

CONSOLIDATED FINANCIAL REPORT  
FOR FISCAL 2017  
(The Fiscal Year Ended March 31, 2018 under Japanese GAAP)



May 8, 2018

Company Name: Asahi Broadcasting Group Holdings Corporation Stock Exchange Listing: Tokyo Stock Exchange  
Securities Code: 9405 URL <https://corp.asahi.co.jp/en/>  
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Scheduled Date of Ordinary General Meeting of Shareholders: June 21, 2018  
Scheduled Date of Dividend Payment Commencement: June 22, 2018  
Scheduled Date of Securities Report Filing: June 22, 2018  
Preparation of Annual Supplementary Explanatory Materials: Yes  
Annual Results Briefing Held: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for Fiscal 2017 (April 1, 2017 to March 31, 2018)

(1) Consolidated Operating Results

(Percentage figures show the year-on-year increase (decrease).)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal 2017	80,991	(1.6)	4,250	(14.5)	4,539	(13.7)	2,691	(21.2)
Fiscal 2016	82,302	1.5	4,972	22.3	5,261	19.4	3,416	44.0

Note: Comprehensive Income Fiscal 2017: ¥4,252 million (-4.9%)  
Fiscal 2016: ¥4,469 million (—%)

	Basic Earnings per Share	Diluted Earnings per Share	Rate of return on equity	Ordinary Income/Total Assets	Operating Income/Net Sales
	¥	¥	%	%	%
Fiscal 2017	65.92	—	4.5	4.4	5.2
Fiscal 2016	83.66	—	6.2	5.2	6.0

(Reference) Equity in Earnings of Affiliates Fiscal 2017: ¥— million  
Fiscal 2016: ¥— million

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-Asset Ratio	Net Assets per Share
	¥ million	¥ million	%	¥
March 31, 2018	102,680	63,363	60.0	1,509.06
March 31, 2017	101,979	61,274	55.6	1,389.70

(Reference) Shareholders' Equity March 31, 2018: ¥61,625 million  
March 31, 2017: ¥56,750 million

(3) Consolidated Cash Flows

	Net Cash Provided By (Used In) Operating Activities	Net Cash Provided By (Used In) Investing Activities	Net Cash Provided By (Used In) Financing Activities	Ending Balance of Cash and Cash Equivalents
	¥ million	¥ million	¥ million	¥ million
Fiscal 2017	4,803	(5,113)	(2,260)	15,076
Fiscal 2016	6,806	(579)	(1,202)	17,646

## 2. Dividends

	Annual Dividend per Share					Total Dividends	Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	1Q-End	2Q-End	3Q-End	Period-End	Total			
	¥	¥	¥	¥	¥	¥ million	%	%
Fiscal 2016	—	9.00	—	17.00	26.00	1,061	31.1	1.9
Fiscal 2017	—	10.00	—	10.00	20.00	816	30.3	1.4
Fiscal 2018 (Forecast)	—	10.00	—	10.00	20.00		30.2	

## 3. Consolidated Financial Results Forecasts for Fiscal 2018 (April 1, 2018 to March 31, 2019)

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Basic Earnings per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Period	39,500	(1.5)	500	(39.7)	700	(31.4)	1,300	111.6	31.83
Full Fiscal Year	81,000	0.0	2,700	(36.5)	3,000	(33.9)	2,700	0.3	66.12

### \* Notes

- (1) Changes in the number of important subsidiaries during the period: None  
(changes in specified subsidiaries resulting in a change in the scope of consolidation)
- (2) Changes in accounting policies, accounting estimates and restatements
- 1) Changes in accounting policies in accordance with changes in accounting standards, etc.: None
  - 2) Changes in accounting policies other than 1): None
  - 3) Changes in accounting estimates: None
  - 4) Restatements: None

### (3) Number of shares issued and outstanding (common shares)

1) Number of shares issued and outstanding as of the period-end (including treasury shares)	March 31, 2018	41,833,000 shares	March 31, 2017	41,833,000 shares
2) Number of treasury shares as of the period-end	March 31, 2018	996,088 shares	March 31, 2017	996,087 shares
3) Average number of shares issued and outstanding for the period	March 31, 2018	40,836,913 shares	March 31, 2017	40,836,913 shares

(Reference) Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for Fiscal 2017 (April 1, 2017 to March 31, 2018)

(1) Non-Consolidated Operating Results (Percentage figures show the year-on-year increase (decrease).)

