(Translation)

# Information to be Disclosed on the Internet upon Giving Notice of the 75th Ordinary General Meeting of Shareholders

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

(From April 1, 2015 to March 31, 2016)

Fuji Media Holdings, Inc.

The Notes to Consolidated Financial Statements and the Notes to Non-Consolidated Financial Statements are provided to the shareholders by posting them on our Internet website (http://www.fujimediahd.co.jp/) in accordance as provided for in laws and ordinances and Article 16 of the Articles of Incorporation of the Company.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**(Notes to important matters forming the basis of preparation of consolidated financial statements)**

1. Matters concerning the scope of consolidation

(1) Number of consolidated subsidiaries: 38 companies

Names of major consolidated subsidiaries: Fuji Television Network, Inc., The Sankei Building Co., Ltd. and Dinos Cecile Co., Ltd.

The Company's consolidated subsidiary The Sankei Building Co., Ltd. invested in the silent partnership operated by JXA Limited Liability Company in April 2015, jointly with a fund managed by J-Will Partners Co., Ltd. As a result, the said silent partnership became a consolidated subsidiary of the Company. JXA Limited Liability Company has changed its corporate name to GRANVISTA Holdings Limited Liability Company.

The silent partnership operated by GRANVISTA Holdings Limited Liability Company acquired the shares of GRANVISTA Hotels & Resorts Co., Ltd. in April 2015, which made GRANVISTA Hotels & Resorts Co., Ltd. a consolidated subsidiary of the Company.

Sankei Building Well Care Co., Ltd. became a consolidated subsidiary of the Company as of the beginning of the fiscal year under review, considering its recent growing importance.

(2) 62 non-consolidated subsidiaries, including FCG Research Institute, Inc. and Fuji Sankei Agency, Inc., are small companies and the aggregate amounts of total assets, net sales, net income/loss and retained earnings (based on the Company's equity interest) thereof have no significant impact on the consolidated financial statements. Hence, those subsidiaries are excluded from consolidation.

(3) Special purpose companies (SPCs) subject to disclosure

(i) Summary of the SPCs subject to disclosure and the summary of transactions using the SPCs subject to disclosure

The Group securitizes its properties to diversify funding sources and procure funds in a stable manner. In securitizing properties, the Group transfers its properties to SPCs (particular type of limited liability companies) and receives funds, as sales proceeds, procured by the SPCs through loans, etc. secured by such properties.

The Group leases back the properties transferred to the SPCs. In addition, the Group enters into silent partnership agreements with the SPCs, based on which investments are made therein.

As a result of such securitization, the SPC with a transaction balance is listed as follows. The Group has neither made any investment in the SPC that confers voting rights, nor dispatched any officer or employee thereto.

| | |
|---|---|
| Number of SPCs | 1 company |
| Total assets as of the most recent closing date (simple aggregation) | ¥13,272 million |
| Total liabilities (simple aggregation) | ¥13,269 million |

(ii) Amount, etc. of transactions with SPCs subject to disclosure

Amounts, etc. of transactions with the SPC in the consolidated fiscal year ended March 31, 2016 are as follows.

| | Balance at the end of consolidated fiscal year (million yen) | Major gain/loss | |
|---|---|---|---|
| | | Item | Amount (Millions of yen) |
| Accounts receivable (Note) 1 | 19 | Operating expenses (Note) 2 | 595 |
| Investments made in silent partnerships | 0 | - | - |

(Notes) 1. Advances paid to the SPC
2. Real estate rental fees paid to the SPC

2. Matters concerning the application of the equity method

(1) Non-consolidated subsidiaries to which the equity method is applied: 3 companies

Names of major non-consolidated subsidiaries to which the equity method is applied: FCG Research Institute, Inc., Nippon Planning Center Inc. and Fuji Sankei Agency, Inc.

(2) Number of affiliates to which the equity method is applied: 18 companies

Names of major affiliates to which the equity method is applied: Kansai Telecasting Corporation and WOWOW Inc.

The Company acquired the shares of Space Shower Network Inc. ("Space Shower Network") in June 2015, and also subscribed for the shares thereof through a third-party allotment. Consequently, Space Shower Network became an affiliate of the Company accounted for by the equity method.

