

# SKY Perfect JSAT Corporation

## News Release



May 10, 2007  
SKY Perfect JSAT Corporation

### **Results of SKY Perfect JSAT Group Companies for the Year Ended March 31, 2007 and Results Forecast of SKY Perfect JSAT for the Year ending March 31, 2008**

SKY Perfect JSAT Corporation (Headquarters: Chiyoda-ku, Tokyo; President: Masao Nito; “SKY Perfect JSAT”) today announced the financial and operational results of JSAT Corporation (Headquarters: Chiyoda-ku, Tokyo; President and CEO: Kiyoshi Isozaki; “JSAT”) and SKY Perfect Communications Inc. (Headquarters: Shibuya-ku, Tokyo; President: Masao Nito; “SKY Perfect”) for the year and the fourth quarter ended March 31, 2007.

#### Contents:

##### I. JSAT Corporation

1. Financial Highlights
2. Summary of Consolidated Financial Statements
3. Breakdown of Revenues by Service

##### II. SKY Perfect Communications Inc.

1. Financial and Operational Highlights
2. Summary of Consolidated Financial Statements
3. Breakdown of Revenues
4. Number of Subscribers

##### III. Results Forecast for SKY Perfect JSAT Corporation

#### Notes:

1. These financial results have been extracted and translated from the Japanese “Kessan Tanshin” prepared under accounting principles generally accepted in Japan (Japanese GAAP). Though the Kessan Tanshin is an audited document, this news release is unaudited.
2. This news release contains forward-looking statements based on SKY Perfect JSAT’s own projections and estimates. The markets where SKY Perfect JSAT is active are extremely volatile, subject to rapid shifts in technology, customer demands, and prices, changes in economic conditions, the potential of satellite failures and many other variables. Due to the risks and uncertainties involved, actual results may differ from the content of these statements. Therefore, these statements should not be interpreted as representations that such objectives will be fulfilled.

## I. JSAT Corporation

1. Financial Highlights
2. Summary of Consolidated Financial Statements
3. Breakdown of Revenues by Service

### **1. Financial Highlights**

JSAT Group's financial highlights for the year ended March 31, 2007, are as follows. (Figures are rounded down to the nearest hundred thousand yen except for numbers of shares and per share amounts.)

	Years ended March 31,		(¥ Million)
	2007	2006	% change
For the year:			
Revenues	38,770	43,952	-11.8%
Operating income	10,599	2,636	302.0%
Ordinary income	10,607	2,309	359.4%
Net income (loss)	6,260	(7,928)	—%
Net income (loss) per share (yen)	17,639.95	(22,320.52)	—%
Dividend per share (yen)	6,000	6,000	—%
Net cash from operating activities	20,070	22,310	-10.0%
Net cash from investing activities	(10,568)	(33,902)	-68.8%
Net cash from financing activities	(9,076)	12,606	—%
At year-end:			
Total assets	163,470	169,733	-3.7%
Shareholders' equity	86,813	82,888	4.7%
Weighted average number of shares outstanding	354,892	355,204	—%

Notes:

1. EBITDA represents the total of net income, interest, tax, and depreciation and amortization.
2. The EBITDA margin is the ratio of EBITDA to revenues.

## 2. Summary of Consolidated Financial Statements

### (1) Consolidated Balance Sheets

	(¥ Million)	
	As of March 31,	
	2007	2006
Assets:		
Current assets	22,433	28,127
Fixed assets	141,036	141,605
Total assets	163,470	169,733
Liabilities and shareholders' equity:		
Current liabilities	15,884	41,590
Long-term liabilities	60,772	45,069
Total liabilities	76,656	86,660
Minority interests	200	184
Common stock	53,769	53,769
Capital surplus	21,260	21,260
Retained earnings	10,947	6,816
Net unrealized gains on available-for-sale securities	830	1,558
Foreign currency translation adjustments	(86)	(124)
Treasury stock	(391)	(391)
Total shareholders' equity	86,813	82,888
Total liabilities and shareholders' equity	163,470	169,733

### (2) Consolidated Statements of Income

	(¥ Million)	
	For the years ended March 31,	
	2007	2006
Revenues	38,770	43,952
Operating expenses	28,171	41,315
Operating income	10,599	2,636
Other income (expenses)	8	(327)
Ordinary income	10,607	2,309
Extraordinary expenses	(557)	(15,695)
Income (loss) before income taxes and minority interests	10,049	(13,386)
Income taxes	(3773)	(5,475)
Minority interests in net income	15	16
Net income (loss)	6,260	(7,928)

