(Translation)

Information to be Disclosed on the Internet upon Notice of the 78th Ordinary General Meeting of Shareholders

SYSTEMS TO SECURE THE PROPERNESS OF BUSINESS ACTIVITIES AND THE STATUS OF IMPLEMENTATION OF THE SYSTEMS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

(From April 1, 2018 to March 31, 2019)

Fuji Media Holdings, Inc.

The "Systems to Secure the Properness of Business Activities and the Status of Implementation of the Systems", the "Notes to Consolidated Financial Statements" and the "Notes to Non-Consolidated Financial Statements" are provided to the shareholders by posting them on our Internet website (http://www.fujimediahd.co.jp/) in accordance as provided for in laws and ordinances and Article 16 of the Articles of Incorporation of the Company.

BUSINESS REPORT

Systems to Secure the Properness of Business Activities and the Status of Implementation of the Systems

[1] Systems to secure the properness of business activities

1. Systems to secure the execution by the Directors and employees of their duties to comply with laws or ordinances and the Articles of Incorporation, and the regulations concerning management of exposure to the risk of loss and other systems

The vision of the Company and its subsidiaries (the "Group") of becoming Japan's representative "Media Conglomerate" requires the Company of the conduct of appropriate group governance, quickness in decision-making and flexibility in execution of business to fulfill its public mission of its media business central to a certified broadcast holding company. For that purpose, as well as to ensure the effectiveness of compliance with laws or ordinances and the Articles of Incorporation and risk management, the Company shall build up required systems.

(1) Organization system

The Company shall, pursuant to the "Regulations Concerning Compliance and Risk Management of the Group" (the "Group Compliance Regulations"), exercise general control over, and promote, the relevant operations of the Group. The Company shall also institute a "Committee for Compliance and Risk Management of the Group" (the "Group Compliance Committee") comprised of the Group's presidents/representative directors to respond to compliance issues and risks that may have a material effect on group management.

(2) Education and training

The Company shall hold explanatory meetings related to compliance of the Company and its subsidiaries on a timely basis and convey related materials to inform the directors and employees of the Group of the importance of compliance and risk management and promote the understanding thereof.

(3) Credibility of financial reporting

The Group shall exert efforts to build up a system to strengthen compliance and risk management while giving full consideration to individual operations carried on properly, and also establish an internal control system to ensure the credibility of financial reporting pursuant to the Financial Instruments and Exchange Act.

(4) Internal audits

The Company shall, pursuant to the "Internal Audit Regulations", monitor the status of internal audits by, and internal control systems of, the Group on a regular basis to confirm that the whole operations of the Group are conducted properly and validly in terms of laws or ordinances, the Articles of Incorporation and the internal rules, as well as the management policy.

2. Systems concerning storage and management of information on the execution by the Directors of their duties

Pursuant to the information management manuals of the Company, information on the execution by the Directors of the Company of their duties shall be stored and managed properly and accurately in a manner facilitating searching according to the storage media and shall be kept available for inspection for specified periods.

3. Systems to secure efficient execution by the Directors of their duties

The Directors of the Company shall continue to carry out a study on more rational and prompt operations to secure more efficient management of the Group. The Company shall formulate management plans of the whole Group and monitor the implementation thereof by receiving reports on operating results from each of the Group or otherwise.

4. Systems to secure the properness of business activities of the corporate group comprised of the Company and its subsidiaries

To secure the properness of business activities of the corporate group comprised of the Company and its subsidiaries, the Company shall, in respect of the Group's compliance and its risk management, as well as its business management, institute specialized departments and divisions respectively and promote the building up of the systems.

(1) To accurately grasp the situations of management of its subsidiaries and help the healthy development of their business activities, the Company shall take steps to receive reports from the subsidiaries on a regular and continuous basis, among others, to strengthen information sharing within the corporate group.

(2) The Company shall promote the building up of a system under which each subsidiary of the Company shall autonomously make workable compliance and risk management according to its type of operation and scale of the business and also establish a system under which for the purpose of responding to any risk that may have a material effect on group management, the Company shall accurately grasp the situation.

(3) To ensure the effective execution of business by its subsidiaries, the Company shall promote group-wide management pursuant to the "Regulations of Management of Associated Companies".

(4) The Company shall institute specialized departments and divisions to promote group compliance and through the "Group Compliance Regulations", promote the establishment of corporate ethics and the building up of a group compliance system

and a risk management system. The Company shall also establish a whistleblower system available to the Directors and employees of the Company, as well as the directors, audit & supervisory board members, executive employees, executive officers and employees of its subsidiaries (the "directors and employees of the Group"), with the aim of further ensuring the effectiveness of group compliance.

