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Focus Media Holding Limited Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions). Your first question comes from Jason Brueschke with Citigroup. Please proceed.

Jason Brueschke – Citigroup

Thank you. Good morning, everyone. A couple of questions, maybe I don't know if Michael or Alex, you are the right ones for this. Could you maybe give us some explanation as for why there is the write off with respect to the Internet division? Kind of that would be the first. And then second of all, could you maybe comment in light of these write offs, did that impact in any way the tax treatment that the SINA deal is likely to get for your shareholders with respect to the SINA shares and could you just maybe generally give us your views on how or I guess the efforts that you are doing to work with the taxing authorities and what you think the tax treatment will be? And then I have one or two follow up questions.

Michael Xu

So Internet write off is related to basically goodwill impairment charge from accounting perspective is due to your profitability projection for the future period, at the time of acquisition and your current expectation for the profitability of the company of the business for the future. So based on that comparison, we found out that Internet's free cash flow forecast will be less than we expected when we acquired those Internet companies. So for this reason we make about 290 million of impairment charges on goodwill. So it is completely non-cash item. And as for the second question, you're talking about tax consequence. I guess your question is related to US tax consequences, is that right?

Jason Brueschke – Citigroup

Yes.

Michael Xu

Okay. So at the moment we are still reviewing the US tax consequence for the shareholders if we distribute our shares to each individual shareholders. At the moment, we don't have final conclusion yet, so for this reason, I think probably we need to wait for another one week or two to clarify from our tax consultants. So at the moment I can't give you a responsible answer at the moment.

Jason Brueschke – Citigroup

Okay, thanks. And my two other questions are, could you give us an update on where we are, where the Chinese government is with the tax, sorry the anti trust review, have they completed the information gathering phase or is that still ongoing? And to the extent that they have finished that and have started the deliberative process, when do you expect that we could get a decision from them? And then my second question is, could you maybe help us understand with respect to the Q4 results, how much of the sequential weakness across most of your businesses was due to the macro environment, and I guess this is with respect to your Q1 guidance as well, and how much of it would you attribute to say the disruptions that are going on, the natural disruptions going on within Focus Media around the restructuring and the proposed spin off with SINA? Thanks.

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