

**Consolidated financial results for the 1st quarter  
of the fiscal year ending March 31, 2012 (Japan GAAP - Unaudited)**

Company name: CAPCOM Co., Ltd. Date of issue: July 28, 2011  
 Code number: 9697 Stock listing: Tokyo, Osaka  
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 Filing date for financial report : August 4, 2011 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 3 months ended June 30, 2011 (From April 1, 2011 to June 30, 2011)

(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	%
3 months ended June 30, 2011	11,953	-37.2	775	-22.9	546	152.8	338	58.2
3 months ended June 30, 2010	19,037	-2.4	1,005	-72.6	216	-94.8	213	-90.4

Note: Comprehensive income 1st quarter ended June 30, 2011: -56 million yen (- %) 1st quarter ended June 30, 2010: -920 million yen (- %)

	Earnings per share of common stock	Diluted earnings per share of common stock
	Yen	Yen
3 months ended June 30, 2011	5.75	—
3 months ended June 30, 2010	3.62	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	Millions of yen	Millions of yen	%
1st quarter ended June 30, 2011	85,127	54,099	63.6
Fiscal year ended March 31, 2011	90,408	58,007	64.2

Reference: Shareholders' equity: 1st quarter ended June 30, 2011: 54,099 million yen Year ended March 31, 2011: 58,007 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, 2011	—	15.00	—	25.00	40.00
Year ending March 31, 2012	—				
Year ending March 31, 2012 (Forecast)		15.00	—	25.00	40.00

(Note) Changes in dividends forecast during the 3 months ended June 30, 2011 : No

3. Earnings forecast for the fiscal year ending March 31, 2012 (From April 1, 2011 to March 31, 2012)

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
6 months ending September 30, 2011	26,000	-36.1	700	-82.2	600	-79.2	200	-88.8	3.43
Year ending March 31, 2012	86,000	-12.0	12,100	-15.4	12,000	-6.7	7,000	-9.7	120.87

(Note) Changes in earnings forecast during the 3 months ended June 30, 2011 : 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. Information summary" 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: No

② Changes other than ①: No

③ Changes in accounting estimates: No

④ Retrospective restatement: No

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

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

① Number of shares outstanding (including treasury stock)

1st quarter ended June 30, 2011:	67,723,244	Year ended March 31, 2011:	67,723,244
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② Number of treasury stock

1st quarter ended June 30, 2011:	9,963,927	Year ended March 31, 2011:	8,637,817
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③ Average number of shares outstanding

1st quarter ended June 30, 2011:	58,876,766	1st quarter ended June 30, 2010	59,086,662
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(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 Forecasts] 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

During the first quarter ended June 30, 2011, the video game industry saw the home video game machine market continue to contract unchecked, due in part the Great East Japan Earthquake (Higashi Nihon Dai-Shinsai), as next generation video game Consoles, which included portable and stationary models, were released one after another.

Meanwhile, there is an increasing presence of the social game market owing mainly to its rapid growth attributable to the low entry barrier to the market, in line with the rapid popularization of smartphones.

Under these circumstances, Capcom made efforts to expand its customer base by developing new demands and cultivating existing markets in accordance with a multifaceted content strategy in order to address the new trends.

Further, Capcom launched “Beeline” in April 2011 as an innovative new brand for smartphones, while establishing Beeline Interactive Japan Co., Ltd. to develop and distribute games.

The resulting net sales for the first quarter were 11,953 million yen (down 37.2 % from the same term last year), operating income was 775 million yen (down 22.9 % from the same term last year), ordinary income was 546 million yen (up 152.8 % from the same term last year), and net income for the current period was 338 million yen (up 58.2 % from the same term last year).

### Status of Each Operational Department

#### ① Consumer Online Games

In this business segment, in addition to the continued success of “Monster Hunter Freedom 3” (for PlayStation Portable), which was a big hit last fiscal year, “Resident Evil: The Mercenaries 3D” (for Nintendo 3DS), “Super Street Fighter IV Arcade Edition” (for PlayStation 3, Xbox 360) and the online exclusive title “Monster Hunter Frontier Online Forward.1” (for PC, Xbox 360) basically achieved projected sales.

