

**Consolidated financial results for the 9 months
of the fiscal year ending March 31, 2015 (Japan GAAP - Unaudited)**

Date of issue: February 3, 2015

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 Filing date for financial report : February 3, 2015 Dividend payment date: —
 Quarterly earnings supplementary explanatory materials : Yes
 Quarterly earnings presentation : Yes (For institutional investors)

Note: Numbers are rounded down to the nearest 1 million yen.

1. Results for the 9 months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)

(1) Financial results

Note: Percentage represents change from the same period of the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
9 months ended December 31, 2014	47,830	-36.4	9,727	14.1	10,114	9.3	6,540	9.8
9 months ended December 31, 2013	75,221	3.5	8,521	-13.4	9,251	-8.0	5,957	-10.3

Note: Comprehensive income 3rd quarter ended December 31, 2014: 10,256 million yen (13.6%) 3rd quarter ended December 31, 2013: 9,028 million yen (16.8%)

	Earnings per share of common stock	Diluted earnings per share of common stock
	Yen	Yen
9 months ended December 31, 2014	116.31	—
9 months ended December 31, 2013	105.58	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	Millions of yen	Millions of yen	%
3rd quarter ended December 31, 2014	98,875	72,152	73.0
Fiscal year ended March 31, 2014	96,611	63,875	66.1

Reference: Shareholders' equity: 3rd quarter ended December 31, 2014: 72,152 million yen Year ended March 31, 2014: 63,875 million yen

2. Dividends

Record date	Dividend per share				
	1st quarter- end	2nd quarter- end	3rd quarter- end	Year-end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2014	—	15.00	—	25.00	40.00
Year ending March 31, 2015	—	15.00	—		
Year ending March 31, 2015 (Forecast)				25.00	40.00

(Note) Changes in dividends forecast from the latest disclosed information : No

3. Earnings forecast for the fiscal year ending March 31, 2015 (From April 1, 2014 to March 31, 2015)

Note: Percentage represents change from the same period of the previous fiscal year.

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2015	65,000	-36.4	10,500	1.9	10,700	-2.3	6,800	97.4	120.93

(Note) Changes in earnings forecast from the latest disclosed information : No

4. Others

- (1) Changes in significant consolidated subsidiaries during the period: No
(2) Application of simplified methods in accounting principle for quarterly consolidated financial statements: Yes

(Note: Please refer to "2. Other information" on page 4 for more details.)

- (3) Changes in accounting principles, accounting estimates and retrospective restatement for consolidated financial statements

- ① Changes resulting from amendment of the accounting standard: Yes
② Changes other than ①: No
③ Changes in accounting estimates: No
④ Retrospective restatement: No

(Note: Please refer to "2. Other information (3)Changes in accounting policies, accounting estimates and retrospective restatement for consolidated financial statements" on page 5 for more details.)

- (4) Number of shares outstanding (Common stock):

- ① Number of shares outstanding (including treasury stock)
3rd quarter ended December 31, 2014: 67,723,244 Year ended March 31, 2014: 67,723,244
② Number of treasury stock
3rd quarter ended December 31, 2014: 11,492,323 Year ended March 31, 2014: 11,490,124
③ Average number of shares outstanding
9 months ended December 31, 2014: 56,232,314 9 months ended December 31, 2013: 56,424,530

(Explanation about the appropriate usage of business prospects and other special notes)

- The above-mentioned business forecasts were based on the information available as of the date of the release of this report.
- Future events may cause the actual results to be significantly different from the forecasts.
- Please refer to [Qualitative information regarding the consolidated business forecast] on page 4 for more details.

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1. Qualitative information regarding the consolidated business

(1) The progress of the consolidated business results including related qualitative information

In our industry, though the home video game market was affected by the consumption tax hike, year-end sales were moderately strong. Moreover, while the domestic market continues to mature, it showed some signs of recovery including the high popularity of the Tokyo Game Show 2014 held in September 2014, which attracted over 250,000 visitors, the second-highest number in its history.

Meanwhile, the social game market, which goes well with smartphones, continued to grow.

