



FY2011 Financial Results

(April 1, 2010 through March 31, 2011)

April 28, 2011

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 date of ordinary general meeting of shareholders : June 25, 2011
 Expected starting date of cash dividends paid : June 27, 2011
 Expected reporting date of annual security report : June 27, 2011
 Financial results supplementary explanatory documents : Yes
 Financial results explanatory meeting : Yes

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results of FY2011 (April 1, 2010 through March 31, 2011)

(1) Consolidated operating results (%: Changes from the previous year)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2011	140,055	3.0	7,793	50.9	8,572	59.5
FY2010	135,922	(4.0)	5,164	44.8	5,375	32.3

(Note) Comprehensive income: FY2011 6,713 million yen (808.7%), FY2010 738 million yen (-%)

	Net income		Net income per share-basic	Net income per share-diluted
	(Millions of yen)	%	(Yen)	(Yen)
FY2011	6,367	345.4	252.65	221.33
FY2010	1,429	—	56.68	54.58

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	%	%	%
FY2011	9.1	7.1	5.6
FY2010	2.1	4.4	3.8

(Reference) Equity in losses of affiliated companies: FY2011 7 million yen, FY2010 627 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
FY2011	121,951	73,150	59.4	2,881.46
FY2010	119,252	67,461	56.0	2,645.78

(Reference) Equity capital: FY2011 72,479 million yen, FY2010 66,728 million yen

(3) Consolidated cash flows

	From operating activities	From investing activities	From financing activities	Cash and cash equivalents at end of year
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)
FY2011	5,642	337	(1,293)	26,007
FY2010	1,990	(980)	(5,593)	21,747

2. Cash dividends

(Record date)	Cash dividend per share					Total amount of annual cash dividends (Millions of yen)	Dividend payout ratio (Consolidated) %	Dividend to net assets (Consolidated) %
	1Q	2Q	3Q	Year-end	Annual			
FY2010	—	0.00	—	30.00	30.00	756	52.9	1.1
FY2011	—	0.00	—	35.00	35.00	880	13.9	1.3
FY2012(Forecast)	—	0.00	—	35.00	35.00		13.6	

3. Consolidated Forecast for FY2012 (April 1, 2011 through March 31, 2012)

(%: Changes from the corresponding period of the previous year)

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2012 Semi-annual	65,000	(2.8)	2,600	4.5	2,800	(3.6)
FY2012	142,000	1.4	8,500	9.1	8,800	2.7

	Net income		Net income per share
	(Millions of yen)	%	(Yen)
FY2012 Semi-annual	2,000	—	79.00
FY2012	6,500	2.1	258.00

4. Others

- (1) Changes in the significant subsidiaries (Accompanying changes in scope of the consolidation): None
- (2) Changes in accounting policy, procedure and presentation in the preparation of the consolidated financial statements
 - (a) Changes accompanying revisions of accounting standards, etc. : Applicable
 - (b) Changes other than the above: None
- (3) Outstanding shares (Common stock)
 - (a) Number of shares issued and outstanding at the end of each year (including treasury stock):
FY2011 27,260,800 shares, FY2010 27,260,800 shares
 - (b) Number of treasury stock at the end of each year:
FY2011 2,107,214 shares, FY2010 2,040,224 sharers
 - (c) Number of weighted-average number of shares issued and outstanding for each year:
FY2011 25,202,887 sharers, FY2010 25,220,586 shares

Indication of review procedure implementation status

This financial result is exempt from review procedure 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 Forecast for FY2012” and other note

