

Note: This document is a direct translation of the *kessan tanshin* released in Japanese. All figures in millions of yen have thus been rounded down to the nearest million yen. If there are any discrepancies between this document and the original Japanese version, the original Japanese version prevails.

April 30, 2014

TV Asahi Holdings Corporation Consolidated Earnings Report for the Fiscal Year ended March 31, 2014 (Japanese GAAP)

Stock listing: Tokyo Stock Exchange (First Section)

Securities code: 9409

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Scheduled dates

General Shareholders' Meeting: June 27, 2014

Filing of statutory financial report (*yuka-shoken hokokusho*): June 27, 2014

Dividend payout: June 30, 2014

Supplementary materials to financial results available: Yes

Fiscal year-end earnings presentation held: Yes

(Amounts rounded down to the nearest ¥ million)

1. Consolidated Performance for the Fiscal Year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Consolidated Operating Results (percentages indicate year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FYE March 31, 2014	267,928	5.6	17,748	32.3	19,751	25.7	11,678	29.3
FYE March 31, 2013	253,774	5.8	13,415	28.2	15,708	19.7	9,030	20.5

Note: Comprehensive income:

FYE March 31, 2014: ¥14,070 million (minus 12.1%); FYE March 31, 2013: ¥16,002 million (83.7%)

	Net income per share	Diluted net income per share	Net income / Owners' equity*	Recurring profit / Total assets	Operating income / Net sales
	¥	¥	%	%	%
FYE March 31, 2014	116.28	—	4.5	5.8	6.6
FYE March 31, 2013	89.91	—	3.6	4.8	5.3

*Owners' equity = Net assets – Share purchase warrants – Minority interests

Note: Equity-method investment gains (losses): FYE March 31, 2014: ¥ 983 million; FYE March 31, 2013: ¥ 1,241 million

Note: Effective October 1, 2012, TV Asahi Corporation conducted a 1:100 share split. Net income per share is calculated on the assumption that the share split was conducted on April 1, 2012.

(2) Consolidated Financial Position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
March 31, 2014	346,001	271,318	77.0	2,654.01
March 31, 2013	333,150	261,969	77.3	2,563.66

Note: Owners' equity: March 31, 2014: ¥ 266,565 million; March 31, 2013: ¥ 257,491 million

Note: Effective October 1, 2012, TV Asahi Corporation conducted a 1:100 share split. Net assets per share is calculated on the assumption that the share split was conducted on April 1, 2012.

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
FYE March 31, 2014	14,506	(18,299)	(3,244)	47,581
FYE March 31, 2013	19,539	(11,314)	(2,211)	54,532

2. Dividends

	Dividend per share					Total dividend payout	Payout ratio (consolidated)	Dividend payout / Net assets (consolidated)
	End-Q1	End-Q2	End-Q3	Year-end	Annual total			
	¥	¥	¥	¥	¥	¥ million	%	%
FYE March 31, 2013	—	1,000.00	—	20.00	—	3,018	33.4	1.2
FYE March 31, 2014	—	10.00	—	20.00	30.0	3,017	25.8	1.1
Forecast for FYE March 31, 2015	—	15.00	—	15.00	30.0		26.5	

Note:

Year-end dividend for the fiscal year ending March 31, 2013 is 20 yen per share. This includes a special dividend of 10 yen per share.

Year-end dividend for the fiscal year ending March 31, 2014 is 20 yen per share. This includes a commemorative dividend of 10 yen per share.

Effective October 1, 2012, TV Asahi Corporation conducted a 1:100 share split. The figure for the dividends per share at the end of the second quarter of the fiscal year ended March 31, 2013 shows the amount of the actual dividend distributed before the share split.

3. Forecast for the Fiscal Year ending March 31, 2015 (April 1, 2014 – March 31, 2015)

	Net sales		Operating income		Recurring profit		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Six months ending Sept. 30, 2014	138,500	5.5	6,500	(32.7)	6,800	(37.3)	5,200	(7.0)	48.49
FYE March 31, 2015	281,500	5.1	18,000	1.4	18,800	(4.8)	12,200	4.5	113.22

4. Other Information

- (1) Changes in consolidation status of major subsidiaries during the term: none
- (2) Changes in accounting principles, changes in accounting estimates, and retrospective restatement
- 1) Changes in accordance with amendments to accounting standards, etc.: yes
 - 2) Changes other than noted in 1) above: none
 - 3) Changes in accounting estimates: none
 - 4) Retrospective restatement: none
- (3) Shares outstanding (ordinary shares)

	March 31, 2014	March 31, 2013
1) Number of shares issued (including treasury stock)	100,600,000	100,600,000
2) Number of shares held in treasury	161,097	161,070
	FYE March 31, 2014	FYE March 31, 2013
3) Average number of shares outstanding during the term	100,438,909	100,440,892

Note: Effective October 1, 2012, TV Asahi Corporation conducted a 1:100 share split. Number of shares issued (including treasury stock), number of shares held in treasury, and average number of shares outstanding during the term, is calculated on the assumption that the share split was conducted on April 1, 2012.

For Reference: Non-Consolidated Financial Summary

1. Non-Consolidated Performance for the Fiscal Year ended March 31, 2014 (April 1, 2013 – March 31, 2014)

(1) Non-Consolidated Operating Results (percentages indicate year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
FYE March 31, 2014	226,841	4.2	12,170	41.2	14,695	38.3	9,221	45.7
FYE March 31, 2013	217,662	6.1	8,619	41.3	10,624	48.0	6,330	47.9

	Net income per share	Diluted net income per share
	¥	¥
FYE March 31, 2014	91.66	—
FYE March 31, 2013	62.93	—

Note: Effective October 1, 2012, TV Asahi Corporation conducted a 1:100 share split. Net income per share is calculated on the assumption that the share split was conducted on April 1, 2012.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Owners' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
March 31, 2014	329,201	241,183	73.3	2,397.45
March 31, 2013	317,239	233,018	73.5	2,316.29

Note: Owners' equity: March 31, 2014: ¥ 241,183 million; March 31, 2013: ¥ 233,018 million

Note: Effective October 1, 2012, TV Asahi Corporation conducted a 1:100 share split. Net assets per share is calculated on the assumption that the share split was conducted on April 1, 2012.