5. Matters concerning the employees to assist the Audit & Supervisory Board Members to execute their duties when the Audit & Supervisory Board Members request the assignment thereof, and the matters concerning the independence of the employees to assist the Audit & Supervisory Board Members to execute their duties and the effectiveness of directions to such employees

The Audit & Supervisory Board Members of the Company shall appoint the Audit & Supervisory Board Members' staff pursuant to the "Regulations of the Audit & Supervisory Board". The Audit & Supervisory Board Members' staff shall conduct business concerning the convocation of meetings of the Audit & Supervisory Board, the preparation of minutes and the administration of the Audit & Supervisory Board and assist the Audit & Supervisory Board Members to execute their duties. Such business shall be assigned to the General Affairs Department of the Company as provided for in the segregation of duties. The Audit & Supervisory Board Members' staff shall, as employees of the Company, be subject to the office rules of the Company. However, in principle, the authorities to direct and give order to the Audit & Supervisory Board Members' staff shall belong to each Audit & Supervisory Board Member and no Director shall have such authorities. With regard to the merit-rating, personnel changes and disciplinary punishments of the Audit & Supervisory Board Members' staff, opinions of the Audit & Supervisory Board shall be sought.

6. System for reports by the directors and employees of the Group to the Audit & Supervisory Board Members or the Audit & Supervisory Board of the Company

The Company shall establish and implement the system for reports by the directors and employees of the Group to the Audit & Supervisory Board Members or the Audit & Supervisory Board of the Company as described below:

(1) The directors and employees of the Group shall report the following matters on a timely basis:

  (i) A fact is found that may have a material effect on business or finance (including any fact concerning any of the Group).

  (ii) A fact is found that the Directors and employees do a dishonest act or violate laws or ordinances, the Articles of Incorporation or the internal rules in executing their duties (including any fact concerning any of the Group) or any act in contravention with generally-accepted ideas threatens to occur or occurs, and the fact or act is material.

  (iii) Any other urgent or emergent event is found.

(2) The directors and employees of the Group shall report the following matters of each company of the Group concerned to the Audit & Supervisory Board Members or the

Audit & Supervisory Board of the Company on a regular basis or whenever necessary:

(i) Monthly accounting data for each month;

(ii) Internal audit reports and major monthly reports from each department;

(iii) Important litigation;

(iv) Summaries of activities of the departments involved in internal control;

(v) Important accounting policies and accounting standards and the changes thereof;

(vi) Details of publication of operating results and forecasts thereof and the details of important disclosure documents;

(vii) Reports on business;

(viii) Summaries of activities of the audit & supervisory board members; and

(ix) Other important matters.

(3) In the event that the directors and employees of the Group are requested by the Audit & Supervisory Board Members or the Audit & Supervisory Board of the Company to report the execution of their duties, they shall do so promptly.

(4) The Company shall provide for internal regulations to ensure that any directors and employees of the Group who have given a report falling under any of paragraphs (1), (2) and (3) above to the Audit & Supervisory Board Members or the Audit & Supervisory Board of the Company will not suffer unfavorable treatment because of giving such report.

(5) The Company shall bear expenses to be incurred on the performance by the Audit & Supervisory Board Members of their duties in general.

[2] Overview of the status of implementation of the systems to secure the properness of business activities

The overview of the status of implementation of the systems during the fiscal year under review are described below:

1. Execution by the Directors of their duties

During the fiscal year under review, the Board of Directors held 11 meetings to deliberate on and determine important matters including management policies and receive reports on the execution by the Directors of their duties. The outside Directors and Audit & Supervisory Board Members of the Company attended all meetings of the Board of Directors. With regard to the execution of business, the executive Directors, with the President and Representative Director acting as the central role, made decisions in an efficient and speedy manner.

2. Measures for group compliance

The Company convened a session of the "Group Compliance Committee" comprised of the presidents/representative directors of the Group to raise awareness of compliance and risk management within the whole Group. In addition, the Company held two sessions for officers of the Group responsible for compliance, as well as two sessions for relevant personnel in charge of compliance at the Group, respectively to share information on compliance and risk management within the Group. Furthermore, the Company confers rewards to companies in the Group that have proactively engaged in activities for compliance for each fiscal year, in an effort to develop awareness of compliance within the entire Group.

3. Implementation of internal audits

In accordance with the "Internal Audit Regulations", the internal control division of the Company prepared an "Internal Audit Plan" and interviewed and audited each of the Group on site. The results of the audits were reported to the President of the Company and the summaries thereof were fed back to each of the Group.

4. Execution by the Audit & Supervisory Board Members of their duties

During the fiscal year under review, the Audit & Supervisory Board held eight meetings to deliberate on and determine the audit policy and audit plans. Each Audit & Supervisory Board Member implemented audits pursuant to the audit plans determined by the Audit & Supervisory Board and interviewed the Directors of the Company and the presidents/representative directors of the Group and received reports on the execution of their duties. In addition, the Audit & Supervisory Board exchanged opinions and information with the account auditors and the internal audit sections of the Company, as well as the full-time audit & supervisory board members of the Group, on a regular basis. Furthermore, to ensure that each Audit & Supervisory Board Member can execute his duties smoothly, the Audit & Supervisory Board Members' staff appointed pursuant to the "Regulations of the Audit & Supervisory Board" conduct business concerning the convocation of meetings of the Audit & Supervisory Board, the preparation of minutes and the administration of the Audit & Supervisory Board and assist the Audit & Supervisory Board Members to execute their duties.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Notes to important matters forming the basis of preparation of consolidated financial statements)

1. Matters concerning the scope of consolidation

(1) Number of consolidated subsidiaries: 40 companies

Names of major consolidated subsidiaries: Fuji Television Network, Inc., The Sankei Building Co., Ltd. and Dinos Cecile Co., Ltd.

