



# FY2012 Consolidated Financial Results [Japanese GAAP]

(April 1, 2011 through March 31, 2012)

April 26, 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 date of ordinary general meeting of shareholders : June 23, 2012  
 Expected starting date of cash dividends paid : June 25, 2012  
 Expected reporting date of annual security report : June 26, 2012  
 Financial results supplementary explanatory documents : Yes  
 Financial results explanatory meeting : Yes

(Amounts less than one million yen are omitted)

## 1. Consolidated Financial Results of FY2012 (April 1, 2011 through March 31, 2012)

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

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2012	147,392	5.2	5,655	(27.4)	5,905	(31.1)
FY2011	140,055	3.0	7,793	50.9	8,572	59.5

(Note) Comprehensive income: FY2012 2,980 million yen; (55.6%), FY2011 6,713 million yen; 808.7%

	Net income		Net income per share-basic		Net income per share-diluted	
	(Millions of yen)	%	(Yen)	(Yen)	(Yen)	(Yen)
FY2012	3,604	(43.4)	140.03		124.18	
FY2011	6,367	345.4	252.65		221.33	

	Return on equity		Ratio of ordinary income to total assets		Ratio of operating income to net sales	
		%		%		%
FY2012		4.8		4.7		3.8
FY2011		9.1		7.1		5.6

(Reference) Equity in losses of affiliated companies: FY2012 231 million yen, FY2011 7 million yen

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	%	(Yen)	(Yen)	
FY2012	128,751		77,050		59.2	2,945.20		
FY2011	121,951		73,150		59.4	2,881.46		

(Reference) Equity capital: FY2012 76,231 million yen, FY2011 72,479 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)	(Millions of yen)	(Millions of yen)	(Millions of yen)	
FY2012	(184)		(14,088)		580		11,934	
FY2011	5,642		337		(1,293)		26,007	

## 2. Cash dividends

	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			
FY2011	—	0.00	—	35.00	35.00	880	13.9	1.3
FY2012	—	0.00	—	35.00	35.00	905	25.0	1.2
FY2013(Forecast)	—	0.00	—	35.00	35.00		19.3	

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

(%: Changes from the previous year)

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

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

Previously, semi-annual consolidated forecast have been disclosed, however, the forecast are omitted from this results. It is due to difficulty of disclosing reasonably estimated figures for semi-annual because of our business feature which affects monthly profit and loss considerably.

### **Notes**

- (1) Changes in the significant subsidiaries during this year (Accompanying changes in scope of the consolidation):  
None
- (2) Changes in accounting policy, accounting estimates and restatement of prior period financial statements
  - (a) Changes in accounting policy accompanying revisions of accounting standards, etc.: None
  - (b) Changes in accounting policy due to other than the above: None
  - (c) Changes of the estimate on accounts: None
  - (d) Restatement of prior period financial statements after error corrections: None
- (3) Outstanding shares (Common stock)
  - (a) Number of shares issued and outstanding at the end of each year (including treasury stock):  
FY2012 27,260,800 shares, FY2011 27,260,800 shares
  - (b) Number of treasury stock at the end of each year:  
FY2012 1,377,472 shares, FY2011 2,107,214 shares
  - (c) Number of weighted-average number of shares issued and outstanding for each year:  
FY2012 25,737,828 shares, FY2011 25,202,887 shares

### **Indication of audit procedure implementation status**

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

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

The forward-looking statements including forecasts contained in these documents are based on information available at the time of preparation and on certain assumptions deem to be reasonable. Actual financial and other results may differ substantially due to various factors.

## Consolidated Financial Statements

### (1) Consolidated balance sheets

(Millions of yen)

