ANNUAL REPORT 2017

NIPPON TV HOLDINGS

For the Year Ended March 31, 2017

OUR HISTORY

In 1952, based on the strong belief of our founder, Matsutaro Shoriki, that “the restructuring of postwar Japan would not be complete without the development of the television industry,” Nippon TV acquired Japan’s first commercial television broadcasting license and started airing in 1953. The Nippon TV Group will mark the 65th anniversary of its establishment in 2018. During this time, leveraging our content creating capabilities, we have entered various businesses on different broadcasting platforms, including BS, CS and the internet, with terrestrial television as our core. Going forward, as a company that provides enriching experiences, we will continue producing content that will win the support of numerous generations.

1952

Terrestrial broadcasting

Acquired the first TV broadcasting license in Japan and founded company

1953
Started analog terrestrial broadcasting

1959
Listed on Tokyo Stock Exchange

1960
Started broadcasting in color

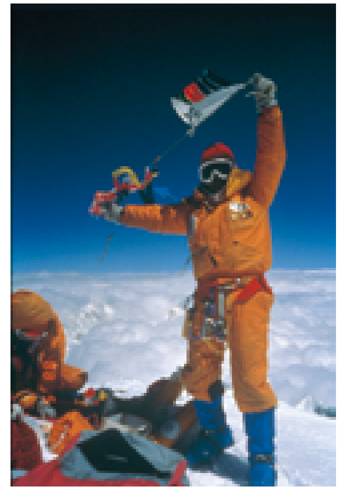
1966
Started broadcasting *Shoten*

TV was employed on the streets shortly after starting broadcasts.

1978
Acquired license and started pilot station of the world's first audio multiplex broadcasting for practical application

Started broadcasting *24-Hour Television*

1988
Live broadcast from summit of Mt. Everest

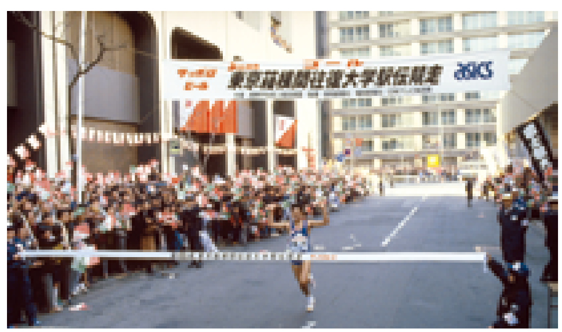


Established CS Nippon Corporation
2001

CS

2002
Started CS Nittele, communications satellite broadcasting at 110 degrees east longitude

1987
Began relaying *Hakone Ekiden* from the 63rd tournament



BS

1998
Established BS Nippon Corporation

2000
Started BS Nittele, BS digital broadcasting

Internet

2005
Started NTV2 fee-based content distribution service centered on original programs

2008
Made all content free on NTV2

2010
Started Nippon TV On-Demand fee-based content distribution service centered on program content

hulu

2014
Acquired Hulu's Japan service and started SVOD services

2015
Reached over 100 million views on Nittele TADA! by Nippon TV On-Demand

Established joint venture HAROiD Inc., which expands the business for smart TV and smart devices

JOCDN

2016
Established joint venture JOCDN Inc. with video streaming CDN services

All About
allabout.co.jp

2017
Capital and business alliance with All About, Inc.

2014
Started free content distribution service Nittele TADA! by Nippon TV On-Demand centered on program content

2017
Subscription for Hulu membership reached 1.55 million users

2003
Started digital terrestrial broadcasting

2007
Restructured five production subsidiaries by function

2012
Transferred to a certified broadcasting holding company structure

2011
Discontinued analog terrestrial broadcasting and made a full-scale shift to digital broadcasting

Fitness

2014
Entered comprehensive fitness club business with share acquisition of TIPNESS Ltd.

Keywords *of* Our Strength

Strength of Nippon Television Holdings as seen from “Our History”

Ability to transmit information

Content creation capabilities

Comprehensive planning

Prediction capabilities

Ability to transmit information

Keywords of Our Strength

We share information effectively and efficiently by leveraging our domestic and overseas networks.

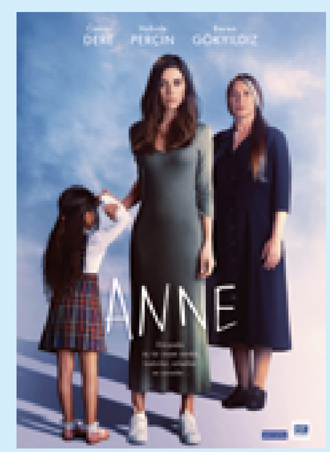
Establishing a Nationwide Network in Japan

Commercial terrestrial television broadcasters in Japan have broadcasting regions that are specified by prefectural and regional authorizations, as defined under the Broadcast Law licensing system. Therefore, a company cannot broadcast nationwide on its own. This situation has led to the development of a network comprising 29 commercial terrestrial television broadcasters throughout Japan, with Nippon Television Network Corporation as a key station. Stations in this network enable nationwide broadcasts and facilitate cooperation on news, programs and other business. Establishing a nationwide network allows us to become the most influential advertising platform, while also being a medium for communicating news accurately and an important source of information in times of emergency.

Broadcasting Overseas

Established jointly with Sony Pictures Television Networks in October 2015, GEM started broadcasting in several Asian countries. GEM has expanded its broadcast region to include Cambodia, Hong Kong, Indonesia, the Philippines, Singapore and Thailand, enabling subscribers to enjoy Japanese dramas and variety shows with minimal delay after their broadcast in Japan. We will continue working to incorporate the demands of the region to develop, promote and expand broadcasting regions.

Additionally, the format for *Dragons' Den* has been screened as *Dragons' Den* in the United Kingdom and *Shark Tank* in the United States, and sold to at least 27 countries. The first remake in Turkey of the Japanese drama *Mother* has been aired, and the Group has been actively expanding operations overseas in other ways.



ANNE (Turkish version of *Mother*)

Content creation capabilities

Keywords of Our Strength

Aiming to Be the Strongest Production Group by Creating and Delivering Enriching Content

Content production capability is a top priority not only in television, but also in video distribution and the film industry. We will continue working to create content that is valued by consumers.

Lifestyle Video Content

The strength of Nippon TV's timetables lies in strong viewer support for its regular programs.

We understand that especially on Sundays during Golden Time, the three-hour airing of *THE TETSUWAN DASH*, *The Quest*, and *LINE-UP LAW OFFICE* have become a weekly activity for families to watch Nippon TV together on Sunday nights.

All three programs have aired for more than 10 years, but even so, the creators are not satisfied. It is their creativity to keep evolving the programs that allows us to maintain high viewer ratings.

We value "viewers first" and think of their lifestyles when deciding how to formulate the programs. By appealing to people's emotions on certain occasions and by providing them with trustworthy, timely information on others, we believe that we are enriching viewers' experiences.

Going forward, we plan to improve content production by focusing on personnel development, content development and improving the working environment. The Programming Department and the Multi-Platform Programming Department will collaborate to leverage not only terrestrial television but BS, CS, Hulu, video packages and overseas video channels to formulate and provide value-rich content throughout Japan.

Example 1 *The Quest*

This program is hugely popular among all generations, always evolving and developing, and in the 10th year since its first airing, has reached record-high monthly viewer ratings of more than 20%. The resources underlying its content capabilities are in its unique programming and the superb staging capabilities of its creators. We will continue challenging ourselves through large-scale variety programs such as *The Mt. McKinley Summit Project* and *52 Year-Old Uchimura's High Bar Challenge* and by fostering popular TV personalities such as Imoto and Miyazon, leading the television industry with formidable content.

Example 2 *ZIP!*

This program has increased viewer ratings since April 2017, when it entered its seventh year on the air. Visualization of the weather and news that are necessary for morning shows and studio staging using virtual cameras make it easier for viewers to watch and understand the show. Furthermore, as original content other than information, an entertainment section is aired during busy times in the morning. For example, "Narabero!" is a new segment in which viewers guess the top three news items of the day, differentiating *ZIP!* from other programs and leading to higher viewer ratings.

Comprehensive planning

Keywords of Our Strength

Newly Established Multi-Platform Programming Department, a Comprehensive Media Strategy Command Center

The newly established Multi-Platform Programming Department uses terrestrial broadcasting, BS, CS and internet distribution channels to propose and conduct strategies that maximize content value.

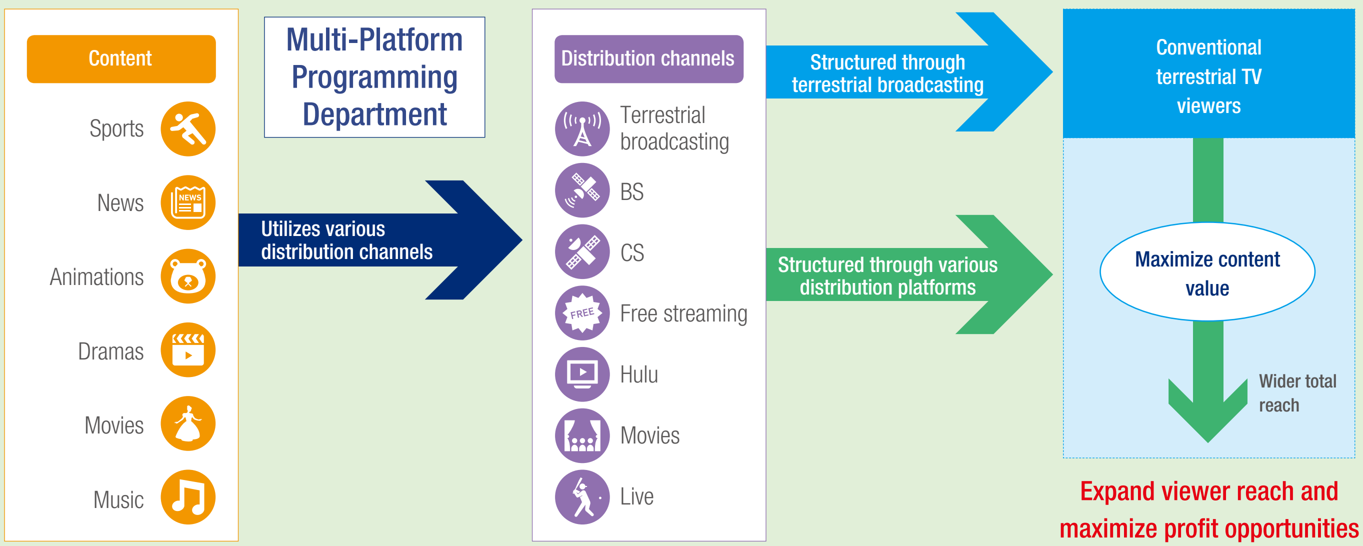
Comprehensive Design Strategy for Content

Amid a decline in the number of households using television (HUTs) in terrestrial broadcasting and a rise in mobile phone use among young people, the Multi-Platform Programming Department was established to leverage the platforms of Nippon Television Holdings and maximize the value of high-quality content in order to prepare for a drastically changing TV industry environment.

Its aim is to organize programming strategy meetings with representatives of Nippon TV, BS Nippon, CS Nippon and HJ Holdings and to propose, decide and conduct general programming that utilizes distribution platforms.

Content that is highly valued live, such as sports and news, is programmed via terrestrial broadcasting, BS and CS, distributed freely through Nittele TADA! by Nippon TV On-Demand, and distributed through Hulu subscriptions to reach a wider audience and drive earnings growth. This includes the *2017 FIVB Volleyball World Grand Champions Cup* in September and *2017 FIFA Club World Cup* at the end of the year.

Stock content including animations, dramas, movies and music are also expected to increase long-term earnings. For example, we have collaborated with LDH JAPAN Inc. in the HiGH & LOW Project to develop terrestrial broadcasting programs, movies, concerts, events and other content. In animations, AnichU corner was newly founded on Tuesday midnights in July. Centered on terrestrial TV broadcasting, we will distribute the programs through BS, CS, on the internet, DVDs and even overseas where there is significant demand. In the drama segment, original, special episodes will be distributed on Hulu.



AnichU

FIVB VOLLEYBALL WORLD GRAND CHAMPIONS CUP JAPAN 2017

Prediction capabilities

Keywords of Our Strength

Supporting the Group's Strategy-Building, Information Collection and Analysis, the Nippon TV Research Lab Continues to Evolve

A year since its founding, the lab analyzes the world's present and future from various perspectives to see what the Nippon TV Group needs to do to keep leading the industry. The lab continues to contribute its findings.

Sharing Information with the Nippon TV Group's Future in Mind

Television is a media where it is possible to reach all of Japan's 120 million people. The lab keeps this in mind when tackling urgent problems and long-term issues by contributing facts gained through extensive research into strategies and business segments. Daily terrestrial TV viewer ratings are analyzed to ascertain changes in viewers' lifestyles and the evolving, surrounding environment, including the latest global technology. These are all shared within the Nippon TV Group.

Information is mainly shared through Nippon TV lab seminars. In the fiscal year ended March 31, 2017, the seminar was conducted 14 times. Themes vary from "What Changes Households Using Television," which links directly to TV programming, to "Youths and Social Media," which analyzes the most recent customer lifestyle changes, with speakers ranging from outside experts to lab members.

Furthermore, the lab teamed up with the Sports Division to host the NTV SPORTS LAB in November and with Engineering & Technology to host the CREATIVE TECHNOLOGY LAB in March as major events. Both events had many attendees from inside and outside the Company, boosting contact with Nippon TV Group companies centering on leading technology and program production.

We hope to continue sharing information with the Nippon TV Group's future in mind.

Special lab seminar
"Thinking Beyond the Paralympics with Ms. Mayumi Narita"

Example: Hosting CREATIVE TECHNOLOGY LAB

On March 7 and 8, 2017, we hosted the CREATIVE TECHNOLOGY LAB to discuss the use of cutting-edge technology, such as 4K HDR, artificial intelligence (AI), robots and virtual reality (VR), in creative work and businesses. Lectures by Osaka University Professor Hiroshi Ishiguro, who devised the "MATSUKO-ROID," panel sessions by AI and VR experts and Nippon TV employees to discuss the use of these technologies, demos of an android announcer and first-hand VR experiences were conducted, and a total of 2,300 people attended the event from inside and outside the Company.

Learning from Nippon TV's first VR drama, *The Detective Invisible*
(Left: Rhizomatiks Co., Ltd. Representative Director and CEO Seiichi Sato)

Talking with android announcer *ERICA*

Management Policy

As the top company in the media and content industry with the ability to utilize its unparalleled creativity and communication capacity, Nippon TV Group will strive to continue delivering news accurately and expediently. Further, Nippon TV Group will achieve the following "Four Creations" through its relentless pursuit of innovation and opportunities.

"Four Creations"

- Create high-quality content
- Create a new culture
- Create a prosperous society

and finally...

- Create a bright future

Nippon Television Holdings Group Companies (As of July 1, 2017)

Consolidated Subsidiaries

NIPPON TELEVISION NETWORK CORPORATION
BS Nippon Corporation
CS Nippon Corporation
NTV Technical Resources Inc.
AX-ON Inc.
NTV EVENTS Inc.
Nippon Television Art Inc.
Nippon Television Music Corporation
VAP Inc.
TIPNESS Limited
NTV Service Inc.
Nippon Television Work 24 Corporation
Forecast Communications Inc.
NTV IT Produce Corporation
NitteleSeven Co., Ltd.
TATSUNOKO PRODUCTION Co., Ltd.
HJ Holdings, Inc.
ACM CO., Ltd.
NTV America Company
NTV International Corporation

Non-Consolidated Subsidiaries

Nippon Television Network Europe B.V.
NTV Asia Pacific Pte. Ltd.
MADHOUSE Inc.
MADBOX Co., Ltd.
NTV Personnel Center Corp.
LogicLogic, inc.
HAROiD Inc.
NTV Group Planning Inc.
Rights Inn Corporation
VAP Music Publishing Inc.
SOUND INN STUDIOS INC.
J.M.P CO., LTD
SANEIWORK CORPORATION
IKAROS CO., LTD.
RF Radio Nippon Co., Ltd.
RF Music Publisher Inc.
ForGroove, Inc.
MEGASOLAR GENERATION NI GK

Affiliated Companies

NIKKATSU CORPORATION
All About, Inc.
All About Navi, Inc.
CNplus Production, Inc.
SUN ARROWS INVESTMENT CO., LTD.
GEM Media Networks Asia Pte. Ltd.
Nishi Nihon Eizo Corporation
KKT Innovate Corporation
Nagasaki Vision Corp.
Kagoshima Vision Corporation
Kanazawa Eizo Center Corporation
Promedia Co., Ltd.
Cosmo Space Co., Ltd.
Art Yomiuri Co., Ltd.
Shiodome Urban Energy Corporation

Public Interest Incorporated Foundations

Yomiuri Nippon Symphony Orchestra
Nippon Television Kobato Cultural Foundation
24-Hour Television Charity Committee
The Tokuma Memorial Cultural Foundation for Animation

Contents

Caution with Respect to Forward-Looking Statements:
Statements made in this annual report with respect to Nippon TV's plans and benefits, as well as other statements that are not historical facts, are forward-looking statements, which involve risks and uncertainties. Potential risks and uncertainties include, without limitation, general economic conditions in Nippon TV's markets, exchange rates and Nippon TV's ability to continue to win customers' acceptance of its products, which are offered in highly competitive markets characterized by continual new product introductions and rapid developments in technology.

Message from Management

Strengthening Our Content Creation Capabilities to Focus on Internet Business, Starting from Video Streaming Services, and Diversifying Our Portfolio

Overview of the Fiscal Year Ended March 31, 2017

For the fiscal year ended March 31, 2017, the Company initially anticipated lower earnings due to an increase in program production costs in line with the *2016 Rio de Janeiro Olympic Games* and ongoing upfront investments for business expansion. However, earnings for the fiscal year were on a par with the previous year. Thanks in part to the “Triple Crown*” title in the 2016 annual average household viewer ratings (January 4, 2016, to January 1, 2017) and strong fiscal year average household viewer ratings (April 4, 2016, to April 2, 2017) for the third year running, and also to high individual viewer ratings—with high client needs—that led to a record-high spot share in Tokyo key stations, television broadcasting revenue significantly contributed to earnings. In addition, HJ Holdings, Inc., which operates Hulu, steadily increased its number of subscribers, improving profits significantly. TIPNESS, which became a consolidated subsidiary in December 2014, also contributed to earnings with new openings of the 24/7 training gym FASTGYM24.

*Top household viewer ratings in all the day (6 a.m. to midnight), golden time (7 p.m. to 10 p.m.), and prime time (7 p.m. to 11 p.m.) slots.

Anticipated Future Changes in the Market Environment

Currently, television broadcasting revenue is posting solid growth, against a backdrop of robust viewer ratings in the mainstay Media and Content Business. However, we would be quickly left behind in a world of ever-changing technology if we failed to continuously “destroy and create.”

