May 15, 2014

Flash Report [Japanese GAAP] (Consolidated Basis)

Results for fiscal year ended March 31, 2014

Company name: Fuji Media Holdings, Inc.

Stock listing: Tokyo Stock Exchange Code number: 4676 URL http://www.fujimediahd.co.jp/en

Representative: Hideaki Ohta, President and Representative Director

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Date of the General Meeting of Shareholders (Planned): June 27, 2014

Date of securities report filing (Planned): June 27, 2014 Start of dividend payments (Planned): June 30, 2014

Supplemental explanatory material prepared: Yes Results briefing held: Yes

(Figures less than ¥1 million have been omitted.)

1. Consolidated Financial Results

(1) Business Performance

Years ended March 31

Percentages indicate year-on-year increases/ (decreases).

	Net sales		Operating income		Recurring profit		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
2014	642,145	1.6	31,527	(16.2)	34,838	(26.2)	17,282	(44.8)
2013	632,029	6.5	37,608	13.3	47,209	(9.8)	31,337	(48.8)

(Note) Comprehensive income: Year ended March 31, 2014: ¥30,661 million, (38.8)%, Year ended March 31, 2013: ¥50,073 million, (31.4)%

	Net income per share	Net income per share after dilution	Return on equity	Recurring profit-to-total assets ratio	Operating income-to-net sales ratio
	Yen	Yen	%	%	%
2014	74.62	—	3.0	3.5	4.9
2013	135.09	—	5.7	5.0	6.0

(Reference) Equity in earnings of affiliates: Year ended March 31, 2014: ¥3,092 million
Year ended March 31, 2013: ¥8,469 million,

(Note) Fuji Media Holdings conducted a share split on October 1, 2013, at the ratio of 100 shares per share of common stock. Net income per share has been calculated assuming that the share split was conducted at the start of the previous fiscal year.

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
2014	1,011,696	583,013	57.1	2,495.75
2013	952,335	568,200	59.1	2,431.77

(Reference) Total shareholders' equity: March 31, 2014: ¥577,804 million, March 31, 2013: ¥563,284 million,

(Note) Fuji Media Holdings conducted a share split on October 1, 2013, at the ratio of 100 shares per share of common stock. Net assets per share have been calculated assuming that the share split was conducted at the start of the previous fiscal year.

(3) Cash Flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2014	22,784	(33,043)	4,544	57,293
2013	45,771	(13,649)	(43,363)	61,879

2. Dividends

Years ended March 31, 2013 and 2014/ Year ending March 31, 2015

	Dividends per share					Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	1Q	2Q	3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2013	—	2,200.00	—	2,200.00	4,400.00	10,304	32.6	1.9
2014	—	2,200.00	—	18.00	—	9,367	53.6	1.6
2015 (Forecast)	—	20.00	—	20.00	40.00		41.0	

(Note) Fuji Media Holdings conducted a share split on October 1, 2013, at the ratio of 100 shares per share of common stock. Figures for fiscal 2013 and fiscal 2014 2Q are actual dividend amounts prior to the share split.

3. Forecasts of Consolidated Financial Results for Fiscal Year ending March 31, 2015

Percentages indicate year-on-year increases/ (decreases).

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	313,300	2.0	13,100	(9.0)	14,500	(7.0)
Fiscal year	650,700	1.3	34,000	7.8	36,800	5.6

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	8,500	37.2	36.71
Fiscal year	22,600	30.8	97.62

Notes:

1. Significant changes in subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the subject period: None

   Additions: None Deletions: None

2. Changes in accounting policies, changes in accounting estimates, and modifications and restatements:
   1) Changes in accounting policies based on revision of accounting standards: Yes
   2) Changes in accounting policies other than 1) above: None
   3) Changes in accounting estimates: None
   4) Modifications and restatements: None

3. Number of issued shares (Common stock)

	Years ended March 31	
	2014	2013
1) Number of issued shares (including treasury stock) at end of fiscal year	236,429,800	236,429,800
2) Number of treasury stock at end of fiscal year	4,914,917	4,794,452
3) Average number of issued shares for fiscal year	231,615,354	231,976,475

(Note) Fuji Media Holdings conducted a share split on October 1, 2013, at the ratio of 100 shares per share of common stock. Figures have been calculated assuming that the share split was conducted at the start of the previous fiscal year.

(Reference) Flash Report (Non-Consolidated Basis)

Non-Consolidated Financial Results for fiscal year ended March 31, 2014

(1) Operating Results

Years ended March 31

Percentages indicate year-on-year increase/ (decrease).

	Net sales		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2014	21,897	4.7	15,071	14.0	15,704	8.0	13,665	(9.6)
2013	20,913	0.3	13,218	10.1	14,540	17.5	15,109	21.7

	Net income per share	Net income per share after dilution
	Yen	Yen
2014	58.35	—
2013	64.52	—

(Note) Fuji Media Holdings conducted a share split on October 1, 2013, at the ratio of 100 shares per share of common stock. Net income per share has been calculated assuming that the share split was conducted at the start of the previous fiscal year.

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2014	666,151	463,029	69.5	1,977.12
2013	652,774	446,096	68.3	1,904.81

(Reference) Total shareholders' equity: March 31, 2014: ¥463,029 million, March 31, 2013: ¥446,096 million

(Note) Fuji Media Holdings conducted a share split on October 1, 2013, at the ratio of 100 shares per share of common stock. Net assets per share have been calculated assuming that the share split was conducted at the start of the previous fiscal year.

Indication of audit procedure implementation status

This flash report is not subject to audit procedures under the Financial Instruments and Exchange Act. The audit procedures of financial statements in accordance with the Financial Instruments and Exchange Act have not been completed at the time of disclosure of this flash report.

Explanation of appropriate use of forecasts of financial results; other important items

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release and certain assumptions considered rational. Actual results may differ materially from the forecasts due to various factors in the future. Regarding the forecast of financial results, please refer to "Outlook for FY2014 (Ending March 31, 2015)" on page 8.