The Sankei Building Co., Ltd. newly established Sankei Building Asset Management Co., Ltd. in May 2018 and the said company is reported as a consolidated subsidiary.

The Sankei Building Co., Ltd. absorbed and merged with Granvista Holdings in October 2018 and excluded the silent partnership operated by Granvista Holdings from the scope of consolidation.

ARC MUSIC, INC was excluded from the scope of consolidation upon completion of its liquidation in November 2018.

SKB USA, LLC established SKB PORTLAND LLC in March 2019 and the said company is reported as a consolidated subsidiary.

(2) 59 non-consolidated subsidiaries, including FCG Research Institute, Inc. and Nippon Planning Center Inc., are small companies and the aggregate amounts of total assets, net sales, net income/loss and retained earnings (based on the Company's equity interest) thereof have no significant impact on the consolidated financial statements. Hence, those subsidiaries are excluded from the scope of consolidation.

(3) Special purpose companies (SPCs) subject to disclosure

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

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

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

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

Number of SPCs	1 company
Total assets as of the most recent closing date (simple aggregation)	¥ 12,761 million
Total liabilities (simple aggregation)	¥ 12,757 million

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

Amounts, etc. of transactions with the SPC in the consolidated fiscal year ended March 31, 2019 are as follows.

	Balance at the end of consolidated fiscal year (million yen)	Major gain/loss	
		Item	Amount (millions of yen)
Accounts receivable (Note 1)	103	Operating expenses (Note 2)	516
Investments made in silent partnerships	0	-	-

Notes: 1. Advances paid to the SPC
2. Real estate rental fees paid to the SPC

2. Matters concerning the application of the equity method

(1) Non-consolidated subsidiaries to which the equity method is applied: 4 companies

Names of major non-consolidated subsidiaries to which the equity method is applied:	FCG Research Institute, Inc. and Nippon Planning Center Inc.

(2) Number of affiliates to which the equity method is applied: 22 companies

Names of major affiliates to which the equity method is applied: Kansai Telecasting Corporation and WOWOW Inc.

The Company acquired additional shares of Ehime Broadcasting Co., Ltd. in March 2019, converting it to an affiliate to which the equity method is applied.

SKB PORTLAND LLC made an equity investment in DRI-PORTLAND B LLC in March 2019, converting it to an affiliate to which the equity method is applied.

(3) Other subsidiaries and affiliates including TOKYO FILM MATE, Inc., and David Production Inc., and Fujimic Niigata KK are excluded from the scope of the equity method as they have no significant impact on consolidated net income/loss and retained earnings and are of little importance as a whole.

3. Matter concerning accounting standards

(1) Valuation basis and methods for major assets:

(i) Marketable securities:

Held-to-maturity bonds:

Stated at amortized cost (by the straight-line method)

Other securities:

Those with market value:
At market value, determined by market prices, etc. as of the close of the fiscal year (Revaluation differences are all transferred directly to net assets. Selling costs are determined principally by the moving average method.)

Those without market value:
At cost, determined principally by the moving average method

Bonds, in respect of which the difference between the acquisition cost and the bond price is characterized as adjustments in interest rates, are valuated at cost, determined by the amortized cost method (straight-line method).

Investments in investment associations and other similar associations (which are deemed to be marketable securities pursuant to Article 2, paragraph 2 of the Financial Instruments and Exchange Act) are valuated by recognizing net the amount equal to the Company's equity interest based on the most recent statements of accounts available according to the settlement report dates as stipulated in contracts for such associations.

(ii) Inventories:

At cost, determined principally by the identified cost method
(The balance sheet values are calculated by the write-down method based on declined margins.)

(2) Method of depreciation of important depreciable assets:

Tangible fixed assets (excluding lease assets):

Tangible fixed assets are depreciated principally by the declining balance method.
With regard to their useful lives, the same policy as in the method under the Corporation Tax Act is applicable.
However, with regard to the building and others of the head office of the Company, the buildings (excluding appurtenances thereto) acquired on or after April 1, 1998 and the appurtenances to buildings and structures acquired on or after April 1, 2016, the straight-line method has been adopted.

Intangible fixed assets (excluding lease assets):

Intangible fixed assets are depreciated by the straight-line method.
With regard to their useful lives, the same policy as in the method under the Corporation Tax Act is applicable.
However, software for internal use is depreciated by the straight-line method based on the internal usable period (five years).

Lease assets:

Lease assets related to finance lease transactions that do not transfer ownership:
Lease assets are depreciated by the straight-line method, based on the assumption that the useful life equals to the lease term and the residual value equals to zero.
Any finance lease transaction that do not transfer ownership, which became effective on or before March 31, 2008, is treated similarly in the manner in which ordinary lease transactions are treated.

