 14,763 | 9,740 | 158,674 |
| Net cash provided by operating activities | 40,131 | 23,948 | 431,331 |
| **Investing Activities:** | | | |
| Increase in long-term deposits | (449) | (4,235) | (4,826) |
| Decrease in long-term deposits | 3,519 | 3,380 | 37,822 |
| Purchases of marketable securities | (10,790) | (24,976) | (115,972) |
| Proceeds from redemption of marketable securities | 21,200 | 31,019 | 227,859 |
| Purchases of property, plant and equipment | (26,521) | (4,605) | (285,049) |
| Proceeds from sales of property, plant and equipment | 8 | 60 | 86 |
| Purchases of intangible assets | (993) | (816) | (10,673) |
| Purchases of investment securities | (36,056) | (31,698) | (387,532) |
| Proceeds from sales of investment securities | 197 | 190 | 2,117 |
| Proceeds from redemption of investment securities | 4,020 | 4,001 | 43,207 |
| Payments of loans receivable | (1,565) | (1,029) | (16,821) |
| Payments for sale of investments in subsidiaries resulting in change of scope of consolidation | (5) | | (54) |
| Other—net | 588 | 378 | 6,321 |
| Net cash used in investing activities | (46,847) | (28,331) | (503,515) |
| **Financing Activities:** | | | |
| Increase in short-term borrowings—net | 697 | | 7,491 |
| Dividends paid | (4,380) | (4,778) | (47,077) |
| Purchases of treasury stock | (2,002) | (4) | (21,518) |
| Other—net | (12) | (21) | (128) |
| Net cash used in financing activities | (5,697) | (4,803) | (61,232) |
| Foreign Currency Translation Adjustments on Cash and Cash Equivalents | 2 | (47) | 22 |
| Net decrease in Cash and Cash Equivalents | (12,411) | (9,233) | (133,394) |
| Cash and Cash Equivalents, Beginning of Year | 57,630 | 66,863 | 619,411 |
| Cash and Cash Equivalents, End of Year | ¥ 45,219 | ¥ 57,630 | $ 486,017 |

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Nippon Television Network Corporation and Consolidated Subsidiaries
Years Ended March 31, 2010 and 2009

## 1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2009 financial statements to conform to the classifications used in 2010.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nippon Television Network Corporation (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥93.04 to $1, the approximate rate of exchange at March 31, 2010. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

## 2. Summary of Significant Accounting Policies

a. Consolidation—The consolidated financial statements as of March 31, 2010 include the accounts of the Company and its 13 significant (14 in 2009) subsidiaries (collectively, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

In addition, Nippon Television Football Club Co., Ltd. has been excluded from the scope of the consolidation because the Company sold all of its stock.

Investments in 12 (13 in 2009) unconsolidated subsidiaries and 17 (17 in 2009) associated companies are accounted for by the equity method.

In September 2006, the Accounting Standards Board of Japan (the "ASBJ") issued Practical Issues Task Force No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations." The practical solution clarifies how the control and influence concept should be practically applied to the consolidation scope of collective investment vehicles, such as limited partnerships, Tokumei-Kumiai, and other entities with similar characteristics. The Company applied this task force guidance and consolidated three such collective investment vehicles in 2010 (three in 2009).

The excess of the cost of an acquisition over the fair value of the acquired subsidiary or affiliate at the date of acquisition is being amortized within 20 years on a straight-line basis. However, if the amount is minor, it is fully amortized in the fiscal year in which it occurs.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

b. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and mutual funds investing in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition.

c. Inventories—Program rights (costs incurred in connection with the production of programming and the purchase of rights to programs that are capitalized and amortized as the respective programs are broadcast) and most of work in process were stated at the lower of cost, determined by the specific identification method or market. As well, finished merchandise, products, raw materials and supplies were mainly stated at the lower of cost, determined by the first-in, first-out method or market.

d. Marketable and Investment Securities—Marketable and investment securities are classified as trading securities, held-to-maturity debt securities, or available-for-sale securities depending on management's intent. The Group classifies securities as held-to-maturity debt securities and available-for-sale securities.

