



TOKYO BROADCASTING SYSTEM HOLDINGS, INC.

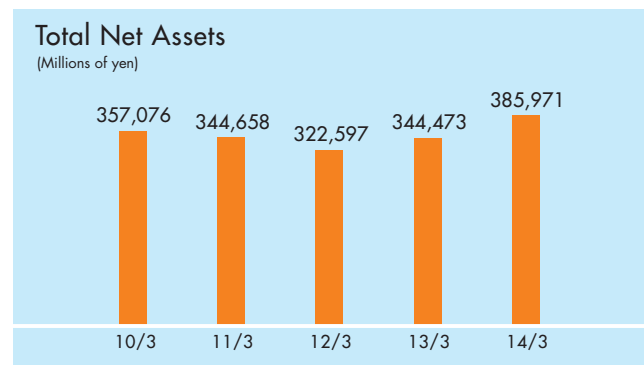
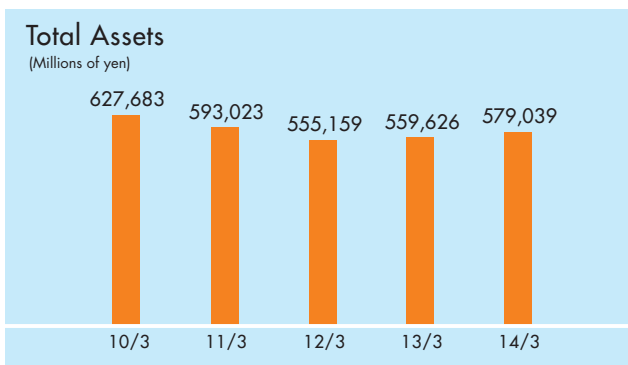
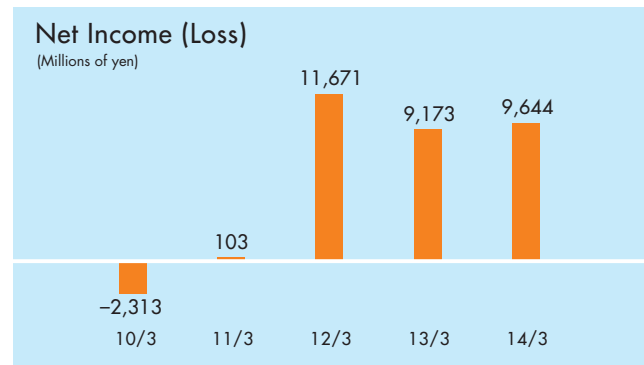
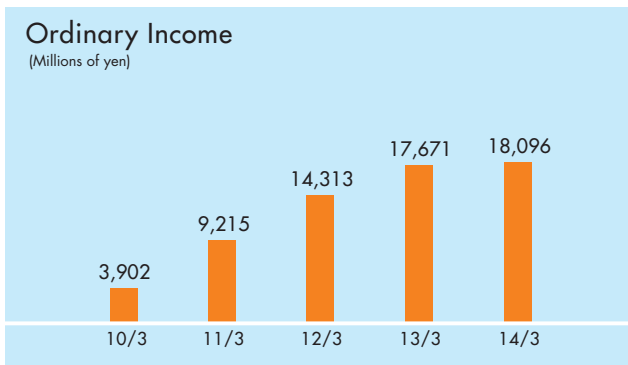
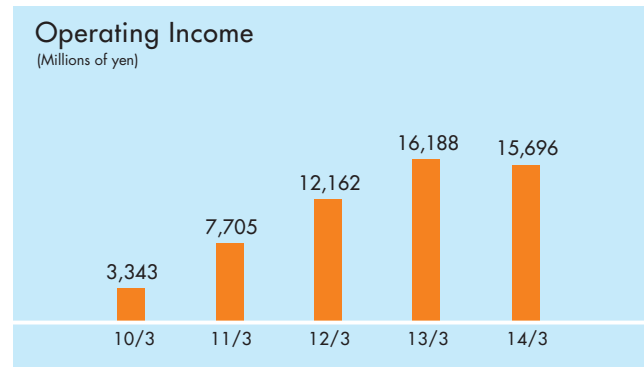
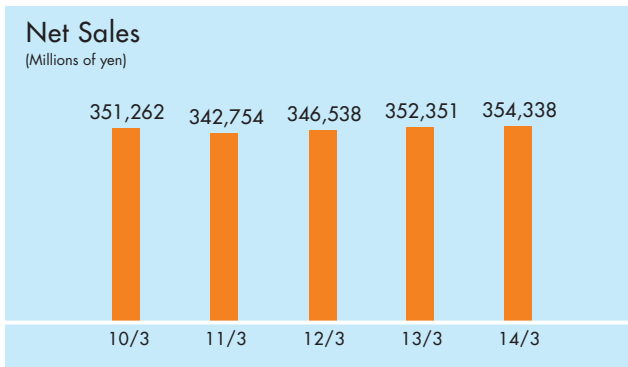
# INVESTOR INFORMATION

# 2014





# Consolidated Financial Highlights



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### Financial Figures

The financial figures used in this report are those used in the Japanese "Tanshin," which has been created in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act. Thus, all figures have been rounded down to the nearest million yen.

### Forward-Looking Statements

This report contains forward-looking statements based on management's assumptions and beliefs in light of the information currently available. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this report. Such risks include, but are not limited to, market trends, economic conditions and changes in industry regulations.





## To Our Stakeholders



### The following is a brief summary of business operations during the fiscal year ended March 31, 2014.

Despite concerns over the impact of the consumption tax hike, it is anticipated that the Japanese economy will maintain a gentle recovery apparent in underlying economic conditions. An increasing number of companies are performing well, but the Japanese economy faces a crucial test as to whether it can overcome deflation and move toward a growth path.

In these conditions, the environment facing the broadcasting industry is changing at a rapid pace. We are determined to maximize the power of TBS contents with regard to a number of issues including radio FM supplemental broadcasts, the emergence of 4K, 8K resolution TVs and other new technologies and user diversification, accompanied by the popularity of mobile terminals and smart TVs.

In May 2013, the TBS Group announced the Group Medium-Term Management Plan 2015. Under this plan, the TBS Group aims to become Japan's leading comprehensive media content group for the fiscal year ending March 31, 2015, which marks the 65th year since our establishment. While recognizing news and information programming as a foundation of broadcasting, we envision the restructuring of TBS as a leading news medium as one pillar of this plan. We aim to earn the support and trust of as many viewers as possible with multifaceted news programs that offer deep insights and objectivity. We will also make it an urgent priority to strengthen entertainment programs. The medium-term management plan focuses on four tasks: (1) further strengthening the broadcasting business; (2) enhancing our overall media strategy; (3) increasing revenue capacity across the Group; and (4) achieving a diversified expansion of revenue capacity through new business development. By accomplishing these tasks, we aim to become the station with the strongest commitment to Japan's future.

In all our endeavors, we aim to continue enhancing corporate value and maximizing shareholder profits.

The final episode of Tokyo Broadcasting System Television's *Nichiyo Gekijo: NAOKI HANZAWA* earned an audience rating of 42.2%, creating a social phenomenon, and I think that this phenomenon will help us rediscover the media value of TV, which is known as *goraku no osama* (king of amusement). The IAAF World Championships Moscow 2013, held in August 2013, were broadcast live on terrestrial television as well as a variety of other media including BS, CS and the Internet to fully showcase the appeal of this world-class track and field competition. The terrestrial broadcasts drew the biggest audiences in the golden and prime time slots for their week. The large-scale special program series *TV Mirai Isan*, launched on April 1, 2013 and

featuring important information on the future, is just one of the high-quality television programs that only TBS can provide.

In line with our drive to improve our content creation capacity, we are targeting efficiencies in the production process. We have already begun structural improvements to our technology departments and networks, upgrades to our sales and broadcasting backbone systems, and reviews from an operational standpoint. Through these initiatives, we aim to enhance quality programming and boost our audience ratings. In these efforts, I ask our audience and advertisers for their continuing support and encouragement.

In response to changes in the business environment due to digitalization, the Multi-Visual Ventures and Cultural Events Business will aim to generate multiple revenue sources. One of these involves using *The Partner: Itoshiki 100 Nen no Tomo e*, a drama coproduced with Vietnam Television (VTV) as an opportunity to sell approximately 100 drama programs to Vietnam, accelerating our development into overseas markets focused on Asia. We will pursue higher profitability across the entire Group by concentrating the distinction and specialization of our individual companies to enhance the links between films, special events, shopping and other businesses.

