

# Consolidated Balance Sheets

Nippon Television Network Corporation and Consolidated Subsidiaries  
March 31, 2011 and 2010

| ASSETS  | Millions of Yen  |                  | Thousands of<br>U.S. Dollars<br>(Note 1) |
|---|------------------|------------------|--|
|   | 2011             | 2010             | 2011                                     |
| <b>Current Assets:</b>  |                  |                  |  |
| Cash and cash equivalents (Note 13)   | ¥ 33,312         | ¥ 45,219         | \$ 400,625                               |
| Marketable securities (Notes 3 and 13)  | 22,441           | 1,853            | 269,886                                  |
| Short-term investments (Notes 4 and 13)   | 410              | 500              | 4,931                                    |
| Receivables (Note 13):  |                  |                  |  |
| Trade notes   | 136              | 163              | 1,636                                    |
| Trade accounts  | 73,855           | 68,825           | 888,214                                  |
| Other   | 3,801            | 3,596            | 45,713                                   |
| Allowance for doubtful accounts   | (76)             | (63)             | (914)                                    |
| Inventories (Note 5)  | 11,757           | 10,294           | 141,395                                  |
| Deferred tax assets (Note 11)   | 4,836            | 4,679            | 58,160                                   |
| Prepaid expenses and other  | 7,125            | 6,402            | 85,689                                   |
| Allowance for doubtful accounts   | (698)            | (698)            | (8,394)                                  |
| Total current assets  | <u>156,899</u>   | <u>140,770</u>   | <u>1,886,941</u>                         |
| <b>Property, Plant and Equipment (Notes 6 and 7):</b>                               |                  |                  |  |
| Land  | 138,633          | 138,631          | 1,667,264                                |
| Buildings and structures  | 89,074           | 89,126           | 1,071,245                                |
| Machinery, vehicles and equipment   | 95,233           | 94,719           | 1,145,315                                |
| Lease assets (Note 12)  | 62               | 51               | 746                                      |
| Construction in progress  | 449              | 48               | 5,400                                    |
| Total   | <u>323,451</u>   | <u>322,575</u>   | <u>3,889,970</u>                         |
| Accumulated depreciation  | <u>(126,370)</u> | <u>(121,549)</u> | <u>(1,519,785)</u>                       |
| Net property, plant and equipment   | <u>197,081</u>   | <u>201,026</u>   | <u>2,370,185</u>                         |
| <b>Investments and Other Assets:</b>  |                  |                  |  |
| Investment securities (Notes 3 and 13)  | 116,975          | 116,396          | 1,406,795                                |
| Investments in and advances to unconsolidated subsidiaries and associated companies | 38,026           | 35,374           | 457,318                                  |
| Long-term deposits (Note 13)  | 8,000            | 8,000            | 96,212                                   |
| Deferred tax assets (Note 11)   | 1,898            | 1,874            | 22,826                                   |
| Other assets  | 9,591            | 10,455           | 115,345                                  |
| Allowance for doubtful accounts   | (72)             | (107)            | (866)                                    |
| Total investments and other assets  | <u>174,418</u>   | <u>171,992</u>   | <u>2,097,630</u>                         |
| <b>Total</b>  | <u>¥528,398</u>  | <u>¥513,788</u>  | <u>\$6,354,756</u>                       |

See notes to consolidated financial statements.

| LIABILITIES AND EQUITY   | Millions of Yen |                 | Thousands of<br>U.S. Dollars<br>(Note 1) |
|--|-----------------|-----------------|--|
|  | 2011            | 2010            | 2011                                     |
| <b>Current Liabilities:</b>  |                 |                 |  |
| Short-term borrowings (Note 8)   | ¥ 741           | ¥ 697           | \$ 8,912                                 |
| Payables (Note 13):  |                 |                 |  |
| Trade notes  |                 | 1,293           |  |
| Trade accounts   | 44,889          | 45,057          | 539,856                                  |
| Other  | 8,985           | 5,915           | 108,057                                  |
| Income taxes payable   | 10,810          | 6,774           | 130,006                                  |
| Accrued expenses and other   | 5,063           | 5,737           | 60,890                                   |
| Total current liabilities  | 70,488          | 65,473          | 847,721                                  |
| <b>Long-Term Liabilities:</b>  |                 |                 |  |
| Liabilities for retirement benefits (Note 9)   | 6,606           | 6,037           | 79,447                                   |
| Guarantee deposits received (Note 6 and 13)  | 20,218          | 20,226          | 243,151                                  |
| Deferred tax liabilities (Note 11)   | 2,426           | 4,213           | 29,176                                   |
| Other  | 1,164           | 1,472           | 13,999                                   |
| Total long-term liabilities  | 30,414          | 31,948          | 365,773                                  |
| <b>Commitments and Contingent Liabilities (Notes 12 and 14)</b>                            |                 |                 |  |
| <b>Equity (Notes 10, 15 and 16):</b>   |                 |                 |  |
| Common stock—authorized, 100,000,000 shares;<br>issued, 25,364,548 shares in 2011 and 2010 | 18,576          | 18,576          | 223,403                                  |
| Capital surplus  | 17,928          | 17,928          | 215,610                                  |
| Retained earnings  | 398,373         | 384,489         | 4,791,017                                |
| Treasury stock—at cost, 884,738 shares in 2011<br>and 879,760 shares in 2010               | (12,090)        | (12,053)        | (145,400)                                |
| Accumulated other comprehensive income:  |                 |                 |  |
| Unrealized loss on available-for-sale securities   | (3,364)         | (651)           | (40,456)                                 |
| Foreign currency translation adjustments   | (477)           | (347)           | (5,737)                                  |
| Total  | 418,946         | 407,942         | 5,038,437                                |
| Minority interests   | 8,550           | 8,425           | 102,825                                  |
| Total equity   | 427,496         | 416,367         | 5,141,262                                |
| <b>Total</b>   | <b>¥528,398</b> | <b>¥513,788</b> | <b>\$6,354,756</b>                       |