Nagano Broadcasting Systems Inc. ("NBS") became an affiliate of the Company accounted for by the equity method as a result of an additional acquisition of NBS's shares by the Company in December 2015.

(3) Other subsidiaries and affiliates, including Tokyo Film Mate Corp., Fuji & gumi Games, Inc. and FINS INC. are excluded from the scope of the equity method as they have no significant impact on consolidated net income/loss and retained earnings and are of little importance as a whole.

3. Matter concerning accounting standards

(1) Valuation basis and methods for major assets:

(i) Marketable securities:

Held-to-maturity bonds:

Stated at amortized cost (by the straight-line method)

Other securities:

Those with market value:

At market value, determined by market prices, etc. as of the close of the fiscal year (Revaluation differences are all transferred directly to net assets. Selling costs are determined principally by the moving average method.)

Those without market value:

At cost, determined principally by the moving average method

Bonds, in respect of which the difference between the acquisition cost and the bond price is characterized as adjustments in interest rates, are valuated at cost, determined by the amortized cost method (straight-line method).

Investments in investment associations and other similar associations (which are deemed to be marketable securities pursuant to Article 2, paragraph 2 of the Financial Instruments and Exchange Act) are valuated by recognizing net the amount equal to the Company's equity interest based on the most recent statements of accounts available according to the settlement report dates as stipulated in contracts for such associations.

(ii) Inventories:

At cost, determined principally by the identified cost method
(The balance sheet values are calculated by the write-down method based on declined margins.)

(2) Method of depreciation of important depreciable assets:

Tangible fixed assets (excluding lease assets):

Tangible fixed assets are depreciated principally by the declining balance method.
With regard to their useful lives, the same policy as in the method under the Corporate Tax Act of Japan is applicable.
However, with regard to the building and others of the head office of the Company and the buildings (excluding appurtenances thereto) acquired on or after April 1, 1998, the straight-line method has been adopted.

Intangible fixed assets (excluding lease assets):

Intangible fixed assets are depreciated by the straight-line method.
With regard to their useful lives, the same policy as in the method under the Corporate Tax Act is applicable.
However, software for internal use is depreciated by the straight-line method based on the internal usable period (five years).

Lease assets:

Lease assets related to finance lease transactions that do not transfer ownership:
Lease assets are depreciated by the straight-line method, based on the assumption that the useful life equals to the lease term and the residual value equals to zero.
Any finance lease transaction that do not transfer ownership, which became effective on or before March 31, 2008, is treated similarly in the manner in which ordinary lease transactions are treated.

(3) Basis for accounting for important allowances and reserves:

Allowance for doubtful accounts:

To meet losses from loan default, the Company sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of specific claims, such as probable non-performing credits.

Allowance for returned goods:

To meet losses from returned publications, etc., the Company sets aside an amount equivalent to the provision limit under the Corporate Tax Act, in respect of publications and musical works, and an estimated amount of loss based on the actual return rates in the past, in respect of other works.

Allowance for bonuses for officers:

To meet the payment of bonuses to officers, the Company sets aside an estimated amount of bonuses to be paid for the fiscal year under review.

Provision for point card certificates:

To meet the payment for points granted to customers for the purpose of sales promotion when they are used, the Company sets aside an amount estimated to be used in the future as of the close of the fiscal year under review.

Provision for environmental measures:

To meet the payment for expenses of disposal of polychlorinated biphenyl (PCB) and other wastes, the Company provides an estimated amount of disposal expenses.

Provision for business restructuring expenses:

To meet expenses and losses to be incurred based on business plans, the Company figures a rationally estimated amount and provides such amount.

Reserve for officers' retirement gratuities:

To meet the payment of retirement gratuities to officers, the Company provides an amount estimated to accrue at the close of the fiscal year under review, pursuant to its internal rules.

Provision for loss on interest repayment:

To meet claims for interest repayment in the future, the Company sets aside an amount estimated to be required, by taking into consideration the actual interest repayments in the past years.

Provision for loss on reconstruction:

To meet losses to be incurred in connection with the reconstruction of buildings, the Company sets aside an amount estimated to be incurred, including demolition cost.