Held-to-maturity debt securities are reported at amortized cost.

Marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, nonmarketable available-for-sale securities are reduced to net realizable value by a charge to income.

e. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method over the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 2000 and to lease assets. The range of useful lives is from 3 to 50 years for buildings and structures and from 2 to 20 years for machinery, vehicles and equipment. The useful lives for lease assets are the terms of the respective leases.

f. Long-lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. Retirement and Pension Plans—The Company has a defined contribution pension plan, an unfunded lump-sum retirement benefits plan, and a prepaid retirement plan. Subsidiaries have a defined contribution pension plan, an unfunded lump-sum retirement benefits plan, and a noncontributory funded pension plan.

Effective April 1, 2000, the Group adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

The Company's transitional assets, determined at the beginning of the year, are being amortized over 10 years.

The annual provision for retirement benefits for directors and corporate auditors is calculated to state the liability at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

Retirement liabilities for directors and corporate auditors—Effective June 26, 2009, the Company terminated its unfunded retirement allowance plan for all directors and corporate auditors. The outstanding balance of retirement liabilities for directors and corporate auditors as of March 31, 2009 was reclassified to long-term liabilities—other in the year ended March 31, 2010.

Accounting Change

*Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)*

On July 31, 2008, the ASBJ issued ASBJ Statement No. 19, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)."

The Group has adopted this statement beginning this fiscal year. This had no material effect on the 2010 consolidated statement of income.

h. Leases—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008, with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

i. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently-enacted tax laws to the temporary differences.

j. Foreign Currency Translations—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date.

The foreign exchange gains and losses are recognized in the consolidated statements of income.

k. Foreign Currency Financial Statements—With the exception of equity, which is translated at the historical rate, the balance sheet and revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of equity.

l. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share is not disclosed because the Group has not issued dilutive securities for the years ended March 31, 2010 and 2009.

Cash dividends per share presented in the accompanying consolidated statements of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

m. New Accounting Pronouncements

*Business Combinations*—In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows:

(1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires such business combinations to be accounted for by the purchase method, with the pooling of interests method of accounting no longer allowed.

(2) The current accounting standard accounts for research and development costs to be charged to income

as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in a business combination are capitalized as an intangible asset.

(3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard will be applicable to business combinations undertaken on or after April 1, 2010, with early adoption permitted for fiscal years beginning on or after April 1, 2009.

*Asset Retirement Obligations*—In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement, and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010, with early adoption permitted for fiscal years beginning on or before March 31, 2010.

*Asset Retirement Obligations*—In March 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No. 18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

*Accounting Changes and Error Corrections*—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in accounting policies

When a new accounting policy is applied with revision of accounting standards, a new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in presentation

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of prior period errors
When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

*Segment Information Disclosures*—In March 2008, the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and guidance will be applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

## 3. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2010 and 2009 consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| Current—Government and corporate bonds | ¥ 1,853 | ¥13,892 | $ 19,916 |
| Non-current: | | | |
| Equity securities | ¥ 54,302 | 49,261 | $ 583,641 |
| Government and corporate bonds | 58,440 | 31,412 | 628,118 |
| Trust fund investments and others | 3,654 | 2,712 | 39,273 |
| Total | ¥116,396 | ¥83,385 | $1,251,032 |