# Consolidated Statements of Income

Nippon Television Network Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2011 and 2010

|   | Millions of Yen |          | Thousands of<br>U.S. Dollars<br>(Note 1) |
|---|-----------------|----------|--|
|   | 2011            | 2010     | 2011                                     |
| Net Sales   | ¥297,895        | ¥296,934 | \$3,582,622                              |
| Cost of Sales                                     | 199,167         | 207,598  | 2,395,274                                |
| Gross profit                                      | 98,728          | 89,336   | 1,187,348                                |
| Selling, General and Administrative Expenses      | 67,058          | 65,773   | 806,470                                  |
| Operating income                                  | 31,670          | 23,563   | 380,878                                  |
| Other Income (Expenses):                          |                 |          |  |
| Interest and dividend income                      | 2,290           | 2,672    | 27,541                                   |
| Interest expense                                  | (6)             | (11)     | (72)                                     |
| Gain on sales of investment securities            | 10              | 4        | 120                                      |
| Loss on sales of subsidiaries' stocks             |                 | (1,115)  |  |
| Loss on devaluation of investment securities      | (1,990)         | (229)    | (23,933)                                 |
| Gain on investment in partnership                 | 3,079           | 636      | 37,030                                   |
| Other—net   | 1,184           | (152)    | 14,239                                   |
| Other income—net                                  | 4,567           | 1,805    | 54,925                                   |
| Income before Income Taxes and Minority Interests | 36,237          | 25,368   | 435,803                                  |
| Income Taxes (Note 11):                           |                 |          |  |
| Current   | 15,596          | 7,299    | 187,565                                  |
| Deferred  | (552)           | 1,818    | (6,639)                                  |
| Total income taxes                                | 15,044          | 9,117    | 180,926                                  |
| Net Income before Minority Interests              | 21,193          | 16,251   | 254,877                                  |
| Minority Interests in Net (Income) Loss           | (144)           | 344      | (1,732)                                  |
| Net Income  | ¥ 21,049        | ¥ 16,595 | \$ 253,145                               |
|   |                 | Yen      | U.S. Dollars                             |
| Per Share of Common Stock (Note 2. m):            |                 |          |  |
| Basic net income                                  | ¥859.68         | ¥676.43  | \$10.33                                  |
| Cash dividends applicable to the year             | 290.00          | 290.00   | 3.48                                     |

See notes to consolidated financial statements.

# Consolidated Statement of Comprehensive Income

Nippon Television Network Corporation and Consolidated Subsidiaries  
Year Ended March 31, 2011

|   | Millions of Yen | Thousands of<br>U.S. Dollars<br>(Note 1) |
|---|-----------------|--|
|   | 2011            | 2011                                     |
| Net Income before Minority Interests                  | ¥21,193         | \$254,877                                |
| Other Comprehensive Income (Note 15):                 |                 |  |
| Unrealized loss on available-for-sale securities      | (2,505)         | (30,126)                                 |
| Foreign currency translation adjustments              | (93)            | (1,119)                                  |
| Share of other comprehensive income in associates     | (243)           | (2,922)                                  |
| Total other comprehensive income                      | (2,841)         | (34,167)                                 |
| Comprehensive Income (Note 15)                        | ¥18,352         | \$220,710                                |
| Total Comprehensive Income Attributable to (Note 15): |                 |  |
| Owners of the parent                                  | ¥18,206         | \$218,954                                |
| Minority interests                                    | 146             | 1,756                                    |

See notes to consolidated financial statements.

# Consolidated Statements of Changes in Equity

Nippon Television Network Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2011 and 2010

|  | Thousands                               |                                    | Millions of Yen |                 |                   |                |  |  |          |                    |              |
|--|---|------------------------------------|-----------------|-----------------|-------------------|----------------|--|--|----------|--------------------|--------------|
|  | Number of Shares of Common Stock Issued | Number of Shares of Treasury Stock | Common Stock    | Capital Surplus | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income           |  | Total    | Minority Interests | Total Equity |
|  |   |                                    |                 |                 |                   |                | Unrealized Loss on Available-for-Sale Securities | Foreign Currency Translation Adjustments |          |                    |              |
| Balance, April 1, 2009   | 25,365                                  | 675                                | ¥18,576         | ¥17,928         | ¥370,666          | ¥ (9,970)      | ¥(5,457)   | ¥(332)                                   | ¥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           | (12,053)       | (651)  | (347)                                    | 407,942  | 8,425              | 416,367      |
| Net income   |   |                                    |                 |                 | 21,049            |                |  |  | 21,049   |                    | 21,049       |
| Cash dividends, ¥290 per share   |   |                                    |                 |                 | (7,165)           |                |  |  | (7,165)  |                    | (7,165)      |
| Increase in treasury stock—net   |   | 4                                  |                 |                 |                   | (37)           |  |  | (37)     |                    | (37)         |
| Net change in the year   |   |                                    |                 |                 |                   |                | (2,713)  | (130)                                    | (2,843)  | 125                | (2,718)      |
| Balance, March 31, 2011  | 25,365                                  | 884                                | ¥18,576         | ¥17,928         | ¥398,373          | ¥(12,090)      | ¥(3,364)   | ¥(477)                                   | ¥418,946 | ¥8,550             | ¥427,496     |

|                                  | Thousands of U.S. Dollars (Note 1) |                 |                   |                |  |  |             |                    |              |
|----------------------------------|------------------------------------|-----------------|-------------------|----------------|--|--|-------------|--------------------|--------------|
|                                  | Common Stock                       | Capital Surplus | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income           |  | Total       | Minority Interests | Total Equity |
|                                  |                                    |                 |                   |                | Unrealized Loss on Available-for-Sale Securities | Foreign Currency Translation Adjustments |             |                    |              |
| Balance, March 31, 2010          | \$223,403                          | \$215,610       | \$4,624,041       | \$(144,955)    | \$ (7,829)                                       | \$(4,173)                                | \$4,906,097 | \$101,323          | \$5,007,420  |
| Net income                       |                                    |                 | 253,145           |                |  |  | 253,145     |                    | 253,145      |
| Cash dividends, \$3.48 per share |                                    |                 | (86,169)          |                |  |  | (86,169)    |                    | (86,169)     |
| Increase in treasury stock—net   |                                    |                 |                   | (445)          |  |  | (445)       |                    | (445)        |
| Net change in the year           |                                    |                 |                   |                | (32,627)   | (1,564)                                  | (34,191)    | 1,502              | (32,689)     |
| Balance, March 31, 2011          | \$223,403                          | \$215,610       | \$4,791,017       | \$(145,400)    | \$(40,456)                                       | \$(5,737)                                | \$5,038,437 | \$102,825          | \$5,141,262  |