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1. ANALYSIS OF BUSINESS PERFORMANCE AND FINANCIAL POSITION

(1) Analysis of Business Performance

[Business Performance in FY2013]

The Japanese economy during fiscal 2013 (April 1, 2013 to March 31, 2014) began to steadily revive during the first half on the back of improvement in exports and the effects of economic measures and monetary policies and the mild recovery continued in the second half with improvement in employment and income, along with the demand rush ahead of the rise in the consumption tax rate.

Amid this economic environment, the Fuji Media Holdings Group posted consolidated net sales for the subject fiscal year of ¥642,145 million, up 1.6% from the previous fiscal year. Although revenue declined in the mainstay Broadcasting segment and the Production segment, performance was supported by gains in the Video and Music segment, Life Information segment, Advertising segment, Urban Development segment, and Other segment.

Operating income declined 16.2% from the previous fiscal year to ¥31,527 million. Earnings rose in the Life Information segment, and were up sharply in the Advertising segment, but these were offset by declines in other segments. Recurring profit declined 26.2% to ¥34,838 million on a rebound decline from the gain on negative goodwill recorded in the previous fiscal year when Kansai Telecasting Corporation was made an equity-method affiliate. Net income fell 44.8% year-on-year to ¥17,282 million, due mainly to a rebound decline from the recording of extraordinary gains in the previous fiscal year, including a gain on negative goodwill generated when The Sankei Building Co., Ltd. became a wholly-owned subsidiary.

Results by operating segment are as follows.

Years ended March 31

	Net sales			Operating income		
	2013	**2014**	Change	2013	**2014**	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Broadcasting	352,088	**346,861**	(1.5)	25,342	**18,170**	(28.3)
Production	51,720	**51,487**	(0.4)	2,940	**2,838**	(3.5)
Video and Music	58,690	**60,182**	2.5	2,572	**2,219**	(13.7)
Life Information	132,323	**139,725**	5.6	1,072	**1,490**	39.0
Advertising	41,127	**44,045**	7.1	82	**457**	453.2
Urban Development	40,172	**43,410**	8.1	5,444	**5,333**	(2.0)
Other	27,430	**27,669**	0.9	741	**720**	(2.8)
Adjustments	(71,525)	**(71,236)**	—	(586)	**298**	—
Total	632,029	**642,145**	1.6	37,608	**31,527**	(16.2)

Broadcasting

Broadcasting revenue, which accounts for the core of revenue from the broadcasting businesses of Fuji Television Network, Inc. (“Fuji TV”), declined 4.0% from the previous fiscal year to ¥233,316 million. Conditions for sales were difficult during the first half, continuing the pattern from the previous fiscal year, but turned positive in the second half for local time and spot advertising sales, which are closely linked to market conditions. Overall, however, sales prices failed to recovery fully.

Network time advertising sales (time advertising for nationwide broadcasts) declined 4.0% year-on-year to ¥108,728 million. Harsh conditions continued from the previous fiscal year, with a difficult start to the year as the standard fee for regular program sponsorships was down year-on-year for the April new programming season. One-off programming sales, despite contributions from major events such as the 2013 FIFA Confederations Cup, were down year-on-year for the first half due to the substantial impact from the rebound decline of last year's London 2012 Olympic Games. During the second half as well, contributions from major one-off sports programs featuring fine performances by Japanese athletes, such as the Sochi 2014 Olympics, were unable to counter the falloff in regular programs, leading to a decline overall.

Local time advertising sales (time advertising for the Kanto region) declined 3.7% from the previous fiscal year to ¥14,719 million. The standard fee for regular program sponsorships was higher year-on-year amid difficult market conditions, but overall revenue declined in the first half as a result of fewer available segments owing to a change in sales categories. During the second half, however, sales increased year-on-year for six consecutive months from October, boosted by revenue from good one-off programming sales.

Spot advertising sales declined 4.0% from the previous fiscal year to ¥109,868 million. Regional investment amounts were higher year-on-year in both the first and second half, and market conditions were positive, but a decline in viewer ratings of Fuji TV led to a fall in its market share, with the total falling short of the previous fiscal year. By industry category, spending rose year-on-year in such categories as "Autos" on placements for eco-cars and light motor vehicles, "Beverage (Alcoholic)" and "Beverage (Non-alcoholic)" on a significant expansion of placements by major beer and drinks producers, and "Finance/Insurance" on placements by banks, insurance companies and securities firms. By contrast, year-on-year spending was down in "Distribution/Retail" on a decline in placements for mail-order businesses, and in "Pharmaceuticals/Medical Products."

Revenue from other broadcasting business decreased 3.2% year-on-year to ¥32,759 million. Income from overseas program sales increased, but revenue was down year-on-year in communication satellite (CS) broadcasting, and domestic program sales.

Revenue from other businesses increased 8.6% from the previous fiscal year to ¥50,770 million. In the movie business, *Midsummer Formula* (¥3.31 billion in box office revenues) captured the top spots for box office revenue for live-action Japanese movies in 2013, with *The After-Dinner Mysteries* (¥3.25 billion) and *Like Father, Like Son* (¥3.20 billion) in second and third place, respectively. Overall, however, revenue was down year-on-year as a result of the rebound decline from last year's powerful movie lineup. In the event business, revenue rose sharply from such events as the Japan performance of *MICHAEL JACKSON THE IMMORTAL WORLD TOUR*, *Walking with Dinosaurs – Live Arena Tour in Japan*, and a positive start for Cirque du Soleil *OVO*. Revenue from other businesses was also boosted by the video business with such major hits as the *Mecha-Ike* series and *LEGAL HIGH 2nd Season*, and by the digital business, driven by Fuji TV On Demand (fee-based streaming service), which benefited from the successful implementation of proactive member acquisition strategies.

In terms of expenses, operating expenses overall remained on a par with the previous fiscal year, as rises in other operations costs and general and administrative expenses were offset by curbs on broadcasting business costs and selling expenses.