The fast-paced development of information and communications technology (ICT) has led to the so-called “Fourth Industrial Revolution” where everything and everyone can connect through the Internet of Things (IoT), artificial intelligence (AI) and big data usage. These technological innovations impact not only the socioeconomic system, but also people’s values and lifestyles. Issues including the declining birthrate and aging population, urbanization of population and industries, and economic globalization have shaped Japanese society. In particular, the 5G mobile telecoms system enables much faster communication and, combined with the surge in smartphone and smart TV usage, allows a wider variety of services linking broadcasts and networks. When this occurs, it is hard to think that we will be able to survive with the existing business model. Given the accelerating societal and lifestyle changes toward the 2020 Tokyo Olympics, we will respond to these changes and focus on measures that will change these crises into an opportunity to move forward.

Key Measures

Our utmost priority is to strengthen content. To continuously design high-quality content is a lifeline for us, as content providers, to gain the support of viewers and sponsors. In order to maximize media synergy between the terrestrial, BS, CS and internet distribution channels, quality content is a necessity. We will continue strengthening our Group's core competence in content production.

Further, amid an expanding domestic video distribution market, the Nippon TV Group has also accelerated measures towards online distribution. Subscription video service Hulu fully upgraded its distribution structure in May 2017. Search engines, live streaming on smartphones and tablets and app functions have all improved significantly in terms of functionality and services. As of end-March 2017, the number of subscription memberships had increased steadily to 1.55 million users, but we believe it is crucial to achieve 2 million users as soon as possible to ensure stable, long-term growth.

In December 2016, Internet Initiative Japan Inc. (IIJ) founded the joint venture JOCDN Inc., which provides the domestic video streaming platform CDN (Content Delivery Network). In April 2017, the business platform was strengthened and given capital and business tie-ups with 14 commercial television stations based in Tokyo, Osaka and Nagoya, laying the foundation to expand CDN services to all of Japan. We will provide high-quality and efficient CDN services to broadcasting stations and video streaming companies that are looking to expand the video distribution market and tackle issues regarding simultaneous airing of terrestrial television broadcasts. With the help of commercial television broadcasters and IIJ, we will continue developing technology that supports the Japanese broadcasting infrastructure.

In March 2017, we signed a capital and business affiliation agreement with All About, Inc., turning it into an affiliate. We aim to develop new content, provide information services, and expand e-commerce business by mutually leveraging each other's resources. As part of the business strategy to expand earnings opportunities, Facebook navi, operated by subsidiary All About, Inc., and citrus began airing Nippon TV programs in May 2017. In addition, we decided to establish a joint venture for business collaboration, including events, to sell Nippon TV merchandise.

Medium-Term Management Plan

The fiscal year ending March 31, 2018, is the second year of the Nippon TV Group Medium-Term Management Plan 2016–2018 Change65.

In the television broadcasting business, depreciation and amortization is expected to rise in line with increasing capital expenditures from the renewal of broadcast facilities in the Nippon TV Shiodome television tower and the construction of the new Kojimachi studio building, which is scheduled to start operation in 2018. However, these are investments that will lead to stable broadcasts and improvement in the quality of content to gain the support of viewers and sponsors, as part of our aim to achieve the "Triple Crown in Viewer Ratings" in terrestrial broadcasting.

We believe that the video distribution business, with Hulu as its core, and overseas businesses are fundamental to diversifying our earnings base for medium- to long-term growth. We will continue to actively invest in new businesses to diversify our business portfolio. We will also undertake measures to adapt to the changing market environment and technological innovations.

Returns to Shareholders

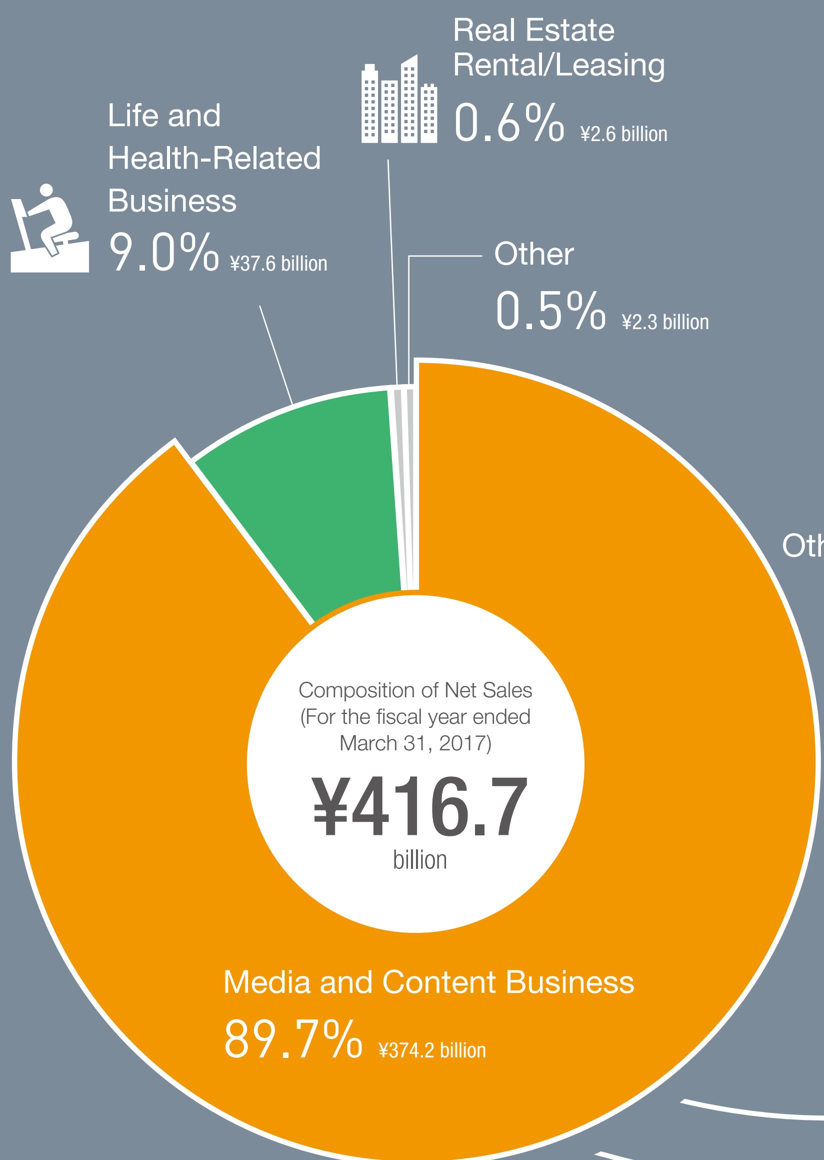
The Group recognizes the return of profits to shareholders as an important management priority. For the fiscal year ended March 31, 2017, we awarded dividends of ¥34 per share, including an interim dividend. We plan to continue awarding stable ongoing dividends, while seeking a balance between strengthening our profit base, ensuring the company is adaptable to the changing business environment and maintaining a certain degree of internal reserves for aggressive future expansion.

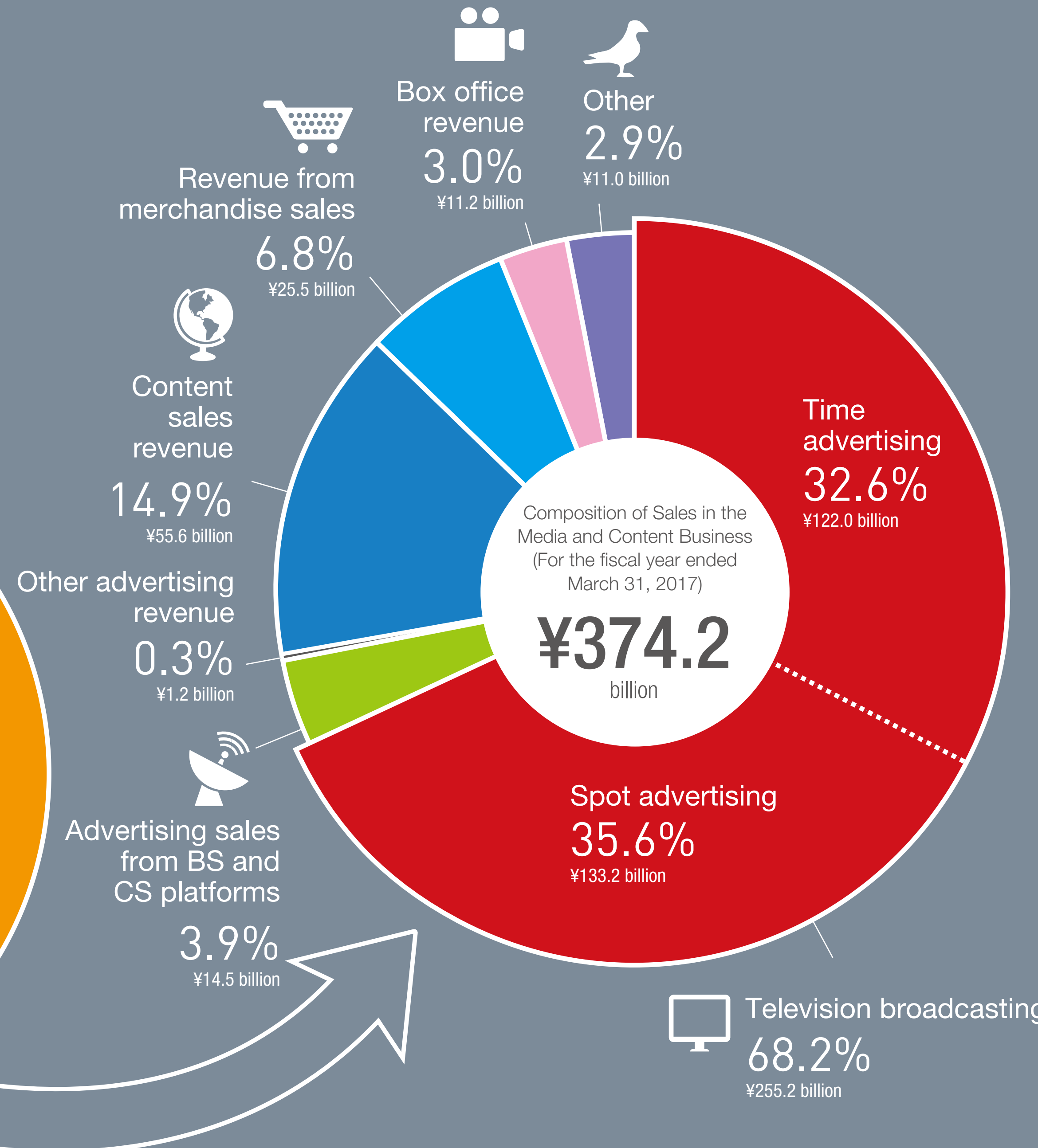
We would like to thank our shareholders and investors for their continued understanding and cooperation and we look forward to your support.

July 2017

Yoshio Okubo
Representative Director, President

Business Domain





Note 1: Figures indicate sales to outside customers. Intersegment sales and transfers are not included.
Note 2: The "Other" classification represents business segments not included in reporting segments and includes operations such as retail businesses and IT services.

Snapshot

Top Annual Viewer Ratings

Household viewer ratings for the 2016 calendar year captured the Triple Crown title for the third year running, with top ratings for all day, golden time and prime time.

Top Fiscal Year Viewer Ratings

Household viewer ratings for the fiscal year ended March 31, 2017, captured the Triple Crown title for the third year running, with top ratings for all day, golden time and prime time.

Top Television Broadcasting Revenue

For the fiscal year ended March 31, 2017, we earned the top television broadcasting revenue among the key stations in Tokyo for the third year running.

Top Time and Spot Shares

Our share increased significantly among the key stations in Tokyo, maintaining both top time and spot shares.

Around 1.55 million

Hulu Membership

Subscribers to the Hulu fee-based online video service exceeded 1.55 million as of March 31, 2017. Users are now able to watch real-time broadcasting of sports and news on their smartphones, improving convenience.

Around 300,000

TIPNESS Members

In addition to 61 fitness clubs, FASTGYM24, which is open 24/7 and 365 days a year, has significantly increased its number of branches, to 64*. Total TIPNESS membership has grown steadily to reach approximately 300,000 members*.

* Both figures are as of March 31, 2017.

Overview of Business Segments

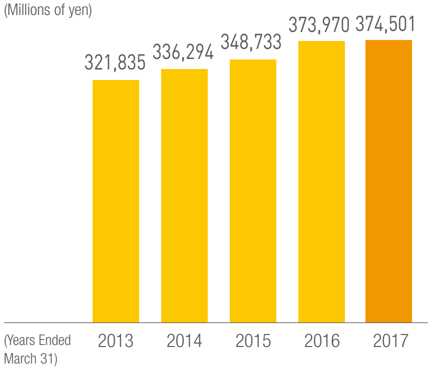
Media and Content Business

* In the fiscal year ended March 31, 2017, we renamed the Contents Business the Media and Content Business. There is no change in the segment itself.

In addition to a surge in television broadcasting revenue attributable to high ratings, Nippon TV saw an increase in content sales revenue from the uptrend in the number of Hulu subscription memberships. Sales increased ¥530 million year on year, or 0.1%, to ¥374,501 million, including intersegment sales and transfers. However, operating income fell ¥534 million year on year, or 1.1%, to ¥48,263 million.

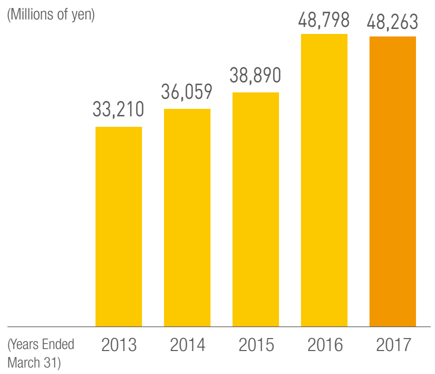
Sales

(Millions of yen)



Operating Income

(Millions of yen)



Television Broadcasting Revenue, Advertising Sales from BS and CS Platforms

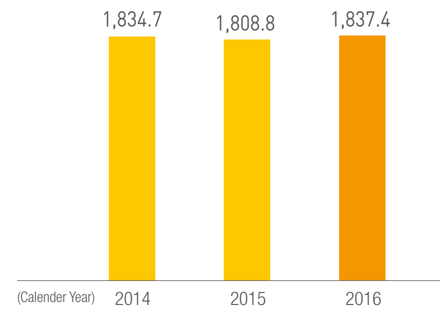
Operating Environment

Within total advertising expenditures in Japan (calendar-year basis), terrestrial television-related advertising expenditures increased 1.6% from the previous year to ¥1,837.4 billion, trending positively during the year. Program (time) advertising declined 0.2% from the previous year. During the first half (January to June), even with sports programs such as *2016 AFC U-23 Championship (Qatar)* and *Rio de Janeiro Olympics Volleyball World Qualification Tournament*, advertising expenditures were down 0.7%. However, these expenditures exceeded the previous year's figure by 0.3% in the second half (July to December) with *Rio de Janeiro Olympic and Paralympic Games* and *2018 FIFA World Cup Final Asian Qualifiers*.

Spot advertising grew significantly, with 2.8% growth from the previous year. From January to March, advertising expenditures were robust thanks to solid Company earnings. In the second half, although there was a boost in discount smartphones and gaming app advertisements, spot advertising declined as people minimized expenditures due to the strong yen, and program (time) sponsors of *Rio de Janeiro Olympic Games* affected expenditures during July to September. In contrast, advertising related to cosmetics and smartphones rose during October and December, making spot advertising increase overall.

Trends in terrestrial television-related advertising expenditures

(Billions of yen)



Source: Dentsu Inc., *Advertising Expenditures in Japan*

Overview of Results

The time advertising revenue portion of terrestrial broadcasting revenue for the fiscal year under review increased ¥3,681 million, or 3.1%, from the previous fiscal year to ¥122,034 million, attributable in part to revenue from *2016 Rio de Janeiro Olympic Games*, a large-scale single-episode program, and an increase in revenue from regular program slots. Spot advertising revenue grew ¥3,674 million, or 2.8%, to ¥133,151 million. This reflects growth in Nippon TV's viewer share among the key Tokyo broadcasters on the back of brisk ratings, despite a year-on-year increase in spending for regionally targeted spot advertising. As a result, television broadcasting revenue grew ¥7,355 million, or 3.0%, to ¥255,185 million.

Viewer Rating Trends

Household viewer ratings for fiscal year ended March 31, 2017, ranked top in all three time slots: all day (6 a.m. to midnight), golden time (7 p.m. to 10 p.m.), and prime time (7 p.m. to 11 p.m.) in both the 2017 calendar year and fiscal year. Nippon TV also ranked top in two original indicators of platinum time (11 p.m. to 2 a.m.) and non-prime time (6 a.m. to 7 p.m.; 11 p.m. to midnight), earning us a "Quintuple Crown."

We have also isolated and tracked ratings of men and women ages 13 to 49 as core target viewer ratings. As a result of focusing on regular programs, we ranked top in all target viewer demographics, reflecting the results of a successful timetable.


LINE-UP LAW OFFICE

Shoten

NEWS ZERO


Sekai Maru Mie! TV Special Investigative Unit

▶ Future Initiatives

In terrestrial television broadcasting, by strengthening the content of regular programs, we will continue aiming to achieve the “Triple Crown in Viewer Ratings” and the top core target viewer ratings. The Nippon TV Group will also leverage diverse transmission platforms—BS, CS and internet—to maximize content value from the multi-platform convergence strategy.

Furthermore, JOCDN Inc., which configures networks to efficiently distribute video over the internet, will provide CDN services to broadcasting businesses and video distributing companies in line with the expanding Japanese video streaming markets amid a boost in smart devices and faster telecoms infrastructure. It will also support the growth of Japanese market for streaming videos through fresh technological innovations that will uphold future broadcasting and telecommunication infrastructure. We are working to collaborate in existing and new business with All About, Inc., through a capital and business alliance, and aim to develop new content, provide information services and expand the e-commerce business.

Advertising Sales from BS and CS Platforms

Advertising sales from BS and CS platforms decreased ¥42 million year on year, or 0.3%, to ¥14,498 million.

Content Sales Revenue

Content sales revenue increased ¥3,549 million year on year, or 6.8%, to ¥55,637 million due to the rise in the number of Hulu subscribers.

Please see page 17 for details on Hulu.

Box Office Revenue

Box office revenue decreased ¥2,078 million year on year, or 15.7%, to ¥11,159 million. Although Japan’s first mega entertainment show, *Dragon Quest Live Spectacle Tour*, contributed to profits, these revenues declined due to comparison with the previous year, which featured a Nippon TV-financed hit film, *The Boy and The Beast*.

For the fiscal year ending March 31, 2018, we are planning to release mainstay films such as *Mary and the Witch’s Flower* and *DESTINY Kamakura Monogatari*. We will also host *The Art of Disney: The Magic of Animation* and *Brueghel: 150 Years of an Artistic Dynasty*.

