February 5, 2014

Quarterly Flash Report [Japanese GAAP] (Consolidated Basis)

Results for the Nine months ended December 31, 2013

Company name: Fuji Media Holdings, Inc.

Stock listing: Tokyo Stock Exchange　Code number: 4676　URL http://www.fujimediahd.co.jp/en

Representative: Hideaki Ohta, President and Representative Director

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Quarterly report filing date (Planned): February 14, 2014　Start of dividend payments (Planned): —

Quarterly supplemental explanatory material prepared: Yes　Quarterly results briefing held: None

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

1. Consolidated Financial Results

(1) Business Performance

Nine months ended December 31　　Percentages indicate year-on-year increases/ (decreases).

	Net sales		Operating income		Recurring profit		Net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
2013	469,187	(0.3)	24,157	(22.1)	27,232	(32.6)	13,795	(48.8)
2012	470,627	4.9	31,014	8.3	40,403	35.4	26,933	62.3

(Note) Comprehensive income: Nine months ended December 31, 2013: ¥30,032 million, (13.1)%;
Nine months ended December 31, 2012: ¥34,572 million, 43.4%

	Net income per share	Net income per share after dilution
	Yen	Yen
2013	59.56	—
2012	116.05	—

(Note) Fuji Media Holdings conducted a share split on October 1, 2013, at the ratio of 100 shares per share of common stock. Net income per share has been calculated assuming that the share split was conducted at the start of the previous fiscal year.

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of Yen	Millions of Yen	%
December 31, 2013	1,006,700	591,470	58.2
March 31, 2013	952,335	568,200	59.1

(Reference) Total shareholders' equity: December 31, 2013: ¥586,268 million, March 31, 2013: ¥563,284 million

2. Dividends

Year ended March 31, 2013/ Year ending March 31, 2014

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
2013	—	2,200.00	—	2,200.00	4,400.00
2014	—	2,200.00	—		
2014 (Forecast)				22.00	—

(Note) Revision of dividends forecast: None

The year-end dividend forecast for the fiscal year ending March 31, 2014 is presented assuming a share split at the ratio of 100 shares per share of common stock, effective October 1, 2013.

3. Forecasts of Consolidated Financial Results for Fiscal Year ending March 31, 2014

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	632,600	0.1	33,000	(12.3)	35,100	(25.7)

	Net income		Net income per share
	Millions of yen	%	Yen
Fiscal year	18,100	(42.2)	78.15

(Note) Revision of earnings forecast: None

The figures for net income per share in the consolidated financial forecasts for the full fiscal year are presented assuming a share split at the ratio of 100 shares per share of common stock, effective October 1, 2013.

Notes:

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

   Additions: — Deletions: —

2. Adoption of special accounting policy for quarterly financial reporting: None

3. Changes in accounting policies, changes in accounting estimates, and modifications and restatements :
   1) Changes in accounting policies based on revision of accounting standards: None
   2) Changes in accounting policies other than 1) above: None
   3) Changes in accounting estimates: None
   4) Modifications and restatements: None

4. Number of issued shares (Common shares)

	Nine months ended December 31, 2013	Year ended March 31, 2013
1) Number of issued shares (including treasury stock) at end of the period	236,429,800	236,429,800
2) Number of treasury stock at end of the period	4,846,262	4,794,452
		Nine months ended December 31, 2012
3) Average number of issued shares for the period	231,626,016	232,088,113

(Note) Fuji Media Holdings conducted a share split on October 1, 2013, at the ratio of 100 shares per share of common stock. Figures for the number of shares have been calculated assuming that the share split was conducted at the start of the previous fiscal year.

Indication of quarterly review procedure implementation status

・ This quarterly flash report is not subject to quarterly audit procedures under the Financial Instruments and Exchange Act. The audit procedures of quarterly financial statements in accordance with the Financial Instruments and Exchange Act have not been completed at the time of disclosure of this quarterly flash report.

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

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

・ The Company, at the meeting of its Board of Directors held on May 15, 2013, decided to implement a share split and adopt a unit share system. Effective October 1, 2013, each share of common stock was split into 100 shares, with 100 shares set as a share unit. With regard to the forecasts of dividends and consolidated financial results for the fiscal year ending March 31, 2014 associated with the share split and the adoption of a unit share system, please refer to the relevant sections hereof.

