

Flash Report [Japanese GAAP] (Consolidated Basis)**Results for the nine months ended December 31, 2016****Company name: Fuji Media Holdings, Inc.**

Stock listing: Tokyo Stock Exchange Code number: 4676

URL: <http://www.fujimediahd.co.jp/en>

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Scheduled date of filing quarterly securities report: February 13, 2017

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: No

(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 attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
2016	488,672	3.1	20,201	44.5	26,649	34.9	22,550	65.0
2015	473,806	1.7	13,976	(23.2)	19,750	(30.5)	13,663	(30.4)

(Note) Comprehensive income: Nine months ended December 31, 2016: ¥34,072 million, 94.8%

Nine months ended December 31, 2015: ¥17,487 million, (60.9)%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2016	97.53	—
2015	59.08	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
December 31, 2016	1,188,894	668,039	55.0
March 31, 2016	1,136,406	638,383	55.4

(Reference) Total shareholders' equity: December 31, 2016: ¥653,669 million, March 31, 2016: ¥629,785 million

2. Dividends

Year ended March 31, 2016/ Year ending March 31, 2017

	Dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2016	—	20.00	—	20.00	40.00
2017	—	20.00	—		
2017 (Forecast)				20.00	40.00

(Note) Revision to dividends forecast: None

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2017

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	652,400	1.8	24,400	0.0	31,400	(3.1)

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year	25,100	9.9	108.57

(Note) Revision to earnings forecast: Yes

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

(Note) Please refer to "2. MATTERS REGARDING SUMMARY INFORMATION (NOTES): Changes in Accounting Policies, Changes in Accounting Estimates, and Modifications and Restatements: Changes in Accounting Policies" on page 9.

4. Number of issued shares (Common stock)

	Nine months ended December 31, 2016	Year ended March 31, 2016
1) Number of issued shares (including treasury stock) at end of the period (shares)	236,429,800	236,429,800
2) Number of treasury stock at end of the period (shares)	5,375,405	5,199,629
		Nine months ended December 31, 2015
3) Average number of issued shares during the period (shares)	231,229,212	231,264,128

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 THIRD QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2017: (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 THIRD QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2017

(1) Explanation of Business Results

The Japanese government's Monthly Economic Report on the Japanese economy for the nine months ended December 31, 2016 (April 1, 2016 to December 31, 2016) states "Although improvement is delayed in some areas, the economy is on a moderate recovery track. With the continuing improvement trend of the employment and income situation, along with the effect of various government measures, the moderate recovery trend is expected to continue in the future. However, close attention must be paid to the impact of uncertainty in the economies outside Japan and fluctuations in financial and capital markets." The report also states that the business outlook of corporations "is moderately recovering."

Amid this economic environment, the Fuji Media Holdings Group's consolidated net sales increased during the nine months ended December 31, 2016, up 3.1% from the same period of the previous fiscal year to ¥488,672 million, as increases in the Advertising, Urban Development and Other segments offset declines in the Broadcasting, Production, Video and Music, and Life Information segments.

In terms of earnings, operating income amounted to ¥20,201 million, up 44.5% year-on-year, because while declines in the Production, Advertising and Other segments and an operating loss of the Video and Music segment were recorded, the mainstay Broadcasting, Life Information and Urban Development segments recorded increased income. Recurring profit increased 34.9% year-on-year to ¥26,649 million, and net income attributable to owners of the parent increased 65.0% year-on-year to ¥22,550 million, due partially to the fact that a gain on negative goodwill was recorded under extraordinary gain as a result of making Sendai Television Inc. a consolidated subsidiary.

Results by operating segment are as follows.

