May 10, 2018

Flash Report [Japanese GAAP] (Consolidated Basis)

Results for the fiscal year ended March 31, 2018

Company name: Fuji Media Holdings, Inc.

Stock listing: Tokyo Stock Exchange Code number: 4676 URL: http://www.fujimediahd.co.jp/en
Representative: Masaki Miyauchi, President and Representative Director
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Telephone: +81-3-3570-8000 (key)
Scheduled date of the General Meeting of Shareholders: June 27, 2018
Scheduled date of commencing dividend payments: June 28, 2018
Scheduled date of filing securities report: June 27, 2018
Availability of supplementary briefing material on financial results: Available
Schedule of financial results briefing session: Scheduled

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

1. Consolidated Financial Results

(1) Business Performance

Years ended March 31

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	646,536	(1.1)	25,258	13.2	35,120	15.6	24,956	(8.9)
2017	653,976	2.1	22,319	(8.5)	30,380	(6.2)	27,396	20.0

(Note) Comprehensive income: Year ended March 31, 2018: ¥47,388 million, (1.5)%,
Year ended March 31, 2017: ¥48,133 million, 641.4%

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Recurring profit-to-total-assets ratio	Operating income-to-net-sales ratio
	Yen	Yen	%	%	%
2018	107.80	—	3.6	2.9	3.9
2017	118.50	—	4.2	2.6	3.4

(Reference) Equity in earnings of affiliates: Year ended March 31, 2018: ¥5,619 million,
Year ended March 31, 2017: ¥4,317 million

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2018	1,249,559	721,733	56.5	3,051.02
2017	1,185,199	682,062	56.3	2,890.79

(Reference) Total shareholders' equity: March 31, 2018: ¥706,544 million,
March 31, 2017: ¥667,843 million

(3) Cash Flows

Years ended March 31

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalent at end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
2018	46,735	(35,997)	3,110	93,155
2017	48,323	(39,887)	(2,025)	78,161

2. Dividends

Year ended March 31, 2017 and 2018 / Year ending March 31, 2019

	Dividends per share					Total amount of dividends (for the entire fiscal year)	Payout ratio	Dividends-to-net assets ratio
	1Q	2Q	3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2017	—	20.00	—	20.00	40.00	9,367	33.8	1.4
2018	—	20.00	—	20.00	40.00	9,367	37.1	1.3
2019 (Forecast)	—	22.00	—	22.00	44.00		40.8	

(Note) Breakdown of dividends per share for the year ending March 31, 2019 (Forecast):

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

Year-end: 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

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. 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

3. Number of issued shares (Common stock)

	Years ended March 31	
	2018	2017
1) Number of issued shares (including treasury stock) at end of fiscal year (shares)	236,429,800	236,429,800
2) Number of treasury stock at end of fiscal year (shares)	4,853,511	5,405,228
3) Average number of issued shares during the fiscal year (shares)	231,497,098	231,183,334

(Reference) Flash Report (Non-Consolidated Basis)

Non-Consolidated Financial Results for the Fiscal Year ended March 31, 2018

(1) Business Performance

Years ended March 31

Percentages indicate year-on-year increase/(decrease).

	Net sales		Operating income		Recurring profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2018	13,333	(8.8)	5,532	(25.3)	9,636	(10.8)	10,927	4.7
2017	14,620	(14.0)	7,405	(26.4)	10,804	(20.5)	10,439	2.0

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2018	46.66	—
2017	44.58	—

(2) Financial Position

At March 31

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
2018	774,301	529,308	68.4	2,260.12
2017	741,640	507,979	68.5	2,169.05

(Reference) Total shareholders’ equity: March 31, 2018: ¥529,308 million, March 31, 2017: ¥507,979 million

These consolidated financial results are outside the scope of audit 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. OVERVIEW OF BUSINESS RESULTS, ETC.: (4) Future Outlook” on page 10.

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1. OVERVIEW OF BUSINESS RESULTS, ETC.

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

The Japanese Cabinet Office's Monthly Economic Report on the Japanese economy for the fiscal year ended March 31, 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 uncertainty in overseas economies and the effects of fluctuations in financial and capital markets." The report also states that the business outlook of corporations "is improving."

Amid this economic environment, the consolidated net sales of Fuji Media Holdings Group (the "Group") decreased overall during the fiscal year under review, down 1.1% from the previous fiscal year to ¥646,536 million, as decreases in the Broadcasting, Production, Life Information and Advertising segments offset increases in the Video and Music, Urban Development and Other segments.

In terms of earnings, operating income amounted to ¥25,258 million, up 13.2% year-on-year, because the Broadcasting, Production, Video and Music, Advertising, Urban Development and Other segments showed increases in income. Recurring profit increased 15.6% year-on-year to ¥35,120 million, though net income attributable to owners of the parent decreased 8.9% year-on-year to ¥24,956 million, due partially to the rebound effect of the gain on negative goodwill recorded in the previous fiscal year.

Results by operating segment are as follows.

Years ended March 31

	Net sales			Operating income		
	2017	**2018**	Change	2017	**2018**	Change
	Millions of yen	**Millions of yen**	%	Millions of yen	**Millions of yen**	%
Broadcasting	312,721	**298,397**	(4.6)	6,830	**7,393**	8.2
Production	49,292	**47,768**	(3.1)	1,819	**1,912**	5.1
Video and Music	48,071	**48,993**	1.9	1,071	**1,441**	34.6
Life Information	130,694	**128,370**	(1.8)	952	**865**	(9.1)
Advertising	45,476	**44,514**	(2.1)	384	**521**	35.4
Urban Development	102,501	**108,939**	6.3	10,968	**14,171**	29.2
Other	29,221	**31,098**	6.4	245	**258**	5.4
Eliminations	(64,003)	**(61,544)**	—	47	**(1,305)**	—
Total	653,976	**646,536**	(1.1)	22,319	**25,258**	13.2

Broadcasting

Broadcasting revenue, which accounts for the core of revenue from the broadcasting businesses of Fuji Television Network, Inc. ("Fuji TV"), decreased 5.2% from the previous fiscal year to ¥222,801 million, primarily due to a reaction to Rio de Janeiro Olympics-related sales in the previous fiscal year, and lagging viewer ratings for regular programs.