The costs and aggregate fair values of marketable and investment securities at March 31, 2010 and 2009 were as follows:

| | Millions of Yen | | | |
|---|---|---|---|---|
| March 31, 2010 | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Securities classified as: | | | | |
| Available-for-sale: | | | | |
| Equity securities | ¥30,168 | ¥6,178 | ¥1,837 | ¥34,509 |
| Government and corporate bonds | 40,547 | 118 | 4,011 | 36,654 |
| Trust fund investments and others | 56 | 17 | | 73 |
| Held-to-maturity | 23,638 | 25 | 130 | 23,533 |

| | Millions of Yen | | | |
|---|---|---|---|---|
| March 31, 2009 | Cost | Unrealized Gains | Unrealized Losses | Fair Value |
| Securities classified as: | | | | |
| Available-for-sale: | | | | |
| Equity securities | ¥29,540 | ¥3,727 | ¥3,628 | ¥29,639 |
| Government and corporate bonds | 51,033 | 25 | 6,503 | 44,555 |
| Trust fund investments and others | 76 | | 4 | 72 |
| Held-to-maturity | 749 | 4 | | 753 |

| March 31, 2010 | Thousands of U.S. Dollars Cost | Unrealized Gains | Unrealized Losses | Fair Value |
|---|---|---|---|---|
| Securities classified as: | | | | |
| Available-for-sale: | | | | |
| Equity securities | $324,248 | $66,401 | $19,744 | $370,905 |
| Government and corporate bonds | 435,802 | 1,268 | 43,110 | 393,960 |
| Trust fund investments and others | 602 | 183 | | 785 |
| Held-to-maturity | 254,062 | 269 | 1,397 | 252,934 |

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2009 were as follows. Similar information for 2010 is disclosed in Note 13.

| March 31, 2009 | Carrying Amount Millions of Yen |
|---|---|
| Available-for-sale: | |
| Equity securities | ¥19,622 |
| Trust fund investments and others | 2,640 |
| Total | 22,262 |

Proceeds from sales of available-for-sale securities for the year ended March 31, 2009 were ¥190 million. Computed on the moving-average cost basis, gross realized gains and losses on these sales were ¥0 million and ¥120 million, respectively, for the year ended March 31, 2009.

The information on available-for-sale securities which were sold during the year ended March 31, 2010 was as follows:

| March 31, 2010 | Millions of Yen Proceeds | Realized Gains | Realized Losses |
|---|---|---|---|
| Available-for-sale—Equity securities | ¥197 | ¥4 | |

| March 31, 2010 | Thousands of U.S. Dollars Proceeds | Realized Gains | Realized Losses |
|---|---|---|---|
| Available-for-sale—Equity securities | $2,117 | $43 | |

The Company has included Sapporo Television Broadcasting Co., Ltd. in the range of application of equity method as an associated company since the year ended March 31, 2010. As a result, investment securities decreased by ¥872 million ($9,372 thousand) and investments in and advances to unconsolidated subsidiaries and associated companies increased by ¥2,708 million ($29,105 thousand).

The impairment losses on available-for-sale equity securities for the years ended March 31, 2010 and 2009 were ¥192 million ($2,064 thousand) and ¥1,379 million, respectively.

## 4. Short-Term Investments

Short-term investments as of March 31, 2010 and 2009 consisted of the following:

| | Millions of Yen 2010 | 2009 | Thousands of U.S. Dollars 2010 |
|---|---|---|---|
| Time deposit | ¥500 | ¥2,065 | $5,374 |

## 5. Inventories

Inventories at March 31, 2010 and 2009 consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| Program rights | ¥ 6,736 | ¥ 8,728 | $ 72,399 |
| Finished products and merchandise | 2,532 | 2,217 | 27,214 |
| Work in process | 470 | 726 | 5,052 |
| Raw materials and supplies | 556 | 537 | 5,976 |
| Total | ¥10,294 | ¥12,208 | $110,641 |

## 6. Collateralized Property

At March 31, 2010, land of ¥101,031 million ($1,085,888 thousand) was pledged as collateral for guarantee deposits received of ¥19,000 million ($204,213 thousand).

## 7. Investment Property

On November 28, 2008, the ASBJ issued ASBJ Statement No. 20, "Accounting Standard for Investment Property and Related Disclosures," and ASBJ Guidance No. 23, "Guidance on Accounting Standard for Investment Property and Related Disclosures." This accounting standard and guidance are applicable to investment property and related disclosures at the end of fiscal years ending on or after March 31, 2010. The Group applied the new accounting standard and guidance effective March 31, 2010.