Mary and the Witch’s Flower
©2017 *Mary and the Witch’s Flower* Production Committee

Brueghel: 150 Years of an Artistic Dynasty

Initiatives for Hulu

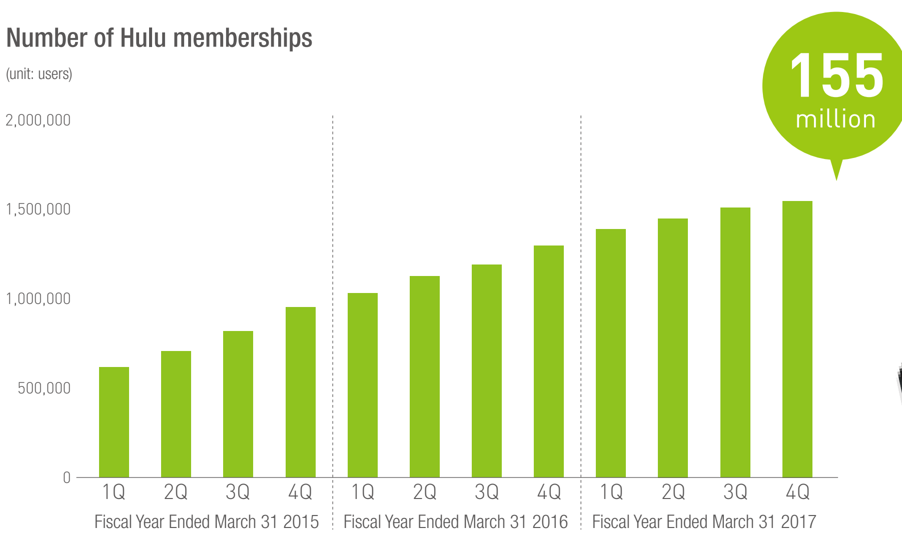
We have conducted measures aimed at improving customer satisfaction, steadily increasing memberships.

Memberships for fee-based monthly streaming site Hulu numbered more than 1.55 million as of end-March 2017, showing stable growth.

In addition to creating and streaming special episodes of dramas that were originally broadcast on terrestrial television, Hulu streams popular overseas dramas including *The Walking Dead*. Hulu took its May 2017 service renewal as an opportunity to enable real-time viewing of transmitted sports events such as Giants games (Giants-hosted games only); worldwide news such as *Nippon TV NEWS 24*, CNN and BBC; and *MTV MIX*, MTV's first channel in Asia on smartphones, tablets and other devices, thereby enhancing service and convenience. Going forward, Hulu will continue collaborating with Nippon TV to distribute appealing content, gaining more users, and grow to become one of the Nippon TV Group's mainstay businesses.

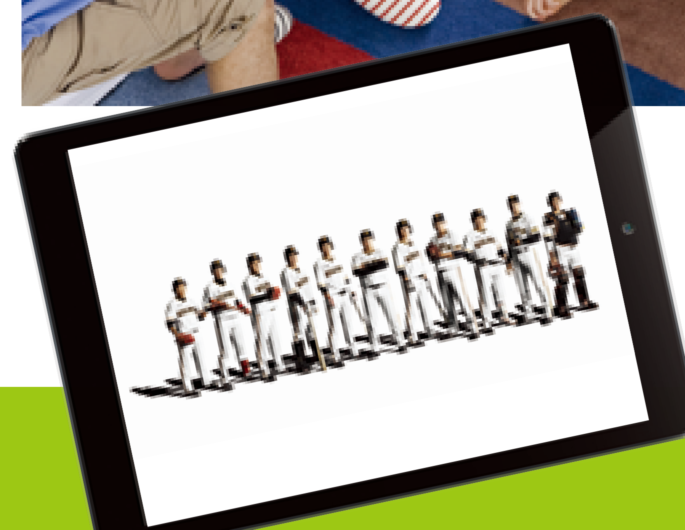
Number of Hulu memberships

(unit: users)



Nippon TV NEWS 24

Began live streaming timely news programs



Giants Game Live Streaming

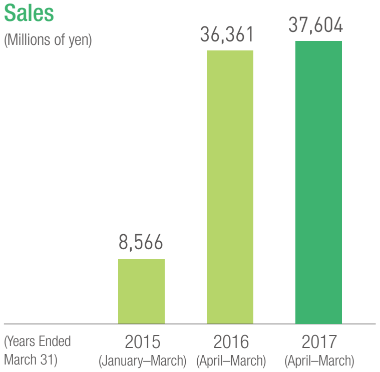
Streamed all 71 games hosted by the Giants on PCs, smartphones, tablets and other devices

Life and Health-Related Business Segment

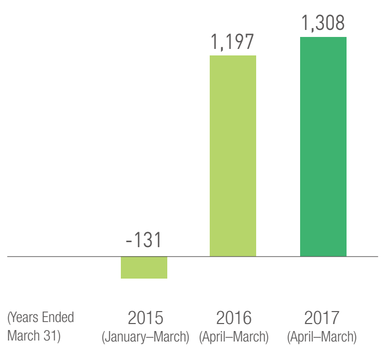
* The Life and Health-Related Business is a reporting segment newly established in response to the consolidation of TIPNESS Ltd. as a subsidiary on December 25, 2014.

Sales of the Life and Health-Related Business segment, including intersegment sales and transfers, advanced ¥1,243 million, or 3.4%, from the previous year, to ¥37,604 million, owing in part to a rise in fitness facility usage revenue. Operating income after goodwill amortization rose ¥111 million year on year, or 9.3%, to ¥1,308 million. (Operating income before goodwill amortization was ¥3,090 million.)

Sales
(Millions of yen)



Operating Income
(Millions of yen)



Initiatives for This Period

TIPNESS operates 61 general fitness club branches*, including the TIPNESS franchise, in the Kanto, Kansai, and Tokai areas. It also operates 64 branches* of the 24-hour training gym, FASTGYM24, mainly in the Tokyo area. These directly operated outlets reached a total membership of 297,000, increasing 3.1% from the previous year. Additionally, the number of facilities on consignment rose by one year on year, to 13 facilities*.

We have worked towards designing new services to foster synergy among Nippon TV Group companies. We will maintain programs such as *Oha! TIP 1 min. exercise* corner within Nippon TV's news and information program and Karada Week where programs approach the theme "*Karada*" (body) from different perspectives like health, beauty, and diet. In November 2016, we launched the TIPNESS Channel on Hulu, offering viewers a chance to improve their health in a short time, anytime and anywhere.

* As of March 31, 2017.

Future Initiatives

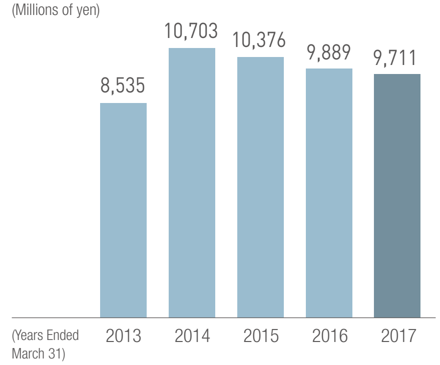
General fitness clubs including TIPNESS started a "1 WEEK CONDITIONING" service from April 2017. Customers are able to "see" their mental and physical health on an app and, depending on their measurement results, the app will suggest a week's worth of exercise, recovery and meals to support the customer's overall lifestyle. Going forward, we will continue improving the brand value of "CONDITIONING" as a new aspect of people's lifestyles.

The majority of FASTGYM24 users are joining a fitness club for the first time. We will therefore continue opening new branches to expand the fitness-oriented population and broaden the variety of services offered.

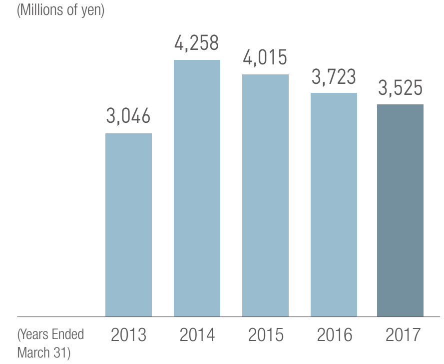
Real Estate Rental/Leasing Business

Sales at the Real Estate Rental/Leasing Business, which includes rental and leasing income from tenants in the Shiodome and Kojimachi areas, decreased ¥177 million, or 1.8%, to ¥9,711 million, including intersegment sales and transfers. Operating income decreased ¥198 million, or 5.3%, to ¥3,525 million.

Sales
(Millions of yen)



Operating Income
(Millions of yen)



Corporate Governance

Basic Concepts

As a certified broadcasting holding company, Nippon Television Holdings and the Nippon TV Group are committed to remaining a corporate group that provides enriching experiences by producing new media and content as well as influencing life and culture, while fulfilling their social responsibilities as media organizations.

The Nippon TV Group will strive to be continuously selected as the "First Choice Nippon TV" by having the entire Group's employees work together to pursue the Group's growth and take preemptive actions in response to ever-changing environments.

We expect efforts to promote business based on our business plans to lead to stable growth over the long term and increase our contribution to society. We also believe that prioritizing our relationship with stakeholders enhances the corporate value of the company and of the Group.

The Company strives to further augment its corporate governance to ensure swift decision-making and operational execution in response to changes in the business environment, and to facilitate transparent and sound management.

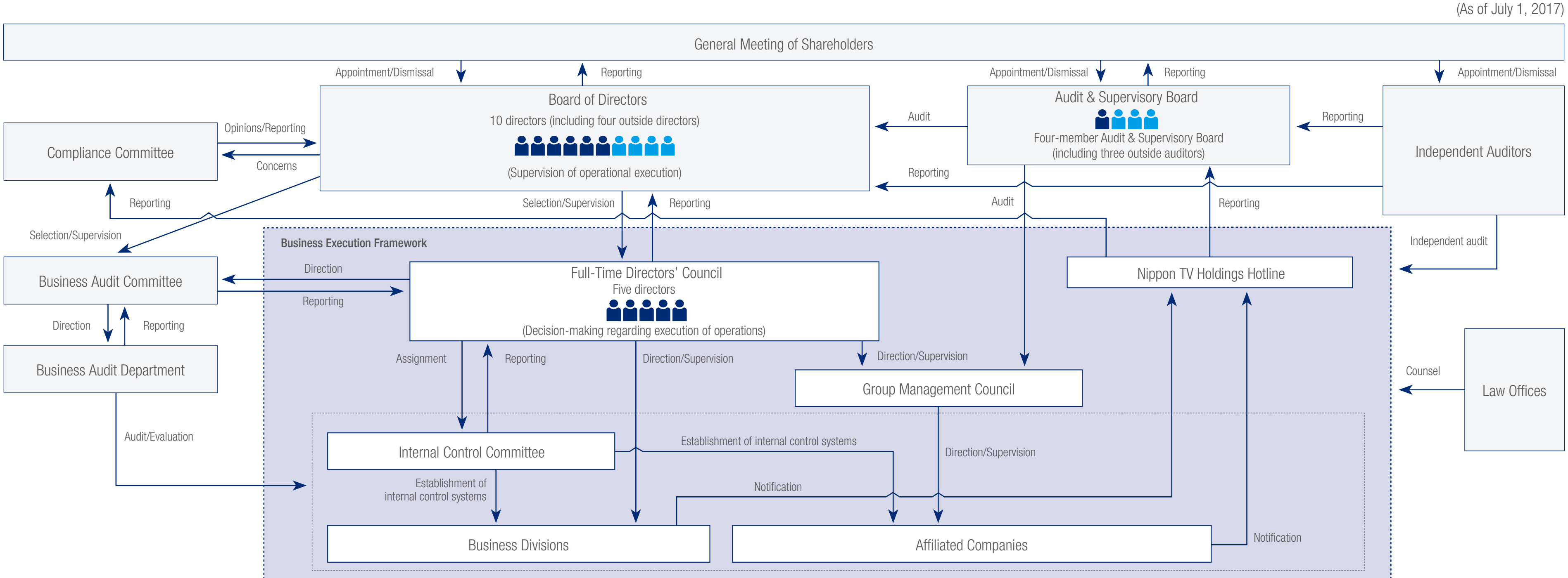
Corporate Governance Framework

The Company has an Audit & Supervisory Board with a management structure under which the Board of Directors oversees the operational execution of the directors. Meanwhile, the Audit & Supervisory Board members and Audit & Supervisory Board audit the operational execution of the directors.

The Company appoints several highly independent outside directors and outside Audit & Supervisory Board members. The governance framework is designed to ensure effective supervision over the execution of duties by directors. Outside directors help to provide appropriate supervision, thereby enhancing the management oversight function.

The Company has also emphasized the external monitoring of management, incorporating four outside directors pursuant to Article 2, Paragraph 15, of the Companies Act into the 10-member Board of Directors for greater management integrity and more transparent decision-making processes. The four-member Audit & Supervisory Board includes three outside Audit & Supervisory Board members pursuant to Article 2, Paragraph 16, of the Companies Act for greater independence from the Board of Directors and stronger auditing functions related to the execution of duties. Standing Audit & Supervisory Board member Yasuhiro Nose has considerable experience in finance and accounting, having been in charge of these

(As of July 1, 2017)



operations at the company for many years. Additionally, outside Audit & Supervisory Board member Kenji Kase is a certified public accountant and is endowed with a considerable degree of finance and accounting knowledge.

During the year under review, the Board of Directors met seven times to decide important duties and to supervise the execution of directors' duties. Also, the Audit & Supervisory Board met eight times to audit the directors' execution of duties. Each Audit & Supervisory Board member, in conformance with the auditing standards determined by the Audit & Supervisory Board, attends Board of Directors and other important meetings, inspects important end-of-period financial documents and carries out investigations into the state of business operations and finances.

Nippon TV Holdings has in place a Business Audit Committee to conduct internal audits of corporate activities and evaluate the internal control system. The Company has additionally set up a Compliance Committee to reinforce corporate governance and ensure thorough compliance and a high degree of transparency in Nippon TV Holdings' activities, thus striving to reinforce society's trust and earn its support.

The Company has also put in place an Internal Control Committee, which periodically checks and promotes operational controls.

Concerning third-party contributions to Nippon TV Holdings corporate governance framework, the Company has reinforced its legal risk management system by concluding advisory agreements pertaining to corporate management and daily business tasks with multiple law offices, and by seeking advice as necessary. We have also concluded audit agreements concerning audits relating to the Companies Act and the Securities and Exchange Act with audit corporations, which conduct audits from an independent standpoint.

Board of Directors

The main roles of the Board of Directors are to establish a corporate philosophy and to decide strategic directions, including the allocation of management resources, to promote continuous growth and enhance corporate value over the medium to long term. The Board of Directors also holds constructive discussions on the formulation and revision of corporate strategies and management plans, deciding important matters for operational execution.

Independent Outside Directors

Standards regarding the independence of independent outside directors are in accordance with those specified by the Tokyo Stock Exchange. In the selection of independent outside directors, we take into account that the business operations of Nippon TV Holdings and the Group center on the television broadcasting business, which provides many opportunities to come into contact with a wide range of fields. In Board of Directors' meetings, we appoint several directors who have the high levels of expertise and the extensive experience to provide open and constructive advice and supervision.

Reasons for Appointment of Outside Directors

Name	Independent Officer	Reasons of Appointment
Tsuneo Watanabe		To reflect in management his insightful opinions based on his extensive experience as a manager of a newspaper company and a journalist
Takashi Imai	○	To reflect in management his insightful opinions based on his extensive experience as a corporate executive and as a business leader
Tadao Kakizoe	○	Through his extensive contacts in a variety of fields in Japan and overseas through his commitment to medical science, to reflect his wide range of insights, which extend beyond the medical community
Yasushi Manago	○	To reflect in management his considerable experience at a government agency and extensive range of insightful opinions on fiscal and monetary affairs, the economy and legal affairs

Progress on Implementation of Initiatives to Enhance Corporate Governance in the Past Year

In keeping with the purport of Japan's Corporate Governance Code, on December 1, 2015, we formulated and publicized our Corporate Governance Guidelines. These guidelines contain chapters on "Basic Policy for Corporate Governance," "Ensuring the Rights and Equality of Shareholders," "Appropriate Cooperation with Stakeholders other than Shareholders," "Responsibilities of the Company's Board of Directors, etc." and "Dialogue with Shareholders."

http://www.ntvhd.co.jp/ir/governance

In response to the Personal Information Protection Act and as part of its efforts to enhance information security measures, in June 2015 Nippon TV Holdings established the Information Protection Promotion Secretariat and the Cyber-Security Promotion Secretariat to protect information assets on both the tangible and intangible fronts. We also advance daily information management by designating a person responsible for the management of information assets in each department. In addition, concerning the Subcontract Act, we have made subcontracting more appropriate and legally compliant.

We have reorganized and renamed our reporting hotline, the Nippon TV Holdings Whistle, as the Nippon TV Holdings Hotline. Inaugurated in April 2016, this hotline enables Company and Group employees and others to report directly on legally doubtful acts and behaviors inside and outside the Company and request investigations.

Among other compliance efforts, the Group conducts training programs on insider trading regulations, both as group training and as a Web-based program, for all officers, employees and other staff. These programs are intended to boost awareness with an aim toward preventing insider trading, ensure a thorough awareness of internal rules and confirm everyone's understanding of regulatory changes in the revised Financial Instruments and Exchange Act.

As a media and content company centered on broadcasting, which has a decidedly public nature, we have formulated the Nippon TV CSR Proclamation to spearhead our proactive efforts to play a useful role in society through our broadcasts and business. We are putting every effort into environmental conservation, disaster reconstruction and other contribution activities in ways unique to a media company.

Organization of Internal Audits and Mutual Cooperation with Independent Auditors

Audit & Supervisory Board members receive explanations from independent auditors on the outline of the audit plan before an independent audit is carried out. Audit & Supervisory Board members also exchange information with independent auditors on the progress of audit procedures and issues arising during the course of the audits performed by the independent auditors, and they receive explanations on the results of the independent audit following completion of the audit.

Audit & Supervisory Board members can order employees who belong to the Audit & Supervisory Board Management Office to investigate matters necessary for auditing duties. Employees working for the Audit & Supervisory Board Management Office concurrently work for the Business Audit Department and assist the Audit & Supervisory Board members with their duties. The Audit & Supervisory Board members maintain close contact with the members of the Business Audit Committee, which is an internal audit department.

Independent Auditing

Nippon TV Holdings has concluded an audit agreement with audit corporation Deloitte Touche Tohmatsu LLC to have independent audits carried out pursuant to the Companies Act and the Securities and Exchange Law.

The accounting audit structure for the fiscal year ended March 31, 2017, was as shown below.

Names of Certified Public Accountants Executing Operations, Number of Successive Years Involved, and Accounting Auditor to Which They Belong

Names of Certified Public Accountants		Accounting Auditor to Which They Belong
Designated and Executive Partners	Tsutomu Hirose	Deloitte Touche Tohmatsu LLC
	Tomoya Noda	
	Kenji Akiyama	

Note: As all have been involved in these operations for seven or fewer years, details are omitted here.

Assistants assisting in audit activities
Certified public accountants: 9 Others: 10

Executive Remuneration

Executive remuneration for the Company's directors and Audit & Supervisory Board members in the fiscal year ended March 31, 2017, was as follows.

	Total Remuneration (Millions of Yen)	Total Remuneration, by Category			Number of Officers Remunerated
		Basic Compensation	Bonuses	Retirement Benefits	
Directors (Excluding Outside Directors)	361	361	—	—	9
Audit & Supervisory Board members (Excluding Outside Auditors)	26	26	—	—	1
Outside Directors and Outside Auditors	118	118	—	—	8

Notes:
1. The number of officers as of March 31, 2017, was 12 directors and four Audit & Supervisory Board members.
2. The remuneration amounts listed above do not include the employee portion of salary or bonuses for those officers who are also employees.
3. At the 75th Ordinary General Meeting of Shareholders on June 27, 2008, a resolution was passed that revised the yearly limit on the amount of remuneration to ¥950,000,000 for directors (of which, up to ¥110,000,000 may be paid to outside directors) and ¥72,000,000 for Audit & Supervisory Board members.

