

CONSOLIDATED FINANCIAL REPORT
FOR THE SECOND QUARTER OF FISCAL 2017
(The Fiscal Year Ending March 31, 2018 under Japanese GAAP)



November 10, 2017

Company Name: Asahi Broadcasting Corporation* Stock Exchange Listing: Tokyo Stock Exchange
 Securities Code: 9405 URL <http://asahi.co.jp/english/>
 Representative: Satoshi Wakisaka, President and Chief Executive Officer
 Inquiries: Masato Kadota, Director, Financial Affairs Division TEL: +81-6-6458-5321
 Scheduled Date of Securities Report Filing: November 14, 2017
 Scheduled Date of Dividend Payment Commencement: December 1, 2017
 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 2017 (April 1, 2017 to September 30, 2017)

(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 2017	38,920	(4.8)	829	(22.7)	1,021	(19.0)	614	(30.5)
First Half of Fiscal 2016	40,867	3.7	1,072	0.9	1,260	(3.0)	883	12.4

Note: Comprehensive Income First half of fiscal 2017 ¥1,260 million (57.4%)
 First half of fiscal 2016 ¥800 million (5.8%)

	Basic Earnings per Share	Diluted Earnings per Share
	¥	¥
First Half of Fiscal 2017	15.04	—
First Half of Fiscal 2016	21.63	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity-to-Asset Ratio
	¥ million	¥ million	%
September 30, 2017	100,515	61,779	56.9
March 31, 2017	101,979	61,274	55.6

(Reference) Shareholders' Equity September 30, 2017: ¥57,240 million
 March 31, 2017: ¥56,750 million

2. Dividends

	Annual Dividend per Share				
	1Q-End	2Q-End	3Q-End	Period-End	Total
	¥	¥	¥	¥	¥
Fiscal 2016	—	9.00	—	17.00	26.00
Fiscal 2017	—	10.00			
Fiscal 2017 (Forecast)			—	10.00	20.00

Notes: Revisions from recently announced dividend forecast: None

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

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Basic Earnings per Share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full Fiscal Year	80,500	(2.2)	4,100	(17.5)	4,300	(18.3)	2,600	(23.9)	63.67

Note: Revisions from recently announced performance forecast: None

* Notes

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

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

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

1) Changes in accounting policies in accordance with changes in accounting standards, etc.: None

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

3) Changes in accounting estimates: None

4) Restatements: None

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

1) Number of shares issued and outstanding as of the period-end (including treasury shares)

September 30, 2017	41,833,000 shares	March 31, 2017	41,833,000 shares
--------------------	-------------------	----------------	-------------------

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

September 30, 2017	996,087 shares	March 31, 2017	996,087 shares
--------------------	----------------	----------------	----------------

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

September 30, 2017	40,836,913 shares	September 30, 2016	40,836,913 shares
--------------------	-------------------	--------------------	-------------------

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

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

(Caution regarding forward-looking statements, etc.)

Results forecasts and other forward-looking statements contained in this report are based on the assumptions, beliefs, and uncertainties in light of information available to the Company's management as of the publication date and do not represent promises by the Company or its management that these performance figures will be attained. Actual results may differ materially from forecasts due to a variety of factors. Please refer to "1. Analysis of Operating Results and Financial Position (3) Explanation of Forward-Looking Statements, including the Outlook for Consolidated Performance" on page 3 of the attached supplementary materials for information regarding the underlying assumptions for financial results forecasts, as well as explanatory and other notes regarding the use of financial results forecasts.

The Company will hold a briefing for institutional investors and analysts, scheduled for Friday, November 17, 2017. A summary of the presentation materials to be distributed at this briefing shall be published on the Company's website after the event.

Supplementary Materials: Table of Contents

1.	Analysis of Operating Results and Financial Position	2
	(1) Analysis of Operating Results	2
	(2) Analysis of Financial Position	3
	(3) Explanation of Forward-Looking Statements, including the Outlook for Consolidated Performance	3
2.	Quarterly Consolidated Financial Statements and Primary Notes	4
	(1) Quarterly Consolidated Balance Sheet	4
	(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	6
	Quarterly Consolidated Statement of Income	6
	Quarterly Consolidated Statement of Comprehensive Income	7
	(3) Notes regarding Quarterly Consolidated Financial Statements	8
	(Going Concern Assumptions)	8
	(Any Major Change in the Amount of Consolidated Shareholders' Equity)	8
	(Segment Information, etc.)	8
3.	(Reference) Summary of Quarterly Non-Consolidated Financial Statements	9
	(1) Non-Consolidated Operating Results	9
	(2) Non-Consolidated Financial Position	9
	(3) Breakdown of Non-Consolidated Net Sales	9

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

Through the first half of fiscal 2017, which extended from April 1, 2017 to September 30, 2017, the Japanese economy continued a moderate recovery trend, with corporate earnings holding steady and signs of improvement emerging in personal consumption amid a brighter employment and personal income conditions.