(4) Accounting method relating to employee retirement benefits:

(i) Method of attributing expected retirement benefits to periods:

To calculate retirement benefit obligations, the Company employs a benefit formula standard as the method of attributing expected retirement benefits to periods up to the close of the fiscal year under review.

(ii) Methods of treating actuarial differences and past service costs as expenses:

Past service costs are treated as expenses, based on a straight-line basis for a specific period of years (principally, 15 years) not exceeding the average remaining years of service of employees when such past service costs occur.

Actuarial differences are treated principally as expenses, *pro rata* based on the straight-line method for a specific period of years (principally, 15 years) not exceeding the average remaining years of service of employees when such differences occur, from the fiscal year next following the fiscal year when such differences occur.

(5) Accounting for revenues and expenses:

Basis of accounting for revenues related to finance lease transactions:

Net sales and cost of sales are recognized upon the receipt of rents.

(6) Method of important hedge accounting:

(i) Method of hedge accounting:

The Group uses the deferred method for hedge accounting. The specific allocation method is used to account for exchange contracts that meet the requirements of the method and the exceptional accrual method is used to account for interest rate swaps that meet the requirements for the method.

(ii) Hedging instruments and hedged items:

Foreign currency payables and foreign currency anticipated transactions arising from import of products, and bank loans are hedged items and exchange contracts and interest rate swaps are hedging instruments.

(iii) Hedging policy:

In accordance with its internal rules that provide for authorities concerning derivatives and other matters, the Group hedges risks of foreign exchange and interest rate fluctuations relating to hedged items to a limited extent and not for speculation purposes. The hedged items are identified by their respective agreements.

(iv) Method of evaluating the effectiveness of a hedge:

The effectiveness of a hedge is measured by comparing the accumulated amount of difference in a hedging instrument and that of a hedged item.
As each interest rate swap meets the requirements for the exceptional accrual method and cash flows can be fixed after the inception of a hedge, the evaluation of the effectiveness thereof is omitted.

(7) Method and period of amortization of goodwill and negative goodwill:

Goodwill, and negative goodwill that was accrued on or before March 31, 2010, are amortized in equal amounts for specified years not exceeding 20 years according to the cause of the accrual thereof; however, insignificant goodwill or negative goodwill are amortized in a lump sum for a fiscal year during which it is accrued.

(8) Accounting treatment of consumption taxes, etc.:

Consumption taxes, etc. are excluded from each account subject to such taxes.

4. Amounts are shown by discarding fractions of one million yen.

**(Note on Changes in Accounting Policies)**

Effective from the consolidated fiscal year under review, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013, the "Business Combinations Standard"), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013, the "Consolidated Financial Statements Standard"), the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013, the "Business Divestitures Standard") and other pronouncements. Accordingly, the accounting methods have been changed such that the difference arising from a change in the Company's ownership interest in a subsidiary over which the Company continues to have control is recorded as capital surplus and that acquisition-related costs are recorded as expenses for the consolidated fiscal year in which they are incurred. Furthermore, for business combinations to be carried out at and after the beginning of the consolidated fiscal year under review, the method has been changed to reflect an adjustment to the allocated amount of acquisition cost determined by tentative accounting treatment in the consolidated financial statements for the consolidated fiscal year in which the date of business combination falls. In addition, the Company has changed the presentation of net income and other related items, and the presentation of "minority interests" to "non-controlling interests." To reflect these changes in presentation, reclassification has been made in the consolidated financial statements for the previous fiscal year.

The Business Combinations Standard and others are applicable in accordance with the transitional treatments stipulated in Paragraph 58-2 (4) of the Business Combinations Standard, Paragraph 44-5 (4) of the Consolidated Financial Statements Standard and Paragraph 57-4 (4) of the Business Divestitures Standard, prospectively from the beginning of the consolidated fiscal year under review.

As a result, operating income and recurring profit each decreased by ¥693 million, and income before income taxes decreased by ¥697 million in the consolidated fiscal year under review. In addition, capital surplus at the end of the fiscal year under review increased by ¥8 million.

The effect on per-share information is presented in the notes on the information per share.

**(Changes in the method of presentation)**

Consolidated statement of income

"Gain on investments in partnership" (¥625 million for the previous consolidated fiscal year), which was included in "Other" under "Non-operating income" in the previous consolidated fiscal year, is shown separately from the consolidated fiscal year under review, due to its increased significance.