Regarding executive remuneration, according to a resolution of the General Meeting of Shareholders, limits are imposed on the total compensation for directors and Audit & Supervisory Board members.

Each director's remuneration is determined each year by the representative director, having been authorized by a decision of the Board of Directors attended by multiple external directors, in consideration of business conditions and the Company's performance. Remuneration for full-time directors comprises a fixed portion, an evaluated portion, a Company performance-linked portion and a stock value-linked portion. The fixed portion depends upon the individual's post, the evaluated portion is based upon the individual's performance, and the company performance-linked portion is linked to a set figure against the net income for that period. The stock value-linked portion is fixed cash remuneration with the aim of increasing stock holdings in the Company and the Company shares are purchased through an executive stock ownership association. Remuneration for non-full-time directors, including outside directors, is composed only of a fixed portion.

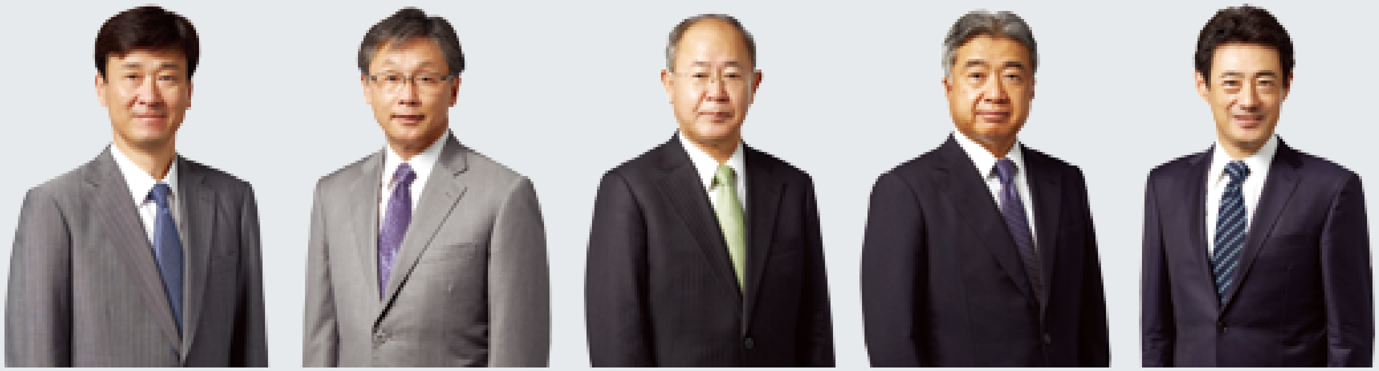
Remuneration for Audit & Supervisory Board members is determined through consultation with Audit & Supervisory Board members and is within the limits for remuneration resolved by the General Meeting of Shareholders.

Board of Directors and Auditors

(As of July 1, 2017)

Directors

Note: Titles prior to September 2012 reflect the former Nippon Television Network Corporation, which switched to a holdings company structure in the following month.



Kenichi Hirose

Board Director
President, Financial Management

Following appointments as Director General, Sports, and Divisional President, Multi-Platform Convergence Strategy, appointed Board Director in 2016.

Kimio Maruyama

Senior Executive Board Director
Corporate Administration & Human Resources, Labor Relations
Executive Manager of Information Security Management Office

Following appointments as Director General of Sports and Sales, appointed Board Director and Operating Officer in 2011 and Board Director and Managing Officer in 2012. Appointed Executive Board Director in October 2012 in line with the transition to a certified broadcasting holding company. Appointed Senior Executive Board Director in 2015.

Yoshio Okubo

Representative Director, President
Chairman of Business Audit Committee
Nippon TV Group Management Strategy Committee
Corporate Strategy Executive Management

Served as Director and Director General, Media Strategies, at The Yomiuri Shimbun. Appointed Board Director and Operating Officer in 2010, and Representative Director and President in 2011. Appointed Representative Director and President October 2012 in line with the transition to a certified broadcasting holding company.

Yoshinobu Kosugi

Senior Executive Board Director
Programming Strategy

Following appointments as Director General of Sales and Programming, and as Representative Director and President of AX-ON Inc., appointed Board Director and Operating Officer in 2011 and Board Director and Managing Officer in 2012. Appointed Managing Director in October 2012 in line with the transition to a certified broadcasting holding company. Appointed Senior Executive Board Director in 2013.

Akira Ishizawa

Executive Board Director
Acting Chairman of Business Audit Committee
Executive Auditor of Information Security Management Office

Following appointments as head of Executive Administration, Corporate Administration, Programming, President's Office and Management Strategy, appointed Board Director in 2013 and Executive Board Director in 2015.

Tsuneo Watanabe

Board Director*
Representative Director,
Chairman and Chief Editor,
The Yomiuri Shimbun Holdings

Takashi Imai

Board Director*
Honorary Chairman, and Colleague of
Nippon Steel & Sumitomo Metal Corporation
(formerly Nippon Steel Corporation)

Ken Sato

Board Director
President,
Institute for International Policy Studies

Tadao Kakizoe

Board Director*
President, Japan Cancer Society

Yasushi Manago

Board Director
Attorney at Law

* Outside directors pursuant to Article 2.15 of the Companies Act

Auditors

Yasuhiro Nose

Standing Audit & Supervisory Board Member

Kojiro Shiraishi

Audit & Supervisory Board Member**

Norio Mochizuki

Audit & Supervisory Board Member**

Toshinori Kanemoto

Audit & Supervisory Board Member**

** Outside auditors pursuant to Article 2.16 of the Companies Act

CSR at Nippon TV Holdings

Nippon TV Holdings' CSR Proclamation

Nippon TV Holdings is a media and content company centered on broadcasting, which has a decidedly public nature. Therefore, we have formulated four promises that we aim to fulfill as we aggressively promote activities intended to be useful to society through our broadcasting and operations.

1 For a society filled with smiles

Through trustworthy broadcasts and heartwarming programs and businesses, we will strive to make life bountiful.

2 For heartwarming culture and well-being

By increasing the opportunities to come into contact with various types of culture and arts, we will strive to foster welfare that is considerate and offers peace of mind.

3 For a life-supporting environment

By protecting our irreplaceable world, we will strive to pass on a good living environment for future generations.

4 For a future where dreams come true

As a leader in the broadcasting industry, we consistently strive to develop technologies, provide new experiences and build a future where dreams come true.

Signatory to the UN Global Compact

Nippon TV signed the UN Global Compact (UNGC) in January 2011. Formally launched by UN Headquarters in July 2000, the UNGC was first announced by then Secretary-General Kofi Annan in a speech to The World Economic Forum in January 1999 at a conference in Davos, Switzerland, in which he expressed the importance of meeting the needs of people who are in weak positions and addressing issues that concern the world's future. Among the companies and organizations that are signatories to the UNGC, corporate top management pledges to uphold 10 principles related to the protection of human rights, the elimination of unjust labor practices, environmental responsiveness and the prevention of corruption and to conduct corporate activities to achieve these aims. As of June 2017, more than 12,500 organizations (including more than 9,400 companies) in 162 countries are included as signatories on the UN's official website.

THE GLOBAL COMPACT
Network Japan
WE SUPPORT

Nippon TV Holdings' Original Social Contribution Activities

24-Hour Television: "Love Saves the Earth"

This year marked the 40th annual broadcast of this charity program since its inception in 1978. The main mission of this program is to maximize the media power of television to contribute to welfare activities in Japan and overseas and to communicate the importance of support to society at large.

The theme of this year's program, which was broadcast August 26–27, was "Confession: Getting up the Courage to Speak Out." Donations collected from numerous viewers were used in their entirety—without any deductions to defray costs—to support works in the three areas of welfare support activities, activities to support environmental preservation and activities to support disaster recovery through the *24-Hour Television* Charity Committee. The committee comprises 31 commercial television broadcasters throughout Japan. The cumulative total of contributions for the 39 years from 1978 through 2016 is ¥36,554,802,350.

Individual contributions (donations)

↓

24-Hour Television* Charity Committee
The 31 commercial television broadcasters throughout Japan broadcasting *24-Hour Television*

↓

Welfare Support Activities	Activities to Support Environmental Preservation	Activities to Support Disaster Recovery
Assistance for the elderly and people with special needs, including donations of special vehicles for public service activities	Assistance in cleaning and environmental conservation activities nationwide	Providing emergency assistance for natural disasters, supporting recovery in disaster-hit areas

* The *24-Hour Television* Charity Committee received public interest certification by the Japanese Cabinet Office on December 1, 2013, thereby becoming a public interest incorporated association. The association received certification for new social contribution activities in areas of support, including patients with intractable diseases, information security for people with disabilities (people with visual disabilities) and sports for people with disabilities.

Welfare Support Activities

Donating special vehicles for public service activities is an ongoing activity that started from the first *24-Hour Television* broadcast, and as of March 2017, we have donated a total of 10,648 vehicles, including vehicles that help people bathe, and rescue dog transport vehicles for use in searching disaster areas. Additionally, since 2014 we have provided assistance to people in adaptive sports. As support for patients with intractable diseases, we have donated a solar-powered eco-system that converts sunlight into electricity and supplies hot water for lodging facilities, and have donated Braille book transport trucks to the Japan Braille Library to help provide information accessibility for people with special needs.

Activities to Support Environmental Preservation

In 2004, we began supporting environmental preservation activities as a central part of our assistance activities, with the "Mt. Fuji Beautification Project." With the cooperation of volunteers and many others, we are carrying out cleanup activities around Japan's waterfront and mountain areas, as well as environmental conservation initiatives, and are continuing with environmental activities to support the region affected by the Great East Japan Earthquake.
By members of the media like ourselves proactively working to raise awareness, we aim to foster wider environmental activities.

Activities to Support Disaster Recovery

We engage in activities to support the Great East Japan Earthquake disaster recovery and provide emergency assistance for natural disasters. In April 2016, we donated ¥5 million to people in Kumamoto Prefecture who were affected by the earthquakes in their region. In the day following the earthquake, we also launched an emergency fundraising activity that succeeded in generating more than ¥70 million in additional donations. In September 2016, Hokkaido and Iwate prefectures suffered major damage due to torrential rains, as successive typhoons made landfall. Also, the city of Itoigawa, Niigata Prefecture, suffered a large-scale fire in January 2017. We donated ¥5 million to the people affected by these disasters.

7 days TV What is a Family?

7 days TV What is a Family? is a special campaign to coincide with the annual International Day of Families, on May 15. Many programs from Nippon TV were represented, and content centered on a family theme.

GO! Nittele WALK

GO! Nittele WALK, a program for touring our facilities designed for students, aims to encourage an affinity for television. The program provides participants with the opportunity to look behind the scenes of the television business as they tour live broadcast facilities and learn how television programs are produced. This program targets children from the fifth year of elementary school through to the third year of high school, and many students take part in these tours as free-themed school excursions and as a part of their independent studies.

Mother and Child Initiative (*mama mo como*)

The Mother and Child Initiative is a child-rearing assistance project started in 2010 and hopes to make Nippon TV loved by families with children nationwide. In October 2016, the Sorajiro character participated in the Beautiful Mother Park event, which included a stage and hand-shaking event for getting close to the character.

Yomihito Shirazu Workshops

Under the Yomihito Shirazu program, announcers and newscasters from Nippon TV and network stations visit schools, temporary housing and other meeting places in areas affected by the disasters, holding workshops and other activities focused on the Japanese language. In October 2016, we held a Japanese language workshop at a temporary housing complex in Kumamoto Prefecture. We also collaborated with TIPNESS to have trainers conduct health and exercise sessions to encourage the mental and physical health of people affected by the disaster in their region.

Nippon TV Forum External Class Terakoya

Producers, directors, news reporters and announcers who work at Nippon TV and who are intimately involved with production visit elementary, junior high and high schools, where they explore the fun and appeal of the television industry, and at times even tell the students a few inside stories.

SENSORS

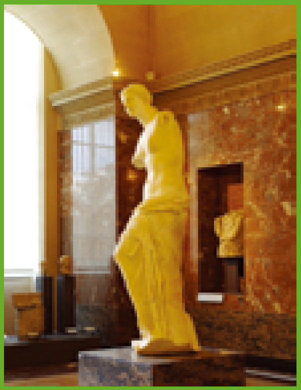
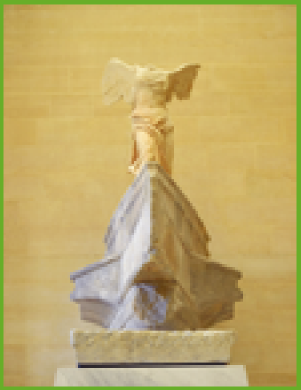
Under the theme of combining technology and entertainment, the SENSORS media project introduces top leaders, products and services that will build the future in a range of fields. In addition to programs, the project uses Web media and events to contribute to the future of entertainment.

Nippon TV Experience Classroom

In this classroom, technical staff members who are at the forefront of program production interact with children who have expressed an interest in learning more about television, and Nippon TV employees let them experience for themselves how programs are made.

Cultural Activities

In line with our CSR motto of "expanding opportunities to enjoy art and culture in various ways," we supported the Louvre Museum's repairs of the *Mona Lisa* room (completed in 2005), and restoration of classical Greek and Hellenistic art, including *Venus de Milo* (completed in 2008). Additionally, under the strong relationship we built with the Louvre Museum in assisting in the restoration of the *Mona Lisa* and *Venus de Milo*, we also cooperated in restoring the area surrounding the *Winged Victory of Samothrace* (completed in 2015). These masterpieces are considered the museum's three "crown jewels."

Social Activities

Corporate Ethics

Having established a Compliance Committee in December 2003, Nippon TV strives to promote compliance and highly transparent corporate activities. In June 2004, we established a Compliance and Standards Office, strengthened our operational audit system and, on July 1 of that same year, formulated and put into effect The Nippon TV Compliance Charter. The Compliance Charter defines the basic internal standards that must be observed by all Nippon TV Group full-time executives and employees. The Nippon TV Group pledges to observe the Compliance Charter and strives to ensure that all full-time executives and employees read, understand and observe all the standards contained therein.

Human Resource Development

Nippon TV believes the further enrichment of content is indispensable for the continuation of a broadcast station supported by many people.

People are the driving force behind our content creation capabilities. Nippon TV strives to foster a working environment where employees can maximize their potential by hiring and employing a diverse array of talented new graduates and experienced mid-career personnel. We have also introduced an employee evaluation system to provide a fair assessment of job performance, as well as career design and job request systems to ensure appropriate employee training.

In August 2003, we revised our salary system from one based on age and job seniority to a performance-based structure focused on employee achievements.

Through a "cafeteria-style" welfare system, we enable personnel to select from a menu of measures that target self-development and are designed to help them achieve enjoyable lifestyles. In our view, this approach is a way to truly build corporate value.

Nippon Television Kobato Cultural Foundation

In 1974, we established the NTV "Dove of Love" Public Welfare Foundation to support people with seeing and hearing disabilities that rendered them unable to enjoy television. The Nippon Television Network Cultural Foundation was set up in 1976 for the promotion, interaction and advancement of culture in areas inaccessible via television. On April 2, 2012, we merged the two entities into the Nippon Television Kobato Cultural Foundation with the aim of promoting financial and operational efficiency and generating synergy between the two entities. The foundation is active in providing sign language interpretation of news broadcasts and distributing Braille calendars.

Eleven-Year Summary

Nippon Television Holdings, Inc. and Consolidated Subsidiaries*1

											(Millions of yen)	(Thousands of U.S. dollars*2)
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2017
Years ended March 31:												
Net sales	¥ 343,652	¥ 342,188	¥ 324,563	¥ 296,934	¥ 297,895	¥ 305,460	¥ 326,423	¥ 341,720	¥ 362,497	¥ 414,781	¥ 416,705	$ 3,714,279
Operating income	30,344	23,077	12,215	23,563	31,670	32,249	35,429	40,089	42,383	53,178	52,527	468,197
Net Income Attributable to Owners of the Parent	18,332	10,625	5,622	16,595	21,049	22,729	25,284	27,828	30,468	36,884	40,787	363,553
Comprehensive income*3	—	—	—	—	18,352	25,597	37,701	35,145	64,255	32,362	58,822	524,307
Depreciation and amortization	14,361	12,939	11,528	9,622	8,456	7,071	6,573	7,149	8,481	11,641	12,484	111,276
Capital expenditures	6,043	5,200	5,491	26,809	4,614	3,802	5,596	9,236	20,370	16,562	36,949	329,343
At March 31:												
Total assets	¥ 529,265	¥ 512,507	¥ 498,457	¥ 513,788	¥ 528,398	¥ 543,228	¥ 598,075	¥ 645,363	¥ 755,127	¥ 769,864	¥ 848,630	$ 7,564,221
Total equity*4	411,995	407,668	400,417	416,367	427,496	446,038	488,120	523,904	578,479	603,178	655,772	5,845,191
Cash flows:												
Cash flow from operating activities	¥ 31,458	¥ 26,791	¥ 23,948	¥ 40,131	¥ 23,433	¥ 25,274	¥ 29,099	¥ 35,157	¥ 33,237	¥ 40,762	¥ 60,135	$ 536,011
Cash flow from investing activities	(24,596)	(17,301)	(28,331)	(46,847)	(28,181)	(8,968)	(7,369)	(4,367)	(17,942)	(26,820)	(111,348)	(992,495)
Cash flow from financing activities	(4,714)	(4,124)	(4,803)	(5,697)	(7,132)	(6,420)	(7,073)	(7,175)	(6,243)	(11,276)	(10,967)	(97,754)
Cash and cash equivalents, end of year	61,524	66,863	57,630	45,219	33,312	43,190	63,806	87,453	96,539	99,205	37,029	330,056
Per share data (Yen, U.S. dollars):												
Net Income*5	¥ 741.60	¥ 430.27	¥ 22.77	¥ 67.64	¥ 85.97	¥ 92.85	¥ 101.39	¥ 109.58	¥ 120.08	¥ 145.38	¥ 160.78	$ 1.43
Equity*5	16,363.52	16,153.34	1,585.36	1,666.10	1,711.39	1,785.58	1,879.89	2,023.59	2,240.64	2,337.58	2,533.88	22.59
Cash dividends*6*7	170.00	180.00	180.00	290.00	290.00	290.00	110.00	34.00	30.00	34.00	34.00	0.30
Ratios (%):												
Return on assets (ROA)	3.5	2.0	1.1	3.2	3.9	4.2	4.2	4.5	4.0	4.8	4.8	
Return on equity (ROE)	4.6	2.6	1.4	4.2	5.1	5.3	5.5	5.6	5.6	6.4	6.6	
Operating margin	8.8	6.7	3.8	7.9	10.6	10.6	10.9	11.7	11.7	12.8	12.6	
Equity ratio	76.3	77.8	78.5	79.4	79.3	80.5	80.0	79.6	75.3	77.0	75.7	
Others												
Total shares issued*8	25,364,548	25,364,548	25,364,548	25,364,548	25,364,548	25,364,548	263,822,080	263,822,080	263,822,080	263,822,080	263,822,080	
Employees	2,886	3,126	3,291	3,339	3,262	3,218	3,259	3,471	4,115	4,170	4,368	

Notes *1. Owing to the Company's transition to a certified broadcasting holding company system, effective October 1, 2012, figures for Nippon Television Network Corporation are shown for the fiscal years ended March 31, 2007 through 2012.