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

Nippon Television Network Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2011 and 2010

|  | Millions of Yen |          | Thousands of<br>U.S. Dollars<br>(Note 1) |
|--|-----------------|----------|--|
|  | 2011            | 2010     | 2011                                     |
| <b>Operating Activities:</b>   |                 |          |  |
| Income before income taxes and minority interests  | ¥36,237         | ¥25,368  | \$435,803                                |
| Adjustments for:   |                 |          |  |
| Income taxes—paid  | (11,596)        | (1,937)  | (139,459)                                |
| Depreciation and amortization  | 8,456           | 9,622    | 101,696                                  |
| Increase (decrease) in liabilities for retirement benefits                                     | 570             | (1,569)  | 6,855                                    |
| Gain on sales of investment securities   | (10)            | (4)      | (120)                                    |
| Loss on sales of subsidiaries' stocks  |                 | 1,115    |  |
| Loss on devaluation of investment securities   | 1,990           | 229      | 23,933                                   |
| Equity in earnings of unconsolidated subsidiaries and associated companies                     | (1,328)         | (273)    | (15,971)                                 |
| Changes in operating assets and liabilities:   |                 |          |  |
| (Increase) decrease in trade notes and accounts receivable                                     | (5,005)         | 5,968    | (60,192)                                 |
| (Increase) decrease in inventories   | (1,463)         | 1,914    | (17,595)                                 |
| Decrease in trade notes and accounts payable   | (1,459)         | (3,589)  | (17,547)                                 |
| Other—net  | (2,959)         | 3,287    | (35,587)                                 |
| Total adjustments  | (12,804)        | 14,763   | (153,987)                                |
| Net cash provided by operating activities  | 23,433          | 40,131   | 281,816                                  |
| <b>Investing Activities:</b>   |                 |          |  |
| Increase in long-term deposits   | (410)           | (449)    | (4,931)                                  |
| Decrease in long-term deposits   | 448             | 3,519    | 5,388                                    |
| Purchases of marketable securities   |                 | (10,790) |  |
| Proceeds from redemption of marketable securities  | 2,021           | 21,200   | 24,305                                   |
| Purchases of property, plant and equipment   | (4,049)         | (26,521) | (48,695)                                 |
| Proceeds from sales of property, plant and equipment   | 36              | 8        | 433                                      |
| Purchases of intangible assets   | (762)           | (993)    | (9,164)                                  |
| Purchases of investment securities   | (35,556)        | (36,056) | (427,613)                                |
| Proceeds from sales of investment securities   | 12              | 197      | 144                                      |
| Proceeds from redemption of investment securities  | 10,462          | 4,020    | 125,821                                  |
| Payments of loans receivable   | (1,701)         | (1,565)  | (20,457)                                 |
| Payments for sale of investments in subsidiaries resulting in change of scope of consolidation |                 | (5)      |  |
| Other—net  | 1,318           | 588      | 15,851                                   |
| Net cash used in investing activities  | (28,181)        | (46,847) | (338,918)                                |
| <b>Financing Activities:</b>   |                 |          |  |
| Increase in short-term borrowings—net  | 44              | 697      | 529                                      |
| Dividends paid   | (7,155)         | (4,380)  | (86,049)                                 |
| Purchases of treasury stock  | (1)             | (2,002)  | (12)                                     |
| Other—net  | (20)            | (12)     | (241)                                    |
| Net cash used in financing activities  | (7,132)         | (5,697)  | (85,773)                                 |
| Foreign Currency Translation Adjustments on Cash and Cash Equivalents                          | (27)            | 2        | (325)                                    |
| Net decrease in Cash and Cash Equivalents  | (11,907)        | (12,411) | (143,200)                                |
| Cash and Cash Equivalents, Beginning of Year   | 45,219          | 57,630   | 543,825                                  |
| Cash and Cash Equivalents, End of Year   | ¥33,312         | ¥45,219  | \$400,625                                |

See notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

Nippon Television Network Corporation and Consolidated Subsidiaries  
Years Ended March 31, 2011 and 2010

## 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 of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of income and comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 15. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

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 that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 financial statements to conform to the classifications used in 2011.

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 ¥83.15 to \$1, the approximate rate of exchange at March 31, 2011. 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, 2011 include the accounts of the Company and its 13 significant (13 in 2010) subsidiaries (together, 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.

Investments in 17 (12 in 2010) unconsolidated subsidiaries and 19 (17 in 2010) 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 four such collective investment vehicles in 2011 (three in 2010).

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. 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 and 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 and an unfunded lump-sum retirement benefits 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 annual provision for retirement benefits for directors and corporate auditors of subsidiaries is calculated to state the liability at the amount that would be required if all directors and corporate auditors of subsidiaries retired at each balance sheet date.
- h. **Asset Retirement Obligations**—In March 2008, the ASBJ published the 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 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 was effective for fiscal years beginning on or after April 1, 2010

The Company applied this accounting standard effective April 1, 2010. The effect of this change was to decrease income before income taxes and minority interests by ¥280 million (\$3,367 thousand).

