

Flash Report [Japanese GAAP] (Consolidated Basis)**Results for the three months ended June 30, 2018****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: August 13, 2018

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**

Three Months ended June 30

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	%
2018	144,544	(3.0)	6,114	85.3	8,517	47.4	5,662	34.7
2017	149,079	(1.8)	3,300	(52.0)	5,776	(38.9)	4,202	(37.9)

(Note) Comprehensive income: Three months ended June 30, 2018: ¥10,417 million, (36.6)%,

Three months ended June 30, 2017: ¥16,438 million, 280.0%

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
2018	24.45	—
2017	18.18	—

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
June 30, 2018	1,243,651	724,113	57.3
March 31, 2018	1,246,225	721,733	56.7

(Reference) Total shareholders' equity: June 30, 2018: ¥712,141 million,

March 31, 2018: ¥706,544 million

2. Dividends

Year ended March 31, 2018/ Year ending March 31, 2019

	Dividends per share				
	1Q	2Q	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2018	—	20.00	—	20.00	40.00
2019	—				
2019 (Forecast)		22.00	—	22.00	44.00

(Note) Revision to dividends forecast: None

Breakdown of dividends per share for the year ending March 31, 2019 (Forecast):

2Q: Ordinary dividend: ¥20.00, Commemorative dividend: ¥2.00

Year-end: Ordinary dividend: ¥20.00, Commemorative dividend: ¥2.00

3. Forecasts of Consolidated Financial Results for the Fiscal Year Ending March 31, 2019

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

	Net sales		Operating income		Recurring profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year	623,000	(3.6)	25,500	1.0	33,100	(5.8)

	Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year	25,000	0.2	107.96

(Note) Revision to 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: 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 stock)

	Three months ended June 30, 2018	Year ended March 31, 2018
1) Number of issued shares (including treasury stock) at end of the period (shares)	234,194,500	236,429,800
2) Number of treasury stock at end of the period (shares)	2,618,211	4,853,511
		Three months ended June 30, 2017
3) Average number of issued shares during the period (shares)	231,576,289	231,181,725

This flash report is outside the scope of quarterly review by certified public accountants or an audit firm.

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 FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2019: (3) Explanation of Consolidated Financial Results Forecasts and Other Future Projections" on page 8.

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1. QUALITATIVE INFORMATION ON CONSOLIDATED FINANCIAL RESULTS FOR THE FIRST QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2019

(1) Explanation of Business Results

The Japanese government's Monthly Economic Report on the Japanese economy for the three months ended June 30, 2018 (April 1, 2018 to June 30, 2018) states, "The economy is recovering moderately. 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, attention should be paid to the uncertainty in overseas economies and the effects of fluctuations in financial and capital markets." The report also states that the business outlook of corporations "is improving."

Amid this economic environment, the consolidated net sales of Fuji Media Holdings Group (the "Group") decreased during the three months ended June 30, 2018, down 3.0% from the same period of the previous fiscal year to ¥144,544 million, as there were decreases in the Media & Content, Urban Development, Hotels & Resorts and Other segments.

In terms of earnings, operating income amounted to ¥6,114 million, up 85.3% year-on-year, because while decreases in the Urban Development, Hotels & Resorts and Other segments were recorded, the Media & Content segment showed an increase in income. Recurring profit increased 47.4% year-on-year to ¥8,517 million, and net income attributable to owners of the parent increased 34.7% year-on-year to ¥5,662 million.

On May 10, 2018, the Board of Directors of the Company resolved to change the segment categories.

In the previous fiscal year, the Group's segments were "Broadcasting," "Production," "Video and Music," "Life Information," "Advertising," "Urban Development" and "Other." From the first quarter of the fiscal year under review, the segments are "Media & Content," "Urban Development, Hotels & Resorts" and "Other."

Results by operating segment are as follows. Note that the information on amounts for the three months ended June 30, 2017 is presented based on the operating segments after the change.