*2. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.19 to $1, the approximate rate of exchange at March 31, 2017. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

*3. From the fiscal year ended March 31, 2011, Nippon TV adopted the Accounting Standard for Presentation of Comprehensive Income (Accounting Standards Board of Japan Statement No. 25, June 30, 2010).

*4. From the fiscal year ended March 31, 2007, Nippon TV adopted the Accounting Standard for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan Statement No. 5) and the Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan Guidance No. 8).

*5. The Company's common stock underwent a 10-for-1 stock split, effective October 1, 2012. However, figures for net income per share and equity per share are calculated as if the stock split had occurred at the beginning of the fiscal year ended March 31, 2009.

*6. Dividends per share of ¥110 for the fiscal year ended March 31, 2013, correspond to ¥90 in dividends per share prior to the stock split plus ¥20 per share on shares after the stock split. Taking the stock split into account, annual dividends per share would have been ¥29 per post-split share (¥290 per share on pre-split shares).

*7. The ¥34 dividend per share amount for the fiscal year ended March 31, 2014, includes a ¥5 dividend to commemorate the Company's 60th year since the start of broadcasting.

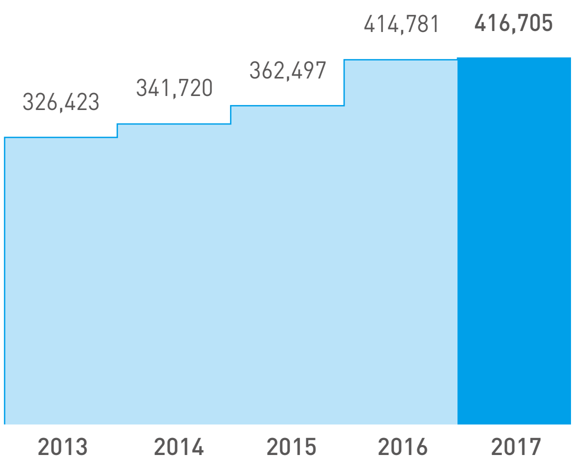
*8. In addition to introducing a 10-for-1 stock split on common stock, effective October 1, 2012, a share exchange took place in which Nippon TV was the wholly owning parent company in a share exchange, and BS Nippon Corporation and CS Nippon Corporation were wholly owned subsidiaries in a share exchange. The total increases in the number of shares of issued stock were 228,280,932 shares as a result of the stock split and 10,176,600 shares in newly issued stock in accordance with the share exchange.

Financial Highlights

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Years ended March 31

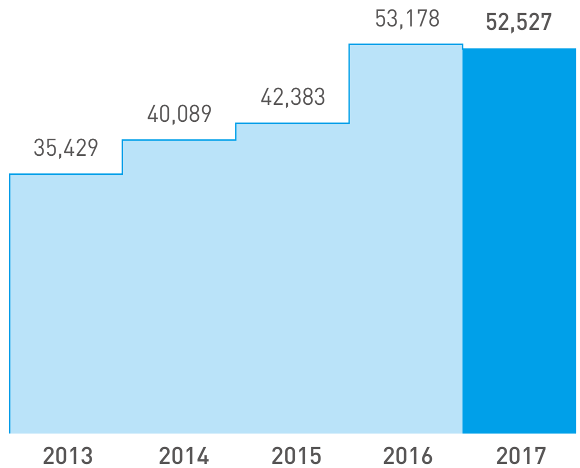
Net Sales

(Millions of yen)



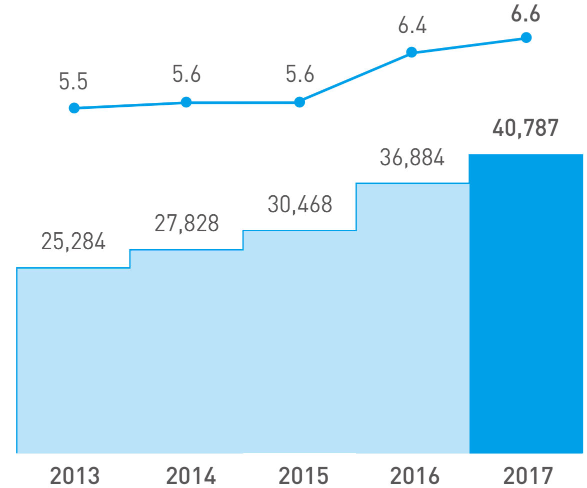
Operating Income

(Millions of yen)



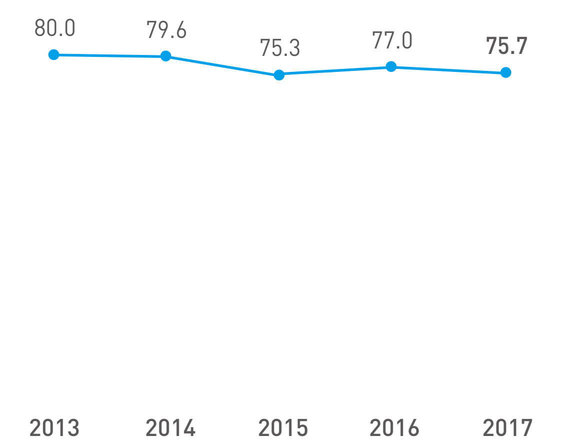
Net Income Attributable to Owners of the Parent and ROE

Net Income Attributable to Owners of the Parent (Millions of yen) ROE (%)



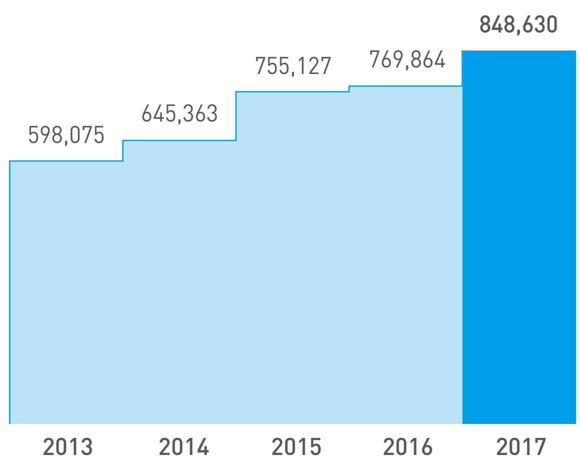
Equity Ratio

(%)



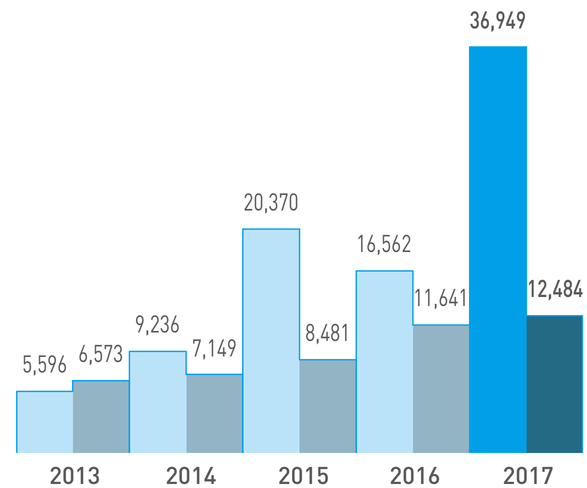
Total Assets

(Millions of yen)



Capital Expenditures and Depreciation and Amortization

Capital Expenditures (Millions of yen)
Depreciation and Amortization (Millions of yen)



Management's Discussion and Analysis

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Years Ended March 31

Overview

During the fiscal year ended March 31, 2017, the Japanese economy was on a mild recovery path, with corporate earnings improving due to improvements in the employment and income environment and the effect of various governmental policies, although there was risk of impact due to uncertainties in economies outside of Japan and owing to fluctuations in financial and capital markets.

Given this economic environment, total advertising expenditures in Japan totaled ¥6,288.0 billion in 2016 (calendar-year basis, according to Dentsu Inc.), up 1.9% from the previous year, achieving a year-on-year increase for the fifth consecutive year. Of this total, terrestrial television spending amounted to ¥1,837.4 billion, for a 1.6% increase.

Net Sales

The Nippon TV Group recorded a ¥1,924 million increase in consolidated net sales for the fiscal year ended March 31, 2017, or a 0.5% increase from the previous year, to ¥416,705 million. In the core Media and Content Business segment, revenue from merchandise sales, including package media sales, and box office revenue from Nippon TV-financed films decreased. However, this was offset by an increase in revenue from television broadcasting owing to *2016 Rio de Janeiro Olympic Games*, a large-scale single-episode program, and regular program slots with brisk ratings. Contributing to this result, in the average viewer ratings among the key Tokyo broadcasters for terrestrial broadcasting in calendar 2016 (from January 4, 2016, to January 1, 2017) and fiscal 2016 (from April 4, 2016, to April 2, 2017), the Nippon TV Group ranked top in all three time slots: all day (6 a.m. to midnight), golden time (7 p.m. to 10 p.m.) and prime time (7 p.m. to 11 p.m.), which meant winning the "Triple Crown in Viewer Ratings" on both a calendar-year and fiscal-year basis for the third consecutive year. In addition, revenue growth was posted for content sales, reflecting an expansion in online video services, and a rise in facilities usage fees revenue from the fitness club in the Life and Health-Related Business segment.

Operating Income

Operating expenses—cost of sales combined with selling, general and administrative expenses—increased ¥2,575 million, or 0.7%, year on year, to ¥364,178 million, due in part to an increase in expenses in tandem with revenue growth, and production costs for the *2016 Rio de Janeiro Olympic Games* programming.

As a result, the Group's operating income decreased ¥651 million, or 1.2%, year on year, to ¥52,527 million.

Income before Income Taxes

During the year, the Group recorded a ¥369 million loss on valuation of investment securities and a ¥253 million loss on step acquisitions, countered by compensation income of ¥1,616 million. As a result, income before income taxes was up 6.0% year on year, or ¥3,362 million, to ¥59,161 million.

Net Income Attributable to Owners of the Parent

Income taxes fell 4.3%, to ¥17,936 million, and net income attributable to noncontrolling interests was ¥438 million.

Consequently, net income attributable to owners of the parent grew ¥3,902 million, or 10.6%, to ¥40,787 million.

Segment Information

Media and Content Business

During the fiscal year under review, the Group renamed the Contents Business reporting segment the Media and Content Business. This segment does not affect segment reporting.

In the Media and Content Business segment, revenue from merchandise sales, including package media sales, and box office revenue from Nippon TV-financed films decreased. However, this was offset by an increase in revenue from television broadcasting owing to *2016 Rio de Janeiro Olympic Games*, a large-scale single-episode program, and regular program slots with brisk ratings. In addition, revenue growth was posted for content sales, reflecting an expansion in online video services.

As a result, sales of the Media and Content Business, including intersegment sales and transfers, grew ¥530 million, or 0.1%, from the previous year, to ¥374,501 million. Operating expenses grew ¥1,065 million, or 0.3%, to ¥326,237 million, due to factors including investment in programming production costs for the *2016 Rio de Janeiro Olympic Games*. As a result, segment profit decreased ¥534 million, or 1.1%, from the previous year to ¥48,263 million.

Life and Health-Related Business

Sales at the Life and Health-Related Business, including intersegment sales and transfers, advanced ¥1,243 million, or 3.4%, from the previous year, to ¥37,604 million, owing in part to a rise in fitness facilities usage fee revenue. Reflecting this, segment profit increased ¥111 million, or 9.3%, from the previous year, to ¥1,308 million.

Real Estate Rental/Leasing Business

Sales at the Real Estate Rental/Leasing Business, which includes rental and leasing income from tenants in the Shiodome and Kojimachi areas, decreased ¥177 million, or 1.8%, to ¥9,711 million, including intersegment sales and transfers. Segment profit decreased ¥198 million, or 5.3%, to ¥3,525 million.

Financial Results

Assets

Current assets as of March 31, 2017, were ¥305,280 million, up ¥44,360 million from a year earlier, due to such factors as an increase in cash and cash equivalents and a rise in marketable securities, stemming from the acquisition of public bonds.

Property, plant and equipment was up ¥22,583 million compared with the previous year-end, to ¥249,064 million, owing to a rise in construction in progress at the Kojimachi studio building.

Investments and other assets were up ¥11,823 million compared with the previous year-end, to ¥294,286 million, owing to an increase in investment securities, stemming from mark-to-market gains; and the conversion during the year of NTV IT Produce Corporation and ACM CO., Ltd., to consolidated subsidiaries.

As a result, total assets amounted to ¥848,630 million, up ¥78,766 million from the previous fiscal year-end.

Liabilities

Current liabilities came to ¥111,501 million as of March 31, 2017, up ¥16,571 million from a year earlier. This rise was due to higher facility-related payables, owing to an increase in construction in progress.

The Group's deferred tax liabilities grew, due to a upturn in the market value of its holdings of investment securities. This and other factors caused long-term liabilities to grow ¥9,601 million, to ¥81,357 million.

Equity

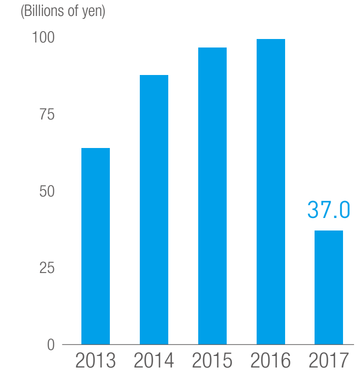
During the year, net income attributable to owners of the parent exceeded the decrease in retained earnings due to payments for shareholder dividends, and rising market prices on holdings of investment securities caused the unrealized gain on available-for-sale securities to increase. These and other factors caused total equity to rise ¥52,594 million, to ¥655,772 million as of March 31, 2017.

Cash Flows

Net Cash Provided by Operating Activities

Net cash provided by operating activities amounted to ¥60,135 million, compared with ¥40,762 million in the previous year. Principal sources of cash were income before income taxes of ¥59,161 million and depreciation and amortization of ¥12,484 million, versus ¥15,269 billion in income taxes paid.

Cash and Cash Equivalents, End of Year



Net Cash Used in Investing Activities

Net cash used in investing activities came to ¥111,348 million, compared with ¥26,820 million in the previous year. The main uses of cash were ¥79,999 million for purchases of marketable securities and ¥17,475 million in purchases of property, plant and equipment. Meanwhile, proceeds from redemption of investment securities provided ¥26,516 million.

Net Cash Used in Financing Activities

Net cash used in financing activities was ¥10,967 million, compared with ¥11,276 million in the preceding year. Dividends paid were the primary use of cash.

Financing and Capital Expenditure Policy

During the fiscal year ended March 31, 2017, the Group's capital expenditures (investments in property, plant and equipment and software) came to ¥36,949 million. This amount was due mainly to capital investments in the Media and Content Business segment.

Capital expenditure by segment during the year under review is outlined below.

Media and Content Business

We invested in the renewal of broadcast facilities to ensure greater stability of broadcasting at the Nippon TV television tower. Specifically, in the consolidated fiscal year under review, we completed upgrades of: a news broadcasting studio; a studio that produces informational programming; radio transmission facilities and wireless microphone facilities in response to the frequency reallocation by the Ministry of Internal

Affairs and Communications; a vehicle used to broadcast long-distance relay races and marathons; and an uninterruptible power-supply for broadcasting in case of blackouts. In addition, we are proceeding with renewal work of the media center, which is scheduled to be replaced in the next consolidated fiscal year. We are also making progress with construction of the new Kojimachi studio building, which is scheduled to start operation in 2018. Furthermore, we are upgrading our power-supply and ventilation facilities at Ikuta Studio to ensure stable operation.

Life and Health-Related Business

During the year, we opened 27 new FASTGYM24 clubs, which are available 24 hours a day.

Real Estate Rental/Leasing Business

During the year, we made no capital expenditures of note in this business.

We are also moving ahead with the development of a sales broadcast system, which is scheduled to operate in tandem with the revamped media center.

The Group has a seven-year capital investment plan that comprehensively takes into account anticipated earnings and cash flows. Group companies formulate their own capital plans, but Nippon TV Holdings makes adjustments to ensure there is no overlap among plans.

As of March 31, 2017, the Group plans capital expenditures of ¥27,826 million in the fiscal year ending March 31, 2018, which we plan to fund out of retained earnings.

Dividend Policy

Nippon TV Holdings recognizes the return of profits to shareholders as an important task of management. Our basic policy is to make continuous and stable returns to shareholders, build a corporate structure able to flexibly adapt to changes in the business environment and strengthen our revenue base, while harmonizing these endeavors with the maintenance of internal reserves for aggressive future expansion. Our basic policy is to pay dividends twice each year, once at midterm and once at year-end. The General Meeting of Shareholders determines the year-end dividend, while interim dividends are resolved each year by the Company's Board of Directors, as provided for by the Company's Articles of Incorporation, with a record date of September 30.

In accordance with this policy, in the fiscal year ended March 31, 2017, the Group awarded an interim dividend of ¥10 per share and a year-end dividend of ¥24 per share.

Business Risks

The risks described below are some of the risks the Nippon TV Holdings Group faces. Many of these risks relate to the future; the information stated here is based on the Group's judgments as of March 31, 2017.

Recognizing that these risks exist, the Group aims to avoid such risks and to minimize their impact if they do materialize. Note that the following statements do not comprehensively identify all possible risks related to investing in the Company's stock.

Risks Related to the Television Broadcasting Business

Dependence on Television Advertising Revenues and Television Broadcasting Media Prices

The Media and Content Business, which forms the core of the Group's operations, is dependent on television advertising revenue generated through the sales of television advertising time slots. Such revenues comprised approximately 64.7% of total net sales in the fiscal year ended March 31, 2017.

In general, advertising prices are linked with macroeconomic trends. Furthermore, advertising media are growing more diverse, owing to the proliferation of smartphones and tablet computers.

The Group recognizes the continued dominance of the media value of television broadcasting and remains committed to enhancing that value, as well as to cultivating new sources of revenue. However, future macroeconomic trends in Japan and shifts in the advertising market could impact the Group's business performance and financial position.

Competition with Other Forms of Media

Given that analog terrestrial broadcasting in Japan ended in March 2012, the transition to digital terrestrial broadcasting is now complete. However, during this period, the three-wavelength tuners that enable viewing of terrestrial, BS digital and CS digital broadcasts have steadily gained popularity. Furthermore, the establishment of a telecommunications environment featuring the Internet and mobile phones, as well as the widespread adoption of smartphones, tablets and other devices, is driving an increase in the number of subscribers to video distribution services using these terminals. This popularization of digital media is drawing the interest of many people, rapidly raising the advertising value of such forms of media.

