

Flash Report [Japanese GAAP] (Consolidated Basis)**Results for the six months ended September 30, 2018****Company name: Fuji Media Holdings, Inc.**Stock listing: Tokyo Stock Exchange Code number: 4676 URL: <http://www.fujimediahd.co.jp/en>

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Scheduled date of filing quarterly securities report: November 12, 2018

Scheduled date of commencing dividend payments: December 4, 2018

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Scheduled

(Figures less than ¥1 million have been omitted.)

1. Consolidated Financial Results**(1) Business Performance**

Six Months ended September 30

Percentages indicate year-on-year increases/(decreases).

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2018	292,293	(6.3)	11,223	(3.8)	15,079	(3.5)	10,118	(12.8)
2017	311,816	(4.8)	11,669	(12.3)	15,634	(11.8)	11,609	(8.8)

(Note) Comprehensive income: Six months ended September 30, 2018: ¥32,047 million, (9.8)%,
Six months ended September 30, 2017: ¥35,525 million, 279.8%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2018	43.69	—
2017	50.18	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
September 30, 2018	1,304,791	745,317	56.2
March 31, 2018	1,246,225	721,733	56.7

(Reference) Total shareholders' equity: September 30, 2018: ¥733,022 million,
March 31, 2018: ¥706,544 million

2. Dividends

Year ended March 31, 2018/ Year ending March 31, 2019

	Dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2018	—	20.00	—	20.00	40.00
2019	—	22.00			
2019 (Forecast)			—	22.00	44.00

(Note) Revision to dividends forecast: None

Breakdown of dividends per share for the year ending March 31, 2019:

2Q: Ordinary dividend: ¥20.00, Commemorative dividend: ¥2.00

Year-end (forecast): Ordinary dividend: ¥20.00, Commemorative dividend: ¥2.00

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019

Percentages indicate year-on-year increases/(decreases).

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	623,000	(3.6)	25,500	1.0	33,100	(5.8)

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year	25,000	0.2	107.96

(Note) Revision to earnings forecast: None

Notes:

1. Significant changes in subsidiaries (changes in specific subsidiaries involving a change in the scope of consolidation) during the subject period: None

Additions: None

Deletions: None

2. Adoption of special accounting treatment in preparing the quarterly consolidated financial statements: None

3. Changes in accounting policies, changes in accounting estimates, and modifications and restatements:

1) Changes in accounting policies based on revision of accounting standards: None

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

3) Changes in accounting estimates: None

4) Modifications and restatements: None

4. Number of issued shares (Common stock)

	Six months ended September 30, 2018	Year ended March 31, 2018
1) Number of issued shares (including treasury stock) at end of the period (shares)	234,194,500	236,429,800
2) Number of treasury stock at end of the period (shares)	2,618,211	4,853,511
		Six months ended September 30, 2017
3) Average number of issued shares during the period (shares)	231,576,289	231,359,246

This flash report is outside the scope of quarterly review by certified public accountants or an audit firm.

Explanation of appropriate use of forecasts of financial results; other important items

The forward-looking statements made in this document, including the aforementioned forecasts, are based on all information available to the management at the time of this document's release and certain assumptions considered rational. Actual results may differ materially from the forecasts due to various factors in the future. Regarding the assumptions forming the forecast of financial results, please refer to "1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2019: (3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections" on page 8.

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1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE SECOND QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2019

(1) Explanation of Business Results

The Japanese government's Monthly Economic Report on the Japanese economy for the six months ended September 30, 2018 (April 1, 2018 to September 30, 2018) states, "With the continuing improvement trend of the employment and income situation, along with the effect of various government measures, the moderate recovery trend is expected to continue in the future. However, attention should be paid to the effects of situations over trade issues on the world economy, the uncertainty in overseas economies and the effects of fluctuations in the financial and capital markets. Furthermore, sufficient attention should be given to the economic impacts by the successive natural disasters." The report also states that the business outlook of corporations "is generally unchanged."

Amid this economic environment, the consolidated net sales of Fuji Media Holdings Group (the "Group") decreased during the six months ended September 30, 2018, down 6.3% from the same period of the previous fiscal year to ¥292,293 million, as there were decreases in the Media & Content and Urban Development, Hotels & Resorts segments.

In terms of earnings, operating income amounted to ¥11,223 million, down 3.8% year-on-year, because while the Media & Content segment showed an increase in income, it was unable to adequately offset the decrease in income of the Urban Development, Hotels & Resorts segment. Recurring profit decreased 3.5% year-on-year to ¥15,079 million, and net income attributable to owners of the parent decreased 12.8% year-on-year to ¥10,118 million.