BS-TBS, INC. will continue to improve its media valuation and aim for solid growth. Going forward, the Group aims to enhance its earnings foundation and maximize synergies with each Group company.

Since August 2001, TBS Radio & Communications, Inc. has commanded top audience ratings in the Tokyo metropolitan area. Although the housing business, focused on central Tokyo's Shibuya district, contributes to non-broadcast revenues, the environment facing the radio business remains difficult. Accordingly, we will control costs strictly while pursuing new revenue sources linked to broadcasting.

At present, we are most concerned with "getting back to the basics" and rekindling the spirit of our establishment. The founding spirit of TBS is to produce quality programs with insight into a continually changing society and to contribute to that society by aiming to be the best rather than the biggest. To put this spirit into practice, we will respond rapidly to change and undertake the bold improvements demanded of TBS. Each of us at TBS will go back to the basics while keeping in mind our high aspirations and passion, engaging in free and open debate, and working together to overcome challenging conditions.

In our efforts to realize the commitments and goals set out above, I ask for the continued understanding and support of our stakeholders.

June 2014

Toshichika Ishihara, President

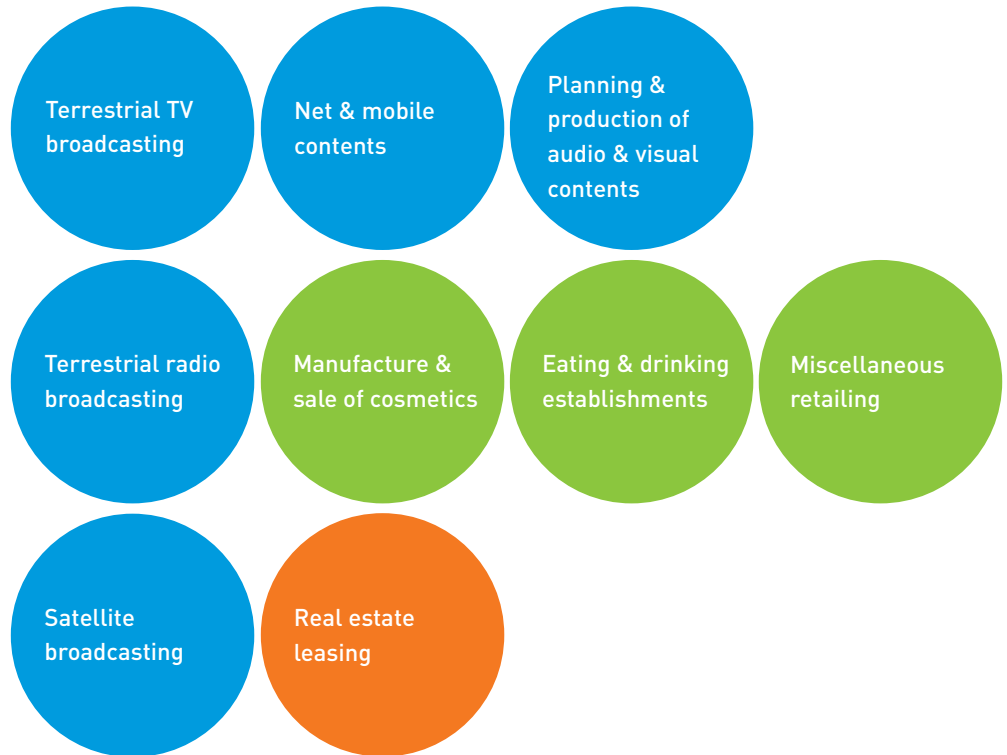


# At a Glance

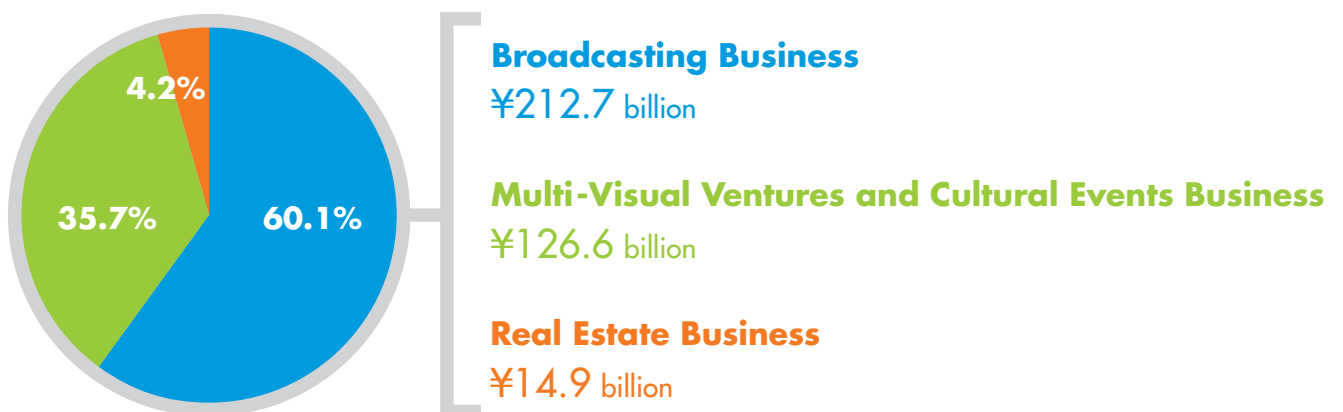


## Our Business

The Group covers a wide range of businesses essentially including broadcasting. We aim to become the best media group that provides the most powerful contents and software in the areas of information, entertainment, lifestyle and culture.



## Business Activities (Year ended March 31, 2014)





# Organization

As of January 1, 2014



## Tokyo Broadcasting System Holdings, Inc.

### Broadcasting Business

Tokyo Broadcasting System Television, Inc.

TBS Radio & Communications, Inc.

TBS-VISION, Inc.

FF TOHO INC.

TBS-TEX Inc.

DREAMAX TELEVISION, INC.

AKASAKA GRAPHICS ART, INC.

Art Communication System, Inc.

TBS ProNex Inc.

Japan Artvideo Service Collaborative, Inc.

Vucast, Inc.

TBS MEDIA RESEARCH INSTITUTE INCORPORATED

TBS International, Inc.

BS-TBS, INC.

### Multi-Visual Ventures and Cultural Events Business

NICHION, Inc.

TBS Service, Inc.

OXYBOT, Inc.

TC Entertainment Incorporated

Grand Marche, Inc.

TBS TriMedia, Inc.

StylingLife Holdings Inc. 4 Others

### Equity-method affiliates

Tomo-Digi Corporation

Totsu Inc.

TLC Co., Ltd.

### Real Estate Business

Midoriyama Studio City, Inc.

TBS Kikaku Co., Ltd.

Akasaka Heat Supply Co., Ltd.

TBS Sunwork, Inc.



# Corporate Data

As of April 1, 2014



<b>Date of Establishment</b>	May 10, 1951 (Registered on May 17)	
<b>Head Office</b>	5-3-6 Akasaka, Minato-ku, Tokyo 107-8006, Japan URL: <a href="http://www.tbsholdings.co.jp/">http://www.tbsholdings.co.jp/</a> Stock code: 9401, TSE First Section	
<b>Paid-in Capital</b>	¥54,986,892,896	
<b>Number of Employees</b>	Tokyo Broadcasting System Holdings, Inc.	336
	Tokyo Broadcasting System Television, Inc.	972
	TBS Radio & Communications, Inc.	56



1	2	3	4
		5	6

1. Akasaka Biz Tower
2. TBS Holdings Head Office
3. Scene of sub-control room at TBS Television
4. On set at TBS Television studio
- 5-6. Akasaka Sacas

## Major Shareholders

(as of March 31, 2014)

Name of shareholder	Number of shares held (shares)	Percentage held (%)
The Master Trust Bank of Japan, Ltd. (Pension Account-Pension Trust Account held for DENTSU INC.)	9,310,500	5.73
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,808,000	5.42
MITSUI & CO., LTD.	7,691,000	4.73
Mainichi Broadcasting System, Inc.	6,576,100	4.04
Sumitomo Mitsui Banking Corporation	5,745,267	3.53
Mitsui Fudosan Co., Ltd.	5,713,728	3.51
NTT DOCOMO, INC.	5,713,000	3.51
Nippon Life Insurance Company	5,631,935	3.46
BIC CAMERA INC.	4,190,000	2.58
Kodansha Ltd.	3,771,200	2.32



## The Current Position of Tokyo Broadcasting System Holdings, Inc. and Its Subsidiaries

### 1 Business Activities and Results

During the fiscal year under review, the Japanese economy continued on a path to recovery as the economic policy of the Japanese government together with the easy monetary policy adopted by the Bank of Japan resulted in higher stock prices and a weakening yen, which in turn increased personal consumption and housing investment. In the fall, the decision to hold the 2020 Olympics in Tokyo helped improve consumer sentiment, and later in the fiscal year a last-minute surge in demand occurred before the rise in consumption tax in April 2014. In the broadcasting industry, the spot advertising market turned strong and TV advertising expenditures continued to grow as the economy and corporate earnings continued to recover.