The Nippon TV Holdings Group has decided to counter the increasing diversification of digital media by stepping up its activities involving three-wavelength operations. To achieve this, in line with our October 1, 2012, transition to a certified broadcasting holding company, we converted BS Nippon Corporation and CS Nippon Corporation, which broadcast "BS Nittele" and "Nittele Plus," respectively, to wholly owned subsidiaries. In Internet media, in addition to continued efforts involving NTV On Demand, in April 2014 we acquired the Japan business of Hulu, LLC, a U.S. video distribution company. In addition to entering the video subscription service, we have converted to a Nippon TV Holdings Group subsidiary HJ Holdings LLC (now HJ Holdings, Inc.), a joint company that operates this business.

However, this proliferation of digital media may cut into viewing time for terrestrial broadcasts, thereby lowering their advertising value. In such cases, the Group's business performance and financial position may be affected.

Copyrights and Other Intellectual Property Rights

The television programs produced by the Nippon TV Group closely combine copyrights and neighboring rights that represent the results of the creative, intellectual and cultural efforts of authors, screenwriters, musical lyricists and composers, record producers, performers and many others (hereinafter "authors, etc.").

Japan's Copyright Act states in its first Article that it is intended to spell out the rights of such authors, etc., who engage in creative activities, protect the rights of such authors, etc., and contribute to cultural development, while giving due regard to fair use.

Television programming the Group produces is used in multiple ways. It is distributed as content via terrestrial broadcasting, BS and CS satellite broadcasts, and via cable television and the Internet. It is packaged in the form of DVDs, Blu-ray Discs and other physical media, deployed globally through overseas programming and it is also provided via merchandising and publishing related to program characters. When using content in these ways, we give due consideration to rights, including various copyrights, etc. However, as a general rule obtaining the copyrights, etc., to use television programs in Japan produced by the Group from the authors, etc., are premised on terrestrial and satellite broadcasting usage, leaving the Group with numerous television programs for which rights premised on other uses have not been adequately obtained. In deploying television programs for multiple uses on the Internet and in other new media, as well as for overseas development, it is therefore essential to re-acquire permission from the authors, etc., in advance of such use either in parallel with or subsequent to broadcasting.

Such rights handling could require large amounts of time and expenditures. At the same time, in the event that the Group fails to properly accommodate the authors, etc., it may face broadcast cancellation orders or claims for damages. In such cases, the Group's business performance and financial position may be affected.

Risk Related to Legal Restrictions

Legal Restrictions on Certified Broadcasting Holding Companies

A certified broadcasting holding company approved under the Broadcast Law is allowed to hold multiple terrestrial broadcasters, BS broadcasters and CS broadcasters as subsidiaries. Nippon TV Holdings, which is approved as a certified broadcasting holding company, has as its subsidiaries Nippon Television Network Corporation, BS Nippon Corporation and CS Nippon Corporation. In the event that Nippon TV Holdings failed to satisfy the standards provided by the Broadcast Law, such as those related to a certified broadcasting holding company's assets, the Company's certification could be rescinded (Broadcast Law Article 166). If certification were to be rescinded, the Group's business performance and financial position could be seriously affected.

Legal Regulations for Television Broadcasters

The Nippon TV Holdings Group's core Media and Content Business is regulated by Japan's Broadcast Law and Radio Law.

The objective of the Broadcast Law is to promote robust development of broadcasting by stipulating freedom of program editing, establishing broadcast program deliberative bodies and providing standards for certification in the satellite broadcasting business, including BS and CS broadcasting. With regard to terrestrial broadcast licenses, the Radio Law also aims to enhance public welfare by ensuring the fair and efficient usage of the airwaves. Article 4 of the Radio Law stipulates that parties seeking to open radio stations for the transmission of radio waves must receive a license from the Minister of Internal Affairs and Communications. Article 13 of the Radio Law specifies that the validation period of such a license shall be not more than five years and is determined by the Minister of Internal Affairs and Communications.

On July 31, 1952, the Company was the first in Japan to be authorized for television broadcasting. We have subsequently continued to receive renewed authorization as a licensed broadcasting company.

Nippon TV has renewed and currently holds a terrestrial broadcasting license in the place of Nippon Television Network Holdings Corporation, which transitioned to a certified broadcasting holding company on October 1, 2012. Subsidiaries BS Nippon Corporation and CS Nippon Corporation are licensed for their respective basic satellite broadcasting businesses.

Under the authority of the Minister of Internal Affairs and Communications, in the event of prescribed circumstances in relation to satellite broadcasting, the Broadcast Law provides stipulations for the "discontinuance of operations" (Article 174) and the "cancellation of certification, etc." (Article 103 and Article 104). With regard to terrestrial basic broadcasting the Radio Law provides stipulations for "discontinuance of radio transmissions" (Article 72) and "revocation of status as a licensed broadcasting company" (Article 75 and Article 76). Continued television broadcasting business is the linchpin for the Nippon TV Holdings Group's future existence, so the Group is ever-conscious of and vigilant toward the emergence of such circumstances in the fulfillment of its social mission of broadcasting. However, if the Company's licenses and permissions to conduct broadcasting businesses were revoked under the Radio Law, the Group's business performance and financial position could be seriously affected.

Risk Related to Businesses Other Than Television Broadcasting

Film Business

The Nippon TV Group is actively engaged in the film business and contributes capital to approximately 10 films each year. Our capital participation in the film business is determined based on careful simulations of potential income and outlay during the planning stages of each film. However, there is no guarantee that actual box office receipts and secondary usage revenues after theatrical release will generate the projected earnings. Failure to secure the amount of revenue initially planned may impact the Group's business performance and financial position.

Media Commerce Business

To expand its earnings base, the Group is actively engaged in the media commerce business. We select products carefully, using a thoroughly comprehensive checking system. Sale by the Group of defective or faulty products could result in the obligation to accept returns of or replace such products. Also, increasingly stringent competition with other companies could cause the Group to lose its competitive edge in sourcing hit products and obtaining them at favorable prices. Furthermore, chronic worker shortages in the logistics sector could cause distribution costs to rise. In such cases, the inability to secure the amount of revenue initially planned may impact the Group's business performance and financial position.

VOD Business

In October 2005, the Group launched Japan's first Internet-based video on demand (VOD) business operated by a television broadcaster. In December 2010, we launched Nittele On Demand as a fee-based Internet content distribution service that currently utilizes the transactional video on demand (TVOD) approach. The service is steadily increasing viewer numbers through its distribution of dramas, animated series, variety shows, sports and other program content. In April 2014, Nippon TV acquired the Japan business of Hulu, LLC, a U.S. video distribution company, embarking on the subscription video on demand (SVOD) business. The SVOD business is presently in an expansionary phase. Accordingly, with the aim of expanding the video distribution market and increasing the number of subscribers in this business we intend to run promotions to enhance recognition of the Hulu name and extend the range of content to appeal to a broad range of age groups and tastes. As the SVOD business utilizes a fixed rate system, revenues may not increase unless subscriber numbers increase in line with expectations. Internet-based businesses, and specifically VOD businesses, may be affected by major fluctuations in market demand, owing in particular to the increasing sophistication of network infrastructure and mobile terminals. These factors may result in the business being unable to recover its expenses, thereby affecting the business performance and financial position of the Group.

Risks Related to the Acquisition and Holding of the Company's Shares

Handling of Shares Purchased by Foreign Entities

Nippon TV's status as a licensed broadcasting company under the Radio Law will be revoked if the voting rights held by foreign entities [defined as (1) an individual without Japanese citizenship, (2) a foreign government or its representatives, (3) a foreign juridical person or organization or (4) a juridical person or organization, the ratio of voting rights of which to be held directly by the entity described in items (1) to (3)]. In the event that foreign entities described as (1) through (3) above directly hold 20% or more of the Company's voting rights, or if such rights are indirectly held by an entity described in (4), as prescribed by Ministry of Internal Affairs and Communications Ordinance, the Company could lose its certification as a certified broadcasting holding company.

In this event, when the foreign ownership ratio approaches 20%, the Company may, in accordance with Broadcasting Law Articles 116-1 and 116-2, deny requests from foreign entities for registration of shares in the shareholders' registry, while Broadcasting Law Article 116-3 restricts the use of voting rights.

Large-Scale Acquisitions of Nippon TV Holdings' Shares

Many large-scale acquisitions of shares benefit neither the corporate value of the target company nor the common interests of its shareholders. Such large-scale acquisitions include those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's Board of Directors and shareholders to consider the details of the large-scale acquisition, or for the target company's Board of Directors to make an alternative proposal; and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

Nippon TV Holdings obtained approval for and carried out a renewal of its plan for countermeasures to large-scale acquisitions of shares in the Company with necessary amendments (takeover defense measures) at the meeting of the Board of Directors held on May 13, 2016, and its 83rd Ordinary General Meeting of Shareholders held on June 29, 2016, as a measure (Article 118, Item (iii) (b) of the Ordinance for Enforcement of the Companies Act) to prevent decisions on the Company's financial and business policies from being controlled by persons viewed as inappropriate under the basic policy regarding persons who control decisions on the Company's financial and business policies (defined in the main clause of Article 118, Item (iii) of the Ordinance for Enforcement of the Companies Act).

The Group strives to ensure and enhance its corporate value, source of which lies in particular in its superior content development capability. As a certified broadcasting holding company, the bedrock of our content development capability via our Group companies, including subsidiaries and affiliates, is founded mainly on the acquisition and development of high-caliber personnel, preservation of mutual trust relationships with external parties involved in content production, sustainment of relationships of cooperation and mutual trust with network companies, maintenance of a corporate culture with a medium- to long-term outlook that encourages the development of high-quality content, assurance of stable business results and financial structure, and fulfillment of the Company's public responsibilities as a certified broadcasting holding company with multiple subsidiaries that are broadcasters. Unless the acquirer of a proposed large-scale acquisition of shares in the Company understands the source of the corporate value of the Company and would ensure and enhance these elements over the medium to long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed, which could have a considerable impact on the Company's management.

Consolidated Balance Sheet

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
ASSETS	2017	2016	2017
Current Assets:			
Cash and cash equivalents (Note 14)	¥ 37,029	¥ 99,205	$ 330,056
Marketable securities (Notes 3 and 14)	121,000	26,000	1,078,527
Short-term investments (Notes 4 and 14)	15,364	808	136,946
Receivables (Note 14):			
Trade notes	80	84	713
Trade accounts	96,688	95,676	861,824
Other	5,246	4,426	46,761
Allowance for doubtful accounts	(94)	(98)	(838)
Inventories (Note 5)	10,398	11,044	92,682
Deferred tax assets (Note 12)	5,172	5,435	46,100
Prepaid expenses and other (Note 13)	14,397	18,340	128,327
Total current assets	305,280	260,920	2,721,098
Property, Plant and Equipment (Notes 7 and 8):			
Land (Note 6)	153,688	147,620	1,369,890
Buildings and structures	114,662	109,740	1,022,034
Machinery, vehicles and equipment	95,377	91,998	850,138
Lease assets (Note 13)	22,929	22,709	204,377
Construction in progress	26,399	14,453	235,306
Total property, plant and equipment	413,055	386,520	3,681,745
Accumulated depreciation	(163,991)	(160,039)	(1,461,726)
Net property, plant and equipment	249,064	226,481	2,220,019
Investments and Other Assets:			
Investment securities (Notes 3 and 14)	171,614	167,861	1,529,673
Investments in and advances to unconsolidated subsidiaries and associated companies	69,778	71,003	621,963
Goodwill	10,885	11,676	97,023
Deferred tax assets (Note 12)	986	889	8,789
Other assets (Note 13)	41,880	31,907	373,295
Allowance for doubtful accounts	(857)	(873)	(7,639)
Total investments and other assets	294,286	282,463	2,623,104
Total	¥ 848,630	¥ 769,864	$ 7,564,221

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
LIABILITIES AND EQUITY	2017	2016	2017
Current Liabilities:			
Short-term borrowings (Note 9)	¥ 7,172	¥ 7,841	$ 63,927
Payables (Notes 14)			
Trade accounts	57,121	53,303	509,145
Other	22,443	7,598	200,046
Income taxes payable	11,585	11,853	103,262
Accrued expenses and other (Notes 9 and 13)	13,180	14,335	117,479
Total current liabilities	111,501	94,930	993,859
Long-Term Liabilities:			
Liabilities for retirement benefits (Note 10)	12,304	11,594	109,671
Guarantee deposits received (Notes 7 and 14)	20,226	20,058	180,283
Lease obligations	15,089	15,479	134,495
Deferred tax liabilities (Note 12)	30,675	23,612	273,420
Other (Notes 9 and 13)	3,063	1,013	27,302
Total long-term liabilities	81,357	71,756	725,171
Commitments and Contingent Liabilities (Notes 13, 15 and 16)			
Equity (Notes 11, 17 and 18):			
Common stock—authorized, 1,000,000,000 shares in 2017 and 2016; issued, 263,822,080 shares in 2017 and 2016	18,600	18,600	165,790
Capital surplus	29,622	29,587	264,034
Retained earnings	543,310	511,202	4,842,768
Treasury stock—at cost, 10,171,834 shares in 2017 and 10,126,920 shares in 2016	(13,419)	(13,371)	(119,610)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	64,664	46,962	576,379
Foreign currency translation adjustments	(66)	46	(588)
Deferred gain on derivatives under hedge accounting	9	6	80
Total	642,720	593,032	5,728,853
Noncontrolling interests	13,052	10,146	116,338
Total equity	655,772	603,178	5,845,191
Total	¥848,630	¥769,864	$7,564,221

See notes to consolidated financial statements.

Consolidated Statement of Income

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Net Sales	¥416,705	¥414,781	$3,714,279
Cost of Sales	270,430	269,914	2,410,464
Gross profit	146,275	144,867	1,303,815
Selling, General and Administrative Expenses	93,748	91,689	835,618
Operating income	52,527	53,178	468,197
Other Income (Expenses):			
Interest and dividend income	3,010	3,006	26,829
Interest expense	(613)	(609)	(5,464)
Gain on sales of investment securities	207	43	1,845
Loss on devaluation of investment securities	(369)		(3,289)
Equity in earnings of unconsolidated subsidiaries and associated companies	2,495	1,982	22,239
Gain on investment in partnership	591	225	5,268
Gain from bargain purchases	366		3,262
Compensation income (Note 2. m)	1,616	923	14,404
Loss on step acquisitions	(253)		(2,255)
Extra retirement payments		(265)	
Impairment loss	(152)	(2,322)	(1,355)
Other—net	(264)	(362)	(2,352)
Other income—net	6,634	2,621	59,132
Income Before Income Taxes	59,161	55,799	527,329
Income Taxes (Note 12):			
Current	18,378	20,003	163,811
Deferred	(442)	(1,261)	(3,939)
Total income taxes	17,936	18,742	159,872
Net Income	41,225	37,057	367,457
Net Income Attributable to Noncontrolling Interests	(438)	(173)	(3,904)
Net Income Attributable to Owners of the Parent	¥ 40,787	¥ 36,884	$ 363,553

	Yen		U.S. Dollars
	2017	2016	2017
Per Share of Common Stock (Note 2. q):			
Basic net income	¥160.78	¥145.38	$1.43
Cash dividends applicable to the year	34.00	34.00	0.30

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Net Income	¥41,225	¥37,057	$367,457
Other Comprehensive Income (Loss) (Note 17):			
Unrealized gain (loss) on available-for-sale securities	17,711	(4,439)	157,866
Foreign currency translation adjustments	(44)	1	(392)
Share of other comprehensive loss in unconsolidated subsidiaries and associated companies	(70)	(257)	(624)
Total other comprehensive income (loss)	17,597	(4,695)	156,850
Comprehensive Income	¥58,822	¥32,362	$524,307
Total Comprehensive Income Attributable to:			
Owners of the parent	¥58,380	¥32,187	$520,367
Noncontrolling interests	442	175	3,940

See notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2017

	Thousands		Millions of Yen									
							Accumulated Other Comprehensive Income					
	Number of Shares of Common Stock Issued	Number of Shares of Treasury Stock	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Deferred Gain on Derivatives under Hedge Accounting	Total	Noncontrolling Interests	Total Equity
Balance, April 1, 2015	263,822	10,108	¥18,600	¥29,587	¥481,914	¥(13,331)	¥51,599	¥ 93	¥ 19	¥568,481	¥ 9,998	¥578,479
Net income attributable to owners of the parent					36,884					36,884		36,884
Cash dividends, ¥30 per share					(7,596)					(7,596)		(7,596)
Increase in treasury stock—net		17				(40)				(40)		(40)
Change in equity in associates accounted for by the equity method—treasury stock		1										
Net change in the year							(4,637)	(47)	(13)	(4,697)	148	(4,549)
Balance, March 31, 2016	263,822	10,126	18,600	29,587	511,202	(13,371)	46,962	46	6	593,032	10,146	603,178
Net income attributable to owners of the parent					40,787					40,787		40,787
Cash dividends, ¥34 per share					(8,679)					(8,679)		(8,679)
Increase in treasury stock—net		18				(36)				(36)		(36)
Change in equity in associates accounted for by the equity method—treasury stock		27				(12)				(12)		(12)
Change in ownership interest of parent due to transactions with non-controlling interests				35						35		35
Net change in the year							17,702	(112)	3	17,593	2,906	20,499
Balance, March 31, 2017	263,822	10,171	¥18,600	¥29,622	¥543,310	¥(13,419)	¥64,664	¥ (66)	¥ 9	¥642,720	¥13,052	¥655,772

	Thousands of U.S. Dollars (Note 1)									
					Accumulated Other Comprehensive Income					
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Foreign Currency Translation Adjustments	Deferred Gain on Derivatives under Hedge Accounting	Total	Noncontrolling Interests	Total Equity
Balance, March 31, 2016	$165,790	$263,722	$4,556,574	$(119,182)	$418,593	$ 410	$53	$5,285,960	$ 90,436	$5,376,396
Net income attributable to owners of the parent			363,553					363,553		363,553
Cash dividends, $0.30 per share			(77,359)					(77,359)		(77,359)
Increase in treasury stock—net				(321)				(321)		(321)
Change in equity in associates accounted for by the equity method—treasury stock				(107)				(107)		(107)
Change in ownership interest of parent due to transactions with non-controlling interests		312						312		312
Net change in the year					157,786	(998)	27	156,815	25,902	182,717
Balance, March 31, 2017	$165,790	$264,034	$4,842,768	$(119,610)	$576,379	$(588)	$80	$5,728,853	$116,338	$5,845,191

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2017

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2017	2016	2017
Operating Activities:			
Income before income taxes	¥ 59,161	¥ 55,799	$ 527,329
Adjustments for:			
Income taxes—paid	(15,269)	(23,606)	(136,099)
Depreciation and amortization	12,484	11,641	111,276
Impairment loss	152	2,322	1,355
Increase in liabilities for retirement benefits	647	558	5,767
Gain from bargain purchases	(366)		(3,262)
Loss on step acquisitions	253		2,255
Gain on sales of investment securities	(207)	(43)	(1,845)
Loss on devaluation of investment securities	369		3,289
Equity in earnings of unconsolidated subsidiaries and associated companies	(2,495)	(1,982)	(22,239)
Changes in operating assets and liabilities:			
Increase in trade notes and accounts receivable	(769)	(4,552)	(6,855)
Decrease (increase) in inventories	754	(279)	6,721
Increase in trade notes and accounts payable	3,148	1,156	28,060
Other—net	2,273	(252)	20,259
Total adjustments	974	(15,037)	8,682
Net cash provided by operating activities	60,135	40,762	536,011
Investing Activities:			
Increase in long-term deposits	(13,834)	(778)	(123,309)
Decrease in long-term deposits	751	933	6,694
Purchases of marketable securities	(79,999)		(713,067)
Proceeds from redemption of marketable securities	15,999		142,606
Purchases of property, plant and equipment	(17,475)	(20,270)	(155,763)
Proceeds from sales of property, plant and equipment	10	226	89
Purchases of intangible assets	(6,939)	(2,075)	(61,850)
Purchases of investment securities	(44,568)	(44,770)	(397,255)
Proceeds from sales of investment securities	5,495	61	48,979
Proceeds from redemption of investment securities	26,516	40,960	236,349
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	1,954		17,417
Payments of loans receivable	(861)	(1,443)	(7,674)
Payments for investments in capital of subsidiaries and affiliates		(1,042)	
Other—net	1,603	1,378	14,289
Net cash used in investing activities	(111,348)	(26,820)	(992,495)
Financing Activities:			
Increase (decrease) in short-term borrowings–net	72	(2,330)	642
Repayments of finance lease obligations	(1,379)	(1,317)	(12,292)
Dividends paid	(8,678)	(7,600)	(77,351)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(912)		(8,129)
Purchases of treasury stock	(2)	(2)	(18)
Other—net	(68)	(27)	(606)
Net cash used in financing activities	(10,967)	(11,276)	(97,754)
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	(10)		(89)
Net (Decrease) Increase in Cash and Cash Equivalents	(62,190)	2,666	(554,327)
Cash and Cash Equivalents, Beginning of Year	99,205	96,539	884,259
Increase in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	3		27
Increase in Cash and Cash Equivalents Resulting from Merger with Unconsolidated Subsidiaries	11		97
Cash and Cash Equivalents, End of Year	¥ 37,029	¥ 99,205	$ 330,056

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Nippon Television Holdings, Inc. and Consolidated Subsidiaries
Year Ended March 31, 2017

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2016 consolidated financial statements to conform to the classifications used in 2017.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Nippon Television Holdings, Inc. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥112.19 to $1, the approximate rate of exchange at March 31, 2017. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

a. **Consolidation—**The consolidated financial statements as of March 31, 2017, include the accounts of the Company and its 20 (18 in 2016) significant subsidiaries (together, the "Group").