CONTENTS OF ATTACHMENT

1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE SUBJECT PERIOD

(1) Explanation of Business Results

The Japanese government's *Monthly Economic Report* on the Japanese economy for the third-quarter cumulative period of the fiscal year ending March 31, 2014 (April 1, 2013 to December 31, 2013) stated, "The economy is recovering gently. With support from various policies, household income and investment are increasing, and the economy is expected to remain on a recovery track. Employment conditions are improving, and consumer spending is rising." In line with the economic upturn, conditions in the advertising market are improving, with demand rising for spot advertising sales, which are closely linked to market conditions.

Amid this economic environment, the Fuji Media Holdings Group posted consolidated net sales for the subject third-quarter cumulative period of ¥469,187 million, a decrease of 0.3% from the same period of the previous fiscal year. Although sales decreased in the Broadcasting segment and the Production segment, revenue rose in the Video and Music segment, Life Information segment, Advertising segment, Urban Development segment and Other segment.

Operating income declined 22.1% from the same period of the previous fiscal year to ¥24,157 million, due mainly to a fall in earnings in the mainstay Broadcasting segment. Recurring profit declined 32.6% to ¥27,232 million on the rebound decline from a gain on negative goodwill recorded in the previous fiscal year when Kansai Telecasting Corporation was made an equity-method affiliate. Net income fell 48.8% to ¥13,795 million as a result of the recording of a ¥1,100 million extraordinary loss on measures associated with the relocation of transmitting station.

Results by operating segment are as follows.

Nine months ended December 31

	Net sales			Operating income		
	2012	**2013**	Change	2012	**2013**	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Broadcasting	266,823	**258,072**	(3.3)	22,356	**14,957**	(33.1)
Production	38,170	**37,743**	(1.1)	2,381	**2,220**	(6.7)
Video and Music	42,500	**44,628**	5.0	1,770	**1,375**	(22.3)
Life Information	101,375	**102,777**	1.4	1,332	**1,084**	(18.6)
Advertising	30,167	**31,747**	5.2	66	**329**	395.4
Urban Development	24,326	**26,010**	6.9	3,097	**3,339**	7.8
Other	20,037	**20,198**	0.8	593	**554**	(6.5)
Eliminations	(52,773)	**(51,991)**	—	(583)	**297**	—
Total	470,627	**469,187**	(0.3)	31,014	**24,157**	(22.1)

Broadcasting

Fuji Television Network, Inc. recorded a decline in broadcasting revenues from the same period of the previous fiscal year, due mainly to a fall in both time and spot advertising sales in response to a drop in viewer ratings, and a rebound decline from last year's London Olympics 2012 and other special Olympics-related programs. In non-broadcasting revenues, other business revenue rose from the same period of the previous fiscal year, on positive performance in the event business from such events as the Japan performance of *MICHAEL JACKSON THE IMMORTAL WORLD TOUR*, and *United States of Odaiba 2013*. In terms of earnings, operating income declined from the same period of the previous fiscal year as a result of the decrease in broadcasting revenues.

Fuji Satellite Broadcasting, Inc. (BS Fuji) posted a revenue gain as a result of record sales on strong performance in time advertising sales, with spot advertising revenue also recovering in the third quarter. Operating income, however, declined as a result of an increase in broadcasting costs and other factors.

Nippon Broadcasting System, Inc. recorded an increase in broadcast income, but revenue and earnings were down overall on a fall in event business sales.

As a result, for the Broadcasting segment overall, net sales decreased 3.3% from the same period of the previous fiscal year to ¥258,072 million, with operating income down 33.1% to ¥14,957 million.

Net Sales by Broadcasting Operations

Nine months ended December 31

	2012	**2013**	Change from the previous period
	Millions of yen	Millions of yen	%
Fuji Television Network, Inc.			
Broadcasting businesses	209,943	**199,009**	(5.2)
Broadcasting	184,366	**174,256**	(5.5)
Network time	85,192	**80,950**	(5.0)
Local time	11,707	**11,093**	(5.2)
Spot	87,466	**82,212**	(6.0)
Other broadcasting business	25,576	**24,752**	(3.2)
Program sales	14,302	**13,945**	(2.5)
Other	11,274	**10,807**	(4.1)
Other businesses	35,966	**38,390**	6.7
Subtotal	245,909	**237,399**	(3.5)
Fuji Satellite Broadcasting, Inc. (BS Fuji)	8,744	**10,119**	15.7
Nippon Broadcasting System, Inc.	14,070	**12,212**	(13.2)
Elimination in the segment	(1,901)	**(1,659)**	—
Total	266,823	**258,072**	(3.3)

Production

Despite positive performance at Fuji Media Technology, Inc., the company formed from the merger during the subject fiscal year of Happo Television Inc. and Fuji Lighting and Technology Co., Ltd., overall net sales in the Production segment fell 1.1% from the same period of the previous fiscal year to ¥37,743 million, due mainly to a falloff in orders for programs. In terms of earnings, a rise in the cost rate led to a 6.7% decline in operating income to ¥2,220 million.