The resulting net sales were 6,462 million yen (down 56.9 % from the same term last year), and the operating income was 419 million yen (down 76.5 % from the same term last year).

#### ② Mobile Contents

The social game market expanded rapidly. “Smurfs' Village”, a big hit since its launch through Facebook last year, continued to enjoy extreme success. Social games continued strong performance, as exemplified by the total number of downloads of “Smurfs' Village” in excess of 19 million, together with “Zombie Cafe” and “Lil' Pirates”, which also underwent growth, served as the driving force in increasing revenues.

In addition to “Monster Hunter: Dynamic Hunting” for iPhone / iPod touch faring well, the distribution of “Resident Evil: Outbreak Survive” for “GREE”, one of the most popular SNS in Japan with “Mobage” was commenced in June, while also providing “Sengoku BASARA: Mobile” for “Mobage”.

The resulting net sales were 1,223 million yen (up 79.8 % from the same term last year), and the operating income was 451 million yen (up 362.2% from the same term last year).

#### ③ Arcade Operations

Ten of Capcom's arcades in the Kanto and Tohoku regions were seriously affected by the Great East Japan Earthquake in March 2011, including damages to the building, flooding and breakage of equipment. Although they were forced to shut down temporarily, intense recovery efforts subsequently enabled all arcades to reopen for business in April 2011.

In this environment, arcades are regaining ground as they are re-evaluated as readily accessible entertainment that is “affordable, close (to home) and brief (short-term)” owing to the waning of excessive self-restraint that was evident immediately after the earthquake, further helped by the tail wind of inclination to economize.

In the absence of the closing and the opening of arcades during the current period, the total number of arcades remains the same as at the end of the previous fiscal period, at 37.

The resulting net sales were 2,832 million yen (up 7.7 % from the same term last year), and the operating income was 521 million yen (up 192.5 % from the same term last year).

#### ④ Amusement Equipments

As regards arcade game machines, with the product supply cycle entering a slow period, Capcom made efforts to promote the sale of existing products in addition to releasing “New Super Mario Brothers: Wii Coin World”.

As for the Pachislo machines, Capcom was forced to engage in repeat sales with no shipment of new products, the business having entered the sowing period.

The resulting net sales were 870 million yen (up 245.3% from the same term last year), and the operating income was 6 million yen (the operating loss of the same term last year was 169 million yen).

#### ⑤ Other Businesses

The net sales from other businesses, mainly character-related licensing royalties, were 564 million yen (up 17.8 % from the same term last year), and the operating income was 254 million yen (up 729.2% from the same term last year).

### (2) Qualitative Information Regarding the Consolidated Financial Position

Total assets as of the end of first quarter decreased by 5,281 million yen from the end of previous fiscal year to 85,127 million yen. The primary increase was 3,755 million yen in work-in progress for game software. The primary decreases were 6,494 million yen in notes and accounts receivable, trade and 3,112 million yen in cash on hand and in banks.

Liabilities as of the end of first quarter decreased by 1,373 million yen from the end of the previous fiscal year to 31,027 million yen. The primary increase was 5,000 million yen in short-term borrowings. The primary decreases were 3,248 million yen in accrued income taxes, 1,911 million yen in notes and accounts payable, trade, and 1,430 million yen in accrued bonuses.

Net assets as of the end of first quarter decreased by 3,907 million yen from the end of the previous fiscal year to 54,099 million yen. The primary increase was 338 million yen in net income for 3 months period. The primary decreases were 2,374 million yen in treasury stock and 1,477 million yen in cash dividends.

### (3) Qualitative Information Regarding the Consolidated Business Forecasts

The prospects of the consolidated business results for the current fiscal year ending March 31, 2012 remain the same as what was projected at the financial results announcement on May 6, 2011.

## 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 first quarter, and multiplying income before income taxes by this estimated effective tax rate.