	Net Sales		Operating Income		Ordinary Income		Profit	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Fiscal 2017	62,545	(4.0)	2,649	(24.0)	3,022	(22.3)	2,018	(29.6)
Fiscal 2016	65,130	0.0	3,485	33.1	3,891	28.2	2,867	54.5

	Basic Earnings per Share	Diluted Earnings per Share
	¥	¥
Fiscal 2017	49.43	—
Fiscal 2016	70.21	—

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-Asset Ratio	Net Assets per Share
	¥ million	¥ million	%	¥
March 31, 2018	79,109	54,784	69.3	1,341.53
March 31, 2017	78,326	53,526	68.3	1,310.73

(Reference) Shareholders' Equity March 31, 2018: ¥54,784 million

March 31, 2017: ¥53,526 million

\* These consolidated financial results are outside the scope of audit by certified public accountants and audit corporations

\* 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. Overview of Business Results, etc. (4) Future Outlook" on page 4 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.

The Company will hold a briefing for institutional investors and analysts, scheduled for Friday, May 18, 2018. A summary of the presentation materials to be distributed at this briefing shall be published on the Company's website after the event.

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## **1. Overview of Business Results, etc.**

### **(1) Overview of Business Results for the Fiscal Year under Review**

In fiscal 2017, which extended from April 1, 2017 to March 31, 2018, the Japanese economy continued a moderate recovery trend, with corporate earnings holding steady and an improvement in income conditions.

Under these circumstances, in the broadcasting field where the Asahi Broadcasting Group (the Group) conducts its core business, decreases in TV spot advertising sales and other factors caused net sales to decrease. In the housing business, net sales were up due to an increase in revenue associated with the opening of a new housing exhibition facility and other factors. In the golf business, revenue increased due to an increase in the number of golf course visitors and other factors. As a result of these factors, the Group's net sales for the fiscal year ended March 31, 2018 decreased ¥1,310 million, or 1.6%, compared to the previous fiscal year and amounted to ¥80,991 million.

From the cost standpoint, cost of sales decreased ¥782 million (1.5%) compared with the previous fiscal year, to ¥53,005 million. Selling, general and administrative expenses increased ¥194 million (0.8%) compared with the previous fiscal year, to ¥23,735 million. As a result of the above, operating income for the fiscal year decreased ¥722 million, or 14.5%, to ¥4,250 million, while ordinary income totaled ¥4,539 million, a decrease of ¥722 million, or 13.7%. Additionally, as extraordinary income, ¥80 million in gain on sales of investment securities held by subsidiaries and ¥20 million in subsidy related to frequency band transfer were recorded. Furthermore, as extraordinary loss, ¥70 million in special retirement expenses and ¥53 million in impairment loss associated with exhibitions for housing at a subsidiary were recorded. As a result, income before income taxes were ¥4,517 million, a decrease of ¥954 million, or 17.4%, and profit attributable to owners of parent was ¥2,691 million, a decrease of ¥724 million, or 21.2%.

Results by business segment are as follows:

#### *Broadcasting Business*

In the fiscal year under review, net sales in the broadcasting business totaled ¥68,645 million, down ¥1,923 million, or 2.7%, compared to the previous fiscal year. The principal factors accounting for this decrease in revenue included decreases in TV spot advertising sales and event income. On the other hand, operating expenses decreased 1.8% from the previous fiscal year, owing to factors including decreases in agency fee and event costs. As a result, operating income amounted to ¥3,116 million, a decrease of ¥693 million, or 18.2%, from the previous fiscal year.

#### *Housing Business*

In the housing business, net sales amounted to ¥11,474 million, an increase of ¥550 million, or 5.0%, compared with the previous fiscal year. Principal factors were increases in sales of real estate and revenue associated with the opening of a new housing exhibition facility. Meanwhile, operating expenses rose 6.3% due to cost price appropriation consequent upon the sales of real estate, increased costs from the new housing exhibition facility opening, and other factors. As a result, operating income amounted to ¥1,083 million, a decrease of ¥60 million, or 5.3%, from the previous fiscal year.

#### *Golf Business*

Net sales in the golf business amounted to ¥871 million, an increase of ¥62 million, or 7.7%, compared with the previous fiscal year. Principal factors were an increase in play revenue from higher number of visitors and an increase in registration transfer fee income. On the other hand, operating expenses rose 1.8% due to increased course management expenses and other factors. As a result, operating income amounted to ¥49 million, an increase of ¥30 million, or 160.7%, from the previous fiscal year.

## **(2) Overview of Financial Position for the Fiscal Year under Review**

### *(Assets)*

Total assets as of the end of the fiscal year under review were ¥102,680 million, ¥700 million higher than at the end of the previous fiscal year (March 31, 2017). This was primarily attributable to an increase of ¥2,152 million in property, plant and equipment owing to a ¥732 million increase in buildings and structures in line with the acquisition of commercial real estate, despite a decrease of ¥1,618 million in current assets.

### *(Liabilities)*

Total liabilities were ¥39,316 million, ¥1,389 million lower than at the end of the previous fiscal year. The principal reasons for the decrease in liabilities were a decrease in net defined benefit liability and a decrease in the amount recorded for income taxes payable.