Video and Music

Pony Canyon, Inc. posted a year-on-year gain in revenue on contributions from sales of such DVD titles as *Attack on Titan* and *ONE PIECE FILM Z*. In terms of expenses, however, on a rise in the cost rate, owing mainly to higher title procurement expenses, operating income was down from the same period of the previous fiscal year.

Fujipacific Music Inc. posted gains in both revenue and earnings, due mainly to positive royalty income, including for songs from the *One Piece* anime series, and background music from the *Mezamashi TV* television program.

As a result, net sales in the Video and Music segment overall rose 5.0% from the same period of the previous fiscal year to ¥44,628 million, though operating income declined 22.3% from a year earlier to ¥1,375 million.

Life Information

Dinos Cecile Co., Ltd., the company formed from the merger during the subject fiscal year of Dinos Inc. and Cecile Co., Ltd., posted a revenue gain on positive performance at Dinos centered on fashion-related catalogue sales, though operating income declined as a result of the struggling Cecile business. Sankei Living Shimbun Inc. recorded a decline in revenue due mainly to sluggish advertising sales for *Living Shimbun*, and posted an operating loss for the subject period.

As a result, net sales in the Life Information segment overall increased 1.4% from the same period of the previous fiscal year to ¥102,777 million. Operating income, however, declined 18.6% year-on-year to ¥1,084 million.

Advertising

Quaras Inc. recorded an increase in revenue and a substantial gain in earnings from the same period of the previous fiscal year, on strong advertising revenue for television, newspapers and Internet media.

Kyodo Advertising Co., Ltd. recorded a gain in television advertising sales, but revenue declined overall on a drop in outdoor and online advertising. In terms of earnings, the company achieved profitability through improvement in the cost rate and curbs to selling, general and administrative (SG&A) expenses.

As a result, net sales in the Advertising segment overall increased 5.2% from the same period of the previous fiscal year to ¥31,747 million, with operating income up 395.4% year-on-year to ¥329 million.

Urban Development

The Sankei Building Co., Ltd. recorded a gain in revenue and earnings, stemming mainly from the sale of owned properties.

As a result, net sales in the Urban Development segment overall increased 6.9% from the same period of the previous fiscal year to ¥26,010 million, with operating income up 7.8% to ¥3,339 million.

Other

Fujimic, Inc. recorded declines in both revenue and earnings mainly on a fall in orders for IT system development. Fusosha Publishing, Inc. recorded a gain in revenue on positive magazine sales, but earnings declined on a rise in SG&A expenses.

As a result, net sales in the Other segment overall rose 0.8% from the same period of the previous fiscal year to ¥20,198 million, though operating income declined 6.5% to ¥554 million.

Equity-Method Affiliates

Network affiliates, which were included in consolidated results from the previous fiscal year, all secured earnings amid a difficult business environment for broadcast revenues, though there was a rebound decline from the recording in the previous year of a gain on negative goodwill from Kansai Telecasting Corporation.

As a result, equity in earnings of affiliates decreased ¥6,019 million overall from the same period of the previous fiscal year to ¥1,852 million.

(2) Explanation of the Financial Position

Total assets at the end of the subject third-quarter cumulative period (December 31, 2013) amounted to ¥1,006,700 million, an increase of ¥54,364 million from the end of the previous fiscal year (March 31, 2013).

Total current assets amounted to ¥365,485 million, an increase of ¥23,794 million from the end of the previous fiscal year. This was due mainly to increases of ¥13,133 million in inventories; ¥3,273 million in marketable securities; and ¥3,937 million in prepaid expenses included in the “Other” category of current assets.

Noncurrent assets totaled ¥641,214 million, an increase of ¥30,570 million from the end of the previous fiscal year. This was due mainly to increases of ¥25,849 million in investment securities; and ¥9,662 million in land; against a decrease of ¥2,604 million in buildings and structures.

Total liabilities amounted to ¥415,230 million, an increase of ¥31,094 million from the end of the previous fiscal year. This was due mainly to increases of ¥10,019 million in deferred tax liabilities included in the “Other” category of noncurrent liabilities; ¥10,023 million in long-term loans payable; and ¥5,354 million in short-term loans payable; against a decrease of ¥10,000 million in bonds payable.

