



FY2012 Third Quarter Consolidated Financial Results [Japanese GAAP]

(April 1, 2011 through December 31, 2011)

January 30, 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	: February 10, 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 FY2012 Third Quarter (April 1, 2011 through December 31, 2011)

(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)	%
FY2012 third quarter	107,551	3.0	5,525	2.6	5,926	(1.0)
FY2011 third quarter	104,401	5.4	5,383	87.3	5,987	91.8

(Note) Comprehensive income: FY2012 third quarter 2,719 million yen (534.0%), FY2011 third quarter 428 million yen (—%)

	Net income		Net income per share-basic		Net income per share-diluted	
	(Millions of yen)	%	(Yen)	(Yen)	(Yen)	(Yen)
FY2012 third quarter	3,503	—	136.38		120.32	
FY2011 third quarter	12	(77.8)	0.48		—	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2012 third quarter	131,613		76,789		57.7	
FY2011	121,951		73,150		59.4	

(Reference) Equity capital: FY2012 third quarter 75,993 million yen, FY2011 72,479 million yen

2. Cash dividends

	Cash dividend per share				
	First quarter	Second quarter	Third quarter	Year-End	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
FY2011	—	0.00	—	35.00	35.00
FY2012	—	0.00	—		
FY2012 (Forecast)				35.00	35.00

(Note) Revision of cash dividend forecast for FY2012 most recently announced: None

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

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

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2012	142,000	1.4	8,500	9.1	8,800	2.7

	Net income		Net income per share	
	(Millions of yen)	%	(Yen)	(Yen)
FY2012	6,500	2.1	258.00	

(Note) Revision of consolidated forecast for FY2012 most recently announced: None

4. Others

- (1) Changes in the significant subsidiaries during this period (Accompanying changes in scope of the consolidation):
None
- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: None
- (3) 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 in accounting estimates: None
 - (d) Restatement 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):
FY2012 third quarter 27,260,800 shares, FY2011 27,260,800 shares
 - (b) Number of treasury stock at the end of each period:
FY2012 third quarter 1,377,438 shares, FY2011 2,107,214 shares
 - (c) Number of weighted-average number of shares issued and outstanding for each nine-month period:
FY2012 third quarter 25,689,677 shares, FY2011 third quarter 25,219,010 shares

Indication of quarterly review procedure implementation status

This quarterly financial result is exempt from quarterly review procedure based on 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 forward-looking statements including forecasts contained in these documents are based on information available at the time of preparation 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)

	FY2011	FY2012 Third quarter
	(As of March 31, 2011)	(As of December 31, 2011)
Assets		
Current assets		
Cash and deposits	26,174	12,700
Notes and accounts receivable-trade	32,852	45,895
Short-term investment securities	—	603
Inventories	12,473	15,409
Deferred tax assets	3,884	4,022
Other	2,708	3,639
Allowance for doubtful accounts	(151)	(132)
Total current assets	77,942	82,137
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	6,227	8,436
Tools, furniture and fixtures, net	1,308	1,775
Land	10,530	10,530
Other, net	1,814	714
Total property, plant and equipment	19,880	21,457
Intangible assets		
Goodwill	671	954
Other	1,796	2,030
Total intangible assets	2,468	2,985
Investments and other assets		
Investment securities	11,678	13,660
Deferred tax assets	2,238	1,857
Other	8,073	9,773
Allowance for doubtful accounts	(331)	(258)
Total investments and other assets	21,659	25,033
Total noncurrent assets	44,008	49,476
Total assets	121,951	131,613

(Millions of yen)

	FY2011	FY2012 Third quarter
	(As of March 31, 2011)	(As of December 31, 2011)

Liabilities**Current liabilities**

Notes and accounts payable-trade	17,202	20,396
Short-term loans payable	573	3,179
Income taxes payable	1,755	902
Provision for bonuses	1,356	755
Provision for sales returns	3,526	4,225
Other	9,179	9,410

Total current liabilities	33,593	38,870
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Noncurrent liabilities