### *(Net Assets)*

Consolidated total net assets came to ¥63,363 million, ¥2,089 million higher than at the end of the previous fiscal year. Although profit attributable to owners of parent reported for the period under review was ¥2,691 million, the Group paid a total of ¥1,102 million in dividends from surplus. In addition, capital surplus increased ¥2,059 million while non-controlling interests decreased ¥2,785 million in line with the additional acquisition of shares in consolidated subsidiaries, etc.

## **(3) Overview of Cash Flows for the Fiscal Year under Review**

For the fiscal year under review, net cash provided by operating activities totaled ¥4,803 million. Net cash used in investing activities was ¥5,113 million, and net cash used in financing activities came to ¥2,260 million.

Accounting for each of these activities, the ending balance of cash and cash equivalents stood at ¥15,076 million, a decrease of ¥2,569 million compared with the end of the previous fiscal year. In specific terms, cash flow activities are presented as follows.

### *(Cash Flows from Operating Activities)*

Net cash provided by operating activities was ¥4,803 million (an inflow of ¥6,806 million during the previous fiscal year) due to the recording of income before income taxes and depreciation and amortization despite income taxes paid.

### *(Cash Flows from Investing Activities)*

Net cash used in investing activities was ¥5,113 million (an outflow of ¥579 million during the previous fiscal year) due to purchase of property, plant and equipment, purchase of investment securities, and other factors.

### *(Cash Flows from Financing Activities)*

Net cash used in financing activities amounted to ¥2,260 million (an outflow of ¥1,202 million during the previous fiscal year) due to cash dividends paid, payments from changes in ownership interests in subsidiaries, and other factors.

(Reference) Trends in Cash Flow-Related Indicators

	Fiscal 2016	Fiscal 2017
Equity-to-asset ratio (%)	55.6	60.0
Market capitalization ratio (%)	30.4	35.0
Interest-bearing liabilities to cash flow ratio (years)	0.1	0.1
Interest coverage ratio (times)	526.5	550.7

Equity-to-asset ratio: Shareholders' equity / total assets

Market capitalization ratio: Market capitalization / total assets

Interest-bearing liabilities to cash flow ratio: Interest-bearing liabilities / cash flows

Interest coverage ratio: Cash flows / interest payments

Notes:

1. Each index is calculated based on consolidated financial data.
2. Market capitalization is calculated by multiplying the period-end closing share price with the number of shares issued and outstanding as of the period-end (after deducting treasury shares).
3. Cash flows from operating activities are used for cash flows.
4. Interest-bearing liabilities include all interest-bearing liabilities under the liabilities section recorded on consolidated balance sheet.

#### (4) Future Outlook

In the fiscal year ending March 31, 2019, the Japanese economy is expected to maintain a moderate recovery trend due to projected improvement in the employment environment and income conditions and an increase in exports owing to a recovery trend in overseas economies, but volatility in the financial markets due to the normalization of monetary policy in the US and Europe and the effects of economic policies by the United States administration are also expected, with conditions likely to remain unclear. Under these circumstances, the Group will aim to improve viewer ratings in the mainstay broadcasting business, while carrying out aggressive investments aimed at future growth.

Net sales, operating income, ordinary income, and profit attributable to owners of parent for the interim period of fiscal 2018 are projected to total ¥39.5 billion, ¥0.5 billion, ¥0.7 billion, and ¥1.3 billion, respectively. For the full fiscal year, net sales, operating income, ordinary income, and profit attributable to owners of parent are forecast to reach ¥81.0 billion, ¥2.7 billion, ¥3.0 billion, and ¥2.7 billion, respectively.

#### (5) Basic Policy and the Appropriation of Profits as well as Dividends for Fiscal 2017 and Fiscal 2018

Asahi Broadcasting Group Holdings Corporation has positioned the appropriate return of profits to shareholders as one of its most-important management priorities. In connection with the allocation of profits, the Company shall endeavor to provide fair distribution of profits commensurate with business results, under the basic policy for stable and continuous dividend payments with a consolidated dividend payout ratio not to fall below 30% in parallel with an effort to enhance and maintain its financial position as a responsible certified broadcasting holding company, and to keep up adequate investment aiming at growth in the future.

For the fiscal year ended March 31, 2018, the Company plans to pay a period-end dividend of ¥10.00 per share in consideration of the aforementioned policy and the business performance. Accounting for the interim dividend of ¥10.00 per share paid, the annual dividend for fiscal 2017 comes in at ¥20.00 per share.

Turning to the fiscal year ending March 31, 2019, Asahi Broadcasting Group Holdings Corporation is forecasting an interim dividend of ¥10.00 per share and a period-end dividend of ¥10.00 per share for an annual dividend of ¥20.00 per share.