- i. **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 was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain “as if capitalized” information was disclosed in the note 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 that 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 continues to account 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.

- j. **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.

- k. **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.

- l. **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” under accumulated other comprehensive income in a separate component of equity.

- m. **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, 2011 and 2010.

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.

n. **New Accounting Pronouncements**

**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, the 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 Presentations—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.

3. **Marketable and Investment Securities**

Marketable and investment securities as of March 31, 2011 and 2010 consisted of the following:

|  | Millions of Yen |          | Thousands of<br>U.S. Dollars |
|--|-----------------|----------|------------------------------|
|  | 2011            | 2010     | 2011                         |
| Current—Government and corporate bonds | ¥ 22,441        | ¥ 1,853  | \$ 269,886                   |
| Non-current:                           |                 |          |                              |
| Equity securities                      | ¥ 47,799        | ¥ 54,302 | \$ 574,853                   |
| Government and corporate bonds         | 65,315          | 58,440   | 785,508                      |
| Trust fund investments and others      | 3,861           | 3,654    | 46,434                       |
| Total                                  | ¥116,975        | ¥116,396 | \$1,406,795                  |

The costs and aggregate fair values of marketable and investment securities at March 31, 2011 and 2010 were as follows:

|                                   | Millions of Yen |                     |                      |            |
|-----------------------------------|-----------------|---------------------|----------------------|------------|
|                                   | Cost            | Unrealized<br>Gains | Unrealized<br>Losses | Fair Value |
| March 31, 2011                    |                 |                     |                      |            |
| Securities classified as:         |                 |                     |                      |            |
| Available-for-sale:               |                 |                     |                      |            |
| Equity securities                 | ¥28,688         | ¥4,203              | ¥4,415               | ¥28,476    |
| Government and corporate bonds    | 36,499          | 111                 | 3,269                | 33,341     |
| Trust fund investments and others | 56              | 10                  |                      | 66         |
| Held-to-maturity                  | 56,115          | 150                 | 203                  | 56,062     |
| March 31, 2010                    |                 |                     |                      |            |
| 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     |

| March 31, 2011                    | Thousands of U.S. Dollars |                  |                   |            |
|-----------------------------------|---------------------------|------------------|-------------------|------------|
|                                   | Cost                      | Unrealized Gains | Unrealized Losses | Fair Value |
| Securities classified as:         |                           |                  |                   |            |
| Available-for-sale:               |                           |                  |                   |            |
| Equity securities                 | \$345,015                 | \$50,547         | \$53,097          | \$342,465  |
| Government and corporate bonds    | 438,954                   | 1,334            | 39,314            | 400,974    |
| Trust fund investments and others | 673                       | 121              |                   | 794        |
| Held-to-maturity                  | 674,865                   | 1,803            | 2,441             | 674,227    |

The information for available-for-sale securities which were sold during the years ended March 31, 2011 and 2010 was as follows:

| March 31, 2011                       | Millions of Yen |                |                 |
|--------------------------------------|-----------------|----------------|-----------------|
|                                      | Proceeds        | Realized Gains | Realized Losses |
| Available-for-sale—Equity securities | ¥12             | ¥10            |                 |

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

| March 31, 2011                       | Thousands of U.S. Dollars |                |                 |
|--------------------------------------|---------------------------|----------------|-----------------|
|                                      | Proceeds                  | Realized Gains | Realized Losses |
| Available-for-sale—Equity securities | \$144                     | \$120          |                 |

The impairment losses on available-for-sale equity securities for the years ended March 31, 2011 and 2010 were ¥1,479 million (\$17,787 thousand) and ¥192 million, respectively.

#### 4. Short-Term Investments

Short-term investments as of March 31, 2011 and 2010 consisted of the following:

|              | Millions of Yen |      | Thousands of U.S. Dollars |
|--------------|-----------------|------|---------------------------|
|              | 2011            | 2010 | 2011                      |
| Time deposit | ¥410            | ¥500 | \$4,931                   |

#### 5. Inventories

Inventories at March 31, 2011 and 2010 consisted of the following:

|                                   | Millions of Yen |         | Thousands of U.S. Dollars |
|-----------------------------------|-----------------|---------|---------------------------|
|                                   | 2011            | 2010    | 2011                      |
| Program rights                    | ¥ 7,580         | ¥ 6,736 | \$ 91,161                 |
| Finished products and merchandise | 2,534           | 2,532   | 30,475                    |
| Work in process                   | 1,109           | 470     | 13,337                    |
| Raw materials and supplies        | 534             | 556     | 6,422                     |
| Total                             | ¥11,757         | ¥10,294 | \$141,395                 |

## 6. Collateralized Property

At March 31, 2011, land of ¥101,031 million (\$1,215,045 thousand) was pledged as collateral for guarantee deposits received of ¥19,000 million (\$228,503 thousand).

## 7. Investment Property

In November 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 the guidance were applicable to investment property and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the accounting standard and guidance effective March 31, 2010.

The Group owns certain rental properties such as office buildings and land in Tokyo. The net of rental income and operating expenses for those rental properties was ¥661 million (\$7,949 thousand) for the fiscal year ended March 31, 2011.

The carrying amounts, changes in balances and market prices of properties are as follows:

| Millions of Yen |                   |                |                |
|-----------------|-------------------|----------------|----------------|
|                 | Carrying Amount   |                | Fair Value     |
| April 1, 2010   | Increase/Decrease | March 31, 2011 | March 31, 2011 |
| ¥78,395         | ¥(417)            | ¥77,978        | ¥90,444        |

  

| 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, 2010             | Increase/Decrease | March 31, 2011 | March 31, 2011 |
| \$942,814                 | \$(5,015)         | \$937,799      | \$1,087,721    |

- Notes: 1. Carrying amount recognized in the balance sheet is net of accumulated depreciation, if any.  
2. Decrease during the fiscal year ended March 31, 2011 primarily represents the depreciation of ¥451 million (\$5,424 thousand).  
3. The fair value of major properties owned by the Group as of March 31, 2011 is measured by outside real estate appraisers in accordance with the Real Estate Appraisal Standard (including adjustments made by using indexes). The fair values of other properties are measured by the Group using indexes that are believed to approximate their market values appropriately.