*Audit status

As of this report's publication, an audit of the consolidated financial statements in accordance with Japan's Financial Instruments and Exchange Act was in progress.

*Appropriate Use of Earnings Forecasts and Other Important Information

- The above forecasts are based on information available as of this report's publication. Actual results may differ from forecasts due to changes in the business environment.
- TV Asahi Holdings Corporation intends to publish the supplementary material to financial results on its website on Wednesday, April 30, 2014.
- TV Asahi Holdings Corporation has scheduled an earnings presentation aimed at analysts for Friday, May 9, 2014, and intends to publish the presentation handout materials on its website immediately after the event.

1. Business Performance and Financial Condition

(1) Business Performance

During the fiscal year under review (ended March 31, 2014), the Japanese economy recovered gradually due to factors including a rebound in consumer spending amid improvement in the employment environment and last-minute demand accompanying the consumption tax increase, increased production, and improvement in corporate earnings.

The broadcast advertising industry is showing a recovery trend, with Tokyo area spot advertising volume increasing year on year.

In this economic environment, the Company (TV Asahi Holdings Corporation and its consolidated subsidiaries) made a concerted effort to generate earnings in TV Broadcasting, Music Publication, and Other Businesses, and net sales for the fiscal year ended March 31, 2014, reached ¥267.928 billion (up 5.6% year on year). Cost of sales and selling, general and administrative (SG&A) expenses totaled ¥250.180 billion (up 4.1% year on year). As a result, operating income was ¥17.748 billion (up 32.3%). Recurring profit was ¥19.751 billion (up 25.7% year on year), and net income was ¥11.678 billion (up 29.3%).

Performance by segment

1. TV Broadcasting Business

Average viewer ratings by day part for the TV Broadcasting Business for the fiscal year ended March 31, 2014, were as follows: 7.7% on an all-day basis (6 a.m. – midnight), 11.8% for golden time (7 p.m. – 10 p.m.), 12.1% for prime time (7 p.m. – 11 p.m.), and 7.8% for prime 2 (11 p.m. – 1 a.m.). The Company rose to the top of the prime time ratings for a second consecutive year for the first time since it started broadcasting in 1959, captured the No.2 spot in the all-day time and golden time bands, and maintained the industry's highest prime 2 ratings for a ninth consecutive year.

During the fiscal year ended March 31, 2014, the Company broadcast special programming at the start and end of each programming season and during the New Year's holiday period, special sports programs, and major special programs to mark TV Asahi's 55th anniversary. Drama specials such as *Kaseifu wa Mita!* (A Housekeeper's Curiosity), *Taichi Yamada Drama Special; Time Doesn't Stand Still*, and *Sanokuen Jiken* (300 Million Yen Robbery) and *Kuroi Fukuin* (Black Gospel), *Seicho Matsumoto Drama Specials* aired on two consecutive nights, were highly popular.

In addition, many of our drama series regularly captured high ratings, including the detective drama *Aibou* (PARTNERS), which captured the top audience rating among drama series in the January-March quarter of 2014, and *Doctor X – Surgeon Daimon Michiko*, which achieved an average viewer rating of 23.0%, the highest ever for the *Thursday Night Drama* series.

News and informational programs continued to deliver steady results. *Hodo Station* achieved an average annual viewer rating of 12.5%, and its rating of 13.5% in the January-March quarter of 2014 was the highest in about two years. *Super J Channel* boosted its average annual viewership to 9.0%, the program's highest rating ever.

In the results for sports programs, the Japan vs Australia match of *2014 FIFA World Cup Brazil™ Final Asian Qualifiers* captured a high audience rating of 38.6%. The three games of the *Professional Baseball Japan Series* achieved an average rating of 23.6%, and the figure skating *Grand Prix Finals* attracted a great deal of attention and recorded a four-day average rating of 17.6%.

Furthermore, variety specials such as *Super Gorgeous! One Night Only! A Dream Joint Appearance Special of Variety-MC Comedians!* and *Living on a Desert Island* were highly popular, and regular variety shows such as *Cream Quiz Miracle 9* and *London Hearts* achieved steady audience ratings.

Against this backdrop, the Company carried out aggressive marketing activities targeted at boosting sales and profits.

In the time advertising sales segment, advertisers sought to secure stable commercial slots at a time of improving corporate business confidence. This enabled us to raise advertising unit prices for time slots during regular programs such as *Kanjani Shiwake ∞*, *London Hearts*, and the *Thursday Night Drama* series. As a result, advertising sales for regular program time slots were higher than in the previous fiscal year. On the other hand, sales for time slots for one-off broadcasting events decreased year on year. Time sales revenue was earned from major special sports programs such as *ISU Grand Prix of Figure Skating Series, Sochi 2014 Olympic*, and *Barcelona 2013 15th FINA World Championships* and from *Olympic no Minoshirokin* and *Miyamoto Musashi*, dramas broadcast on two consecutive nights. However, the absence of revenue from the *London 2012 Olympic Games* aired in the previous fiscal year had a negative impact on revenue, and revenue from broadcasts of Japanese national teams, such as *2014 FIFA World Cup™ Brazil Final Asian Qualifiers* and *2013 WORLD BASEBALL CLASSIC™*, decreased year on year. As a result of the above, time advertising sales revenue for the fiscal year ended March 31, 2014, decreased to ¥87.950 billion (down 1.2% year on year).