The Group holds some rental properties such as office buildings and land in Tokyo. Net of rental income and operating expenses for those rental properties was ¥556 million ($5,976 thousand) for the fiscal year ended March 31, 2010.

In addition, the carrying amounts, changes in such balances, and market prices of such properties are as follows:

| Millions of Yen | | | |
|---|---|---|---|
| Carrying Amount | | | Fair Value |
| April 1, 2009 | Increase/Decrease | March 31, 2010 | March 31, 2010 |
| ¥55,445 | ¥22,950 | ¥78,395 | ¥96,481 |

| Thousands of U.S. Dollars | | | |
|---|---|---|---|
| Carrying Amount | | | Fair Value |
| April 1, 2009 | Increase/Decrease | March 31, 2010 | March 31, 2010 |
| $595,926 | $246,669 | $842,595 | $1,036,984 |

Notes: 1. Carrying amount recognized in the consolidated balance sheets is net of accumulated depreciation, if any.
2. Increase during the fiscal year ended March 31, 2010 primarily represents the acquisition of land of ¥23,300 million ($250,430 thousand), and decrease primarily represents depreciation of ¥493 million ($5,299 thousand).
3. Fair value of major properties of the Group as of March 31, 2010 is measured by outside real estate appraisers in accordance with the Real Estate Appraisal Standard. The fair value of other assets is measured by the Group with indexes which are considered to reflect their market value appropriately. Additionally, the properties purchased in this fiscal year ended March 31, 2010 are measured by their purchase cost, because fluctuation of the market value is assumed to be minor.

## 8. Short-term borrowings

Short-term borrowings at March 31, 2010 were collected from unconsolidated subsidiaries by the Cash Management System. The interest rate applicable to the short-term borrowings was 0.784% at March 31, 2010.

## 9. Retirement and Pension Benefits Plan

The Company and certain consolidated subsidiaries have severance payment plans for employees, directors and corporate auditors.

Retirement benefits for employees are determined on the basis of length of service, basic rate of pay at the time of termination, and certain other factors. If a termination is involuntary, the employee is usually entitled to a larger payment than that in the case of voluntary termination.

The liability for employees' retirement benefits at March 31, 2010 and 2009 consisted of the following:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| Projected benefit obligation | ¥5,975 | ¥6,483 | $64,220 |
| Fair value of plan assets | (49) | (320) | (527) |
| Unrecognized net transitional assets | | 64 | |
| Net liability | ¥5,926 | ¥6,227 | $63,693 |

The components of net periodic benefit costs for the years ended March 31, 2010 and 2009 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| Service cost | ¥ 800 | ¥ 814 | $ 8,598 |
| Interest cost | 77 | 69 | 828 |
| Recognized actuarial gain | (281) | (14) | (3,020) |
| Amortization of net transitional assets | (64) | (64) | (688) |
| Defined contribution pension plan premium cost | 722 | 686 | 7,760 |
| Net periodic benefit costs | 1,254 | 1,491 | 13,478 |
| Loss on revision of retirement benefit plan | 91 | | 978 |
| Total | ¥1,345 | ¥1,491 | $14,456 |

Assumptions used for the years ended March 31, 2010 and 2009 are set forth as follows:

| | 2010 | 2009 |
|---|---|---|
| Discount rate | 2.3% | 2.3% |
| Recognition period of actuarial gain | 1 year | 1 year |
| Amortization period of net transitional asset | 10 years | 10 years |

Retirement benefits for directors and corporate auditors are paid subject to approval of the shareholders in accordance with the Companies Act of Japan (the "Companies Act"). Retirement benefits as of March 31, 2010 and 2009 included those for directors and corporate auditors in the amount of ¥111 million ($1,193 thousand) and ¥1,403 million, respectively.