Network time advertising sales (time advertising for nationwide broadcasts) declined 8.9% year-on-year to ¥79,857 million. Although special programs contributed to sales, including the WBA World Middleweight Title Fight in October in which Ryota Murata's victory garnered attention, the EAFF E-1 Football Championship in December and the PyeongChang Olympic Games in February, they were not able to offset the decline in revenue from regular programs.

Local time advertising sales (time advertising for the Kanto region) increased 3.2% year-on-year to ¥13,455 million. Although there was a decrease in sales slots due to changes in the sales category, the increase in revenue from regular sales offset the decrease in revenue from one-off programs.

Spot advertising sales struggled during the first half of the fiscal year amid a weak advertising market. Several months during the second half of the fiscal year outperformed those of the previous fiscal year, including an increased market share from December through February, but sales for the full-year period fell below the previous-year level.

By industry category, "Automobile/Related Products," "Information/Telecommunication/ Broadcasting" and "Apparel/Accessories" rose above the previous-year levels. Meanwhile, "Foods," "Cosmetics/Toiletries" and "Distribution/Retail" fell below the previous-year levels. As a result, spot advertising sales declined 3.4% from the previous fiscal year to ¥97,372 million.

Revenue from other broadcasting business decreased 4.3% year-on-year to ¥32,115 million, with declines in income from overseas and domestic program sales and revenue in communication satellite (CS) broadcasting.

Net sales of other businesses overall decreased 16.7% from the previous fiscal year to ¥37,876 million. For the movie business in this segment, revenue declined, failing to reach the level of the previous fiscal year which had a string of hits such as *ONE PIECE FILM GOLD*, despite films such as *HIRUGAO* (¥2,330 million in box office revenues) and *TEIICHI NO KUNI* (¥1,930 million in box office revenues). For the event business in this segment, despite the contribution of events such as Cirque du Soleil's *KURIOS*, which began a nationwide tour in February, revenue declined substantially year-on-year due to a reactionary decline from *TOTEM*, which contributed significantly to revenue throughout the previous fiscal year. For the merchandising business in this segment, revenue increased mainly due to distribution income. For the digital business in this segment, net sales grew year-on-year, with continued strong performance by "FOD (Fuji TV On Demand)," which launched original works for streaming.

As a result, net sales for Fuji TV as a whole declined 7.1% year-on-year to ¥260,677 million, due to declines in broadcasting revenue and revenue from other businesses.

In terms of expenses, Fuji TV managed to hold overall operating expenses below the previous-year level through efficient cost management, which enabled it to reduce the cost of sales and selling, general and administrative expenses below the levels of the previous fiscal year. As a result, Fuji TV has increased its operating income for the first time in six fiscal years.

Fuji Satellite Broadcasting, Inc. (BS Fuji) recorded increases in both revenue and earnings because net sales reached a record high thanks to an increase in spot advertising revenue as well as solid revenue from events, despite a year-on-year decrease in time advertising sales.

Although Nippon Broadcasting System, Inc. posted increases in time advertising sales and revenue from event business, the increases were not able to make up for a decline in spot advertising revenue, and revenue and earnings decreased overall.

Sendai Television Incorporated contributed to net sales and operating income.

As a result, for the Broadcasting segment overall, net sales decreased 4.6% from the previous fiscal year to ¥298,397 million, but segment operating income increased 8.2% to ¥7,393 million.

Production

Net sales in the Production segment overall decreased 3.1% from the previous fiscal year to ¥47,768 million due to decreases in the number of orders and unit prices for programs. However, segment operating income increased 5.1% from the previous fiscal year to ¥1,912 million due to successful cost controls.

Video and Music

Pony Canyon Inc. posted a decline in revenue but an increase in earnings, reflecting sluggish performance in the music and video divisions against strong performance in highly profitable streaming and overseas licensing income.

Fujipacific Music Inc. recorded decreases in revenue and earnings, due to decreases in royalty revenue and master recording usage fees.

EXIT TUNES, Inc. recorded increases in revenue and earnings, due to strong performance by the live [event/performance] business.

As a result, net sales in the Video and Music segment overall increased 1.9% from the previous fiscal year to ¥48,993 million, and segment operating income increased 34.6% to ¥1,441 million.

Life Information

The Dinos business of Dinos Cecile Co., Ltd. posted an increase in revenue as catalog shopping and television shopping remained strong. However, Dinos Cecile Co., Ltd. posted a decline in overall revenue due to sluggish performance in catalog shopping for the Cecile business during the spring and summer. Earnings in both businesses increased thanks to improved cost rates and successful efforts to control expenses.

Sankei Living Shimbun Inc. recorded a revenue decline overall due to sluggish advertising income from *Living Shimbun* and an operating loss was posted.

As a result, net sales in the Life Information segment overall decreased 1.8% from the previous fiscal year to ¥128,370 million, with segment operating income decreasing 9.1% from the previous fiscal year to ¥865 million.

Advertising

In the Advertising segment, Quaras Inc. posted a decline in revenue due to lagging newspaper and radio advertising, despite strong performance in out-of-home advertising and online advertising. Earnings increased thanks to improved cost rates.

As a result, net sales in the Advertising segment decreased 2.1% from the previous fiscal year to ¥44,514 million, and segment operating income increased 35.4% from the previous fiscal year to ¥521 million.

Urban Development

The Sankei Building Co., Ltd. recorded increases in revenue and earnings, thanks in part to robust performance of the mainstay office building business as well as sales of buildings held and posting of distributions from silent partnerships in the asset development business.