In this operating environment, while the TBS Group (hereinafter referred to as “the Group”) sought to further strengthen its core terrestrial television programs, the Group conducted aggressive and painstaking sales activities to respond to the needs of the sponsors.

As a result of these developments, consolidated net sales of the Group in the fiscal year ended March 31, 2014 increased by 0.6% from the previous fiscal year to ¥354,338 million, and ordinary income increased by 2.4% to ¥18,096 million. Net income increased by 5.1% from the previous fiscal year to ¥9,644 million.

### Broadcasting Business

Consolidated net sales from the Broadcasting Business increased by 0.5% from the previous fiscal year to ¥212,764 million, while operating income decreased by 0.2% to ¥3,859 million.

### Television

Terrestrial television time sales fell short of the results of the previous fiscal year in which we broadcasted major sports programs, such as the *London Olympics*, the football championship *UEFA EURO2012* and *World Baseball Classic*, one after another, though regular programming sales were flat at the levels of the previous fiscal year and special programming sales of the *IAAF World Championships Moscow 2013*, the *Sochi 2014 Winter Olympics* and the long-hour TV drama *LEADERS* broadcasted in two consecutive nights in March contributed to sales.

Spot sales outperformed the results of the previous fiscal year despite weak sales in April through May as the spot advertising volume in the Tokyo area remained strong in June and thereafter.

The average audience ratings for terrestrial television for the fiscal year under review stood at 6.2% across all time slots, with 9.7% in the golden time slot and 9.6% in the prime time slot. Although the average audience ratings across all time slots fell short of the results of the previous fiscal year, it slightly improved in the golden time slot and was on a par with the previous fiscal year in the prime time slot.

In the variety show category, three Friday night programs, *Bakuhou! THE Friday*, *Pittanko Kan Kan*, and Masahiro Nakai's *SMAP Friday*, continued to deliver high ratings. Saturday night programs *Athletic Fire* and *Job Tune* often marked double-digit audience ratings when broadcasted as a special two-hour program, indicating that our programming policy aimed at promoting them as popular weekend entertainment for the family has been successful. The long-runner *Sekai Fushigi Hakken* (Discover of the World's Mystery) also achieved a better average audience rating than the previous fiscal year. As for special programs, we broadcasted the annual *Ongaku No Hi* (Music Day) as a long-hour program and earned a double-digit audience rating in both golden and prime time slots. In the drama category, *Nichiyo Gekijo NAOKI HANZAWA* was so popular that it became a social phenomenon and the word *baigaeshi* (take double the payback) won the buzzwords-of-the-year award. It delivered an average audience rating of 28.7% with an astounding 42.2% for the final episode and an instantaneous highest audience rating of 46.7%, and became one of the biggest hit programs in the history of TV broadcasting. As the 42.2% audience rating for the final episode is the highest record among commercial-channel dramas since 1989, we were able to once again demonstrate our excellence in the drama category. Other dramas, including *Nichiyo Gekijo Public Affairs Office in the Sky*, *Ando Roid*, *S The Last Policeman*, Friday TV dramas *TAKE FIVE: Should We Steal for Love?*, *Naruyouni Narusa (EVERYTHING IN ITS TIME)*, were also popular. We also broadcasted as a special program, a special drama *The Partner*, which was produced jointly with Vietnam Television to commemorate the 40th anniversary since the establishment of diplomatic relations between Japan and Vietnam. The story describing the bonds between Japan and Vietnam in the Meiji era based on historical facts received high praise including the Golden Lotus for Best Direct-to-Video Film at the Vietnam Film Festival, contributing to the friendship between the two countries. The long-hour drama *LEADERS*, which portrayed the heroism of people who devoted their lives to the commercialization of automobiles made in Japan around the



time of WWII, was broadcasted on two consecutive nights for a total length of five hours with an audience rating of 13.7% and 15.4% each night.

In the sports category, the men's marathon in the *IAAF World Championships Moscow 2013* achieved an audience rating of 23.1%, attracting much attention. Other popular programs included *the Kirin Challenge Cup—Japan vs. Uruguay* (soccer) with an audience rating of 17.1% and the *Volleyball World Championships Asia Final Round* with all women's matches broadcasted in the golden and prime time slots securing double-digit audience ratings. Professional baseball *Japan Series 6th Game —Rakuten Eagles vs. Yomiuri Giants* achieved an audience rating of 28.4% as pitcher Masahiro Tanaka of Rakuten, which had come to within one game of winning the series, drew much attention. We broadcasted the *Sochi 2014 Winter Olympics* in six live broadcast slots and one highlight slot. As our programming strategy focusing on snowboarding proved highly effective, the men's slopestyle finals and men's halfpipe delivered audience ratings of 19.8% and 18.0%, respectively, which were the first and second places among such live broadcasts by all broadcasting stations.

In the news category, *N Suta* and *NEWS23X*, among others, reported high-quality news on a daily basis. At the end of 2013, we broadcasted *Day of News 2013*, which became an annual regular program, as a long-hour program to look back on the first 25 years in the Heisei era. In the category of across-the-board information programs, *HIRUOBI!* achieved an outstanding feat of marking the highest average audience ratings for three consecutive years in the relevant time slot.

We started the long-hour special series *TV Mirai Isan* (TV Future Heritage) in April 2013 to pursue the theme of important messages to be relayed to future generations. The series dealt with various topics on a grand scale in a variety of fields such as news reporting, sports and science. In particular, *Kounotori no Yurikago* (Cradle of a Stork), which dramatized the "baby hatch" issue, received a huge response from the audience and won the excellence award at the Agency for Cultural Affairs Art Festival 2013. On March 10, 2014, the third anniversary of the Great East Japan Earthquake, we broadcasted the program *Right after Earthquake: What to Do within 72 Hours That Can Mean the Difference between Life and Death* to examine responses to major earthquakes expected in the future. Other popular programs *3.8 Billion Years of Life: Latest Gene Mystery—What Is a Human Being?* and *Urgent! Think about Huge Earthquakes with Akira Ikegami: How to Protect Yourself during an Earthquake II* achieved double-digit audience ratings.

As of March 31, 2014, 28 companies throughout Japan were affiliated with the Group's JNN television network. The number was unchanged from the previous fiscal year.

The BS digital broadcasting market is steadily growing as its watching habits have been firmly established among the audience. Meanwhile, there have been changes in the environment surrounding the market, such as stagnant growth in penetration rates and intensified competition with the new participation of channels. BS-TBS, INC. promoted more strategic programming and worked to provide high-quality programs, for example, by enhancing the contents of programs produced internally. As a result, net sales increased for the fiscal year under review, but operating income decreased partly due to depreciation of the master control room, which started operation in July 2013. We will continue to aim at building a framework to support earnings growth without depending on the growth of the BS market by producing high-quality programs with aggressive and efficient investment of program development costs to improve the channel brand recognition.

Note: All audience ratings are household audience ratings in the Kanto region, surveyed by Video Research Ltd.

## Radio

Time sales decreased from the previous fiscal year as they remained weak throughout the fiscal year under review although we secured some new sponsors in automobile-related and food-related sectors. On the other hand, there were some bright spots including the acquisition of new sponsors who had never sponsored radio programs in the past.

As for spot sales, live commercials given by radio personalities continued to be strong. Spot sales for the second half of the fiscal year significantly outperformed the results of the same period in the previous fiscal year partly because time signal spot advertising, which had struggled in the first half of the fiscal year, rallied in the second half. However, on a full-year basis, spot sales fell slightly short of the results of the previous fiscal year.