Total net assets at the end of the subject third-quarter cumulative period amounted to ¥591,470 million, an increase of ¥23,269 million from the end of the previous fiscal year. This was mainly the result of an increase of ¥18,438 million in valuation difference on available-for-sale securities; and ¥13,795 million in net income; against a decrease of ¥10,304 million in retained earnings due to dividend payments.

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

Consolidated results for the third-quarter cumulative period included a decline in both revenue and earnings in the mainstay Broadcasting segment, and lower earnings in the Life Information segment, against positive performance in the Advertising segment and the Urban Development segment. Despite the fluctuations in the various segments, overall results were basically in line with forecasts. For the whole-year period, there is no change from the forecasts announced on October 31, 2013.

2. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2013	**December 31, 2013**
ASSETS		
Current assets:		
Cash and deposits	42,107	**40,561**
Notes and accounts receivable-trade	119,797	**119,258**
Marketable securities	98,687	**101,961**
Inventories	39,149	**52,282**
Other	42,588	**52,090**
Allowance for doubtful accounts	(639)	**(668)**
Total current assets	341,691	**365,485**
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	138,755	**136,151**
Land	158,248	**167,910**
Other	20,900	**19,910**
Total property, plant and equipment	317,904	**323,972**
Intangible assets		
Goodwill	1,327	**992**
Other	40,229	**39,431**
Total intangible assets	41,556	**40,423**
Investments and other assets		
Investment securities	218,873	**244,722**
Other	34,249	**34,066**
Allowance for doubtful accounts	(1,940)	**(1,971)**
Total investments and other assets	251,182	**276,818**
Total noncurrent assets	610,644	**641,214**
Total assets	952,335	**1,006,700**

	Millions of yen	
	March 31, 2013	**December 31, 2013**
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	50,237	**54,695**
Short-term loans payable	28,618	**33,973**
Provision for sales returns	785	**967**
Provision for directors' bonuses	359	**214**
Provision for point card certificates	858	**868**
Provision for measures associated with the relocation of transmitting station	1,080	**258**
Other	78,921	**88,133**
Total current liabilities	160,860	**179,111**
Noncurrent liabilities:		
Bonds payable	60,000	**50,000**
Long-term loans payable	41,690	**51,714**
Provision for retirement benefits	45,834	**48,556**
Provision for directors' retirement benefits	1,630	**1,631**
Provision for loss on interest repayment	40	**35**
Provision for environmental measures	18	**18**
Allowance for reconstruction related loss	—	**255**
Other	74,059	**83,907**
Total noncurrent liabilities	223,274	**236,119**
Total liabilities	384,135	**415,230**
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	**146,200**
Capital surplus	173,664	**173,664**
Retained earnings	233,723	**240,967**
Treasury stock	(9,228)	**(9,329)**
Total shareholders' equity	544,360	**551,503**
Accumulated other comprehensive income:		
Valuation difference on available-for sale securities	19,429	**37,868**
Deferred gains or losses on hedges	69	**75**
Revaluation reserve for land	2,980	**(812)**
Foreign currency translation adjustment	(3,556)	**(2,365)**
Total accumulated other comprehensive income	18,923	**34,765**
Minority interests	4,915	**5,201**
Total net assets	568,200	**591,470**
Total liabilities and net assets	952,335	**1,006,700**

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

Consolidated Statements of Income

Nine months ended December 31

	Millions of yen	
	2012	**2013**
Net sales	470,627	**469,187**
Cost of sales	305,975	**312,949**
Gross profit	164,652	**156,238**
Selling, general and administrative expenses	133,638	**132,080**
Operating income	31,014	**24,157**
Non-operating income:		
Dividends income	1,836	**2,010**
Equity in earnings of affiliates	7,871	**1,852**
Other	1,785	**1,699**
Total	11,493	**5,562**
Non-operating expenses:		
Interests expenses	1,559	**1,138**
Loss on investments in partnership	115	**786**
Other	429	**562**
Total	2,104	**2,487**
Recurring profit	40,403	**27,232**
Extraordinary gain:		
Gain on sales of investment securities	286	**350**
Other	2,762	**7**
Total	3,049	**358**
Extraordinary loss:		
Loss on valuation of investment securities	226	**2,475**
Loss on measures associated with the relocation of transmitting station	—	**1,100**
Other	3,910	**593**
Total	4,136	**4,168**
Income before income taxes	39,315	**23,423**
Income taxes-current	11,327	**7,551**
Income taxes-deferred	661	**1,697**
Total	11,989	**9,248**
Income before minority interests	27,326	**14,174**
Minority interests in income	393	**379**
Net income	26,933	**13,795**