## 10. Equity

Since May 1, 2006, Japanese companies have been subject to the Companies Act. The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

### a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at a shareholders meeting. In the cases of companies that meet certain criteria such as having: (1) a Board of Directors, (2) independent auditors, (3) a Board of Corporate Auditors, and (4) a normal term of the director prescribed as one year rather than two years under its Articles of Incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its Articles of Incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the Articles of Incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of aggregate amount of legal reserve and additional paid-in capital equals 25% of the amount of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

## 11. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.7% for the years ended March 31, 2010 and 2009.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2010 and 2009 are as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| Current: | | | |
| Deferred tax assets: | | | |
| Tax loss carryforwards | | ¥ 3,582 | |
| Devaluation of program rights | ¥ 3,217 | 2,771 | $ 34,577 |
| Accrued enterprise taxes | 543 | 160 | 5,836 |
| Accrued bonuses | 487 | 529 | 5,234 |
| Other | 447 | 584 | 4,804 |
| Less valuation allowance | (4) | (7) | (43) |
| Total | 4,690 | 7,619 | 50,408 |
| Deferred tax liabilities: | | | |
| Unrealized gain on available-for-sale securities | (1) | (2) | (11) |
| Other | (10) | (30) | (107) |
| Total | (11) | (32) | (118) |
| Net deferred tax assets | ¥ 4,679 | ¥ 7,587 | $ 50,290 |
| Non-current: | | | |
| Deferred tax assets: | | | |
| Retirement benefits | ¥ 2,441 | ¥ 3,088 | $ 26,236 |
| Devaluation of property, plant and equipment | 454 | 399 | 4,880 |
| Devaluation of investment securities | 1,085 | 895 | 11,662 |
| Unrealized loss on available-for-sale securities | 4 | 2,613 | 43 |
| Other | 1,554 | 453 | 16,702 |
| Less valuation allowance | (1,864) | (2,245) | (20,034) |
| Total | 3,674 | 5,203 | 39,489 |
| Offset with deferred tax liabilities | (3,674) | (5,203) | (39,489) |
| Net deferred tax assets | | | |
| Deferred tax liabilities: | | | |
| Tax benefit from deferred gain on sales of property, plant and equipment | ¥(5,878) | ¥(5,892) | $(63,177) |
| Unrealized gain on available-for-sale securities | (114) | (5) | (1,225) |
| Other | (21) | (17) | (227) |
| Total | (6,013) | (5,914) | (64,629) |
| Offset with deferred tax assets | 3,674 | 5,203 | 39,489 |
| Net deferred tax liabilities | ¥(2,339) | ¥ (711) | $(25,140) |

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2010 and 2009 is as follows:

| | 2010 | 2009 |
|---|---|---|
| Normal effective statutory tax rate | 40.7% | 40.7% |
| Increase (decrease) in valuation allowance | (1.5) | 14.9 |
| Income not deductible for income tax purposes | (1.0) | (2.1) |
| Expenses not deductible for income tax purposes | 1.4 | 3.2 |
| Equity in earnings of affiliates | (0.4) | (0.8) |
| Other—net | (3.3) | 2.6 |
| Actual effective tax rate | 35.9% | 58.5% |

## 12. Leases

### a. Finance Lease Transactions

*As lessee*

The Group leases certain machinery, vehicles and equipment, office space, and other assets.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2010 and 2009 were ¥107 million ($1,150 thousand) and ¥191 million, respectively.

Obligations under finance leases were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| Due within one year | ¥16 | ¥14 | $172 |
| Due after one year | 10 | 21 | 107 |
| Total | ¥26 | ¥35 | $279 |

*Pro forma information on leased property with a lease inception prior to March 31, 2008*

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the consolidated balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee in those cases where the lease inception was prior to March 31, 2008 to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information on leased property with a lease inception prior to March 31, 2008 such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, and other information on finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis was as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| | Machinery, Vehicles and Equipment | Machinery, Vehicles and Equipment | Machinery, Vehicles and Equipment |
| Acquisition cost | ¥254 | ¥710 | $2,730 |
| Accumulated depreciation | 210 | 566 | 2,257 |
| Net leased property | ¥ 44 | ¥144 | $ 473 |

Obligations under finance leases:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| Due within one year | ¥30 | ¥96 | $322 |
| Due after one year | 14 | 48 | 151 |
| Total | ¥44 | ¥144 | $473 |

Depreciation expense, and other information under finance leases:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| | 2010 | 2009 | 2010 |
| Depreciation expense | ¥91 | ¥191 | $978 |
| Lease payments | 91 | 191 | 978 |

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, is computed by the straight-line method.