In terms of programming, *Tamamusubi*, a long program on weekday afternoons that started in April 2012, was ranked as top in the audience rating surveys conducted in February 2014, maintaining its position for five consecutive periods after it secured the No. 1 position for the first time in June 2013. The long news program *Chiki Ogiue Session-22*, which started in April 2013, also achieved the highest audience rating in the survey conducted in December 2013 and is establishing its popularity. Under these circumstances, ranking as top in the audience rating surveys in the Tokyo metropolitan area, TBS Radio has maintained its position as a leading radio company in the area for 76 consecutive periods (12 years and 8 months) since fiscal 2001 (ended August). The firmly established popularity of the radio media was once again demonstrated by *2013 Summer Sacas: Smiling Door Deliciacas* in the summer 2013 and *2014 Spring Sacas: Mamasacas* in March 2014,





which attracted a large audience to live radio broadcasts and events.

In the broadcast related business, *Elekata Conte Live* (a comedy sketch) featuring Elec Comic and Jin Katagiri of a *conte* unit the RAHMENS and the theater performance by Kentaro Kobayashi of the RAHMENS were popular among fans. In March 2014, we offered live events and CD production featuring *Puck in Music*, a legendary program which underpinned the boom for late-night radio programs during the 1965–1974 period, and they achieved popularity particularly among old fans. In April 2013, we opened TBS Housing Shibuya, the only model home park within the Yamanote railway line, and received favorable responses. As a result of these efforts, the broadcast-related business achieved both sales and profit growth.

As of March 31, 2014, 34 companies throughout Japan were affiliated with the TBS radio network JRN. This number was unchanged from the previous fiscal year.

## Multi-Visual Ventures and Cultural Events

Net sales from the Multi-Visual Ventures and Cultural Events Business increased by 1.1% from the previous fiscal year to ¥126,637 million, while operating income increased by 1.6% to ¥5,531 million.

In the cultural events business, TBS invested in and co-sponsored a performance with Takarazuka Revue for the first time to give *Sengoku BASARA*, a popular musical romance that was performed by Takarazuka Revue Flower Troupe at Tokyu Theatre Orb. A Broadway musical *Dreamgirls* and the musical *Romeo & Juliet*, which had also played at Tokyu Theatre Orb, completed their schedule with success. Popular programs at Akasaka ACT Theater included Tamasaburo Bando's *Amaterasu and Sanada Juyushi* (*Sanada Ten Braves*) starring Takaya Kamikawa, while a musical *Love Never Dies* at the Nissay Theatre was sold out. The K-Ballet Company led by Tetsuya Kumakawa, who received a Medal with Purple Ribbon last year, met fans' expectations by offering a wide variety of works including *Symphony No. 9* by Ludwig van Beethoven, *Giselle*, *Swan Lake*, and *La Bayadère*.

In the exhibition business, *LEONARD DA VINCI Biblioteca Pinacoteca Ambrosiana*, held at the Tokyo Metropolitan Art Museum was a success as the *Portrait of a Musician*, which was exhibited for the first time in Japan, drew much attention. The *American Pop Art* exhibition held at the National Art Center, Tokyo included Andy Warhol's most important work *200 Campbell's Soup Cans*, which aroused considerable interest *Michelangelo Buonarroti – The Making of a Genius and the 500th Anniversary of the Sistine Chapel*, held at the National Museum of Western Art, received favorable responses

particularly to a marble relief *Madonna of the Stairs*, which was exhibited for the first time in Japan, and the Sistine 4K Theater, which visualized the interior of the Sistine Chapel using an ultra high-resolution 4K camera for the first time among Japanese broadcasting stations. *Monet, An Eye for Landscapes: Innovation in 19th Century French Landscape Paintings*, also held at National Museum of Western Art attracted more than 310,000 visitors in total.

At 2013 *Summer Sacas: Smiling Door Delicias*, which was held at Akasaka Sacas for 51 days, we set up gourmet/cooking booths related to the program with the cooperation of famous restaurants attracting more than 1.33 million visitors, which was a significant increase from the event held in summer 2012.

In the video business, we released *SPEC-Close*, a final episode of a popular TV drama series, and generated box-office revenues of over ¥4.8 billion in total for Part I and Part II. A movie edition of another popular TV drama *Ataru: The First Love & The Last Kill*, as well as movie editions of *Library Wars*, *Real*, *Oshin* and *Dakishimetai* also aroused much interest.

In the DVD/Blu-ray Disc business, *NAOKI HANZAWA*, which achieved high audience ratings, became an unprecedented big hit in both sale and rental divisions. The DVD editions of *ATARU Special* and *SPEC-Zero* also delivered strong sales performance owing to the synergy effect with the movie editions. Dramas such as *Public Affairs Office in the Sky*, *Pintokona* and *Tonbi* (Black Kite) also have great support from fans. In the animation business, the second volume of a popular series *Infinite Stratos 2* sold well as expected.

In the business targeting overseas, sales of TV program formats, which offer TV program concepts, continue to grow steadily. For example, *SASUKE*, which had been sold to more than 150 countries and regions, continues to be so popular that fully localized versions of the program have been produced in the U.S., Malaysia and Singapore. Business expansion in the Asian market accelerated as we sold about 100 TBS dramas to Vietnam, the home country of Vietnam Television with which we produced a special drama, *The Partner*. Also *NAOKI HANZAWA*, which has been a big hit, is attracting much attention not only from the Asian region, but also from the TV industries in the U.S. and Europe.

In the communication satellite business, TBS On Demand (video distribution service) increased sales significantly mostly owing to the distribution of the drama series *SPEC* at the same time as the release of *SPEC-Close*, a movie edition of the drama series. As for the communication satellite program, "TBS Channel 2," which opened in October 2012, is increasing the number of subscribers particularly through SKY PerfectV! as part of our efforts to boost the number of subscribers with our three-channel broadcasting system consisting of "TBS Channel 1," "TBS News Bird" and "TBS Channel 2."



In the license business, on the back of the high audience rating of the drama *NAOKI HANZAWA*, customers seeking to buy *Baigaeshi Manju* ("double the payback" steamed buns) waited in a queue every day in front of the TBS Store and the buns sold out for 137 consecutive days due to their unprecedented popularity. "Million Spoon," a collaboration product between *Athletic Fire* and TOMY Company, Ltd., received favorable responses and won the excellence award in the boy's toy category of the Japan Toy Awards.

In the digital business, we entered into the golden time slots of terrestrial television for the first time and *Real Escape Game TV*, a program linked to digital contents that was broadcasted through the national TV network, achieved strong results as a digital audience participation program with 1.72 million total game participants and 6.5 million total accesses to the website, raising expectations for new developments in second screen services. The digital signage service *Campus TV*, which we provide in cooperation with university co-operative associations and others, is steadily growing with the expansion of the service to 63 universities (110 digital signage boards) across Japan.

## Real Estate Business

Net sales from the Real Estate Business decreased by 2.6% from the previous fiscal year to ¥14,935 million, and operating income decreased by 8.5% to ¥6,303 million.

Akasaka Sacas, which has reached the seventh anniversary of its opening, has established itself as a popular cultural and entertainment center. Revenue from the office floors of Akasaka Biz Tower declined partly due to the relocation of certain tenants upon the expiration of lease contracts, but revenue from its commercial complex was strong owing to our concerted efforts leveraging various performances and events held at the Sacas Square.

## ② Capital Investment

Total capital investment in the fiscal year under review was ¥9,775 million.

For terrestrial digital broadcasting in the Kanto area, we relocated the key station from the Tokyo Tower to Tokyo Skytree overnight at the end of May 2013. We also continued work to upgrade facilities in cooperation with other commercial TV broadcasting companies and NHK. Such work included the accommodation of new technologies for broadcasting in the areas where access to terrestrial digital broadcasting is limited and frequency resetting (repacking) after the termination of analog broadcasting.

As for TV program production facilities, we upgraded cameras and the visual/audio system of M3 Studio of Midoriyama Studios (the main facility for drama production). At

the Akasaka Broadcasting Center, the main facility for variety show programs and live programs, we implemented energy conservation measures including the change of the lighting in Studio P to LED lighting.

As for the operations related to program recording, editing and broadcasting conducted internally, we promoted a transition to a file-based system that uses memory cards, personal computers and servers in place of video tapes. In the fiscal year under review, we started the operation of the sports news system, improving significantly the work efficiency in the broadcasting of the *Sochi 2014 Winter Olympics* and other sports events. In addition, cameras used for news reporting were switched to the memory card system. We plan to further reduce video tape costs and improve work flow efficiency by promoting the transition to the file based system particularly for the production of news and information programs.

In the radio business, we also upgraded the facilities of Studio No. 6, striving for highly reliable and stable information distribution.

## ③ Capital Procurement

In the fiscal year under review, the Group completed the following financing.