Nine months ended December 31

	Net sales			Operating income (loss)		
	2015	2016	Change	2015	2016	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Broadcasting	239,894	237,076	(1.2)	4,968	6,882	38.5
Production	38,570	36,534	(5.3)	1,913	1,608	(15.9)
Video and Music	35,807	34,081	(4.8)	41	(114)	—
Life Information	101,936	99,206	(2.7)	1,312	1,399	6.7
Advertising	30,643	32,760	6.9	246	215	(12.6)
Urban Development	57,438	75,392	31.3	4,940	9,708	96.5
Other	19,672	21,491	9.3	494	480	(2.9)
Eliminations	(50,157)	(47,869)	—	60	20	—
Total	473,806	488,672	3.1	13,976	20,201	44.5

Broadcasting

Fuji Television Network, Inc. saw a decrease in revenue from time advertising sales due to severe conditions in the sales of regular programs, despite the contribution to sales of the 2016 Rio de Janeiro Olympics-related programs, All Japan Figure Skating 2016-related programs and other major sports programs. In spot advertising, revenue decreased due to the impact of sluggish viewer ratings. In non-broadcasting revenues, revenue from other business increased, primarily thanks to the contributions from *TOTEM* and *Odaiba Minna no YUME-TAIRIKU 2016 -A World of Wonders-* in the event business, *Assassination Classroom: Graduation* and *ONE PIECE FILM GOLD* in the movie business. As a result, although net sales declined overall, operating income increased due to decreased operating expenses.

Fuji Satellite Broadcasting, Inc. (BS Fuji) recorded increases in both revenue and earnings thanks to increased revenue from broadcasting and other businesses.

Although Nippon Broadcasting System, Inc. posted a decline in broadcasting revenue, the event business and radio shopping business were strong, and net sales increased overall. In terms of earnings, an operating loss was posted due to an increase in selling, general and administrative expenses.

As a result, for the Broadcasting segment overall, net sales decreased 1.2% from the same period of the previous fiscal year to ¥237,076 million, and segment operating income increased 38.5% to ¥6,882 million.

Net Sales by Broadcasting Operations

Nine months ended December 31

	2015	2016	Change
	Millions of yen	Millions of yen	%
Fuji Television Network, Inc.			
Broadcasting businesses	186,637	178,624	(4.3)
Broadcasting	161,618	153,167	(5.2)
Network time	72,410	66,983	(7.5)
Local time	10,573	9,961	(5.8)
Spot	78,634	76,221	(3.1)
Other broadcasting business	25,019	25,457	1.7
Program sales	13,488	13,169	(2.4)
Other	11,531	12,288	6.6
Other businesses	31,160	35,448	13.8
Subtotal	217,798	214,072	(1.7)
Fuji Satellite Broadcasting, Inc. (BS Fuji)	12,841	13,400	4.4
Nippon Broadcasting System, Inc.	10,803	10,958	1.4
Elimination in the segment	(1,548)	(1,355)	—
Total	239,894	237,076	(1.2)

Production

Net sales in the Production segment overall decreased 5.3% from the same period of the previous fiscal year to ¥36,534 million due to decreased number of orders and order unit prices for programs. Segment operating income declined 15.9% from the same period of the previous fiscal year to ¥1,608 million.

Video and Music

Pony Canyon Inc. posted a decline in sales overall as there were few hit titles that formed the core for both the music and video divisions. In terms of earnings, an operating loss was posted due to the heavy burden of procurement cost for video titles.

Fujipacific Music Inc. recorded an increase in sales overall thanks to the contribution of royalty revenue, which remained at the same level as the same period of the previous fiscal year, and management revenue, despite decreased master recording usage fees and video production revenue. Earnings increased because of lower cost rates.

As a result, net sales in the Video and Music segment overall declined 4.8% from the same period of the previous fiscal year to ¥34,081 million, and the segment posted an operating loss.

Life Information

The Dinos business of Dinos Cecile Co., Ltd. posted a decrease in overall revenue, for although the performance of television shopping remained strong, the catalog business struggled. In the Cecile business, the overall catalog business was sluggish and net sales decreased. As a result, both revenue and earnings decreased for the entire business of Dinos Cecile Co., Ltd.