Fuji Satellite Broadcasting, Inc. (BS Fuji) posted an increase in both revenue and earnings. Time advertising sales were positive, while spot advertising revenue, despite declines in the first half, rose sharply in the second.

Nippon Broadcasting System, Inc. recorded a year-on-year increase in broadcast income, but overall revenue declined on decreases in income from events and merchandise sales. Earnings, however, rose on efforts to trim program production costs, selling costs and other expenses.

As a result, for the Broadcasting segment overall, net sales declined 1.5% from the previous fiscal year to ¥346,861 million, with segment operating income down 28.3% to ¥18,170 million.

Net Sales by Broadcasting Operations

Years ended March 31

	2013	**2014**	Change
	Millions of yen	Millions of yen	%
Fuji Television Network, Inc.			
Broadcasting businesses	276,831	**266,076**	(3.9)
Broadcasting	242,989	**233,316**	(4.0)
Network time	113,205	**108,728**	(4.0)
Local time	15,289	**14,719**	(3.7)
Spot	114,494	**109,868**	(4.0)
Other broadcasting business	33,841	**32,759**	(3.2)
Program sales	18,925	**18,318**	(3.2)
Other	14,915	**14,440**	(3.2)
Other businesses	46,750	**50,770**	8.6
Subtotal	323,581	**316,846**	(2.1)
Fuji Satellite Broadcasting, Inc. (BS Fuji)	11,816	**13,810**	16.9
Nippon Broadcasting System, Inc.	19,203	**18,360**	(4.4)
Elimination in the segment	(2,513)	**(2,156)**	—
Total	352,088	**346,861**	(1.5)

Production

Net sales in the Production segment declined 0.4% from the previous fiscal year to ¥51,487 million. In terms of expenses, despite efforts to cut costs, the cost rate increased, with segment operating income declining 3.5% year-on-year to ¥2,838 million.

Video and Music

Pony Canyon, Inc. posted a rise in sales overall, as a falloff in the music division despite hits such as Linked Horizon’s *Attack on Freedom*, the theme song for the movie *Attack on Titan*, was offset by contributions from the movie division, including such titles as *Attack on Titan*, *ONE PIECE FILM Z*, *Free!* and *Bayside Shakedown THE FINAL*. In terms of expenses, the cost rate rose due mainly to an increase in amortization of production investments, leading to a decline in Pony Canyon’s earnings overall.

Fujipacific Music Inc. posted increases in both revenue and earnings owing to record high sales and an increase in royalty revenue stemming from songs related to the *One Piece* anime series, and background music from the *Mezamashi TV* television program.

As a result, net sales in the Video and Music segment overall rose 2.5% from the previous fiscal year to ¥60,182 million, while segment operating income declined 13.7% to ¥2,219 million.

Life Information

Dinos Inc. completed an absorption-type merger with Cecile Co., Ltd. and Fuji Direct Marketing Co., Ltd. in July 2013, changing its corporate name to Dinos Cecile Co., Ltd.

The Dinos business posted a gain in catalogue sales on the positive results for furniture in the lifestyle category, and fashion-related DAMA brand. Television sales also increased with a successful expansion of the product lineup on *Iimono Premium*. In the Cecile business, sales for both the mainstay ladies' outerwear and ladies' innerwear declined year-on-year in the first half, but were boosted in the second half by sales promotion campaigns and demand rush prior to the consumption tax hike, resulting in a rise in sales for the full-year period.

Sankei Living Shimbun Inc. recorded a decline in revenue from its mainstay publication *City Living* magazine and with a rise in the cost rate, posted an operating loss for the subject period.

As a result, net sales in the Life Information segment overall increased 5.6% from the previous fiscal year to ¥139,725 million, with segment operating income up 39.0% to ¥1,490 million.

Advertising

Quaras Inc. recorded an increase in revenue on steady advertising sales revenue from television, radio, and newspapers, along with a substantial gain in web advertising income. Earnings also rose on curbs on selling and administrative expenses.

Kyodo Advertising Co., Ltd. recorded revenue on a par with the previous fiscal year, and regained profitability in the subject fiscal year through greater operating efficiency and cost reductions.

As a result, net sales in the Advertising segment overall increased 7.1% from the previous fiscal year to ¥44,045 million, with segment operating income rising 453.2% to ¥457 million.

Urban Development

Revenue in the Urban Development segment rose 8.1% year-on-year to ¥43,410 million, due mainly to sales of office buildings held by The Sankei Building Co., Ltd. Earnings, however, declined 2.0% to ¥5,333 million as a result of a rise in the cost rate in the mainstay office building business, stemming from vacancies and other factors.

Other

Fujimic, Inc. recorded declines in both revenue and earnings on a falloff in orders for IT system development. Fusosha Publishing, Inc. posted increases in both revenue and earnings, with gains in sales and advertising revenue in the magazine division, along with controls on selling costs.

As a result, net sales in the Other segment overall rose 0.9% from the previous fiscal year to ¥27,669 million, though segment operating income declined 2.8% to ¥720 million.

Equity-Method Affiliates

Sankei Shimbun Co., Ltd. recorded declines in both revenue and earnings owing to sluggish newsstand sales, and an increase in selling and administrative expenses. In addition, the ten stations affiliated with Fuji TV, along with WOWOW Inc., incorporated into earnings from the subject fiscal year, contributed to equity in earnings of affiliates.

[Outlook for FY2014 (Ending March 31, 2015)]

The economy maintains a tone of mild recovery, despite signs of weakness stemming from a rebound decline following the demand rush ahead of the consumption tax increase. Business conditions for advertising are expected to continue to recover, centered on spot advertising, and we anticipate gains in both revenue and earnings for Fuji TV and other aspects of the Broadcasting segment. We also expect revenue and earnings increases for the Urban Development segment and the Life Information segment. Thus, on a consolidated basis, net sales, operating income, recurring profit and net income are expected to exceed the results for the subject fiscal year.