GRANVISTA Hotels & Resorts Co., Ltd. posted increases in both revenue and earnings due mainly to an increased number of guests in the marine leisure facilities business.

As a result, net sales in the Urban Development segment overall increased 6.3% from the previous fiscal year to ¥108,939 million, with segment operating income up 29.2% to ¥14,171 million.

Other

Fujimic, Inc. recorded increases in both revenue and earnings due to increased orders for system solutions. Fusosha Publishing Inc. recorded increases in both revenue and earnings due to publication of hit books.

As a result, net sales in the Other segment overall increased 6.4% from the previous fiscal year to ¥31,098 million, and segment operating income increased 5.4% to ¥258 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) Overview of Financial Position for the Fiscal Year under Review

Total assets at the end of the fiscal year under review (March 31, 2018) amounted to ¥1,249,559 million, an increase of ¥64,360 million (5.4%) from the end of the previous fiscal year (March 31, 2017).

Total current assets amounted to ¥403,903 million, an increase of ¥11,769 million (3.0%) from the end of the previous fiscal year. This was due mainly to increases of ¥20,936 million in cash and deposits, ¥2,598 million in advance payments included in the “Other” line item, and ¥1,503 million in notes and accounts receivable-trade; against a decrease of ¥15,152 million in marketable securities.

Total noncurrent assets amounted to ¥845,327 million, an increase of ¥52,344 million (6.6%) from the end of the previous fiscal year. This was due mainly to increases of ¥39,286 million in investment securities and ¥10,497 million in buildings and structures.

Total liabilities amounted to ¥527,825 million, an increase of ¥24,689 million (4.9%) from the end of the previous fiscal year. This was mainly due to increases of ¥19,227 million in short-term loans payable and ¥9,223 million in deferred tax liabilities under noncurrent liabilities; against a decrease of ¥10,000 million in current portion of bonds included in the “Other” line item under current liabilities. Net assets amounted to ¥721,733 million, an increase of ¥39,671 million (5.8%) from the end of the previous fiscal year.

This was due mainly to the recording of ¥24,956 million in net income attributable to owners of the parent and an increase of ¥20,111 million in valuation difference on available-for-sale securities; against ¥9,350 million dividends of surplus.

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

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

Cash provided by operating activities amounted to ¥46,735 million, a decrease of ¥1,588 million (3.3%) from cash provided during the previous fiscal year. This was due mainly to a ¥9,128 million decrease in notes and accounts receivable-trade, a ¥1,600 million increase in income taxes paid and a ¥1,586 million decrease in income taxes refunded; against a ¥5,352 million increase in notes and accounts payable-trade and a ¥4,047 million increase in inventories.

Cash used in investing activities amounted to ¥35,997 million, a decrease of ¥3,889 million (9.8%) from cash used in the previous fiscal year. This was due mainly to an increase of ¥24,091 million in proceeds from sales and redemption of securities; against an increase of ¥6,847 million in payments on purchase of marketable securities, an increase of ¥5,370 million in payments on purchase of property, plant and equipment and a decrease of ¥6,742 million in sale of property, plant and equipment included in the “Other” line item.

Cash provided in financing activities amounted to ¥3,110 million, compared to ¥2,025 million in cash used in the previous fiscal year, a difference of ¥5,135 million. This was due mainly to a decrease of ¥20,000 million in redemption of bonds and an increase of ¥6,000 million in proceeds from long-term loans payable; against a decrease of ¥19,922 million in proceeds from issuance of bonds.

As a result, including an additional ¥1,541 million increase in cash and cash equivalents from the new consolidation of a subsidiary, the balance of cash and cash equivalents at the end of the fiscal year under review amounted to ¥93,155 million, an increase of ¥14,993 million (19.2%) from the end of the previous fiscal year.

(Reference) Trends in cash flow indices are shown below:

Years ended March 31

	2014	2015	2016	2017	**2018**
Equity ratio (%)	57.1	59.4	55.4	56.3	**56.5**
Equity ratio, based on market value (%)	43.4	37.0	25.1	29.9	**33.6**
Ratio of interest-bearing debt to cash flow (times)	6.7	3.4	7.4	4.2	**4.6**
Interest coverage ratio (times)	14.7	26.0	15.6	31.0	**38.4**

Notes: Equity ratio: shareholders' equity/ total assets

Market-based rate of equity ratio: total market capitalization/ total assets

Ratio of interest-bearing debt to cash flow: interest-bearing debt/ cash flows

Interest coverage ratio: cash flows/ interest expense

*1. All indices are calculated on a consolidated basis.

*2. The total market value of stocks is calculated by multiplying market value at the balance sheet date by the number of shares issued (with shares of treasury stock deducted) by the balance sheet date.

*3. "Cash flows" refers to cash flows provided by (used in) operating activities as shown in the consolidated statements of cash flows.

*4. "Interest-bearing debt" refers to all debts listed in the consolidated balance sheets on which the Company pays interest. "Interest payments" denotes interest payments as reflected in the consolidated statements of cash flows.

(4) Future Outlook

The Japanese economy is expected to make a moderate recovery partly as a result of various government policy measures.

Amid such circumstances, despite an expected decline in consolidated net sales overall from the results for the fiscal year under review due mainly to a reduction in the number of consolidated subsidiaries, operating income is forecasted to exceed the results for the fiscal year under review. Recurring profit is anticipated to be lower than the result for the fiscal year under review due to a decrease in equity in earnings of affiliates, while net income attributable to owners of the parent is forecasted to exceed the results for the fiscal year under review due mainly to a decrease in extraordinary losses such as a loss on sales of investment securities recorded in the fiscal year under review.

Consequently, for the fiscal year ending March 31, 2019, the Company is forecasting consolidated net sales of ¥623.0 billion, with operating income of ¥25.5 billion, recurring profit of ¥33.1 billion and net income attributable to owners of the parent of ¥25.0 billion.