*As lessor*

Total lease receipts were nil and ¥123 million for the years ended March 31, 2010 and 2009, respectively.

Machinery, vehicles and equipment and receivables under finance leases are nil for the years ended March 31, 2010 and 2009.

Depreciation expense was nil and ¥31 million for the years ended March 31, 2010 and 2009, respectively. The amount of receivables under finance leases includes the imputed interest income portion.

b. Operating Lease Transactions

The minimum rental commitments under noncancelable operating leases at March 31, 2010 and 2009 were as follows:

| | Millions of Yen | | Thousands of U.S. Dollars |
|---|---|---|---|
| As Lessee | 2010 | 2009 | 2010 |
| Due within one year | ¥ 5 | ¥ 14 | $ 54 |
| Due after one year | | 5 | |
| Total | ¥ 5 | ¥ 19 | $ 54 |
| As Lessor | | | |
| Due within one year | ¥ 130 | ¥ 130 | $ 1,397 |
| Due after one year | 5,471 | 5,601 | 58,803 |
| Total | ¥5,601 | ¥5,731 | $60,200 |

## 13. Financial Instruments and Related Disclosures

On March 10, 2008, the ASBJ revised ASBJ Statement No. 10, "Accounting Standard for Financial Instruments," and issued ASBJ Guidance No. 19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and guidance are applicable to financial instruments and related disclosures at the end of fiscal years ending on or after March 31, 2010, with early adoption permitted from the beginning of fiscal years ending before March 31, 2010. The Group applied the revised accounting standard and new guidance effective March 31, 2010.

### (1) Group Policy for Financial Instruments

The Group uses financial instruments, primarily its own funds, based on its capital financing plan. Cash surpluses are invested in financial assets, mainly marketable securities, for the purpose of appropriate and safe fund management.

### (2) Nature and Extent of Risks Arising from Financial Instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Marketable and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

The payment terms of most payables, such as trade notes and trade accounts, are less than one year. Also, such payables are exposed to liquidity risk.

### (3) Risk Management for Financial Instruments

#### Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include the monitoring of the payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to held-to-maturity financial investments, the Group manages its exposure to credit risk by limiting its funding to high credit rating bonds in accordance with its internal guidelines.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2010.

#### Market risk management (interest rate risk)

Market risk of marketable and investment securities is managed by monitoring market values and financial position of issuers on a regular basis.

#### Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets, along with adequate financial planning by the corporate treasury department.

### (4) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted price in active markets. If quoted price is not available, other rational valuation techniques are used instead.

(a) Fair value of financial instruments

| | Millions of Yen | | |
|---|---|---|---|
| March 31, 2010 | Carrying Amount | Fair Value | Unrealized Gain/Loss |
| Cash and cash equivalents | ¥ 45,219 | ¥ 45,219 | |
| Marketable securities | 1,853 | 1,852 | ¥ (1) |
| Short-term investments | 500 | 500 | |
| Receivables | 72,584 | 72,584 | |
| Investment securities | 93,021 | 92,917 | (104) |
| Long-term deposits | 8,000 | 7,433 | (567) |
| Total | ¥221,177 | ¥220,505 | ¥ (672) |
| Payables | ¥ 52,265 | ¥ 52,265 | |
| Guarantee deposits received | 20,226 | 10,476 | ¥9,750 |
| Total | ¥ 72,491 | ¥ 62,741 | ¥9,750 |

