

CONSOLIDATED FINANCIAL REPORT
FOR THE SECOND QUARTER OF FISCAL 2015
(The Fiscal Year Ending March 31, 2016 under Japanese GAAP)



October 29, 2015

Company Name: Asahi Broadcasting Corporation* Stock Exchange Listing: Tokyo Stock Exchange
Securities Code: 9405 URL <http://asahi.co.jp/english/>
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Scheduled Date of Dividend Payment Commencement: December 2, 2015
Preparation of Quarterly Supplementary Explanatory Materials: Yes
Quarterly Results Briefing Held: Yes (for institutional investors and analysts)
* Asahi Broadcasting Corporation: ABC

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

1. Consolidated Financial Results for the First Half of Fiscal 2015 (April 1, 2015 to September 30, 2015)

(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 2015	39,405	(0.8)	1,063	(37.3)	1,300	(28.4)	786	(17.8)
First Half of Fiscal 2014	39,721	(1.3)	1,695	(12.8)	1,815	(10.6)	955	(16.2)

Note: Comprehensive Income First half of fiscal 2015: ¥756 million (-43.4%)
First half of fiscal 2014: ¥1,337 million (-17.4%)

	Basic Earnings per Share	Diluted Earnings per Share
	¥	¥
First Half of Fiscal 2015	19.25	—
First Half of Fiscal 2014	23.41	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-Asset Ratio
	¥ million	¥ million	%
September 30, 2015	100,411	58,910	54.5
March 31, 2015	103,116	58,709	52.9

(Reference) Shareholders' Equity September 30, 2015: ¥54,710 million
March 31, 2015: ¥54,554 million

2. Dividends

	Annual Dividend per Share				
	1Q-End	2Q-End	3Q-End	Period-End	Total
	¥	¥	¥	¥	¥
Fiscal 2014	—	6.00	—	12.00	18.00
Fiscal 2015	—	9.00			
Fiscal 2015 (Forecast)			—	9.00	18.00

Notes: Revisions from recently announced dividend forecast: None

Breakdown of fiscal 2014 period-end dividend: Ordinary dividend ¥6.00
Special dividend ¥4.00
Commemorative dividend ¥2.00

3. Consolidated Financial Results Forecasts for Fiscal 2015 (April 1, 2015 to March 31, 2016)

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Basic Earnings per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	79,700	(1.2)	3,400	(27.4)	3,700	(23.4)	2,100	(4.7)	51.42

Note: Revisions from recently announced performance forecast: None

* Notes

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

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

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

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

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

3) Changes in accounting estimates: None

4) Restatements: None

Note: Please refer to “2. Supplementary Information (Notes) (3) Changes in Accounting Policies, Accounting Estimates and Restatements” on page 4 of the attached supplementary materials for details.

(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, 2015	41,833,000 shares	March 31, 2015	41,833,000 shares
September 30, 2015	996,087 shares	March 31, 2015	996,087 shares
September 30, 2015	40,836,913 shares	September 30, 2014	40,836,913 shares

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

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

* Disclosure concerning the implementation status of quarterly review procedures

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

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

(Caution regarding forward-looking statements, etc.)

Results forecasts and other forward-looking statements contained in this report are based on the assumptions, beliefs, and uncertainties in light of information available to the Company’s management as of the publication date and do not represent promises by the Company or its management that these performance figures will be attained. Actual results may differ materially from forecasts due to a variety of factors. Please refer to “1. Analysis of 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 20, 2015. A summary of the presentation materials to be distributed at this briefing shall be published on the Company’s website after the event.

(Reference) Non-Consolidated Financial Results Forecasts for Fiscal 2015 (April 1, 2015 to March 31, 2016)

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

	Net Sales		Operating Income		Ordinary Income		Profit		Basic Earnings per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	64,200	(2.6)	2,100	(38.7)	2,400	(34.8)	1,700	(14.0)	41.63

Note: Revisions in performance forecasts during the period: None

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

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

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

Through the first half of fiscal 2015, which extended from April 1, 2015 to September 30, 2015, the Japanese economy saw some improvement in terms of corporate earnings and the employment environment, backed by the government's economic and monetary policies. However, the recovery of personal consumption was sluggish and the future outlook of the economy remained uncertain.

Under these circumstances, in the broadcasting field where the Asahi Broadcasting Group (the Group) conducts its core business, net sales declined due to a decrease in TV spot advertising sales. In the housing business, net sales increased thanks to a rise in revenues of the real estate business and the advertising business. In the golf business, revenue decreased as a result of a decline in the number of golf course visitors. As a result of these factors, the Group's net sales for the first half of fiscal 2015 fell ¥315 million, or 0.8%, compared to the same period of the previous fiscal year and amounted to ¥39,405 million.

From the cost standpoint, cost of sales increased ¥551 million (2.1%) compared with the same period of the previous fiscal year, to ¥27,006 million. Selling, general and administrative expenses decreased ¥235 million (2.0%) compared with the same period of the previous fiscal year, to ¥11,335 million. As a result of the above, operating income for the period decreased ¥632 million, or 37.3%, to ¥1,063 million, while ordinary income totaled ¥1,300 million, a decrease of ¥515 million, or 28.4%. Income before income taxes were ¥1,437 million, a decrease of ¥377 million, or 20.8%, and profit attributable to owners of parent was ¥786 million, a decrease of ¥169 million, or 17.8%.