The forecasts are based on information available at the time of preparation. Due to a number of inherent uncertainties in forecasts, actual results may differ from these forecasts.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	FY2010	FY2011
	(As of March 31, 2010)	(As of March 31, 2011)
Assets		
Current assets		
Cash and deposits	24,435	26,174
Notes and accounts receivable-trade	34,830	32,852
Inventories	11,279	12,473
Deferred tax assets	1,715	3,884
Other	2,415	2,708
Allowance for doubtful accounts	(163)	(151)
Total current assets	74,513	77,942
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	15,384	15,301
Accumulated depreciation	(8,776)	(9,074)
Buildings and structures, net	6,607	6,227
Tools, furniture and fixtures	4,286	4,361
Accumulated depreciation	(2,937)	(3,053)
Tools, furniture and fixtures, net	1,348	1,308
Land	10,531	10,530
Construction in progress	—	1,437
Other	1,929	1,863
Accumulated depreciation	(1,378)	(1,486)
Other, net	550	377
Total property, plant and equipment	19,038	19,880
Intangible assets		
Goodwill	1,077	671
Other	2,350	1,796
Total intangible assets	3,428	2,468
Investments and other assets		
Investment securities	12,670	11,678
Deferred tax assets	1,149	2,238
Other	8,917	8,073
Allowance for doubtful accounts	(464)	(331)
Total investments and other assets	22,272	21,659
Total noncurrent assets	44,739	44,008
Total assets	119,252	121,951

(Millions of yen)

FY2010 **FY2011**
 (As of March 31, 2010) (As of March 31, 2011)

Liabilities		
Current liabilities		
Notes and accounts payable-trade	18,701	17,202
Short-term loans payable	463	573
Income taxes payable	2,732	1,755
Provision for bonuses	1,441	1,356
Provision for sales returns	3,819	3,526
Other	8,356	9,179
Total current liabilities	35,516	33,593
Noncurrent liabilities		
Bonds with subscription rights to shares	11,000	11,000
Long-term loans payable	612	33
Deferred tax liabilities	660	353
Provision for retirement benefits	2,460	2,200
Other	1,540	1,619
Total noncurrent liabilities	16,274	15,206
Total liabilities	51,791	48,800
Net assets		
Shareholders' equity		
Capital stock	26,330	26,330
Capital surplus	27,704	27,704
Retained earnings	22,352	27,907
Treasury stock	(5,879)	(6,014)
Total shareholders' equity	70,508	75,928
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(2,012)	(686)
Revaluation reserve for land	(256)	(256)
Foreign currency translation adjustment	(1,511)	(2,505)
Total accumulated other comprehensive income	(3,780)	(3,449)
Minority interests	733	671
Total net assets	67,461	73,150
Total liabilities and net assets	119,252	121,951

(2) Consolidated statements of income

(Millions of yen)

	FY2010 (April 2009 through March 2010)	FY2011 (April 2010 through March 2011)
Net sales	135,922	140,055
Cost of sales	101,068	103,171
Gross profit	34,853	36,883
Reversal of provision for sales returns	3,818	3,805
Provision for sales returns	3,806	3,526
Gross profit-net	34,866	37,163
Selling, general and administrative expenses	29,701	29,369
Operating income	5,164	7,793
Non-operating income		
Interest income	156	84
Dividends income	188	183
Amortization of negative goodwill	81	85
Gain on valuation of compound financial instruments	144	293
Insurance income	187	58
Gain on sales of used papers	130	158
Other	200	110
Total non-operating income	1,088	973
Non-operating expenses		
Interest expenses	137	156
Equity in losses of affiliates	627	7
Other	112	31
Total non-operating expenses	877	194
Ordinary income	5,375	8,572
Extraordinary income		
Gain on sales of noncurrent assets	8	4
Gain on sales of investment securities	596	335
Gain on sales of subsidiaries and affiliates' stocks	12	344
Gain on sales of memberships	—	2
Gain on revision of retirement benefit plan	—	72
Total extraordinary income	617	759

(Millions of yen)

	FY2010 (April 2009 through March 2010)	FY2011 (April 2010 through March 2011)
Extraordinary loss		
Loss on sales of noncurrent assets	—	0
Loss on retirement of noncurrent assets	85	123
Impairment loss	145	282
Loss on sales of investment securities	9	—
Loss on valuation of investment securities	154	2,225
Loss on sales of stocks of subsidiaries and affiliates	88	—
Loss on change in equity	80	—
Loss on valuation of membership	0	19
Special retirement expenses	7	139
Retirement benefit expenses for prior periods	278	—
Loss on cancellation of leasehold contracts	—	42
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	408
Loss on disaster	—	411
Total extraordinary losses	850	3,653
Income before income taxes and minority interests	5,142	5,678
Income taxes-current	3,840	2,547
Income taxes-deferred	(184)	(3,303)
Total income taxes	3,655	(755)
Income before minority interests	—	6,433
Minority interests in income	57	66
Net income	1,429	6,367