## **2. Management Policy**

### **(1) Policies Fundamental to the Company's Management**

Under the management philosophy of “As a dynamic and creative organization, the Group continues to evolve while adapting to changing social conditions and contributes to the development of society,” the Group aims to strengthen its overall capabilities. We are making every effort to meet the expectations of all our stakeholders by contributing to the improvement of enrichment and peace of mind of local communities and people's lives and by being social and cultural leaders. In addition, the Group will demonstrate the strengths of its content and services, and we will take steps to enhance group-wide corporate value by further strengthening our competitive power amid a rapidly changing media environment.

### **(2) Management Targets**

The Group is aiming to achieve an ordinary income to net sales ratio of 8.0% as its Group growth vision. In addition, we are also working to improve return on equity (ROE) as an important management indicator, but the Company will continue to actively consider providing capital policies that include specific figures based on the progress of growth investment.

### **(3) Medium- and Long-Term Management Strategies as well as Issues to Address**

#### ◇ Environment surrounding the Group

Positioning the broadcasting business through terrestrial television, radio, and CS broadcasting as its core business, together with the golf business and housing business, the Group strives to enhance its corporate value as a “dynamic and creative corporate organization”. However, the media environment is changing rapidly due to factors such as advances in technology and diversification of devices, and a future decline in the importance of terrestrial television is possible. In recent years, the Group has been working on structural reforms to deal with rapidly growing content-related businesses but establishing a structure that can swiftly respond to the changes of the future has become a necessity.

#### ◇ The Group's medium-term management plan

For the realization of the Group's corporate philosophy, by striving to actively challenge toward new growth areas together with a solid management foundation to respond to changes in the business environment, the Group growth vision aims for “consolidated net sales of ¥100.0 billion and an ordinary income to net sales ratio of 8.0%.” To this end, as a way of indicating the Group's medium-term growth strategy, the Group has formulated the “Asahi Broadcasting Group's 2018-2020 Medium-term Management Plan,” a new three-year management plan with the fiscal year under review as the first fiscal year and covering fiscal year 2018 until fiscal year 2020. Taking the strengthening of our broadcasting related business, the strengthening of our housing-related business and proactive investing for growth as major themes, we will aim to achieve the following management targets.

- Definitely achieve our target of “consolidated net sales of ¥89.0 billion and ordinary income of ¥6.0 billion” in fiscal year 2020.
- Invest in growth areas (investment ceiling of ¥20.0 billion) to achieve the Group's Growth Vision.
- Pursue a dividend payout ratio of 30% or higher.
- Strive to improve ROE.
- Target an overseas business sales ratio to consolidated net sales of 3% or more.

#### ◇ Work style reforms

In order to ensure that all employees of the Group are able to perform their business in a healthy way that enables the free flowing of creative ideas, we aim to promote a work innovation project and to achieve more productive work style through the creation of new latitudes.

## **3. Rationale behind the Choice of Accounting Standards**



To sustain comparability of consolidated financial statements between periods as well as between companies, the Group shall, for the time being, prepare consolidated financial statements under Japanese GAAP.

#### 4. Consolidated Financial Statements and Primary Notes

##### (1) Consolidated Balance Sheet

(Millions of Yen)

	March 31, 2017	March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	17,082	14,412
Notes and accounts receivable - trade	12,530	13,009
Short-term investment securities	1,650	2,101
Inventories	2,148	2,169
Deferred tax assets	621	610
Other	1,582	1,692
Allowance for doubtful accounts	(7)	(6)
Total current assets	35,608	33,989
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,961	34,645
Accumulated depreciation	(13,297)	(14,249)
Buildings and structures, net	19,663	20,396
Machinery equipment and vehicles	18,101	18,859
Accumulated depreciation	(13,504)	(13,830)
Machinery equipment and vehicles, net	4,596	5,028
Tools furniture and fixtures	1,729	1,701
Accumulated depreciation	(1,219)	(1,299)
Tools furniture and fixtures, net	509	402
Land	10,531	11,049
Lease assets	639	616
Accumulated depreciation	(164)	(293)
Lease assets, net	474	322
Construction in progress	1,000	1,729
Total property, plant and equipment	36,776	38,928
Intangible assets		
Software	132	216
Software in progress	744	848
Other	118	119
Total intangible assets	995	1,184
Investments and other assets		
Investment securities	17,805	18,376
Long-term loans receivable	20	9
Long-term prepaid expenses	1,779	1,635
Deferred tax assets	6,790	6,212
Other	2,443	2,579
Allowance for doubtful accounts	(241)	(237)
Total investments and other assets	28,598	28,576
Total non-current assets	66,371	68,690
Total assets	101,979	102,680

(Millions of Yen)