Under the control and influence concepts, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

Investments in 28 (27 in 2016) unconsolidated subsidiaries and 28 (27 in 2016) associated companies are accounted for by the equity method.

Practical Issues Task Force (PITF) No. 20, "Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations," which was issued by the Accounting Standards Board of Japan ("ASBJ"), clarifies how the control and influence concepts should be practically applied to the consolidation scope of collective investment vehicles, such as limited partnerships, *Tokumei-Kumiai*, and other entities with similar characteristics. The Company applied PITF No. 20 and consolidated 15 such collective investment vehicles in 2017 (11 in 2016).

The excess of the cost of acquisition over the fair value of an acquired subsidiary or affiliate at the date of acquisition is amortized within 20 years on a straight-line basis. However, if the amount is minor, it is fully amortized in the fiscal year in which it occurs.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. **Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—**Under ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements," the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America (Financial Accounting Standards Board Accounting Standards Codification) tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

c. **Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method—**ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments," requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in equity through other comprehensive income; (c) expensing capitalized development costs of R&D; and (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting.

d. Business Combinations—Business combinations are accounted for using the purchase method. Acquisition-related costs, such as advisory fees or professional fees, are accounted for as expenses in the periods in which the costs are incurred. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, an acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, which shall not exceed one year from the acquisition, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and that would have affected the measurement of the amounts recognized as of that date. Such adjustments shall be recognized as if the accounting for the business combination had been completed at the acquisition date. The acquirer recognizes any bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase price allocation. A parent's ownership interest in a subsidiary might change if the parent purchases or sells ownership interests in its subsidiary. The carrying amount of noncontrolling interest is adjusted to reflect the change in the parent's ownership interest in its subsidiary while the parent retains its controlling interest in its subsidiary. Any difference between the fair value of the consideration received or paid and the amount by which the noncontrolling interest is adjusted is accounted for as capital surplus as long as the parent retains control over its subsidiary.

e. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and mutual funds investing in bonds, all of which mature or become due within three months of the date of acquisition.

f. Inventories—Program rights (costs incurred in connection with the production of programming and the purchase of rights to programs that are capitalized and amortized as the respective programs are broadcast) and most of work in process are stated at the lower of cost, determined by the specific identification method, or market. Finished merchandise, products, raw materials, and supplies are mainly stated at the lower of cost, determined by the first-in, first-out method, or market.

g. Marketable and Investment Securities—Marketable and investment securities are classified as trading securities, held-to-maturity debt securities, or available-for-sale securities depending on management's intent. The Group only had held-to-maturity debt securities and available-for-sale securities as of March 31, 2017 and 2016.

Held-to-maturity debt securities are reported at amortized cost.

Marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, nonmarketable available-for-sale securities are reduced to net realizable value by a charge to income.

h. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation is computed by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 2000, and to building improvements and structures acquired on or after April 1, 2016 and to lease assets. The range of useful lives is from 3 to 50 years for buildings and structures and from 2 to 20 years for machinery, vehicles and equipment. The useful lives for lease assets are the terms of the respective leases.

Pursuant to an amendment to the Corporate Tax Act, the Company adopted ASBJ PITF No. 32, "Practical Solution on a Change in depreciation method Due to Tax Reform 2016" and changed the depreciation method for building improvements and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method. This amendment did not have no material impact to the consolidated financial statements for the year ended March 31, 2017.

i. **Long-Lived Assets—**The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. **Other Assets—**Intangible assets are carried at cost less accumulated amortization, which is calculated by the straight-line method. Software for internal use is amortized over 5 years, its estimated useful life. Trademarks are amortized over 16 years. Customer-related assets are amortized over 8 to 16 years.

k. **Retirement and Pension Plans—**A consolidated subsidiary of the Company has a defined contribution pension plan, an unfunded lump-sum retirement benefits plan, and a prepaid retirement plan. The other subsidiaries have a defined contribution pension plan and an unfunded lump-sum retirement benefits plan.

The Company accounts for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date. The projected benefit obligations are attributed to periods on a benefit formula basis. Actuarial gains and losses and past service costs are recognized in the period in which they occur. The discount rate is determined using a single weighted-average discount rate reflecting the estimated timing and amount of benefit payment.

l. **Asset Retirement Obligations—**An asset retirement obligation is recorded for a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

m. **Compensation Income—**The consolidated subsidiaries have received the compensation for spectrum reallocation.

n. **Income Taxes—**The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

The Company applied ASBJ Guidance No. 26, "Guidance on Recoverability of Deferred Tax Assets," effective April 1, 2016. There was no impact from this for the year ended March 31, 2017.

o. **Foreign Currency Translations—**All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income.

p. **Foreign Currency Financial Statements—**With the exception of equity, which is translated at the historical rate, the balance sheet and revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates as of the balance sheet date. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

q. Per Share Information—Basic net income per share is computed by dividing net income attributable to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share is not disclosed because the effect of including potential common shares is anti-dilutive for the year ended March 31, 2017.

Diluted net income per share is not disclosed because the Group has no issued dilutive securities for the year ended March 31, 2016.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective fiscal years, including dividends to be paid after the end of the year, retroactively adjusted for stock splits.

r. Accounting Changes and Error Corrections—In December 2009, the ASBJ issued ASBJ Statement No. 24, “Accounting Standard for Accounting Changes and Error Corrections” and ASBJ Guidance No. 24, “Guidance on Accounting Standard for Accounting Changes and Error Corrections.” Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

3. Marketable and Investment Securities

Marketable and investment securities as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Current—Government and corporate bonds	¥121,000	¥ 26,000	$1,078,527
Noncurrent:			
Equity securities	¥143,081	¥117,780	$1,275,345
Government and corporate bonds	22,947	47,953	204,537
Trust fund investments and others	5,586	2,128	49,791
Total	¥171,614	¥167,861	$1,529,673

The costs and aggregate fair values of marketable and investment securities as of March 31, 2017 and 2016, were as follows:

	Millions of Yen			
March 31, 2017	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	¥40,887	¥91,600		¥132,487
Government and corporate bonds	1,000		¥68	932
Trust fund investment and others	4,000			4,000
Held to maturity	143,015	364	372	143,007
March 31, 2016				
Securities classified as:				
Available for sale:				
Equity securities	¥41,194	¥65,835		¥107,029
Government and corporate bonds	6,000	83	¥ 130	5,953
Held to maturity	68,000	24	1,607	66,417

	Thousands of U.S. Dollars			
March 31, 2017	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available for sale:				
Equity securities	$ 364,444	$816,472		$1,180,916
Government and corporate bonds	8,913		$ 606	8,307
Trust fund investments and others	35,654			35,654
Held to maturity	1,274,757	3,245	3,316	1,274,686

The information for available-for-sale securities which were sold during the years ended March 31, 2017 and 2016, is as follows:

	Millions of Yen		
March 31, 2017	Proceeds	Realized Gains	Realized Losses
Available for sale—Equity securities	¥ 495	¥207	
Other	5,000		
Total	¥5,495	¥207	
March 31, 2016			
Available for sale—Equity securities	¥61	¥43	
Total	¥61	¥43	

	Thousands of U.S. Dollars		
March 31, 2017	Proceeds	Realized Gains	Realized Losses
Available for sale—Equity securities	$4,412	$1,845	
Other	44,567		
Total	$48,979	$1,845	

The impairment losses on available-for-sale equity securities for the years ended March 31, 2017 and 2016, were ¥368 million ($3,280 thousand) and nil, respectively.

4. Short-Term Investments

Short-term investments as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Time deposits	¥15,364	¥808	$136,946

5. Inventories

Inventories as of March 31, 2017 and 2016, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Program rights	¥ 6,589	¥ 7,444	$58,730
Finished products and merchandise	2,117	2,384	18,870
Work in process	626	149	5,580
Raw materials and supplies	1,066	1,067	9,502
Total	¥10,398	¥11,044	$92,682

6. Long-Lived Assets

There was no material impairment loss recognized for the year ended March 31, 2017.

The Group reviewed its long-lived assets for impairment as of March 31, 2016. As a result, the Group recognized an impairment loss of ¥2,322 million as other expense related to an investment property disposed of in Chiyoda-ku, Tokyo. The carrying amount was written down to the recoverable amount, which was measured at its net selling price at disposition.

7. Collateralized Property

At March 31, 2017, land of ¥101,031 million ($900,535 thousand) was pledged as collateral for guarantee deposits received of ¥19,000 million ($169,356 thousand).

8. Investment Property

The Group owns certain rental properties such as office buildings and land in Tokyo. The net of rental income and operating expenses for those rental properties for the years ended March 31, 2017 and 2016, was ¥318 million ($2,834 thousand) and ¥406 million, respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties are as follows:

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2016	Increase/Decrease	March 31, 2017	March 31, 2017
¥84,529	¥78	¥84,607	¥91,406

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2015	Increase/Decrease	March 31, 2016	March 31, 2016
¥87,133	¥(2,604)	¥84,529	¥87,911

Thousands of U.S. Dollars			
Carrying Amount			Fair Value
April 1, 2016	Increase/Decrease	March 31, 2017	March 31, 2017
$753,445	$695	$754,140	$814,743

Notes: 1. The carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation, if any.
2. Increase during the fiscal year ended March 31, 2017, primarily represents the acquisition of certain properties of ¥815 million ($7,264 thousand).
3. The fair value of major properties owned by the Group as of March 31, 2017, is measured by outside real estate appraisers in accordance with the Real Estate Appraisal Standard (including adjustments made by using indexes). The fair value of other properties is measured by the Group using indexes that are believed to approximate their market values appropriately.

9. Short-Term Borrowings

Short-term borrowings at March 31, 2017 and 2016, consisted of bank overdrafts and were collected from unconsolidated subsidiaries using a cash management system. The interest rate applicable to the short-term borrowings was 0.24% and 0.30% at March 31, 2017 and 2016, respectively.

10. Retirement and Pension Benefit Plans

The consolidated subsidiaries have severance payment plans for employees.

Retirement benefits for employees are determined on the basis of length of service, basic rate of pay at the time of termination, and certain other factors. If the termination is involuntary, the employee is usually entitled to a larger payment than in the case of voluntary termination.

(1) The changes in defined benefit obligation for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year	¥8,089	¥7,589	$72,101
Current service cost	599	596	5,339
Interest cost	63	59	562
Actuarial gains	136	30	1,212
Benefits paid	(260)	(185)	(2,317)
Balance at end of year	¥8,627	¥8,089	$76,897

(2) The changes in liabilities for retirement benefits of unfunded retirement benefit plans for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Balance at beginning of year	¥3,505	¥3,447	$31,242
Periodic benefit costs	319	279	2,842
Benefits paid	(210)	(279)	(1,872)
Others	63	58	562
Balance at end of year	¥3,677	¥3,505	$32,774

(3) Reconciliation between the liability recorded in the consolidated balance sheet and the balances of defined benefit obligation and plan assets for the years ended March 31, 2017 and 2016 was as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unfunded defined benefit obligation	¥12,304	¥11,594	$109,671
Net liability arising from defined benefit obligation	¥12,304	¥11,594	$109,671

(4) The components of net periodic benefit costs for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Service cost	¥ 599	¥ 596	$5,339
Interest cost	63	59	562
Recognized actuarial gains	136	29	1,212
Cost of the unfunded retirement benefit plans	319	279	2,842
Other*		265	
Net periodic benefit costs	¥1,117	¥1,228	$9,955

* Other is the extra retirement payments.

(5) Assumptions used for the years ended March 31, 2017 and 2016, were set forth as follows:

	2017	2016
Discount rate	0.6%–0.8%	0.6%–0.8%

(6) Defined contribution plan

The amount of contribution required for the defined contribution plan that the subsidiaries of the Company paid for the years ended March 31, 2017 and 2016, was ¥915 million ($8,156 thousand) and ¥952 million, respectively.

11. Equity

Japanese companies are subject to the Companies Act of Japan ("the Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. Additionally, for companies that meet certain criteria, such as having (1) a Board of Directors, (2) independent auditors, (3) an Audit & Supervisory Board, and (4) the term of service of the directors being prescribed as one year rather than the normal two-year term under its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria and, accordingly, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the Company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 30.9% and 33.1% for the years ended March 31, 2017 and 2016, respectively.

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities as of March 31, 2017 and 2016, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Current–Deferred tax assets:			
Devaluation of program rights	¥ 2,956	¥ 3,181	$ 26,348
Accrued enterprise taxes	903	984	8,049
Accrued bonuses	882	741	7,862
Other	614	698	5,472
Less valuation allowance	(183)	(169)	(1,631)
Total	¥ 5,172	¥ 5,435	$ 46,100
Non-current:			
Deferred tax assets:			
Tax loss carryforwards	¥ 2,292	¥ 1,928	$ 20,430
Retirement benefits	3,772	3,552	33,622
Devaluation of property, plant and equipment	1,830	1,632	16,312
Lease obligations	2,093	2,330	18,656
Devaluation of investment securities	1,294	1,272	11,534
Unrealized loss on available-for-sale securities	21	14	187
Other	1,192	1,093	10,625
Less valuation allowance	(5,573)	(5,150)	(49,676)
Total	6,921	6,671	61,690
Deferred tax liabilities:			
Lease assets	(1,598)	(1,801)	(14,244)
Tax benefit from deferred gain on sales of property, plant and equipment	(4,364)	(4,371)	(38,898)
Unrealized gain on available-for-sale securities	(27,499)	(19,737)	(245,111)
Intangible assets acquired in a business combination	(3,009)	(3,373)	(26,820)
Other	(140)	(112)	(1,248)
Total	(36,610)	(29,394)	(326,321)
Net deferred tax liabilities	¥(29,689)	¥(22,723)	$(264,631)

For the years ended March 31, 2017 and 2016, the difference between the statutory tax rate and effective tax rate is less than 5% of the statutory tax rate; therefore, a tax rate reconciliation is not disclosed.

At March 31, 2017, certain subsidiaries have tax loss carryforwards aggregating approximately ¥7,436 million ($66,280 thousand), which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire in 2027 and thereafter.

13. Leases

a. Finance Lease Transactions

The Group leases certain buildings and structures, machinery, vehicles, and equipment.

Total rental expenses including lease payments under finance leases for the years ended March 31, 2017 and 2016, were ¥1,630 million ($14,529 thousand) and ¥1,612 million, respectively.

Obligations under finance leases as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
As Lessee	2017	2016	2017
Due within one year	¥ 1,439	¥ 1,354	$ 12,826
Due after one year	11,770	12,899	104,911
Total	¥13,209	¥14,253	$117,737

b. Operating Lease Transactions

The minimum rental commitments under noncancelable operating leases as of March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
As Lessee	2017	2016	2017
Due within one year	¥ 2,569	¥ 2,430	$ 22,899
Due after one year	14,941	14,367	133,176
Total	¥17,510	¥16,797	$156,075
As Lessor			
Due within one year	¥ 257	¥ 256	$ 2,291
Due after one year	4,655	4,806	41,492
Total	¥4,912	¥5,062	$43,783

c. Sublease Transactions

The amounts recorded on the consolidated balance sheet related to sublease transactions, including the amount equivalent to interest, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
Investment in Direct Finance Leases	2017	2016	2017
Current assets	¥ 517	¥ 272	$ 4,608
Investment and other assets	3,089	2,407	27,534
Lease Obligation			
Current liabilities	¥ 556	¥ 291	$ 4,956
Noncurrent liabilities	3,319	2,580	29,584

Annual maturities of long-term debt, excluding finance leases, at March 31, 2017, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2018	¥ 1,996	$ 17,791
2019	1,875	16,713
2020	1,740	15,509
2021	1,659	14,787
2022	1,593	14,199
2023 and thereafter	8,222	73,287
Total	¥17,085	$152,286

14. Financial Instruments and Related Disclosures

(1) Group Policy for Financial Instruments

The Group uses financial instruments, primarily its own funds, based on its capital financing plan. Cash surpluses are invested in financial assets, mainly marketable securities, for the purpose of appropriate and safe fund management.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables, such as trade notes and trade accounts, are exposed to customer credit risk. Marketable and investment securities, mainly held-to-maturity securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

The payment terms of most payables, such as trade notes and trade accounts, are less than one year. Such payables, lease obligations, and guarantee deposits received are exposed to liquidity risk.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal policy and guidelines, which includes the monitoring of the payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to held-to-maturity financial investments, the Group manages exposure to credit risk by limiting investments to high credit rated bonds in accordance with its internal guidelines.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2017.

Market risk management (interest rate risk)

Market risk of marketable and investment securities is managed by monitoring market values and the financial position of issuers on a regular basis.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on their maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets, along with adequate financial planning by the corporate treasury department.

(4) Concentration of Credit Risk

As of March 31, 2017, 73.7% of total receivables are from two major advertising agencies of the Group.