On May 10, 2018, the Board of Directors of the Company resolved to change the segment categories.

In the previous fiscal year, the Group's segments were "Broadcasting," "Production," "Video and Music," "Life Information," "Advertising," "Urban Development" and "Other." From the first quarter of the fiscal year ending March 31, 2019, the segments are "Media & Content," "Urban Development, Hotels & Resorts" and "Other."

Results by operating segment are as follows. Note that the information on amounts for the six months ended September 30, 2017 is presented based on the operating segments after the change.

Six months ended September 30

	Net sales			Operating income		
	2017	2018	Change	2017	2018	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Media & Content	257,962	253,227	(1.8)	1,373	7,263	429.0
Urban Development, Hotels & Resorts	51,391	36,597	(28.8)	10,387	3,665	(64.7)
Other	9,355	9,167	(2.0)	246	204	(17.1)
Eliminations	(6,892)	(6,699)	—	(338)	88	—
Total	311,816	292,293	(6.3)	11,669	11,223	(3.8)

Media & Content

Fuji Television Network, Inc. ("Fuji TV") saw a decrease in broadcasting revenue due to a decrease in spot advertising revenue as a result of factors including the impact of weak market conditions in the Kanto region resulting from a decrease in advertising demand, despite an increase in network time advertising sales due to one-off programs such as the "2018 FIFA World Cup" and the "2018 World Judo Championships." Revenue from other businesses overall increased thanks to the contribution of Cirque du Soleil's production "KURIOS" in the event business and "CODE BLUE: The Movie" in the movie business. As a result of the above, both revenue and earnings increased.

Fuji Satellite Broadcasting, Inc. ("BS Fuji") recorded slight decreases in revenue and earnings as a result of a year-on-year decrease in time advertising sales, despite strong spot advertising revenue.

Nippon Broadcasting System, Inc. showed strong performances in the event business and spot advertising revenue, but time advertising sales and radio shopping business struggled, and revenue and earnings slightly decreased as a result.

Pony Canyon Inc. posted a decline in revenue, reflecting lackluster performance in the music and video divisions; however, operating loss improved thanks to successful business restructuring efforts carried out in the previous fiscal year.

Fujipacific Music Inc. recorded increases in both revenue and earnings thanks to strong performances in video production revenue, artists management revenue and others.

The Dinos business of Dinos Cecile Co., Ltd. posted a decrease in revenue as the catalog business was sluggish due to the impact of intense summer heat, despite maintaining strong performances, particularly from beauty and health products in television shopping. In the Cecile business, the catalog business suffered a decline in orders, mainly due to the effect of revised shipping costs. As a result, revenue decreased for the entire business of Dinos Cecile Co., Ltd., resulting in an operating loss.

Quaras Inc. recorded increases in both revenue and earnings as a result of strong performances in events, contracting, and advertising production.

As a result, net sales in the Media & Content segment overall decreased 1.8% from the same period of the previous fiscal year to ¥253,227 million, and segment operating income increased 429.0% from the same period of the previous fiscal year to ¥7,263 million.

Urban Development, Hotels & Resorts

The Sankei Building Co., Ltd. recorded decreases in both revenue and earnings as an increase in revenue due to robust office demand in the office building business could not offset the reactionary decline from sales of developed properties in the asset development business in the previous fiscal year.

GRANVISTA Hotels & Resorts Co., Ltd. posted decreases in both revenue and earnings due to significant effects of such factors as unseasonal weather.

As a result, net sales in the Urban Development, Hotels & Resorts segment overall decreased 28.8% from the same period of the previous fiscal year to ¥36,597 million, and segment operating income decreased 64.7% from the same period of the previous fiscal year to ¥3,665 million.

Other

Net sales in the Other segment overall decreased 2.0% from the same period of the previous fiscal year to ¥9,167 million, and segment operating income decreased 17.1% from the same period of the previous fiscal year to ¥204 million.

The eleven Fuji TV network affiliates, along with WOWOW Inc. and ITOCHU Fuji Partners, Inc. contributed to the equity in earnings of affiliates.

(2) Explanation of the Financial Position

Total assets at the end of the second quarter of the fiscal year under review (September 30, 2018) amounted to ¥1,304,791 million, an increase of ¥58,565 million (4.7%) from the end of the previous fiscal year (March 31, 2018).