	March 31, 2017	March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	100	—
Current portion of long term loans payable	—	40
Lease obligations	166	324
Accounts payable - other	5,538	5,837
Accrued expenses	1,733	1,679
Income taxes payable	1,266	614
Provision for directors' bonuses	104	77
Other	3,008	3,922
Total current liabilities	11,918	12,496
Non-current liabilities		
Long term loans payable	—	130
Lease obligations	325	1
Net defined benefit liability	19,677	18,019
Long-term guarantee deposited	7,706	7,624
Other	1,076	1,044
Total non-current liabilities	28,786	26,820
Total liabilities	40,705	39,316
Net assets		
Shareholders' equity		
Capital stock	5,299	5,299
Capital surplus	3,695	5,754
Retained earnings	48,191	49,780
Treasury stock	(500)	(500)
Total shareholders' equity	56,686	60,334
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,985	3,308
Remeasurements of defined benefit plans	(2,921)	(2,018)
Total valuation and translation adjustments	64	1,290
Non-controlling interests	4,523	1,738
Total net assets	61,274	63,363
Total liabilities and net assets	101,979	102,680

**(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income**

## Consolidated Statement of Income

(Millions of Yen)

	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)
Net sales	82,302	80,991
Cost of sales	53,788	53,005
Gross profit	28,514	27,985
Selling, general and administrative expenses	23,541	23,735
Operating income	4,972	4,250
Non-operating income		
Interest and dividends income	275	292
Other	111	96
Total non-operating income	387	389
Non-operating expenses		
Interest expenses	12	8
Loss on disposal of non-current assets	20	25
Loss on redemption of investment securities	3	—
Loss on investments in partnership	37	50
Business commencement expenses	20	—
Other	3	15
Total non-operating expenses	98	99
Ordinary income	5,261	4,539
Extraordinary income		
Gain on sales of non-current assets	66	—
Gain on sales of investment securities	—	80
Subsidy	196	20
Total extraordinary income	262	101
Extraordinary loss		
Impairment loss	51	53
Loss on valuation of investment securities	1	—
Special retirement expenses	—	70
Total extraordinary loss	52	123
Income before income taxes	5,471	4,517
Income taxes - current	1,831	1,431
Income taxes - deferred	(123)	48
Total income taxes	1,708	1,479
Profit	3,763	3,037
Profit attributable to non-controlling interests	346	345
Profit attributable to owners of parent	3,416	2,691

Consolidated Statement of Comprehensive Income

(Millions of Yen)

	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)
Profit	3,763	3,037
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	265	311
Remeasurements of defined benefit plans, net of tax	441	903
Total other comprehensive income	706	1,214
Comprehensive income	4,469	4,252
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,120	3,917
Comprehensive income attributable to non-controlling interests	349	334

**(3) Consolidated Statement of Changes in Equity**

Fiscal 2016 (April 1, 2016 to March 31, 2017)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	5,299	3,610	45,510	(500)	53,919
Changes of items during the period					
Dividends from surplus			(735)		(735)
Profit attributable to owners of parent			3,416		3,416
Purchase of treasury stock					—
Change in treasury shares of parent arising from transactions with non-controlling shareholders		85			85
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	85	2,681	—	2,766
Balance at the end of period	5,299	3,695	48,191	(500)	56,686

	Valuation and translation adjustments			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at the beginning of period	2,722	(3,362)	(639)	4,433	57,713
Changes of items during the period					
Dividends from surplus					(735)
Profit attributable to owners of parent					3,416
Purchase of treasury stock					—
Change in treasury shares of parent arising from transactions with non-controlling shareholders					85
Net changes of items other than shareholders' equity	263	441	704	89	793
Total changes of items during the period	263	441	704	89	3,560
Balance at the end of period	2,985	(2,921)	64	4,523	61,274

Fiscal 2017 (April 1, 2017 to March 31, 2018)

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of period	5,299	3,695	48,191	(500)	56,686
Changes of items during the period					
Dividends from surplus			(1,102)		(1,102)
Profit attributable to owners of parent			2,691		2,691
Purchase of treasury stock				(0)	(0)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		2,059			2,059
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	2,059	1,589	(0)	3,648
Balance at the end of period	5,299	5,754	49,780	(500)	60,334

	Valuation and translation adjustments			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total valuation and translation adjustments		
Balance at the beginning of period	2,985	(2,921)	64	4,523	61,274
Changes of items during the period					
Dividends from surplus					(1,102)
Profit attributable to owners of parent					2,691
Purchase of treasury stock					(0)
Change in treasury shares of parent arising from transactions with non-controlling shareholders					2,059
Net changes of items other than shareholders' equity	323	903	1,226	(2,785)	(1,559)
Total changes of items during the period	323	903	1,226	(2,785)	2,089
Balance at the end of period	3,308	(2,018)	1,290	1,738	63,363

**(4) Consolidated Statement of Cash Flows**

(Millions of Yen)