Results by business segment are as follows:

Broadcasting Business

During the first half of fiscal 2015, net sales in the broadcasting business totaled ¥33,908 million, down ¥345 million, or 1.0%, compared to the same period of the previous fiscal year. The principal factor accounting for this decline was a decrease in TV spot advertising sales, a core source of revenue, which offset an increase in event income from large-scale events. On the other hand, operating expenses increased 0.8% overall from the same period of the previous fiscal year, owing to factors including increases in TV program expenses due to reorganization of new programs and in event costs, despite decreases in TV agent fee and network fee. As a result, operating income amounted to ¥507 million, a decline of ¥593 million, or 53.9%, from the same period of the previous fiscal year.

Housing Business

In the housing business, net sales amounted to ¥5,067 million, an increase of ¥55 million, or 1.1%, compared with the same period of the previous fiscal year. The principal factors accounting for this increase included favorable conditions in the core housing exhibition site operating activities which saw a good amount of new displays in open spaces of the housing exhibition site, as well as strong performance in the advertising business and the real estate business. On the other hand, operating expenses rose 1.6%, and operating income amounted to ¥568 million, a decrease of ¥13 million, or 2.4%, from the same period of the previous fiscal year.

Golf Business

Net sales in the golf business amounted to ¥429 million, a decrease of ¥26 million, or 5.7%, compared with the same period of the previous fiscal year. The principal factor accounting for this decrease was a decrease in golf course revenue resulting from a decline of the number of golf course visitors. On the other hand, operating expenses fell 0.1%, and consequently operating loss amounted to ¥11 million in the first half of fiscal 2015, compared with the same period of the previous fiscal year, in which operating income of ¥13 million was recorded.

(2) Analysis of Financial Position

(Assets)

Consolidated current assets as of the end of the second quarter of fiscal 2015 were ¥34,686 million, ¥1,229 million lower than at the end of the previous fiscal year (March 31, 2015). Non-current assets amounted to ¥65,725 million, ¥1,475 million lower than at the end of the previous fiscal year. Total assets decreased ¥2,704 million, to ¥100,411 million. The payment of consumption taxes, etc. and accrued expenses resulted in an overall asset decrease.

(Liabilities)

Consolidated current liabilities stood at ¥11,258 million, ¥1,646 million lower than at the end of the previous fiscal year, and non-current liabilities came to ¥30,242 million, ¥1,259 million below the level at the previous fiscal year-end. Total liabilities decreased ¥2,906 million, to ¥41,501 million. The principle reasons for the decrease in liabilities were payment of accounts payable - other and repayment of lease obligations, etc.

(Net Assets)

Consolidated total net assets came to ¥58,910 million, ¥201 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 ¥786 million, the Group paid a total of ¥490 million in dividends from surplus. Meanwhile, valuation difference on available-for-sale securities decreased ¥192 million due to a decline in the market value of investment securities held by the Company.

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

As described in the “Notice of Revisions to Financial Results Forecasts” disclosed on October 27, 2015, both the non-consolidated and consolidated financial results for net sales, operating income, and ordinary income in the first half of fiscal 2015, have been revised upward from the financial results forecasts disclosed on July 30, 2015. Furthermore, the quarterly non-consolidated profit and quarterly consolidated profit attributable to owners of parent have been revised upward. For the financial results forecasts of the full fiscal year, only non-consolidated net sales have been revised downward, while consolidated net sales, non-consolidated and consolidated operating income and ordinary income have been revised upward. Finally, non-consolidated profit and consolidated profit attributable to owners of parent have also been revised upward.

2. Supplementary Information (Notes)

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

Not applicable.

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

Not applicable.

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

(Changes in Accounting Policies)

Effective from the first quarter of fiscal 2015, the Company has adopted the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan [ASBJ] Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and others, and has changed the presentation of net income and other related items, and the presentation of “minority interests” to “non-controlling interests” accordingly. To reflect these changes in presentation, the reclassification of accounts has been made to the consolidated financial statements for the first half of fiscal 2014 and the fiscal year ended March 31, 2015.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Millions of Yen)

	March 31, 2015	September 30, 2015
Assets		
Current assets		
Cash and deposits	9,684	10,706
Notes and accounts receivable - trade	13,069	12,326
Securities	10,254	9,045
Inventories	819	612
Other	2,097	2,005
Allowance for doubtful accounts	(9)	(9)
Total current assets	35,915	34,686
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	20,277	20,083
Land	10,954	10,955
Other, net	6,402	6,086
Total property, plant and equipment	37,633	37,125
Intangible assets		
Software	174	155
Other	152	143
Total intangible assets	326	298
Investments and other assets		
Investment securities	19,796	18,580
Other	9,674	9,955
Allowance for doubtful accounts	(231)	(234)
Total investments and other assets	29,240	28,301
Total non-current assets	67,200	65,725
Total assets	103,116	100,411

