



# FY2013 Second Quarter Consolidated Financial Results [Japanese GAAP]

(April 1, 2012 through September 30, 2012)

October 25, 2012

Company name : **KADOKAWA GROUP HOLDINGS, INC.**  
 Stock exchange on which the shares are listed : Tokyo Stock Exchange  
 Code number : 9477  
 URL : <http://www.kadokawa-hd.co.jp/>  
 Representative person : Tatsuo Sato, President  
 Contact person : Yasuaki Takayama, Director and General Manager  
 Tel. (03) 3238-8561  
 Expected reporting date of quarterly security report : November 9, 2012  
 Expected date of cash dividends paid : —  
 Quarterly results supplementary explanatory documents : Yes  
 Quarterly results explanatory meeting : Yes

(Amounts less than one million yen are omitted)

## 1. Consolidated Financial Results of FY2013 Second Quarter (April 1, 2012 through September 30, 2012)

(1) Consolidated operating results (%: Changes from the corresponding period of the preceding year)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2013 second quarter	<b>80,125</b>	<b>18.0</b>	<b>3,792</b>	<b>9.8</b>	<b>4,357</b>	<b>27.0</b>
FY2012 second quarter	<b>67,906</b>	<b>1.5</b>	<b>3,453</b>	<b>38.8</b>	<b>3,431</b>	<b>18.2</b>

(Note) Comprehensive income: FY2013 second quarter 2,684 million yen (5.8%), FY2012 second quarter 2,538 million yen (—%)

	Net income		Net income per share-basic		Net income per share-diluted	
	(Millions of yen)	%	(Yen)	(Yen)	(Yen)	(Yen)
FY2013 second quarter	<b>1,601</b>	<b>(44.4)</b>	<b>61.87</b>		<b>55.09</b>	
FY2012 second quarter	<b>2,878</b>	<b>—</b>	<b>112.48</b>		<b>98.87</b>	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2013 second quarter	<b>129,192</b>		<b>78,815</b>		<b>60.3</b>	
FY2012	<b>128,751</b>		<b>77,050</b>		<b>59.2</b>	

(Reference) Equity capital: FY2013 second quarter 77,916 million yen, FY2012 76,231 million yen

## 2. Cash dividends

	Cash dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2012	—	<b>0.00</b>	—	<b>35.00</b>	<b>35.00</b>
FY2013	—	<b>0.00</b>	—	—	—
FY2013 (Forecast)	—	—	—	<b>35.00</b>	<b>35.00</b>

(Note) Revision of cash dividend forecast for FY2013 most recently announced: None

## 3. Consolidated Financial Forecast for FY2013 (April 1, 2012 through March 31, 2013)

(%: Changes from the preceding year)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2013	<b>155,000</b>	<b>5.2</b>	<b>8,000</b>	<b>41.4</b>	<b>8,300</b>	<b>40.6</b>

	Net income		Net income per share	
	(Millions of yen)	%	(Yen)	(Yen)
FY2013	<b>4,700</b>	<b>30.4</b>	<b>181.00</b>	

(Note) Revision of consolidated financial forecast for FY2013 most recently announced: None

## **Notes**

- (1) Changes in significant subsidiaries during this period (Accompanying changes in the scope of consolidation):  
None
- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates and restatements of prior period financial statements
  - (a) Changes in accounting policies accompanying revisions of accounting standards, etc.: None
  - (b) Changes in accounting policies due to other than the above: None
  - (c) Changes in accounting estimates: None
  - (d) Restatements of prior period financial statements after error corrections: None
- (4) Outstanding shares (Common stock)
  - (a) Number of shares issued and outstanding at the end of each period (including treasury stock):  
FY2013 second quarter 27,260,800 shares, FY2012 27,260,800 shares
  - (b) Number of treasury stock at the end of each period:  
FY2013 second quarter 1,377,406 shares, FY2012 1,377,472 shares
  - (c) Number of weighted-average number of shares issued and outstanding for each six-month period:  
FY2013 second quarter 25,883,368 shares, FY2012 second quarter 25,592,305 shares

## **Indication of quarterly review procedures implementation status**

This quarterly financial result is exempt from quarterly review procedures based upon the Financial Instruments and Exchange Act. It is under the review procedure process at the time of disclosure of this result.