## 8. Short-term borrowings

Short-term borrowings at March 31, 2011 and 2010 were collected from unconsolidated subsidiaries using a cash management system. The interest rate applicable to the short term borrowings was 0.670% and 0.784% at March 31, 2011 and 2010, respectively.

## 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 the termination is involuntary then the employee is usually entitled to a larger payment than in the case of voluntary termination.

The liability for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

|                              | Millions of Yen |        | Thousands of<br>U.S. Dollars |
|------------------------------|-----------------|--------|------------------------------|
|                              | 2011            | 2010   | 2011                         |
| Projected benefit obligation | ¥6,481          | ¥5,975 | \$77,943                     |
| Fair value of plan assets    |                 | (49)   |                              |
| Net liability                | ¥6,481          | ¥5,926 | \$77,943                     |

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 are as follows:

|  | Millions of Yen |        | Thousands of<br>U.S. Dollars |
|--|-----------------|--------|------------------------------|
|  | 2011            | 2010   | 2011                         |
| Service cost                                   | ¥ 768           | ¥ 800  | \$ 9,236                     |
| Interest cost                                  | 80              | 77     | 962                          |
| Amortization of service cost                   | 253             |        | 3,043                        |
| Recognized actuarial gain                      | (9)             | (281)  | (108)                        |
| Amortization of net transitional assets        |                 | (64)   |                              |
| Defined contribution pension plan premium cost | 732             | 722    | 8,803                        |
| Net periodic benefit costs                     | 1,824           | 1,254  | 21,936                       |
| Loss on revision of retirement benefit plan    |                 | 91     |                              |
| Total  | ¥1,824          | ¥1,345 | \$21,936                     |

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

|   | 2011   | 2010     |
|---|--------|----------|
| Discount rate                                 | 2.3%   | 2.3%     |
| Amortization period of prior service cost     | 1 year |          |
| Recognition period of actuarial gain          | 1 year | 1 year   |
| Amortization period of net transitional asset |        | 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, 2011 and 2010 included benefits for directors and corporate auditors in the amounts of ¥125 million (\$1,504 thousand) and ¥111 million, respectively.

## 10. Equity

Japanese companies are 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. For companies that meet certain criteria such as having: (1) the Board of Directors, (2) independent auditors, (3) the 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 must 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 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 which is 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, 2011 and 2010.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities as of March 31, 2011 and 2010 are as follows:

|   | Millions of Yen |          | Thousands of<br>U.S. Dollars |
|---|-----------------|----------|------------------------------|
|   | 2011            | 2010     | 2011                         |
| Current:  |                 |          |                              |
| Deferred tax assets:  |                 |          |                              |
| Devaluation of program rights   | ¥ 3,098         | ¥ 3,217  | \$ 37,258                    |
| Accrued enterprise taxes  | 847             | 543      | 10,186                       |
| Accrued bonuses   | 535             | 487      | 6,434                        |
| Other   | 367             | 447      | 4,414                        |
| Less valuation allowance  | (3)             | (4)      | (36)                         |
| Total   | 4,844           | 4,690    | 58,256                       |
| Deferred tax liabilities:   |                 |          |                              |
| Unrealized gain on available-for-sale securities                            | (5)             | (1)      | (60)                         |
| Other   | (3)             | (10)     | (36)                         |
| Total   | (8)             | (11)     | (96)                         |
| Net deferred tax assets   | ¥ 4,836         | ¥ 4,679  | \$ 58,160                    |
| Non-current:  |                 |          |                              |
| Deferred tax assets:  |                 |          |                              |
| Retirement benefits   | ¥ 2,874         | ¥ 2,441  | \$ 34,564                    |
| Devaluation of property, plant and equipment                                | 599             | 454      | 7,204                        |
| Devaluation of investment securities  | 2,201           | 1,085    | 26,470                       |
| Unrealized loss on available-for-sale securities                            | 1,312           | 4        | 15,779                       |
| Other   | 1,141           | 1,554    | 13,722                       |
| Less valuation allowance  | (2,747)         | (1,864)  | (33,037)                     |
| Total   | 5,380           | 3,674    | 64,702                       |
| Offset with deferred tax liabilities  | (5,380)         | (3,674)  | (64,702)                     |
| Net deferred tax assets   |                 |          |                              |
| Deferred tax liabilities:   |                 |          |                              |
| Tax benefit from deferred gain on sales of property,<br>plant and equipment | ¥(5,865)        | ¥(5,878) | \$(70,535)                   |
| Unrealized gain on available-for-sale securities                            | (7)             | (114)    | (84)                         |
| Other   | (36)            | (21)     | (433)                        |
| Total   | (5,908)         | (6,013)  | (71,052)                     |
| Offset with deferred tax assets   | 5,380           | 3,674    | 64,702                       |
| Net deferred tax liabilities  | ¥ (528)         | ¥(2,339) | \$ (6,350)                   |

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

|   | 2010  |
|---|-------|
| Normal effective statutory tax rate             | 40.7% |
| Decrease in valuation allowance                 | (1.5) |
| Income not included for income tax purposes     | (1.0) |
| Expenses not deductible for income tax purposes | 1.4   |
| Equity in earnings of affiliates                | (0.4) |
| Other—net                                       | (3.3) |
| Actual effective tax rate                       | 35.9% |

For the year ended March 31, 2011, the difference between the statutory tax rate and effective tax rate is less than 5% of the statutory tax rate; therefore, a tax rate reconciliation is not disclosed.

## 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, 2011 and 2010 were ¥40 million (\$481 thousand) and ¥107 million, respectively.