	<b>FY2011</b>	<b>FY2012</b>
	(As of March 31, 2011)	(As of March 31, 2012)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	26,174	12,245
Notes and accounts receivable-trade	32,852	44,315
Short-term investment securities	—	601
Inventories	12,473	14,061
Deferred tax assets	3,884	4,544
Other	2,708	3,578
Allowance for doubtful accounts	(151)	(110)
<b>Total current assets</b>	<b>77,942</b>	<b>79,235</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	15,301	17,923
Accumulated depreciation	(9,074)	(9,689)
Buildings and structures, net	6,227	8,234
Tools, furniture and fixtures	4,361	5,121
Accumulated depreciation	(3,053)	(3,371)
Tools, furniture and fixtures, net	1,308	1,749
Land	10,530	10,497
Construction in progress	1,437	306
Other	1,863	2,035
Accumulated depreciation	(1,486)	(1,620)
Other, net	377	414
<b>Total property, plant and equipment</b>	<b>19,880</b>	<b>21,202</b>
<b>Intangible assets</b>		
Goodwill	671	892
Other	1,796	2,250
<b>Total intangible assets</b>	<b>2,468</b>	<b>3,142</b>
<b>Investments and other assets</b>		
Investment securities	11,678	13,880
Deferred tax assets	2,238	1,946
Other	8,073	9,608
Allowance for doubtful accounts	(331)	(264)
<b>Total investments and other assets</b>	<b>21,659</b>	<b>25,170</b>
<b>Total noncurrent assets</b>	<b>44,008</b>	<b>49,515</b>
<b>Total assets</b>	<b>121,951</b>	<b>128,751</b>

(Millions of yen)

**FY2011**                      **FY2012**  
 (As of March 31, 2011) (As of March 31, 2012)

<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	17,202	19,780
Short-term loans payable	573	121
Income taxes payable	1,755	681
Provision for bonuses	1,356	1,366
Provision for sales returns	3,526	3,905
Other	9,179	10,273
<b>Total current liabilities</b>	<b>33,593</b>	<b>36,129</b>
<b>Noncurrent liabilities</b>		
Bonds with subscription rights to shares	11,000	11,000
Long-term loans payable	33	175
Deferred tax liabilities	353	349
Provision for retirement benefits	2,200	2,616
Other	1,619	1,429
<b>Total noncurrent liabilities</b>	<b>15,206</b>	<b>15,570</b>
<b>Total liabilities</b>	<b>48,800</b>	<b>51,700</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	26,330	26,330
Capital surplus	27,704	27,375
Retained earnings	27,907	30,695
Treasury stock	(6,014)	(3,932)
<b>Total shareholders' equity</b>	<b>75,928</b>	<b>80,468</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	(686)	(885)
Revaluation reserve for land	(256)	(328)
Foreign currency translation adjustment	(2,505)	(3,023)
<b>Total accumulated other comprehensive income</b>	<b>(3,449)</b>	<b>(4,236)</b>
<b>Minority interests</b>	<b>671</b>	<b>819</b>
<b>Total net assets</b>	<b>73,150</b>	<b>77,050</b>
<b>Total liabilities and net assets</b>	<b>121,951</b>	<b>128,751</b>

## (2) Consolidated statements of income

(Millions of yen)

	<b>FY2011</b> (April 2010 through March 2011)	<b>FY2012</b> (April 2011 through March 2012)
<b>Net sales</b>	<b>140,055</b>	<b>147,392</b>
Cost of sales	103,171	110,524
<b>Gross profit</b>	<b>36,883</b>	<b>36,868</b>
Reversal of provision for sales returns	3,805	3,906
Provision for sales returns	3,526	3,905
<b>Gross profit-net</b>	<b>37,163</b>	<b>36,869</b>
Selling, general and administrative expenses	29,369	31,213
<b>Operating income</b>	<b>7,793</b>	<b>5,655</b>
<b>Non-operating income</b>		
Interest income	84	49
Dividends income	183	171
Amortization of negative goodwill	85	81
Gain on valuation of compound financial instruments	293	—
Insurance income	58	71
Gain on sales of used papers	158	162
Other	110	131
<b>Total non-operating income</b>	<b>973</b>	<b>668</b>
<b>Non-operating expenses</b>		
Interest expenses	156	143
Equity in losses of affiliates	7	231
Other	31	43
<b>Total non-operating expenses</b>	<b>194</b>	<b>419</b>
<b>Ordinary income</b>	<b>8,572</b>	<b>5,905</b>
<b>Extraordinary income</b>		
Gain on sales of noncurrent assets	4	6
Gain on sales of investment securities	335	—
Gain on sales of subsidiaries and affiliates' stocks	344	—
Gain on sales of memberships	2	—
Gain on revision of retirement benefit plan	72	19
Reversal of provision for loss on disaster	—	309
<b>Total extraordinary income</b>	<b>759</b>	<b>334</b>

(Millions of yen)