| | Thousands of U.S. Dollars | | |
|---|---|---|---|
| March 31, 2010 | Carrying Amount | Fair Value | Unrealized Gain/Loss |
| Cash and cash equivalents | $ 486,017 | $ 486,017 | |
| Marketable securities | 19,916 | 19,905 | $ (11) |
| Short-term investments | 5,374 | 5,374 | |
| Receivables | 780,138 | 780,138 | |
| Investment securities | 999,796 | 998,678 | (1,118) |
| Long-term deposits | 85,985 | 79,890 | (6,095) |
| Total | $2,377,226 | $2,370,002 | $ (7,224) |
| Payables | $ 561,748 | $ 561,748 | |
| Guarantee deposits received | 217,390 | 112,596 | $104,794 |
| Total | $ 779,138 | $ 674,344 | $104,794 |

Cash and Cash Equivalents, Short-Term Investments, Receivables and Payables

The carrying values of these instruments approximate fair value because of their short maturities.

Marketable and Investment Securities

The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. The fair value information for marketable and investment securities by classification is included in Note 3.

Long Term Deposits

The fair value of long-term deposits is measured at the price presented by financial institutions.

Guarantee Deposits Received

The fair values of guarantee deposits received are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

(b) Financial instruments whose fair value cannot be reliably determined

| | Carrying Amount | |
|---|---|---|
| March 31, 2010 | Millions of Yen | Thousands of U.S. Dollars |
| Investments in unconsolidated subsidiaries and associated companies | ¥29,178 | $313,607 |
| Other investments in equity instruments that do not have a quoted market price in an active market | 23,375 | 251,236 |

### (5) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

| | Millions of Yen | | | |
|---|---|---|---|---|
| March 31, 2010 | Due in 1 Year or Less | Due after 1 Year through 5 Years | Due after 5 Years through 10 Years | Due after 10 Years |
| Cash and cash equivalents | ¥ 45,222 | | | |
| Marketable securities | 1,850 | | | |
| Short-term investments | 500 | | | |
| Receivables | 72,584 | | | |
| Investment securities: | | | | |
| Held-to-maturity securities | | ¥22,830 | | |
| Available-for-sale securities with contractual maturities | | 6,340 | ¥5,107 | ¥31,718 |
| Long-term deposits | | | 2,000 | 6,000 |
| Total | ¥120,156 | ¥29,170 | ¥7,107 | ¥37,718 |

| | Thousands of U.S. Dollars | | | |
|---|---|---|---|---|
| March 31, 2010 | Due in 1 Year or Less | Due after 1 Year through 5 Years | Due after 5 Years through 10 Years | Due after 10 Years |
| Cash and cash equivalents | $ 486,049 | | | |
| Marketable securities | 19,884 | | | |
| Short-term investments | 5,374 | | | |
| Receivables | 780,138 | | | |
| Investment securities: | | | | |
| Held-to-maturity securities | | $245,378 | | |
| Available-for-sale securities with contractual maturities | | 68,143 | $54,890 | $340,907 |
| Long-term deposits | | | 21,496 | 64,488 |
| Total | $1,291,445 | $313,521 | $76,386 | $405,395 |

## 14. Contingent Liabilities

The Group's contingent liabilities as guarantor of indebtedness as of March 31, 2010 were as follows:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Employees | ¥401 | $4,310 |
| Broadcasting Satellite System Corporation | 291 | 3,128 |
| Total | ¥692 | $7,438 |

## 15. Subsequent Event

The following appropriation of retained earnings at March 31, 2010 was approved at the Company's shareholders meeting held on June 29, 2010:

| | Millions of Yen | Thousands of U.S. Dollars |
|---|---|---|
| Year-end cash dividends, ¥200 ($2.15) per share | ¥4,953 | $53,235 |

## 16. Segment Information

Information about industry segments, geographic segments and sales to foreign customers for the years ended March 31, 2010 and 2009 was as follows:

**(1) Industry Segments**

2010

a. Sales and operating income

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Television Broadcasting | Cultural Activities | Other | Elimination/ Corporate | Consolidated |
| Sales to outside customers | ¥225,152 | ¥63,913 | ¥ 7,869 | | ¥296,934 |
| Intersegment sales/transfers | 790 | 2,381 | 5,125 | ¥ (8,296) | |
| Total sales | 225,942 | 66,294 | 12,994 | (8,296) | 296,934 |
| Operating expenses | 196,428 | 62,068 | 11,690 | 3,185 | 273,371 |
| Operating income | ¥ 29,514 | ¥ 4,226 | ¥ 1,304 | ¥(11,481) | ¥ 23,563 |

| | Thousands of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Television Broadcasting | Cultural Activities | Other | Elimination/ Corporate | Consolidated |
| Sales to outside customers | $2,419,948 | $686,941 | $ 84,577 | | $3,191,466 |
| Intersegment sales/transfers | 8,491 | 25,591 | 55,084 | $ (89,166) | |
| Total sales | 2,428,439 | 712,532 | 139,661 | (89,166) | 3,191,466 |
| Operating expenses | 2,111,221 | 667,111 | 125,644 | 34,233 | 2,938,209 |
| Operating income | $ 317,218 | $ 45,421 | $ 14,017 | $(123,399) | $ 253,257 |

b. Assets, depreciation and capital expenditures

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Television Broadcasting | Cultural Activities | Other | Elimination/ Corporate | Consolidated |
| Assets | ¥243,128 | ¥63,119 | ¥60,996 | ¥146,545 | ¥513,788 |
| Depreciation | 7,415 | 225 | 1,139 | 843 | 9,622 |
| Capital expenditures | 2,535 | 101 | 492 | 23,681 | 26,809 |

| | Thousands of U.S. Dollars | | | | |
|---|---|---|---|---|---|
| | Television Broadcasting | Cultural Activities | Other | Elimination/ Corporate | Consolidated |
| Assets | $2,613,156 | $678,407 | $655,589 | $1,575,075 | $5,522,227 |
| Depreciation | 79,697 | 2,418 | 12,242 | 9,061 | 103,418 |
| Capital expenditures | 27,246 | 1,086 | 5,288 | 254,525 | 288,145 |

2009

a. Sales and operating income

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Television Broadcasting | Cultural Activities | Other | Elimination/ Corporate | Consolidated |
| Sales to outside customers | ¥246,211 | ¥68,583 | ¥ 9,769 | | ¥324,563 |
| Intersegment sales/transfers | 798 | 2,585 | 6,777 | ¥(10,160) | |
| Total sales | 247,009 | 71,168 | 16,546 | (10,160) | 324,563 |
| Operating expenses | 225,425 | 67,968 | 15,156 | 3,799 | 312,348 |
| Operating income | ¥ 21,584 | ¥ 3,200 | ¥ 1,390 | ¥(13,959) | ¥ 12,215 |

b. Assets, depreciation and capital expenditures

| | Millions of Yen | | | | |
|---|---|---|---|---|---|
| | Television Broadcasting | Cultural Activities | Other | Elimination/ Corporate | Consolidated |
| Assets | ¥241,238 | ¥65,978 | ¥63,414 | ¥127,827 | ¥498,457 |
| Depreciation | 9,159 | 252 | 1,101 | 1,016 | 11,528 |
| Capital expenditures | 3,889 | 94 | 1,266 | 242 | 5,491 |

### (2) Geographic Segments

Sales and total assets of the Company and its domestic subsidiaries for the years ended March 31, 2010 and 2009 represented more than 90% of the consolidated sales and total assets of the respective years. Accordingly, geographic segments are not disclosed.

### (3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2010 and 2009 represented less than 10% of the consolidated sales of the respective years. Accordingly, information about sales to foreign customers are not disclosed.

# Independent Auditors' Report

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of
Nippon Television Network Corporation:

We have audited the accompanying consolidated balance sheets of Nippon Television Network Corporation (the "Company") and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Television Network Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 29, 2010

Member of
Deloitte Touche Tohmatsu