"Gain on sales of noncurrent assets" (¥1 million for the consolidated fiscal year under review) under "Extraordinary gain", which was separately shown in the previous consolidated fiscal year, is included in "Other" from the consolidated fiscal year under review, due to its decreased significance.

**(Notes to consolidated balance sheet)**

1. Accumulated depreciation of tangible fixed assets: ¥256,074 million

2. With regard to the tangible fixed assets acquired for and before the fiscal year under review, the amount of advanced depreciation by government subsidies was ¥238 million in buildings and structures, ¥335 million in machinery, equipment and vehicles, ¥77 million in other tangible fixed assets and ¥15 million in software. The amount thereof in the consolidated balance sheet is shown by deducting such amount of advanced depreciation.

3. Assets pledged:

Consolidated subsidiaries have provided ¥2 million of buildings and structures and ¥92 million of land as collateral, as well as ¥125 million of time deposits and ¥7 million of investment securities to television broadcasting companies, newspaper companies, etc. in substitution for business guarantee deposits.

**(Notes to consolidated statement of changes in shareholders' equity, etc.)**

1. Total number of issued shares as of March 31, 2016

Shares of common stock: 236,429,800 shares

2. Matters concerning distribution of retained earnings

(1) Matters concerning distribution of retained earnings made during the fiscal year under review:

| Resolution | Class of shares | Total amount of dividends (million yen) | Amount of dividend per share (yen) | Record date | Effective date |
|---|---|---|---|---|---|
| Ordinary General Meeting of Shareholders held on June 25, 2015 | Shares of common stock | 4,683 | 20 | March 31, 2015 | June 26, 2015 |
| Meeting of the Board of Directors held on October 30, 2015 | Shares of common stock | 4,683 | 20 | September 30, 2015 | December 2, 2015 |

(2) Matters concerning distribution of retained earnings to be made after the end of the fiscal year under review:

The following resolution is expected to be adopted at the Ordinary General Meeting of Shareholders to be held on June 28, 2016:

| Resolution | Class of shares | Source of dividends | Total amount of dividends (million yen) | Amount of dividend per share (yen) | Record date | Effective date |
|---|---|---|---|---|---|---|
| Ordinary General Meeting of Shareholders to be held on June 28, 2016 | Shares of common stock | Retained earnings | 4,683 | 20 | March 31, 2016 | June 29, 2016 |

**(Notes on financial instruments)**

1. Matters concerning the status of financial instruments

(1) Policy on dealing in financial instruments:

The Group raises required funds principally through bank loans and bond issues. Floating money is invested in high-security financial assets. The Group uses derivatives to the extent necessary to reduce interest rate risk in respect of interest rate swaps and foreign currency risk in respect of exchange contracts, and has a policy not to conduct speculative trading.

(2) Details of financial instruments and related risks and risk management system:

Trade receivables – trade notes and trade accounts receivable – are exposed to credit risk in relation to customers. With regard to such risk, the Group, in accordance with its customer management rules, periodically monitors the status of trade receivables from its major clients in each business division, fixes a credit limit for each customer and manages the due dates and balances of its trade receivables by client to early detect or reduce credits that may become uncollectable due to the deterioration of its financial position or other reasons.

Marketable securities and investment securities, which principally consist of bonds to invest floating money and shares relating to business and capital alliances with client companies, are exposed to market risk. The Group periodically gains information on the market values and financial standings of the client companies and review the holding of such shares on a continuous basis by taking into consideration the relationships with the client companies.

Substantially all of trade payables – trade notes and trade accounts payable – have payment due dates within one year. With regard to some trade payables relating to imports that are denominated in foreign currencies and are exposed to foreign currency risk, the Group uses exchange contracts to hedge such risk. Borrowings, bonds and lease obligations relating to finance lease transactions, which the Group uses principally to raise funds necessary for capital expenditure, repayment of borrowings and long-term investments and loans, will be redeemed in 10 years maximum after the close of the fiscal year.

Trade payables and borrowings are exposed to liquidity risk. The Group manages such liquidity risk by formulating and revising cash management projections on a timely basis by its treasury management division based on reports from other divisions and departments.