Spot advertising revenue rose sharply as a result of well-planned utilization of sales slots in an effort to raise advertising unit prices at a time of recovery in advertising volume in the Tokyo area. Revenues increased from 14 of 16 client industry sectors, including service and entertainment, finance and insurance, automobiles, and housing and housing materials. Reflecting the above factors, spot advertising revenue in the fiscal year under review totaled ¥103.486 billion (up 9.0% year on year).

Program sales revenue totaled ¥12.819 billion (down 0.2%), and other revenue was ¥27.480 billion (up 5.5%).

As a result of the above, the TV Broadcasting Business generated net sales of ¥231.735 billion (up 4.0% year on year) while incurring operating expenses of ¥216.638 billion (up 2.0%), resulting in operating income of ¥15.096 billion (up 43.7%).

2. Music Publication Business

The Music Publication Business generated net sales of ¥11.787 billion (up 52.9% year on year). The increase reflects factors including revenues from nationwide concert tours by popular groups *Ketsumeishi*, *Shonan no Kaze*, and *Sonar Pocket*. Operating expenses were ¥9.966 billion (up 56.4%), resulting in operating income of ¥1.820 billion (up 36.4%).

3. Other Businesses

The Company's investment in motion pictures produced stable box office successes with the movie versions of popular TV programs, including *Doraemon* which recorded the highest revenue in the series, *Kamen (Masked) Rider*, the *Sentai* series, and *Crayon Shin-chan. Trick The Movie: Last Stage* and other motion pictures based on TV dramas were also well received.

The special events business held a number of events during the year, including *Masterpieces of French Paintings from the State Pushkin Museum of Fine Arts, Moscow*, *TV Asahi Dream Festival 2013* and *TV Asahi Nandemo Classic 2014*, held as 55th anniversary projects. In particular, *PAUL McCARTNEY OUT THERE JAPAN TOUR 2013* in Tokyo was a major success, drawing 150,000 people over three days.

Various popular events were held at EX THEATER ROPPONGI, which opened in Tokyo's Roppongi district in November of 2013, including a concert by B'z to open the theater, music and stage performances, *rakugo*, and movie previews.

The shopping business developed favorably as a result of sales channel expansion, such as strengthening of the catalog shopping business, and production of a variety of hit products.

A number of DVD titles were released, such as *Doctor X – Surgeon Daimon Michiko*, *Aibou* (PARTNERS), and other TV dramas with high viewer ratings and *Summers x Summers* and the *Momoclo Chan*. Merchandise development activities centering on the development and sale of merchandise related to TV Asahi programs generated solid sales. Meanwhile, sales of program-related publications increased on strong unit sales of the encyclopedic *Moero! New Japan Pro-Wrestling* and a steady increase in the number of recipe books adapted from the *Professional Skills in Our Kitchen!* segment of the TV program *Morning Bird!*.

In the internet-related service for PC and mobile phone users, the *Tele Asa Douga* online VOD service saw a sharp increase in downloads of its offerings of drama and variety programs as well as original content, including the *Momoclo Chan*. Visitors to the *au Headline* mobile phone-based news site, developed in cooperation with KDDI Corporation and the Asahi Shimbun, continued to increase.

In April 2013 the two CS (communications satellite) broadcast channels were rebranded as TV Asahi Channel 1 Dramas, Variety & Animation and TV Asahi Channel 2 News & Sports. The two-channel operating structure is now in its second year, the CS business is showing a solid increase in the number of subscriber households.

As a result of the above activities during the fiscal year under review, the Other Businesses segment recorded sales of ¥37.161 billion (up 4.9% year on year), while operating expenses rose to ¥36.266 billion (up 7.5%). As a result, operating income was ¥0.895 billion (down 46.5%).

For the fiscal year ending March 31, 2015, the Company expects the television advertising market, which greatly affects consolidated revenue, to be stable and therefore anticipates higher time and spot advertising revenue. In addition, the Company expects net sales to increase due to the consolidation of Asahi Satellite Broadcasting, Ltd. as a wholly owned subsidiary, among other factors. As a result, the Company expects growth in both operating income and net income in the fiscal year ending March 31, 2015.

Consolidated earnings forecast for the fiscal year ending March 31, 2015

	Six months ending September 30, 2014		Fiscal Year ending March 31, 2015	
	Amount (¥ millions)	Year-on-year change (%)	Amount (¥ millions)	Year-on-year change (%)
Net sales	138,500	5.5	281,500	5.1
Operating income	6,500	(32.7)	18,000	1.4
Recurring profit	6,800	(37.3)	18,800	(4.8)
Net income	5,200	(7.0)	12,200	4.5

(2) Financial Condition

Assets, liabilities, and net assets

Currents assets totaled ¥152.061 billion at the end of the fiscal year (March 31, 2014), an increase of ¥7.528 billion from the end of the previous fiscal year (March 31, 2013). The increase is mainly due to a ¥4.347 billion increase in trade notes and accounts receivable.

Fixed assets totaled ¥193.940 billion at March 31, 2014, an increase of ¥5.323 billion from March 31, 2013. The increase is mainly attributable to an increase of ¥3.636 billion in tangible assets.

As a result of the above, total assets increased by ¥12.851 billion from March 31, 2013 to ¥346.001 billion at March 31, 2014.

Current liabilities totaled ¥57.376 billion at March 31, 2014, an increase of ¥1.804 billion from March 31, 2013. While trade notes and accounts payable decreased by ¥4.358 billion, accrued expenses increased by ¥3.325 billion and other payables increased by ¥3.181 billion.