(3) Basis for accounting for important allowances and reserves:

Allowance for doubtful accounts:

To meet losses from loan default, the Group sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of specific claims, such as probable non-performing credits.

Allowance for returned goods:

To meet losses from returned publications, etc., the Group sets aside an amount equivalent to the provision limit under the Corporation Tax Act, in respect of publications, and an estimated amount of loss based on the actual return rates in the past, in respect of other works.

Allowance for bonuses for officers:

To meet the payment of bonuses to officers, the Group sets aside an estimated amount of bonuses to be paid for the fiscal year under review.

Provision for point card certificates:

To meet the payment for points granted to customers for the purpose of sales promotion when they are used, the Group sets aside an amount estimated to be used in the future as of the close of the fiscal year under review.

Reserve for officers' retirement gratuities:

To meet the payment of retirement gratuities to officers, the Group provides an amount estimated to accrue at the close of the fiscal year under review, pursuant to its internal rules,

Provision for environmental measures:

To meet the payment for expenses of disposal of polychlorinated biphenyl (PCB) and other wastes, the Group provides an estimated amount of disposal expenses.

Provision for loss on guarantees

To meet losses on guarantees etc., the Group sets aside an amount of losses estimated, taking into account conditions including the financial position of guaranteed parties.

(4) Accounting method relating to employee retirement benefits:

(i) Method of attributing expected retirement benefits to periods:

To calculate retirement benefit obligations, the Group employs a benefit formula standard as the method of attributing expected retirement benefits to periods up to the close of the fiscal year under review.

(ii) Methods of treating actuarial differences and past service costs as expenses:

Past service costs are treated as expenses, based on a straight-line basis for a specific period of years (principally, 14 years) not exceeding the average remaining years of service of employees when such past service costs occur.

Actuarial differences are treated principally as expenses, *pro rata* based on the straight-line method for a specific period of years (principally, 14 years) not exceeding the average remaining years of service of employees when such differences occur, from the fiscal year next following the fiscal year when such differences occur.

(5) Accounting for revenues and expenses:

Basis of accounting for revenues related to finance lease transactions:

Net sales and cost of sales are recognized upon the receipt of lease payments.

(6) Method of important hedge accounting:

(i) Method of hedge accounting:

The Group uses the deferred method for hedge accounting. The specific allocation method is used to account for exchange contracts that meet the requirements of the method and the exceptional accrual method is used to account for interest rate swaps that meet the requirements for the method.

(ii) Hedging instruments and hedged items:

Foreign currency payables and foreign currency anticipated transactions arising from import of products, and bank loans are hedged items and exchange contracts and interest rate swaps are hedging instruments.

(iii) Hedging policy:

In accordance with its internal rules that provide for authorities concerning derivatives and other matters, the Group hedges risks of foreign exchange and interest rate fluctuations relating to hedged items to a limited extent and not for speculation purposes. The hedged items are identified by their respective agreements.

(iv) Method of evaluating the effectiveness of a hedge:

The effectiveness of a hedge is measured by comparing the accumulated amount

of difference in a hedging instrument and that of a hedged item.
As each interest rate swap meets the requirements for the exceptional accrual method and cash flows can be fixed after the inception of a hedge, the evaluation of the effectiveness thereof is omitted.

(7) Method and period of amortization of goodwill and negative goodwill:

Goodwill, and negative goodwill that was accrued on or before March 31, 2010, are amortized in equal amounts for specified years not exceeding 20 years according to the cause of the accrual thereof; however, insignificant goodwill or negative goodwill are amortized in a lump sum for a fiscal year during which it is accrued.

(8) Accounting treatment of consumption taxes, etc.:

Consumption taxes, etc. are excluded from each account subject to such taxes.

4. Amounts are shown by discarding fractions of one million yen.

(Changes in the method of presentation)

Consolidated balance sheet

"Electronically recorded obligations - operating" (¥1,310 million for the previous fiscal year), which was included in "Trade notes and trade accounts payable" under "Current Liabilities" in the previous fiscal year, is separately stated from the fiscal year under review, due to its increased significance.

Following the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), the Company adopts the "Ministerial Ordinance Partially Revising the Ordinance for Enforcement of the Companies Act and the Corporate Calculation Regulations" (Ordinance of the Ministry of Justice No. 5, March 26, 2018) from the fiscal year under review and therefore deferred tax assets and deferred tax liabilities are stated under "Investments and other assets" and "Long-term liabilities", respectively.

Accordingly, "Deferred tax assets" (¥7,140 million for the previous fiscal year) which was stated under "Current assets" in the previous fiscal year is included in "Deferred tax assets" of ¥20,036 million under "Investments and other asset" in the fiscal year under review. "Deferred tax liabilities" (¥14 million for the previous fiscal year) which was included in "Other current liabilities" under "Current liabilities" in the previous fiscal year is included in "Deferred tax liabilities" of ¥76,877 million under "Long-term liabilities" in the fiscal year under review.