The Company completed the disposal of treasury stock totaling approximately ¥11.9 billion (treasury stock of 9,772,200 shares with the disposal price per share of ¥1,219) by way of third-party allotment to NTT DOCOMO, INC., MITSUI & CO., LTD., Mainichi Broadcasting System, Inc. and WOWOW INC. with the payment due date of September 13, 2013.

Total interest-bearing debt of the Group at the end of the fiscal year under review was ¥76.2 billion (excluding lease obligations), consisting of ¥200 million in short-term loans payable, ¥50.0 billion in bonds payable (including current portion of bonds) and ¥26.0 billion in long-term loans payable (including the current portion).

In order to ensure flexible access to operating capital, as of the end of the fiscal year under review, StylingLife Holdings Inc., a consolidated subsidiary of the Company, had established commitment line agreements totaling ¥4.5 billion with multiple financial institutions (the balance of the funds drawn is nil, and the available balance is ¥4.5 billion).

Besides the above, with the aim of streamlining of funds, some of the account receivables are in the process of liquidation.



# Consolidated Financial Statements



## Consolidated Balance Sheets (Unaudited)

As of March 31, 2014 and 2013	Millions of yen	
	2013	2014
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	¥ 68,243	¥ 55,331
Notes and accounts receivable—trade	37,568	38,297
Securities	—	1,205
Merchandise and finished goods	7,174	6,951
Program rights and work in process	8,149	7,654
Raw materials and supplies	581	686
Prepaid expenses	6,477	10,731
Deferred tax assets	5,044	4,018
Other	6,030	5,529
Allowance for doubtful accounts	(139)	(143)
<b>Total current assets</b>	<b>139,130</b>	<b>130,262</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	192,312	195,975
Accumulated depreciation	(85,098)	(90,875)
Buildings and structures, net	107,213	105,100
Machinery, equipment and vehicles	83,518	89,235
Accumulated depreciation	(74,992)	(78,999)
Machinery, equipment and vehicles, net	8,526	10,235
Tools, furniture and fixtures	24,116	26,848
Accumulated depreciation	(21,965)	(23,853)
Tools, furniture and fixtures, net	2,150	2,995
Land	84,554	84,006
Lease assets	6,625	6,959
Accumulated depreciation	(3,787)	(4,051)
Lease assets, net	2,837	2,908
Construction in progress	6,748	2,382
<b>Total property, plant and equipment</b>	<b>212,030</b>	<b>207,628</b>
<b>Intangible assets</b>		
Software	4,768	4,704
Goodwill	22,360	23,196
Lease assets	347	238
Other	1,702	1,669
<b>Total intangible assets</b>	<b>29,178</b>	<b>29,809</b>
<b>Investments and other assets</b>		
Investment securities	164,463	195,713
Long-term loans receivable	283	288
Deferred tax assets	1,706	1,980
Long-term prepaid expenses	949	713
Other	12,613	13,029
Allowance for doubtful accounts	(728)	(386)
<b>Total investments and other assets</b>	<b>179,286</b>	<b>211,339</b>
<b>Total noncurrent assets</b>	<b>420,496</b>	<b>448,777</b>
<b>Total assets</b>	<b>¥ 559,626</b>	<b>¥ 579,039</b>



# Consolidated Financial Statements



## Consolidated Balance Sheets (Unaudited)

As of March 31, 2014 and 2013	Millions of yen	
	2013	2014
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable—trade	¥ 34,814	¥ 34,327
Short-term loans payable	—	200
Current portion of long-term loans payable	31,200	1,200
Current portion of bonds	—	20,000
Accounts payable—other	11,431	9,925
Income taxes payable	3,982	4,485
Accrued consumption taxes	684	686
Accrued expenses	5,761	5,526
Provision for directors' bonuses	191	195
Provision for measures associated with the relocation of transmitting station	1,080	—
Other provision	1,134	1,434
Other	5,809	5,135
<b>Total current liabilities</b>	<b>96,090</b>	<b>83,117</b>
<b>Noncurrent liabilities</b>		
Bonds payable	50,000	30,000
Long-term loans payable	26,000	24,800
Provision for retirement benefits	13,431	—
Provision for environmental measures	—	176
Net defined benefit liability	—	14,460
Lease obligations	1,590	1,320
Deferred tax liabilities	12,681	24,778
Other	15,358	14,415
<b>Total noncurrent liabilities</b>	<b>119,062</b>	<b>109,951</b>
<b>Total liabilities</b>	<b>215,152</b>	<b>193,068</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	54,986	54,986
Capital surplus	60,254	59,512
Retained earnings	228,882	235,548
Treasury stock	(48,973)	(36,970)
<b>Total shareholders' equity</b>	<b>295,150</b>	<b>313,076</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	33,468	52,860
Deferred gains or losses on hedges	(46)	306
Foreign currency translation adjustment	(106)	(31)
Remeasurements of defined benefit plans	—	146
<b>Total valuation and translation adjustments</b>	<b>33,314</b>	<b>53,282</b>
<b>Minority interests</b>	<b>16,008</b>	<b>19,611</b>
<b>Total net assets</b>	<b>344,473</b>	<b>385,971</b>
<b>Total liabilities and net assets</b>	<b>¥ 559,626</b>	<b>¥ 579,039</b>



# Consolidated Financial Statements



## Consolidated Statements of Income (Unaudited)

Years ended March 31, 2014 and 2013	Millions of yen	
	2013	2014
<b>Net sales</b>	¥ 352,351	¥ 354,338
Cost of sales	245,187	245,498
<b>Gross profit</b>	<b>107,164</b>	<b>108,839</b>
Selling, general and administrative expenses	90,975	93,142
<b>Operating income</b>	<b>16,188</b>	<b>15,696</b>
<b>Non-operating income</b>		
Interest income	78	63
Dividends income	2,605	2,736
Equity in earnings of affiliates	43	864
Other	811	689
<b>Total non-operating income</b>	<b>3,538</b>	<b>4,352</b>
<b>Non-operating expenses</b>		
Interest expenses	1,308	1,103
Loss on reduction of noncurrent assets	138	251
Loss on retirement of noncurrent assets	110	237
Other	499	360
<b>Total non-operating expenses</b>	<b>2,055</b>	<b>1,953</b>
<b>Ordinary income</b>	<b>17,671</b>	<b>18,096</b>
<b>Extraordinary income</b>		
Gain on bargain purchase	126	3,096
Gain on sales of investment securities	1	1,065
Gain on revision of retirement benefit plan	—	562
Gain on sales of noncurrent assets	—	60
Gain on sales of subsidiaries and affiliates' stocks	—	14
Gain on step acquisitions	—	8
<b>Total extraordinary income</b>	<b>127</b>	<b>4,808</b>
<b>Extraordinary loss</b>		
Loss on valuation of investment securities	716	2,051
Loss on step acquisitions	—	1,549
Loss on measures associated with the relocation of transmitting station	1,377	908
Impairment loss	711	441
Early extra retirement payments	—	216
Environmental expenses	—	176
Loss on revision of retirement benefit plan	67	154
Office transfer expenses	518	—
<b>Total extraordinary losses</b>	<b>3,392</b>	<b>5,498</b>
<b>Income before income taxes and minority interests</b>	<b>14,407</b>	<b>17,407</b>
Income taxes—current	5,363	6,202
Income taxes—deferred	(1,979)	69
<b>Total income taxes</b>	<b>3,383</b>	<b>6,271</b>
<b>Income before minority interests</b>	<b>11,023</b>	<b>11,136</b>
<b>Minority interests in income</b>	<b>1,850</b>	<b>1,491</b>
<b>Net income</b>	<b>¥ 9,173</b>	<b>¥ 9,644</b>