## **Note regarding use of “Consolidated Financial Forecast for FY2013” and other note**

The forward-looking statements such as financial forecasts contained in this document are based on information currently available and on certain assumptions deemed to be reasonable. Actual financial and other results may differ substantially due to various factors.

## Consolidated Quarterly Financial Statements

### (1) Consolidated quarterly balance sheets

(Millions of yen)

	<b>FY2012</b>	<b>FY2013 Second quarter</b>
	(As of March 31, 2012)	(As of September 30, 2012)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	12,245	16,288
Notes and accounts receivable-trade	44,315	42,792
Short-term investment securities	601	—
Inventories	14,061	13,665
Deferred tax assets	4,544	4,171
Other	3,578	2,737
Allowance for doubtful accounts	(110)	(68)
<b>Total current assets</b>	<b>79,235</b>	<b>79,587</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	8,234	8,002
Tools, furniture and fixtures, net	1,749	1,718
Land	10,497	10,497
Other, net	720	623
<b>Total property, plant and equipment</b>	<b>21,202</b>	<b>20,842</b>
<b>Intangible assets</b>		
Goodwill	892	767
Other	2,250	2,429
<b>Total intangible assets</b>	<b>3,142</b>	<b>3,197</b>
<b>Investments and other assets</b>		
Investment securities	13,880	14,520
Deferred tax assets	1,946	1,574
Other	9,608	9,768
Allowance for doubtful accounts	(264)	(298)
<b>Total investments and other assets</b>	<b>25,170</b>	<b>25,565</b>
<b>Total noncurrent assets</b>	<b>49,515</b>	<b>49,604</b>
<b>Total assets</b>	<b>128,751</b>	<b>129,192</b>

(Millions of yen)

	<b>FY2012</b>	<b>FY2013 Second quarter</b>
	(As of March 31, 2012)	(As of September 30, 2012)

**Liabilities****Current liabilities**

Notes and accounts payable-trade	19,780	19,487
Short-term loans payable	121	109
Income taxes payable	681	803
Provision for bonuses	1,366	1,548
Provision for sales returns	3,905	4,069
Other	10,273	9,033

<b>Total current liabilities</b>	<b>36,129</b>	<b>35,049</b>
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**Noncurrent liabilities**

Bonds with subscription rights to shares	11,000	11,000
Long-term loans payable	175	213
Deferred tax liabilities	349	213
Provision for retirement benefits	2,616	2,683
Other	1,429	1,216

<b>Total noncurrent liabilities</b>	<b>15,570</b>	<b>15,327</b>
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**Total liabilities**

<b>51,700</b>	<b>50,377</b>
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**Net assets****Shareholders' equity**

Capital stock	26,330	26,330
Capital surplus	27,375	27,375
Retained earnings	30,695	31,349
Treasury stock	(3,932)	(3,932)

<b>Total shareholders' equity</b>	<b>80,468</b>	<b>81,122</b>
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**Accumulated other comprehensive income**

Valuation difference on available-for-sale securities	(885)	(26)
Revaluation reserve for land	(328)	(328)
Foreign currency translation adjustment	(3,023)	(2,851)

<b>Total accumulated other comprehensive income</b>	<b>(4,236)</b>	<b>(3,206)</b>
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**Minority interests**

<b>819</b>	<b>899</b>
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**Total net assets**

<b>77,050</b>	<b>78,815</b>
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**Total liabilities and net assets**

<b>128,751</b>	<b>129,192</b>
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## (2) Consolidated quarterly statements of income

(Millions of yen)