Consolidated statement of income

"Impairment loss" (¥237 million for the previous fiscal year) which was included in "Others" under "Extraordinary loss" in the previous fiscal year, is separately stated from the fiscal year under review due to its increased significance.

"Loss on sales of investment securities" (¥42 million for the fiscal year under review) which was separately stated under "Extraordinary loss" in the previous fiscal year, is included in "Others" from the fiscal year under review due to its decreased significance.

(Notes to consolidated balance sheet)

1. Accumulated depreciation of tangible fixed assets: ¥272,767million

2. With regard to the tangible fixed assets acquired for and before the fiscal year under review, the amount of advanced depreciation by government subsidies was ¥ 254 million in buildings and structures, ¥337 million in machinery, equipment and vehicles, ¥10 million in other tangible fixed assets and ¥3 million in software. The amount thereof in the consolidated balance sheet is shown by deducting such amount of advanced depreciation.

3. Assets pledged:

Consolidated subsidiaries have provided ¥6 million of buildings and structures and ¥92 million of land as collateral, as well as ¥154 million of time deposits and ¥9 million of investment securities to television broadcasting companies, newspaper companies, etc. in substitution for business guarantee deposits.

4. Trade notes receivable/payable and electronically recorded obligations - operating which matured at the end of the fiscal year are recorded on the date on which notes are cleared or settled. The following notes and electronically recorded obligations - operating which mature at the end of the following fiscal year are included in the balance as of March 31, 2019 because the end of the fiscal year under review fell on a banking holiday.

Trade notes receivable:	¥464 million
Trade notes payable:	¥767 million
Electronically recorded obligations - operating:	¥2,320 million
Other current liabilities (Out of business notes payable):	¥ 262 million

(Notes to consolidated statement of changes in shareholders' equity, etc.)

1. Total number of issued shares as of March 31, 2019

   Shares of common stock: 234,194,500 shares

2. Matters concerning distribution of retained earnings

   (1) Matters concerning distribution of retained earnings made during the fiscal year under review:

Resolution	Class of shares	Total amount of dividends (million yen)	Amount of dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2018	Shares of common stock	4,683	20	March 31, 2018	June 28, 2018
Meeting of the Board of Directors held on November 1, 2018 (Note)	Shares of common stock	5,152	22	September 30, 2018	December 4, 2018

(Note) A commemorative dividend of ¥2.0 (in commemoration of the 10th anniversary of transition to a certified broadcast holding company and the 60th anniversary of Fuji Television Network) is included in the amount of dividend per share.

   (2) Matters concerning distribution of retained earnings to be made after the end of the fiscal year under review:

   The following resolution is expected to be adopted at the Ordinary General Meeting of Shareholders to be held on June 26, 2019:

Resolution	Class of shares	Source of dividends	Total amount of dividends (million yen)	Amount of dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders to be held on June 26, 2019 (Note)	Shares of common stock	Retained earnings	5,152	22	March 31, 2019	June 27, 2019

(Note) A commemorative dividend of ¥2.0 (in commemoration of the 10th anniversary of transition to a certified broadcast holding company and the 60th anniversary of Fuji Television Network) is included in the amount of dividend per share.

(Notes on financial instruments)

1. Matters concerning the status of financial instruments

(1) Policy on dealing in financial instruments:

The Group raises required funds principally through bank loans and bond issues. Floating money is invested in high-security financial assets. The Group uses derivatives to the extent necessary to reduce interest rate risk in respect of interest rate swaps and foreign currency risk in respect of exchange contracts, and has a policy not to conduct speculative trading.

(2) Details of financial instruments and related risks and risk management system:

Trade receivables – trade notes and trade accounts receivable – are exposed to credit risk in relation to customers. With regard to such risk, the Group, in accordance with its customer management rules, periodically monitors the status of trade receivables from its major clients in each business division, fixes a credit limit for each customer and manages the due dates and balances of its trade receivables by client to early detect or reduce credits that may become uncollectable due to the deterioration of its financial position or other reasons.

Marketable securities and investment securities, which principally consist of bonds to invest floating money and shares relating to business and capital alliances with client companies, are exposed to market risk. The Group periodically gains information on the market values and financial standings of the client companies and review the holding of such shares on a continuous basis by taking into consideration the relationships with the client companies.

Substantially all of trade payables – trade notes and trade accounts payable – and electronically recorded obligations - operating have payment due dates within one year. With regard to some trade payables relating to imports that are denominated in foreign currencies and are exposed to foreign currency risk, the Group uses exchange contracts to hedge such risk. Borrowings, bonds and lease obligations relating to finance lease transactions, which the Group uses principally to raise funds necessary for capital expenditure, repayment of borrowings and long-term investments and loans, will be redeemed in 10 years maximum after the close of the fiscal year.

Trade payables and borrowings are exposed to liquidity risk. The Group manages such liquidity risk by formulating and revising cash management projections on a timely basis by its treasury management division based on reports from other divisions and departments.