(5) Basic Policy on Distribution of Company Profits, and Dividends for the Fiscal Year ended March 31, 2018 and the Fiscal Year ending March 31, 2019

The Company regards the redistribution of profits to its shareholders as one of its most important management responsibilities. Its basic policy, under the certified broadcast holding company structure, is to provide distributions to its shareholders commensurate with performance, while making proactive investments for the growth of the Group's businesses, and entry into new business fields, in order to enhance its corporate value.

The Company's policy regarding the distribution of retained earnings is to determine the disbursement based on a target of payout ratio of 40% on a consolidated basis, with consideration to the stability of dividends from the standpoint of emphasizing the redistribution of profits to its shareholders. Based on this policy, the year-end dividend for the fiscal year ended March 31, 2018 will be ¥20 per share.

Together with the interim dividend of ¥20 per share, this represents a full-year payout of ¥40 per share which is the same amount as that of the fiscal year ended March 31, 2017. The dividend payment will be an item on the agenda of the 77th Ordinary General Meeting of Shareholders scheduled for June 27, 2018.

For the fiscal year ending March 31, 2019, the Company will maintain this dividend policy. Based on this policy, the Company plans to pay a dividend of ¥20 per share plus a commemorative dividend (commemorating the 10th anniversary of transition to a certified broadcast holding company and the 60th anniversary of Fuji Television Network, Inc.) of ¥2 per share for a total of ¥22 per share for an interim dividend and a year-end dividend, amounting to a full-year payout of ¥44 per share, including the ¥4 in commemorative dividends.

2. BASIC STANCE ON SELECTION OF ACCOUNTING STANDARDS

The Group's policy is to prepare its consolidated financial statements based on Japanese standards for the time being, considering the comparability of consolidated financial statements among periods and among companies.

Regarding the application of the IFRS (International Financial Reporting Standards), its policy is to respond appropriately, considering the various conditions inside and outside Japan.

3. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2017	**March 31, 2018**
ASSETS		
Current assets:		
Cash and deposits	64,081	**85,017**
Notes and accounts receivable-trade	112,698	**114,201**
Marketable securities	98,755	**83,602**
Inventories	78,628	**78,580**
Deferred tax assets	6,160	**7,140**
Other	32,568	**36,043**
Allowance for doubtful accounts	(759)	**(683)**
Total current assets	392,133	**403,903**
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	134,929	**145,426**
Machinery, equipment and vehicles, net	10,652	**9,291**
Land	237,962	**240,295**
Construction in progress	9,980	**11,591**
Other, net	9,131	**9,685**
Total property, plant and equipment	402,656	**416,290**
Intangible assets		
Goodwill	1,433	**1,145**
Leasehold right	16,806	**18,317**
Software	7,778	**7,278**
Other	6,861	**7,357**
Total intangible assets	32,881	**34,098**
Investments and other assets		
Investment securities	313,675	**352,962**
Net defined benefit asset	83	**696**
Deferred tax assets	16,398	**15,826**
Other	28,848	**26,929**
Allowance for doubtful accounts	(1,560)	**(1,475)**
Total investments and other assets	357,445	**394,939**
Total noncurrent assets	792,983	**845,327**
Deferred assets	82	**328**
Total assets	1,185,199	**1,249,559**

	Millions of yen	
	March 31, 2017	**March 31, 2018**
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	56,629	**58,820**
Short-term loans payable	29,497	**48,724**
Accrued income taxes	5,167	**5,177**
Provision for sales returns	761	**659**
Provision for directors’ bonuses	335	**335**
Provision for point card certificates	663	**567**
Provision for loss on reconstruction	265	**476**
Provision for environmental measures	17	**17**
Provision for loss on closing of office	—	**116**
Other	78,996	**71,386**
Total current liabilities	172,333	**186,281**
Noncurrent liabilities:		
Bonds payable	20,000	**20,000**
Long-term loans payable	140,161	**143,512**
Deferred tax liabilities	67,825	**77,049**
Deferred tax liabilities for land revaluation	12,554	**12,554**
Provision for directors’ retirement benefits	2,029	**2,131**
Provision for environmental measures	70	**46**
Provision for loss on reconstruction	326	**—**
Net defined benefit liability	66,399	**65,020**
Negative goodwill	4,668	**4,055**
Other	16,767	**17,173**
Total noncurrent liabilities	330,803	**341,544**
Total liabilities	503,136	**527,825**
NET ASSETS		
Shareholders’ equity:		
Capital stock	146,200	**146,200**
Capital surplus	173,673	**173,676**
Retained earnings	290,788	**306,997**
Treasury stock	(10,248)	**(9,354)**
Total shareholders’ equity	600,413	**617,519**
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	78,202	**98,313**
Deferred gains or losses on hedges	(325)	**(400)**
Revaluation reserve for land	1,466	**1,448**
Foreign currency translation adjustment	46	**(574)**
Remeasurements of defined benefit plans	(11,958)	**(9,760)**
Total accumulated other comprehensive income	67,430	**89,024**
Non-controlling interests	14,219	**15,189**
Total net assets	682,062	**721,733**
Total liabilities and net assets	1,185,199	**1,249,559**

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

Consolidated Statements of Income

Years ended March 31

	Millions of yen	
	2017	**2018**
Net sales	653,976	**646,536**
Cost of sales	457,509	**448,170**
Gross profit	196,467	**198,366**
Selling, general and administrative expenses	174,147	**173,108**
Operating income	22,319	**25,258**
Non-operating income:		
Interest income	221	**241**
Dividends income	2,452	**2,987**
Equity in earnings of affiliates	4,317	**5,619**
Amortization of negative goodwill	578	**578**
Gain on investments in partnership	615	**682**
Other	2,361	**1,569**
Total	10,547	**11,680**
Non-operating expenses:		
Interests	1,447	**1,204**
Loss on investments in partnership	279	**154**
Other	759	**460**
Total	2,486	**1,818**
Recurring profit	30,380	**35,120**
Extraordinary gain:		
Gain on sales of investment securities	200	**2,820**
Gain on negative goodwill	4,253	**—**
Other	1,273	**393**
Total	5,728	**3,214**
Extraordinary loss:		
Loss on sales of investment securities	0	**2,113**
Loss on business restructuring	—	**1,661**
Loss on step acquisitions	1,296	**—**
Other	1,979	**2,499**
Total	3,276	**6,274**
Income before income taxes	32,831	**32,059**
Income taxes-current	6,615	**7,063**
Income taxes-deferred	(1,543)	**(724)**
Total	5,071	**6,339**
Net income	27,759	**25,720**
Net income attributable to non-controlling interests	363	**764**
Net income attributable to owners of the parent	27,396	**24,956**