Three months ended June 30

	Net sales			Operating income		
	2017	2018	Change	2017	2018	Change
	Millions of yen	Millions of yen	%	Millions of yen	Millions of yen	%
Media & Content	128,694	124,895	(3.0)	1,296	3,962	205.7
Urban Development, Hotels & Resorts	19,070	18,278	(4.2)	1,996	1,872	(6.2)
Other	4,793	4,555	(5.0)	129	121	(5.9)
Eliminations	(3,479)	(3,185)	—	(120)	157	—
Total	149,079	144,544	(3.0)	3,300	6,114	85.3

Media & Content

Fuji Television Network, Inc. ("Fuji TV") saw a decrease in broadcasting revenue due to a decrease in spot advertising revenue as a result of factors including the impact of weak market conditions in the Kanto region resulting from a decrease in advertising demand, despite an increase in network time advertising sales thanks to the contribution from one-off programs such as the "2018 FIFA World Cup." Revenue from other businesses overall increased thanks to the contribution from Cirque du Soleil's new production "KURIOS" in the event business. As a result of the above, although net sales for Fuji TV as a whole decreased, operating income increased thanks to efforts to appropriately control costs.

Fuji Satellite Broadcasting, Inc. ("BS Fuji") recorded decreases in revenue and earnings as a result of a decline in both broadcasting revenue and revenue from other businesses.

Nippon Broadcasting System, Inc. showed a strong performance in the event business, but the broadcasting business and radio shopping business struggled, and revenue and earnings decreased as a result.

Pony Canyon Inc. posted an increase in revenue and became profitable as a result of strong performance in streaming and licensing income, despite lackluster performance in the music and video divisions.

Fujipacific Music Inc. recorded increases in revenue and earnings thanks to increases in artists management revenue and others, despite a decrease in royalty revenue.

The Dinos business of Dinos Cecile Co., Ltd. posted an increase in revenue as sales remained strong, particularly from beauty and health products in television shopping, despite sluggish performance in catalog shopping due to the increasingly shortening life of existing catalogs. In the Cecile business, the overall catalog business was sluggish as the effect of increased shipping costs has begun to emerge, leading to a decrease in revenue. As a result, although revenue decreased for the entire business of Dinos Cecile Co., Ltd., earnings increased thanks to successful efforts to control costs in both businesses.

Quaras Inc. recorded increases in revenue and earnings as a result of strong performance in events, contracting, and advertising production.

As a result, net sales in the Media & Content segment overall decreased 3.0% from the same period of the previous fiscal year to ¥124,895 million, and segment operating income increased 205.7% from the same period of the previous fiscal year to ¥3,962 million.

Urban Development, Hotels & Resorts

The Sankei Building Co., Ltd. recorded a decrease in revenue as a result of a reaction to large-scale sales conducted during the previous fiscal year in the residential business, but earnings increased due to the sales of developed properties in the asset development business and robust performance in the office building business.

GRANVISTA Hotels & Resorts Co., Ltd. posted decreases in both revenue and earnings due to factors including the closing of operations for some hotels.

As a result, net sales in the Urban Development, Hotels & Resorts segment overall decreased 4.2% from the same period of the previous fiscal year to ¥18,278 million, and segment operating

income decreased 6.2% from the same period of the previous fiscal year to ¥1,872 million.

Other

Net sales in the Other segment overall decreased 5.0% from the same period of the previous fiscal year to ¥4,555 million, and segment operating income decreased 5.9% from the same period of the previous fiscal year to ¥121 million.

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

(2) Explanation of the Financial Position

Total assets at the end of the first quarter of the fiscal year under review (June 30, 2018) amounted to ¥1,243,651 million, a decrease of ¥2,574 million (0.2%) from the end of the previous fiscal year (March 31, 2018).

Total current assets amounted to ¥370,755 million, a decrease of ¥26,006 million (6.6%) from the end of the previous fiscal year. This was due mainly to decreases of ¥20,193 million in cash and deposits and ¥6,613 million in notes and accounts receivable-trade.

Total noncurrent assets amounted to ¥872,565 million, an increase of ¥23,431 million (2.8%) from the end of the previous fiscal year. This was due mainly to an increase of ¥30,750 million in land; against a decrease of ¥14,382 million in leasehold right included in the “Other” line item under intangible assets as a result of factors including the purchase of ownership of the land for the Fuji TV headquarters building.

Total liabilities amounted to ¥519,537 million, a decrease of ¥4,954 million (0.9%) from the end of the previous fiscal year.

Total current liabilities amounted to ¥179,677 million, a decrease of ¥6,590 million (3.5%) from the end of the previous fiscal year. This was mainly due to decreases of ¥4,910 million in notes and accounts payable-trade and ¥6,046 million in accrued expenses included in the “Other” line item; against an increase of ¥2,800 million in short-term loans payable.