(3) Consolidated statements of comprehensive income

(Millions of yen)

	FY2010 (April 2009 through March 2010)	FY2011 (April 2010 through March 2011)
Income before minority interests	—	6,433
Other comprehensive income		
Valuation difference on available-for-sale securities	—	1,325
Foreign currency translation adjustment	—	(989)
Share of other comprehensive income of associates accounted for using equity method	—	(56)
Total other comprehensive income	—	279
Comprehensive income	—	6,713
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	—	6,699
Comprehensive income attributable to minority interests	—	14

(4) Consolidated statements of changes in net assets

(Millions of yen)

	FY2010 (April 2009 through March 2010)	FY2011 (April 2010 through March 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	26,330	26,330
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	26,330	26,330
Capital surplus		
Balance at the end of previous period	27,704	27,704
Changes of items during the period		
Disposal of treasury stock	(0)	—
Total changes of items during the period	(0)	—
Balance at the end of current period	27,704	27,704
Retained earnings		
Balance at the end of previous period	21,679	22,352
Changes of items during the period		
Dividends from surplus	(756)	(756)
Net income	1,429	6,367
Reversal of revaluation reserve for land	—	(0)
Change of scope of equity method	—	(55)
Total changes of items during the period	672	5,554
Balance at the end of current period	22,352	27,907
Treasury stock		
Balance at the end of previous period	(5,879)	(5,879)
Changes of items during the period		
Purchase of treasury stock	(0)	(162)
Disposal of treasury stock	0	—
Change in equity in affiliates accounted for by equity method-treasury stock	—	26
Total changes of items during the period	0	(135)
Balance at the end of current period	(5,879)	(6,014)
Total shareholders' equity		
Balance at the end of previous period	69,835	70,508
Changes of items during the period		
Dividends from surplus	(756)	(756)
Net income	1,429	6,367
Purchase of treasury stock	(0)	(162)
Disposal of treasury stock	0	—
Change in equity in affiliates accounted for by equity method-treasury stock	—	26
Reversal of revaluation reserve for land	—	(0)
Change of scope of equity method	—	(55)
Total changes of items during the period	672	5,419
Balance at the end of current period	70,508	75,928

(Millions of yen)

	FY2010 (April 2009 through March 2010)	FY2011 (April 2010 through March 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(1,585)	(2,012)
Changes of items during the period		
Net changes of items other than shareholders' equity	(427)	1,325
Total changes of items during the period	(427)	1,325
Balance at the end of current period	(2,012)	(686)
Revaluation reserve for land		
Balance at the end of previous period	(256)	(256)
Changes of items during the period		
Net changes of items other than shareholders' equity	—	0
Total changes of items during the period	—	0
Balance at the end of current period	(256)	(256)
Foreign currency translation adjustment		
Balance at the end of previous period	(1,182)	(1,511)
Changes of items during the period		
Net changes of items other than shareholders' equity	(328)	(994)
Total changes of items during the period	(328)	(994)
Balance at the end of current period	(1,511)	(2,505)
Total accumulated other comprehensive income		
Balance at the end of previous period	(3,025)	(3,780)
Changes of items during the period		
Net changes of items other than shareholders' equity	(755)	331
Total changes of items during the period	(755)	331
Balance at the end of current period	(3,780)	(3,449)
Minority interests		
Balance at the end of previous period	699	733
Changes of items during the period		
Net changes of items other than shareholders' equity	33	(61)
Total changes of items during the period	33	(61)
Balance at the end of current period	733	671
Total net assets		
Balance at the end of previous period	67,510	67,461
Changes of items during the period		
Dividends from surplus	(756)	(756)
Net income	1,429	6,367
Purchase of treasury stock	(0)	(162)
Disposal of treasury stock	0	—
Change in equity in affiliates accounted for by equity method-treasury stock	—	26
Reversal of revaluation reserve for land	—	(0)
Change of scope of equity method	—	(55)
Net changes of items other than shareholders' equity	(721)	269
Total changes of items during the period	(48)	5,689
Balance at the end of current period	67,461	73,150

(5) Consolidated statements of cash flows

(Millions of yen)