Accordingly, for the fiscal year ending March 31, 2015, Fuji Media Holdings is forecasting consolidated net sales of ¥650.7 billion, with operating income of ¥34.0 billion, recurring profit of ¥36.8 billion, and net income of ¥22.6 billion.

(2) Analysis of Financial Position

Total assets at the end of the subject fiscal year (March 31, 2014) amounted to ¥1,011,696 million, an increase of ¥59,360 million from the end of the previous fiscal year (March 31, 2013).

Total current assets amounted to ¥370,461 million, an increase of ¥28,770 million from the end of the previous fiscal year. This was due mainly to increases of ¥9,642 million in inventories; ¥8,981 million in notes and accounts receivable-trade; and ¥6,271 million in marketable securities.

Noncurrent assets totaled ¥641,235 million, an increase of ¥30,590 million. This was due mainly to increases of ¥19,897 million in investment securities; ¥11,240 million in land; and ¥4,690 million in deferred tax assets; against a decrease of ¥4,038 million in buildings and structures.

Total liabilities amounted to ¥428,683 million, an increase of ¥44,547 million from the end of the previous fiscal year. This was due mainly to an increase of ¥15,757 million in net defined benefit liability compared to the provision for retirement benefits at the end of the previous fiscal year; and an increase of ¥10,770 million in short-term loans payable.

Total net assets at the end of the subject fiscal year amounted to ¥583,013 million, an increase of ¥14,812 million from the end of the previous fiscal year. This was the result of the recording of ¥17,282 million in net income for the subject period; along with an increase of ¥14,309 million in valuation difference on available-for-sale securities; against a decrease of ¥10,304 million in retained earnings due to dividend payments; the recording of a negative ¥8,882 million in remeasurements of defined benefit plans; and a decrease of ¥3,285 million in revaluation reserve for land.

Cash flows during the subject period were as follows.

Cash provided by operating activities amounted to ¥22,784 million, a decrease of ¥22,987 million from cash provided during the previous fiscal year. This was due mainly to a decrease of ¥14,329 million in income before income taxes; a ¥14,869 million decrease in proceeds from notes and accounts receivable-trade; and a ¥12,406 million decrease in proceeds from inventories; against a decrease of ¥5,377 in equity in earnings of affiliates; and an ¥8,081 increase in proceeds from notes and accounts payable-trade.

Cash used in investing activities totaled ¥33,043 million, an increase of ¥19,393 million from cash used in the previous fiscal year. This was due mainly to ¥3,192 million in proceeds from withdrawal of time deposits; a decrease of ¥18,309 million in proceeds from sales and redemption of securities; and an increase of ¥7,121 million in payments on purchase of property, plant and equipment; against a ¥7,163 million decrease in payments for purchase of short-term investment securities; and an increase of ¥6,515 million in proceeds from sales and redemption of investment securities.

Cash provided by financing activities amounted to ¥4,544 million, compared to ¥43,363 million in cash used in the previous fiscal year. This was due mainly to a decrease of ¥30,019 million in payments on redemption of bonds; and a ¥10,900 million increase in proceeds from net increase in short-term borrowings.

As a result, including an additional ¥221 million increase in cash and cash equivalents resulting from a merger, the balance of cash and cash equivalents at the end of FY2013 (March 31, 2014) amounted to ¥57,293 million, a decrease of ¥4,585 million from the end of FY2012 (March 31, 2013).

(Reference) Trends in cash flow indices are shown below:

Years ended March 31

	2010	2011	2012	2013	**2014**
Equity ratio (%)	61.0	63.1	55.3	59.1	**57.1**
Equity ratio, based on market value (%)	42.4	37.0	34.8	39.7	**43.4**
Ratio of Interest-bearing debt to cash flow (times)	5.3	1.2	4.2	2.9	**6.7**
Interest coverage ratio (times)	16.3	50.8	45.4	23.6	**14.7**

Notes: Equity ratio: shareholders' equity/ total assets
Market-based rate of equity ratio: total market capitalization/ total assets
Ratio of interest-bearing debt to cash flow: interest-bearing debt/ cash flows
Interest coverage ratio: cash flows/ interest expense

*1. All indices are calculated on a consolidated basis.

*2. The total market value of stocks is calculated by multiplying market value at the balance sheet date by the number of shares issued (with shares of treasury stock deducted) by the balance sheet date.

*3. "Cash flows" refers to cash flows provided by (used in) operating activities as shown in the consolidated statements of cash flows.

*4. "Interest-bearing debt" refers to all debts listed in the consolidated balance sheets on which the Company pays interest. "Interest payments" denotes interest payments as reflected in the consolidated statements of cash flows.

(3) Basic Policy on Distribution of Company Profits, and Dividends for FY2013 and FY2014

Fuji Media Holdings regards the redistribution of profits to its shareholders as one of its most important management responsibilities. Our basic policy is to pay dividends commensurate with performance, while making proactive investments in Group restructuring, equipment, and content and entry into new business fields, in order to provide for Group growth and expansion of corporate value under the certified broadcast holding company structure.

The Company's basic policy regarding the distribution of retained earnings is to target a payout ratio of 40% on a consolidated basis. The year-end dividend for FY2013 (ended March 31, 2014), based on the results for the subject fiscal year, and in consideration of the stability of dividends from the standpoint of emphasizing the redistribution of profits to its shareholders, will be ¥18 per share. Effective October 1, 2013, the Company implemented a share split at the ratio of 100 shares for each share of common stock. Accordingly, the interim dividend of ¥2,200 per share already paid, calculated in an amount subsequent to the share split, would be ¥22 per share, which together with the year-end dividend, amounts to a full-year payout of ¥40 per share. The dividend payment will be an item on the agenda of the 73rd Ordinary General Meeting of Shareholders scheduled for June 27, 2014.