Consolidated Statements of Comprehensive Income

Years ended March 31

	Millions of yen	
	2017	**2018**
Net income	27,759	**25,720**
Other comprehensive income:		
Valuation difference on available-for-sale securities	16,121	**20,095**
Deferred gains or losses on hedges	297	**(68)**
Foreign currency translation adjustment	(596)	**(638)**
Remeasurements of defined benefit plans	4,317	**2,124**
Share of other comprehensive income of affiliates accounted for using equity method	232	**154**
Total other comprehensive income	20,373	**21,668**
Comprehensive income	48,133	**47,388**
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	47,814	**46,550**
Comprehensive income attributable to non-controlling interests	318	**838**

(3) Consolidated Statements of Changes in Net Assets

Year ended March 31, 2017 | Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of fiscal year	146,200	173,673	272,716	(9,816)	582,773
Changes of items during the fiscal year:					
Dividends from surplus			(9,367)		(9,367)
Net income attributable to owners of the parent			27,396		27,396
Purchase of treasury stock				(0)	(0)
Change in equity in affiliates accounted for by equity method – treasury stock				(50)	(50)
Reversal of revaluation reserve for land			43		43
Change of scope of consolidation				(381)	(381)
Net changes of items other than shareholders' equity					
Total	—	—	18,071	(431)	17,639
Balance at the current year-end	146,200	173,673	290,788	(10,248)	600,413

(Continued on page 17)

	Accumulated other comprehensive income						**Non-con-trolling interests**	**Total net assets**
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total		
Balance at the beginning of fiscal year	61,937	(732)	1,509	654	(16,357)	47,011	8,598	638,383
Changes of items during the fiscal year:								
Dividends from surplus								(9,367)
Net income attributable to owners of the parent								27,396
Purchase of treasury stock								(0)
Change in equity in affiliates accounted for by equity method – treasury stock								(50)
Reversal of revaluation reserve for land								43
Change of scope of consolidation								(381)
Net changes of items other than shareholders' equity	16,264	407	(43)	(607)	4,398	20,418	5,621	26,039
Total	16,264	407	(43)	(607)	4,398	20,418	5,621	43,679
Balance at the current year-end	78,202	(325)	1,466	46	(11,958)	67,430	14,219	682,062

Year ended March 31, 2018 Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance at the beginning of fiscal year	146,200	173,673	290,788	(10,248)	600,413
Changes of items during the fiscal year:					
Dividends from surplus			(9,350)		(9,350)
Net income attributable to owners of the parent			24,956		24,956
Purchase of treasury stock				(0)	(0)
Change in equity in affiliates accounted for by equity method – treasury stock				(123)	(123)
Reversal of revaluation reserve for land			18		18
Disposal of treasury stock		(47)		1,017	969
Change of scope of consolidation			709		709
Change of scope of equity method			(124)		(124)
Changes in the parent company's holdings related to transactions involving shareholders with non-controlling interests		50			50
Net changes of items other than shareholders' equity					
Total	—	3	16,209	894	17,106
Balance at the current year-end	146,200	173,676	306,997	(9,354)	617,519

(Continued on page 19)

	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total	**Non-con-trolling interests**	**Total net assets**
Balance at the beginning of fiscal year	78,202	(325)	1,466	46	(11,958)	67,430	14,219	682,062
Changes of items during the fiscal year:								
Dividends from surplus								(9,350)
Net income attributable to owners of the parent								24,956
Purchase of treasury stock								(0)
Change in equity in affiliates accounted for by equity method – treasury stock								(123)
Reversal of revaluation reserve for land								18
Disposal of treasury stock								969
Change of scope of consolidation								709
Change of scope of equity method								(124)
Changes in the parent company's holdings related to transactions involving shareholders with non-controlling interests								50
Net changes of items other than shareholders' equity	20,111	(75)	(18)	(621)	2,197	21,594	970	22,564
Total	20,111	(75)	(18)	(621)	2,197	21,594	970	39,671
Balance at the current year-end	98,313	(400)	1,448	(574)	(9,760)	89,024	15,189	721,733

(4) Consolidated Statements of Cash Flows

Years ended March 31

	Millions of yen	
	2017	**2018**
Cash flows from operating activities:		
Income before income taxes	32,831	**32,059**
Depreciation and amortization	18,307	**18,569**
Amortization of goodwill	(334)	**(339)**
Increase (decrease) in net defined benefit liability	(851)	**(1,571)**
Interest and dividends income	(2,673)	**(3,229)**
Interest expenses	1,447	**1,204**
Equity in (earnings) losses of affiliates	(4,317)	**(5,619)**
Loss (gain) on sales of investment securities	(200)	**(707)**
Gain on negative goodwill	(4,253)	**—**
Loss (gain) on step acquisitions	1,296	**—**
Decrease (increase) in notes and accounts receivable-trade	5,103	**(4,025)**
Decrease (increase) in inventories	5,294	**9,342**
Increase (decrease) in notes and accounts payable-trade	(1,688)	**3,663**
Other	410	**1,508**
Subtotal	50,371	**50,855**
Interest and dividends income received	3,590	**4,363**
Interest expenses paid	(1,558)	**(1,216)**
Income taxes paid	(7,387)	**(8,987)**
Income taxes refunded	3,307	**1,720**
Net cash provided by operating activities	48,323	**46,735**
Cash flows from investing activities:		
Payments on purchase of marketable securities	(169,465)	**(176,313)**
Proceeds from sales and redemption of securities	163,657	**187,748**
Payments on purchase of property, plant and equipment	(33,651)	**(39,021)**
Payments on purchase of intangible assets	(3,575)	**(5,219)**
Payments on purchase of investment securities	(15,485)	**(9,744)**
Proceeds from sales and redemption of investment securities	3,132	**6,504**
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,974	**—**
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	**622**
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	**(808)**
Other	13,526	**232**
Net cash used in investing activities	(39,887)	**(35,997)**