Obligations under finance leases were as follows:

|                     | Millions of Yen |      | Thousands of<br>U.S. Dollars |
|---------------------|-----------------|------|------------------------------|
|                     | 2011            | 2010 | 2011                         |
| Due within one year | ¥10             | ¥16  | \$120                        |
| Due after one year  | 8               | 10   | 96                           |
| Total               | ¥18             | ¥26  | \$216                        |

*Pro forma information on leased property whose lease inception was before 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 balance sheet. However, the ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note 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 whose lease inception was before March 31, 2008 was as follows:

|                          | Millions of Yen                         |   | Thousands of<br>U.S. Dollars            |
|--------------------------|---|---|---|
|                          | 2011                                    | 2010                                    | 2011                                    |
|                          | Machinery,<br>Vehicles and<br>Equipment | Machinery,<br>Vehicles and<br>Equipment | Machinery,<br>Vehicles and<br>Equipment |
| Acquisition cost         | ¥42                                     | ¥254                                    | \$505                                   |
| Accumulated depreciation | 27                                      | 210                                     | 326                                     |
| Net leased property      | ¥15                                     | ¥ 44                                    | \$180                                   |

Obligations under finance leases:

|                     | Millions of Yen |      | Thousands of<br>U.S. Dollars |
|---------------------|-----------------|------|------------------------------|
|                     | 2011            | 2010 | 2011                         |
| Due within one year | ¥7              | ¥30  | \$ 84                        |
| Due after one year  | 8               | 14   | 96                           |
| Total               | ¥15             | ¥44  | \$180                        |

Depreciation expense and other information under finance leases:

|                      | Millions of Yen |      | Thousands of<br>U.S. Dollars |
|----------------------|-----------------|------|------------------------------|
|                      | 2011            | 2010 | 2011                         |
| Depreciation expense | ¥30             | ¥91  | \$361                        |
| Lease payments       | 30              | 91   | 361                          |

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



## b. Operating Lease Transactions

The minimum rental commitments under noncancelable operating leases at March 31, 2011 and 2010 were as follows:

|                     | Millions of Yen |        | Thousands of<br>U.S. Dollars |
|---------------------|-----------------|--------|------------------------------|
|                     | 2011            | 2010   | 2011                         |
| As Lessee           |                 |        |                              |
| Due within one year | ¥ 2             | ¥ 5    | \$ 24                        |
| Due after one year  | 3               |        | 36                           |
| Total               | ¥ 5             | ¥ 5    | \$ 60                        |
| As Lessor           |                 |        |                              |
| Due within one year | ¥ 130           | ¥ 130  | \$ 1,564                     |
| Due after one year  | 5,341           | 5,471  | 64,233                       |
| Total               | ¥5,471          | ¥5,601 | \$65,797                     |

## 13. Financial Instruments and Related Disclosures

In March 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 the guidance were applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the 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 of payables, such as trade notes and trade accounts, are less than one year and are also 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 investment, the Group manages its exposure to credit risk by limiting its funding to high credit rated 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, 2011.

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

Market risk of marketable and investment securities are managed by monitoring market values and the 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. It also pursued adequate financial planning conducted by its corporate treasury department.

#### (4) Fair Values of Financial Instruments

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

##### (a) Fair value of financial instruments

| March 31, 2011              | Millions of Yen |            |                      |
|-----------------------------|-----------------|------------|----------------------|
|                             | Carrying Amount | Fair Value | Unrealized Gain/Loss |
| Cash and cash equivalents   | ¥ 33,312        | ¥ 33,312   |                      |
| Marketable securities       | 22,441          | 22,422     | ¥ (19)               |
| Short-term investments      | 410             | 410        |                      |
| Receivables                 | 77,792          | 77,787     | (5)                  |
| Investment securities       | 93,857          | 93,823     | (34)                 |
| Long-term deposits          | 8,000           | 7,464      | (536)                |
| Total                       | ¥235,812        | ¥235,218   | ¥ (594)              |
| Payables                    | ¥ 53,874        | ¥ 53,874   |                      |
| Guarantee deposits received | 20,218          | 12,036     | ¥8,182               |
| Total                       | ¥ 74,092        | ¥ 65,910   | ¥8,182               |

| March 31, 2010              | Millions of Yen |            |                      |
|-----------------------------|-----------------|------------|----------------------|
|                             | 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               |

| March 31, 2011              | Thousands of U.S. Dollars |             |                      |
|-----------------------------|---------------------------|-------------|----------------------|
|                             | Carrying Amount           | Fair Value  | Unrealized Gain/Loss |
| Cash and cash equivalents   | \$ 400,625                | \$ 400,625  |                      |
| Marketable securities       | 269,886                   | 269,657     | \$ (229)             |
| Short-term investments      | 4,931                     | 4,931       |                      |
| Receivables                 | 935,563                   | 935,502     | (61)                 |
| Investment securities       | 1,128,767                 | 1,128,358   | (409)                |
| Long-term deposits          | 96,212                    | 89,765      | (6,447)              |
| Total                       | \$2,835,984               | \$2,828,838 | \$ (7,146)           |
| Payables                    | \$ 647,913                | \$ 647,913  |                      |
| Guarantee deposits received | 243,151                   | 144,750     | \$98,401             |
| Total                       | \$ 891,064                | \$ 792,663  | \$98,401             |

### 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) Carrying amount of financial instruments whose fair value cannot be reliably determined

|  | Millions of Yen |         | Thousands of U.S. Dollars |
|--|-----------------|---------|---------------------------|
|  | 2011            | 2010    | 2011                      |
| Investments in unconsolidated subsidiaries and associated companies                                | ¥31,673         | ¥29,178 | \$380,914                 |
| Other investments in equity instruments that do not have a quoted market price in an active market | 23,118          | 23,375  | 278,028                   |

