

CONSOLIDATED FINANCIAL REPORT
FOR THE FIRST QUARTER OF FISCAL 2014
(The Fiscal Year Ending March 31, 2015 under Japanese GAAP)



July 30, 2014

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Securities Code: 9405 URL <http://asahi.co.jp/english/>
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Preparation of Quarterly Supplementary Explanatory Materials: No
Quarterly Results Briefing Held: No
* Asahi Broadcasting Corporation: ABC

(Figures are rounded down to the nearest million yen unless otherwise stated.)

1. Consolidated Financial Results for the First Quarter of Fiscal 2014 (April 1, 2014 to June 30, 2014)

(1) Consolidated Operating Results (Cumulative)

(Percentage figures show the year-on-year increase (decrease) for each corresponding period.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
First Quarter of Fiscal 2014	19,689	(2.5)	1,002	(17.0)	1,155	(12.6)	599	(21.8)
First Quarter of Fiscal 2013	20,201	4.3	1,207	(13.8)	1,322	(10.6)	766	(3.9)

Note: Comprehensive Income First quarter of fiscal 2014 ¥1,013 million (-6.9%)
First quarter of fiscal 2013 ¥1,088 million (89.9%)

	Basic Earnings per Share	Diluted Earnings per Share
	¥	¥
First Quarter of Fiscal 2014	14.69	—
First Quarter of Fiscal 2013	18.77	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-Asset Ratio
	¥ million	¥ million	%
June 30, 2014	98,988	56,017	52.6
March 31, 2014	97,833	62,558	59.9

(Reference) Shareholders' Equity June 30, 2014 ¥52,116 million
March 31, 2014 ¥58,625 million

2. Dividends

	Annual Dividend per Share				
	1Q-End	2Q-End	3Q-End	Period-End	Total
	¥	¥	¥	¥	¥
Fiscal 2013	—	6.00	—	10.00	16.00
Fiscal 2014	—				
Fiscal 2014 (Forecast)		6.00	—	10.00	16.00

Notes: 1. Revisions from recently announced dividend forecast: None

2. Breakdown of fiscal 2013 period-end dividend: Ordinary dividend ¥6.00
Special dividend ¥4.00

3. Consolidated Financial Results Forecasts for Fiscal 2014 (April 1, 2014 to March 31, 2015)

(Percentage figures show the year-on-year increase (decrease) for each corresponding period.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Basic Earnings per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Period	40,200	(0.1)	1,900	(2.3)	2,000	(1.5)	1,200	5.2	29.39
Full Fiscal Year	81,000	(0.6)	5,800	0.1	6,000	(0.4)	3,500	7.5	85.71

Note: Revisions from recently announced performance forecast: Yes

* Notes

(1) Changes in the number of important subsidiaries during the period: None

(2) The application of special accounting treatment for the preparation of the quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates, and restatements

1) Changes in accounting policies in accordance with changes in accounting standards, etc.: Yes

2) Changes in accounting policies other than 1): None

3) Changes in accounting estimates: None

4) Restatements: None

Note: Please refer to “2. Supplementary Information (Notes) (3) Changes in Accounting Policies, Accounting Estimates and Restatements” on page 3 of the attached supplementary materials for details.

(4) Number of shares issued and outstanding (common stock)

1) Number of shares issued and outstanding as of the period-end (including treasury stock)

June 30, 2014	41,833,000 shares	March 31, 2014	41,833,000 shares
June 30, 2014	996,087 shares	March 31, 2014	996,087 shares
June 30, 2014	40,836,913 shares	June 30, 2013	40,836,913 shares

2) Number of treasury stock as of the period-end

3) Average number of shares issued and outstanding for the period

* Disclosure concerning the implementation status of quarterly review procedures

This financial report is exempt from the quarterly review procedure provisions stipulated under the Financial Instruments and Exchange Act of Japan. As of the date of disclosure, review procedures in connection with consolidated financial statements were in progress.

* Explanation concerning the appropriate use of forecasts and other special instructions

(Caution regarding forward-looking statements, etc.)

Results forecasts and other forward-looking statements contained in this report are based on the assumptions, beliefs, and uncertainties in light of information available to the Company's management as of the publication date and do not represent promises by the Company or its management that these performance figures will be attained. Actual results may differ materially from forecasts due to a variety of factors. Please refer to “1. Analysis of Quarterly Operating Results and Financial Position (3) Explanation of Forward-Looking Statements, including the Outlook for Consolidated Performance” on page 3 of the attached supplementary materials for information regarding the underlying assumptions for financial results forecasts, as well as explanatory and other notes regarding the use of financial results forecasts.