	<b>FY2012 Second quarter</b> (April 2011 through September 2011)	<b>FY2013 Second quarter</b> (April 2012 through September 2012)
<b>Net sales</b>	<b>67,906</b>	<b>80,125</b>
Cost of sales	49,740	59,535
<b>Gross profit</b>	<b>18,165</b>	<b>20,589</b>
Reversal of provision for sales returns	3,526	3,906
Provision for sales returns	3,436	4,069
<b>Gross profit-net</b>	<b>18,255</b>	<b>20,427</b>
Selling, general and administrative expenses	14,801	16,635
<b>Operating income</b>	<b>3,453</b>	<b>3,792</b>
<b>Non-operating income</b>		
Interest income	23	30
Dividends income	95	100
Amortization of negative goodwill	40	40
Equity in earnings of affiliates	10	152
Insurance income	20	165
Gain on sales of used papers	76	84
Other	95	61
<b>Total non-operating income</b>	<b>362</b>	<b>634</b>
<b>Non-operating expenses</b>		
Interest expenses	76	66
Loss on valuation of compound financial instruments	294	—
Other	14	3
<b>Total non-operating expenses</b>	<b>384</b>	<b>69</b>
<b>Ordinary income</b>	<b>3,431</b>	<b>4,357</b>
<b>Extraordinary income</b>		
Gain on change in equity	—	115
Gain on revision of retirement benefit plan	19	—
Other	5	1
<b>Total extraordinary income</b>	<b>24</b>	<b>116</b>
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	149	29
Impairment loss	—	149
Loss on valuation of investment securities	9	1,466
Loss on valuation of investments in capital	8	—
Loss on valuation of membership	10	9
Special retirement expenses	11	59
Other	0	7
<b>Total extraordinary losses</b>	<b>189</b>	<b>1,722</b>
<b>Income before income taxes and minority interests</b>	<b>3,266</b>	<b>2,751</b>
Income taxes	325	1,110
<b>Income before minority interests</b>	<b>2,940</b>	<b>1,641</b>
Minority interests in income	62	39
<b>Net income</b>	<b>2,878</b>	<b>1,601</b>

**(3) Consolidated quarterly statements of comprehensive income**

(Millions of yen)

	<b>FY2012 Second quarter</b>	<b>FY2013 Second quarter</b>
	(April 2011 through September 2011)	(April 2012 through September 2012)
<b>Income before minority interests</b>	<b>2,940</b>	<b>1,641</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(221)	858
Foreign currency translation adjustment	(180)	173
Share of other comprehensive income of associates accounted for using equity method	(0)	11
<b>Total other comprehensive income</b>	<b>(402)</b>	<b>1,043</b>
<b>Comprehensive income</b>	<b>2,538</b>	<b>2,684</b>
Comprehensive income attributable to:		
Owners of the parent	2,477	2,631
Minority interests	61	52

**(4) Consolidated quarterly statements of cash flows**

(Millions of yen)

	<b>FY2012 Second quarter</b>	<b>FY2013 Second quarter</b>
	(April 2011 through September 2011)	(April 2012 through September 2012)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	3,266	2,751
Depreciation and amortization	936	1,126
Impairment loss	—	149
Amortization of goodwill	58	102
Increase (decrease) in provision for retirement benefits	75	67
Interest and dividends income	(118)	(130)
Interest expenses	76	66
Equity in (earnings) losses of affiliates	(10)	(152)
Loss (gain) on valuation of investment securities	9	1,466
Decrease (increase) in notes and accounts receivable-trade	1,979	1,934
Decrease (increase) in inventories	(1,021)	406
Increase (decrease) in notes and accounts payable-trade	(1,632)	(428)
Other, net	(834)	(934)
Subtotal	<u>2,783</u>	<u>6,425</u>
Interest and dividends income received	139	155
Interest expenses paid	(76)	(64)
Income taxes paid	<u>(1,375)</u>	<u>(274)</u>
<b>Net cash provided by (used in) operating activities</b>	<b><u>1,470</u></b>	<b><u>6,242</u></b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(99)	31
Purchase of short-term investment securities	(606)	—
Proceeds from sales and redemption of securities	—	600
Purchase of property, plant and equipment	(1,771)	(522)
Purchase of intangible assets	(502)	(707)
Purchase of investment securities	(3,137)	(931)
Proceeds from cancellation of insurance funds	120	416
Other, net	(11)	(308)
<b>Net cash provided by (used in) investing activities</b>	<b><u>(6,007)</u></b>	<b><u>(1,422)</u></b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	(6)	(6)
Purchase of treasury stock	(0)	—
Proceeds from sales of treasury stock	1,716	0
Cash dividends paid	(880)	(905)
Other, net	29	82
<b>Net cash provided by (used in) financing activities</b>	<b><u>859</u></b>	<b><u>(829)</u></b>
Effect of exchange rate change on cash and cash equivalents	(134)	79
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>(3,812)</u></b>	<b><u>4,069</u></b>
<b>Cash and cash equivalents at beginning of period</b>	<b><u>26,007</u></b>	<b><u>11,934</u></b>
<b>Cash and cash equivalents at end of period</b>	<b><u>22,195</u></b>	<b><u>16,003</u></b>

**(5) Notes on Premise of Going Concern**

Not applicable

**(6) Notes on Significant Changes in Shareholders' Equity**

Not applicable