With regard to derivatives, some consolidated subsidiaries use interest rate swaps to hedge risks relating to fluctuations of interest rates on borrowings, and exchange contracts to hedge foreign currency risk involving imports and investments in overseas subsidiaries. Contracts on these derivatives are executed by the treasury management division. After approval based on the internal rules, the kinds and transaction amounts thereof are reported to the Board of Directors and other organs and the status of transactions and the balance thereof are managed by the treasury management division.

With regard to the hedging instruments and hedged items, hedging policy and method of evaluating the effectiveness of a hedge with regard to hedge accounting, please refer to "(6) Method of important hedge accounting" described in "Notes to important matters forming the basis of preparation of consolidated financial statements" above.

2. Matters concerning fair values, etc. of financial instruments

The following chart shows the amounts for items recorded in the consolidated balance sheet as of March 31, 2016 (the consolidated settlement date for the fiscal year under review), along with their fair values and the differences:

(million yen)

| | Balance sheet amount | Fair value | Difference |
|---|---|---|---|
| (1) Cash on hand and in banks | 50,544 | 50,544 | - |
| (2) Trade notes and trade accounts receivable | 119,588 | 119,588 | - |
| (3) Marketable securities and investment securities: | | | |
| Held-to-maturity bonds | 238 | 250 | 11 |
| Investment in shares of affiliates | 7,696 | 11,834 | 4,138 |
| Other marketable securities | 238,587 | 238,587 | - |
| Total assets | 416,654 | 420,804 | 4,149 |
| (1) Trade notes and trade accounts payable | 57,943 | 57,943 | - |
| (2) Short-term borrowings | 23,100 | 23,100 | - |
| (3) Bonds | 40,000 | 40,452 | 452 |
| (4) Long-term borrowings | 129,187 | 131,497 | 2,310 |
| Total liabilities | 250,230 | 252,993 | 2,762 |

Note 1 Matters concerning the calculation method of the fair values of financial instruments, as well as marketable securities and derivatives:

Assets:

(1) Cash on hand and in banks and (2) Trade notes and trade accounts receivable:

The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(3) Marketable securities and investment securities:

The fair value of stocks is determined by the price of the stocks traded on an exchange. For bonds, the value is determined by the price on an exchange or prices announced by financial institutions with business relationships.
For commercial paper and negotiable deposits, the book value is used, as the fair value is nearly equal to the book value as a result of their short settlement periods.

Liabilities:
(1) Trade notes and trade accounts payable and (2) Short-term borrowings:

The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(3) Bonds:

For the bonds issued by the Company and its consolidated subsidiaries that have a market price, the fair value is calculated based on the market price. For those without a market price, the fair value is calculated from the present value of the total principal and interest discounted at a rate taking into account the remaining period of the bonds and credit risk.

(4) Long-term borrowings:

The fair value of long-term borrowings is calculated from the present value of the total principal and interest discounted at a rate supposing newly conducted similar borrowing. However, for long-term borrowings to which the exceptional accrual method with regard to interest rate swaps is applicable, the fair value is calculated from the present value of the total principal and interest treated together with the interest rate swaps, discounted at a rate supposing newly conducted similar borrowing.

Derivatives:
The derivatives to which the exceptional accrual method with regard to interest rate swaps is applicable are treated together with long-term borrowings as hedged items. Hence, the fair value is presented by inclusion in "(4) Long-term borrowings" as liabilities on the above chart.

Note 2 Financial instruments for which determining the market values is recognized as being extremely difficult:

| Item | Balance sheet amount (million yen) |
|---|---|
| Unlisted shares | 103,006 |
| Investment in investment associations | 3,787 |
| Others | 21,812 |

These items have no market price and it is impossible to estimate their future cash flow. As determining the market value is recognized as being extremely difficult, they are not included in "(3) Marketable securities and investment securities" as assets.

### (Notes on leased and other real estate properties)

1. Matters concerning the status of leased and other real estate properties

The Company and some of its consolidated subsidiaries hold real estate properties (including land) for lease, including office buildings and commercial facilities, in Tokyo, Osaka, etc.

2. Matters concerning the market value of leased and other real estate properties

(million yen)

| Balance sheet amount | Fair value |
|---|---|
| 207,887 | 228,714 |

Note 1 The consolidated balance sheet amount is the acquisition amount less accumulated depreciation.