Non-current liabilities increased by ¥1.698 billion from the end of the previous fiscal year to total ¥17.306 billion as of March 31, 2014.

As a result of the above, total liabilities increased by ¥3.503 billion during the year to ¥74.683 billion as of March 31, 2014.

Net assets as of March 31, 2014 totaled ¥271.318 billion, an increase of ¥9.348 billion from March 31, 2013. As a result, the owners' equity ratio was 77.0% at March 31, 2014.

Cash flows

Cash and cash equivalents decreased by ¥6.951 billion from the end of the previous fiscal year to ¥47.581 billion at March 31, 2014.

Cash flows from operating activities

Operating activities provided net cash of ¥14.506 billion in the fiscal year ended March 31, 2014, ¥5.033 billion less than in the previous fiscal year. The decrease is attributable to factors including decreases of ¥3.600 billion in inventories and ¥3.506 billion in trade notes and accounts receivable, which offset an increase of ¥5.052 billion in income before income taxes and minority interests.

Cash flows from investing activities

Investing activities used net cash of ¥18.299 billion in the fiscal year ended March 31, 2014, ¥6.984 billion more than used in the previous fiscal year. The increase reflects an increase of ¥25.000 billion in cash used to purchase of marketable securities, which offset an increase of ¥16.000 billion in proceeds from maturity of marketable maturities.

Cash flows from financing activities

Financing activities used net cash of ¥3.244 billion yen in the fiscal year ended March 31, 2014, ¥1.032 billion more than was used in the previous fiscal year. The increase is mainly attributable to an increase in dividends paid to stockholders.

Cash Flow Indicators

Fiscal year ended March 31,	2012	2013	2014
Owners' equity* ratio (%)	76.5	77.3	77.0
Market capitalization-based owners' equity ratio (%)	42.5	54.9	54.3

*Owners' equity = Net assets – Share purchase warrants – Minority interests

Equity ratio: Owners' equity / Total assets

Market capitalization-based owners' equity ratio: Market capitalization / Total assets

Notes:

1. All indicators are calculated using consolidated financial figures.
2. Market capitalization is based on the number of shares issued and outstanding (i.e., excluding treasury stock) at the end of the fiscal year.

(3) Basic Policy on the Allocation of Profits and Dividends for the Fiscal Year Ended March 31, 2014 and for the Fiscal Year Ending March 31, 2015

The Company regards the distribution of profits to shareholders as an important management policy. The Company's basic dividend policy is to maintain stable dividend while also securing the retained earnings needed to strengthen the foundations essential to a certified broadcasting holding company with terrestrial, BS, and CS broadcasters as wholly owned subsidiaries over the long term. In addition to ordinary dividend distributions, the Company also plans to reward shareholders through the distribution of commemorative dividends to mark key events, such as major anniversaries of the Company's founding, and special dividends as warranted by financial performance in any particular fiscal period.

For the fiscal year ended March 31, 2014, the Company intends to pay a year-end dividend of ¥20 per share (including a commemorative dividend of ¥10). Together with the previously distributed interim dividend of ¥10 per share, this will result in an annual dividend of ¥30 per share.

For the fiscal year ending March 31, 2015, the Company plans to pay a total annual dividend of ¥30 per share, comprising an interim dividend of ¥15 and a year-end dividend of ¥15. The planned ¥30 annual dividend will yield a consolidated dividend payout ratio of 26.5%, based on the Company's profit target.

2. Management Policy

(1) Basic Management Policies

The Company is keenly aware of its public mission as a broadcaster and is committed to developing together with society by providing high-quality programs and implementing ongoing reforms so that it will continue to be the broadcaster of choice for viewers and advertisers

In these circumstances, accompanying the transition to a certified broadcasting holding company structure, the Company has adopted a corporate value standard decided at a meeting of the Board of Directors held on April 30, 2014. The following are the main points pertaining to the principle of corporate value, source of corporate value, stakeholder relations, business activities, and other matters included in the adopted standard.

Principle of Corporate Value

As a certified broadcasting holding company that controls commercial broadcasters, the Company will abide by laws and ordinances and engage in management as a holding company to enable its operating subsidiaries to provide information vital to people's lives and wholesome entertainment and contribute to the advancement of democracy.

The Source of Corporate Value

The Company firmly believes that the source of corporate value is to engage in appropriate management that enables the broadcasting subsidiaries under its control to continuously produce and deliver content that meets the needs of society based on mutual relationships of trust with stakeholders while fulfilling the public mission of broadcasting.

Stakeholder Relations

The Company is aware that it is a member of a corporate group whose mission is to serve the public and strives to develop long-term relationships of trust with its stakeholders in order to ensure the continuity of business activities and enhance corporate value.

Business Activities that Create Corporate Value

The Company will continue to constructively engage in business activities by fulfilling its mission as a societal lifeline that satisfies the public's right to know and contributes to the advancement of information and culture through the production and delivery of content at its broadcast subsidiaries.

Moreover, it is particularly crucial for the advancement of the TV Asahi Group's business activities to develop the business foundation and maintain the stable financial structure necessary to fulfill this mission.

The Company, together with its group companies, is committed to establishing itself as the leader in the information and media industry. The Company faces a myriad of challenges in the current business environment, characterized by an increase in both consolidation and competition with businesses in the telecommunications industry and other sectors, and by the emergence of new services. With the continued support of its viewers, advertisers and shareholders, the Company will strive to increase its long-term corporate value.

(2) Management Indicators

The Company currently does not employ constant management indicators, such as profit margins. The Company is, however, committed to increasing the corporate value of the TV Asahi Group as a whole by focusing on boosting viewer ratings, increasing its share of advertising revenues, increasing non-advertising earnings, and pursuing efficient management of costs.

