July 31, 2014

Flash Report [Japanese GAAP] (Consolidated Basis)

Results for the three months ended June 30, 2014

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): August 8, 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

Three Months ended June 30　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	%
2014	151,307	1.1	6,667	(15.7)	8,617	(9.3)	5,045	64.0
2013	149,690	(0.9)	7,908	(43.5)	9,505	(56.8)	3,076	(79.8)

(Note) Comprehensive income: Three months ended June 30, 2014: ¥ 9,915 million, (1.4)%;
Three months ended June 30, 2013: ¥10,054 million, (29.6)%

	Net income per share	Net income per share after dilution
	Yen	Yen
2014	21.79	—
2013	13.28	—

(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	%
June 30, 2014	1,015,907	593,328	57.9
March 31, 2014	1,011,696	583,013	57.1

(Reference) Total shareholders' equity: June 30, 2014: ¥588,178 million, March 31, 2014: ¥577,804 million

2. Dividends

Year ended March 31, 2014/ Year ending March 31, 2015

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
2014	—	2,200.00	—	18.00	—
2015	—				
2015 (Forecast)		20.00	—	20.00	40.00

(Note) Revision of dividends forecast: None

Fuji Media Holdings conducted a share split on October 1, 2013, at the ratio of 100 shares per share of common stock. Figure for 2Q of the fiscal year ended March 31, 2014 is actual dividend amounts prior to the share split.

3. Forecasts of Consolidated Financial Results for Fiscal Year ending March 31, 2015

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Interim period	313,300	2.0	13,100	(9.0)	14,500	(7.0)
Fiscal year	650,700	1.3	34,000	7.8	36,800	5.6

	Net income		Net income per share
	Millions of yen	%	Yen
Interim period	8,500	37.2	36.71
Fiscal year	22,600	30.8	97.62

(Note) Revision of earnings forecast: None

Notes:

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

   Additions: None　　Deletions: None

2. Adoption of special accounting treatment in preparing the quarterly consolidated financial statements: 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: Yes
   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 stock)

	Three months ended June 30, 2014	Year ended March 31, 2014
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	4,914,917	4,914,917
		Three months ended June 30, 2013
3) Average number of issued shares for the period	231,514,883	231,635,310

(Note) Fuji Media Holdings conducted a share split on October 1, 2013, at the ratio of 100 shares per share of common stock. Figures 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 flash report is not subject to quarterly review procedures under the Financial Instruments and Exchange Act. The quarterly review procedures of financial statements in accordance with the Financial Instruments and Exchange Act have not been completed at the time of disclosure of this 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 assumptions considered rational. Actual results may differ materially from the forecasts due to various factors in the future. Regarding the assumptions forming the forecast of financial results, please refer to “1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE SUBJECT PERIOD: (3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections” on page 7.

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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 first-quarter period of FY2014 (April 1, 2014 to June 30, 2014) states that "the moderate recovery in the economy continues, but there are also indications of weak movement at present as a result of the rebound from the demand rush that preceded the rise in the consumption tax rate." Companies are cautious in their business outlook, but there are signs of improvement.

Amid this economic environment, the Fuji Media Holdings Group posted consolidated net sales for the subject first-quarter period of ¥151,307 million, up 1.1% from the same period of the previous fiscal year. Sales declined in the Broadcasting, Production, Video and Music, Life Information and Other segments, but this was offset by increases in the Advertising and Urban Development segments.

Operating income declined 15.7% from the same period of the previous fiscal year to ¥6,667 million, due mainly to a fall in earnings in the mainstay Broadcasting segment, and operating losses in the Video and Music and Life Information segments, which offset earnings gains in the Urban Development, Advertising and Other segments. Recurring profit declined 9.3% year-on-year to ¥8,617 million, though net income rose 64.0% to ¥5,045 million on the rebound from extraordinary losses recorded in the previous fiscal year for the relocation of transmitting station and a loss on valuation of investment securities.

Results by operating segment are as follows.

