

CONSOLIDATED FINANCIAL REPORT  
FOR THE SECOND QUARTER OF FISCAL 2018  
(The Fiscal Year Ending March 31, 2019 under Japanese GAAP)



November 9, 2018

Company Name: Asahi Broadcasting Group Holdings Corporation  
 Stock Exchange Listing: Tokyo Stock Exchange  
 Securities Code: 9405  
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 Scheduled Date of Dividend Payment Commencement: December 3, 2018  
 Preparation of Quarterly Supplementary Explanatory Materials: Yes  
 Quarterly 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 the First Half of Fiscal 2018 (April 1, 2018 to September 30, 2018)

(1) Consolidated Operating Results (Cumulative)

(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	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
First Half of Fiscal 2018	39,280	0.9	990	19.4	1,194	17.0	1,508	145.5
First Half of Fiscal 2017	38,920	(4.8)	829	(22.7)	1,021	(19.0)	614	(30.5)

Note: Comprehensive Income First half of fiscal 2018: ¥2,098 million (66.4%)  
 First half of fiscal 2017: ¥1,260 million (57.4%)

	Basic Earnings per Share	Diluted Earnings per Share
	¥	¥
First Half of Fiscal 2018	36.91	—
First Half of Fiscal 2017	15.04	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-Asset Ratio
	¥ million	¥ million	%
September 30, 2018	106,113	65,698	60.2
March 31, 2018	102,680	63,363	60.0

(Reference) Shareholders' Equity September 30, 2018: ¥63,874 million  
 March 31, 2018: ¥61,625 million

2. Dividends

	Annual Dividend per Share				
	1Q-End	2Q-End	3Q-End	Period-End	Total
	¥	¥	¥	¥	¥
Fiscal 2017	—	10.00	—	10.00	20.00
Fiscal 2018	—	10.00	—	10.00	20.00
Fiscal 2018 (Forecast)	—	—	—	10.00	20.00

Note: Revisions from recently announced dividend forecast: None

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	%	¥
Full Fiscal Year	81,000	0.0	2,700	(36.5)	3,000	(33.9)	2,700	0.3	66.05

Note: Revisions from recently announced performance forecast: None

\* 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.: None

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

3) Changes in accounting estimates: None

4) Restatements: None

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

1) Number of shares issued and outstanding as of the period-end (including treasury shares)	September 30, 2018	41,833,000 shares	March 31, 2018	41,833,000 shares
2) Number of treasury shares as of the period-end	September 30, 2018	936,022 shares	March 31, 2018	996,088 shares
3) Average number of shares issued and outstanding for the period	September 30, 2018	40,862,655 shares	September 30, 2017	40,836,913 shares

\* This financial report is exempt from the quarterly review procedure.

\* 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 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.

The Company will hold a briefing for institutional investors and analysts, scheduled for Friday, November 16, 2018. A summary of the presentation materials to be distributed at this briefing shall be published on the Company's website after the event.

(Transition to a certified broadcasting holding company structure)

The Company transitioned to a certified broadcasting holding company on April 1, 2018. On the same date, the Company caused Asahi Television Broadcasting Split Preparatory Company which is wholly owned subsidiary of the Company to succeed a part of the rights and obligations that the Company holds with respect to all businesses excluding the radio broadcasting business, the group administrative management business, the real estate management business and the solar power generation business as well as the Company caused Asahi Radio Broadcasting Split Preparatory Company which is wholly owned subsidiary of the Company to succeed a part of the rights and obligations that the Company holds with respect to the radio broadcasting business through an absorption-type company split in accordance with the Agreement concluded on May 10, 2017 and approved at ordinary general shareholders meeting on June 22, 2017. Further, the Company changed the trade name to Asahi Broadcasting Group Holdings Corporation, Asahi Television Broadcasting Split Preparatory Company changed the trade name to Asahi Television Broadcasting Corporation, and Asahi Radio Broadcasting Split Preparatory Company changed the trade name to Asahi Radio Broadcasting Corporation on the same date respectively.

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## **1. Analysis of Operating Results and Financial Position**

### **(1) Analysis of Operating Results**

In the first half of fiscal 2018, which extended from April 1, 2018 to September 30, 2018, the Japanese economy continued a moderate recovery trend, with corporate earnings holding steady and an improvement in income conditions, despite concern regarding the outlook of the economy due to worldwide trade friction.

Under these circumstances, net sales of the broadcasting field where the Asahi Broadcasting Group (the Group) conducts its core business, decreased due to a decrease in TV spot advertising sales and other factors. Net sales of the housing business were up due to an increase in revenue from sales of real estate and other factors. Net sales of the golf business decreased due to a decrease in play revenue and other factors. As a result of these factors, the Group's net sales for the first half of fiscal 2018 increased ¥360 million, or 0.9%, compared to the same period of the previous fiscal year and amounted to ¥39,280 million.