For FY2014 (ending March 31, 2015), Fuji Media Holdings will maintain its policy of a target payout ratio of 40% on a consolidated basis (although the lower limit for the annual dividend payment will be set at ¥16 per share). Based on this policy, for FY2014, the Company plans to pay an interim dividend of ¥20 per share and a year-end dividend of ¥20 per share, amounting to a full-year payout of ¥40 per share.

2. ORGANIZATION OF THE FUJI MEDIA HOLDINGS GROUP

The Fuji Media Holdings Group comprises the certified broadcast holding company Fuji Media

Holdings, Inc., together with 91 subsidiaries and 49 affiliates. The Group's activities include the mainstay business of broadcasting as prescribed by Japan's Broadcast Act; the planning, production, engineering and relay of programs for broadcast; the video and music business; the life information business comprising such activities as direct marketing and free paper publication; the advertising business; and the urban development business comprising office building leasing and real estate transactions.

The major companies by business category are shown below.

Category	Major Companies
Broadcasting TV broadcasting and radio broadcasting	Fuji Television Network, Inc. Nippon Broadcasting System, Inc. Fuji Satellite Broadcasting, Inc. (BS Fuji)
Production Planning, production, engineering and relay of programs for broadcast, etc.	Kyodo Edit, Inc. Kyodo Television, Ltd. Vasc, Co., Ltd. Van Eight Production, Inc. Fuji Art, Inc. Fuji Creative Corporation Fuji Media Technology, Inc. Basis, Ltd. NEXTEP TV WORKSHOP Co., Ltd.
Video and Music Production and sale of music and video content, management of music copyrights, etc.	Shinko Music Publishers Co., Ltd. Fujipacific Music Inc. "Fuji Music Partners" Pony Canyon Inc. Ponycanyon Enterprise Inc. ARC/CONRAD MUSIC, LLC ARC MUSIC, INC. FUJI ENTERTAINMENT AMERICA, INC.
Life Information Direct marketing and free paper publishing, etc.	ALMADO inc. Sankei Living Shimbun Inc. Dinos Cecile Co., Ltd. Dinos Cecile Communications Co., Ltd. Living Pro-Seed, Inc.
Advertising Advertising, etc.	Kyodo Advertising Co., Ltd. Quaras Inc.
Urban Development Office building leasing, real-estate transactions, etc.	Sankei Kaikan Co., Ltd. The Sankei Building Co., Ltd. The Sankei Bldg Techno Co., Ltd. The Sankei Building Management Co., Ltd.
Other Publishing, temporary agency services, movables leasing, software development, etc.	Nippon Broadcasting Projects, Inc. FUJI CAREER DESIGN INC. Fujimic, Inc. Fusosha Publishing, Inc. FUJISANKEI COMMUNICATIONS INTERNATIONAL, INC.

3. MANAGEMENT POLICIES

(1) Fuji Media Holdings' Basic Management Policy

The Fuji Media Holdings Group is a leading company in the media and content industry, with operations centered on Fuji Television Network, Inc. Our basic management policy is to contribute to the enrichment of the everyday lives of citizens through various fields, centered on broadcasting, and including movies, events, video and music, publishing and books, as well as life information and urban development, all under a certified broadcast holding company structure.

Under this policy, the Fuji Media Holdings Group has built an earnings structure capable of achieving sustainable growth, and strengthened its management foundation, while responding in a flexible manner to changes in the business environment.

Going forward, the Fuji Media Holdings Group will strengthen and grow its businesses, and further enhance ties between group companies, while also expanding the wide variety of media content it possesses to various other types of media in order to maximize earnings. Further, we will actively cultivate future growth fields, centered on the media content and digital businesses, in order to enhance our corporate value, and earn the trust and meet the expectations of our shareholders and investors.

(2) Management Goals and Indicators

The Fuji Media Holdings Group, while responding appropriately to changes in the business environment, will aim to raise the level of earnings for the corporate group as a whole, and to improve indicators of management efficiency, such as the operating income-to-net sales ratio. Further, from the standpoint of realizing continual improvement in corporate value, we will work to ensure efficient utilization of shareholders' equity, and the effective management of expenses.

(3) Medium- to Long-Term Management Strategies, and Issues to Be Addressed

The Fuji Media Holdings Group, under its certified broadcast holding company structure, has furthered the growth of its group companies, including its core terrestrial television broadcasting business, and worked to strengthen its earnings foundation. We will continue to seek sustainable growth for the corporate group as a whole, while responding appropriately to developments in the Japanese economy and changes in the business environment, such as the rapid development of digital technologies.

(i) Strengthen competitiveness and earnings capacity in the broadcasting business

Advertising revenue for terrestrial television from Fuji Television Network, Inc. is the core of the Group's earnings, and its program content is the source of earnings for the Group's various businesses. Viewer ratings for Fuji Television Network are an important business indicator, and we are continually striving to raise the figures. We will endeavor to further revise the programming lineup, and create programs that are trusted by viewers and citizens.

Terrestrial television broadcasting, as a result of its broad availability and appeal, has a potent media power unrivaled by other types of media, and is likely to continue to retain a considerable share of the advertising market in the future. We do not necessarily have great expectations for growth in the terrestrial television advertising market, but by effectively managing terrestrial broadcasting in a unified manner with our two satellite mediums, the free-to-air commercial broadcast satellite (BS) service that is steadily expanding revenues, and the subscription-based communication satellite (CS) and pay TV service, the Fuji Media Holdings Group will further enhance the earnings capacity of the broadcast business.

The development and widespread use of digital technologies and devices in recent years has led to diversity in the styles of viewing media content, and adapting to these new viewing modes, and maintaining and expanding earnings in the broadcast business, is also a management issue. Fuji Television Network's program streaming service, Fuji TV On Demand, is rapidly expanding in scale, and we are actively working to develop future earnings opportunities, including the launch of services to provide simultaneous streaming to smartphones of CS and pay TV broadcasts. The Fuji Media Holdings Group, through media strategies that aptly respond to changes in the business environment, will maximize the value of the potent media properties and content held by the corporate group.