Three months ended June 30

	Net sales			Operating income (loss)		
	2013	**2014**	Change	2013	**2014**	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Broadcasting	86,852	**86,162**	(0.8)	6,911	**5,900**	(14.6)
Production	11,270	**11,184**	(0.8)	425	**370**	(13.1)
Video and Music	13,534	**12,249**	(9.5)	(280)	**(387)**	—
Life Information	32,925	**32,400**	(1.6)	350	**(860)**	—
Advertising	9,198	**10,291**	11.9	13	**102**	678.5
Urban Development	5,749	**8,627**	50.0	167	**1,069**	537.5
Other	6,526	**6,432**	(1.4)	185	**223**	20.9
Eliminations	(16,367)	**(16,041)**	—	135	**249**	—
Total	149,690	**151,307**	1.1	7,908	**6,667**	(15.7)

Broadcasting

Fuji Television Network, Inc. recorded an increase in broadcasting revenues from the same period of the previous fiscal year. Time advertising sales rose as rates for the April lineup remained on a par with the previous year, boosted by one-off programming such as the 2014 FIFA World Cup. Spot advertising suffered in April due to the consumption tax increase, but was positive in both May and June. In non-broadcasting revenues, despite increased sales in the movie business with the release of *THERMAE ROMAE II*, and contributions in the event business from Cirque du Soleil *OVO*, other business revenue declined overall as a result of the rebound decline from the previous year's Japan performance of *MICHAEL JACKSON THE IMMORTAL WORLD TOUR*. Consequently, the gains in broadcasting revenues were insufficient to offset declines in other business revenues, and Fuji Television Network's sales declined overall from the same period of the previous fiscal year. In terms of earnings, operating income declined year-on-year as a result of higher production expenses for 2014 FIFA World Cup, among others.

Fuji Satellite Broadcasting, Inc. (BS Fuji) recorded an overall gain in sales, as positive performance in broadcasting income offset declines in other business revenue. Operating income rose on higher broadcasting income.

Nippon Broadcasting System, Inc. posted increases in both revenue and earnings on gains in broadcasting income and event business sales.

As a result, for the Broadcasting segment overall, net sales decreased 0.8% from the same period of the previous fiscal year to ¥86,162 million, with operating income down 14.6% to ¥5,900 million.

Net Sales by Broadcasting Operations

Three months ended June 30

	2013	**2014**	Change
	Millions of yen	Millions of yen	%
Fuji Television Network, Inc.			
Broadcasting businesses	67,002	**67,938**	1.4
Broadcasting	58,865	**59,995**	1.9
Network time	26,519	**27,463**	3.6
Local time	3,504	**3,526**	0.6
Spot	28,841	**29,005**	0.6
Other broadcasting business	8,137	**7,942**	(2.4)
Program sales	4,525	**4,486**	(0.9)
Other	3,611	**3,456**	(4.3)
Other businesses	13,636	**11,657**	(14.5)
Subtotal	80,639	**79,596**	(1.3)
Fuji Satellite Broadcasting, Inc. (BS Fuji)	3,283	**3,590**	9.4
Nippon Broadcasting System, Inc.	3,462	**3,572**	3.2
Elimination in the segment	(533)	**(598)**	—
Total	86,852	**86,162**	(0.8)

Production

The business environment for programming and other production orders was tight, and net sales in the Production segment declined 0.8% from the same period of the previous fiscal year to ¥11,184 million. In terms of earnings, operating income fell 13.1% to ¥370 million on an increase in expenses.

Video and Music

Pony Canyon, Inc. posted an overall decline in sales, as gains in the music division from aiko's album and other hits could not offset the falloff in the video division from a lack of key hit titles. In terms of earnings, Pony Canyon recorded an operating loss for the period as a result of considerable procurement costs for video titles.

Fujipacific Music Inc. recorded a decline in revenue due to a falloff in copyright royalty income, but earnings increased as a result of a lower cost rate.

As a result, net sales in the Video and Music segment overall fell 9.5% from the same period of the previous fiscal year to ¥12,249 million, with an operating loss for the period of ¥387 million.