	<b>FY2011</b> (April 2010 through March 2011)	<b>FY2012</b> (April 2011 through March 2012)
<b>Extraordinary loss</b>		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	123	217
Impairment loss	282	571
Loss on valuation of investment securities	2,225	476
Loss on valuation of investments in capital	—	8
Loss on valuation of membership	19	21
Special retirement expenses	139	74
Loss on cancellation of leasehold contracts	42	34
Loss on adjustment for changes of accounting standard for asset retirement obligations	408	—
Loss on disaster	411	—
<b>Total extraordinary losses</b>	<b>3,653</b>	<b>1,404</b>
<b>Income before income taxes and minority interests</b>	<b>5,678</b>	<b>4,835</b>
Income taxes-current	2,547	975
Income taxes-deferred	(3,303)	139
Total income taxes	(755)	1,115
<b>Income before minority interests</b>	<b>6,433</b>	<b>3,720</b>
Minority interests in income	66	116
<b>Net income</b>	<b>6,367</b>	<b>3,604</b>

### (3) Consolidated statements of comprehensive income

	(Millions of yen)	
	<b>FY2011</b>	<b>FY2012</b>
	(April 2010 through March 2011)	(April 2011 through March 2012)
<b>Income before minority interests</b>	<b>6,433</b>	<b>3,720</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,325	(198)
Foreign currency translation adjustment	(989)	(520)
Share of other comprehensive income of associates accounted for using equity method	(56)	(20)
<b>Total other comprehensive income</b>	<b>279</b>	<b>(739)</b>
<b>Comprehensive income</b>	<b>6,713</b>	<b>2,980</b>
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	6,699	2,888
Comprehensive income attributable to minority interests	14	92

**(4) Consolidated statements of changes in net assets**

(Millions of yen)

	<b>FY2011</b> (April 2010 through March 2011)	<b>FY2012</b> (April 2011 through March 2012)
<b>Shareholders' equity</b>		
<b>Capital stock</b>		
Balance at the beginning of current period	26,330	26,330
Changes of items during the period		
Total changes of items during the period	—	—
<b>Balance at the end of current period</b>	<b>26,330</b>	<b>26,330</b>
<b>Capital surplus</b>		
Balance at the beginning of current period	27,704	27,704
Changes of items during the period		
Disposal of treasury stock	—	(329)
Total changes of items during the period	—	(329)
<b>Balance at the end of current period</b>	<b>27,704</b>	<b>27,375</b>
<b>Retained earnings</b>		
Balance at the beginning of current period	22,352	27,907
Changes of items during the period		
Dividends from surplus	(756)	(880)
Net income	6,367	3,604
Disposal of treasury stock	—	(36)
Change of scope of equity method	(55)	28
Reversal of revaluation reserve for land	(0)	71
Total changes of items during the period	5,554	2,787
<b>Balance at the end of current period</b>	<b>27,907</b>	<b>30,695</b>
<b>Treasury stock</b>		
Balance at the beginning of current period	(5,879)	(6,014)
Changes of items during the period		
Purchase of treasury stock	(162)	(0)
Disposal of treasury stock	—	2,082
Change in equity in affiliates accounted for by equity method-treasury stock	26	—
Total changes of items during the period	(135)	2,081
<b>Balance at the end of current period</b>	<b>(6,014)</b>	<b>(3,932)</b>
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	70,508	75,928
Changes of items during the period		
Dividends from surplus	(756)	(880)
Net income	6,367	3,604
Purchase of treasury stock	(162)	(0)
Disposal of treasury stock	—	1,716
Change of scope of equity method	(55)	28
Reversal of revaluation reserve for land	(0)	71
Change in equity in affiliates accounted for by equity method-treasury stock	26	—
Total changes of items during the period	5,419	4,539
<b>Balance at the end of current period</b>	<b>75,928</b>	<b>80,468</b>



(Millions of yen)