In the game arcade market, under the circumstances in which sales of existing arcades remained sluggish, industry-wide efforts were made to revitalize the market such as fan service and appreciation events held on the annual “Game Day”(November 23).

In such an environment, with regard to the home video games business, which is Capcom’s core business, sales of “Monster Hunter 4 Ultimate” (for New Nintendo 3DS and Nintendo 3DS), which is expected to be a huge success, grew steadily supported by its strong popularity. The Company also worked to streamline and reinforce its development function in order to shorten the development lead time and cut development costs for video game software by, for example, introducing a large 3D scanning system.

Moreover, in addition to measures aimed at reorganizing the business structure of its Mobile Contents business and others, the Company endeavored to improve its profits by reducing the cost of sales and cutting back on selling, general and administrative expenses.

On the other hand, the Pachinko & Pachislo business was forced to delay the introduction of a new model due to the revision in pachislo testing method by the Security Communications Association starting on September 16, 2014.

Given the above, due to the delay in the introduction of a new model in the Pachinko & Pachislo sub-segment combined with the downturn in “Monster Hunter 4” (for Nintendo 3DS), a mega hit in the same term last year, consolidated sales for the nine month period ended December 31, 2014 were 47,830 million yen (down 36.4% from the same term last year).

On the other hand, as profitability improved owing to an increase in digital download sales and the successful implementation of profitability improvement measures such as cost reduction efforts, operating income was 9,727 million yen (up 14.1% from the same term last year), ordinary income was 10,114 million yen (up 9.3% from the same term last year), and net income was 6,540 million yen (up 9.8% from the same term last year).

In addition, Capcom won the Grand Award (the highest and most prestigious award) in the Game of the Year Division of the Japan Game Award 2014 sponsored by the Computer Entertainment Supplier's Association with “Monster Hunter 4” (for Nintendo 3DS) that the Company launched in the previous fiscal year. “Monster Hunter 4 Ultimate” (for New Nintendo 3DS and Nintendo 3DS), which is the main product in the period under review, also won an award in the Future Division (as a product with high potential for future success).

Status of each operational department

① Digital Contents business

In the Digital Contents business, sales of the special feature title “Monster Hunter 4 Ultimate” (for New Nintendo 3DS and Nintendo 3DS) were largely in line with the plan and sales of “Ultra Street Fighter IV” (for PlayStation 3, Xbox 360, and PC) targeting overseas markets were also solid, reflecting its strong popularity. In addition to the satisfactory sales of “Dead Rising 3” (for Xbox One and PC), which was a million seller in the previous fiscal year, an online game “Monster Hunter Mezoporuta Kaitakuki” made a robust start. Furthermore, a steady increase in the sales volume of digital download sales contributed to profits due to their high profitability.

On the other hand, sales of a major title “Gaist Crusher God” (for Nintendo 3DS) were below expectations. Moreover, there was a lack of major titles among Capcom’s mobile phone contents with certain exceptions including “Monster Hunter Freedom Unite for iOS”, although the overhaul of the profit structure contributed to profitability improvement.

The resulting net sales were 32,408 million yen (down 42.2% from the same term last year) because overall sales did not offset the aforementioned downturn in “Monster Hunter 4” (for Nintendo 3DS), however, operating income was 8,469 million yen (up 22.4% from the same term last year).

② Arcade Operations business

In the Arcade Operations business, with the market continuing to be weak due to the decentralization of the entertainment industry, a lack of products that attract new customers, and other factors, Capcom strived to acquire new visitors including female and family customers as well as to deepen the relationship with existing customers through holding promotional events and installing game machines that appeal to a broad range of customers.

However, business remained weak due to the underperformance of existing arcades, in addition to the impact of the consumption tax hike and fickle weather. During the period under review, one unprofitable arcade was closed, bringing the total number of arcades to 32.

The resulting net sales were 6,952 million yen (down 12.5% from the same term last year), and operating income was 763 million yen (down 38.6% from the same term last year).