	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)
<b>Cash flows from operating activities</b>		
Income before income taxes	5,471	4,517
Depreciation and amortization	2,841	2,971
Impairment loss	51	53
Increase (decrease) in allowance for doubtful accounts	(5)	(3)
Increase (decrease) in net defined benefit liability	(968)	(1,174)
Interest and dividend income	(275)	(292)
Interest expenses	12	8
Loss (gain) on sales of property, plant and equipment	(66)	—
Loss (gain) on disposal of non-current assets	20	25
Loss (gain) on sales of investment securities	—	(80)
Loss (gain) on valuation of investment securities	1	—
Loss (gain) on redemption of investment securities	3	—
Loss (gain) on investments in partnership	37	50
Decrease (increase) in notes and accounts receivable - trade	374	(479)
Decrease (increase) in inventories	59	(20)
Increase (decrease) in notes and accounts payable - trade	(378)	444
Other, net	703	519
<b>Subtotal</b>	<b>7,883</b>	<b>6,539</b>
Interest and dividend income received	297	302
Interest expenses paid	(12)	(8)
Income taxes paid	(1,362)	(2,030)
<b>Net cash provided by (used in) operating activities</b>	<b>6,806</b>	<b>4,803</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(760)	—
Proceeds from withdrawal of time deposits	760	—
Purchase of short-term investment securities	(854)	(100)
Proceeds from sales of short-term investment securities	3,900	1,049
Purchase of property, plant and equipment	(3,312)	(4,424)
Proceeds from sales of property, plant and equipment	565	7
Purchase of intangible assets	(670)	(117)
Purchase of investment securities	(721)	(1,636)
Proceeds from sales of investment securities	799	231
Payments of loans receivable	(15)	(11)
Collection of loans receivable	16	24
Other, net	(285)	(135)
<b>Net cash provided by (used in) investing activities</b>	<b>(579)</b>	<b>(5,113)</b>



(Millions of Yen)

	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	—	(100)
Proceeds from long-term loans payable	—	200
Repayments of long-term loans payable	—	(30)
Purchase of treasury stock	—	(0)
Cash dividends paid	(735)	(1,102)
Dividends paid to non-controlling interests	(76)	(67)
Repayments of lease obligations	(292)	(167)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(97)	(993)
Net cash provided by (used in) financing activities	(1,202)	(2,260)
Net increase (decrease) in cash and cash equivalents	5,024	(2,569)
Beginning balance of cash and cash equivalents	12,621	17,646
Ending balance of cash and cash equivalents	17,646	15,076

## (5) Notes regarding Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

(Segment Information)

### 1. Description of Reportable Segments

The reportable segments of the Group are its constituent units for which separate financial information is available and which are subject to periodic examination in order for the Board of Directors to determine the allocation of management resources and evaluate financial results.

The Group maintains three reportable segments with business activities undertaken primarily in the broadcasting, housing, and golf club business fields.

The broadcasting business comprises television, radio, and related broadcasting activities. The housing business is made up of housing exhibition site operating and related activities. The golf club business includes golf club operating activities.

### 2. Explanation of Measurements of Sales, Profit, Loss, Asset, Liability and Other Items for Each Reportable Segment Fiscal 2016 (April 1, 2016 to March 31, 2017)

(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	70,568	10,924	809	82,302	—	82,302
Transactions with other segments	488	20	78	588	(588)	—
Total	71,057	10,945	888	82,891	(588)	82,302
Segment profit	3,809	1,143	19	4,972	—	4,972
Segment assets	78,958	12,333	10,958	102,250	(270)	101,979
Other items						
Depreciation and amortization	2,219	528	93	2,841	—	2,841
Increase in property, plant and equipment and intangible assets	2,647	990	262	3,900	—	3,900

Notes:

- Adjustments are outlined as follows:
  - The adjustment to transactions with other segments of negative ¥588 million represents the amount of intrasegment transaction elimination.
  - The adjustment to segment assets of negative ¥270 million represents the amount of intrasegment receivables and payables elimination.
- Segment profit refers to operating income recorded on the consolidated statement of income.
- Amortization and increases of long-term prepaid expenses are included in depreciation and amortization as well as increase in property, plant and equipment and intangible assets.

Fiscal 2017 (April 1, 2017 to March 31, 2018)

(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	68,645	11,474	871	80,991	—	80,991
Transactions with other segments	527	22	62	612	(612)	—
Total	69,172	11,497	934	81,604	(612)	80,991
Segment profit	3,116	1,083	49	4,250	—	4,250
Segment assets	79,014	12,992	10,904	102,911	(231)	102,680
Other items						
Depreciation and amortization	2,331	558	82	2,972	—	2,972
Increase in property, plant and equipment and intangible assets	3,014	2,428	34	5,477	—	5,477

Notes:

1. Adjustments are outlined as follows:
  - (1) The adjustment to transactions with other segments of negative ¥612 million represents the amount of intrasegment transaction elimination.
  - (2) The adjustment to segment assets of negative ¥231 million represents the amount of intrasegment receivables and payables elimination.
2. Segment profit refers to operating income recorded on the consolidated statement of income.
3. Amortization and increases of long-term prepaid expenses are included in depreciation and amortization as well as increase in property, plant and equipment and intangible assets.