Note 2 The fair value of major properties at the close of the fiscal year under review is an amount based on real-estate appraisals by outside real-estate appraisers. The fair value of other large properties is calculated by each of the Company and the consolidated subsidiaries based on real-estate appraisals by in-house real-estate appraisers. The fair value of other properties is calculated by each of the Company and the consolidated subsidiaries based on the benchmarks considered to properly reflect the market price.

**(Notes on the information per share)**

1. Net assets per share: ¥2,723.63
2. Net income per share: ¥98.75

Note: As stated in the "Note on Changes in Accounting Policies", the Business Combination Standards and other standards are applicable. As a result, for the consolidated fiscal year under review, net assets per share decreased by ¥2.98 and net income per share decreased by ¥3.02.

**(Other notes)**

1. Impairment loss

The Group recorded impairment losses for the following assets:

| Location | Usage | Type | Amount (million yen) |
|---|---|---|---|
| (Life Information)<br>Sankei Living Shimbun Inc.<br>Chiyoda, Tokyo | Property for business use | Buildings and structures, software, leased assets, etc. | 438 |
| (Urban Development)<br>The Sankei Building Co., Ltd.<br>Chuo, Tokyo | Rental building | Buildings and structures, etc. | 164 |
| GRANVISTA Hotels & Resorts Co., Ltd.<br>Tomakomai, Hokkaido | Property for business use, unutilized assets | Machinery, equipment and vehicles, land, etc. | 222 |

In the Life Information segment, the Group groups business assets by business category and reviews the said assets for any impairment loss. In the consolidated fiscal year under review, the book values of properties for business use, consisting of those for which profitability decreased, were reduced to their respective collectible amounts and such reduced amounts were recorded as an impairment loss under extraordinary loss. The breakdown of such impairment loss was ¥192 million in software, ¥110 million in leased assets included in "Other" under property, plant and equipment, ¥65 million in buildings and structures and ¥70 million in other. The collectible amounts of properties for business use are measured with use value. However, as the use value based on the future cash flow indicates a negative amount, the collectible amounts are deemed to be zero.

In the Urban Development segment, in principle, The Sankei Building Co., Ltd. groups assets by each property and reviews the said assets for any impairment loss. In the consolidated fiscal year under review, the book values of properties to be disposed were reduced to their respective collectible amounts and such reduced amounts were recorded as an impairment loss under extraordinary loss. The breakdown of such impairment loss was ¥161 million in buildings and structures and ¥3 million in other. The collectible amounts of the said asset groups are measured with the higher of the net sale value and use value, and the net realizable sale value is considered to be zero, as such assets are difficult to sell or convert to other uses. Future cash flows discounted at a rate of 3.8% are used to compute the use value.

In respect of GRANVISTA Hotels & Resort Co., Ltd., an entity engaged in the urban developing business, properties for business use, grouped by business unit based on the management accounting rule, and unutilized assets, grouped by individual asset class, are subject to an impairment loss. The book values of properties for business use whose profitability declined, and those of unutilized assets not in use for business were reduced to their respective collectible amounts, and such reduced amounts were recorded as an impairment loss under extraordinary loss. The breakdown of such impairment loss was ¥87 million in machinery, equipment and vehicles, ¥75 million in land and ¥59 million in other. The collectible amounts are measured at their net realizable values. Real estate appraisal values are referenced in the evaluation of properties for business use, while property tax assessment values are referenced in the evaluation of unutilized assets.

2. Revision of deferred tax assets and deferred tax liabilities as a result of the revision of the rate of corporate tax, etc.

The "Act for Partial Amendment of the Income Tax Act, etc." and the "Act for Partial Amendment of the Local Tax Act, etc." were enacted by the Diet on March 29, 2016. Accordingly, the statutory effective tax rate to be used for the calculation of deferred tax assets and deferred tax liabilities (only those expected to be eliminated on or after April 1, 2016) for the consolidated fiscal year under review will be reduced from 32.3% for the previous consolidated fiscal year to 30.86% for the period from April 1, 2016 to March 31, 2018 during which collections or payments are expected, and to 30.62% for the period from April 1, 2018 and thereafter during which collections or payments are expected.