③ Amusement Equipments business

In the Pachinko & Pachislo sub-segment, although the product lineup lacked variety to some extent due to the delay in the introduction of a new model caused by the revision in pachislo testing method by the Security Communications Association “Sengoku BASARA 3” introduced in the second quarter as well as highly profitable repeat sales supported the revenue stream.

In the Arcade Games Sales sub-segment, business was generally weak due to a lack of strong products as sales centered on existing products.

The resulting net sales were 7,002 million yen (down 24.0% from the same term last year), and operating income was 2,789 million yen (up 13.9% from the same term last year).

④ Other Businesses

The net sales from Other Businesses, mainly consisting of publication of game guidebooks and the sales of related goods were 1,466 million yen (down 26.3% from the same term last year), and operating income was 458 million yen (down 36.5% from the same term last year).

(2) Qualitative information regarding the financial position

Total assets as of the end of the third quarter increased by 2,264 million yen from the end of the previous fiscal year to 98,875 million yen. Primary increases were 6,611 million yen in work-in-progress for game software, 3,229 million yen in Tangible fixed assets, net of accumulated depreciation. Primary decrease was 11,792 million yen in notes and accounts receivable, trade.

Liabilities as of the end of the third quarter decreased by 6,012 million yen from the end of the previous fiscal year to 26,722 million yen. Primary increase was 5,309 million yen in short-term borrowings. Primary decreases were followings: 5,734 million yen in electronically recorded monetary obligations, 2,714 million yen in notes and accounts payable, trade, 2,218 million yen in long-term borrowings.

Net assets as of the end of the third quarter increased by 8,276 million yen from the end of the previous fiscal year to 72,152 million yen. Primary increases were 6,540 million yen in net income for the 9 months period under review and 3,683 million yen in cumulative translation adjustments which related to foreign exchange translation of the net assets of foreign consolidated subsidiaries. Primary decrease was 2,249 million yen in cash dividends.

(3) Qualitative information regarding the consolidated business forecasts

The forecast for the consolidated business results for the current fiscal year ending March 31, 2015, which was originally announced on May 8, 2014, was revised on January 9, 2015. For the details of the revision, please refer to the “Capcom Announces Revision of Business Forecast, Non-consolidated Business Forecast and Reasons behind the Difference from Previous Year's Business Results” dated January 9, 2015.

2. Other information

(1) Transfer of major subsidiaries

There were no applicable subsidiary transfers.

(2) Use of special accounting methods for the quarterly consolidated financial statements

(Calculation of tax expense)

Tax expense for consolidated subsidiaries is calculated by determining a reasonable estimate of the effective tax rate after the application of tax-effect accounting for income before income taxes in the fiscal year, including the second quarter, and multiplying income before income taxes by this estimated effective tax rate.

(3) Changes in accounting policies, accounting estimates and retrospective restatement for consolidated financial statements

(Change in accounting policies)

(Application of the Accounting Standard for Retirement Benefits, etc)

Effective from the first quarter of the fiscal year ending March 31, 2015, the Company has adopted the provisions specified in the main clause of Section 35 of the “Accounting Standard for Retirement Benefits” (Accounting Standard Board of Japan (ASBJ) Statement No. 26, May 17, 2012,) and the provisions specified in the main clause of Section 67 of the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012). Accordingly, the Company has revised the method of calculating retirement benefit obligations and prior service costs and changed its method of attributing projected retirement benefits from the straight-line attribution method to the benefit formula. At the same time, the Company changed its method of determining the discount rate from the method in which the discount rate is determined by reference to the maturity of bonds based on the number of years that approximate the average remaining years of service of the employees to the method in which a single weighted average discount rate is used that reflects the estimated timing of benefit payments and the amount of benefit payment for each estimated payment period.

The application of the Accounting Standard for Retirement Benefits, etc. is subject to the tentative treatment provided for in Section 37 of the Accounting Standard for Retirement Benefits. Consequently, the impact of the change in the method of calculating retirement benefit obligations and prior service costs has been recognized as increases or decreases to retained earnings as of the beginning of the second quarter of the fiscal year ending March 31, 2015.