	FY2010 (April 2009 through March 2010)	FY2011 (April 2010 through March 2011)
Cash flows from operating activities		
Income before income taxes and minority interests	5,142	5,678
Depreciation and amortization	1,991	1,890
Amortization of goodwill	251	368
Increase (decrease) in provision for retirement benefits	437	(260)
Interest and dividends income	(344)	(267)
Interest expenses	137	156
Equity in (earnings) losses of affiliates	627	7
Loss (gain) on valuation of investment securities	154	2,225
Impairment loss	145	282
Decrease (increase) in notes and accounts receivable-trade	253	2,084
Decrease (increase) in inventories	(1,504)	(1,195)
Increase (decrease) in notes and accounts payable-trade	(1,190)	(1,357)
Other, net	(1,267)	(101)
Subtotal	4,833	9,511
Interest and dividends income received	351	325
Interest expenses paid	(144)	(154)
Income taxes paid	(3,050)	(4,039)
Net cash provided by (used in) operating activities	1,990	5,642
Cash flows from investing activities		
Decrease (increase) in time deposits	(354)	2,267
Proceeds from sales of short-term investment securities	500	—
Purchase of property, plant and equipment	(752)	(2,003)
Purchase of intangible assets	(553)	(392)
Proceeds from sales of property, plant and equipment	9	—
Purchase of investment securities	(412)	(678)
Proceeds from sales of investment securities	1,224	562
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(1,921)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	—	8
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	34	0
Proceeds from cancellation of insurance funds	1,390	1,302
Other, net	(144)	(729)
Net cash provided by (used in) investing activities	(980)	337
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(3,832)	(268)
Repayment of long-term loans payable	(614)	(130)
Proceeds from issuance of bonds	10,990	—
Redemption of bonds	(11,400)	—
Purchase of treasury stock	(0)	(162)
Cash dividends paid	(756)	(756)
Other, net	20	24
Net cash provided by (used in) financing activities	(5,593)	(1,293)
Effect of exchange rate change on cash and cash equivalents	(246)	(426)
Net increase (decrease) in cash and cash equivalents	(4,829)	4,259
Cash and cash equivalents at beginning of period	26,577	21,747
Cash and cash equivalents at end of period	21,747	26,007

(6) Notes on Premise of Going Concern

Not applicable

(7) Business Segment Information

FY2010 (April 2009 through March 2010)

(Millions of yen)

	Publication	Movie/ Visual	Cross Media	Others	Total	Elimination and/or Corporate	Consolidated
Sales							
(1) Outside customers	73,476	30,803	23,032	8,611	135,922	—	135,922
(2) Inter-segment	1,382	176	385	1,846	3,791	(3,791)	—
Total sales	74,858	30,979	23,417	10,458	139,714	(3,791)	135,922
Operating expenses	67,155	32,178	23,227	10,665	133,225	(2,467)	130,758
Operating income (loss)	7,703	(1,198)	189	(207)	6,488	(1,323)	5,164
Total assets	50,017	23,430	10,173	5,469	89,091	30,161	119,252
Depreciation and amortization	694	520	253	155	1,623	332	1,955
Impairment losses	—	145	—	—	145	—	145
Capital expenditures	544	292	196	130	1,165	250	1,416

Note: Kadokawa Group Holdings, Inc. and its consolidated subsidiaries operate primarily in the following business segments.

- (1) Publication: books, story magazines, life magazines, distribution and others
- (2) Movie/Visual: films, DVD movies and others
- (3) Cross Media: information magazines, web-site, digital content and others
- (4) Others: game software, ad agency, real estate rental and others

(8) Geographic Segment Information

FY2010 (April 2009 through March 2010)

Geographic segment information was not presented as domestic sales and assets exceed 90% of consolidated net sales and assets, respectively.

(9) Overseas Sales

FY2010 (April 2009 through March 2010)

Overseas sales were not presented as overseas sales less than 10% of total consolidated net sales.

(10) Segment Information

FY2011 (April 2010 through March 2011)

Analysis of product sales by product category, decision for allocation of the management resources and evaluation of business results are made on a company-wide basis, thus this information is omitted.

(11) Subsequent Events

Not applicable