The tax rate revision has decreased the amounts of deferred tax liabilities (after the deduction of the amount of deferred tax assets) by ¥1,881 million, adjustment for income taxes by ¥816 million, remeasurements of defined benefit plans by ¥352 million and deferred gains on hedges by ¥5 million, and increased the amount of valuation difference on available-for-sale securities by ¥1,423 million, from those recorded in the fiscal year under review.

The tax rate revision also has decreased deferred tax liabilities upon revaluation by ¥688 million and increased revaluation differences of land by ¥688 million.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

**(Notes to the matters concerning significant accounting policies)**

1. Valuation basis and methods for assets:

Marketable securities:

Investment in shares of subsidiaries and affiliates:

At cost, determined by the moving average method

Other securities:

Those with market value:

At market value, determined by market prices, etc. as of the close of the fiscal year (Revaluation differences are all transferred directly to net assets. Selling costs are determined by the moving average method.)

Those without market value:

At cost, determined by the moving average method

Bonds, in respect of which the difference between the acquisition cost and the bond price is characterized as adjustments in interest rates, are valuated at cost, determined by the amortized cost method (straight-line method).

Investments in investment associations and other similar associations (which are deemed to be marketable securities pursuant to Article 2, paragraph 2 of the Financial Instruments and Exchange Act) are valuated by recognizing net the amount equal to the Company's equity interest based on the most recent statements of accounts available according to the settlement report dates as stipulated in contracts for such associations.

2. Method of depreciation of fixed assets:

Tangible fixed assets:

Tangible fixed assets are depreciated by the declining balance method.

With regard to their useful lives, the same policy as in the method under the Corporate Tax Act is applicable.

However, with regard to the building of the head office and the buildings (excluding appurtenances thereto) acquired on or after April 1, 1998, the straight-line method has been adopted.

Intangible fixed assets:

Intangible fixed assets are depreciated by the straight-line method.

With regard to their useful lives, the same policy as in the method under the Corporate Tax Act is applicable.

However, software for internal use is depreciated by the straight-line method based on the internal usable period (five years).

3. Basis for accounting for allowances and reserves:

Allowance for doubtful accounts:

To meet losses from loan default, the Company sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of specific claims, such as probable non-performing credits.

Reserve for employee retirement benefits:

To meet the payment of retirement benefits to employees, the Company provides an amount estimated to accrue at the close of the fiscal year under review, based on the estimated retirement benefit obligations and pension plan assets as of the close of the fiscal year under review.
The accounting method for reserve for employee retirement benefits and employee retirement benefit costs is as described below:

(i) Method of attributing expected retirement benefits to periods:

To calculate retirement benefit obligations, the Company employs a benefit formula standard as the method of attributing expected retirement benefits to periods up to the close of the fiscal year under review.

(ii) Methods of treating actuarial differences and past service costs as expenses:

Past service costs are treated as expenses, based on a straight-line basis for a specific period of years (15 years) not exceeding the average remaining years of service of employees when such past service costs occur.

Actuarial differences are treated as expenses, *pro rata* based on the straight-line method for a specific period of years (15 years) not exceeding the average remaining years of service of employees when such differences occur, from the fiscal year next following the fiscal year when such differences occur.

The treatment of unrecognized actuarial differences and unrecognized past service costs on the balance sheet differs from the treatment thereof in the consolidated financial statements.

4. Method and period of amortization of negative goodwill:

Negative goodwill that was accrued on or before March 31, 2010 is amortized in equal amounts for specified years not exceeding 20 years according to the cause of the accrual thereof.

5. Accounting treatment of consumption taxes, etc.:

Consumption taxes, etc. are excluded from each account subject to such taxes.

6. Amounts are shown by discarding fractions of one million yen.

**(Changes in the method of presentation)**

(Non-consolidated statement of income)

"Loss on business of subsidiaries and affiliates" (¥177 million for the fiscal year under review), which was independently presented in the previous fiscal year, is included in the item of "Others" under "Extraordinary loss" in the fiscal year under review due to its decreased significance.