Total current assets amounted to ¥381,703 million, a decrease of ¥15,058 million (3.8%) from the end of the previous fiscal year. This was due mainly to decreases of ¥24,819 million in cash and deposits and ¥10,208 million in notes and accounts receivable-trade; against an increase of ¥18,206 million in marketable securities.

Total noncurrent assets amounted to ¥922,773 million, an increase of ¥73,638 million (8.7%) from the end of the previous fiscal year. This was due mainly to increases of ¥48,996 million in land and ¥37,218 million in investment securities; against a decrease of ¥14,381 million in leasehold right included in the "Other" line item under intangible assets as a result of factors including the purchase of ownership of the land for the Fuji TV headquarters building.

Total liabilities amounted to ¥559,473 million, an increase of ¥34,981 million (6.7%) from the end of the previous fiscal year.

Total current liabilities amounted to ¥193,871 million, an increase of ¥7,603 million (4.1%) from the end of the previous fiscal year. This was due mainly to an increase of ¥15,000 million in short-term loans payable; against a decrease of ¥3,459 million in notes and accounts payable-trade.

Total noncurrent liabilities amounted to ¥365,602 million, an increase of ¥27,378 million (8.1%) from the end of the previous fiscal year. This was due mainly to increases of ¥18,925 million in long-term loans payable and ¥9,474 million in deferred tax liabilities included in the "Other" line item.

Net assets amounted to ¥745,317 million, an increase of ¥23,583 million (3.3%) from the end of the previous fiscal year. This was due mainly to the recording of ¥10,118 million in net income attributable to owners of the parent and an increase of ¥20,564 million in valuation difference on available-for-sale securities; against a decrease of ¥4,683 million in retained earnings due to dividends of surplus and a decrease of ¥2,894 million in non-controlling interests. Treasury stock was canceled during the first quarter of the fiscal year ending March 31, 2019, and accordingly treasury stock and retained earnings both decreased by ¥5,662 million, respectively.

Cash flows during the second quarter of the fiscal year under review were as follows.

Cash provided by operating activities amounted to ¥20,748 million, an increase of ¥320 million (1.6%) from cash provided during the same period of the previous fiscal year. This was due mainly to increases of ¥2,984 million in deposits received included in the “Other” line item and ¥1,764 million in prepaid expenses; against a decrease of ¥6,377 million in notes and accounts payable-trade.

Cash used in investing activities amounted to ¥62,312 million, an increase of ¥37,468 million (150.8%) from cash used during the same period of the previous fiscal year. This was due mainly to increases of ¥31,025 million in payments on purchase of property, plant and equipment and ¥4,714 million in payments on purchase of marketable securities.

Cash provided by financing activities amounted to ¥24,948 million, an increase of ¥24,895 million from cash provided during the same period of the previous fiscal year. This was due mainly to an increase of ¥50,506 million in net increase (decrease) in short-term loans payable; against an increase of ¥22,206 million in repayments of long-term loans payable.

As a result of the above, the balance of cash and cash equivalents at the end of the second quarter of the fiscal year under review amounted to ¥76,315 million, a decrease of ¥16,839 million (18.1%) from the end of the previous fiscal year and an increase of ¥1,503 million (2.0%) from the end of the same period of the previous fiscal year.

(3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections

Consolidated financial results during the six months ended September 30, 2018 comprised an increase in earnings in the Media & Content segment, and decreases in both revenue and earnings in the Urban Development, Hotels & Resorts and Other segments. Despite fluctuations by segment, overall consolidated performance was mainly in line with the plan. Accordingly, the Company has made no changes to its full-year consolidated financial results forecasts for the fiscal year ending March 31, 2019 from those announced on May 10, 2018.

2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2018	September 30, 2018
ASSETS		
Current assets:		
Cash and deposits	85,017	60,198
Notes and accounts receivable-trade	114,201	103,992
Marketable securities	83,602	101,809
Inventories	78,580	78,538
Other	36,043	37,917
Allowance for doubtful accounts	(683)	(752)
Total current assets	396,762	381,703
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	145,426	144,923
Land	240,295	289,291
Other, net	30,568	33,794
Total property, plant and equipment	416,290	468,010
Intangible assets		
Goodwill	1,145	1,030
Other	32,952	18,370
Total intangible assets	34,098	19,401
Investments and other assets		
Investment securities	352,962	390,180
Other	47,259	46,619
Allowance for doubtful accounts	(1,475)	(1,439)
Total investments and other assets	398,746	435,361
Total noncurrent assets	849,134	922,773
Deferred assets	328	314
Total assets	1,246,225	1,304,791

