



FY2010 First Quarter Financial Results

(April 1, 2009 through June 30, 2009)

July 30, 2009

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 and COO
Contact person	: Yasuaki Takayama, Director and General Manager Tel. (03) 3238-8710
Expected reporting date of quarterly security report	: August 7, 2009
Expected date of cash dividends paid	: —

(Amounts less than one million yen are omitted)

1. Consolidated Financial Results of FY2010 First Quarter (April 1, 2009 through June 30, 2009)

(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)	%
FY2010 First Quarter	30,596	(8.8)	1,101	12.8	1,309	(3.0)
FY2009 First Quarter	33,563	—	976	—	1,349	—

	Net income		Net income per share-basic		Net income per share-diluted	
	(Millions of yen)	%	(Yen)	(Yen)	(Yen)	(Yen)
FY2010 First Quarter	231	91.4	9.16		8.58	
FY2009 First Quarter	120	—	4.69		4.29	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	%	(Yen)
FY2010 First Quarter	114,913	68,184	58.7	2,673.25
FY2009	123,176	67,510	54.2	2,649.06

(Note) Equity capital: FY2010 First Quarter 67,420 million yen, FY2009 66,810 million yen

2. Cash dividends

(Record date)	Cash dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year-End	Total
FY2009	(Yen) —	(Yen) 0.00	(Yen) —	(Yen) 30.00	(Yen) 30.00
FY2010	—	—	—	—	—
FY2010 (Forecast)	—	0.00	—	30.00	30.00

(Note) Revision of cash dividend forecast for FY2010 during this period: None

3. Consolidated Forecast for FY2010 (April 1, 2009 through March 31, 2010)

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

	Net sales		Operating income		Ordinary income	
	(Millions of yen)	%	(Millions of yen)	%	(Millions of yen)	%
FY2010 Semi-annual	68,000	(2.3)	2,000	99.7	2,000	34.5
FY2010	140,000	(1.1)	5,000	40.2	5,000	23.1

	Net income		Net income per share	
	(Millions of yen)	%	(Yen)	(Yen)
FY2010 Semi-annual	700	—	27.00	
FY2010	2,000	—	79.00	

(Note) Revision of consolidated forecast for FY2010 during this period: None

4. Others

- (1) Changes in the significant subsidiaries (Accompanying changes in scope of the consolidation): None
- (2) Adoption of simplified accounting methods and special accounting methods for preparing quarterly consolidated financial statements: Applicable
- (3) Changes in accounting policy, procedure and presentation for preparing quarterly consolidated financial statements (Described in "Changes in the summary of significant accounting policies for preparing quarterly consolidated financial statements")
 - (a) Changes accompanying revisions of accounting standards, etc.: None
 - (b) Changes other than the above: None
- (4) Outstanding shares (Common stock)
 - (a) Number of shares issued and outstanding at the end of each period (including treasury stock):
FY2010 first quarter 27,260,800 shares, FY2009 27,260,800 shares
 - (b) Number of treasury stock at the end of each period:
FY2010 first quarter 2,040,248 shares, FY2009 2,040,248 shares
 - (c) Number of weighted-average number of shares issued and outstanding for each period:
FY2010 first quarter 25,220,552 shares, FY2009 first quarter 25,756,783 shares

Note regarding use of "Consolidated Forecast for FY2010" 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 Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	FY2010 First quarter	FY2009
	(As of June 30, 2009)	(As of March 31, 2009)
Assets		
Current assets		
Cash and deposits	18,998	25,611
Notes and accounts receivable-trade	30,465	33,118
Short-term investment securities	499	1,497
Inventories	10,964	9,181
Deferred tax assets	1,487	1,654
Other	3,273	3,118
Allowance for doubtful accounts	(154)	(184)
Total current assets	65,534	73,998
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	7,078	7,064
Tools, furniture and fixtures, net	1,518	1,530
Land	10,541	10,509
Other, net	412	421
Total property, plant and equipment	19,551	19,524
Intangible assets		
Goodwill	518	602
Other	2,408	2,446
Total intangible assets	2,926	3,048
Investments and other assets		
Investment securities	15,173	14,016
Deferred tax assets	1,011	931
Other	11,176	12,051
Allowance for doubtful accounts	(461)	(395)
Total investments and other assets	26,901	26,604
Total noncurrent assets	49,379	49,177
Total assets	114,913	123,176

(Millions of yen)

FY2010 First quarter **FY2009**
(As of June 30, 2009) (As of March 31, 2009)

Liabilities**Current liabilities**

Notes and accounts payable-trade	17,544	19,284
Short-term loans payable	10,461	4,410
Current portion of bonds	—	11,400
Income taxes payable	583	2,230
Provision for bonuses	752	1,177
Provision for sales returns	3,324	3,305
Other	8,479	9,234

Total current liabilities	41,146	51,042
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Noncurrent liabilities

Long-term loans payable	890	939
Deferred tax liabilities	792	676
Provision for retirement benefits	2,189	2,007
Other	1,710	999

Total noncurrent liabilities	5,582	4,623
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Total liabilities

46,728	55,665
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Net assets**Shareholders' equity**

Capital stock	26,330	26,330
Capital surplus	27,704	27,704
Retained earnings	21,154	21,679
Treasury stock	(5,879)	(5,879)