Sankei Living Shimbun Inc. recorded a revenue decline overall due to sluggishness mainly in advertising income from *Living Shimbun* and *City Living*, but operating loss decreased compared to the same period of the previous fiscal year thanks to efforts made on cost reduction.

As a result, net sales in the Life Information segment overall decreased 2.7% from the same period of the previous fiscal year to ¥99,206 million, with segment operating income increasing 6.7% from the same period of the previous fiscal year to ¥1,399 million.

Advertising

Quaras Inc. posted an increase in revenue resulting from strong performance of the mainstay TV advertising, radio advertising, out-of-home advertising and online advertising, but earnings declined due mainly to shrinking profit margins.

As a result, net sales in the Advertising segment overall increased 6.9% from the same period of the previous fiscal year to ¥32,760 million, and segment operating income decreased 12.6% from the same period of the previous fiscal year to ¥215 million.

Urban Development

The Sankei Building Co., Ltd. posted an increase in revenue and a major increase in earnings, as the mainstay office building business remained robust, and sales of buildings held and revenue from sales of land contributed to the asset development business.

GRANVISTA Hotels & Resorts Co., Ltd. posted declines in both revenue and earnings, due to

some hotels suspending operations for seismic retrofitting.

Net sales in the Urban Development segment overall increased 31.3% from the same period of the previous fiscal year to ¥75,392 million, with segment operating income up 96.5% to ¥9,708 million, resulting in a major increase in earnings.

Other

Fujimic, Inc. recorded declines in both revenue and earnings due to decreased orders for systems. Fusosha Publishing Inc. posted increases in both revenue and earnings due to strong performance of its separate volume magazine books (known as “mooks”) on cooking.

Net sales in the Other segment overall increased 9.3% from the same period of the previous fiscal year to ¥21,491 million, and segment operating income decreased 2.9% from the same period of the previous fiscal year to ¥480 million.

Equity-Method Affiliates

The eleven Fuji TV network affiliates, along with WOWOW Inc., ITOCHU Fuji Partners, Inc. and others contributed to the equity in earnings of affiliates.

(2) Explanation of the Financial Position

Total assets at the end of the third quarter of the fiscal year under review (December 31, 2016) amounted to ¥1,188,894 million, an increase of ¥52,488 million (4.6%) from the end of the previous fiscal year (March 31, 2016).

Total current assets amounted to ¥406,807 million, an increase of ¥20,796 million (5.4%) from the end of the previous fiscal year. This was due mainly to increases of ¥23,709 million in cash and deposits; and ¥4,847 million in marketable securities; against a decrease of ¥6,638 million in notes and accounts receivable-trade.

Total noncurrent assets amounted to ¥782,005 million, an increase of ¥31,718 million (4.2%) from the end of the previous fiscal year. This was due mainly to increases of ¥24,184 million in investment securities; and ¥7,432 million in land.

Total liabilities amounted to ¥520,855 million, an increase of ¥22,832 million (4.6%) from the end of the previous fiscal year. This was due mainly to increases of ¥19,856 million in long-term loans payable; ¥7,506 million in notes and accounts payable-trade; and ¥4,677 million in deferred tax liabilities included in “Other” line item under noncurrent liabilities; against a decrease of ¥10,000 million in bonds payable (including the current portion).

Net assets at the end of the third quarter of the fiscal year under review amounted to ¥668,039 million, an increase of ¥29,655 million (4.6%) from the end of the previous fiscal year. This was due mainly to the recording of ¥22,550 million in net income attributable to owners of the parent; increases of ¥11,714 million in valuation difference on available-for-sale securities; and ¥5,771 million in non-controlling interests; against a decrease of ¥9,367 million in retained earnings due to dividends from surplus.