(5) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2017	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 37,029	¥ 37,029	
Marketable securities	121,000	121,213	¥ 213
Short-term investments	15,364	15,364	
Receivables	102,014	102,014	
Investment securities	159,434	159,213	(221)
Investments in associated companies	2,190	2,562	372
Long-term loans	4,656		
Allowance for doubtful accounts*	(756)		
	3,900	3,960	60
Total	¥440,931	¥441,355	¥424
Short-term borrowings	¥7,172	¥7,172	
Payables	79,564	79,564	
Guarantee deposits received	20,226	17,111	¥ 3,115
Lease obligations	17,085	18,295	(1,210)
Total	¥124,047	¥122,142	¥ 1,905
March 31, 2016			
Cash and cash equivalents	¥ 99,205	¥ 99,205	
Marketable securities	26,000	25,502	¥ (498)
Short-term investments	808	808	
Receivables	100,186	100,186	
Investment securities	154,982	153,897	(1,085)
Long-term loans	9,900		
Allowance for doubtful accounts*	(860)		
	9,040	9,088	48
Total	¥390,221	¥388,686	¥(1,535)
Short-term borrowings	¥ 7,841	¥ 7,841	
Payables	60,901	60,901	
Guarantee deposits received	20,058	16,512	¥ 3,546
Lease obligations	17,124	18,614	(1,490)
Total	¥105,924	¥103,868	¥ 2,056

	Thousands of U.S. Dollars		
March 31, 2017	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 330,056	$ 330,056	
Marketable securities	1,078,527	1,080,426	$ 1,899
Short-term investments	136,946	136,946	
Receivables	909,298	909,298	
Investment securities	1,421,107	1,419,137	(1,970)
Investments in associated companies	19,520	22,836	3,316
Long-term loans	41,501		
Allowance for doubtful accounts*	(6,739)		
	34,762	35,297	535
Total	$3,930,216	$3,933,996	$ 3,780
Short-term borrowings	$63,927	$63,927	
Payables	709,191	709,191	
Guarantee deposits received	180,283	152,518	$ 27,765
Lease obligations	152,286	163,071	(10,785)
Total	$1,105,687	$1,088,707	$ 16,980

* Allowance for doubtful accounts associated with long-term loans receivable is deducted.

Cash and Cash Equivalents, Short-Term Investments, Receivables, Payables, and Short-Term Borrowings

The carrying values of these instruments approximate fair value because of their short maturities.

Marketable Securities, Investment Securities and Investments in Associated Companies

The fair values of marketable and investment securities are measured at the quoted market price on the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for marketable and investment securities by classification is included in Note 3.

Long-Term Loans

Long-term loans receivable with variable interest rates, which reflect short-term market interest rates, are presented at book value unless the borrower's creditworthiness changes significantly because the fair value of the loan approximates its book value. Regarding long-term loans receivable with fixed interest rates, because the fair value is calculated by discounting the sum of principal and interest using an interest rate that would be applied to a new loan made on similar terms, the amount of the loan on the balance sheet on the closing date less the current estimate for default is similar to its fair value; therefore, the book value is deemed to be its fair value. Note that the amount of long-term loans receivable due within one year is included.

Lease Obligations and Guarantee Deposits Received

The fair values of guarantee deposits received are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate. Note that the amount of lease obligation due within one year is included. The amount of lease obligations is also included in lease obligations for sublease, and the fair value is approximately equal to the carrying value because this recorded amount is equivalent to the remaining lease payments before deducting the portion of payments equivalent to interest.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Investments in unconsolidated subsidiaries and associated companies	¥52,798	¥51,571	$470,612
Other investments in equity instruments that do not have a quoted market price in an active market	12,180	12,879	108,566

(6) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
March 31, 2017	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	¥ 37,029			
Short-term investments	15,364			
Receivables	102,014			
Investment securities:				
Held-to-maturity securities	117,000	¥26,000		
Available-for-sale securities with contractual maturities	4,000		¥1,586	¥1,000
Long-term loans	288	2,502	1,172	695
Total	¥275,695	¥28,502	¥2,758	¥1,695

	Thousands of U.S. Dollars			
March 31, 2017	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
Cash and cash equivalents	$ 330,056			
Short-term investments	136,946			
Receivables	909,297			
Investment securities:				
Held-to-maturity securities	1,042,874	$231,750		
Available-for-sale securities with contractual maturities	35,654		$14,139	$ 8,913
Long-term loans	2,564	22,298	10,446	6,191
Total	$2,457,391	$254,048	$24,585	$15,104

Please see Note 13 for obligations under finance lease.

15. Derivatives

The Group does not use any derivative financial instruments.

One of the associated companies accounted for by the equity method enters into derivative financial instruments, including foreign currency forward contracts to hedge exchange rate risk associated with certain assets and liabilities denominated in foreign currencies.

16. Contingent Liabilities

The Group's contingent liabilities as guarantor of indebtedness as of March 31, 2017, were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Employees	¥ 91	$ 811
Kobe ANPANMAN Museum and Mall Limited Liability Partnership	2,521	22,471
Total	¥2,612	$23,282

17. Other Comprehensive Income (Loss)

The components of other comprehensive income (loss) for the years ended March 31, 2017 and 2016, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2017	2016	2017
Unrealized gain (loss) on available-for-sale securities:			
Gains (losses) arising during the year	¥25,589	¥(8,074)	$228,086
Reclassification adjustments to profit or loss	(123)		(1,096)
Amount before income tax effect	25,466	(8,074)	226,990
Income tax effect	(7,755)	3,635	(69,124)
Total	¥17,711	¥(4,439)	$157,866
Foreign currency translation adjustments— Adjustments arising during the year	¥ (44)	¥ 1	$ (392)
Total	¥ (44)	¥ 1	$ (392)
Share of other comprehensive income (loss) in unconsolidated subsidiaries and associated companies:			
Gains (losses) arising during the year	¥ 42	¥ (157)	$ 374
Reclassification adjustments to profit or loss	(112)	(100)	(998)
Total	¥ (70)	¥ (257)	$ (624)
Total other comprehensive income (loss)	¥17,597	¥(4,695)	$156,850

18. Subsequent Event

Appropriation of Retained Earnings

The following appropriation of retained earnings as of March 31, 2017, was approved at the Company's shareholders' meeting held on June 29, 2017:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥24 ($0.21) per share	¥6,037	$53,811

19. Segment Information

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group.

From the year ended March 31, 2015, the Group created the "Life and Health-Related Business" segment due to the acquisition of TIPNESS Limited.

Therefore, the Group's reportable segments consist of the Media and Content Business, Life and Health-Related Business and Real Estate Rental/Leasing.

The Media and Content Business segment consists of television broadcasting; program sales, which generate royalty income from the commercialization and sale of package media, and from exhibiting movies; and events and other performances.

The Life and Health-Related Business segment runs general fitness clubs.

The Real Estate Rental/Leasing segment leases owned real estate and manages buildings.

Change in the segment name

The reportable segment, "Contents Business," has been renamed as the "Media and Content Business." Segment information from the year ended March 31, 2016 has been described using the new segment name.

(2) Methods of Measuring Amounts of Sales, Profit (Loss), and Depreciation for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

Reportable segment profits represent operating income. Intersegment sales and transfers are based on prevailing market prices.

(3) Information about Sales, Profit (Loss), and Depreciation

	Millions of Yen							
	2017							
	Reportable Segment							
	Media and Content Business	Life and Health-Related Business	Real Estate Rental/Leasing	Total	Other	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥374,194	¥37,594	¥2,638	¥414,426	¥2,279	¥416,705		¥416,705
Intersegment sales or transfers	307	10	7,073	7,390	2,304	9,694	¥(9,694)	
Total	¥374,501	¥37,604	¥9,711	¥421,816	¥4,583	¥426,399	¥(9,694)	¥416,705
Segment profit	¥ 48,263	¥ 1,308	¥3,525	¥ 53,096	¥ 117	¥ 53,213	¥ (686)	¥ 52,527
Other—Depreciation	8,367	3,138	776	12,281	203	12,484		12,484

	Millions of Yen							
	2016							
	Reportable Segment							
	Media and Content Business	Life and Health-Related Business	Real Estate Rental/Leasing	Total	Other	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥373,554	¥36,357	¥2,849	¥412,760	¥2,021	¥414,781		¥414,781
Intersegment sales or transfers	416	4	7,040	7,460	1,185	8,645	¥(8,645)	
Total	¥373,970	¥36,361	¥9,889	¥420,220	¥3,206	¥423,426	¥(8,645)	¥414,781
Segment profit (loss)	¥ 48,798	¥ 1,197	¥3,723	¥ 53,718	¥ (25)	¥ 53,693	¥ (515)	¥ 53,178
Other—Depreciation	7,822	2,974	814	11,610	31	11,641		11,641

	Thousands of U.S. Dollars							
	2017							
	Reportable Segment							
	Media and Content Business	Life and Health-Related Business	Real Estate Rental/Leasing	Total	Other	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	$3,335,360	$335,092	$23,514	$3,693,966	$20,313	$3,714,279		$3,714,279
Intersegment sales or transfers	2,736	89	63,045	65,870	20,537	86,407	$(86,407)	
Total	$3,338,096	$335,181	$86,559	$3,759,836	$40,850	$3,800,686	$(86,407)	$3,714,279
Segment profit	$ 430,190	$ 11,659	$31,420	$ 473,269	$ 1,042	$ 474,311	$ (6,114)	$ 468,197
Other—Depreciation	74,579	27,970	6,917	109,466	1,810	111,276		111,276

Related Information

(1) Information about Products and Services

	Millions of Yen			
	2017			
Sales to External Customers	Media and Content Business	Life and Health-Related Business	Real Estate Rental/ Leasing	Total
Television broadcasting:				
Time advertising	¥122,034			¥122,034
Spot advertising	133,152			133,152
Total	255,186			255,186
Advertising sales from BS and CS platform	14,498			14,498
Other advertising revenue	1,188			1,188
Content sales revenue	55,637			55,637
Revenue from merchandise sales	25,517	¥ 859		26,376
Box office revenue	11,160			11,160
Facilities usage fee revenue		31,636		31,636
Real estate leasing			¥1,507	1,507
Other	11,008	5,099	1,131	17,238
Total	¥374,194	¥37,594	¥2,638	¥414,426

	Millions of Yen			
	2016			
Sales to External Customers	Media and Content Business	Life and Health-Related Business	Real Estate Rental/ Leasing	Total
Television broadcasting:				
Time advertising	¥118,353			¥118,353
Spot advertising	129,477			129,477
Total	247,830			247,830
Advertising sales from BS and CS platform	14,540			14,540
Other advertising revenue	610			610
Content sales revenue	52,087			52,087
Revenue from merchandise sales	34,004	¥ 1,274		35,278
Box office revenue	13,238			13,238
Facilities usage fee revenue		30,445		30,445
Real estate leasing			¥1,741	1,741
Other	11,245	4,638	1,108	16,991
Total	¥373,554	¥36,357	¥2,849	¥412,760

	Thousands of U.S. Dollars			
	2017			
Sales to External Customers	Media and Content Business	Life and Health-Related Business	Real Estate Rental/ Leasing	Total
Television broadcasting:				
Time advertising	$1,087,744			$1,087,744
Spot advertising	1,186,844			1,186,844
Total	2,274,588			2,274,588
Advertising sales from BS and CS platform	129,227			129,227
Other advertising revenue	10,589			10,589
Content sales revenue	495,918			495,918
Revenue from merchandise sales	227,445	$ 7,656		235,101
Box office revenue	99,474			99,474
Facilities usage fee revenue		281,986		281,986
Real estate leasing			$13,433	13,433
Other	98,119	45,450	10,081	153,650
Total	$3,335,360	$335,092	$23,514	$3,693,966

(2) Information about Geographical Areas

a. Sales

Sales of the Company and its domestic subsidiaries for the years ended March 31, 2017 and 2016, represented more than 90% of the consolidated sales for the year. Accordingly, information about geographical areas is not disclosed.

b. Property, plant and equipment

Property, plant and equipment of the Company and its domestic subsidiaries for the years ended March 31, 2017 and 2016, represented more than 90% of the property, plant and equipment in the consolidated balance sheet for the year. Accordingly, information about geographical areas is not disclosed.

(3) Information about Major Customers

No customer represented more than 10% of the consolidated sales for the year. Accordingly, information about major customers is not disclosed.

(4) Impairment Losses

	Millions of Yen				
	2017				
	Media and Content Business	Life and Health-Related Business	Real Estate Rental/ Leasing	Reconcilia-tions	Total
Impairment losses of assets		¥152			¥152

	Millions of Yen				
	2016				
	Media and Content Business	Life and Health-Related Business	Real Estate Rental/ Leasing	Reconcilia-tions	Total
Impairment losses of assets			¥2,322		¥2,322

	Thousands of U.S. Dollars				
	2017				
	Media and Content Business	Life and Health-Related Business	Real Estate Rental/ Leasing	Reconcilia-tions	Total
Impairment losses of assets		$1,355			$1,355

(5) Goodwill

	Millions of Yen				
	2017				
	Media and Content Business	Life and Health-Related Business	Real Estate Rental/ Leasing	Reconcilia-tions	Total
Amortization of goodwill		¥ 792			¥ 792
Goodwill at March 31, 2017		10,885			10,885

	Millions of Yen				
	2016				
	Media and Content Business	Life and Health-Related Business	Real Estate Rental/ Leasing	Reconcilia-tions	Total
Amortization of goodwill		¥ 792			¥ 792
Goodwill at March 31, 2016		11,676			11,676

	Thousands of U.S. Dollars				
	2017				
	Media and Content Business	Life and Health-Related Business	Real Estate Rental/ Leasing	Reconcilia-tions	Total
Amortization of goodwill		$ 7,059			$ 7,059
Goodwill at March 31, 2017		97,023			97,023

(6) Information about Bargain Purchases by Reportable Segments

In the Media and Content Business segment, ¥366 million ($3,262 thousand) of gain from bargain purchases for the year ended March 31, 2017 was recorded by acquiring all of the new shares by the third-party allotment of ACM Co., Ltd.

There was no gain from bargain purchases for the year ended March 31, 2016.

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu LLC
Shinagawa Intercity
2-15-3, Konan
Minato-ku, Tokyo 108-6221
Japan

Tel:+81 (3) 6720 8200
Fax:+81 (3) 6720 8205
www.deloitte.com/jp/en

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Nippon Television Holdings, Inc.:

We have audited the accompanying consolidated balance sheet of Nippon Television Holdings, Inc. and its consolidated subsidiaries as of March 31, 2017, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Nippon Television Holdings, Inc. and its consolidated subsidiaries as of March 31, 2017, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 29, 2017

Investor Information (As of March 31, 2017)

Corporate Name

Nippon Television Holdings, Inc.

Office Location

1-6-1 Higashi Shimbashi, Minato-ku, Tokyo 105-7444, Japan
Tel: +81-3-6215-4111

Date of Establishment

October 28, 1952
Effective October 1, 2012, Nippon Television Network Corporation changed its trade name to Nippon Television Holdings, Inc. upon transitioning to a certified broadcasting holding company structure.

Capital

18.6 billion yen

Common Stock

Authorized 1,000,000,000 shares
Issued 263,822,080 shares

Number of Shareholders

27,598

Stock Exchange Listing

First Section of Tokyo Stock Exchange (Code 9404)

Fiscal Year-End

March 31, annually

Number of Employees

183

Transfer Agent and Registrar

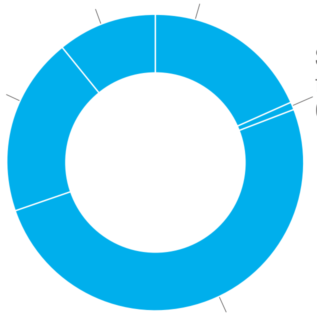
Sumitomo Mitsui Trust Bank, Limited
4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233, Japan

Major Shareholders

Shareholders (Top 10)	Number of shares held	Percentage of total shares issued (%)
The Yomiuri Shimbun Holdings	37,649,480	14.27
YOMIURI TELECASTING CORPORATION	16,563,160	6.27
The Yomiuri Shimbun	15,939,700	6.04
Japan Trustee Services Bank, Ltd. (Trust Account)	10,327,700	3.91
Teikyo University	9,553,920	3.62
NTT DoCoMo, Inc.	7,779,000	2.94
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,657,500	2.90
Recruit Holdings Co., Ltd.	6,454,600	2.44
CBNY-ORBIS SICAV	6,307,223	2.39
Yomiuri Land Co., Ltd.	5,236,000	1.98

Note: The "Percentage of a Total Shares" above is calculated deducting the Company's treasury stock (5,991,348 shares).

Distribution of Shares



Network

- The Sapporo Television Broadcasting Co., Ltd. (STV)*
- RAB Aomori Broadcasting Corporation (RAB)
- TV IWATE CORPORATION (TVI)
- MIYAGI TELEVISION BROADCASTING CO., LTD. (MMT)
- Akita Broadcasting System (ABS)
- Yamagata Broadcasting Co., Ltd. (YBC)
- Fukushima Central Television CO., LTD. (FCT)
- TELEVISION NIIGATA NETWORK (TeNY)
- TV.Shinshu Broadcasting Co., LTD. (TSB)
- Yamanashi Broadcasting System (YBS)
- Shizuoka Daiichi Television Corporation (SDT)
- KITANIHON Broadcasting CO., LTD. (KNB)
- TELEVISION KANAZAWA Corporation (KTK)
- FUKUI BROADCASTING CORPORATION (FBC)
- CHUKYO TV BROADCASTING CO., LTD. (CTV)*
- YOMIURI TELECASTING CORPORATION (YTV)*
- NIHONKAI TELECASTING CO., LTD. (NKT)
- Hiroshima Telecasting Co., Ltd. (HTV)
- Yamaguchi Broadcasting Co., Ltd. (KRY)
- JRT Shikoku Broadcasting Co., Ltd. (JRT)
- NISHINIPPON BROADCASTING CO., LTD. (RNC)
- Nankai Broadcasting CO., LTD. (RNB)
- Kochi Broadcasting Co., Ltd. (RKC)
- Fukuoka Broadcasting Corporation (FBS)*
- NAGASAKI INTERNATIONAL TELEVISION BROADCASTING, INC. (NIB)
- KKT Corporation (KKT) *
- Television Oita System Co., Ltd. (TOS)
- Miyazaki Telecasting Co., ltd. (UMK)
- Kagoshima Yomiuri Television Corporation (KYT)

* Affiliates accounted for under the equity method

Overseas Consolidated Subsidiaries

- NTV International Corporation (New York)
- Nippon Television Network Europe B.V. (Amsterdam)
- NTV Asia Pacific Pte. Ltd. (Singapore)

NNN Overseas News Bureaus

- London
- Paris
- Moscow
- Cairo
- Beijing
- Shanghai
- Seoul
- Bangkok
- New York
- Washington, D.C.
- Los Angeles

Website

Please visit our website for details.

About Nippon Television Holdings

Japanese
http://www.ntvhd.co.jp

English
http://www.ntvhd.co.jp/english

IR Information

Japanese
http://www.ntvhd.co.jp/ir

English
http://www.ntvhd.co.jp/english/ir

CSR

Japanese
http://www.ntv.co.jp/ntvcsr

http://www.ntvhd.co.jp/english/