From the cost standpoint, cost of sales increased ¥132 million (0.5%) compared with the same period of the previous fiscal year, to ¥26,616 million. Selling, general and administrative expenses increased ¥67 million (0.6%) compared with the same period of the previous fiscal year, to ¥11,673 million. As a result of the above, operating income for the period increased ¥160 million, or 19.4%, to ¥990 million, while ordinary income totaled ¥1,194 million, an increase of ¥173 million, or 17.0%. Additionally, as extraordinary loss, ¥103 million in special retirement expenses was recorded. As a result, income before income taxes were ¥1,091 million, an increase of ¥25 million, or 2.4%, and due to the effect of tax effect accounting regarding corporate division and other factors, profit attributable to owners of parent was ¥1,508 million, an increase of ¥894 million, or 145.5%.

Operating results by business segment are as follows.

In addition, in line with the transition to a certified broadcasting holding company on April 1, 2018, the Company is now responsible for the group administrative management business, the real estate management business and the solar power generation business. As a result, the Company adopted the method where the expenses associated with the group administrative management business, the real estate management business and the solar power generation business are allocated to each reportable segment.

#### *Broadcasting Business*

Net sales in the broadcasting business totaled ¥32,527 million, down ¥447 million, or 1.4%, compared to the same period of the previous fiscal year. The principal factor accounting for this decrease in revenue is a decrease in TV spot advertising sales. On the other hand, operating expenses decreased 2.0% from the same period of the previous fiscal year, owing to factors including a decrease in agency fee. As a result, operating income amounted to ¥657 million, an increase of ¥244 million, or 59.2%, from the same period of the previous fiscal year.

#### *Housing Business*

In the housing business, net sales amounted to ¥6,305 million, an increase of ¥821 million, or 15.0%, compared with the same period of the previous fiscal year. Principal factors were an increase in revenue associated with the opening of a new housing exhibition facility, in addition to increases in revenues from sales and leasing of real estate. Meanwhile, operating expenses rose 15.2% due to cost price appropriation consequent upon the sales of real estate, increased costs from leasing of real estate, and other factors. As a result, operating income amounted to ¥446 million, an increase of ¥48 million, or 12.2%, from the same period of the previous fiscal year.

#### *Golf Business*

Net sales in the golf business amounted to ¥447 million, a decrease of ¥13 million, or 3.0%, compared with the same period of the previous fiscal year. Principal factors were a decrease in play revenue from lower number of visitors due to poor weather. On the other hand, operating expenses rose 1.2% due to increased labor expenses and other factors. As a result, operating income amounted to ¥2 million, a decrease of ¥16 million, or 88.5%, from the same period of the previous fiscal year.

## **(2) Analysis of Financial Position**

### *(Assets)*

Total assets as of the end of the second quarter of fiscal 2018 were ¥106,113 million, ¥3,433 million higher than at the end of the previous fiscal year (March 31, 2018). This was primarily attributable to an increase in inventories in line with the acquisition of real estate for sale.

### *(Liabilities)*

Total liabilities were ¥40,415 million, ¥1,098 million higher than at the end of the previous fiscal year. The principal reason for the increase in liabilities was an increase in loans payable for the purchase of real estate for sale.

### *(Net Assets)*

Consolidated total net assets came to ¥65,698 million, ¥2,334 million higher than at the end of the previous fiscal year. This was attributable to recording of profit attributable to owners of parent reported for the period under review and increases mainly in valuation difference on available-for-sale securities, while paying dividends from surplus.

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

As to consolidated financial results forecasts of the full fiscal year, no revisions have been made since the previous announcement.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheet

(Millions of Yen)

	March 31, 2018	September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	14,412	16,163
Notes and accounts receivable - trade	13,009	11,770
Short-term investment securities	2,101	200
Inventories	2,169	4,802
Other	1,692	1,887
Allowance for doubtful accounts	(6)	(11)
<b>Total current assets</b>	<b>33,379</b>	<b>34,812</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,396	19,902
Land	11,049	11,049
Other, net	7,483	7,725
<b>Total property, plant and equipment</b>	<b>38,928</b>	<b>38,677</b>
Intangible assets		
Software	216	898
Software in progress	848	223
Other	119	116
<b>Total intangible assets</b>	<b>1,184</b>	<b>1,238</b>
Investments and other assets		
Investment securities	18,376	18,621
Other	11,047	13,001
Allowance for doubtful accounts	(237)	(237)
<b>Total investments and other assets</b>	<b>29,186</b>	<b>31,385</b>
<b>Total non-current assets</b>	<b>69,300</b>	<b>71,301</b>
<b>Total assets</b>	<b>102,680</b>	<b>106,113</b>

(Millions of Yen)