(ii) Strengthen non-broadcasting businesses, and expand the business domain

Although the earnings of the Fuji Media Holdings Group are centered on terrestrial television advertising revenue, we also recognize the importance of enhancing diversity in our earnings base so as not to be unduly affected by fluctuations in advertising revenue resulting from market conditions or other factors. The Fuji Media Holdings Group, based on its holding company structure, will aim to have group management structure able to secure a high level of earnings apart from the television broadcasting business, through mutual tie-ups and complementary relations among various businesses, including movies, events and digital businesses, as well as Production, Video and Music, Life Information, Advertising and Urban Development businesses.

While continuing to support self-sustaining growth for all group companies, we will conduct business management, including the reallocation of management resources and cost controls, in order to realize stable growth for the Group.

(iii) Cultivate new business fields

The Fuji Media Holdings Group will work to further develop new businesses that provide new earnings opportunities. During 2013, we established Fuji Startup Ventures Inc. to actively promote investment in venture companies in such fields as smartphone game and application development, and information services. In addition to the growth and development of these companies, we are also considering alliances between companies in these growth fields and the Group's businesses, and have already established a joint venture for games.

The Fuji Media Holdings Group is also strengthening its overseas business. In addition to overseas sales of media content, as a new business venture through FI Media Project, Inc., jointly established with a major trading company, we concluded an operational alliance with an overseas broadcasting company and other firms, and have begun conducting business on a trial basis in the music copyrights and direct marketing fields.

Further, as a major project for the future, we are exploring the commercialization of a special project zone utilizing the area around Daiba, which is well suited for Japan's international tourism strategies.

4. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

At March 31		Millions of yen
	2013	**2014**
ASSETS		
Current assets:		
Cash and deposits	42,107	**37,119**
Notes and accounts receivable-trade	119,797	**128,778**
Marketable securities	98,687	**104,958**
Inventories	39,149	**48,791**
Deferred tax assets	5,555	**4,899**
Other	37,033	**46,645**
Allowance for doubtful accounts	(639)	**(732)**
Total current assets	341,691	**370,461**
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	138,755	**134,717**
Machinery, equipment and vehicles	10,516	**11,277**
Land	158,248	**169,488**
Construction in progress	1,921	**519**
Other	8,462	**8,548**
Total property, plant and equipment	317,904	**324,550**
Intangible assets		
Goodwill	1,327	**823**
Leasehold right	16,896	**17,474**
Software	13,128	**11,216**
Other	10,204	**13,206**
Total intangible assets	41,556	**42,720**
Investments and other assets		
Investment securities	218,873	**238,771**
Deferred tax assets	13,594	**18,285**
Other	20,654	**18,938**
Allowance for doubtful accounts	(1,940)	**(2,031)**
Total investments and other assets	251,182	**273,963**
Total noncurrent assets	610,644	**641,235**
Total assets	952,335	**1,011,696**

At March 31	Millions of yen	
	2013	**2014**
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	50,237	**54,264**
Short-term loans payable	28,618	**39,388**
Accrued income taxes	8,169	**5,013**
Provision for sales returns	785	**970**
Provision for directors' bonuses	359	**347**
Provision for point card certificates	858	**896**
Provision for measures associated with the relocation of transmitting stations	1,080	**—**
Provision for loss on reconstruction	—	**285**
Other	70,751	**83,543**
Total current liabilities	160,860	**184,710**
Noncurrent liabilities:		
Bonds payable	60,000	**50,000**
Long-term loans payable	41,690	**47,402**
Deferred tax liabilities	41,870	**46,504**
Deferred tax liabilities on land revaluation	10,819	**14,200**
Provision for retirement benefits	45,834	**—**
Provision for directors' retirement benefits	1,630	**1,680**
Provision for loss on interest repayment	40	**19**
Provision for environmental measures	18	**18**
Net defined benefit liability	—	**61,592**
Negative goodwill	7,039	**6,405**
Other	14,329	**16,149**
Total noncurrent liabilities	223,274	**243,973**
Total liabilities	384,135	**428,683**
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	**146,200**
Capital surplus	173,664	**173,664**
Retained earnings	233,723	**244,360**
Treasury stock	(9,228)	**(9,424)**
Total shareholders' equity	544,360	**554,800**
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	19,429	**33,739**
Deferred gains or losses on hedges	69	**4**
Revaluation reserve for land	2,980	**(305)**
Foreign currency translation adjustment	(3,556)	**(1,553)**
Remeasurements of defined benefit plans	—	**(8,882)**
Total accumulated other comprehensive income	18,923	**23,003**
Minority interests	4,915	**5,208**
Total net assets	568,200	**583,013**
Total liabilities and net assets	952,335	**1,011,696**

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

Years ended March 31 — Millions of yen

	2013	**2014**
Net sales	632,029	**642,145**
Cost of sales	415,266	**430,805**
Gross profit	216,762	**211,339**
Selling, general and administrative expenses	179,153	**179,812**
Operating income	37,608	**31,527**
Non-operating income:		
Interest income	466	**373**
Dividends income	1,937	**2,045**
Equity in earnings of affiliates	8,469	**3,092**
Amortization of negative goodwill	634	**634**
Other	1,285	**1,190**
Total	12,792	**7,336**
Non-operating expenses:		
Interests	2,043	**1,527**
Loss on investments in partnership	524	**1,808**
Other	623	**689**
Total	3,191	**4,025**
Recurring profit	47,209	**34,838**
Extraordinary gain:		
Gain on sales of noncurrent assets	669	**100**
Gain on sales of investment securities	291	**351**
Other	2,161	**24**
Total	3,123	**476**
Extraordinary loss:		
Loss on valuation of investment securities	308	**2,736**
Loss on measures associated with the relocation of transmitting stations	1,376	**907**
Other	4,129	**1,482**
Total	5,814	**5,125**
Income before income taxes	44,518	**30,188**
Income taxes-current	15,002	**10,829**
Income taxes-deferred	(2,187)	**1,658**
Total	12,814	**12,488**
Income before minority interests	31,703	**17,700**
Minority interests in income	366	**417**
Net income	31,337	**17,282**