Total noncurrent liabilities amounted to ¥339,860 million, an increase of ¥1,635 million (0.5%) from the end of the previous fiscal year. This was mainly due to an increase of ¥2,775 million in deferred tax liabilities included in the “Other” line item; against a decrease of ¥530 million in net defined benefit liability.

Net assets amounted to ¥724,113 million, an increase of ¥2,379 million (0.3%) from the end of the previous fiscal year. This was due mainly to the recording of ¥5,662 million in net income attributable to owners of the parent and an increase of ¥5,374 million in valuation difference on available-for-sale securities; against a decrease of ¥4,683 million in retained earnings due to dividends of surplus and a decrease of ¥3,217 million in non-controlling interests. Treasury stock was canceled during the first quarter of the fiscal year under review, and accordingly treasury stock and retained earnings both decreased by ¥5,662 million, respectively.

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

Consolidated financial results during the three months ended June 30, 2018 comprised an increase in earnings in the Media & Content segment, and decreases in both revenue and earnings in the Urban Development, Hotels & Resorts and Other segments. Despite fluctuations by segment, overall consolidated performance was mainly in line with the plan. Accordingly, the Company has made no changes to its full-year consolidated financial results forecasts for the fiscal year ending March 31, 2019 from those announced on May 10, 2018.

2. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES

(1) Consolidated Balance Sheets

	Millions of yen	
	March 31, 2018	June 30, 2018
ASSETS		
Current assets:		
Cash and deposits	85,017	64,823
Notes and accounts receivable-trade	114,201	107,588
Marketable securities	83,602	82,305
Inventories	78,580	80,376
Other	36,043	36,373
Allowance for doubtful accounts	(683)	(710)
Total current assets	396,762	370,755
Noncurrent assets:		
Property, plant and equipment		
Buildings and structures, net	145,426	143,404
Land	240,295	271,045
Other, net	30,568	32,150
Total property, plant and equipment	416,290	446,601
Intangible assets		
Goodwill	1,145	1,087
Other	32,952	18,283
Total intangible assets	34,098	19,370
Investments and other assets		
Investment securities	352,962	362,149
Other	47,259	45,903
Allowance for doubtful accounts	(1,475)	(1,459)
Total investments and other assets	398,746	406,593
Total noncurrent assets	849,134	872,565
Deferred assets	328	329
Total assets	1,246,225	1,243,651

	Millions of yen	
	March 31, 2018	June 30, 2018
LIABILITIES		
Current liabilities:		
Notes and accounts payable-trade	58,820	53,910
Short-term loans payable	48,724	51,524
Provision for sales returns	659	348
Provision for directors' bonuses	335	73
Provision for point card certificates	567	567
Provision for loss on reconstruction	476	476
Provision for environmental measures	17	17
Provision for loss on closing of office	116	—
Other	76,549	72,759
Total current liabilities	186,267	179,677
Noncurrent liabilities:		
Bonds payable	20,000	20,000
Long-term loans payable	143,512	143,216
Provision for directors' retirement benefits	2,131	1,998
Provision for environmental measures	46	46
Net defined benefit liability	65,020	64,489
Other	107,513	110,109
Total noncurrent liabilities	338,224	339,860
Total liabilities	524,491	519,537
NET ASSETS		
Shareholders' equity:		
Capital stock	146,200	146,200
Capital surplus	173,676	173,676
Retained earnings	306,997	302,312
Treasury stock	(9,354)	(3,691)
Total shareholders' equity	617,519	618,498
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	98,313	103,688
Deferred gains or losses on hedges	(400)	(217)
Revaluation reserve for land	1,448	1,448
Foreign currency translation adjustment	(574)	(1,851)
Remeasurements of defined benefit plans	(9,760)	(9,424)
Total accumulated other comprehensive income	89,024	93,643
Non-controlling interests	15,189	11,972
Total net assets	721,733	724,113
Total liabilities and net assets	1,246,225	1,243,651