With regard to derivatives, some consolidated subsidiaries use interest rate swaps to hedge risks relating to fluctuations of interest rates on borrowings, and exchange contracts to hedge foreign currency risk involving imports and forecasted transactions denominated in foreign currencies. Contracts on these derivatives are executed by the treasury management division. After approval based on the internal rules, the kinds and transaction amounts thereof are reported to the Board of Directors and other organs and the status of transactions and the balance thereof are managed by the treasury management division.

With regard to the hedging instruments and hedged items, hedging policy and method of evaluating the effectiveness of a hedge with regard to hedge accounting, please refer to "(6) Method of important hedge accounting" described in "Notes to important matters forming the basis of preparation of consolidated financial statements" above.

2. Matters concerning fair values, etc. of financial instruments

The following chart shows the amounts for items recorded in the consolidated balance sheet as of March 31, 2019 (the consolidated settlement date for the fiscal year under review), along with their fair values and the differences:

(million yen)

	Balance sheet amount	Fair value	Difference
(1) Cash on hand and in banks	75,655	75,655	-
(2) Trade notes and trade accounts receivable	112,994	112,994	-
(3) Marketable securities and investment securities:			
Held-to-maturity bonds	296	301	4
Investment in shares of affiliates	13,385	18,770	5,385
Other marketable securities	311,269	311,269	-
Total assets	513,600	518,990	5,389
(1) Trade notes and trade accounts payable	47,796	47,796	-
(2) Electronically recorded obligations - operating	15,218	15,218	-
(3) Short-term borrowings	33,075	33,075	-
(4) Bonds	20,000	20,069	69
(5) Long-term borrowings	165,912	167,261	1,348
Total liabilities	282,001	283,420	1,418

Note 1: Matters concerning the calculation method of the fair values of financial instruments, as well as marketable securities and derivatives:

Assets:

(1) Cash on hand and in banks and (2) Trade notes and trade accounts receivable:

The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(3) Marketable securities and investment securities:

The fair value of stocks is determined by the price of the stocks traded on an exchange. For bonds, the value is determined by the price on an exchange or prices announced by financial institutions with business relationships.
For commercial paper and negotiable deposits, the book value is used, as the fair value is nearly equal to the book value as a result of their short settlement periods.

Liabilities:

(1) Trade notes and trade accounts payable, (2) Electronically recorded obligations - operating and (3) Short-term borrowings:

The book value is used for these items, as the fair value is nearly equal to the book value as a result of their short settlement periods.

(4) Bonds:

For the bonds issued by the Company, the fair value is calculated based on the market price.

(5) Long-term borrowings:

The fair value of long-term borrowings is calculated from the present value of the total principal and interest discounted at a rate supposing newly conducted similar borrowing. However, for long-term borrowings to which the exceptional accrual method with regard to interest rate swaps is applicable, the fair value is calculated from the present value of the total principal and interest treated together with the interest rate swaps, discounted at a rate supposing newly conducted similar borrowing.

Derivatives:

The derivatives to which the exceptional accrual method with regard to interest rate swaps is applicable are treated together with long-term borrowings as hedged items. Hence, the fair value is presented by inclusion in "(5) Long-term borrowings" as liabilities on the above chart.

Note 2: Financial instruments for which determining the market values is recognized as being extremely difficult:

(million yen)

Item	Balance sheet amount
Unlisted shares	114,371
Investment in investment associations	4,623
Others	41,391

These items have no market price and it is impossible to estimate their future cash flow. As determining the market value is recognized as being extremely difficult, they are not included in "(3) Marketable securities and investment securities" as assets.

(Notes on leased and other real estate properties)

1. Matters concerning the status of leased and other real estate properties

The Company and some of its consolidated subsidiaries hold real estate properties (including land) for lease, including office buildings and commercial facilities, in Tokyo, Osaka, etc.

2. Matters concerning the market value of leased and other real estate properties

(million yen)

Balance sheet amount	Fair value
209,097	243,821

Notes: 1. The consolidated balance sheet amount is the acquisition amount less accumulated depreciation.

2. The fair value of major properties at the close of the fiscal year under review is an amount based on real-estate appraisals by outside real-estate appraisers. The fair value of other large properties is calculated by each of the Company and the consolidated subsidiaries based on real-estate appraisals by in-house real-estate appraisers. The fair value of other properties is calculated by each of the Company and the consolidated subsidiaries based on the benchmarks considered to properly reflect the market price.

(Notes on the information per share)

1. Net assets per share: ¥ 3,150.57
2. Net income per share: ¥102.03

(Significant subsequent event)

On April 1, 2019, approval from the Minister of Health, Labour and Welfare for the return of the substitutional portion of the Employees' Pension Fund related to the employees' past service was granted for Fuji Employees' Pension Fund, in which the Company and some of its consolidated subsidiaries participate.

Accordingly, the Company and some of its consolidated subsidiaries recognize the extinguishment of substitutional portion of the retirement benefit obligations pertaining to the approval thereof and gains or losses arising from the extinguishment, in accordance with Article 46 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on March 26, 2015).

The Company thus will post gain on transfer of benefit obligation relating to employees' pension fund of ¥18,832 million as extraordinary gain for the fiscal year ending March 31, 2020. The final amount may vary as it is currently being calculated.