### (3) Changes in the principle, procedures, and retrospective restatement

Not applicable

(4) Additional Information

Changes in accounting policies resulting from amendment of the accounting standard

Capcom started applying Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24, December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No.24 December 4, 2009) for accounting changes and the past error corrections since the beginning of this quarter.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2011)	Current 1st quarter (as of June 30, 2011)
<b>Assets</b>		
Current assets		
Cash on hand and in banks	35,011	31,899
Notes and accounts receivable, trade	11,700	5,205
Merchandise and finished goods	849	977
Work-in-progress	340	324
Raw materials and supplies	1,075	1,073
Work-in-progress for game software	10,443	14,198
Other	7,793	8,159
Allowance for doubtful accounts	(37)	(40)
Total current assets	67,176	61,799
Fixed assets		
Tangible fixed assets, net of accumulated depreciation	13,532	13,550
Intangible fixed assets		
Goodwill	412	372
Other	2,658	2,704
Total intangible fixed assets	3,071	3,076
Investments and other assets		
Other	7,597	7,645
Allowance for doubtful accounts	(968)	(944)
Total investments and other assets	6,628	6,701
Total fixed assets	23,232	23,328
Total assets	90,408	85,127

(Unit: Millions of yen)

	Previous fiscal year (As of March 31, 2011)	Current 1st quarter (As of June 30, 2011)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable, trade	5,665	3,753
Short-term borrowings	3,711	8,711
Accrued income taxes	3,443	195
Accrued bonuses	2,478	1,048
Allowance for sales returns	130	109
Other	9,520	9,954
<b>Total current liabilities</b>	<b>24,950</b>	<b>23,772</b>
<b>Long-term liabilities</b>		
Long-term borrowings	3,644	3,536
Accrued retirement benefits for employees	1,383	1,405
Other	2,422	2,312
<b>Total long-term liabilities</b>	<b>7,450</b>	<b>7,255</b>
<b>Total liabilities</b>	<b>32,400</b>	<b>31,027</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	33,239	33,239
Capital surplus	21,328	21,328
Retained earnings	22,945	21,806
Treasury stock	(13,143)	(15,517)
<b>Total shareholders' equity</b>	<b>64,370</b>	<b>60,857</b>
<b>Accumulated other comprehensive income</b>		
Net unrealized gain or loss on securities, net of tax	(56)	(43)
Cumulative translation adjustments	(6,305)	(6,714)
<b>Total valuation and translation adjustments</b>	<b>(6,362)</b>	<b>(6,757)</b>
<b>Total net assets</b>	<b>58,007</b>	<b>54,099</b>
<b>Total liabilities and net assets</b>	<b>90,408</b>	<b>85,127</b>

(2) Consolidated statements of income and comprehensive income  
Consolidated statements of income

	(Unit: Millions of yen)	
	Previous 3 months From April 1, 2010 to June 30, 2010	Current 3 months From April 1, 2011 to June 30, 2011
Net sales	19,037	11,953
Cost of sales	12,386	7,218
Gross profit	6,651	4,735
Reversal of allowance for sales returns	—	21
Provision of allowance for sales returns	10	—
Net gross profit	6,640	4,756
Selling, general and administrative expenses	5,635	3,981
Operating income	1,005	775
Non-operating income		
Interest income	68	17
Dividend income	16	5
Exchange gain, net	—	67
Other	37	14
Total non-operating income	122	105
Non-operating expenses		
Interest expense	38	26
Exchange loss, net	852	266
Other	21	41
Total non-operating expenses	912	334
Ordinary income	216	546
Special gains		
Reversal of allowance for doubtful accounts	0	—
Total special gains	0	—
Special losses		
Loss on sales and /or disposal of fixed assets	15	6
Loss on revaluation of investments in securities	257	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	204	—
Other	1	—
Total special losses	478	6
Net (loss) income before income taxes	(261)	540
Income taxes-current	185	52
Income taxes-deferred	(661)	148
Total income taxes	(475)	201
Net income before minority interests	213	338
Net income	213	338

## Consolidated statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year From April 1, 2010 to June 30, 2010	Current fiscal year From April 1, 2011 to June 30, 2011
Net income before minority interests	213	338
Other comprehensive income		
Net unrealized gain or loss on securities, net of tax	(67)	13
Cumulative translation adjustments	(1,066)	(408)
Total other comprehensive income	(1,134)	(394)
Comprehensive income	(920)	(56)
Comprehensive income attributable to:		
Owners of the parent	(920)	(56)
Minority interests	—	—