(3) Medium- to Long-Term Management Strategies and Prospective Challenges

The business environment facing television broadcasters is changing rapidly. Electronic devices such as smartphones, tablet PCs, and smart TVs are rapidly becoming more sophisticated, and content distribution channels are diversifying with the spread of broadband communications.

To achieve the continued evolution required to meet the challenges of this dynamic environment, the Company has implemented Digital 5 Vision (Management Plan for FY2012–2014) and proceeded with infrastructure development with the aim of becoming “one of Japan's top content-business enterprises.” These efforts resulted in tremendous success, including higher viewer ratings and advertising revenue expansion. On April 1, 2014, the company transitioned to a certified broadcasting holding company structure. This marked the completion of a structure for the integrated operation of terrestrial, BS, and CS broadcasting, bringing infrastructure development to a conclusion.

Looking to the future, to cope with changes in the business environment facing broadcasters and prevail in competition, the Company considers it is important to maintain and further develop the current favorable business trends.

To that end, in February 2014 the Company has formulated Digital 5 Vision 2nd Stage, a new management plan that carries on the philosophy of Digital 5 Vision (Management Plan for FY2012–2014) with the aim of

becoming “one of Japan’s top content-business enterprises” by the fiscal year ending March 31, 2019, the Company’s 60th anniversary year.

Specifically, the Company has positioned the five-year period beginning the fiscal year ending March 31, 2015 as a growth period for achieving the goal of becoming “one of Japan’s top content-business enterprises” and has set forth five strategic objectives: “Further strengthening of terrestrial broadcast, and maximization of content value through integrated programming of the 3 broadcast waves,” “Join the top ranks in ad revenue by creating new advertising values,” “Expansion of non-broadcast businesses by designating Internet and Media City as growth businesses,” “Establishment of a strong holdings structure by enhancing efficiency and competitiveness of subsidiaries and affiliates,” and “Strengthening of the group’s solidarity and establishment of corporate brand.” Numeric targets in the plan are consolidated net sales of ¥300.0 billion and operating income of ¥20.0 billion by the fiscal year ending March 31, 2019.

The Company will continue to endeavor to provide high-quality content in order to maintain publicness and fulfill its social responsibility as a television broadcaster and is committed to meeting the expectation of stakeholders by continuing to pursue further growth and corporate value expansion during the coming five years.

(4) Other Important Matters Relating to the Management of the Company

Transition to a Certified Broadcasting Holding Company Structure

The Company reached a basic agreement with Asahi Satellite Broadcasting, Ltd. (collectively referred to as “the Companies”) respecting the transition to a group structure under which the Company would become a certified broadcasting holding company by combining an absorption-type company split of the Company (the “Company Split”) and a share exchange between the Companies (the “Share Exchange”) and, following resolutions of the boards of directors of the Companies, entered into a basic agreement on July 31, 2013 (the “Basic Agreement”).

In accordance with the Basic Agreement, following a resolution of the board of directors of the Company, on October 31, 2013 the Company entered into a company split agreement respecting the Company Split with TV Asahi Bunkatsu Junbi Kabushiki Kaisha (now TV Asahi Corporation) and on the same day entered into a share exchange agreement with Asahi Satellite Broadcasting, Ltd. respecting the Share Exchange. The Company Split was approved at an extraordinary shareholders meeting held on December 17, 2013. As a result, on April 1, 2014 the TV Asahi Group transitioned to a group structure in which the Company is a certified broadcasting holding company.

Details concerning the transition to a certified broadcasting holding company structure are recorded in the section Material Subsequent Events on page 19.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

	As of March 31, 2013 Amount	(millions of yen) As of March 31, 2014 Amount
Assets		
Current assets		
Cash and deposits	10,766	11,435
Trade notes and accounts receivable	67,141	71,488
Marketable securities	49,996	49,398
Inventories	7,550	9,204
Deferred tax assets	2,474	1,988
Other current assets	6,697	8,639
Less allowance for doubtful accounts	(104)	(93)
Total current assets	144,533	152,061
Fixed assets		
Tangible assets		
Buildings and structures, net	21,219	28,887
Machinery and vehicles, net	8,197	16,237
Land	39,916	38,509
Construction in progress	11,119	1,734
Other tangible assets, net	4,607	3,329
Total tangible assets	85,061	88,698
Intangible assets		
Software	5,273	6,132
Other intangible assets	553	541
Total intangible assets	5,826	6,674
Investments and other assets		
Investment in securities	84,388	86,479
Net defined benefit assets	-	916
Deferred tax assets	1,682	2,337
Other investments and other assets	11,895	8,987
Less allowance for doubtful accounts	(238)	(152)
Total investments and other assets	97,728	98,568
Total fixed assets	188,616	193,940
Total assets	333,150	346,001

	As of March 31, 2013 Amount	(millions of yen) As of March 31, 2014 Amount
Liabilities		
Current liabilities		
Trade notes and accounts payable	10,659	6,300
Other payables	15,848	19,030
Accrued expenses	21,612	24,937
Accrued income taxes	3,643	4,741
Liabilities for director bonuses	60	65
Provision for measures associated with the relocation of transmitting station	1,080	-
Other current liabilities	2,667	2,300
Total current liabilities	55,572	57,376
Non-current liabilities		
Liabilities for retirement and severance benefits - employees	14,425	-
Liabilities for retirement and severance benefits - directors and corporate auditors	327	353
Net defined benefit liabilities	-	16,132
Other non-current liabilities	854	819
Total non-current liabilities	15,608	17,306
Total liabilities	71,180	74,683
Net assets		
Stockholders' equity		
Common stock	36,642	36,642
Additional paid-in capital	55,342	55,342
Retained earnings	159,234	167,895
Treasury stock	(326)	(326)
Total stockholders' equity	250,893	259,553
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	5,718	7,127
Deferred gain (loss) on hedges	1,027	1,635
Foreign currency translation adjustments	(147)	(65)
Remeasurements of defined benefit plans	-	(1,685)
Total accumulated other comprehensive income	6,598	7,011
Minority interests	4,478	4,752
Total net assets	261,969	271,318
Total liabilities and net assets	333,150	346,001