(Millions of Yen)

	March 31, 2015	September 30, 2015
Liabilities		
Current liabilities		
Short-term loans payable	30	100
Accounts payable - other	5,863	6,012
Income taxes payable	737	479
Provision	112	47
Other	6,161	4,618
Total current liabilities	12,905	11,258
Non-current liabilities		
Net defined benefit liability	21,886	21,624
Other	9,615	8,618
Total non-current liabilities	31,502	30,242
Total liabilities	44,407	41,501
Net assets		
Shareholders' equity		
Capital stock	5,299	5,299
Capital surplus	3,610	3,610
Retained earnings	43,995	44,291
Treasury shares	(500)	(500)
Total shareholders' equity	52,404	52,700
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,577	2,384
Remeasurements of defined benefit plans	(427)	(374)
Total accumulated other comprehensive income	2,150	2,009
Non-controlling interests	4,154	4,200
Total net assets	58,709	58,910
Total liabilities and net assets	103,116	100,411

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

Quarterly Consolidated Statement of Income
For the First Half of Fiscal 2014 and 2015

	(Millions of Yen)	
	First Half of Fiscal 2014 (April 1, 2014 to September 30, 2014)	First Half of Fiscal 2015 (April 1, 2015 to September 30, 2015)
Net sales	39,721	39,405
Cost of sales	26,455	27,006
Gross profit	13,266	12,398
Selling, general and administrative expenses	11,571	11,335
Operating income	1,695	1,063
Non-operating income		
Interest income	29	35
Dividend income	138	184
Other	45	91
Total non-operating income	213	311
Non-operating expenses		
Interest expenses	36	23
Loss on disposal of non-current assets	36	30
Loss on redemption of investment securities	20	—
Other	0	20
Total non-operating expenses	93	74
Ordinary income	1,815	1,300
Extraordinary income		
Subsidy income	—	137
Total extraordinary income	—	137
Income before income taxes	1,815	1,437
Income taxes	766	539
Profit	1,048	898
Profit attributable to non-controlling interests	93	112
Profit attributable to owners of parent	955	786

Quarterly Consolidated Statement of Comprehensive Income
For the First Half of Fiscal 2014 and 2015

(Millions of Yen)

	First Half of Fiscal 2014 (April 1, 2014 to September 30, 2014)	First Half of Fiscal 2015 (April 1, 2015 to September 30, 2015)
Profit	1,048	898
Other comprehensive income		
Valuation difference on available-for-sale securities	227	(194)
Remeasurements of defined benefit plans, net of tax	60	52
Total other comprehensive income	288	(141)
Comprehensive income	1,337	756
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,244	645
Comprehensive income attributable to non-controlling interests	92	111

(3) Notes regarding Quarterly Consolidated Financial Statements

(Going Concern Assumptions)

Not applicable.

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

Not applicable.

(Segment Information, etc.)

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

First Half of Fiscal 2014 (April 1, 2014 to September 30, 2014)

(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	34,254	5,012	455	39,721	—	39,721
Transactions with other segments	188	12	15	216	(216)	—
Total	34,442	5,025	470	39,937	(216)	39,721
Segment profit	1,100	581	13	1,695	—	1,695

Notes:

1. The adjustment of negative ¥216 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 2015 (April 1, 2015 to September 30, 2015)

(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	33,908	5,067	429	39,405	—	39,405
Transactions with other segments	204	12	15	233	(233)	—
Total	34,113	5,080	444	39,638	(233)	39,405
Segment profit (loss)	507	568	(11)	1,063	—	1,063

Notes:

1. The adjustment of negative ¥233 million represents the amount of intrasegment transaction elimination.
2. Segment profit (loss) refers to operating income recorded on the quarterly consolidated statement of income.

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

First Half of Fiscal 2015 (April 1, 2015 to September 30, 2015)

(1) Non-Consolidated Operating Results

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

	Net Sales		Operating Income		Ordinary Income		Profit	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
First Half of Fiscal 2015	31,583	(2.6)	699	(52.1)	1,003	(40.3)	762	(29.4)
First Half of Fiscal 2014	32,419	(1.1)	1,459	(10.9)	1,680	(8.4)	1,080	(4.7)

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets
	¥ million	¥ million
September 30, 2015	79,943	50,508
March 31, 2015	82,942	50,428

(3) Breakdown of Non-Consolidated Net Sales

	First Half of Fiscal 2014 (April 1, 2014 to September 30, 2014)	First Half of Fiscal 2015 (April 1, 2015 to September 30, 2015)	Increase / (Decrease)	% Change
	¥ million	¥ million	¥ million	%
Television broadcasting business revenue				
Time	10,501	10,206	(295)	(2.8)
Spot	17,351	16,649	(701)	(4.0)
Program sales	1,170	1,133	(36)	(3.2)
Subtotal	29,023	27,989	(1,033)	(3.6)
Radio broadcasting business revenue	1,403	1,418	15	1.1
Other	1,993	2,175	181	9.1
Total	32,419	31,583	(836)	(2.6)

Note: Figures in the summary of quarterly non-consolidated financial statements are not subject to review in legally mandated disclosure.