Total shareholders' equity	69,310	69,835
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Valuation and translation adjustments

Valuation difference on available-for-sale securities	(449)	(1,585)
Revaluation reserve for land	(256)	(256)
Foreign currency translation adjustment	(1,182)	(1,182)

Total valuation and translation adjustments	(1,889)	(3,025)
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Minority interests

764	699
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Total net assets

68,184	67,510
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Total liabilities and net assets

114,913	123,176
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(2) Consolidated quarterly statements of income

(Millions of yen)

	FY2009 First quarter (April 2008 through June 2008)	FY2010 First quarter (April 2009 through June 2009)
Net sales	33,563	30,596
Cost of sales	24,954	22,729
Gross profit	8,608	7,867
Reversal of provision for sales returns	3,189	3,818
Provision for sales returns	3,187	3,321
Gross profit-net	8,610	8,364
Selling, general and administrative expenses	7,634	7,263
Operating income	976	1,101
Non-operating income		
Interest income	122	49
Dividends income	118	104
Amortization of negative goodwill	43	20
Gain on valuation of compound financial instruments	—	112
Insurance income	134	111
Gain on sales of used papers	65	34
Other	39	44
Total non-operating income	524	477
Non-operating expenses		
Interest expenses	28	29
Equity in losses of affiliates	120	223
Other	2	16
Total non-operating expenses	150	269
Ordinary income	1,349	1,309
Extraordinary income		
Gain on sales of noncurrent assets	0	—
Reversal of allowance for doubtful accounts	27	—
Total extraordinary income	28	—
Extraordinary loss		
Loss on retirement of noncurrent assets	9	10
Loss on sales of investment securities	70	—
Loss on valuation of investment securities	106	45
Retirement benefit expenses for prior periods	—	278
Total extraordinary losses	186	334
Income before income taxes and minority interests	1,191	975
Income taxes	1,011	711
Minority interests in income	59	32
Net income	120	231

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	FY2009 First quarter (April 2008 through June 2008)	FY2010 First quarter (April 2009 through June 2009)
Cash flows from operating activities		
Income before income taxes and minority interests	1,191	975
Depreciation and amortization	512	480
Amortization of goodwill	245	62
Increase (decrease) in provision for retirement benefits	(171)	165
Interest and dividends income	(240)	(154)
Interest expenses	28	29
Equity in (earnings) losses of affiliates	120	223
Loss (gain) on valuation of investment securities	106	45
Decrease (increase) in notes and accounts receivable-trade	1,868	4,809
Decrease (increase) in inventories	(45)	(1,211)
Increase (decrease) in notes and accounts payable-trade	(2,790)	(2,247)
Other, net	(996)	(2,127)
Subtotal	(170)	1,051
Interest and dividends income received	233	168
Interest expenses paid	(31)	(17)
Income taxes paid	(3,312)	(2,459)
Net cash provided by (used in) operating activities	(3,281)	(1,256)
Cash flows from investing activities		
Decrease (increase) in time deposits	91	136
Purchase of short-term investment securities	(1,500)	—
Proceeds from sales and redemption of securities	1,000	—
Purchase of property, plant and equipment	(208)	(196)
Purchase of intangible assets	(310)	(195)
Purchase of investment securities	(45)	—
Proceeds from sales of investment securities	8	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(1,126)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	47	—
Purchase of trust beneficiary right	(1,000)	—
Proceeds from cancellation of insurance funds	—	1,238
Other, net	87	(43)
Net cash provided by (used in) investing activities	(1,828)	(187)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	—	6,038
Redemption of bonds	—	(11,400)
Purchase of treasury stock	(0)	—
Proceeds from sales of treasury stock	0	—
Cash dividends paid	(798)	(756)
Other, net	(189)	(100)
Net cash provided by (used in) financing activities	(988)	(6,219)
Effect of exchange rate change on cash and cash equivalents	75	(13)
Net increase (decrease) in cash and cash equivalents	(6,022)	(7,676)
Cash and cash equivalents at beginning of period	29,144	26,577
Cash and cash equivalents at end of period	23,122	18,900

(4) Notes on Premise of Going Concern

Not applicable

(5) Business Segment Information

FY2009 First Quarter (April 2008 through June 2008)

(Millions of yen)

	Publication	Movie/ Visual	Cross Media	Others	Total	Elimination and/or Corporate	Consolidated
Sales							
(1) Outside customers	17,239	7,147	6,681	2,495	33,563	—	33,563
(2) Inter-segment	223	70	163	509	968	(968)	—
Total sales	17,463	7,217	6,845	3,004	34,531	(968)	33,563
Operating income (loss)	1,203	(404)	215	211	1,225	(249)	976

FY2010 First Quarter (April 2009 through June 2009)

(Millions of yen)

	Publication	Movie/ Visual	Cross Media	Others	Total	Elimination and/or Corporate	Consolidated
Sales							
(1) Outside customers	16,673	6,544	5,677	1,701	30,596	—	30,596
(2) Inter-segment	244	23	108	520	896	(896)	—
Total sales	16,918	6,567	5,785	2,221	31,492	(896)	30,596
Operating income (loss)	1,437	24	53	(45)	1,469	(368)	1,101

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

(6) Notes on Significant Changes in Shareholders' Equity

Not applicable