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

	Year ended March 31, 2013	(millions of yen) Year ended March 31, 2014
	Amount	Amount
Net sales	253,774	267,928
Cost of sales	182,200	187,440
Gross profit	71,574	80,487
SGA expenses	58,158	62,739
Operating income	13,415	17,748
Non-operating revenue		
Interest income	77	154
Dividend income	667	763
Equity in earnings of affiliates	1,241	983
Other non-operating revenue	451	431
Total non-operating revenue	2,437	2,334
Non-operating expenses		
Loss on disposal of fixed assets	84	277
Other non-operating expenses	60	53
Total non-operating expenses	145	331
Recurring profit	15,708	19,751
Extraordinary gains		
Gain on sale of noncurrent assets	-	1,304
Total extraordinary gains	-	1,304
Extraordinary losses		
Loss on sale of investment in securities	-	79
Loss on devaluation of investment in securities	263	953
Loss on measures associated with the relocation of transmitting station	1,380	904
Total extraordinary losses	1,643	1,937
Income before income taxes and minority interests	14,065	19,117
Income and enterprise taxes		
Current	5,721	7,436
Deferred	(1,001)	(289)
Total income and enterprise taxes	4,720	7,146
Income before minority interests	9,345	11,971
Minority interests	314	292
Net income	9,030	11,678

Consolidated Statements of Comprehensive Income

	(millions of yen)	
	Year ended March 31, 2013	Year ended March 31, 2014
	Amount	Amount
Income before minority interests	9,345	11,971
Other comprehensive income		
Net unrealized gain on available-for-sale securities	5,529	1,359
Deferred gain (loss) on hedges	1,002	608
Foreign currency translation adjustments	38	81
Share of other comprehensive income of associates accounted for using equity method	86	50
Total other comprehensive income	6,657	2,099
Comprehensive income	16,002	14,070
Components:		
Comprehensive income attributable to owners of the parent	15,688	13,777
Comprehensive income attributable to minority interests	314	292

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

(millions of yen)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
Balance at end of previous term	36,642	55,342	152,215	(321)	243,879
Changes during term					
Cash dividends			(2,012)		(2,012)
Net income			9,030		9,030
Changes of treasury stock arising from change in equity of affiliates				(5)	(5)
Net changes other than stockholder's equity					
Total changes during term	-	-	7,018	(5)	7,013
Balance at end of term	36,642	55,342	159,234	(326)	250,893

	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at end of previous term	120	24	(186)	-	(59)	4,710	248,531
Changes during term							
Cash dividends							(2,012)
Net income							9,030
Changes of treasury stock arising from change in equity of affiliates							(5)
Net changes other than stockholder's equity	5,616	1,002	38	-	6,657	(232)	6,425
Total changes during term	5,616	1,002	38	-	6,657	(232)	13,438
Balance at end of term	5,718	1,027	(147)	-	6,598	4,478	261,969

Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(millions of yen)

	Stockholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total stockholders' equity
Balance at end of previous term	36,642	55,342	159,234	(326)	250,893
Changes during term					
Cash dividends			(3,017)		(3,017)
Net income			11,678		11,678
Purchase of treasury stock				(0)	(0)
Net changes other than stockholder's equity					
Total changes during term	-	-	8,660	(0)	8,660
Balance at end of term	36,642	55,342	167,895	(326)	259,553

	Accumulated other comprehensive income					Minority interests	Total net assets
	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at end of previous term	5,718	1,027	(147)	-	6,598	4,478	261,969
Changes during term							
Cash dividends							(3,017)
Net income							11,678
Purchase of treasury stock							(0)
Net changes other than stockholder's equity	1,409	608	81	(1,685)	413	274	688
Total changes during term	1,409	608	81	(1,685)	413	274	9,348
Balance at end of term	7,127	1,635	(65)	(1,685)	7,011	4,752	271,318

(4) Consolidated Statements of Cash flows

	(millions of yen)	
	Year ended March 31, 2013	Year ended March 31, 2014
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	14,065	19,117
Depreciation and amortization	9,090	9,533
Loss (gain) on sale of noncurrent assets	-	(1,304)
Loss on disposal of fixed assets	84	277
(Gain) loss on sale of investment in securities	-	79
(Gain) loss on revaluation of investment in securities	263	953
Increase (decrease) in allowance for doubtful accounts	(64)	(97)
Increase (decrease) in provision for measures associated with the relocation of transmitting station	1,080	(1,080)
Increase (decrease) in liabilities for retirement and severance benefits - employees	833	-
Increase (decrease) in net defined benefit liabilities	-	1,707
Interest and dividend income	(744)	(918)
Equity in (earnings) losses of affiliates	(1,241)	(983)
(Increase) decrease in trade notes and accounts receivables	(1,543)	(4,347)
(Increase) decrease in inventories	1,946	(1,653)
Increase (decrease) in trade notes and accounts payables	(857)	(4,363)
Other cash flows from operating activities	138	2,902
Subtotal	23,050	19,823
Interest and dividend received	875	1,043
Income taxes refunded	30	7
Income taxes paid	(4,416)	(6,367)
Net cash provided by operating activities	19,539	14,506
Cash flows from investing activities		
(Increase) decrease in cash deposits	(52)	(12)
Purchase of marketable securities	(19,000)	(44,000)
Proceeds from maturity of marketable securities	21,000	37,000
Purchase of tangible assets	(10,235)	(17,802)
Proceeds from sale of tangible assets	-	8,872
Purchase of intangible assets	(1,383)	(2,214)
Purchase of investment in securities	(1,084)	(148)
Proceeds from sale of investment in securities	52	10
Cash paid in conjunction with purchase of consolidated subsidiaries	(855)	-
Purchase of securities in affiliate companies resulting in change in scope of consolidation	740	-
Other cash flows from investing activities	(496)	(4)
Net cash used in investing activities	(11,314)	(18,299)
Cash flows from financing activities		
Dividends paid to stockholders	(2,012)	(3,017)
Dividends paid to minority stockholders of subsidiaries	(11)	(18)
Other cash flows from financing activities	(187)	(207)
Net cash used in financing activities	(2,211)	(3,244)
Effect of exchange rate changes on cash and cash equivalents	36	86
Net increase (decrease) in cash and cash equivalents	6,050	(6,951)
Cash and cash equivalents at beginning of term	48,482	54,532
Cash and cash equivalents at end of term	54,532	47,581