## (3) Consolidated statements of cash flows

(Unit: Millions of yen)

	Previous 3 months From April 1, 2010 to June 30, 2010	Current 3 months From April 1, 2011 to June 30, 2011
Cash flows from operating activities		
Net (loss) income before income taxes	(261)	540
Depreciation and amortization	726	730
Amortization of goodwill	44	28
Increase in allowance for doubtful accounts	(3)	3
Decrease in accrued bonuses	(392)	(1,420)
Interest and dividend income	(84)	(23)
Interest expense	38	26
Exchange loss (gain), net	874	212
Loss on sales and/or disposal of fixed assets	15	6
Loss on revaluation of investments in securities	257	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	204	—
Decrease in notes and accounts receivable, trade	217	6,455
Increase (decrease) in inventories	28	(184)
Increase (decrease) in work-in-progress for game software	1,682	(3,843)
Decrease (increase) in notes and accounts payable, trade	239	(1,794)
Other	(357)	(402)
Sub total	3,228	334
Interest and dividends received	82	22
Interest paid	(36)	(25)
Payment of legal settlement	(161)	—
Income taxes paid	(557)	(3,254)
Net cash used in (provided by) operating activities	2,554	(2,922)
Cash flows from investing activities		
Payment for acquisitions of tangible fixed assets	(368)	(323)
Payment for acquisitions of intangible fixed assets	(235)	(58)
Other	277	(136)
Net cash used in investing activities	(326)	(518)
Cash flows from financing activities		
Net increase in short-term borrowings	—	5,000
Repayments of long-term borrowings	(107)	(107)
Payment for repurchase of treasury stock	(0)	(2,374)
Proceeds from sales of treasury stock	0	—
Dividend paid	(1,182)	(1,478)
Other	(155)	(145)
Net cash provided by (used in) financing activities	(1,446)	894
Effect of exchange rate changes on cash and cash equivalents	(1,861)	(565)
Net decrease in cash and cash equivalents	(1,079)	(3,112)
Cash and cash equivalents at beginning of year	29,815	35,011
Cash and cash equivalents at end of quarter	28,735	31,899

(4) Going concern assumptions: Not applicable

(5) Segment Information

I Previous 3 months (From April 1, 2010 to June 30, 2010)

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)
	Consumer online games	Mobile contents	Arcade operations	Amusement equipments	Total				
Net sales									
(1) Customers	14,995	680	2,630	252	18,558	479	19,037	—	19,037
(2) Inter-segment	—	—	—	—	—	—	—	—	—
Total	14,995	680	2,630	252	18,558	479	19,037	—	19,037
Operating income (loss)	1,784	97	178	(169)	1,891	30	1,922	(916)	1,005

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

2. Adjustments of segments (-916 million yen) include unallocated corporate operating expenses (-916 million yen).

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

2. Information on impairment loss and goodwill etc. by reportable segment

Not applicable

II Current 3 months (From April 1, 2011 to June 30, 2011)

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)
	Consumer online games	Mobile contents	Arcade operations	Amusement equipments	Total				
Net sales									
(1) Customers	6,462	1,223	2,832	870	11,389	564	11,953	—	11,953
(2) Inter-segment	—	—	—	—	—	—	—	—	—
Total	6,462	1,223	2,832	870	11,389	564	11,953	—	11,953
Operating income	419	451	521	6	1,399	254	1,653	(878)	775

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

2. Adjustments of segments (-878 million yen) include unallocated corporate operating expenses (-878 million yen).

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

2. Information on impairment loss and goodwill etc. by reportable segment

Not applicable

(6) Material changes in shareholders' equity

Repurchase of treasury stock

Capcom made a resolution to repurchase treasury stock through the board of directors' meeting held on June 8, 2011 in accordance with the articles of incorporation applied under the section 1 of the article 156 and the section 3 of the article 165 of the Companies act and implemented the repurchase.

Capcom repurchased treasury stocks of 1,325 thousands shares for 2,373 million yen from June 9, 2011 till June 30, 2011.