	March 31, 2018	September 30, 2018
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	—	800
Current portion of long term loans payable	40	240
Accounts payable - other	5,837	5,881
Income taxes payable	614	432
Provision	77	45
Other	5,926	4,787
Total current liabilities	12,496	12,186
Non-current liabilities		
Long term loans payable	130	860
Net defined benefit liability	18,019	17,605
Other	8,670	9,763
Total non-current liabilities	26,820	28,229
<b>Total liabilities</b>	<b>39,316</b>	<b>40,415</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	5,299	5,299
Capital surplus	5,754	5,775
Retained earnings	49,780	51,416
Treasury stock	(500)	(470)
Total shareholders' equity	60,334	62,021
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,308	3,567
Remeasurements of defined benefit plans	(2,018)	(1,714)
Total valuation and translation adjustments	1,290	1,853
Non-controlling interests	1,738	1,823
<b>Total net assets</b>	<b>63,363</b>	<b>65,698</b>
<b>Total liabilities and net assets</b>	<b>102,680</b>	<b>106,113</b>

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

## Quarterly Consolidated Statement of Income

For the First Half of Fiscal 2017 and 2018

(Millions of Yen)

	First Half of Fiscal 2017 (April 1, 2017 to September 30, 2017)	First Half of Fiscal 2018 (April 1, 2018 to September 30, 2018)
Net sales	38,920	39,280
Cost of sales	26,484	26,616
Gross profit	12,435	12,664
Selling, general and administrative expenses	11,606	11,673
Operating income	829	990
Non-operating income		
Interest income	23	21
Dividends income	159	142
Other	38	63
Total non-operating income	221	227
Non-operating expenses		
Interest expenses	4	4
Loss on disposal of non-current assets	23	15
Other	2	2
Total non-operating expenses	30	22
Ordinary income	1,021	1,194
Extraordinary income		
Gain on sales of investment securities	24	—
Subsidy	20	—
Total extraordinary income	45	—
Extraordinary loss		
Special retirement expenses	—	103
Total extraordinary loss	—	103
Income before income taxes	1,066	1,091
Income taxes	377	(445)
Profit	689	1,536
Profit attributable to non-controlling interests	74	28
Profit attributable to owners of parent	614	1,508



Quarterly Consolidated Statement of Comprehensive Income  
For the First Half of Fiscal 2017 and 2018

(Millions of Yen)

	First Half of Fiscal 2017 (April 1, 2017 to September 30, 2017)	First Half of Fiscal 2018 (April 1, 2018 to September 30, 2018)
Profit	689	1,536
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	287	257
Remeasurements of defined benefit plans, net of tax	284	304
Total other comprehensive income	571	561
Comprehensive income	1,260	2,098
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,183	2,069
Comprehensive income attributable to non-controlling interests	77	28

**(3) Notes regarding Quarterly Consolidated Financial Statements**

(Going Concern Assumptions)

Not applicable.

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

Not applicable.

(Additional Information)

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.)

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc. have been adopted from the beginning of the first quarter of fiscal 2018, whereby deferred tax assets are presented under investments and other assets, while deferred tax liabilities are presented under non-current liabilities.

(Segment Information, etc.)

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

First Half of Fiscal 2017 (April 1, 2017 to September 30, 2017)

(Millions of Yen)

	Reportable Segment				Adjustments (Note 1)	Amounts Recorded on Quarterly Consolidated Statement of Income (Note 2)
	Broadcasting	Housing	Golf Club	Total		
Sales						
Revenues from external customers	32,974	5,483	461	38,920	—	38,920
Transactions with other segments	244	10	17	272	(272)	—
Total	33,218	5,494	478	39,192	(272)	38,920
Segment profit	412	397	18	829	—	829

Notes:

1. The adjustment of negative ¥272 million represents the amount of intrasegment transaction elimination.
2. Segment profit refers to operating income recorded on the quarterly consolidated statement of income.

First Half of Fiscal 2018 (April 1, 2018 to September 30, 2018)

(Millions of Yen)

	Reportable Segment				Adjustments (Notes 1, 2)	Amounts Recorded on Quarterly Consolidated Statement of Income (Note 3)
	Broadcasting	Housing	Golf Club	Total		
Sales						
Revenues from external customers	32,527	6,305	447	39,280	—	39,280
Transactions with other segments	294	11	19	325	(325)	—
Total	32,821	6,317	467	39,605	(325)	39,280
Segment profit	657	446	2	1,105	(115)	990

Notes:

1. The adjustment to transactions with other segments of negative ¥325 million represents the amount of intrasegment transaction elimination.
2. The adjustment to segment profit of negative ¥115 million represents the amount of expenses which do not belong to any reportable segment, mainly regarding development of new business and market.
3. Segment profit refers to operating income recorded on the quarterly consolidated statement of income.

2. Notes relating to changes in reportable segments, etc.

(Change in calculation method of segment profit in line with transition to a certified broadcasting holding company)

In line with the transition to a certified broadcasting holding company on April 1, 2018, the Company is now responsible for the group administrative management business and the real estate management business. As a result, the Company has adopted the method where the expenses associated with the group administrative management business and the real estate management business are allocated to each reportable segment.

Owing to this change, in the first half of fiscal 2018, segment profit of broadcasting business increased by ¥100 million, segment profit of housing business decreased by ¥100 million, and segment profit of golf business decreased by ¥0 million compared with figures calculated using the former method.