## (Per Share Information)

(Yen)

	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)
Net assets per share	1,389.70	1,509.06
Basic earnings per share	83.66	65.92

## Notes:

1. Diluted earnings per share information has been omitted as there were no potential shares with a dilutive effect.
2. The basis for calculating basic earnings per share is presented as follows.

	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)
Basic earnings per share		
Profit attributable to owners of parent (Millions of Yen)	3,416	2,691
Amount not attributable to common shareholders (Millions of Yen)	—	—
Profit attributable to owners of parent related to common stock (Millions of Yen)	3,416	2,691
Average number of common stock shares issued and outstanding during the period (Thousands of Shares)	40,836	40,836

3. The basis for calculating net assets per share is presented as follows:

	March 31, 2017	March 31, 2018
Total net assets (Millions of Yen)	61,274	63,363
Amount excluded from total net assets (Millions of Yen)	4,523	1,738
(Non-controlling interests)	(4,523)	(1,738)
Net assets attributable to common stock as of the end of the period (Millions of Yen)	56,750	61,625
Number of shares of common stock issued and outstanding as of the end of the period calculated under net assets per share (Thousands of Shares)	40,836	40,836

## (Significant Events after Reporting Period)

Not applicable.

## 5. Non-Consolidated Financial Statements

### (1) Balance Sheet

(Millions of Yen)

	March 31, 2017	March 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	11,353	8,920
Notes receivable - trade	225	238
Accounts receivable - trade	11,778	12,088
Short-term investment securities	700	1,401
Program right	620	620
Supplies	25	29
Accounts receivable - other	592	483
Deferred tax assets	554	535
Other	274	381
Total current assets	26,125	24,700
Non-current assets		
Property, plant and equipment		
Buildings	12,364	11,635
Structures	726	643
Machinery and equipment	4,493	4,923
Vehicles	30	26
Tools, furniture and fixtures	378	278
Land	4,457	4,457
Leased assets	467	318
Construction in progress	701	1,729
Total property, plant and equipment	23,619	24,011
Intangible assets		
Software	71	140
Software in progress	725	829
Other	105	97
Total intangible assets	902	1,066
Investments and other assets		
Investment securities	16,630	17,137
Stocks of subsidiaries and affiliates	4,556	5,572
Investments in other securities of subsidiaries and affiliates	535	777
Long-term loans receivable from employees	20	9
Deferred tax assets	5,230	5,025
Other	946	1,044
Allowance for doubtful accounts	(241)	(237)
Total investments and other assets	27,678	29,329
Total non-current assets	52,200	54,408
Total assets	78,326	79,109

(Millions of Yen)

	March 31, 2017	March 31, 2018
<b>Liabilities</b>		
Current liabilities		
Lease obligations	161	320
Accounts payable - other	4,604	4,786
Accrued expenses	1,586	1,518
Income taxes payable	1,008	280
Accrued consumption taxes	357	313
Advances received	100	136
Deposits received	210	252
Provision for directors' bonuses	59	49
Asset retirement obligations	—	117
Other	1,239	1,877
Total current liabilities	9,328	9,652
Non-current liabilities		
Lease obligations	321	—
Provision for retirement benefits	14,984	14,624
Asset retirement obligations	117	—
Other	48	48
Total non-current liabilities	15,471	14,672
Total liabilities	24,799	24,325
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,299	5,299
Capital surplus		
Legal capital surplus	3,515	3,515
Other capital surplus	95	95
Total capital surplus	3,610	3,610
Retained earnings		
Legal retained earnings	450	450
Other retained earnings		
Reserve for special depreciation	353	265
Reserve for advanced depreciation of non-current assets	122	122
General reserve	37,400	37,400
Retained earnings brought forward	3,818	4,822
Total retained earnings	42,145	43,061
Treasury stock	(500)	(500)
Total shareholders' equity	50,554	51,470
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,971	3,313
Total valuation and translation adjustments	2,971	3,313
Total net assets	53,526	54,784
Total liabilities and net assets	78,326	79,109

**(2) Statement of Income**

(Millions of Yen)

