



FY2014 First Quarter Consolidated Financial Results [Japanese GAAP]

(April 1, 2013 through June 30, 2013)

July 25, 2013

Company name : **KADOKAWA CORPORATION**
 Stock exchange on which the shares are listed : Tokyo Stock Exchange
 Code number : 9477
 URL : <http://www.kadokawa.co.jp/>
 Representative person : Tatsuo Sato, President
 Contact person : Akira Watanabe, Director and Deputy General Manager
 Tel. (03) 3238-8561
 Expected reporting date of quarterly security report : August 8, 2013
 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 FY2014 First Quarter (April 1, 2013 through June 30, 2013)

(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)	%
FY2014 first quarter	35,775	(10.6)	1,941	(18.6)	2,310	(14.9)
FY2013 first quarter	40,022	13.8	2,384	(18.2)	2,715	(12.8)

(Note) Comprehensive income: FY2014 first quarter 3,727 million yen (147.4%), FY2013 first quarter 1,506 million yen ((40.4%)

	Net income		Net income per share-basic		Net income per share-diluted	
	(Millions of yen)	%	(Yen)	(Yen)	(Yen)	(Yen)
FY2014 first quarter	1,031	(13.9)	39.63		34.75	
FY2013 first quarter	1,198	(52.4)	46.29		40.88	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	(Millions of yen)	%	(Millions of yen)	(Millions of yen)	(Millions of yen)	%
FY2014 first quarter	139,204		90,768		64.3	
FY2013	139,898		87,545		61.8	

(Reference) Equity capital: FY2014 first quarter 89,560 million yen, FY2013 86,428 million yen

2. Cash dividends

	Cash dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
FY2013	(Yen) —	(Yen) 0.00	(Yen) —	(Yen) 45.00	(Yen) 45.00
FY2014	(Yen) —	(Yen) —	(Yen) —	(Yen) —	(Yen) —
FY2014 (Forecast)	(Yen) —	(Yen) 0.00	(Yen) —	(Yen) 35.00	(Yen) 35.00

(Note) Revision of cash dividend forecast for FY2014 most recently announced: None

Break down of FY2013 year-end dividend per share: ordinary dividend 35 yen, commemorative dividend 10 yen

3. Consolidated Financial Forecast for FY2014 (April 1, 2013 through March 31, 2014)

The consolidated forecast is not presented as it is difficult to draw up the reasonable forecast.

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):
FY2014 first quarter 27,260,800 shares, FY2013 27,260,800 shares
 - (b) Number of treasury stock at the end of each period:
FY2014 first quarter 1,113,298 shares, FY2013 1,377,474 shares
 - (c) Number of weighted-average number of shares issued and outstanding for each three-month period:
FY2014 first quarter 26,042,067 shares, FY2013 first quarter 25,883,342 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 FY2014” and other note

The forward-looking statements contained in this result are based on information available at the time of preparation and on certain assumptions deemed to be reasonable, and are not committed to realize in the future.

Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	FY2013	FY2014 First quarter
	(As of March 31, 2013)	(As of June 30, 2013)
Assets		
Current assets		
Cash and deposits	18,174	19,316
Notes and accounts receivable-trade	43,218	39,723
Short-term investment securities	—	301
Inventories	14,223	15,043
Deferred tax assets	4,517	4,153
Other	3,219	2,716
Allowance for doubtful accounts	(91)	(88)
Total current assets	83,262	81,167
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,979	6,857
Tools, furniture and fixtures, net	1,547	1,518
Land	10,497	10,473
Other, net	565	591
Total property, plant and equipment	19,590	19,440
Intangible assets		
Goodwill	642	580
Other	2,685	2,743
Total intangible assets	3,327	3,324
Investments and other assets		
Investment securities	24,064	25,313
Deferred tax assets	469	474
Other	9,473	9,781
Allowance for doubtful accounts	(288)	(297)
Total investments and other assets	33,718	35,272
Total non-current assets	56,636	58,037
Total assets	139,898	139,204

(Millions of yen)

	FY2013	FY2014 First quarter
	(As of March 31, 2013)	(As of June 30, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	19,674	17,300
Short-term loans payable	55	60
Income taxes payable	961	579
Provision for bonuses	1,568	714
Provision for sales returns	3,886	3,845
Other	9,123	8,516
Total current liabilities	35,270	31,017
Non-current liabilities		
Bonds with subscription rights to shares	11,000	10,340
Long-term loans payable	339	356
Deferred tax liabilities	2,195	3,145
Provision for retirement benefits	2,716	2,780
Other	831	797
Total non-current liabilities	17,082	17,419
Total liabilities	52,353	48,436
Net assets		
Shareholders' equity		
Capital stock	26,330	26,330
Capital surplus	27,375	27,375
Retained earnings	34,787	34,560
Treasury stock	(3,932)	(3,178)
Total shareholders' equity	84,561	85,088
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,248	6,074
Revaluation reserve for land	(328)	(328)
Foreign currency translation adjustment	(2,052)	(1,274)
Total accumulated other comprehensive income	1,867	4,472
Minority interests	1,116	1,207
Total net assets	87,545	90,768
Total liabilities and net assets	139,898	139,204

(2) Consolidated quarterly statements of income

(Millions of yen)

	FY2013 First quarter (April 2012 through June 2012)	FY2014 First quarter (April 2013 through June 2013)
Net sales	40,022	35,775
Cost of sales	29,050	25,550
Gross profit	10,971	10,224
Reversal of provision for sales returns	3,908	3,869
Provision for sales returns	3,964	3,845
Gross profit-net	10,916	10,248
Selling, general and administrative expenses	8,531	8,306
Operating income	2,384	1,941
Non-operating income		
Interest income	21	9
Dividends income	100	157
Amortization of negative goodwill	20	20
Equity in earnings of affiliates	42	169
Insurance income	112	7
Gain on sales of goods	49	46
Other	19	13
Total non-operating income	365	425
Non-operating expenses		
Interest expenses	32	32
Foreign exchange losses	—	22
Other	1	1
Total non-operating expenses	34	56
Ordinary income	2,715	2,310
Extraordinary income		
Gain on change in equity	115	—
Other	0	—
Total extraordinary income	116	—
Extraordinary loss		
Loss on retirement of noncurrent assets	5	4
Impairment loss	—	23
Loss on valuation of investment securities	748	342
Loss on valuation of membership	9	—
Special retirement expenses	14	5
Other	7	—
Total extraordinary losses	785	376
Income before income taxes and minority interests	2,046	1,933
Income taxes	836	868
Income before minority interests	1,209	1,065
Minority interests in income	11	33
Net income	1,198	1,031

(3) Consolidated quarterly statements of comprehensive income

(Millions of yen)

	FY2013 First quarter (April 2012 through June 2012)	FY2014 First quarter (April 2013 through June 2013)
Income before minority interests	1,209	1,065
Other comprehensive income		
Valuation difference on available-for-sale securities	(220)	1,826
Foreign currency translation adjustment	483	779
Share of other comprehensive income of associates accounted for using equity method	34	56
Total other comprehensive income	297	2,662
Comprehensive income	1,506	3,727
Comprehensive income attributable to:		
Owners of the parent	1,459	3,636
Minority interests	47	91

(4) Notes to Quarterly Consolidated Financial Statements

(a) Notes on Premise of Going Concern
Not applicable

(b) Notes on Significant Changes in Shareholders' Equity
Not applicable