(Notes on other matters)

Impairment loss

The Group recorded impairment loss on the assets below:

Location	Use	Type	Amount (million yen)
(Media & Content) Dinos Cecile Co., Ltd. Takamatsu, Kagawa and other sites	Business Property	Buildings and structures, land, construction in process, etc.	3,630
(Urban Development, Hotels & Resorts) The Sankei Building Co., Ltd. Osaka, Osaka and other sites	Rental Building	Buildings and structures, land, etc.	2,529
GRANVISTA Hotels & Resorts Co., Ltd Tomakomai, Hokkaido	Business property	Buildings and structures, land, etc.	159

(Note) In addition to these losses, impairment loss of ¥7.0 million was recorded in the Media & Content business but omitted from the statement due to its less significance.

Dinos Cecile Co., Ltd. in the Media & Content reviews impairment loss on business properties sorted by the groups of assets based on business segments. The Company reduced the carrying amount of less profitable business properties to their recoverable amount and recorded the reduced amount thereof as impairment loss under extraordinary loss in the fiscal year under review; the breakdown thereof are ¥741 million of buildings and structures, ¥59 million of machinery, equipment and vehicles, ¥626 million of Land, ¥785 million on construction in process, ¥315 million of "Other tangible fixed assets" under tangible fixed assets, ¥533 million of software, and ¥568 million of "Other intangible fixed assets" under intangible fixed assets. The recoverable amount of the groups of assets thereof is at either net sale price or value in use whereby the net sale price is calculated based on real estate appraisal value and value in use is assessed to be zero as no future cash flow is expected.

The Sankei Building Co., Ltd. in the Urban Development, Hotels & Resorts reviews impairment loss sorted by the groups of individual assets, in principle. The Company reduced the carrying cost of the group of assets to be sold or disposed of to its recoverable amount and accounted for the reduced amount thereof as impairment loss under extraordinary loss in the fiscal year under review; the breakdown thereof are ¥827 million of buildings and structures, ¥5 million of machinery, equipment and vehicles, ¥1,685 million of land, and ¥10 million of "Other tangible fixed assets" under tangible fixed assets. The recoverable amount of the groups of assets thereof is at value in use and real estate appraisal value is primarily used for the net sale price.

GRANVISTA Hotels & Resorts Co., Ltd. in the Urban Development, Hotels & Resorts reviews impairment loss on business properties sorted by the groups of assets based on business office categorized under managerial accounting treatment. The Company reduced the carrying cost of less profitable business properties to their recoverable amount and recorded the reduced amount thereof as impairment loss under extraordinary loss in the fiscal year under review; the breakdowns thereof are ¥64 million of buildings and structures, ¥12 million of machinery, equipment and vehicles, ¥40 million of land, ¥39 million of "Other tangible fixed assets" under tangible fixed assets, and ¥3 million of software. The recoverable amount of the groups of assets thereof is measured at value in use whereby value in use is assessed to be zero as no future cash flow is expected.

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

(Notes to the matters concerning significant accounting policies)

1. Valuation basis and methods for assets:

Marketable securities:

Investment in shares of subsidiaries and affiliates:

At cost, determined by the moving average method

Other securities:

Those with market value:

At market value, determined by market prices, etc. as of the close of the fiscal year (Revaluation differences are all transferred directly to net assets. Selling costs are determined by the moving average method.)

Those without market value:

At cost, determined by the moving average method

Bonds, in respect of which the difference between the acquisition cost and the bond price is characterized as adjustments in interest rates, are valuated at cost, determined by the amortized cost method (straight-line method).

Investments in investment associations and other similar associations (which are deemed to be marketable securities pursuant to Article 2, paragraph 2 of the Financial Instruments and Exchange Act) are valuated by recognizing net the amount equal to the Company's equity interest based on the most recent statements of accounts available according to the settlement report dates as stipulated in contracts for such associations.

2. Method of depreciation of fixed assets:

Tangible fixed assets:

Tangible fixed assets are depreciated by the declining balance method.

With regard to their useful lives, the same policy as in the method under the Corporation Tax Act is applicable.

However, with regard to the building of the head office, the buildings (excluding appurtenances thereto) acquired on or after April 1, 1998 and the appurtenances to buildings and structures acquired on or after April 1, 2016, the straight-line method has been adopted.

Intangible fixed assets:

Intangible fixed assets are depreciated by the straight-line method.

With regard to their useful lives, the same policy as in the method under the Corporation Tax Act is applicable.

However, software for internal use is depreciated by the straight-line method based on the internal usable period (five years).

3. Basis for accounting for allowances and reserves:

Allowance for doubtful accounts:

To meet losses from loan default, the Company sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of specific claims, such as probable non-performing credits.