Segment Information

Year ended March 31, 2013 (April 1, 2012 to March 31, 2013)

	Reportable segment				(millions of yen)	
	TV Broadcasting Business	Music Publication Business	Other Businesses	Total	Adjustments*1	Amounts reported on consolidated financial statements*2
Sales						
Sales to outside customers	219,008	7,322	27,443	253,774	-	253,774
Inter-segment sales and transfers	3,837	385	7,973	12,196	(12,196)	-
Total	222,846	7,708	35,416	265,971	(12,196)	253,774
Segment income	10,505	1,335	1,674	13,515	(99)	13,415
Segment assets	192,828	12,002	36,000	240,831	92,318	333,150
Other items						
Depreciation/amortization	8,024	96	968	9,090	-	9,090
Investment in affiliates	8,240	0	4,256	12,497	-	12,497
Increase in tangible/intangible assets	8,606	100	1,381	10,088	-	10,088

Notes: 1. Details of adjustments are as follows:

- 1) Segment income adjustment of minus 99 million yen is elimination of inter-segment transaction.
- 2) Segment assets adjustment of 92,318 million yen consists of corporate assets of 105,171 million yen and elimination of inter-segment claims and liabilities of minus 12,852 million yen.

2. Segment income is adjusted to align it with operating income reported on the consolidated statements of income for the corresponding period.

Year ended March 31, 2014 (April 1, 2013 to March 31, 2014)

	Reportable segment				(millions of yen)	
	TV Broadcasting Business	Music Publication Business	Other Businesses	Total	Adjustments*1	Amounts reported on consolidated financial statements*2
Sales						
Sales to outside customers	227,472	11,459	28,996	267,928	-	267,928
Inter-segment sales and transfers	4,263	327	8,165	12,756	(12,756)	-
Total	231,735	11,787	37,161	280,684	(12,756)	267,928
Segment income	15,096	1,820	895	17,813	(65)	17,748
Segment assets	208,695	13,384	35,817	257,898	88,103	346,001
Other items						
Depreciation/amortization	8,385	136	1,012	9,533	-	9,533
Investment in affiliates	8,905	-	4,492	13,398	-	13,398
Increase in tangible/intangible assets	16,502	420	5,282	22,204	-	22,204

Notes: 1. Details of adjustments are as follows:

- 1) Segment income adjustment of minus 65 million yen is elimination of inter-segment transaction.
- 2) Segment assets adjustment of 88,103 million yen consists of corporate assets of 103,199 million yen and elimination of inter-segment claims and liabilities of minus 15,095 million yen.

2. Segment income is adjusted to align it with operating income reported on the consolidated statements of income for the corresponding period.

Material Subsequent Events

On April 1, 2014, the Company transitioned to a group structure in which the Company is a certified broadcasting holding company by combining an absorption-type company split with TV Asahi Bunkatsu Junbi Kabushiki Kaisha (the “Successor Preparatory Company”), a wholly owned subsidiary of the Company, (the “Company Split”) and a share exchange with Asahi Satellite Broadcasting, Ltd. (“BS Asahi”) (the “Share Exchange”).

Also, on the same day the Company changed its trade name to TV Asahi Holdings Corporation (“TV Asahi Holdings”) and the Successor Preparatory Company changed its trade name to “TV Asahi Corporation” (“TV Asahi”).

(1) Purpose of transition to a certified broadcasting holding company structure

To become “one of Japan’s top content-business enterprises,” which the Company has articulated as its future vision, it is necessary to further strengthen the integrated operating structure for terrestrial, BS, and CS broadcasting and undertake more strategic and efficient business expansion into media peripheral to broadcasting with content as the starting point. The TV Asahi group reached the conclusion that it should introduce a certified broadcasting holding company structure as a framework for organizationally and functionally realizing this.

(2) Overview of the Company Split

1) Splitting company and successor company

	Splitting Company	Successor Company
Name	TV Asahi Holdings Corporation (former name: TV Asahi Corporation)	TV Asahi Corporation (former name: TV Asahi Bunkatsu Junbi Kabushiki Kaisha)

2) Nature and size of the split businesses

The split businesses are all businesses excluding group business management. The size of the split businesses is 226.841 billion yen (net sales in the fiscal year ended March 31, 2014).

3) Method of the Company Split

This is an absorption-type company split in which the Company is the splitting company and the Successor Preparatory Company is the successor company.