Consolidated Statements of Comprehensive Income

Years ended March 31 | Millions of yen

	2013	**2014**
Income before minority interests	31,703	**17,700**
Other comprehensive income:		
Valuation difference on available-for-sale securities	13,790	**13,908**
Deferred gains or losses on hedges	14	**(35)**
Revaluation reserve for land	3,793	**(3,380)**
Foreign currency translation adjustment	934	**2,002**
Share of other comprehensive income of affiliates accounted for using equity method	(162)	**466**
Total other comprehensive income	18,370	**12,961**
Comprehensive income	50,073	**30,661**
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	49,639	**30,245**
Comprehensive income attributable to minority interests	433	**416**

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2013 Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of fiscal year	146,200	173,664	214,135	(7,355)	526,645
Changes of items during the fiscal year:					
Dividends from surplus			(11,709)		(11,709)
Net income			31,337		31,337
Change in equity in affiliates accounted for by equity method - treasury stock				(1,872)	(1,872)
Reversal of revaluation reserve for land			4		4
Change of scope of consolidation			(5)		(5)
Increase by merger			(37)		(37)
Net changes of items other than shareholders' equity					
Total	—	—	19,588	(1,872)	17,715
Balance at the current year-end	146,200	173,664	233,723	(9,228)	544,360

	Accumulated other comprehensive income						**Minority interests**	**Total net assets**
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total		
Balance at the beginning of fiscal year	5,080	55	(20)	(4,491)	—	624	7,256	534,525
Changes of items during the fiscal year:								
Dividends from surplus								(11,709)
Net income								31,337
Change in equity in affiliates accounted for by equity method - treasury stock								(1,872)
Reversal of revaluation reserve for land								4
Change of scope of consolidation								(5)
Increase by merger								(37)
Net changes of items other than shareholders' equity	14,349	14	3,001	934	—	18,299	(2,340)	15,958
Total	14,349	14	3,001	934	—	18,299	(2,340)	33,674
Balance at the current year-end	19,429	69	2,980	(3,556)	—	18,923	4,915	568,200

Year ended March 31, 2014 Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of fiscal year	146,200	173,664	233,723	(9,228)	544,360
Changes of items during the fiscal year:					
Dividends from surplus			(10,304)		(10,304)
Net income			17,282		17,282
Change in equity in affiliates accounted for by equity method - treasury stock				(196)	(196)
Reversal of revaluation reserve for land			3,698		3,698
Increase by merger			(39)		(39)
Net changes of items other than shareholders' equity					
Total	—	—	10,636	(196)	10,439
Balance at the current year-end	146,200	173,664	244,360	(9,424)	554,800

	Accumulated other comprehensive income						Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total		
Balance at the beginning of fiscal year	19,429	69	2,980	(3,556)	—	18,923	4,915	568,200
Changes of items during the fiscal year:								
Dividends from surplus								(10,304)
Net income								17,282
Change in equity in affiliates accounted for by equity method - treasury stock								(196)
Reversal of revaluation reserve for land								3,698
Increase by merger								(39)
Net changes of items other than shareholders' equity	14,309	(64)	(3,285)	2,002	(8,882)	4,080	292	4,372
Total	14,309	(64)	(3,285)	2,002	(8,882)	4,080	292	14,812
Balance at the current year-end	33,739	4	(305)	(1,553)	(8,882)	23,003	5,208	583,013

(4) Consolidated Statements of Cash Flows

Years ended March 31 — Millions of yen

	2013	**2014**
Cash flows from operating activities:		
Income before income taxes	44,518	**30,188**
Depreciation and amortization	21,715	**20,117**
Amortization of goodwill	777	**29**
Increase (decrease) in allowance for doubtful accounts	69	**215**
Increase (decrease) in provision for retirement benefits	2,256	**(45,667)**
Increase (decrease) in other provisions	1,045	**(556)**
Increase (decrease) in net defined benefit liability	—	**61,448**
Interest and dividend income	(2,403)	**(2,419)**
Interest expense	2,043	**1,527**
Equity in (earnings) losses of affiliates	(8,469)	**(3,092)**
Loss (gain) on valuation of investment securities	308	**2,736**
Gain on donation of noncurrent assets	(329)	**—**
Loss on transmitting station transfer measures	1,376	**907**
Decrease (increase) in notes and accounts receivable-trade	5,933	**(8,935)**
Decrease (increase) in inventories	2,764	**(9,642)**
Increase (decrease) in notes and accounts payable-trade	(4,109)	**3,972**
Other	(7,512)	**(14,138)**
Subtotal	59,987	**36,688**
Interest and dividend income received	2,638	**2,666**
Interest expenses paid	(1,935)	**(1,545)**
Income taxes paid	(18,215)	**(17,959)**
Income taxes refunded	3,296	**2,934**
Net cash provided by operating activities	45,771	**22,784**
Cash flows from investing activities:		
Proceeds from withdrawal of time deposits	14,702	**11,509**
Payments into time deposits	(9,500)	**(11,000)**
Payments on purchase of marketable securities	(237,022)	**(229,859)**
Proceeds from sales and redemption of securities	242,592	**224,282**
Payments on purchase of property, plant and equipment	(17,303)	**(24,424)**
Proceeds from sales of property, plant and equipment	4,259	**3,224**
Payments on purchase of intangible assets	(4,750)	**(4,115)**
Payments on purchase of investment securities	(3,737)	**(6,075)**
Proceeds from sales and redemption of investment securities	867	**7,383**
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	690	**—**
Other	(4,446)	**(3,967)**
Net cash used in investing activities	(13,649)	**(33,043)**

(Continued on page 21)