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

|   | Millions of Yen       |                                  |                                    |                    |
|---|-----------------------|----------------------------------|------------------------------------|--------------------|
|   | Due in 1 Year or Less | Due after 1 Year through 5 Years | Due after 5 Years through 10 Years | Due after 10 Years |
| March 31, 2011  |                       |                                  |                                    |                    |
| Cash and cash equivalents                                 | ¥ 33,312              |                                  |                                    |                    |
| Marketable securities                                     | 22,428                |                                  |                                    |                    |
| Short-term investments                                    | 410                   |                                  |                                    |                    |
| Receivables   | 77,792                |                                  |                                    |                    |
| Investment securities:                                    |                       |                                  |                                    |                    |
| Held-to-maturity securities                               |                       | ¥33,500                          | ¥ 50                               |                    |
| Available-for-sale securities with contractual maturities | 817                   | 8,000                            | 53                                 | ¥30,051            |
| Long-term deposits  |                       | 2,000                            | 2,000                              | 4,000              |
| Total   | ¥134,759              | ¥43,500                          | ¥2,103                             | ¥34,051            |

|   | Thousands of U.S. Dollars |                                  |                                    |                    |
|---|---------------------------|----------------------------------|------------------------------------|--------------------|
|   | Due in 1 Year or Less     | Due after 1 Year through 5 Years | Due after 5 Years through 10 Years | Due after 10 Years |
| March 31, 2011  |                           |                                  |                                    |                    |
| Cash and cash equivalents                                 | \$ 400,628                |                                  |                                    |                    |
| Marketable securities                                     | 269,724                   |                                  |                                    |                    |
| Short-term investments                                    | 4,931                     |                                  |                                    |                    |
| Receivables   | 935,562                   |                                  |                                    |                    |
| Investment securities:                                    |                           |                                  |                                    |                    |
| Held-to-maturity securities                               |                           | \$402,886                        | \$ 601                             |                    |
| Available-for-sale securities with contractual maturities | 9,826                     | 96,212                           | 637                                | \$361,407          |
| Long-term deposits  |                           | 24,053                           | 24,053                             | 48,106             |
| Total   | \$1,620,671               | \$523,151                        | \$25,291                           | \$409,513          |

## 14. Contingent Liabilities

The Group's contingent liabilities as guarantor of indebtedness as of March 31, 2011 were as follows:

|               | Millions of Yen | Thousands of U.S. Dollars |
|---------------|-----------------|---------------------------|
| Employees     | ¥ 364           | \$ 4,378                  |
| MADHOUSE Inc. | 700             | 8,418                     |
| Total         | ¥1,064          | \$12,796                  |

## 15. Comprehensive Income

**For the Year Ended March 31, 2010**

Total comprehensive income for the year ended March 31, 2010 was the following:

|   | Millions of Yen<br>2010 |
|---|-------------------------|
| Total comprehensive income attributable to: |                         |
| Owners of the parent                        | ¥21,358                 |
| Minority interests                          | (341)                   |
| Total comprehensive income                  | ¥21,017                 |

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

|   | Millions of Yen<br>2010 |
|---|-------------------------|
| Other comprehensive income:                       |                         |
| Unrealized gain on available-for-sale securities  | ¥4,120                  |
| Foreign currency translation adjustments          | 9                       |
| Share of other comprehensive income in associates | 637                     |
| Total other comprehensive income                  | ¥4,766                  |

## 16. Subsequent Event

The following appropriation of retained earnings at March 31, 2011 was approved at the Company's shareholders meeting held on June 29, 2011:

|  | Millions of Yen | Thousands of U.S. Dollars |
|--|-----------------|---------------------------|
| Year-end cash dividends, ¥200 (\$2.41) per share | ¥4,848          | \$58,304                  |

## 17. Segment Information

**For the Years Ended March 31, 2011 and 2010**

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 the guidance are applicable to segment information disclosure for the fiscal years beginning on or after April 1, 2010.

The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

(1) Description of reportable segments

The Group's reportable segments are those for which separate financial information is available and that are regularly evaluated by the Company's management to determine the allocation of resources among the Group. Therefore, the Group comprises the Content Business, Real Estate Rental/Leasing, and Other segments.

The Content Business segment consists of television broadcasting, program sales, royalty income from commercialization, sale of CDs, DVDs, Blue-ray Discs and publications, as well as movies, events, and other performances.

The Real Estate Rental/Leasing segment conducts leasing of owned real estate, and building management.

The Other segment mainly involves the management of stores.

(2) Methods of measuring amounts of sales, profit and depreciation for each reportable segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) Information about sales, profit (loss) and depreciation is as follows:

|                                 | Millions of Yen            |        |        |          |                 |              |
|---------------------------------|----------------------------|--------|--------|----------|-----------------|--------------|
|                                 | 2011                       |        |        |          |                 |              |
|                                 | Reportable Segment         |        |        |          | Reconciliations | Consolidated |
| Content Business                | Real Estate Rental/Leasing | Other  | Total  |          |                 |              |
| Sales:                          |                            |        |        |          |                 |              |
| Sales to external customers     | ¥291,980                   | ¥3,953 | ¥1,962 | ¥297,895 |                 | ¥297,895     |
| Intersegment sales or transfers | 727                        | 3,308  | 699    | 4,734    | ¥(4,734)        |              |
| Total                           | ¥292,707                   | ¥7,261 | ¥2,661 | ¥302,629 | ¥(4,734)        | ¥297,895     |
| Segment profit (loss)           | ¥ 29,862                   | ¥1,833 | ¥ (25) | ¥ 31,670 |                 | ¥ 31,670     |
| Other—Depreciation              | 7,646                      | 779    | 31     | 8,456    |                 | 8,456        |