Under these circumstances, in the broadcasting field where the Asahi Broadcasting Group (the Group) conducts its core business, decreases in TV network time advertising revenue and other factors caused net sales to decrease. In the housing business, net sales were up due to an increase in revenue associated with the opening of a new housing exhibition facility and other factors. In the golf business, revenue increased due to an increase in the number of golf course visitors and other factors. As a result of these factors, the Group's net sales for the first half of fiscal 2017 decreased ¥1,947 million, or 4.8%, compared to the same period of the previous fiscal year and amounted to ¥38,920 million.

From the cost standpoint, cost of sales decreased ¥1,751 million (6.2%) compared with the same period of the previous fiscal year, to ¥26,484 million. Selling, general and administrative expenses increased ¥47 million (0.4%) compared with the same period of the previous fiscal year, to ¥11,606 million. As a result of the above, operating income for the period decreased ¥243 million, or 22.7%, to ¥829 million, while ordinary income totaled ¥1,021 million, a decrease of ¥239 million, or 19.0%. Additionally, as extraordinary income, ¥20 million in subsidy related to frequency band transfer and ¥24 million in gain on sales of investment securities held by subsidiaries were recorded. As a result, income before income taxes were ¥1,066 million, a decrease of ¥376 million, or 26.1%, and profit attributable to owners of parent was ¥614 million, a decrease of ¥269 million, or 30.5%.

Results by business segment are as follows:

Broadcasting Business

Net sales in the broadcasting business totaled ¥32,974 million, down ¥2,040 million, or 5.8%, compared to the same period of the previous fiscal year. The principal factors accounting for this decrease in revenue included decreases in TV network time advertising revenue and event income. On the other hand, operating expenses decreased 5.2% overall from the same period of the previous fiscal year, owing to factors including decreases in event costs and network expenses. As a result, operating income amounted to ¥412 million, a decrease of ¥223 million, or 35.1%, from the same period of the previous fiscal year.

Housing Business

In the housing business, net sales amounted to ¥5,483 million, an increase of ¥65 million, or 1.2%, compared with the same period of the previous fiscal year. A principal factor was an increase in revenue associated with the opening of a new housing exhibition facility. Meanwhile, operating expenses rose 2.6% due to increased costs from the new housing exhibition facility opening and other factors. As a result, operating income amounted to ¥397 million, a decrease of ¥63 million, or 13.9%, from the same period of the previous fiscal year.

Golf Business

Net sales in the golf business amounted to ¥461 million, an increase of ¥26 million, or 6.1%, compared with the same period of the previous fiscal year. A principal factor was an increase in play revenue from higher visitor numbers. On the other hand, operating expenses fell 2.9% because depreciation expenses that increased in the previous fiscal year as a result of renovations to clubhouses decreased in the fiscal year under review. As a result, operating income amounted to ¥18 million, an increase of ¥43 million from the same period of the previous fiscal year.

(2) Analysis of Financial Position

(Assets)

Consolidated current assets as of the end of the second quarter of fiscal 2017 were ¥33,171 million, ¥2,437 million lower than at the end of the previous fiscal year (March 31, 2017). Non-current assets amounted to ¥67,344 million, ¥972 million higher than at the end of the previous fiscal year. Total assets decreased ¥1,464 million, to ¥100,515 million. The decrease in total assets resulted from the decrease in cash and deposits associated with payments of income taxes payable and dividends from surplus.

(Liabilities)

Consolidated current liabilities stood at ¥10,556 million, ¥1,362 million lower than at the end of the previous fiscal year, and non-current liabilities came to ¥28,179 million, ¥606 million below the level at the previous fiscal year-end. Total liabilities decreased ¥1,969 million, to ¥38,736 million. The principal reason for the decrease in liabilities was the payment of income taxes payable.

(Net Assets)

Consolidated total net assets came to ¥61,779 million, ¥504 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 ¥614 million, the Group paid a total of ¥694 million in dividends from surplus. In addition, due to an increase in the market value of investment securities held by the Company, valuation difference on available-for-sale securities increased ¥285 million, and remeasurements of defined benefit plans increased ¥284 million.

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

As consolidated financial results during the first half of fiscal 2017 are trending within expected ranges, regarding financial results forecasts of the full fiscal year, net sales, operating income, ordinary income, and profit attributable to owners of parent remain unchanged from the previous announcement.