(Reference) Non-Consolidated Financial Results Forecasts for Fiscal 2014 (April 1, 2014 to March 31, 2015)

(Percentage figures show the year-on-year increase (decrease) for each corresponding period.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Basic Earnings per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Period	32,700	(0.2)	1,600	(2.3)	1,800	(1.9)	1,200	5.8	29.39
Full Fiscal Year	65,900	(0.9)	4,400	1.5	4,700	0.6	2,900	0.7	71.01

Note: Revisions in performance forecasts during the period: Yes

* Explanation concerning the appropriate use of forecasts and other special instructions

Results forecasts and other forward-looking statements contained in this report are based on the assumptions, beliefs, and uncertainties in light of information available to the Company's management as of the publication date and do not represent promises by the Company or its management that these performance figures will be attained. Actual results may differ materially from forecasts due to a variety of factors.

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1. Analysis of Quarterly Operating Results and Financial Position

(1) Analysis of Operating Results

Through the first quarter of fiscal 2014 (the fiscal year ending March 31, 2015), which extended from April 1, 2014 to June 30, 2014, the Japanese economy experienced a temporary decline in consumer spending following the increase in consumption tax, but this impact gradually reduced and the economy resumed its recovery trend as a whole, backed by economic and financial measures of the Japanese government.

Under these circumstances, in the broadcasting field where the Asahi Broadcasting Group (the Group) conducts its core business, the decline of spot TV commercial operating revenues due to the increase in consumption tax during the first half of the period had an impact which led to an overall decrease in revenue. In the housing business, favorable new openings of housing exhibitions in the vacant spaces of the existing sites contributed to an increase in revenue. In the golf business, a drop in sales of golf course memberships caused a decrease in revenue. As a consequence of these factors, the Group's net sales for the first quarter of fiscal 2014 decreased ¥512 million, or 2.5%, compared with the same period of the previous fiscal year and amounted to ¥19,689 million.

From the cost standpoint, cost of sales decreased ¥205 million, or 1.6%, compared with the same period of the previous fiscal year, to ¥12,752 million. Selling, general and administrative expenses decreased ¥100 million, or 1.7%, compared with the same period of the previous fiscal year, to ¥5,934 million. As a result of the above, operating income for the period decreased ¥205 million, or 17.0%, to ¥1,002 million, while ordinary income totaled ¥1,155 million, a decrease of ¥166 million, or 12.6%. Income before income taxes was ¥1,155 million, a decrease of ¥161 million, or 12.2%, and net income was ¥599 million, a decrease of ¥166 million, or 21.8%.

Performance by business segment was as follows.

Broadcasting Business

During the first quarter of fiscal 2014, net sales in the broadcasting business totaled ¥16,910 million, down ¥684 million, or 3.9%, compared with the same period of the previous fiscal year. The principal factors accounting for this decrease in revenue included the decreases in core spot TV commercial operating revenues along with network time and event revenues. On the other hand, there were decreases in TV program expenses and network expenses mainly associated with the decreases in network hours of the Company-originated TV programs in prime-time, and event costs fell while event income declined, and so operating expenses in total decreased 2.4% compared with the same period of the previous fiscal year. As a result, operating income amounted to ¥740 million, a decline of ¥263 million, or 26.3%, compared with the same period of the previous fiscal year.

Housing Business

Net sales in the housing business amounted to ¥2,549 million, an increase of ¥185 million, or 7.9%, compared with the same period of the previous fiscal year. In the core housing exhibition site operating activities, profit contributions of the Totsuka Housing Park which opened in September of last year and new openings in vacant spaces of housing exhibitions accounted for increase in revenue. However, operating expenses rose 5.1%, and operating income amounted to ¥256 million, an increase of ¥74 million, or 40.8%, compared with the same period of the previous fiscal year.

Golf Business

Net sales in the golf business decreased ¥13 million, or 5.7%, compared with the same period of the previous fiscal year, to ¥229 million. The principal factor accounting for this decrease was the drop in sales of golf course memberships despite an increase in the number of visitors. On the other hand, operating expenses increased 1.6% and operating income amounted to ¥4 million, a decrease of ¥15 million, or 78.1%, compared with the same period

of the previous fiscal year.

(2) Analysis of Financial Position

(Assets)

Consolidated current assets as of the end of the first quarter of the fiscal year under review were ¥32,856 million, ¥2,216 million lower than at the end of the previous fiscal year (March 31, 2014). Non-current assets amounted to ¥66,131 million, ¥3,370 million higher than at the end of the previous fiscal year. Total assets increased ¥1,154 million, to ¥98,988 million. The increase in non-current assets resulted mainly from increase in deferred tax assets due to the revision of the Accounting Standard for Retirement Benefits.

(Liabilities)

Consolidated current liabilities stood at ¥9,638 million, ¥2,897 million lower than at the end of the previous fiscal year, and non-current liabilities came to ¥33,332 million, ¥10,593 million above the level in the previous fiscal year-end. Total liabilities increased ¥7,695 million, to ¥42,970 million. The principle reason for the increase in liabilities was the increase in net defined benefit liability due to the revision of the Accounting Standard for Retirement Benefits.