Reserve for employee retirement benefits:

To meet the payment of retirement benefits to employees, the Company provides an amount estimated to accrue at the close of the fiscal year under review, based on the estimated retirement benefit obligations and pension plan assets as of the close of the fiscal year under review.
The accounting method for reserve for employee retirement benefits and employee retirement benefit costs is as described below:

(i) Method of attributing expected retirement benefits to periods:

To calculate retirement benefit obligations, the Company employs a benefit formula standard as the method of attributing expected retirement benefits to periods up to the close of the fiscal year under review.

(ii) Methods of treating actuarial differences and past service costs as expenses:

Past service costs are treated as expenses, based on a straight-line basis for a specific period of years (15 years) not exceeding the average remaining years of service of employees when such past service costs occur.

Actuarial differences are treated as expenses, *pro rata* based on the straight-line method for a specific period of years (15 years) not exceeding the average remaining years of service of employees when such differences occur, from the fiscal year next following the fiscal year when such differences occur.

The treatment of unrecognized actuarial differences and unrecognized past service costs on the balance sheet differs from the treatment thereof in the consolidated financial statements.

4. Method and period of amortization of negative goodwill:

Negative goodwill that was accrued on or before March 31, 2010 is amortized in equal amounts for specified years not exceeding 20 years according to the cause of the accrual thereof.

5. Accounting treatment of consumption taxes, etc.:

Consumption taxes, etc. are excluded from each account subject to such taxes.

6. Amounts are shown by discarding fractions of one million yen.

(Changes in the method of presentation)

Non-consolidated statement of income

"Loss on sales of investment securities" (¥34 million for the previous fiscal year) and "Loss on valuation of shares of affiliates" (¥18 million for the previous fiscal year), which were included in "Others" under "Extraordinary loss" in the previous fiscal year, are separately stated from the fiscal year under review due to their increased significance.

(Notes to non-consolidated balance sheet)

1. Money debts due from and payable to associated companies:

Short-term money debts due from associated companies:	¥1,764 million
Long-term money debts due from associated companies:	¥2,210 million
Short-term money debts payable to associated companies:	¥184,996 million
Long-term money debts payable to associated companies:	¥5,473 million

2. Accumulated depreciation of tangible fixed assets: ¥84,039 million

3. With regard to the tangible fixed assets acquired for and before the fiscal year under review, the amount of advanced depreciation by government subsidies was ¥106 million in structures. The amount thereof in the non-consolidated balance sheet is shown by deducting such amount of advanced depreciation.

(Notes to non-consolidated statement of income)

Transactions with associated companies:

Operating revenue:	¥12,684 million
Operating expenses:	¥732 million
Transactions other than ordinary business:	¥111 million

(Notes to non-consolidated statement of changes in shareholders' equity, etc.)

Total number of shares of treasury stock as of March 31, 2019:

Shares of common stock:	34 shares

(Notes on tax effect accounting)

1. Principal components of deferred tax assets and deferred tax liabilities:

(Deferred tax assets)	(million yen)
Accrued enterprise taxes	244
Accrued officers' retirement gratuities	242
Valuation losses on investment securities	5,428
Shares of associated affiliates associated with reorganization	11,640
Net operating loss carryforward	744
Others	308
Subtotal of deferred tax assets	18,609
Valuation reserve for retained tax loss	(744)
Valuation reserve for total of deductible temporary differences and others	(17,579)
Subtotal of valuation reserve	(18,323)
Total deferred tax assets	285
(Deferred tax liabilities)	
Shares of associated affiliates associated with reorganization	3,896
Valuation difference on available-for-sale securities	45,084
Others	123
Total deferred tax liabilities	49,103
Net deferred tax liabilities	48,818

(Notes on transactions with related parties)

Subsidiaries, etc.

Category	Trade name	Location	Capital stock (million yen)	Principal business	Ratio of voting rights owned by the Company (owned in the Company)	Relation	Transaction	Transaction amount (million yen)	Account item	End-of-year balance (million yen)
Subsidiary	Fuji Television Network, Inc.	Minato-ku, Tokyo	8,800	Television broadcasting business	Direct 100.0%	Lease of building; interlocking directorate	Receipt of rents	5,605	Advance received Guarantee deposit	490 4,644

Notes:
1. The above transaction amounts do not include consumption taxes.
2. Business conditions and policy on deciding business conditions:
   The lease of the building relates to the building of the head office and the rent is determined based on the current status of transactions in the neighborhood.

(Notes on the information per share)

1.	Net assets per share:	¥ 2,308.79
2.	Net income per share:	¥47.89

(Significant subsequent event)

On April 1, 2019, approval from the Minister of Health, Labour and Welfare for the return of the substitutional portion of the Employees' Pension Fund related to the employees' past service was granted for Fuji Employees' Pension Fund, in which the Company and some of its consolidated subsidiaries participate.

Accordingly, the Company and some of its consolidated subsidiaries recognize the extinguishment of substitutional portion of the retirement benefit obligations pertaining to the approval thereof and gains or losses arising from the extinguishment, in accordance with Article 46 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on March 26, 2015).

The Company thus will post gain on transfer of benefit obligation relating to employees' pension fund of ¥89 million as extraordinary gain for the fiscal year ending March 31, 2020. The final amount may vary as it is currently being calculated.

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