	2013	**2014**
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(100)	**10,800**
Proceeds from long-term loans payable	16,600	**18,300**
Repayments of long-term loans payable	(17,343)	**(12,618)**
Redemption of bonds	(30,019)	**—**
Dividends paid	(11,719)	**(10,360)**
Dividends paid to minority shareholders	(76)	**(109)**
Other	(704)	**(1,466)**
Net cash provided by (used in) financing activities	(43,363)	**4,544**
Effect of exchange rate changes on cash and cash equivalents	377	**907**
Net increase (decrease) in cash and cash equivalents	(10,863)	**(4,807)**
Cash and cash equivalents at the beginning of the year	72,754	**61,879**
Increase in cash and cash equivalents resulting from merger	99	**221**
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(111)	**—**
Cash and cash equivalents at the end of the year	61,879	**57,293**

(5) Notes to Consolidated Financial Statements

Segment Information

1. Overview of Reported Segments

Fuji Media Holdings' reported segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources, and evaluate earnings performance.

The Fuji Media Holdings Group comprises affiliated companies under the certified broadcast holding company Fuji Media Holdings. These affiliates conduct broadcast-related business activities centering on the mainstay business of broadcasting as prescribed by the Broadcast Act. The Group's six reported segments are "Broadcasting," "Production," "Video and Music," "Life Information," "Advertising" and "Urban Development. "

The "Broadcasting" segment includes the TV broadcasting business and radio broadcasting business; the "Production" segment includes planning, production, engineering and relay of programs for broadcast; the "Video and Music" segment includes the production and sale of music and video content, and management of music copyrights; the "Life Information" segment includes direct marketing and free paper publishing; the "Advertising" segment includes the advertising business and the "Urban Development" segment includes office building leasing and real-estate transactions.

2. Calculation Methods for Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reported Segment

The accounting methods for reported business segments are basically the same as the significant items that form the basis for preparation of the consolidated financial statements. Profit figures for reported segments are on an operating income basis. Inter-segment net sales and transfers are based on prevailing market prices.

3. Information on Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reported Segment

Year ended March 31, 2013

Millions of Yen

	Reported segment							Other (Note 1)	Total	Adjust-ment (Notes 2 and 3)	Consolidated statements of income (Note 4)
	Broad-casting	Produc-tion	Video and Music	Life Informa-tion	Advertis-ing	Urban Develop-ment	Total				
Net sales:											
Net sales to third parties	333,061	20,782	57,565	131,807	37,842	39,750	620,810	11,219	632,029	—	632,029
Inter-segment net sales and transfers	19,027	30,938	1,124	515	3,285	422	55,313	16,211	71,525	(71,525)	—
Total net sales	352,088	51,720	58,690	132,323	41,127	40,172	676,123	27,430	703,554	(71,525)	632,029
Segment operating income	25,342	2,940	2,572	1,072	82	5,444	37,453	741	38,194	(586)	37,608
Segment assets	380,103	34,073	57,465	57,357	12,020	239,167	780,187	20,154	800,342	151,993	952,335
Other:											
Depreciation	14,888	856	890	1,393	29	3,402	21,460	544	22,005	(289)	21,715
Amortization of goodwill	—	5	233	1,134	24	1	1,398	12	1,411	—	1,411
Increase in property, plant and equipment and intangible assets	7,889	976	289	2,063	1	10,185	21,405	781	22,187	(353)	21,833

Notes: 1. The “Other” category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing, and software development.

2. The segment operating income adjustment of minus ¥586 million mainly comprises ¥3,409 million in eliminations of inter-segment business, together with minus ¥3,996 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.

3. The segment assets adjustment of ¥151,993 million mainly comprises minus ¥439,959 million in inter-segment credit eliminations, together with ¥591,953 million in Group-wide assets not allocated to a particular reported segment. Group-wide assets mainly included the Company’s surplus funds (cash and deposits, marketable securities, etc.), funds for long-term investment (investment securities, etc.), and assets for divisions connected with management divisions.

4. Segment operating income is adjusted to the operating income figure on the Consolidated Statements of Income.

Year ended March 31, 2014

Millions of Yen

	Reported segment							Other (Note 1)	Total	Adjust-ment (Notes 2 and 3)	Consolidated statements of income (Note 4)
	Broad-casting	Produc-tion	Video and Music	Life Informa-tion	Advertis-ing	Urban Develop-ment	Total				
Net sales:											
Net sales to third parties	327,352	20,633	59,329	139,184	41,028	42,759	630,288	11,857	642,145	—	642,145
Inter-segment net sales and transfers	19,508	30,854	852	541	3,016	651	55,424	15,812	71,236	(71,236)	—
Total net sales	346,861	51,487	60,182	139,725	44,045	43,410	685,712	27,669	713,382	(71,236)	642,145
Segment operating income	18,170	2,838	2,219	1,490	457	5,333	30,508	720	31,229	298	31,527
Segment assets	384,550	34,721	58,085	58,131	12,909	260,598	808,996	19,561	828,557	183,138	1,011,696
Other:											
Depreciation	13,231	797	975	1,389	23	3,458	19,878	511	20,389	(271)	20,117
Amortization of goodwill	—	5	172	485	0	—	663	0	663	—	663
Increase in property, plant and equipment and intangible assets	8,350	847	273	4,584	13	18,853	32,923	407	33,331	(290)	33,040

Notes: 1. The “Other” category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing, and software development.

2. The segment operating income adjustment of ¥298 million mainly comprises ¥4,596 million in eliminations of inter-segment business, together with minus ¥4,298 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.

3. The segment assets adjustment of ¥183,138 million mainly comprises minus ¥424,495 million in inter-segment credit eliminations, together with ¥607,634 million in Group-wide assets not allocated to a particular reported segment. Group-wide assets mainly included the Company’s surplus funds (cash and deposits, marketable securities, etc.), funds for long-term investment (investment securities, etc.), and assets for divisions connected with management divisions.

4. Segment operating income is adjusted to the operating income figure on the Consolidated Statements of Income.

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