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

With regard to the full-year consolidated financial results forecasts for the fiscal year ending March 31,

2017, in terms of overall consolidated performance, net sales, operating income and recurring profit are expected to be lower than the previous forecasts. This is due to an anticipated decline in revenue in the Broadcasting segment resulting from a delay in the recovery of broadcasting revenue from Fuji Television Network, Inc., in addition to an anticipated decline in revenue in the Production, Video and Music and Life Information segments, which will offset the steady performance of the Urban Development segment. Net income attributable to owners of the parent is expected to exceed the previous forecasts due to the impact of gain on negative goodwill resulting from making Sendai Television Inc. a consolidated subsidiary of the Company.

Accordingly, the full-year consolidated results forecasts reflecting the above results anticipate net sales of ¥652,400 million, operating income of ¥24,400 million, recurring profit of ¥31,400 million, and net income attributable to owners of the parent of ¥25,100 million.

The differences from the full-year consolidated forecasts announced on October 31, 2016 are as follows.

Consolidated (full-year)

(Millions of Yen)

	Net sales	Operating income	Recurring profit	Net income attributable to owners of the parent
Previously announced forecast (A)	663,200	27,200	34,400	24,500
Revised forecast (B)	652,400	24,400	31,400	25,100
Changes (B-A)	(10,800)	(2,800)	(3,000)	600
Percentage of changes (%)	(1.6)	(10.3)	(8.7)	2.4

2. MATTERS REGARDING SUMMARY INFORMATION (NOTES)

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

Changes in Accounting Policies

In accordance with the revision of the Corporation Tax Act, the Company has adopted the “Practical Solution on a change in depreciation method due to Tax Reform 2016” (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force (PITF) No. 32, June 17, 2016) as from the first quarter of the fiscal year under review. Accordingly, the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016 has been changed from the declining-balance method to the straight-line method, but the effect of this change is minimal.

3. CONSOLIDATED FINANCIAL STATEMENTS

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2016	December 31, 2016
ASSETS		
Current assets:		
Cash and deposits	50,544	74,253
Notes and accounts receivable-trade	119,588	112,950
Marketable securities	95,364	100,211
Inventories	79,842	78,766
Other	41,463	41,255
Allowance for doubtful accounts	(791)	(630)
Total current assets	386,011	406,807
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures	134,666	135,845
Land	231,080	238,513
Other, net	23,907	25,293
Total property, plant and equipment	389,655	399,652
Intangible assets		
Goodwill	1,608	1,495
Other	32,876	32,348
Total intangible assets	34,485	33,843
Investments and other assets		
Investment securities	279,764	303,948
Other	48,255	46,354
Allowance for doubtful accounts	(1,874)	(1,793)
Total investments and other assets	326,145	348,508
Total noncurrent assets	750,286	782,005
Deferred assets	108	82
Total assets	1,136,406	1,188,894

	Millions of yen	
	March 31, 2016	December 31, 2016
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	57,943	65,450
Short-term loans payable	31,304	32,529
Provision for sales returns	844	715
Provision for directors' bonuses	337	198
Provision for point card certificates	800	706
Provision for loss on reconstruction	—	265
Provision for environmental measures	13	13
Provision for business restructuring expenses	27	4
Other	108,511	88,265
Total current liabilities	199,783	188,147
Noncurrent liabilities:		
Bonds payable	10,000	20,000
Long-term loans payable	120,983	140,839
Provision for directors' retirement benefits	1,854	1,877
Provision for loss on interest repayment	0	—
Provision for environmental measures	66	74
Provision for loss on reconstruction	302	326
Provision for business restructuring expenses	13	13
Net defined benefit liability	69,787	70,223
Other	95,232	99,352
Total noncurrent liabilities	298,239	332,708
Total liabilities	498,023	520,855
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	146,200
Capital surplus	173,673	173,673
Retained earnings	272,716	285,926
Treasury stock	(9,816)	(10,198)
Total shareholders' equity	582,773	595,601
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	61,937	73,652
Deferred gains or losses on hedges	(732)	(208)
Revaluation reserve for land	1,509	1,482
Foreign currency translation adjustment	654	(2,173)
Remeasurements of defined benefit plans	(16,357)	(14,683)
Total accumulated other comprehensive income	47,011	58,068
Non-controlling interests	8,598	14,369
Total net assets	638,383	668,039
Total liabilities and net assets	1,136,406	1,188,894