Bonds with subscription rights to shares	11,000	11,000
Long-term loans payable	33	184
Deferred tax liabilities	353	319
Provision for retirement benefits	2,200	2,748
Other	1,619	1,700

Total noncurrent liabilities	15,206	15,953
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Total liabilities

48,800	54,824
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Net assets**Shareholders' equity**

Capital stock	26,330	26,330
Capital surplus	27,704	27,375
Retained earnings	27,907	30,523
Treasury stock	(6,014)	(3,932)

Total shareholders' equity	75,928	80,296
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Accumulated other comprehensive income

Valuation difference on available-for-sale securities	(686)	(905)
Revaluation reserve for land	(256)	(256)
Foreign currency translation adjustment	(2,505)	(3,140)

Total accumulated other comprehensive income	(3,449)	(4,303)
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Minority interests

671	796
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Total net assets

73,150	76,789
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Total liabilities and net assets

121,951	131,613
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(2) Consolidated quarterly statements of income

(Millions of yen)

	FY2011 Third quarter (April 2010 through December 2010)	FY2012 Third quarter (April 2011 through December 2011)
Net sales	104,401	107,551
Cost of sales	77,196	79,191
Gross profit	27,204	28,359
Reversal of provision for sales returns	3,806	3,906
Provision for sales returns	3,726	4,225
Gross profit-net	27,284	28,039
Selling, general and administrative expenses	21,900	22,513
Operating income	5,383	5,525
Non-operating income		
Interest income	59	36
Dividends income	180	169
Amortization of negative goodwill	64	61
Equity in earnings of affiliates	12	—
Gain on valuation of compound financial instruments	209	—
Insurance income	6	48
Gain on sales of used papers	123	124
Other	83	115
Total non-operating income	740	555
Non-operating expenses		
Interest expenses	118	109
Equity in losses of affiliates	—	33
Other	17	11
Total non-operating expenses	136	154
Ordinary income	5,987	5,926
Extraordinary income		
Gain on sales of noncurrent assets	3	5
Gain on sales of investment securities	0	—
Gain on sales of subsidiaries and affiliates' stocks	339	—
Gain on sales of memberships	2	—
Gain on revision of retirement benefit plan	—	19
Reversal of provision for loss on disaster	—	306
Total extraordinary income	345	330
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	90	178
Impairment loss	12	—
Loss on valuation of investment securities	2,325	872
Loss on valuation of investments in capital	—	8
Loss on valuation of membership	18	14
Special retirement expenses	131	45
Loss on revision of retirement benefit plan	55	—
Loss on cancellation of leasehold contracts	44	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	408	—
Total extraordinary losses	3,087	1,120
Income before income taxes and minority interests	3,246	5,137

(Millions of yen)

	FY2011 Third quarter (April 2010 through December 2010)	FY2012 Third quarter (April 2011 through December 2011)
Income taxes	3,134	1,530
Income before minority interests	111	3,607
Minority interests in income	99	103
Net income	12	3,503

(3) Consolidated quarterly statements of comprehensive income

(Millions of yen)

	FY2011 Third quarter (April 2010 through December 2010)	FY2012 Third quarter (April 2011 through December 2011)
Income before minority interests	111	3,607
Other comprehensive income		
Valuation difference on available-for-sale securities	1,448	(219)
Foreign currency translation adjustment	(1,092)	(637)
Share of other comprehensive income of associates accounted for using equity method	(38)	(31)
Total other comprehensive income	317	(887)
Comprehensive income	428	2,719
Comprehensive income attributable to:		
Owners of the parent	373	2,649
Minority interests	55	69

(4) Notes on Premise of Going Concern

Not applicable

(5) 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.

(6) Notes on Significant Changes in Shareholders’ Equity

Based on resolution of board of directors held on May 26, 2011, the Company disposed treasury stock to allocate to Dwango Co., Ltd. by third party allotment on June 13, 2011.

Thus the amount of treasury stock, capital surplus and retained earnings decreased 2,082 million yen, 329 million yen and 36 million yen, respectively than previous year-end. As a result, the amount of shareholders’ equity increased 1,716 million yen than previous year-end.