### (3) Consolidated Statements of Cash Flows

	(¥ Million)	
	For the years ended March 31,	
	2007	2006
Operating activities:		
Income (loss) before income taxes and minority interests	10,049	(13,386)
Depreciation and amortization	9,951	21,162
Impairment loss	9	9,274
Other—net	60	5,259
Net cash from operating activities	20,070	22,310
Investing activities:		
Payments for time deposits	(349)	(110)
Proceeds from (purchases of) securities, net	499	8,040
Proceeds from (purchases of) short-term investments, net	1,400	(400)
Proceeds from (purchases of) property and equipment, net	(18,156)	(18,599)
Proceeds from (purchases of) investment securities, net	11,655	(3,962)
Proceeds from (purchases of) long-term investments, net	(5,617)	(2,918)
Other—net	—	160
Net cash from investing activities	(10,568)	(33,902)
Financing activities:		
Decrease in short-term borrowings, net	(170)	(5,000)
Increase in long-term borrowings, net	12,802	20,126
Purchase of treasury stock	—	(392)
Dividends paid	(2,116)	(2,123)
Dividends paid to minority shareholders	—	(4)
Repayments of bonds	(19,592)	—
Net cash from financing activities	(9,076)	12,606
Foreign currency translation adjustments on cash and cash equivalents	2	79
Net increase (decrease) in cash and cash equivalents	428	1,094
Cash and cash equivalents at beginning of year	3,966	2,871
Cash and cash equivalents at end of year	4,394	3,966

### 3. Breakdown of Revenues by Service

	(¥ Million)	
	For the years ended March 31,	
	2007	2006
Network-Related Services	12,523	16,076
Broadcast & Video Distribution Services	25,759	27,152
Other	488	723
Total	38,770	43,952

## II. SKY Perfect Communications Inc.

1. Financial Highlights
2. Summary of Consolidated Financial Statements
3. Breakdown of Revenues
4. Number of Subscribers

### 1. Financial Highlights

	Years ended on March 31,		(¥ Million)
	2007	2006	
For the year:			
Revenues	85,422	82,329	3.8%
Operating income (loss)	2,425	(261)	-%
Ordinary income	2,761	106	2,484.4%
Net income (loss)	(1,311)	357	-%
Net income (loss) per share (yen)	(609.22)	162.56	-%
Dividends per share (yen)	750.00	750.00	-%
EBITDA	3,390	4,868	-30.4%
EBITDA margin	4.0%	5.9%	-
Net cash from operating activities	8,755	3,582	144.4%
Net cash from investing activities	(7,977)	4,981	-%
Net cash from financing activities	(1,899)	(492)	-%
At year-end:			
Total asset	121,642	133,171	-8.7%
Total shareholders' equity	87,340	98,931	-11.7%
Number of shares outstanding at year-end	2,270,365	2,270,365	-%
Operational Results:			
Number of new individual subscribers during the period (thousand)	457	520	-12.1%
Number of subscribers at year-end (thousand):	3,628	3,536	2.6%
SKY PerfecTV!	3,202	3,255	-1.6%
e2 by SKY PerfecTV!	357	234	53.0%
SKY PerfecTV! HIKARI	28	9	228.2%
Other Wired Services	41	39	4.6%
Monthly subscription fee per subscriber (yen)	3,369	3,443	-2.1%
Monthly subscriber-related revenues per subscriber (yen)	1,353	1,382	-2.1%
Subscriber acquisition cost per subscriber (yen)	30,091	35,817	-16.0%

Notes:

1. EBITDA is calculated using net income (loss); minority interests in net income; income taxes; impairment loss; interest expenses; equity in net losses of affiliated companies; depreciation and amortization and other figures. EBITDA should

not be construed as an alternative to operating income or loss or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing or financing activities. We have included the information concerning EBITDA because our management believes it is a useful supplement to cash flow data as a measure of our performance.

2. The EBITDA margin is the ratio of EBITDA to revenue.

## 2. Summary of Consolidated Financial Statements

### (1) Consolidated Summary of the Balance Sheets

(¥ Million)		
	As of March 31,	
	2007	2006
Assets:		
Current assets	66,414	58,917
Fixed assets	55,228	74,253
<b>Total assets</b>	<b>121,642</b>	<b>133,171</b>
Liabilities and shareholders' equity:		
Current liabilities	31,101	25,848
Long-term liabilities	3,201	8,505
<b>Total liabilities</b>	<b>34,302</b>	<b>34,353</b>
Minority interests	–	4,818
Common stock	50,083	50,083
Capital surplus	43,922	43,995
Retained earnings	1,691	4,628
Treasury stock	(9,797)	(10,282)
Net unrealized gain (loss) on available-for-sale securities	(2,251)	5,574
Share warrant	5	–
Minority interests	3,685	–
<b>Total shareholders' equity</b>	<b>87,340</b>	<b>93,999</b>
<b>Total liabilities and shareholders' equity</b>	<b>121,642</b>	<b>133,172</b>

### (2) Consolidated Statements of Income

(¥ Million)		
	For the years ended March 31,	
	2007	2006
Revenues	85,422	82,329
Operating expenses	82,996	82,591
Operating income (loss)	2,425	(261)
Net other income	335	368
Ordinary income	2,761	106
Net extraordinary income (expenses)	(5,346)	124
Income (loss) before income taxes and minority interests	(2,585)	230
Income taxes	(156)	314
Minority interests in net income	(1,116)	(441)
<b>Net income</b>	<b>(1,311)</b>	<b>357</b>