**(Notes to non-consolidated balance sheet)**

1. Money debts due from and payable to associated companies:

| | |
|---|---|
| Short-term money debts due from associated companies: | ¥1,362 million |
| Long-term money debts due from associated companies: | ¥1,440 million |
| Short-term money debts payable to associated companies: | ¥147,677 million |
| Long-term money debts payable to associated companies: | ¥7,371 million |

2. Accumulated depreciation of tangible fixed assets: ¥79,135 million

3. With regard to the tangible fixed assets acquired for and before the fiscal year under review, the amount of advanced depreciation by government subsidies was ¥106 million in structures. The amount thereof in the non-consolidated balance sheet is shown by deducting such amount of advanced depreciation.

**(Notes to non-consolidated statement of income)**

Transactions with associated companies:

| | |
|---|---|
| Operating revenue: | ¥17,005 million |
| Operating expenses: | ¥850 million |
| Transactions other than ordinary business: | ¥189 million |

**(Notes to non-consolidated statement of changes in shareholders' equity, etc.)**

Total number of shares of treasury stock As of March 31, 2016:

| | |
|---|---|
| Shares of common stock: | 2,235,200 shares |

**(Notes on tax effect accounting)**

1. Principal components of deferred tax assets and deferred tax liabilities:

| (Deferred tax assets) | (million yen) |
|---|---|
| Accrued enterprise taxes | 38 |
| Accrued officers' retirement gratuities | 278 |
| Valuation losses on investment securities | 6,303 |
| Shares of associated affiliates associated with reorganization | 11,640 |
| Net operating loss carryforward | 2,183 |
| Others | 261 |
| Subtotal of deferred tax assets | 20,706 |
| Valuation reserve | (20,290) |
| Total deferred tax assets | 416 |
| | |
| (Deferred tax liabilities) | |
| Shares of associated affiliates associated with reorganization | 3,977 |
| Valuation difference on available-for-sale securities | 24,926 |
| Others | 121 |
| Total deferred tax liabilities | 29,024 |
| Net deferred tax liabilities | 28,608 |

2. Revision of deferred tax assets and deferred tax liabilities as a result of the revision of the rate of corporate tax, etc.

The "Act for Partial Amendment of the Income Tax Act, etc." and the "Act for Partial Amendment of the Local Tax Act, etc." were enacted by the Diet on March 29, 2016. Accordingly, the statutory effective tax rate to be used for the calculation of deferred tax assets and deferred tax liabilities (only those expected to be eliminated on or after April 1, 2016) for the fiscal year under review will be reduced from 32.3% for the previous fiscal year to 30.86% for the period from April 1, 2016 to March 31, 2018 during which collections or payments are expected, and to 30.62% for the period from April 1, 2018 and thereafter during which collections or payments are expected.

The tax rate revision has decreased the amounts of deferred tax liabilities (after the deduction of the amount of deferred tax assets) by ¥1,569 million and adjustment for income taxes by ¥202 million, and increased the amounts of valuation difference on available-for-sale securities by ¥1,367 million, from those recorded in the fiscal year under review.

**(Notes on transactions with related parties)**

Subsidiaries, etc.

| Category | Trade name | Location | Capital stock (million yen) | Principal business | Ratio of voting rights owned by the Company (owned in the Company) | Relation | Transaction | Transaction amount (million yen) | Account item | End-of-year balance (million yen) |
|---|---|---|---|---|---|---|---|---|---|---|
| Subsidiary | Fuji Television Network, Inc. | Minato-ku, Tokyo | 8,800 | Television broadcasting business | Direct 100.0% | Lease of building; interlocking directorate | Receipt of rents | 7,059 | Advance received<br>Guarantee deposit | 694<br>6,539 |
| Subsidiary | The Sankei Building Co., Ltd. | Chiyoda-ku, Tokyo | 28,120 | Urban development business | Direct 100.0% | Interlocking directorate | Acceptance of the allotment of new shares | 18,000 | - | - |

(Notes) 1. The above transaction amounts do not include consumption taxes.

2. Business conditions and policy on deciding business conditions:
   The lease of the building relates to the building of the head office and the rent is determined based on the current status of transactions in the neighborhood.

3. The acceptance of the allotment of new shares refers to the Company's accepting the allotment of new shares made by The Sankei Building Co., Ltd. for ¥18,000 million per share.

**(Notes on the information per share)**

1. Net assets per share: ¥2,095.70
2. Net income per share: ¥43.71

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