(Continued on page 21)

	Millions of yen	
	2017	**2018**
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	506	**(2,552)**
Proceeds from long-term loans payable	25,000	**31,000**
Repayments of long-term loans payable	(8,204)	**(5,822)**
Proceeds from issuance of bonds	19,922	**—**
Redemption of bonds	(30,000)	**(10,000)**
Dividends paid	(9,334)	**(9,343)**
Dividends paid to non-controlling shareholders	(339)	**(497)**
Other	423	**325**
Net cash provided by (used in) financing activities	(2,025)	**3,110**
Effect of exchange rate changes on cash and cash equivalents	(249)	**(394)**
Net increase (decrease) in cash and cash equivalents	6,161	**13,452**
Cash and cash equivalents at the beginning of the year	71,429	**78,161**
Increase in cash and cash equivalents from the new consolidation of a subsidiary	570	**1,541**
Cash and cash equivalents at the end of the year	78,161	**93,155**

(5) Notes to Consolidated Financial Statements

(Note on Assumptions for Going Concern)

Not applicable

(Important Matters Concerning the Basis for Preparing the Consolidated Financial Statements)

1. Matters concerning the scope of consolidation

(1) Number of consolidated subsidiaries: 40

Names of major consolidated subsidiaries

Fuji Television Network, Inc.

The Sankei Building Co., Ltd.

Dinos Cecile Co., Ltd.

Fuji&gumi Games Inc. became a consolidated subsidiary of the Company as of the beginning of the fiscal year under review considering its recent growing importance, but because it was merged with and absorbed by Fuji Games, Inc. in February 2018, it was excluded from the scope of consolidation.

Pony Canyon Inc. sold all the shares of Pony Canyon Enterprise Inc. to Memory-Tech Holdings Inc. in March 2018. As a result, Pony Canyon Enterprise Inc. was excluded from the scope of consolidation.

In March 2018, the Company sold shares of Sankei Living Shimbun Inc., converting it from a consolidated subsidiary to an affiliate of the Company accounted for by the equity method. Furthermore, because the shares of Living Pro-Seed, Inc. were sold to Sankei Living Shimbun Inc., Living Pro-Seed, Inc. was excluded from the scope of consolidation.

(2) Names of major non-consolidated subsidiaries

FCG Research Institute, Inc.

Nippon Planning Center Inc.

Reasons for excluding the subsidiaries from the scope of consolidation

56 non-consolidated subsidiaries are small companies and the aggregate amounts of total assets, net sales, net income/loss and retained earnings (based on the Company's equity interest) thereof have no significant impact on the consolidated financial statements.

(3) Special Purpose Companies (SPCs) subject to disclosure

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

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

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

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

	March 31, 2017	March 31, 2018
Number of SPCs	1	1
Total assets as of the most recent closing date (simple aggregation) (Millions of yen)	13,251	13,269
Total liabilities (simple aggregation) (Millions of yen)	13,248	13,265

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

For the fiscal year ended March 31, 2017

Amounts, etc. of transactions with the SPC in the consolidated fiscal year ended March 31, 2017 are as follows.

	Balance at the end of consolidated fiscal year (Millions of yen)	Major gain/loss	
		Item	Amount (Millions of yen)
Accounts receivable (Note) 1	9	Operating expenses (Note) 2	601
Investments made in silent partnerships	0	—	—

(Notes) 1. Advances paid to the SPC

2. Real estate rental fees paid to the SPC

For the fiscal year ended March 31, 2018

Amounts, etc. of transactions with the SPC in the consolidated fiscal year ended March 31, 2018 are as follows.

	Balance at the end of consolidated fiscal year (Millions of yen)	Major gain/loss	
		Item	Amount (Millions of yen)
Accounts receivable (Note) 1	43	Operating expenses (Note) 2	593
Investments made in silent partnerships	0	—	—

(Notes) 1. Advances paid to the SPC

2. Real estate rental fees paid to the SPC

2. Matters concerning the application of the equity method

(1) Number of non-consolidated subsidiaries accounted for by the equity method: 4

Names of major non-consolidated subsidiaries

FCG Research Institute, Inc.

Nippon Planning Center Inc.

CHECK YOUR PULSE MUSIC PUBLISHING, LLC became a non-consolidated subsidiary accounted for by the equity method as of the beginning of the fiscal year under review, considering its recent growing importance.

(2) Number of affiliates accounted for by the equity method: 20

Names of major affiliates

Kansai Telecasting Corporation

WOWOW Inc.

In March 2018, the Company sold the shares of Sankei Living Shimbun Inc., converting it from a consolidated subsidiary to an affiliate accounted for by the equity method.

In March 2018, the Company acquired additional shares of TV-Kumamoto Co., Ltd., converting it to an affiliate accounted for by the equity method.

(3) Names of major non-consolidated subsidiaries and affiliates not accounted for by the equity method

Tokyo Film Mate Corp.

David Production Inc.

FUJIPACIFIC MUSIC KOREA, INC.

Reasons for not applying the equity method

The companies not accounted for by the equity method are excluded from the scope of the equity method as they have no significant impact on the consolidated net income/loss and retained earnings and are of little importance as a whole.

(4) Special Notes with respect to the Application of the Equity Method

Concerning the companies accounted for by the equity method, the financial statements for their respective fiscal years are used for those that have a closing date that differs from the consolidated closing date.