(Net Assets)

Consolidated total net assets came to ¥56,017 million, ¥6,541 million lower than at the end of the previous fiscal year. Although net income reported for the period under review was ¥599 million, the Group paid a total of ¥408 million in dividends from surplus. In addition, retained earnings decreased by ¥7,072 million due to the revision of the Accounting Standard for Retirement Benefits.

(3) Explanation of Forward-Looking Statements, including the Outlook for Consolidated Performance

As for our core broadcasting business, net sales in the first quarter of fiscal 2014 declined as spot TV commercial operating revenues fell below the previous estimates, and operating expenses also decreased. In addition, since performance is likely to meet the initial target announced for the second quarter and subsequent periods, only the forecast for net sales has been revised downwardly. The forecast for income has not been revised.

2. Supplementary Information (Notes)

(1) Changes in the Number of Important Subsidiaries during the Period

Not applicable

(2) The Application of Special Accounting Treatment for the Preparation of the Quarterly Consolidated Financial Statements

Not applicable

(3) Changes in Accounting Policies, Accounting Estimates, and Restatements

Changes in Accounting Policies

(Application of Accounting Standard for Retirement Benefits, etc.)

“Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan [ASBJ] Statement No. 26, issued on May 17, 2012, hereinafter, the “Standard”), and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, issued on May 17, 2012, hereinafter, the “Guidance”) have been applied from the first quarter of fiscal year under review for the provisions specified in the main clause of Paragraph 35 of the Standard and the main clause of Paragraph 67 of the Guidance. Accordingly, the calculation method of retirement benefit obligations and service costs has been revised, and the method for attributing expected retirement benefits to

periods has been changed from the straight-line basis to the benefit formula basis. In addition, the method for determining the discount rate, with respect to the period of bonds used for the basis of determining the discount rate, has been changed from the method based on a period of years approximate to the average remaining service period of employees to the method based on the single weighted average discount rate that reflects the projected payment period of retirement benefits and the amount projected for each payment period.

The application of the Standard, etc. is subject to the transitional treatment provided for in Paragraph 37 of the Standard. Consequently, the impact of the change in the calculation methods of retirement benefit obligations and service costs has been recognized as increases or decreases to retained earnings at the beginning of the first quarter of fiscal year under review.

As a result, at the beginning of the first quarter of fiscal year under review, net defined benefit liability increased ¥10,982 million and retained earnings decreased ¥7,072 million. In addition, during the first quarter of fiscal 2014, operating income, ordinary income, and income before income taxes increased ¥47 million, respectively.

3. Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Millions of Yen)

	March 31, 2013	June 30, 2014
Assets		
Current assets		
Cash and deposits	10,701	10,099
Notes and accounts receivable - trade	12,755	12,844
Securities	8,599	7,297
Inventories	824	907
Other	2,202	1,716
Allowance for doubtful accounts	(9)	(10)
Total current assets	35,072	32,856
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,766	20,535
Land	10,567	10,570
Other, net	6,852	6,521
Total property, plant and equipment	38,186	37,627
Intangible assets		
Software	223	208
Other	178	170
Total intangible assets	402	378
Investments and other assets		
Investment securities	17,379	17,371
Other	7,035	10,996
Allowance for doubtful accounts	(242)	(242)
Total investments and other assets	24,172	28,125
Total non-current assets	62,761	66,131
Total assets	97,833	98,988

(Millions of Yen)

	March 31, 2013	June 30, 2014
Liabilities		
Current liabilities		
Short-term loans payable	30	—
Accounts payable - other	6,007	5,311
Income taxes payable	1,330	113
Provision	134	391
Other	5,034	3,821
Total current liabilities	12,536	9,638
Non-current liabilities		
Net defined benefit liability	11,968	22,842
Other	10,769	10,489
Total non-current liabilities	22,738	33,332
Total liabilities	35,275	42,970
Net assets		
Shareholders' equity		
Capital stock	5,299	5,299
Capital surplus	3,610	3,610
Retained earnings	49,518	42,636
Treasury stock	(500)	(500)
Total shareholders' equity	57,927	51,046
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,485	1,826
Remeasurements of defined benefit plans	(787)	(756)
Total accumulated other comprehensive income	698	1,070
Minority interests	3,933	3,901
Total net assets	62,558	56,017
Total liabilities and net assets	97,833	98,988

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

Consolidated Quarterly Statements of Income

For the First Quarter of Fiscal 2013 and 2014

(Millions of yen)