	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)
Net sales	65,130	62,545
Cost of sales	40,395	38,600
Gross profit	24,734	23,944
Selling, general and administrative expenses	21,248	21,294
Operating income	3,485	2,649
Non-operating income		
Interest income	25	34
Dividends income	366	374
Other	84	56
Total non-operating income	477	464
Non-operating expenses		
Interest expenses	12	7
Loss on disposal of non-current assets	20	25
Loss on investments in partnership	37	50
Other	2	9
Total non-operating expenses	71	92
Ordinary income	3,891	3,022
Extraordinary income		
Subsidy	196	20
Total extraordinary income	196	20
Extraordinary loss		
Special retirement expenses	—	70
Total extraordinary loss	—	70
Income before income taxes	4,087	2,973
Income taxes - current	1,344	882
Income taxes - deferred	(123)	72
Total income taxes	1,220	954
Profit	2,867	2,018

**(3) Statement of Changes in Equity**

Fiscal 2016 (April 1, 2016 to March 31, 2017)

(Millions of Yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of period	5,299	3,515	95	3,610
Changes of items during the period				
Reversal of reserve for special depreciation				—
Dividends from surplus				—
Profit				—
Purchase of treasury stock				—
Decrease by corporate division				—
Net changes of items other than shareholders' equity				
Total changes of items during the period	—	—	—	—
Balance at the end of period	5,299	3,515	95	3,610

	Shareholders' equity					
	Retained earnings					Total retained earnings
	Legal retained earnings	Other retained earnings			Retained earnings brought forward	
Reserve for special depreciation		Reserve for advanced depreciation of non-current assets	General reserve			
Balance at the beginning of period	450	442	122	37,400	2,033	40,448
Changes of items during the period						
Reversal of reserve for special depreciation		(88)			88	—
Dividends from surplus					(735)	(735)
Profit					2,867	2,867
Purchase of treasury stock						—
Decrease by corporate division					(435)	(435)
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	(88)	—	—	1,784	1,696
Balance at the end of period	450	353	122	37,400	3,818	42,145



(Millions of Yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of period	(500)	48,858	2,712	2,712	51,570
Changes of items during the period					
Reversal of reserve for special depreciation		—			—
Dividends from surplus		(735)			(735)
Profit		2,867			2,867
Purchase of treasury stock		—			—
Decrease by corporate division		(435)			(435)
Net changes of items other than shareholders' equity			259	259	259
Total changes of items during the period	—	1,696	259	259	1,955
Balance at the end of period	(500)	50,554	2,971	2,971	53,526

Fiscal 2017 (April 1, 2017 to March 31, 2018)

(Millions of Yen)

	Shareholders' equity			
	Capital stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at the beginning of period	5,299	3,515	95	3,610
Changes of items during the period				
Reversal of reserve for special depreciation				—
Dividends from surplus				—
Profit				—
Purchase of treasury stock				—
Decrease by corporate division				—
Net changes of items other than shareholders' equity				
Total changes of items during the period	—	—	—	—
Balance at the end of period	5,299	3,515	95	3,610

	Shareholders' equity					
	Retained earnings					
	Legal retained earnings	Other retained earnings				Total retained earnings
Reserve for special depreciation		Reserve for advanced depreciation of non-current assets	General reserve	Retained earnings brought forward		
Balance at the beginning of period	450	353	122	37,400	3,818	42,145
Changes of items during the period						
Reversal of reserve for special depreciation		(88)			88	—
Dividends from surplus					(1,102)	(1,102)
Profit					2,018	2,018
Purchase of treasury stock						—
Decrease by corporate division						—
Net changes of items other than shareholders' equity						
Total changes of items during the period	—	(88)	—	—	1,004	916
Balance at the end of period	450	265	122	37,400	4,822	43,061

(Millions of Yen)

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of period	(500)	50,554	2,971	2,971	53,526
Changes of items during the period					
Reversal of reserve for special depreciation		—			—
Dividends from surplus		(1,102)			(1,102)
Profit		2,018			2,018
Purchase of treasury stock	(0)	(0)			(0)
Decrease by corporate division		—			—
Net changes of items other than shareholders' equity			341	341	341
Total changes of items during the period	(0)	916	341	341	1,257
Balance at the end of period	(500)	51,470	3,313	3,313	54,784

## 6. Other Information

### (1) Breakdown of Non-Consolidated Net Sales

	Fiscal 2016 (April 1, 2016 to March 31, 2017)	Fiscal 2017 (April 1, 2017 to March 31, 2018)	Increase / (Decrease)	% Change
	Millions of Yen	Millions of Yen	Millions of Yen	%
Television broadcasting business revenue				
Time	20,276	19,968	(308)	(1.5)
Spot	35,752	34,923	(829)	(2.3)
Program sales	2,235	2,149	(85)	(3.8)
Subtotal	58,264	57,041	(1,223)	(2.1)
Radio broadcasting business revenue	2,842	2,637	(204)	(7.2)
Other	4,023	2,866	(1,156)	(28.8)
Total	65,130	62,545	(2,585)	(4.0)

### (2) Changes to the Officers of the Company

Please refer to the “Notice of Changes in Personnel,” announced on May 8, 2018. (Available in Japanese only.)