As a result, as of the beginning of the second quarter of the fiscal year ending March 31, 2015, net defined benefit liabilities have decreased by 423 million yen and retained earnings have increased by 273 million yen. The impact of this change on the profit or loss of the cumulative second quarter of the fiscal year ending March 31, 2015 is minimal.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2014)	Current 3rd quarter (As of December 31, 2014)
Assets		
Current assets		
Cash on hand and in banks	29,720	32,387
Notes and accounts receivable, trade	18,134	6,341
Merchandise and finished goods	1,191	1,201
Work-in-progress	942	1,348
Raw materials and supplies	996	1,160
Work-in-progress for game software	10,355	16,967
Other	5,220	5,217
Allowance for doubtful accounts	(55)	(57)
Total current assets	66,506	64,566
Fixed assets		
Tangible fixed assets, net of accumulated depreciation	13,577	16,806
Intangible fixed assets		
Goodwill	67	—
Other	7,300	9,989
Total intangible fixed assets	7,368	9,989
Investments and other assets		
Other	9,236	7,591
Allowance for doubtful accounts	(77)	(78)
Total investments and other assets	9,159	7,513
Total fixed assets	30,104	34,309
Total assets	96,611	98,875

(Unit: Millions of yen)

	Previous fiscal year (As of March 31, 2014)	Current 3rd quarter (As of December 31, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	4,950	2,236
Electronically recorded monetary obligations	6,926	1,191
Short-term borrowings	4,050	9,359
Accrued income taxes	758	1,105
Accrued bonuses	1,802	1,061
Allowance for sales returns	87	6
Other	6,971	7,049
Total current liabilities	25,547	22,010
Long-term liabilities		
Long-term borrowings	3,000	781
Liabilities for retirement benefits for employees	2,158	1,858
Other	2,029	2,072
Total long-term liabilities	7,187	4,712
Total liabilities	32,735	26,722
Net assets		
Shareholders' equity		
Common stock	33,239	33,239
Capital surplus	21,328	21,328
Retained earnings	29,160	33,724
Treasury stock	(18,134)	(18,138)
Total shareholders' equity	65,593	70,153
Accumulated other comprehensive income		
Net unrealized gain on securities, net of tax	99	115
Cumulative translation adjustments	(1,647)	2,036
Accumulated adjustments for retirement benefits	(169)	(153)
Total accumulated other comprehensive income	(1,717)	1,998
Total net assets	63,875	72,152
Total liabilities and net assets	96,611	98,875

(2) Summary of consolidated statements of income

(Unit: Millions of yen)

	Previous 9 months From April 1, 2013 to December 31, 2013	Current 9 months From April 1, 2014 to December 31, 2014
Net sales	75,221	47,830
Cost of sales	52,097	27,169
Gross profit	23,124	20,661
Reversal of allowance for sales returns	78	80
Net gross profit	23,203	20,741
Selling, general and administrative expenses	14,681	11,014
Operating income	8,521	9,727
Non-operating income		
Interest income	70	72
Dividend income	10	13
Exchange gain, net	662	393
Other	396	160
Total non-operating income	1,140	638
Non-operating expenses		
Interest expense	80	62
Commissions	47	63
Loss on closing amusement facilities	131	87
Other	150	37
Total non-operating expenses	410	251
Ordinary income	9,251	10,114
Special losses		
Loss on sales and /or disposal of fixed assets	85	52
Loss on restructuring	415	—
Total special losses	501	52
Net income before income taxes	8,750	10,062
Income taxes-current	697	1,364
Income taxes-deferred	2,095	2,157
Total income taxes	2,793	3,522
Net income before minority interests	5,957	6,540
Net income	5,957	6,540

Consolidated statements of comprehensive income

(Unit: Millions of yen)

	Previous 9 months From April 1, 2013 to December 31, 2013	Current 9 months From April 1, 2014 to December 31, 2014
Net income before minority interests	5,957	6,540
Other comprehensive income		
Net unrealized gain or loss on securities, net of tax	95	16
Cumulative translation adjustments	2,975	3,683
Adjustments for retirement benefits	—	16
Total other comprehensive income	3,071	3,716
Comprehensive income	9,028	10,256
Comprehensive income attributable to:		
Owners of the parent	9,028	10,256
Minority interests	—	—