No further disclosure is made hereby, as there are no significant changes other than as mentioned above from the descriptions in the latest securities report (submitted on June 28, 2017).

(Changes in Presentation)

Consolidated Statements of Income

“Gain on sales of investment securities,” which was included in “Other” under “Extraordinary gain” in the previous consolidated fiscal year, is shown separately from the fiscal year under review, as the amount of such gain exceeded 10% of the total extraordinary gain.

“Gain on sales of noncurrent assets” under “Extraordinary gain,” which was separately shown in the previous consolidated fiscal year, is included in “Other” from the fiscal year under review, as the amount of such gain fell below 10% of the total extraordinary gain.

The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect these changes in presentation.

As a result, the amount of ¥1,179 million which was presented as “Gain on sales of noncurrent assets” and the amount of ¥294 million which was presented as “Other” under “Extraordinary gain”, in the consolidated statement of income for the previous fiscal year are reclassified as ¥200 million in “Gain on sales of investment securities” and ¥1,273 million in “Other.”

“Loss on sales of investment securities,” which was included in “Other” under “Extraordinary loss” in the previous consolidated fiscal year, is shown separately from the fiscal year under review, as the amount of such loss exceeded 10% of the total extraordinary loss.

“Impairment loss” and “Loss on reconstruction” under “Extraordinary loss,” which were separately shown in the previous consolidated fiscal year, are included in “Other” from the fiscal year under review, as the amount of such losses fell below 10% of the total extraordinary loss.

The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect these changes in presentation.

As a result, the amount of ¥949 million which was presented as “Impairment loss,” the amount of ¥463 million which was presented as “Loss on reconstruction” and the amount of ¥567 million which was presented as “Other” under “Extraordinary loss”, in the consolidated statement of income for the previous fiscal year are reclassified as ¥0 million in “Loss on sales of investment securities” and ¥1,979 million in “Other.”

Consolidated Statements of Cash Flows

“Loss (gain) on sales of investment securities,” which was included in “Other” under “Cash flows from operating activities” in the previous consolidated fiscal year, is shown separately from the fiscal year under review due to its significance.

“Impairment loss” and “Loss (gain) on sales of noncurrent assets” under “Cash flows from operating activities,” which were shown separately in the previous consolidated fiscal year, are included in “Other” from the fiscal year under review due to their insignificance.

The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect these changes in presentation.

As a result, the amount of ¥949 million which was presented as “Impairment loss,” the negative amount of ¥1,178 million which was presented as “Loss (gain) on sales of noncurrent assets” and the amount of ¥438 million which was presented as “Other”, under “Cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year are reclassified as negative ¥200 million in “Loss (gain) on sales of investment securities” and ¥410 million in “Other.”

“Proceeds from sales of property, plant and equipment” and “Proceeds from sales of intangible assets” under “Cash flows from investing activities,” which were separately shown in the previous consolidated fiscal year, are included in “Other” from the fiscal year under review due to their insignificance.

The consolidated financial statements for the previous fiscal year have been reclassified in order to reflect this change in presentation.

As a result, the amount of ¥6,831 million which was presented as “Proceeds from sales of property, plant and equipment,” the amount of ¥4,876 million which was presented as “Proceeds from sales of intangible assets” and the amount of ¥1,818 million which was presented under “Other”, in the consolidated statement of cash flows for the previous fiscal year are reclassified as ¥13,526 million in “Other.”

(Segment Information)

1. Overview of Reported Segments

The Company’s reported segments allow it to acquire financial data separated into the various components of the corporate group. The scope of the segments is reviewed on a regular basis in order to allow the Board of Directors to determine the allocation of management resources, and evaluate earnings performance.

The Group comprises affiliated companies under the certified broadcast holding company Fuji Media Holdings, Inc. These affiliates conduct broadcast-related business activities centering on the mainstay business of broadcasting as prescribed by the Broadcast Act. The Group’s six reported segments are “Broadcasting,” “Production,” “Video and Music,” “Life Information,” “Advertising” and “Urban Development.”

The “Broadcasting” segment includes the TV broadcasting business and radio broadcasting business; the “Production” segment includes planning, production, engineering and relay of programs for broadcast; the “Video and Music” segment includes the production and sale of music and video content, and management of music copyrights; the “Life Information” segment includes direct marketing; the “Advertising” segment includes the advertising business; and the “Urban Development” segment includes office building leasing, real-estate transactions and hotels and resorts.

2. Calculation Methods for Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reported Segment

The accounting methods for reported business segments are basically the same as the significant items that form the basis for preparation of the consolidated financial statements. Profit figures for reported segments are on an operating income basis. Inter-segment net sales and transfers are based on prevailing market prices.

3. Information on Amounts of Net Sales, Profit or Loss, Assets and Other Items by Reported Segment

Year ended March 31, 2017 (Millions of yen)

	Reported segment							Other (Note 1)	Total	Adjust-ment (Notes 2 and 3)	Consolidated statement of income (Note 4)
	Broad-casting	Produc-tion	Video and Music	Life Informa-tion	Advertis-ing	Urban Develop-ment	Total				
Net sales:											
Net sales to third parties	294,828	22,322	47,130	130,024	42,226	101,988	638,521	15,454	653,976	—	653,976
Inter-segment net sales and transfers	17,893	26,969	941	669	3,250	513	50,236	13,766	64,003	(64,003)	—
Total net sales	312,721	49,292	48,071	130,694	45,476	102,501	688,758	29,221	717,979	(64,003)	653,976
Segment operating income	6,830	1,819	1,071	952	384	10,968	22,026	245	22,271	47	22,319
Segment assets	392,490	37,821	57,885	50,949	14,159	390,971	944,278	26,077	970,355	214,843	1,185,199
Other:											
Depreciation	10,530	939	736	1,069	20	4,605	17,900	649	18,550	(243)	18,307
Amortization of goodwill	—	5	31	40	0	166	244	0	244	—	244
Increase in property, plant and equipment and intangible assets	5,278	1,328	1,493	888	4	30,331	39,324	826	40,151	(194)	39,957