### (3) Statements of Cash Flows

	(¥ Million)	
	For the years ended March 31,	
	2007	2006
Operating activities:		
Income before income taxes and minority interests	(2,585)	230
Depreciation and amortization	4,736	3,692
Impairment loss	259	326
Other—net	6,344	(666)
Net cash from operating activities	8,755	3,582
Investing activities:		
(Payments for) refund of time deposits, net	(290)	995
Proceeds from securities	—	20,000
Proceeds from (purchases of) investment securities, net	1260	(11,039)
Purchases of property and equipment, net	(9,039)	(5,308)
Other—net	91	333
Net cash from investing activities	(7,977)	4,981
Financing activities:		
Increase in short-term borrowings, net	370	480
Payments of long-term debt	(150)	(155)
Dividends paid	(1,607)	(1,618)
Purchase of treasury stock	—	(1,012)
Other—net	(511)	1,812
Net cash from financing activities	(1,899)	(492)
Foreign currency translation adjustments on cash and cash equivalents	0	0
Net (decrease) increase in cash and cash equivalents	(1,122)	8,071
Cash and cash equivalents at beginning of year	40,310	32,239
Cash and cash equivalents at end of year	39,188	40,310

### 3. Breakdown of Revenues

	(¥ Million)	
	For the years ended March 31,	
	2007	2006
Subscriber-Related revenues	52,192	50,588
Transmission-Related revenues	9,206	9,073
Other Fees and Revenues	24,022	22,667
Total	85,422	82,329

#### 4. Number of Subscribers

(Thousands)

	For the years ended March 31,		Difference
	2007	2006	
Net addition of total			
subscribers during the year:			
SKY PerfecTV!	129	283	(153)
e2 by SKY PerfecTV!*	(47)	117	(164)
SKY PerfecTV! HIKARI**	153	118	35
Other Wired Services	22	8	13
	2	40	(38)
Total subscribers			
at the end of year:			
SKY PerfecTV!	4,231	4,106	125
e2 by SKY PerfecTV!*	3,685	3,737	(51)
SKY PerfecTV! HIKARI**	474	321	153
Other Wired Services	30	9	22
	41	40	2
New individual subscribers			
during the year:			
SKY PerfecTV!	457	520	(63)
e2 by SKY PerfecTV!*	273	381	(108)
SKY PerfecTV! HIKARI**	156	91	66
Other Wired Services	21	8	13
	7	40	(34)
Number of individual subscribers'			
churn during the year:			
SKY PerfecTV!	365	295	70
e2 by SKY PerfecTV!*	326	275	50
SKY PerfecTV! HIKARI**	33	18	15
Other Wired Services	1	0	1
	5	1	4
Net addition of individual			
subscribers during the year:			
SKY PerfecTV!	93	226	(133)
e2 by SKY PerfecTV!*	(53)	106	(158)
SKY PerfecTV! HIKARI**	124	73	51
Other Wired Services	20	8	12
	2	39	(37)
Individual subscribers			
at the end of year:			
SKY PerfecTV!	3,628	3,536	93
e2 by SKY PerfecTV!*	3,202	3,255	(53)
SKY PerfecTV! HIKARI**	357	234	124
Other Wired Services	28	9	20
	41	39	2
Annual churn rate of			
individual subscribers:			
SKY PerfecTV!	10.2%	8.6%	1.6
e2 by SKY PerfecTV!*	10.1%	8.6%	1.5
SKY PerfecTV! HIKARI**	11.3%	9.0%	2.3
Other Wired Services	8.5%	5.4%	3.1
	12.9%	—	—

\*1 In February 2007, SKY Perfect Communications Inc. changed the name of its CS110 digital broadcasting service from SKY PerfecTV! 110 to e2 by SKY PerfecTV!

\*2 In April 2006, SKY Perfect Communications Inc. changed the name of its broadcasting service via FTTH from HIKARI PerfecTV! to SKY PerfecTV! HIKARI. (The multichannel broadcasting service in Fukuyama-shi, Hiroshima, jointly operated with Energia Communications, Inc. and the channel lease service in Achi-mura, Nagano remain under the name of HIKARI PerfecTV! However, HIKARI PerfecTV! subscriber are counted as SKY PerfecTV! HIKARI subscriber.)



### III. Results Forecast for SKY Perfect JSAT Corporation

#### **(1) Consolidated Projections**

(¥ Million)

	For the year ending March 31, 2008			
	Operating revenues	Operating income	Ordinary income	Net income
Interim	60,000	2,000	2,000	1,500
Full year	125,000	5,500	5,000	5,000

#### **(2) Non-Consolidated Projections**

(¥ Million)

	For the year ending March 31, 2008			
	Operating revenues	Operating income	Ordinary income	Net income
Interim	900	-50	-100	-100
Full year	5,500	3,900	3,800	3,800

#### **(3) Projected Dividends per Share**

(¥)

	For the year ending March 31, 2008
Interim	0
Year-end	1,000
Total	1,000