4) Overview of the accounting treatment

Since the Company Split is a transaction between a parent and a wholly owned subsidiary, the Company Split has been treated as a “transaction between entities under common control” under the Accounting Standard for Business Combinations (Business Accounting Standards No. 21) and Guidance on Accounting Standard for Business Combinations and Accounting Standards for Business Divestitures (Guidance on Accounting Standards No. 10).

5) Effective date of the Company Split

April 1, 2014

(3) Overview of the Share Exchange

1) Overview of the company to become a wholly owned subsidiary through the Share Exchange

Company name	Asahi Satellite Broadcasting, Ltd. (BS Asahi)
Location	6-10-1 Roppongi, Minato-ku, Tokyo
Name and title of representative	Kenji Kazama, President
Stated capital	10.000 billion yen (As of March 31, 2014)
Net assets	20.813 billion yen (As of March 31, 2014)
Total assets	23.196 billion yen (As of March 31, 2014)
Business description	Basic broadcasting business under the Broadcasting Act, and businesses related to the production, sale, and import and export of broadcast programs, video recordings, audio recordings, and movies, etc.

2) Method of the Share Exchange

A share exchange was conducted in which the Company is the wholly owning parent company in share exchange and BS Asahi is the wholly owned subsidiary in share exchange. The Company conducted the Share Exchange without approval of the shareholders meeting through a short-form share exchange procedure under the provisions of Article 796 Paragraph 3 of the Companies Act.

3) Details of allotment of shares pertaining to the Share Exchange

Company Name	The Company (wholly owning parent company)	BS Asahi (wholly owned subsidiary)
Details of share allotment pertaining to the Share Exchange	1	18

Note 1: Share allotment ratio

Eighteen shares of common stock of the company were allotted and delivered per share of common stock of BS Asahi: provided, however, that shares will not be allotted in the Share Exchange for shares of BS Asahi held by the Company.

Note 2: Method of calculating the share exchange ratio

In order to ensure the fairness and reasonableness of the share exchange ratio used in the Share Exchange, the Company and BS Asahi each engaged an independent third-party calculation institution to calculate the share exchange ratio. The Company and BS Asahi selected Daiwa Securities Co., Ltd. and SMBC Nikko Securities Inc., respectively, as third-party calculation institutions and obtained calculation results. As a result of comprehensively taking into account the financial circumstances, the asset status, future prospects, and other factors of each company and deliberate discussions of the share exchange ratio with reference to the results of those calculations, the companies ultimately reached the conclusion and agreed that the above share exchange ratio is reasonable.

Note 3: Number of new shares issued by the company due to the Share Exchange

The Company issued 7,929,000 shares of common stock due to the Share Exchange. (The Company did not deliver shares it holds as treasury stock in the Share Exchange).

4) Overview of the accounting treatment

The Share Exchange falls under the category of an “acquisition” under the Accounting Standard for Business Combinations (Business Accounting Standards No. 21) and Guidance on Accounting Standard for Business Combinations and Accounting Standards for Business Divestitures (Guidance on Accounting Standards No. 10),

and the purchase method has been applied with the Company as the acquiring company.

5) Effective date of the Share Exchange

April 1, 2014

Non-Consolidated Statements of Income

	(millions of yen, except percentages)			
	Fiscal year ended March 31,		Year-on-year change	
	2013	2014		
Net sales	217,662	226,841	9,178	4.2%
Breakdown:				
Time sales revenue	89,047	87,950	(1,097)	(1.2%)
Spot sales revenue	94,911	103,486	8,574	9.0%
Program sales revenue	12,845	12,819	(25)	(0.2%)
Other revenue	2,464	2,762	297	12.1%
Other business revenue	18,393	19,822	1,429	7.8%
Operating expenses	209,042	214,671	5,628	2.7%
Operating income	8,619	12,170	3,550	41.2%
Operating income / Net sales	4.0%	5.4%	1.4%	
Non-operating revenue	2,192	2,818	626	28.6%
Non-operating expenses	187	293	106	57.0%
Recurring profit	10,624	14,695	4,070	38.3%
Recurring profit / Net sales	4.9%	6.5%	1.6%	
Extraordinary gains	-	1,304	1,304	-
Breakdown:				
Gain on sale of noncurrent assets	-	1,304	1,304	-
Extraordinary losses	1,612	1,937	325	20.2%
Breakdown:				
Loss on sale of investment in securities	-	79	79	-
Loss on devaluation of investment in securities	232	953	721	310.9%
Loss on measures associated with the relocation of transmitting station	1,380	904	(475)	(34.5%)
Income before income taxes	9,012	14,062	5,049	56.0%
Income and enterprise taxes				
Current	3,720	4,980	1,260	33.9%
Deferred	(1,037)	(138)	899	(86.6%)
Total income and enterprise taxes	2,682	4,841	2,159	80.5%
Net income	6,330	9,221	2,890	45.7%

Non-Consolidated Balance Sheets

(millions of yen, except percentages)

	As of March 31, 2013	As of March 31, 2014	(millions of yen, except per share)	
			Year-on-year change	
Assets				
Current assets	135,729	142,688	6,958	5.1%
Fixed assets	181,509	186,512	5,002	2.8%
Tangible assets	80,240	83,080	2,839	3.5%
Intangible assets	5,432	6,287	855	15.7%
Investments and other assets	95,836	97,144	1,307	1.4%
Total assets	317,239	329,201	11,961	3.8%
Liabilities				
Current liabilities	73,260	76,232	2,972	4.1%
Non-current liabilities	10,961	11,785	824	7.5%
Total liabilities	84,221	88,017	3,796	4.5%
Net assets				
Stockholders' equity	226,337	232,540	6,203	2.7%
Valuation and translation adjustments	6,681	8,643	1,962	29.4%
Total net assets	233,018	241,183	8,165	3.5%
Total liabilities and net assets	317,239	329,201	11,961	3.8%