Notes:
1. The “Other” category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing and software development.
2. The segment operating income adjustment of ¥47 million mainly comprises ¥4,923 million in eliminations of inter-segment business, together with minus ¥4,876 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. The segment assets adjustment of ¥214,843 million mainly comprises minus ¥474,154 million in inter-segment credit eliminations, together with ¥688,998 million in Group-wide assets not allocated to a particular reported segment. Group-wide assets mainly included the Company’s surplus funds (cash and deposits, marketable securities, etc.), funds for long-term investment (investment securities, etc.), and assets for divisions connected with management divisions.
4. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

Year ended March 31, 2018 (Millions of yen)

	Reported segment							Other (Note 1)	Total	Adjustment (Notes 2 and 3)	Consolidated statement of income (Note 4)
	Broadcasting	Production	Video and Music	Life Information	Advertising	Urban Development	Total				
Net sales:											
Net sales to third parties	281,527	22,155	48,657	127,784	41,436	108,389	629,950	16,586	646,536	—	646,536
Inter-segment net sales and transfers	16,869	25,612	335	586	3,078	550	47,032	14,511	61,544	(61,544)	—
Total net sales	298,397	47,768	48,993	128,370	44,514	108,939	676,983	31,098	708,081	(61,544)	646,536
Segment operating income	7,393	1,912	1,441	865	521	14,171	26,305	258	26,564	(1,305)	25,258
Segment assets	394,947	39,177	55,244	45,822	14,997	418,168	968,357	27,445	995,802	253,757	1,249,559
Other:											
Depreciation	10,860	935	701	1,114	20	4,700	18,333	520	18,854	(285)	18,569
Amortization of goodwill	—	5	31	35	0	166	239	0	239	—	239
Increase in property, plant and equipment and intangible assets	8,096	584	989	1,141	26	35,050	45,890	709	46,600	(330)	46,269

Notes:
1. The “Other” category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing, software development and games.
2. The segment operating income adjustment of minus ¥1,305 million mainly comprises ¥4,143 million in eliminations of inter-segment business, together with minus ¥5,449 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. The segment assets adjustment of ¥253,757 million mainly comprises minus ¥464,199 million in inter-segment credit eliminations, together with ¥717,957 million in Group-wide assets not allocated to a particular reported segment. Group-wide assets mainly included the Company’s surplus funds (cash and deposits, marketable securities, etc.), funds for long-term investment (investment securities, etc.), and assets for divisions connected with management divisions.
4. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

(Amounts per Share)

The amounts of net assets per share and basic earnings per share with their respective bases for calculating are as follows.

	March 31, 2017	**March 31, 2018**
(1) Net assets per share (Yen)	2,890.79	**3,051.02**
(Basis for calculating)		
Total net assets on the consolidated balance sheet (Millions of yen)	682,062	**721,733**
Total net assets related to shares of common stock (Millions of yen)	667,843	**706,544**
Major components of the difference (Millions of yen) Non-controlling interests	14,219	**15,189**
Number of shares of common stock issued (Shares)	236,429,800	**236,429,800**
Number of shares of treasury stock (Shares)	5,405,228	**4,853,511**
Number of shares of common stock used to determine net assets per share (Shares)	231,024,572	**231,576,289**

Years ended March 31

	2017	**2018**
(2) Basic earnings per share (Yen)	118.50	**107.80**
(Basis for calculating)		
Net income attributable to owners of the parent on the consolidated statement of income (Millions of yen)	27,396	**24,956**
Net income attributable to owners of the parent related to shares of common stock (Millions of yen)	27,396	**24,956**
Average number of issued shares of common stock during the fiscal year (Shares)	231,183,334	**231,497,098**

(Note) Information on diluted earnings per share is omitted, since there is no potentially dilutive share.

(Significant Events after the Reporting Period)

Changes made to segment categories

On May 10, 2018, the Board of Directors 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. In order to advance this plan, the Group has made changes to its segment categories.

In the fiscal year under review, the Group's segments were "Broadcasting," "Production," "Video and Music," "Life Information," "Advertising," "Urban Development" and "Other." Starting from the next fiscal year, the segments will be "Media & Content," "Urban Development, Hotels & Resorts" and "Other."

Information on amounts of net sales, profit or loss, assets and other items by the new reported segments in the fiscal year under review is shown below.

Year ended March 31, 2018 (Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Notes 2 and 3)	Consolidated statement of income (Note 4)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	531,632	108,389	640,022	6,514	646,536	—	646,536
Inter-segment net sales and transfers	591	550	1,141	13,590	14,732	(14,732)	—
Total net sales	532,224	108,939	641,164	20,105	661,269	(14,732)	646,536
Segment operating income	11,839	14,171	26,011	662	26,673	(1,415)	25,258
Segment assets	549,752	418,168	967,920	18,728	986,648	262,910	1,249,559
Other:							
Depreciation	13,673	4,700	18,374	475	18,849	(279)	18,569
Amortization of goodwill	73	166	239	0	239	—	239
Increase in property, plant and equipment and intangible assets	10,864	35,050	45,915	685	46,600	(330)	46,269

Notes: 1. The "Other" category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing and software development.

2. The segment operating income adjustment of minus ¥1,415 million mainly comprises ¥4,034 million in eliminations of inter-segment business, together with minus ¥5,449 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. The segment assets adjustment of ¥262,910 million mainly comprises minus ¥455,046 million in inter-segment credit eliminations, together with ¥717,957 million in Group-wide assets not allocated to a particular reported segment. Group-wide assets mainly included the Company's surplus funds (cash and deposits, marketable securities, etc.), funds for long-term investment (investment securities, etc.), and assets for divisions connected with management divisions.

4 Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

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