(3) Summary of statements of cash flows

(Unit: Millions of yen)

	Previous 9 months From April 1, 2013 to December 31, 2013	Current 9 months From April 1, 2014 to December 31, 2014
Cash flows from operating activities		
Net income before income taxes	8,750	10,062
Depreciation and amortization	3,278	2,455
Amortization of goodwill	101	66
Decrease in allowance for doubtful accounts	(10)	(2)
Decrease in accrued bonuses	(924)	(770)
Interest and dividend income	(81)	(85)
Interest expense	80	62
Exchange gain, net	(414)	(168)
Loss on sales and/or disposal of fixed assets	85	52
Loss on restructuring	415	—
Decrease in accounts receivable, trade	3,746	11,914
Increase in inventories	(1,488)	(526)
(Increase) decrease in work-in-progress for game software	6,986	(6,017)
(Decrease) increase in accounts payable, trade	844	(8,524)
Decrease in other current liabilities	(954)	(563)
Other	(4,583)	(3,749)
Sub total	15,832	4,206
Interest and dividends received	66	97
Interest paid	(82)	(61)
Income taxes paid	(1,945)	(894)
Net cash provided by operating activities	13,871	3,348
Cash flows from investing activities		
Payments into time deposits	(3,493)	—
Payment for acquisitions of tangible fixed assets	(1,471)	(4,399)
Proceeds from sales of tangible fixed assets	—	207
Payment for acquisitions of intangible fixed assets	(373)	(194)
Other	(55)	(35)
Net cash used in investing activities	(5,393)	(4,422)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(10,000)	2,140
Proceeds from long-term borrowing	—	1,002
Repayments of long-term borrowings	(143)	(50)
Payment for repurchase of treasury stock	(2,285)	(3)
Dividends paid	(2,283)	(2,251)
Other	(285)	(279)
Net cash provided by (used in) financing activities	(14,997)	555
Effect of exchange rate changes on cash and cash equivalents	3,151	2,567
Net increase (decrease) in cash and cash equivalents	(3,368)	2,049
Cash and cash equivalents at beginning of year	31,522	26,118
Cash and cash equivalents at end of year	28,153	28,167

(4) Notes to consolidated financial statements

(Going concern assumptions) Not applicable

(Material changes in shareholders' equity) Not applicable

(Segment Information)

I Previous 9 months (From April 1, 2013 to December 31, 2013)

1. Information on net sales and operating income (loss)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipment	Total				
Net sales								
(1) Customers	56,067	7,949	9,213	73,230	1,991	75,221	—	75,221
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	56,067	7,949	9,213	73,230	1,991	75,221	—	75,221
Operating income	6,919	1,242	2,450	10,612	721	11,333	(2,811)	8,521

(Note) 1. "Other" incorporates operations not included in reportable segments, including Character Contents business etc.

2. Adjustments of segments (-2,811 million yen) include unallocated corporate operating expenses (-2,811 million yen).

The corporate operating expenses, which do not belong to any reportable segments mainly consist of administrative expenses.

3. Operating income (loss) for segment is adjusted on operating income on the quarterly consolidated statements of income.

II Current 9 months (From April 1, 2014 to December 31, 2014)

1. Information on net sales and operating income (loss)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Digital Contents	Arcade Operations	Amusement Equipment	Total				
Net sales								
(1) Customers	32,408	6,952	7,002	46,363	1,466	47,830	—	47,830
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	32,408	6,952	7,002	46,363	1,466	47,830	—	47,830
Operating income	8,469	763	2,789	12,022	458	12,480	(2,753)	9,727

(Note) 1. "Other" incorporates operations not included in reportable segments, including Character Contents business etc.

2. Adjustments of segments (-2,753 million yen) include unallocated corporate operating expenses (-2,753 million yen).

The corporate operating expenses, which do not belong to any reportable segments mainly consist of administrative expenses.

3. Operating income (loss) for segment is adjusted on operating income on the quarterly consolidated statements of income.