	Millions of yen	
	March 31, 2018	September 30, 2018
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	58,820	55,361
Short-term loans payable	48,724	63,724
Provision for sales returns	659	413
Provision for directors' bonuses	335	149
Provision for point card certificates	567	505
Provision for loss on reconstruction	476	438
Provision for environmental measures	17	17
Provision for loss on closing of office	116	—
Provision for loss on disaster	—	91
Other	76,549	73,169
Total current liabilities	186,267	193,871
Noncurrent liabilities:		
Bonds payable	20,000	20,000
Long-term loans payable	143,512	162,437
Provision for directors' retirement benefits	2,131	2,080
Provision for environmental measures	46	46
Net defined benefit liability	65,020	64,091
Other	107,513	116,946
Total noncurrent liabilities	338,224	365,602
Total liabilities	524,491	559,473
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	146,200
Capital surplus	173,676	173,676
Retained earnings	306,997	306,750
Treasury stock	(9,354)	(3,691)
Total shareholders' equity	617,519	622,935
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	98,313	118,877
Deferred gains or losses on hedges	(400)	(129)
Revaluation reserve for land	1,448	1,466
Foreign currency translation adjustment	(574)	(1,106)
Remeasurements of defined benefit plans	(9,760)	(9,021)
Total accumulated other comprehensive income	89,024	110,086
Non-controlling interests	15,189	12,294
Total net assets	721,733	745,317
Total liabilities and net assets	1,246,225	1,304,791

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

Consolidated Statements of Income

Six months ended September 30

	Millions of yen	
	2017	2018
Net sales	311,816	292,293
Cost of sales	216,349	203,057
Gross profit	95,467	89,236
Selling, general and administrative expenses	83,798	78,013
Operating income	11,669	11,223
Non-operating income:		
Dividends income	1,761	1,721
Equity in earnings of affiliates	1,576	1,447
Other	1,541	1,581
Total	4,879	4,750
Non-operating expenses:		
Interests	628	575
Other	285	318
Total	914	893
Recurring profit	15,634	15,079
Extraordinary gain:		
Gain on sales of investment securities	778	650
Other	102	83
Total	881	734
Extraordinary loss:		
Loss on retirement of noncurrent assets	101	110
Loss on revision of retirement benefit plan	108	—
Special retirement benefits	—	175
Loss on disaster	—	109
Other	189	114
Total	399	511
Income before income taxes	16,116	15,302
Income taxes-current	2,893	3,992
Income taxes-deferred	1,373	614
Total	4,266	4,607
Net income	11,849	10,695
Net income attributable to non-controlling interests	240	576
Net income attributable to owners of the parent	11,609	10,118

Consolidated Statements of Comprehensive Income

Six months ended September 30

	Millions of yen	
	2017	2018
Net income	11,849	10,695
Other comprehensive income:		
Valuation difference on available-for-sale securities	23,778	20,226
Deferred gains or losses on hedges	39	54
Foreign currency translation adjustment	(849)	(413)
Remeasurements of defined benefit plans	604	754
Share of other comprehensive income of affiliates accounted for using equity method	102	730
Total other comprehensive income	23,675	21,352
Comprehensive income	35,525	32,047
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	35,048	31,180
Comprehensive income attributable to non-controlling interests	476	866

(3) Consolidated Statements of Cash Flows

Six months ended September 30

	Millions of yen	
	2017	2018
Cash flows from operating activities:		
Income before income taxes	16,116	15,302
Depreciation and amortization	8,706	8,774
Increase (decrease) in net defined benefit liability	(517)	(501)
Interest and dividends income	(1,892)	(1,816)
Interest expenses	628	575
Equity in (earnings) losses of affiliates	(1,576)	(1,447)
Loss (gain) on sales of investment securities	(763)	(650)
Loss on retirement of noncurrent assets	101	110
Decrease (increase) in notes and accounts receivable-trade	9,440	10,147
Decrease (increase) in inventories	(1,701)	31
Increase (decrease) in notes and accounts payable-trade	2,457	(3,919)
Other	(9,319)	(4,847)
Subtotal	21,680	21,758
Interest and dividends income received	3,006	3,060
Interest expenses paid	(624)	(543)
Income taxes paid	(5,355)	(5,444)
Income taxes refunded	1,720	1,916
Net cash provided by operating activities	20,427	20,748
Cash flows from investing activities:		
Payments on purchase of marketable securities	(94,393)	(99,108)
Proceeds from sales and redemption of marketable securities	89,295	88,690
Payments on purchase of property, plant and equipment	(13,787)	(44,813)
Payments on purchase of intangible assets	(2,558)	(1,496)
Payments on purchase of investment securities	(5,033)	(8,881)
Proceeds from sales and redemption of investment securities	2,012	2,755
Other	(378)	543
Net cash used in investing activities	(24,843)	(62,312)