|                                 | Millions of Yen            |        |         |          |                 |              |
|---------------------------------|----------------------------|--------|---------|----------|-----------------|--------------|
|                                 | 2010                       |        |         |          |                 |              |
|                                 | Reportable Segment         |        |         |          | Reconciliations | Consolidated |
| Content Business                | Real Estate Rental/Leasing | Other  | Total   |          |                 |              |
| Sales:                          |                            |        |         |          |                 |              |
| Sales to external customers     | ¥291,543                   | ¥3,442 | ¥1,949  | ¥296,934 |                 | ¥296,934     |
| Intersegment sales or transfers | 919                        | 3,369  | 514     | 4,802    | ¥(4,802)        |              |
| Total                           | ¥292,462                   | ¥6,811 | ¥2,463  | ¥301,736 | ¥(4,802)        | ¥296,934     |
| Segment profit (loss)           | ¥ 21,864                   | ¥1,803 | ¥ (104) | ¥ 23,563 |                 | ¥ 23,563     |
| Other—Depreciation              | 8,600                      | 995    | 27      | 9,622    |                 | 9,622        |

|                                 | Thousands of U.S. Dollars  |          |          |             |                 |              |
|---------------------------------|----------------------------|----------|----------|-------------|-----------------|--------------|
|                                 | 2011                       |          |          |             |                 |              |
|                                 | Reportable Segment         |          |          |             | Reconciliations | Consolidated |
| Content Business                | Real Estate Rental/Leasing | Other    | Total    |             |                 |              |
| Sales:                          |                            |          |          |             |                 |              |
| Sales to external customers     | \$3,511,485                | \$47,541 | \$23,596 | \$3,582,622 |                 | \$3,582,622  |
| Intersegment sales or transfers | 8,744                      | 39,783   | 8,406    | 56,933      | \$(56,933)      |              |
| Total                           | \$3,520,229                | \$87,324 | \$32,002 | \$3,639,555 | \$(56,933)      | \$3,582,622  |
| Segment profit (loss)           | \$ 359,134                 | \$22,044 | \$ (300) | \$380,878   |                 | \$ 380,878   |
| Other—Depreciation              | 91,954                     | 9,369    | 373      | 101,696     |                 | 101,696      |

## Related Information

### (1) Information about products and services

| Sales to External Customers     | Millions of Yen           |                            |                 |                    |
|---------------------------------|---------------------------|----------------------------|-----------------|--------------------|
|                                 | 2011                      |                            |                 |                    |
|                                 | Content Business          | Real Estate Rental/Leasing | Other           | Total              |
| Television advertising revenue: |                           |                            |                 |                    |
| Time advertising                | ¥105,926                  |                            |                 | ¥105,926           |
| Spot advertising                | 103,338                   |                            |                 | 103,338            |
| Total                           | 209,264                   |                            |                 | 209,264            |
| Other advertising revenue       | 702                       |                            |                 | 702                |
| Content sales revenue           | 33,449                    |                            |                 | 33,449             |
| Revenue from merchandise sales  | 34,738                    |                            | ¥1,775          | 36,513             |
| Box office revenue              | 8,641                     |                            |                 | 8,641              |
| Real estate rental/leasing      |                           | ¥2,597                     |                 | 2,597              |
| Other                           | 5,186                     | 1,356                      | 187             | 6,729              |
| <b>Total</b>                    | <b>¥291,980</b>           | <b>¥3,953</b>              | <b>¥1,962</b>   | <b>¥297,895</b>    |
| Sales to External Customers     | Thousands of U.S. Dollars |                            |                 |                    |
|                                 | 2011                      |                            |                 |                    |
|                                 | Content Business          | Real Estate Rental/Leasing | Other           | Total              |
| Television advertising revenue: |                           |                            |                 |                    |
| Time advertising                | \$1,273,915               |                            |                 | \$1,273,915        |
| Spot advertising                | 1,242,790                 |                            |                 | 1,242,790          |
| Total                           | 2,516,705                 |                            |                 | 2,516,705          |
| Other advertising revenue       | 8,443                     |                            |                 | 8,443              |
| Content sales revenue           | 402,273                   |                            |                 | 402,273            |
| Revenue from merchandise sales  | 417,775                   |                            | \$21,347        | 439,122            |
| Box office revenue              | 103,921                   |                            |                 | 103,921            |
| Real estate rental/leasing      |                           | \$31,233                   |                 | 31,233             |
| Other                           | 62,368                    | 16,308                     | 2,249           | 80,925             |
| <b>Total</b>                    | <b>\$3,511,485</b>        | <b>\$47,541</b>            | <b>\$23,596</b> | <b>\$3,582,622</b> |

### (2) Information about geographical areas

#### a. Sales

Sales of the Company and its domestic subsidiaries for the year ended March 31, 2011 represented more than 90% of the consolidated sales of the year. Accordingly, information about geographic areas is not disclosed.

#### b. Property, plant and equipment

Property, plant and equipment of the Company and its domestic subsidiaries for the year ended March 31, 2011 represented more than 90% of the property, plant and equipment in the consolidated balance sheets of the year. Accordingly, information about geographic areas is not disclosed.

### (3) Information about major customers

Sales to no customers including advertisers, represented more than 10% of the consolidated net sales during the year ended March 31, 2011. Accordingly, information about major customers is not disclosed.

## For the Year Ended March 31, 2010

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

### (1) Industry Segments

2010

#### a. Sales and operating income

|                              | Millions of Yen            |                        |         |                           |              |
|------------------------------|----------------------------|------------------------|---------|---------------------------|--------------|
|                              | Television<br>Broadcasting | Cultural<br>Activities | Other   | Elimination/<br>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     |

#### b. Assets, depreciation and capital expenditures

|                      | Millions of Yen            |                        |         |                           |              |
|----------------------|----------------------------|------------------------|---------|---------------------------|--------------|
|                      | Television<br>Broadcasting | Cultural<br>Activities | Other   | Elimination/<br>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       |

### (2) Geographic Segments

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

### (3) Sales to Foreign Customers

Sales to foreign customers for the year ended March 31, 2010 represented less than 10% of the consolidated sales of the year. Accordingly, information about sales to foreign customers is not disclosed.

## Deloitte

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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 (together, the "Groups") as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of 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, 2011 and 2010, 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, 2011

Member of  
Deloitte Touche Tohmatsu Limited