	First Quarter of Fiscal 2013 (April 1, 2013 to June 30, 2013)	First Quarter of Fiscal 2014 (April 1, 2014 to June 30, 2014)
Net sales	20,201	19,689
Cost of sales	12,958	12,752
Gross profit	7,242	6,936
Selling, general and administrative expenses	6,035	5,934
Operating income	1,207	1,002
Non-operating income		
Interest income	6	17
Dividends income	123	135
Other	34	27
Total non-operating income	164	180
Non-operating expenses		
Interest expenses	25	19
Loss on disposal of non-current assets	14	2
Other	10	5
Total non-operating expenses	50	27
Ordinary income	1,322	1,155
Extraordinary income		
Gain on sales of investment securities	4	—
Total extraordinary income	4	—
Extraordinary loss		
Loss on sales of investment securities	9	—
Total extraordinary losses	9	—
Income before income taxes	1,316	1,155
Income taxes	527	513
Income before minority interests	789	642
Minority interests in income	22	42
Net income	766	599

Consolidated Quarterly Statements of Comprehensive Income
For the First Quarter of Fiscal 2013 and 2014

(Millions of Yen)

	First Quarter of Fiscal 2013 (April 1, 2013 to June 30, 2013)	First Quarter of Fiscal 2014 (April 1, 2014 to June 30, 2014)
Income before minority interests	789	642
Other comprehensive income		
Valuation difference on available-for-sale securities	299	341
Remeasurements of defined benefit plans, net of tax	—	30
Total other comprehensive income	299	371
Comprehensive income	1,088	1,013
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,065	971
Comprehensive income attributable to minority interests	23	42

(3) Notes regarding Consolidated Quarterly Financial Statements

(Going Concern Assumptions)

Not applicable.

(Any Major Change in the Amount of Consolidated Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

Explanation of Measurements of Sales, Profit and Loss for Each Reportable Segment

First Quarter of Fiscal 2013 (April 1, 2013 to June 30, 2013)

(Millions of Yen)

	Reportable Segment				Adjustments (Note 1)	Amounts Recorded on Consolidated Financial Statements (Note 2)
	Broadcasting	Housing	Golf Club	Total		
Sales						
Revenues from external customers	17,594	2,363	243	20,201	—	20,201
Transactions with other segments	74	6	4	85	(85)	—
Total	17,668	2,370	247	20,286	(85)	20,201
Segment profit	1,004	182	20	1,207	—	1,207

Notes:

1. The adjustment to transactions with other segments of negative ¥85 million represents the amount of intrasegment transaction elimination.
2. Segment profit refers to operating income recorded on the consolidated statement of income.

First Quarter of Fiscal 2014 (April 1, 2014 to June 30, 2014)

(Millions of Yen)

	Reportable Segment				Adjustments (Note 1)	Amounts Recorded on Consolidated Financial Statements (Note 2)
	Broadcasting	Housing	Golf Club	Total		
Sales						
Revenues from external customers	16,910	2,549	229	19,689	—	19,689
Transactions with other segments	97	6	6	110	(110)	—
Total	17,007	2,556	235	19,799	(110)	19,689
Segment profit	740	256	4	1,002	—	1,002

Notes:

1. The adjustment to transactions with other segments of negative ¥110 million represents the amount of intrasegment transaction elimination.
2. Segment profit refers to operating income recorded on the consolidated statement of income.

4. (Reference) Summary of Non-Consolidated Quarterly Financial Statements

First Quarter of Fiscal 2014 (April 1, 2014 to June 30, 2014)

(1) Non-Consolidated Statements of Income

(Percentage figures show the year-on-year increase (decrease) for each corresponding period.)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
First Quarter of Fiscal 2014	15,989	(3.2)	920	(12.6)	1,180	(8.1)	771	(5.4)
First Quarter of Fiscal 2013	16,511	3.8	1,052	(13.1)	1,284	(7.1)	815	(3.6)

(2) Non-Consolidated Balance Sheets

	Total Assets	Total Net Assets
	¥ million	¥ million
June 30, 2014	79,337	48,717
March 31, 2014	77,739	55,085

(3) Breakdown of Non-Consolidated Net Sales

	First Quarter of Fiscal 2013 (April 1, 2013 to June 30, 2013)	First Quarter of Fiscal 2014 (April 1, 2014 to June 30, 2014)	Increase / (Decrease)	% Change
	¥ million	¥ million	¥ million	%
Television broadcasting business revenue				
Time	5,124	4,941	(182)	(3.6)
Spot	9,219	8,948	(270)	(2.9)
Program sales	602	570	(31)	(5.3)
Subtotal	14,946	14,461	(484)	(3.2)
Radio broadcasting business revenue	705	724	19	2.7
Other	859	803	(55)	(6.5)
Total	16,511	15,989	(521)	(3.2)

Note: Summary highlights of quarterly financial statements (non-consolidated) are not subject to review in legally mandated disclosure.