# Consolidated Financial Statements



## Consolidated Statements of Cash Flows (Unaudited)

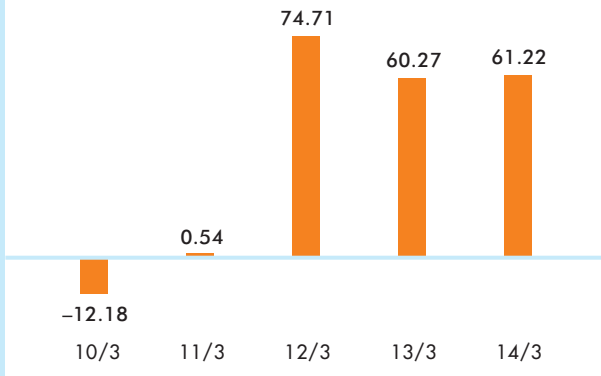
Year ended March 31, 2014 and 2013	Millions of yen	
	2013	2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	¥ 14,407	¥ 17,407
Depreciation and amortization	14,147	15,109
Amortization of long-term prepaid expenses	252	270
Amortization of goodwill	1,605	1,668
Gain on valuation of investment securities	716	2,051
Gain on sales of investment securities	(1)	(1,065)
Retirement benefit expenses	340	—
Increase (decrease) in net defined benefit liability	—	471
Loss on retirement of noncurrent assets	110	237
Gain on bargain purchase	(126)	(3,096)
Loss (gain) on step acquisitions	—	1,540
Increase (decrease) in provision for measures associated with the relocation of transmitting station	1,080	(1,080)
Increase (decrease) in allowance for doubtful accounts	(92)	(347)
Interest and dividends income	(2,684)	(2,799)
Interest expenses	1,308	1,103
Equity in (earnings) losses of affiliates	(43)	(864)
Decrease (increase) in notes and accounts receivable—trade	(785)	(403)
Decrease (increase) in inventories	(2,409)	688
Decrease (increase) in prepaid expenses	2,002	(4,029)
Increase (decrease) in notes and accounts payable—trade	116	(436)
Other, net	595	261
Subtotal	30,542	26,686
Interest and dividends income received	2,688	2,800
Interest expenses paid	(1,281)	(1,101)
Income taxes refund	569	355
Income taxes paid	(4,362)	(5,701)
Net cash provided by operating activities	28,156	23,038
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(10,662)	(9,920)
Purchase of intangible assets	(1,808)	(2,032)
Purchase of investment securities	(703)	(1,295)
Proceeds from sales of investment securities	1	4,110
Purchase of stocks of subsidiaries and affiliates	—	(6,187)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	3,606
Other, net	(476)	392
Net cash used in investing activities	(13,649)	(11,326)
<b>Cash flows from financing activities</b>		
Decrease in short-term loans payable	(20,000)	—
Proceeds from long-term loans payable	10,800	—
Repayment of long-term loans payable	(12,350)	(31,200)
Proceeds from disposal of treasury stock	—	11,883
Cash dividends paid	(2,591)	(2,977)
Cash dividends paid to minority shareholders	(53)	(285)
Other, net	(1,279)	(989)
Net cash used in financing activities	(25,475)	(23,567)
Effect of exchange rate change on cash and cash equivalents	106	136
Net increase (decrease) in cash and cash equivalents	(10,861)	(11,719)
Increase in cash and cash equivalents from newly consolidated subsidiary	91	—
Cash and cash equivalents at beginning of period	78,801	68,031
Cash and cash equivalents at end of period	¥ 68,031	¥ 56,312



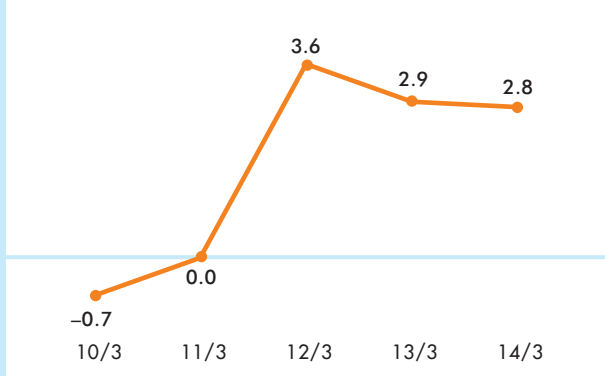
# Major Indices



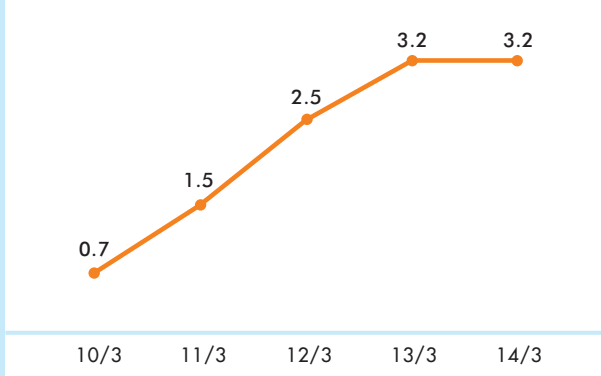
## Net Income (Loss) per Share (Yen)



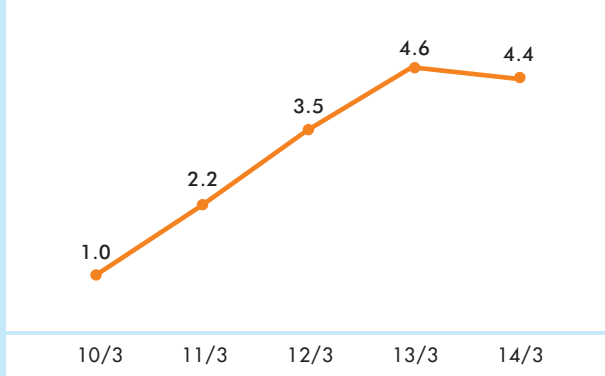
## Return on Equity (%)



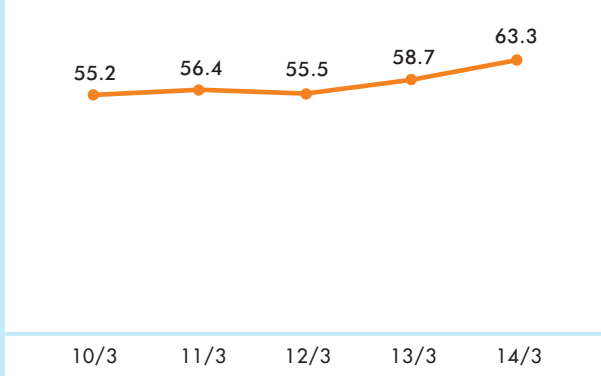
## Ratio of Ordinary Income to Net Assets (%)



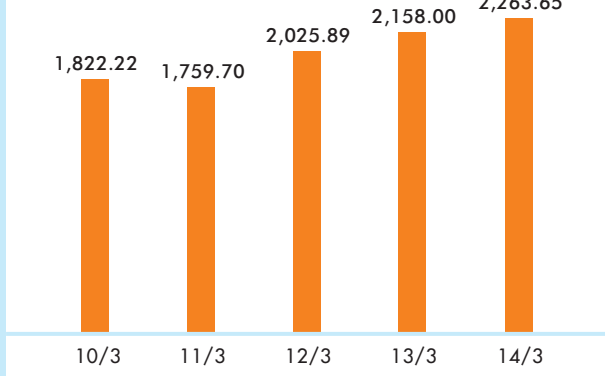
## Ratio of Operating Income to Net Sales (%)



## Equity Ratio (%)



## Net Assets per Share (Yen)

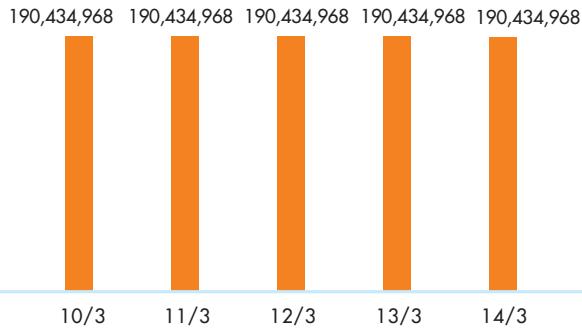




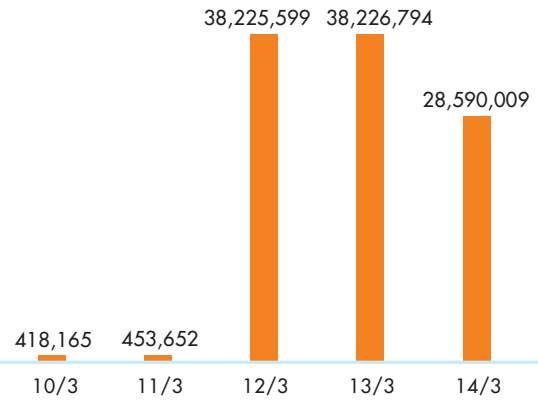
# Major Indices



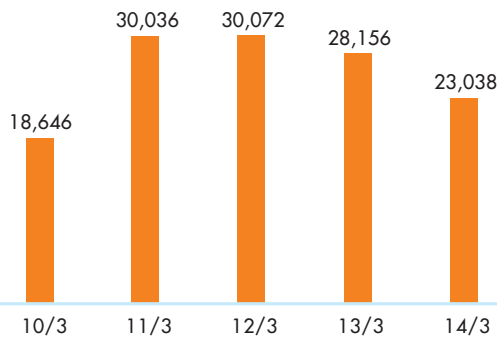
## Number of Shares Issued at the End of the Term (Including Treasury Stock) (Shares)