(Continued on page 14)

	Millions of yen	
	2017	2018
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(15,006)	35,500
Proceeds from long-term loans payable	31,000	22,500
Repayments of long-term loans payable	(1,868)	(24,074)
Redemption of bonds	(10,000)	—
Dividends paid	(4,660)	(4,679)
Dividends paid to non-controlling shareholders	(487)	(761)
Payments on purchase of shares of subsidiaries that does not result in change in scope of consolidation	—	(3,000)
Other	1,076	(535)
Net cash provided by financing activities	53	24,948
Effect of exchange rate changes on cash and cash equivalents	(527)	(224)
Net increase (decrease) in cash and cash equivalents	(4,891)	(16,839)
Cash and cash equivalents at the beginning of the period	78,161	93,155
Increase in cash and cash equivalents from the new consolidation of a subsidiary	1,541	—
Cash and cash equivalents at the end of the period	74,811	76,315

(4) Notes to Consolidated Financial Statements**(Note on Assumptions for Going Concern)**

Not applicable

(Notes in the Event of Major Change in Shareholders' Equity)

Not applicable

(5) Segment Information**I. Six months ended September 30, 2017****1. Information on Amounts of Net Sales and Profit or Loss by Reported Segment**

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	257,723	51,136	308,859	2,956	311,816	—	311,816
Inter-segment net sales and transfers	238	254	493	6,399	6,892	(6,892)	—
Total net sales	257,962	51,391	309,353	9,355	318,708	(6,892)	311,816
Segment operating income	1,373	10,387	11,760	246	12,007	(338)	11,669

- Notes: 1. The "Other" category is a business segment not included in reported segments. It includes such operations as temporary agency services, movables leasing and software development.
2. The segment operating income adjustment of minus ¥338 million mainly comprises ¥2,185 million in eliminations of inter-segment business, together with minus ¥2,524 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.
3. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

II. Six months ended September 30, 2018

1. Information on Amounts of Net Sales and Profit or Loss by Reported Segment

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	252,966	36,329	289,295	2,997	292,293	—	292,293
Inter-segment net sales and transfers	261	267	529	6,170	6,699	(6,699)	—
Total net sales	253,227	36,597	289,825	9,167	298,993	(6,699)	292,293
Segment operating income	7,263	3,665	10,929	204	11,134	88	11,223

- Notes: 1. The “Other” category is a business segment not included in reported segments. It includes such operations as temporary agency services, movables leasing and software development.
2. The segment operating income adjustment of ¥88 million mainly comprises ¥2,312 million in eliminations of inter-segment business, together with minus ¥2,224 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.
3. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

2. Matters concerning the Changes of the Reported Segment

On May 10, 2018, the Board of Directors of the Company resolved to change the segment categories.

The Group has announced a medium-term business plan aimed at enhancing its earnings capabilities based on powerful media and attractive content, while responding to such changes in the environment as innovations in Internet technologies and the spread of digital devices, as well as increasing investment in growth fields, building a more solid business portfolio, and future-oriented growth of the Group. Under the medium-term business plan, businesses related to media and content have been aggregated into the same segment to enhance the Group's earnings capabilities, while the Urban Development, Hotels & Resorts business is positioned as one of the Group's two main pillars and we aim for further growth over the medium to long term through strategic investments.

Accordingly, the Group's segments have been changed. In the previous fiscal year, they were “Broadcasting,” “Production,” “Video and Music,” “Life Information,” “Advertising,” “Urban Development” and “Other.” From the first quarter of the fiscal year ending March 31, 2019, the segments are “Media & Content,” “Urban Development, Hotels & Resorts” and “Other.”

Note that the segment information for the six months ended September 30, 2017 is presented based on the reported segments after the change.

(6) Additional Information

The “Partial Amendments to ‘Accounting Standard for Tax Effect Accounting’” (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2019, and accordingly deferred tax assets are included in the item of investments and other assets, and deferred tax liabilities are included in the item of noncurrent liabilities.

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