Life Information

Dinos Cecile Co., Ltd. posted an overall decline in sales and an operating loss for the period. The Dinos business was boosted by positive performance in television shopping and strong sales of household items from catalogue shopping, but revenue declined overall as a result of a falloff in fashion goods stemming from the rebound from the pre-tax hike demand rush. The Cecile business posted declines in both the mainstay ladies' outerwear and ladies' innerwear categories.

Sankei Living Shimbun Inc. recorded a revenue gain on steady advertising income from *Living Shimbun* and *City Living*, and narrowed its operating loss compared to the same period of the previous fiscal year.

As a result, net sales in the Life Information segment overall decreased 1.6% from the same period of the previous fiscal year to ¥32,400 million, with an operating loss of ¥860 million.

Advertising

Quaras Inc. recorded increases in both revenue and earnings on income gains from television advertising, as well as newspaper advertising.

Kyodo Advertising Co., Ltd. posted higher revenues on increases in television advertising and event income, and regained profitability compared to the same period of the previous fiscal year.

As a result, net sales in the Advertising segment overall increased 11.9% from the same period of the previous fiscal year to ¥10,291 million, with operating income rising 678.5% from a year earlier to ¥102 million.

Urban Development

The Sankei Building Co., Ltd. posted year-on-year increases in both revenues and earnings as a result of greater income from a rising utilization rate in the mainstay office building business, contributions from real estate sales to investors, and positive performance in residential housing sales.

As a result, net sales in the Urban Development segment rose 50.0% from the same period of the previous fiscal year to ¥8,627 million, with operating income up 537.5% to ¥1,069 million.

Other

Fujimic, Inc. recorded declines in both revenue and earnings on a falloff in orders for IT system development and maintenance.

Fusosha Publishing, Inc. recorded an increase in sales on revenue gains in the book division, and regained profitability compared to the same period of the previous fiscal year.

As a result, net sales in the Other segment overall fell 1.4% from the same period of the previous fiscal year to ¥6,432 million, though operating income rose 20.9% to ¥223 million.

Equity-Method Affiliates

Fee-based broadcaster Nihon Eiga Satellite Broadcasting Corporation recorded a revenue decline as a result of the impact from the shift to a high-definition format, but earnings increased with a fall in operating expenses.

The ten Fuji TV network affiliates, along with WOWOW Inc., which became an equity-method affiliate in the previous fiscal year, contributed to equity in earnings of affiliates.

(2) Explanation of the Financial Position

Total assets at the end of the subject first-quarter period (June 30, 2014) amounted to ¥1,015,907 million, an increase of ¥4,211 million from the end of the previous fiscal year (March 31, 2014).

Current assets amounted to ¥360,554 million, a decrease of ¥9,906 million from the end of the previous fiscal year. This was due mainly to decreases of ¥11,737 million in notes and accounts receivable-trade; and ¥7,427 million in marketable securities; against an increase of ¥9,233 million in cash and deposits.

Noncurrent assets totaled ¥655,353 million, an increase of ¥14,118 million from the end of the previous fiscal year. This was due mainly to increases of ¥10,024 million in land; and ¥4,440 million in investment securities.

Liabilities amounted to ¥422,579 million, a decrease of ¥6,103 million from the end of the previous fiscal year. This was due mainly to decreases of ¥7,917 million in net defined benefit liability; and ¥3,963 million in notes and accounts payable-trade; against an increase of ¥3,462 million in short-term loans payable.

Net assets at the end of the subject first-quarter period amounted to ¥593,328 million, an increase of ¥10,315 million from the end of the previous fiscal year. This was mainly the result of ¥5,045 million in net income; together with an increase of ¥4,830 million in retained earnings from changes in account policies for retirement benefits; and an increase of ¥4,739 million in valuation difference on available-for-sale securities; against a decrease of ¥4,215 million in retained earnings due to dividend payments.