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

Consolidated Statements of Income

Nine months ended December 31

	Millions of yen	
	2015	2016
Net sales	473,806	488,672
Cost of sales	328,055	339,105
Gross profit	145,751	149,566
Selling, general and administrative expenses	131,774	129,365
Operating income	13,976	20,201
Non-operating income:		
Dividends income	1,933	2,107
Equity in earnings of affiliates	3,609	3,323
Other	2,590	2,897
Total	8,133	8,328
Non-operating expenses:		
Interests	1,290	1,127
Loss on investments in partnership	466	294
Other	603	460
Total	2,359	1,881
Recurring profit	19,750	26,649
Extraordinary gain:		
Gain on negative goodwill	—	4,250
Other	5	211
Total	5	4,461
Extraordinary loss:		
Impairment loss	164	702
Loss on step acquisitions	—	1,296
Other	662	882
Total	826	2,882
Income before income taxes	18,929	28,227
Income taxes-current	3,262	4,810
Income taxes-deferred	1,743	416
Total	5,005	5,226
Net income	13,924	23,000
Net income attributable to non-controlling interests	260	450
Net income attributable to owners of the parent	13,663	22,550

Consolidated Statements of Comprehensive Income

Nine months ended December 31

	Millions of yen	
	2015	2016
Net income	13,924	23,000
Other comprehensive income:		
Valuation difference on available-for-sale securities	2,118	11,583
Deferred gains or losses on hedges	(255)	331
Foreign currency translation adjustment	(73)	(2,642)
Remeasurements of defined benefit plans	1,279	1,605
Share of other comprehensive income of affiliates accounted for using equity method	495	194
Total other comprehensive income	3,563	11,071
Comprehensive income	17,487	34,072
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	17,248	33,607
Comprehensive income attributable to non-controlling interests	239	464

(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. Nine months ended December 31, 2015

1. Information on Amounts of 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	227,925	15,652	35,149	101,459	28,118	56,999	465,305	8,501	473,806	—	473,806
Inter-segment net sales and transfers	11,969	22,917	658	476	2,524	439	38,986	11,170	50,157	(50,157)	—
Total net sales	239,894	38,570	35,807	101,936	30,643	57,438	504,291	19,672	523,963	(50,157)	473,806
Segment operating income	4,968	1,913	41	1,312	246	4,940	13,421	494	13,916	60	13,976

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 ¥60 million mainly comprises ¥3,617 million in eliminations of inter-segment business, together with minus ¥3,557 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.

II. Nine months ended December 31, 2016

1. Information on Amounts of 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	224,270	15,736	33,292	98,709	30,384	75,020	477,413	11,259	488,672	—	488,672
Inter-segment net sales and transfers	12,805	20,798	789	496	2,375	372	37,636	10,232	47,869	(47,869)	—
Total net sales	237,076	36,534	34,081	99,206	32,760	75,392	515,050	21,491	536,541	(47,869)	488,672
Segment operating income (loss)	6,882	1,608	(114)	1,399	215	9,708	19,701	480	20,181	20	20,201

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 ¥20 million mainly comprises ¥3,833 million in eliminations of inter-segment business, together with minus ¥3,812 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 Loss on Noncurrent Assets and Goodwill, etc. by Reported Segment

(Material impairment loss on noncurrent assets)

Impairment loss of ¥702 million is recorded under the "Urban Development" segment. This is due to the decision to terminate the real estate rental operation.

(Material gain on negative goodwill)

Gain on negative goodwill of ¥4,250 million is recorded under the "Broadcasting" segment. This gain has resulted from making Sendai Television Inc. a consolidated subsidiary by means of acquiring additional shares thereof.

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