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of Yen)

	March 31, 2017	September 30, 2017
Assets		
Current assets		
Cash and deposits	17,082	14,408
Notes and accounts receivable - trade	12,530	12,107
Short-term investment securities	1,650	2,653
Inventories	2,148	1,995
Other	2,204	2,012
Allowance for doubtful accounts	(7)	(6)
Total current assets	35,608	33,171
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,663	19,872
Land	10,531	10,858
Other, net	6,582	6,872
Total property, plant and equipment	36,776	37,604
Intangible assets		
Software	132	172
Software in progress	744	822
Other	118	112
Total intangible assets	995	1,106
Investments and other assets		
Investment securities	17,805	17,901
Other	11,034	10,969
Allowance for doubtful accounts	(241)	(237)
Total investments and other assets	28,598	28,633
Total non-current assets	66,371	67,344
Total assets	101,979	100,515

(Millions of Yen)

	March 31, 2017	September 30, 2017
Liabilities		
Current liabilities		
Short-term loans payable	100	—
Current portion of long term loans payable	—	40
Accounts payable - other	5,538	6,016
Income taxes payable	1,266	422
Provision	104	42
Other	4,908	4,034
Total current liabilities	11,918	10,556
Non-current liabilities		
Long term loans payable	—	150
Net defined benefit liability	19,677	19,293
Other	9,109	8,736
Total non-current liabilities	28,786	28,179
Total liabilities	40,705	38,736
Net assets		
Shareholders' equity		
Capital stock	5,299	5,299
Capital surplus	3,695	3,695
Retained earnings	48,191	48,111
Treasury stock	(500)	(500)
Total shareholders' equity	56,686	56,606
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,985	3,270
Remeasurements of defined benefit plans	(2,921)	(2,637)
Total valuation and translation adjustments	64	633
Non-controlling interests	4,523	4,539
Total net assets	61,274	61,779
Total liabilities and net assets	101,979	100,515

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

Quarterly Consolidated Statement of Income

For the First Half of Fiscal 2016 and 2017

(Millions of Yen)

	First Half of Fiscal 2016 (April 1, 2016 to September 30, 2016)	First Half of Fiscal 2017 (April 1, 2017 to September 30, 2017)
Net sales	40,867	38,920
Cost of sales	28,235	26,484
Gross profit	12,632	12,435
Selling, general and administrative expenses	11,559	11,606
Operating income	1,072	829
Non-operating income		
Interest income	15	23
Dividends income	165	159
Other	52	38
Total non-operating income	233	221
Non-operating expenses		
Interest expenses	7	4
Loss on disposal of non-current assets	15	23
Business commencement expenses	20	—
Other	1	2
Total non-operating expenses	44	30
Ordinary income	1,260	1,021
Extraordinary income		
Gain on sales of non-current assets	66	—
Gain on sales of investment securities	—	24
Subsidy	116	20
Total extraordinary income	182	45
Income before income taxes	1,443	1,066
Income taxes	455	377
Profit	988	689
Profit attributable to non-controlling interests	104	74
Profit attributable to owners of parent	883	614

Quarterly Consolidated Statement of Comprehensive Income
For the First Half of Fiscal 2016 and 2017

(Millions of Yen)

	First Half of Fiscal 2016 (April 1, 2016 to September 30, 2016)	First Half of Fiscal 2017 (April 1, 2017 to September 30, 2017)
Profit	988	689
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	(462)	287
Remeasurements of defined benefit plans, net of tax	275	284
Total other comprehensive income	(187)	571
Comprehensive income	800	1,260
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	695	1,183
Comprehensive income attributable to non-controlling interests	105	77

(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 2016 (April 1, 2016 to September 30, 2016)

(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	35,014	5,418	435	40,867	—	40,867
Transactions with other segments	220	9	14	243	(243)	—
Total	35,234	5,427	449	41,111	(243)	40,867
Segment profit (loss)	635	461	(24)	1,072	—	1,072

Notes:

1. The adjustment of negative ¥243 million represents the amount of intersegment transaction elimination.
2. Segment profit (loss) refers to operating income recorded on the quarterly consolidated statement of income.

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

(Millions of Yen)

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

Notes:

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

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

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

(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 2017	30,138	(7.1)	390	(56.2)	679	(43.5)	483	(50.5)
First Half of Fiscal 2016	32,450	2.7	893	27.7	1,202	19.8	974	27.9

(2) Non-Consolidated Financial Position

	Total Assets	Net Assets
	¥ million	¥ million
September 30, 2017	76,815	53,593
March 31, 2017	78,326	53,526

(3) Breakdown of Non-Consolidated Net Sales

	First Half of Fiscal 2016 (April 1, 2016 to September 30, 2016)	First Half of Fiscal 2017 (April 1, 2017 to September 30, 2017)	Increase / (Decrease)	% Change
	¥ million	¥ million	¥ million	%
Television broadcasting business revenue				
Time	10,381	9,544	(837)	(8.1)
Spot	16,959	16,755	(204)	(1.2)
Program sales	1,251	1,155	(95)	(7.6)
Subtotal	28,592	27,455	(1,136)	(4.0)
Radio broadcasting business revenue	1,447	1,336	(110)	(7.6)
Other	2,411	1,346	(1,065)	(44.2)
Total	32,450	30,138	(2,312)	(7.1)

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