Consolidated Statements of Comprehensive Income

Nine months ended December 31

	Millions of yen	
	2012	**2013**
Income before minority interests	27,326	**14,174**
Other comprehensive income:		
Valuation difference on available-for-sale securities	3,500	**17,516**
Deferred gains or losses on hedges	(10)	**6**
Revaluation reserve for land	3,793	**(3,793)**
Foreign currency translation adjustment	(14)	**1,190**
Share of other comprehensive income of associates accounted for using equity method	(23)	**937**
Total of other comprehensive income	7,246	**15,858**
Comprehensive income	34,572	**30,032**
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	34,163	**29,637**
Comprehensive income attributable to minority interests	408	**394**

(3) Note to Financial Statements

Note on Assumptions for Going Concern

Not applicable

Notes in the Event of Major Change in Shareholders' Equity

Not applicable.

(4) Segment Information

I. Nine months ended December 31, 2012

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

Millions of Yen

	Reported segment							Other (Note 1)	Total	Adjust-ment (Note 2)	Consolidated statements of income (Note 3)
	Broad-casting	Produc-tion	Video and Music	Life Informa-tion	Advertis-ing	Urban Develop-ment	Total				
Net sales:											
Net sales to third parties	252,924	15,183	41,589	100,934	27,773	24,023	462,428	8,199	470,627	—	470,627
Intra-group net sales and transfers	13,898	22,987	911	441	2,394	302	40,936	11,837	52,773	(52,773)	—
Total net sales	266,823	38,170	42,500	101,375	30,167	24,326	503,364	20,037	523,401	(52,773)	470,627
Segment operating income	22,356	2,381	1,770	1,332	66	3,097	31,004	593	31,597	(583)	31,014

Notes:
1. The "Other" category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing, and software development.
2. The segment earnings adjustment of minus ¥583 million mainly comprises ¥2,362 million in eliminations of inter-segment business, together with minus ¥2,945 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.
3. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

2. Information on Impairment Losses on Noncurrent Assets or Goodwill by Reported Segment

Material Impairment Loss on Noncurrent Assets

In the Life Information segment, the Company reduced the relevant value of land it planned to sell from book value to recoverable value, and recorded the difference as an impairment loss. The amount recorded for the subject impairment loss in the subject third-quarter cumulative period is ¥1,117 million.

In the "Urban Development" segment, following the decision to close the lease property business, the Company reduced the relevant value of lease property from book value to recoverable value, and recorded the difference as an impairment loss. The amount recorded for the subject impairment loss in the subject third-quarter cumulative period is ¥382 million.

Material Gains on Negative Goodwill

In the "Production" segment, the Company made its equity-method affiliate NEXTEP Co., Ltd. a wholly-owned subsidiary through the additional acquisition of its shares, and made NEXTEP a consolidated subsidiary. As a result, this generated negative goodwill in the subject third-quarter cumulative period of ¥364 million.

In accordance with the Company's additional acquisition of shares in Kansai Telecasting Corporation to make the firm an equity-method affiliate, in the "Production" segment, the Company increased its ownership ratio in five companies, including Kyodo Television, Ltd. As a result, this generated negative goodwill in the subject third-quarter cumulative period of ¥245 million.

In the "Urban Development" segment, the Company made The Sankei Building Co., Ltd. a wholly-owned subsidiary through the additional acquisition of its shares and other measures. As a result, this generated negative goodwill in the subject third-quarter cumulative period of ¥1,005 million.

II. Nine months ended December 31, 2013

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

Millions of Yen

	Reported segment							Other (Note 1)	Total	Adjust-ment (Note 2)	Consolidated statements of income (Note 3)
	Broad-casting	Produc-tion	Video and Music	Life Informa-tion	Advertis-ing	Urban Develop-ment	Total				
Net sales:											
Net sales to third parties	243,655	15,128	43,909	102,412	29,779	25,652	460,537	8,649	469,187	—	469,187
Intra-group net sales and transfers	14,416	22,615	719	365	1,968	358	40,442	11,549	51,991	(51,991)	—
Total net sales	258,072	37,743	44,628	102,777	31,747	26,010	500,980	20,198	521,178	(51,991)	469,187
Segment operating income	14,957	2,220	1,375	1,084	329	3,339	23,306	554	23,860	297	24,157

Notes:
1. The "Other" category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing, and software development.
2. The segment earnings adjustment of ¥297 million mainly comprises ¥3,493 million in eliminations of inter-segment business, together with minus ¥3,196 million in Group-wide expenses not allocated to a particular reported segment. Group-wide expenses are the expenses of the parent company as a certified broadcast holding company.
3. Segment operating income is adjusted to the operating income figure on the Consolidated Statement of Income.

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