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

Consolidated Statements of Income

Three months ended June 30

	Millions of yen	
	2017	2018
Net sales	149,079	144,544
Cost of sales	102,954	98,986
Gross profit	46,125	45,557
Selling, general and administrative expenses	42,824	39,442
Operating income	3,300	6,114
Non-operating income:		
Dividends income	1,418	1,410
Equity in earnings of affiliates	896	580
Other	638	849
Total	2,953	2,840
Non-operating expenses:		
Interests	309	283
Other	167	153
Total	477	437
Recurring profit	5,776	8,517
Extraordinary gain:		
Gain on transfer of business	—	82
Other	496	0
Total	496	82
Extraordinary loss:		
Loss on retirement of noncurrent assets	85	75
Special retirement benefits	—	130
Other	153	59
Total	238	265
Income before income taxes	6,034	8,334
Income taxes-current	922	1,283
Income taxes-deferred	755	1,316
Total	1,678	2,600
Net income	4,355	5,733
Net income attributable to non-controlling interests	153	71
Net income attributable to owners of the parent	4,202	5,662

Consolidated Statements of Comprehensive Income

Three months ended June 30

	Millions of yen	
	2017	2018
Net income	4,355	5,733
Other comprehensive income:		
Valuation difference on available-for-sale securities	12,384	5,057
Deferred gains or losses on hedges	24	45
Foreign currency translation adjustment	(586)	(1,115)
Remeasurements of defined benefit plans	154	344
Share of other comprehensive income of affiliates accounted for using equity method	104	351
Total other comprehensive income	12,082	4,683
Comprehensive income	16,438	10,417
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	16,259	10,281
Comprehensive income attributable to non-controlling interests	178	136

(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, 2017****1. Information on Amounts of Net Sales and Profit or Loss by Reported Segment**

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	128,602	18,949	147,552	1,527	149,079	—	149,079
Inter-segment net sales and transfers	92	121	213	3,266	3,479	(3,479)	—
Total net sales	128,694	19,070	147,765	4,793	152,559	(3,479)	149,079
Segment operating income	1,296	1,996	3,292	129	3,421	(120)	3,300

- Notes: 1. The "Other" category is a business segment not included in reported segments. It includes such operations as temporary agency services, movables leasing and software development.
2. The segment operating income adjustment of minus ¥120 million mainly comprises ¥1,131 million in eliminations of inter-segment business, together with minus ¥1,252 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. Three months ended June 30, 2018

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

(Millions of yen)

	Reported segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated statement of income (Note 3)
	Media & Content	Urban Development, Hotels & Resorts	Total				
Net sales:							
Net sales to third parties	124,815	18,184	143,000	1,544	144,544	—	144,544
Inter-segment net sales and transfers	80	94	174	3,011	3,185	(3,185)	—
Total net sales	124,895	18,278	143,174	4,555	147,729	(3,185)	144,544
Segment operating income	3,962	1,872	5,835	121	5,956	157	6,114

- Notes: 1. The “Other” category is a business segment not included in reported segments. It includes such operations as temporary agency services, movables leasing and software development.
2. The segment operating income adjustment of ¥157 million mainly comprises ¥1,266 million in eliminations of inter-segment business, together with minus ¥1,109 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. Matters concerning the Changes of the Reported Segment

On May 10, 2018, the Board of Directors of the Company resolved to change the segment categories.

The Group has announced a medium-term business plan aimed at enhancing its earnings capabilities based on powerful media and attractive content, while responding to such changes in the environment as innovations in Internet technologies and the spread of digital devices, as well as increasing investment in growth fields, building a more solid business portfolio, and future-oriented growth of the Group. Under the medium-term business plan, businesses related to media and content have been aggregated into the same segment to enhance the Group’s earnings capabilities, while the Urban Development, Hotels & Resorts business is positioned as one of the Group’s two main pillars and we aim for further growth over the medium to long term through strategic investments.

Accordingly, the Group’s segments have been changed. In the previous fiscal year, they were “Broadcasting,” “Production,” “Video and Music,” “Life Information,” “Advertising,” “Urban Development” and “Other.” From the first quarter of the fiscal year under review, the segments are “Media & Content,” “Urban Development, Hotels & Resorts” and “Other.”

Note that the segment information for the three months ended June 30, 2017 is presented based on the reported segments after the change.

(5) Additional Information

The “Partial Amendments to ‘Accounting Standard for Tax Effect Accounting’” (ASBJ Statement No. 28, February 16, 2018) has been applied from the beginning of the first quarter of the fiscal year under review, and accordingly deferred tax assets are included in the item of investments and other assets, and deferred tax liabilities are included in the item of noncurrent liabilities.

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