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

Consolidated results for the subject first-quarter period comprised revenue and earnings declines in the Broadcasting, Production, Video and Music and Life Information segments, together with revenue and earnings gains in the Advertising and Urban Development segments. Despite fluctuations in each segment, consolidated results are overall mostly in line with the plan. There is no change in whole-year consolidated results forecasts from those announced on May 15, 2014.

2. MATTERS REGARDING SUMMARY INFORMATION (NOTES)

Changes in Accounting Policies, Changes in Accounting Estimates, and Modifications and Restatements

Changes in Accounting Policies

From the beginning of the first-quarter period of the subject fiscal year, the Company has applied “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012, “Retirement Benefits Accounting Standard”) and “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012, “Retirement Benefits Application Guidance”), as prescribed by the purview of Paragraph 35 of the Accounting Standard for Retirement Benefits, and the purview of Paragraph 67 of the Retirement Benefits Application Guidance. The method for calculating retirement benefit obligations and service cost has been revised, with the period attribution method for projected benefit obligations changed from straight-line attribution to a benefit formula standard. The method for determining the discount rate has also been revised, with regard to the period for the bonds that are the basis for determining the discount rate, from a method that uses the number of years approximate to the average remaining years of service for the employee, to a simple weighted average discount rate reflecting the projected benefit obligation period and amounts of each projected benefit obligation period.

For the application of the Retirement Benefits Accounting Standard, in accordance with the provisional treatment as prescribed by Paragraph 37 of the Retirement Benefits Accounting Standard, from the beginning of the first-quarter period of the subject fiscal year, the amount of financial impact resulting from the change in the method for calculating retirement benefit obligations and service cost, has been assessed to retained earnings.

As a result, net defined benefit liability at the beginning of the first quarter period of the subject fiscal year decreased ¥8,975 million, and retained earnings increased ¥4,830 million. The impact on operating income, recurring profit and income before income taxes is negligible.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2014	**June 30, 2014**
ASSETS		
Current assets:		
Cash and deposits	37,119	**46,352**
Notes and accounts receivable-trade	128,778	**117,041**
Marketable securities	104,958	**97,531**
Inventories	48,791	**49,715**
Other	51,545	**50,619**
Allowance for doubtful accounts	(732)	**(705)**
Total current assets	370,461	**360,554**
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	134,717	**134,734**
Land	169,488	**179,513**
Other	20,345	**20,883**
Total property, plant and equipment	324,550	**335,131**
Intangible assets		
Goodwill	823	**1,440**
Other	41,897	**41,037**
Total intangible assets	42,720	**42,477**
Investments and other assets		
Investment securities	238,771	**243,211**
Other	37,223	**36,619**
Allowance for doubtful accounts	(2,031)	**(2,087)**
Total investments and other assets	273,963	**277,744**
Total noncurrent assets	641,235	**655,353**
Total assets	1,011,696	**1,015,907**

	Millions of yen	
	March 31, 2014	**June 30, 2014**
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	54,264	**50,301**
Short-term loans payable	39,388	**42,851**
Provision for sales returns	970	**920**
Provision for directors' bonuses	347	**71**
Provision for point card certificates	896	**938**
Provision for loss on reconstruction	285	**285**
Other	88,557	**96,377**
Total current liabilities	184,710	**191,745**
Noncurrent liabilities:		
Bonds payable	50,000	**40,000**
Long-term loans payable	47,402	**48,674**
Provision for directors' retirement benefits	1,680	**1,616**
Provision for loss on interest repayment	19	**19**
Provision for environmental measures	18	**18**
Net defined benefit liability	61,592	**53,675**
Other	83,259	**86,829**
Total noncurrent liabilities	243,973	**230,834**
Total liabilities	428,683	**422,579**
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	**146,200**
Capital surplus	173,664	**173,664**
Retained earnings	244,360	**249,918**
Treasury stock	(9,424)	**(9,424)**
Total shareholders' equity	554,800	**560,359**
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	33,739	**38,479**
Deferred gains or losses on hedges	4	**(57)**
Revaluation reserve for land	(305)	**(305)**
Foreign currency translation adjustment	(1,553)	**(1,815)**
Remeasurements of defined benefit plans	(8,882)	**(8,481)**
Total accumulated other comprehensive income	23,003	**27,819**
Minority interests	5,208	**5,150**
Total net assets	583,013	**593,328**
Total liabilities and net assets	1,011,696	**1,015,907**