	<b>FY2011</b> (April 2010 through March 2011)	<b>FY2012</b> (April 2011 through March 2012)
<b>Accumulated other comprehensive income</b>		
<b>Valuation difference on available-for-sale securities</b>		
Balance at the beginning of current period	(2,012)	(686)
Changes of items during the period		
Net changes of items other than shareholders' equity	1,325	(198)
Total changes of items during the period	1,325	(198)
<b>Balance at the end of current period</b>	<b>(686)</b>	<b>(885)</b>
<b>Revaluation reserve for land</b>		
Balance at the beginning of current period	(256)	(256)
Changes of items during the period		
Net changes of items other than shareholders' equity	0	(71)
Total changes of items during the period	0	(71)
<b>Balance at the end of current period</b>	<b>(256)</b>	<b>(328)</b>
<b>Foreign currency translation adjustment</b>		
Balance at the beginning of current period	(1,511)	(2,505)
Changes of items during the period		
Net changes of items other than shareholders' equity	(994)	(517)
Total changes of items during the period	(994)	(517)
<b>Balance at the end of current period</b>	<b>(2,505)</b>	<b>(3,023)</b>
<b>Total accumulated other comprehensive income</b>		
Balance at the beginning of current period	(3,780)	(3,449)
Changes of items during the period		
Net changes of items other than shareholders' equity	331	(787)
Total changes of items during the period	331	(787)
<b>Balance at the end of current period</b>	<b>(3,449)</b>	<b>(4,236)</b>
<b>Minority interests</b>		
Balance at the beginning of current period	733	671
Changes of items during the period		
Net changes of items other than shareholders' equity	(61)	147
Total changes of items during the period	(61)	147
<b>Balance at the end of current period</b>	<b>671</b>	<b>819</b>
<b>Total net assets</b>		
Balance at the beginning of current period	67,461	73,150
Changes of items during the period		
Dividends from surplus	(756)	(880)
Net income	6,367	3,604
Purchase of treasury stock	(162)	(0)
Disposal of treasury stock	—	1,716
Change of scope of equity method	(55)	28
Reversal of revaluation reserve for land	(0)	71
Change in equity in affiliates accounted for by equity method-treasury stock	26	—
Net changes of items other than shareholders' equity	269	(639)
Total changes of items during the period	5,689	3,899
<b>Balance at the end of current period</b>	<b>73,150</b>	<b>77,050</b>

**(5) Consolidated statements of cash flows**

(Millions of yen)

	<b>FY2011</b> (April 2010 through March 2011)	<b>FY2012</b> (April 2011 through March 2012)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	5,678	4,835
Depreciation and amortization	1,890	2,107
Impairment loss	282	571
Amortization of goodwill	368	128
Increase (decrease) in provision for retirement benefits	(260)	127
Interest and dividends income	(267)	(221)
Interest expenses	156	143
Equity in (earnings) losses of affiliates	7	231
Loss (gain) on valuation of investment securities	2,225	476
Decrease (increase) in notes and accounts receivable-trade	2,084	(5,235)
Decrease (increase) in inventories	(1,195)	857
Increase (decrease) in notes and accounts payable-trade	(1,357)	(513)
Other, net	(101)	(1,606)
Subtotal	<u>9,511</u>	<u>1,903</u>
Interest and dividends income received	325	250
Interest expenses paid	(154)	(144)
Income taxes paid	(4,039)	(2,193)
<b>Net cash provided by (used in) operating activities</b>	<b><u>5,642</u></b>	<b><u>(184)</u></b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	2,267	(1,157)
Purchase of short-term investment securities	—	(606)
Purchase of property, plant and equipment	(2,003)	(3,336)
Purchase of intangible assets	(392)	(1,048)
Purchase of investment securities	(678)	(3,142)
Proceeds from sales of investment securities	562	180
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(4,483)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	8	—
Proceeds from cancellation of insurance funds	1,302	189
Other, net	(729)	(685)
<b>Net cash provided by (used in) investing activities</b>	<b><u>337</u></b>	<b><u>(14,088)</u></b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable	(268)	(62)
Proceeds from long-term loans payable	—	250
Repayment of long-term loans payable	(130)	(473)
Purchase of treasury stock	(162)	(0)
Proceeds from sales of treasury stock	—	1,716
Cash dividends paid	(756)	(880)
Other, net	24	29
<b>Net cash provided by (used in) financing activities</b>	<b><u>(1,293)</u></b>	<b><u>580</u></b>
Effect of exchange rate change on cash and cash equivalents	(426)	(381)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>4,259</u></b>	<b><u>(14,073)</u></b>
<b>Cash and cash equivalents at beginning of period</b>	<b><u>21,747</u></b>	<b><u>26,007</u></b>
<b>Cash and cash equivalents at end of period</b>	<b><u>26,007</u></b>	<b><u>11,934</u></b>

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

Not applicable

**(7) Segment Information**

Kadokawa Group Holdings, Inc. (“the Company”) does not present segment information by reportable segment, as the Company and its’ consolidated subsidiaries (“the Companies”) operate in one business category, “Content business”, namely publications, films and others which is created, produced, purchased and soled by the Companies.

**(8) Subsequent Events**

Not applicable