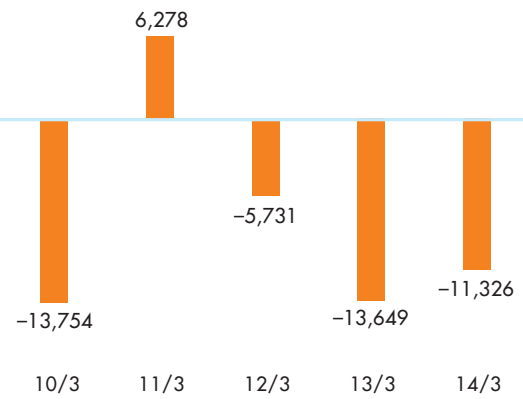
## Amount of Treasury Stock at the End of the Term (Shares)



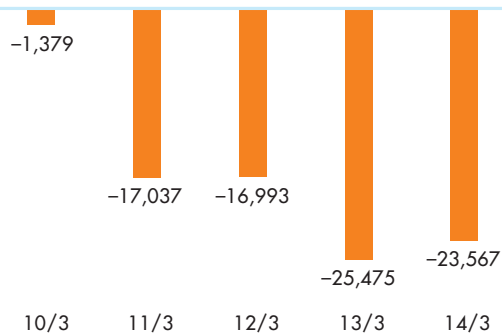
## Cash Flows from Operating Activities (Millions of yen)



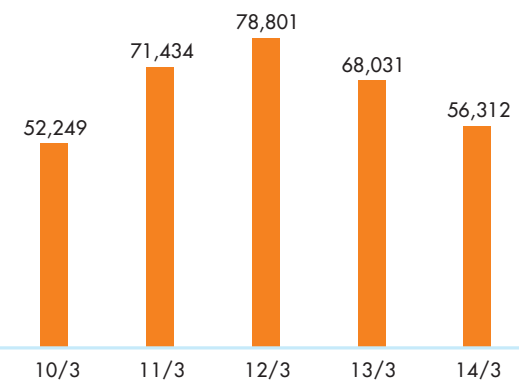
## Cash Flows from Investing Activities (Millions of yen)



## Cash Flows from Financing Activities (Millions of yen)



## Cash and Cash Equivalents, at End of Period (Millions of yen)







# Segment Information



## Consolidated Results by Segment

(Millions of yen)

	FY2014			
	External sales	y/y change	Operating income	y/y change
Broadcasting Business	¥212,764	+984	¥ 3,859	-6
Multi-Visual Ventures and Cultural Events Business	126,637	+1,407	5,531	+89
Real Estate Business	14,935	-405	6,303	-586
Consolidated Business	¥354,338	+1,986	¥15,696	-491

## Capital Expenditures and Depreciation

(Millions of yen)

Consolidated		FY2014
Capital expenditures		¥ 9,775
Depreciation		13,855

TBS Holdings		FY2014
Capital expenditures		¥ 428
Depreciation		3,213

TBS Television		FY2014
Capital expenditures		¥ 6,508
Depreciation		7,910



# Segment Information



## FY2014 Consolidated and TBS Television Business Results Forecasts

(Millions of yen)

2015



### Consolidated

FY2015

Net sales	¥357,000
Operating income	17,400
Ordinary income	19,700
Net income	10,700

### Business Results Forecast by Segment

(Millions of yen)

#### Consolidated

FY2015

<b>Consolidated net sales</b>	<b>¥357,000</b>
Broadcasting Business	217,300
Multi-Visual Ventures and Cultural Events Business	124,500
Real Estate Business	15,200
<b>Consolidated operating income</b>	<b>17,400</b>
Broadcasting Business	4,700
Multi-Visual Ventures and Cultural Events Business	5,800
Real Estate Business	6,800

2015



### TBS Television

(Millions of yen)

FY2015

Net sales	¥216,800
Operating income	7,400
Ordinary income	8,900
Net income	5,800

### Time/Spot, Program Cost Forecasts

	1st half	2nd half	Full year
Time	+0.2%	+0.1%	+0.2%
Spot	+1.2%	+5.7%	+3.5%
Program cost	—	—	¥98,500 million

Note: The estimated figures above, which were announced on May 13, 2014, are subject to revision. For the most up-to-date estimated figures, please see the Company's web site.



HIRUOBII



SUNDAY MORNING



Pittanko Kankan

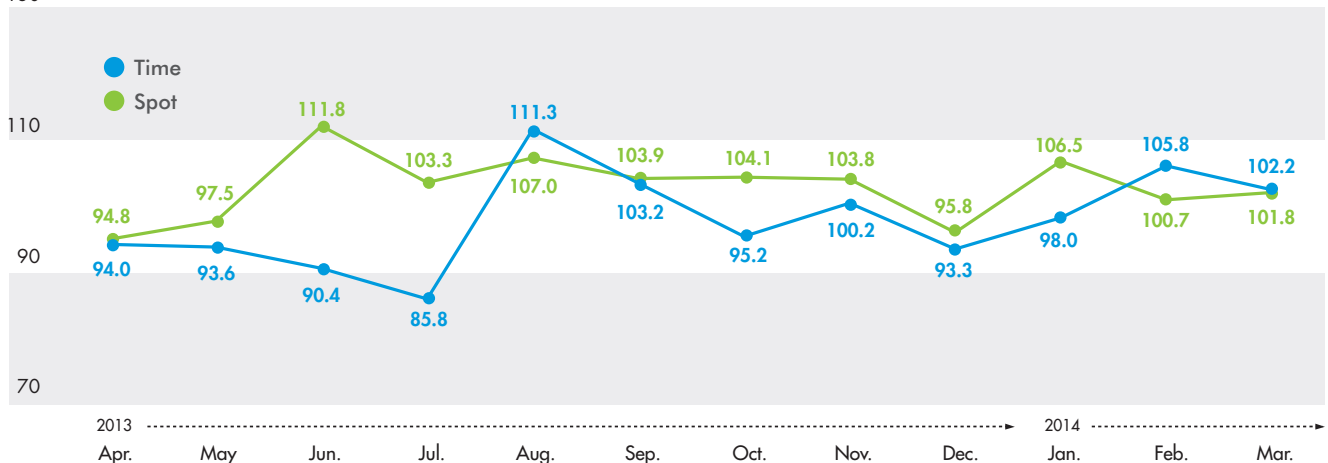
### Breakdown of TBS Television Income

(Millions of yen)

	FY2014	y/y change
Television	¥184,154	-92
Time advertising	86,568	-2,027
Spot advertising	85,484	+1,828
Program sales in Japan	3,835	+143
Others	8,266	-38
Operations	28,655	+2,618
Real estate	2,933	+45
<b>Total income</b>	<b>¥215,743</b>	<b>+2,571</b>

### Year-on-Year Changes in Time/Spot Earnings

(%)



	Q1	Q2	Q3	Q4	Full year
Time	92.7	100.1	96.2	101.9	97.7
Spot	101.0	104.5	101.1	102.7	102.2
TBS share among five key broadcasters	19.8	19.3	19.7	18.8	19.4



S The Last Policeman



NAOKI HANZAWA



Naruyouni Narusa

## Spot Advertising Sales Ranks by Business Category

(%)

FY2014		Growth rate	Share
1	Alcoholic and other beverages	+17.6	11.5
2	Foods	-5.3	9.8
3	Information, telecommunications, and broadcasting	+1.4	9.2
4	Automobiles and transportation equipment	+2.3	8.8
5	Pharmaceuticals	-2.7	8.4
6	Financial services	+34.4	7.3
7	Cosmetics and toiletry	-15.7	6.7
8	Precision instruments and office machines	-1.6	5.4
9	Distribution	+8.6	5.0
10	Transportation and leisure	-2.9	4.3

(Ranked in order of sales proceeds)

## TBS Television Business Segment Income

(Millions of yen)