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

Consolidated Statements of Income

Three months ended June 30

	Millions of yen	
	2013	**2014**
Net sales	149,690	**151,307**
Cost of sales	98,100	**99,915**
Gross profit	51,589	**51,392**
Selling, general and administrative expenses	43,681	**44,724**
Operating income	7,908	**6,667**
Non-operating income:		
Dividends income	1,323	**1,171**
Equity in earnings of affiliates	287	**745**
Other	658	**624**
Total	2,270	**2,541**
Non-operating expenses:		
Interests expenses	372	**375**
Other	300	**217**
Total	673	**592**
Recurring profit	9,505	**8,617**
Extraordinary gain:		
Gain on sales of investment securities	246	**41**
Gain on extinguishment of tie-in shares	—	**51**
Other	8	**2**
Total	255	**96**
Extraordinary loss:		
Loss on valuation of investment securities	2,448	**1,096**
Loss on measures associated with the relocation of transmitting station	1,100	**—**
Other	84	**199**
Total	3,632	**1,296**
Income before income taxes	6,128	**7,417**
Income taxes-current	2,422	**2,259**
Income taxes-deferred	504	**67**
Total	2,927	**2,327**
Income before minority interests	3,200	**5,089**
Minority interests in income	124	**44**
Net income	3,076	**5,045**

Consolidated Statements of Comprehensive Income

Three months ended June 30

	Millions of yen	
	2013	**2014**
Income before minority interests	3,200	**5,089**
Other comprehensive income:		
Valuation difference on available-for-sale securities	5,616	**4,546**
Deferred gains or losses on hedges	(10)	**(42)**
Foreign currency translation adjustment	797	**(262)**
Remeasurements of defined benefit plans	—	**414**
Share of other comprehensive income of affiliates accounted for using equity method	451	**170**
Total of other comprehensive income	6,853	**4,826**
Comprehensive income	10,054	**9,915**
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	9,929	**9,861**
Comprehensive income attributable to minority interests	124	**54**

(3) Notes to Consolidated 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. Three months ended June 30, 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 statement 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	81,896	4,559	13,319	32,804	8,539	5,661	146,781	2,909	149,690	—	149,690
Inter-segment net sales and transfers	4,956	6,711	214	121	659	88	12,750	3,617	16,367	(16,367)	—
Total net sales	86,852	11,270	13,534	32,925	9,198	5,749	159,531	6,526	166,058	(16,367)	149,690
Segment operating income (loss)	6,911	425	(280)	350	13	167	7,588	185	7,773	135	7,908

Notes:
1. The "Other" category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing, and software development.
2. The segment operating income adjustment of ¥135 million mainly comprises ¥1,132 million in eliminations of inter-segment business, together with minus ¥997 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 (loss) is adjusted to the operating income figure on the Consolidated Statement of Income.

II. Three months ended June 30, 2014

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 statement 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	82,311	4,099	12,014	32,246	9,477	8,439	148,589	2,717	151,307	—	151,307
Inter-segment net sales and transfers	3,850	7,084	234	154	814	188	12,326	3,715	16,041	(16,041)	—
Total net sales	86,162	11,184	12,249	32,400	10,291	8,627	160,916	6,432	167,349	(16,041)	151,307
Segment operating income (loss)	5,900	370	(387)	(860)	102	1,069	6,194	223	6,418	249	6,667

Notes:

1. The “Other” category is a business segment not included in reported segments. It includes such operations as publishing, temporary agency services, movables leasing, and software development.
2. The segment operating income adjustment of ¥249 million mainly comprises ¥1,261 million in eliminations of inter-segment business, together with minus ¥1,012 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 (loss) is adjusted to the operating income figure on the Consolidated Statement of Income.

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