Segment		Full year	y/y change	Remarks	
Operations division	Cultural business (events)	¥ 3,469	+170	Revenue increased thanks to buoyant sales of the Claude Monet Exhibit as well as the Da Vinci Exhibit and Michelangelo Buonarroti Exhibit. The ballet performance of the Tetsuya Kumakawa K-Ballet Company continued to post brisk sales.	
	Show business	4,047	+927	Revenue increased with an increased number of events compared to the preceding fiscal year. Buoyant sales were recorded for <i>9 Days Queen</i> , <i>AMATERASU</i> , <i>Romeo &amp; Juliette</i> , <i>DREAM GIRLS</i> , etc.	
	Movie business	2,017	+335	Revenue increased with the smash hit of <i>SPEC-Close ~ incarnation ~ / SPEC-Close ~ reincarnation ~</i> , as well as the good performance of <i>ATARU</i> and <i>Dakishimetai</i> .	
Content business division	Multi-visual business	DVDs	3,712	+880	Despite a slump in the DVD market, revenue rose substantially given the smash hit of <i>NAOKI HANZAWA</i> and buoyant sales of <i>Public Affairs Office in the Sky</i> , <i>SPEC Zero</i> , etc.
		Animations	1,223	-781	Revenue declined in the absence of the movie <i>K-On!</i> which recorded brisk sales in the previous fiscal year.
	Overseas business	1,286	+118	Revenue increased with robust overseas sales of <i>NAOKI HANZAWA</i> , etc., in addition to new overseas business expansion in Vietnam and other countries.	
	Pay-TV business	9,787	+1,193	Revenue jumped given the significant ongoing strength of TBS on Demand. TBS Channel 2, which recorded a stable increase in subscriber numbers, and other CS business remained robust.	
	Licensing business	1,203	+8	Sales of the TBS store increased thanks to the smash hit of <i>Baigaeshi Manjyu</i> and <i>SPEC</i> goods. However, this was not sufficient to offset a reactionary decline from a gain in sales related to the movie <i>K-On!</i> in the previous year, resulting in a slight increase in revenue.	
	Digital business	1,908	-235	Revenue declined due to an ongoing decrease in mobile phone charges.	
Total		¥28,655	+2,618		



IAAF World Championships Moscow 2013  
©PHOTO KISHIMOTO



IAAF Championship Moscow 2013  
©PHOTO KISHIMOTO

## FY2014 Viewer Ratings

(%)

	All day	Golden time*	Prime time**
<b>TBS</b>	<b>6.2 (5th)</b>	<b>9.7 (5th)</b>	<b>9.6 (4th)</b>
NTV	8.1 (1st)	12.1 (1st)	12.0 (2nd)
TV Asahi	7.7 (2nd)	11.8 (2nd)	12.1 (1st)
TV Tokyo	3.0 (6th)	7.2 (6th)	6.8 (6th)
Fuji TV	7.0 (3rd)	10.5 (4th)	10.8 (3rd)
NHK	6.6 (4th)	10.7 (3rd)	9.5 (5th)
HUT	41.7	64.2	62.6

Ratings for April 2, 2013 to March 30, 2014, on a weekly basis

(According to research by Video Research Ltd. in the Kanto region)

\* 19:00-22:00

\*\* 19:00-23:00

## TV Program Cost (Production Expenses)

(Millions of yen)

	FY2014	FY2013	y/y change
Q1	¥23,810	¥26,193	-2,383
Q2	25,779	25,700	+78
Q3	23,490	23,548	-58
Q4	24,569	23,412	+1,157
Direct expenses	-19,183	-18,223	+960
Indirect expenses	-5,386	-5,189	+197
Fiscal year cumulative	¥97,648	¥98,853	-1,205
Next fiscal-year forecast		98,500	

(Next fiscal-year forecast includes a ¥500 million margin of error)

### Major expenses included in TV program cost:

Direct expenses: Program production expenses, fees for broadcasting rights, fine arts production expenses, technical production expenses

Indirect expenses: Absorbed cost including depreciation and personnel cost for employees



# Financial Data of Major Group Companies



## TBS Radio & Communications, Inc.

(Millions of yen)

	FY2014	
	Amount	y/y change
Net sales	¥10,786	-15
Operating income	430	+77
Ordinary income	433	+73
Net income	225	+1

Recorded the highest ratings for 78 consecutive periods from August 2001 to June 2014.



## BS-TBS, INC.

(Millions of yen)

	FY2014	
	Amount	y/y change
Net sales	¥14,716	+1,070
Operating income	2,202	-217
Ordinary income	2,223	-217
Net income	1,771	-1,136



## Grand Marche, Inc.

(Millions of yen)

	FY2014	
	Amount	y/y change
Net sales	¥16,078	+763
Operating income	307	-160
Ordinary income	277	-300
Net income	142	-228





# Financial Data of Major Group Companies



## StylingLife Holdings Inc. (Consolidated)

(Millions of yen)

	FY2014	
	Amount	y/y change
Net sales	¥68,637	-1,121
Operating income	1,827	69
Ordinary income	1,770	221
Net income	1,121	936



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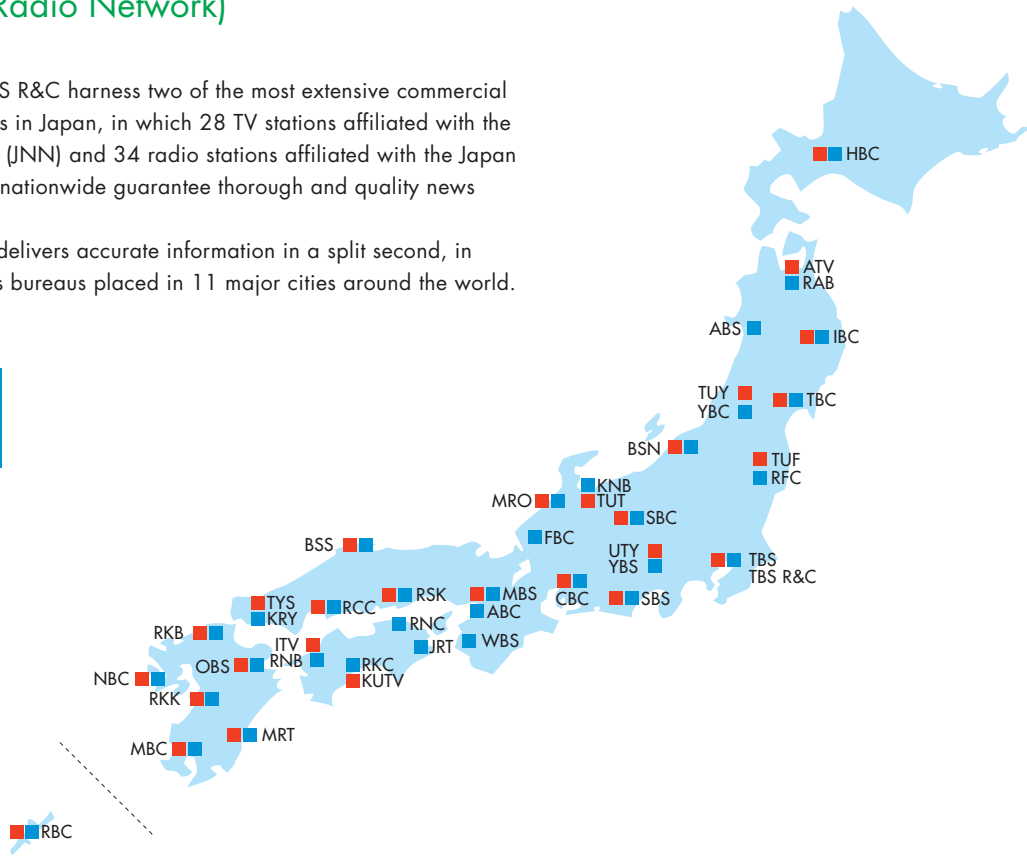


## JNN (Japan News Network)

## JRN (Japan Radio Network)

TBS Television and TBS R&C harness two of the most extensive commercial broadcasting networks in Japan, in which 28 TV stations affiliated with the Japan News Network (JNN) and 34 radio stations affiliated with the Japan Radio Network (JRN) nationwide guarantee thorough and quality news gathering.

Our news network delivers accurate information in a split second, in alliance with overseas bureaus placed in 11 major cities around the world.



## JNN Overseas Bureaus



### Tokyo Broadcasting System Holdings, Inc.

5-3-6 Akasaka, Minato-ku, Tokyo 107-8006, Japan  
Phone: +81-3-3746-1111 Fax: +81-3-3588-6378 [www.tbsholdings.co.jp/ir/en/](http://www.tbsholdings.co.jp/ir/en/)