

**Consolidated financial results for the 1st quarter
of the fiscal year ending March 31, 2013 (Japan GAAP - Unaudited)**

Company name: CAPCOM Co., Ltd.
 Code number: 9697
 Representative: Haruhiro Tsujimoto, President and COO
 Contact person: Tamio Oda, Director and Executive Vice President and CFO
 Filing date for financial report : August 1, 2012
 Quarterly earnings supplementary explanatory materials : Yes
 Quarterly earnings presentation : Yes (For institutional investors)

Date of issue: July 30, 2012
 Stock listing: Tokyo, Osaka
 URL : <http://www.capcom.co.jp/>
 Tel: +81-6-6920-3605

Dividend payment date: —

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

1. Results for 3 months ended June 30, 2012 (From April 1, 2012 to June 30, 2012)

(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, 2012	18,620	55.8	2,669	244.4	2,209	304.5	1,320	290.2
3 months ended June 30, 2011	11,953	-37.2	775	-22.9	546	152.8	338	58.2

Note: Comprehensive income 1st quarter ended June 30, 2012: 331 million yen (- %) 1st quarter ended June 30, 2011: -56 million yen (- %)

	Earnings per share of common stock	Diluted earnings per share of common stock
	Yen	Yen
3 months ended June 30, 2012	22.93	—
3 months ended June 30, 2011	5.75	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	Millions of yen	Millions of yen	%
1st quarter ended June 30, 2012	91,898	58,243	63.4
Fiscal year ended March 31, 2012	98,247	59,352	60.4

Reference: Shareholders' equity: 1st quarter ended June 30, 2012: 58,243 million yen Year ended March 31, 2012: 59,352 million yen

2. Dividends

Record date	Dividend per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual
Year ended March 31, 2012	—	15.00	—	25.00	40.00
Year ending March 31, 2013	—	—	—	—	—
Year ending March 31, 2013 (Forecast)	—	15.00	—	25.00	40.00

(Note) Changes in dividends forecast during the 3 months ended June 30, 2012 : No

3. Earnings forecast for the fiscal year ending March 31, 2013 (From April 1, 2012 to March 31, 2013)

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, 2013	105,000	27.9	15,800	28.3	15,700	32.8	9,800	45.7	170.19

(Note) Changes in earnings forecast during the 3 months ended June 30, 2012 : No

Notes

- (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: | Yes |
| ④ Retrospective restatement: | No |

(Note: Effective from the 1st quarter for the current fiscal year, Capcom and its domestic subsidiaries have changed their depreciation methods. This change is treated as a case "when it is difficult to distinguish between a change in accounting policy and a change in an accounting estimates". Please refer to "2. Other information" 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, 2012:	67,723,244	Year ended March 31, 2012:	67,723,244
② Number of treasury stock			
1st quarter ended June 30, 2012:	10,139,106	Year ended March 31, 2012:	10,138,856
③ Average number of shares outstanding			
1st quarter ended June 30, 2012:	57,584,251	1st quarter ended June 30, 2011:	58,876,766

(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.

Attachment contents

- 1. Qualitative information regarding the consolidated business 2
 - (1) The progress of the consolidated business results including related qualitative information..... 2
 - (2) Qualitative information regarding the consolidated financial position 3
 - (3) Qualitative information regarding the consolidated business forecasts..... 4
- 2. Other information..... 4
 - (1) Transfer of major subsidiaries..... 4
 - (2) Use of special accounting methods for the quarterly consolidated financial statements..... 4
 - (3) Changes in the principle, procedures, and retrospective restatement..... 4
- 3. Summary of consolidated financial statements 5
 - (1) Consolidated balance sheets 5
 - (2) Consolidated statements of income and comprehensive income 7
 - Consolidated statements of income 7
 - Consolidated statements of comprehensive income 8
 - (3) Consolidated statements of cash flows 9
 - (4) Going concern assumptions 10
 - (5) Segment Information 10
 - (6) Material changes in shareholders' equity 10

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, 2012, the home video game market, which is our core business segment in the video game industry saw a recovery trend for domestic market, although it was sluggish for overseas market. In the meantime, the social game market, which had enjoyed rapid growth supported by the popularization of smartphones (high-function mobile phones), slowed down. This was partly due to voluntary restrictions on usage limits following an issue concerning sales method known as “complete gacha” (method of awarding the valuable virtual item which allow players to make faster progress in games if the player who purchase and obtain the “complete” set of virtual item). Nevertheless, the structural transformation of the market progressed.

Under such circumstances, Capcom held “CAPTIVATE”, a promotional event targeting the overseas markets in Italy, as well as “CAPCOM SUMMER JAM” in Tokyo, which provided opportunities to experience the latest games from Capcom. In addition, the Company actively conducted sales promotion such as campaigns and various events. In line with its media strategy to promote synergistic effects with popular contents, Capcom decided to tie-up with a plan for television drama based on “Sengoku BASARA” series.

As a result, the Company recorded sales of 18,620 million yen (up 55.8% from the previous year), operating income of 2,669 million yen (up 244.4% from the previous year), ordinary income of 2,209 million yen (up 304.5% from the previous year) and net income of 1,320 million yen (up 290.2% from the previous year) for the consolidated results for the first quarter this year.

Segment of each operational department

① Digital Contents business

In this business segment, “Dragon’s Dogma” (for Playstation 3 and Xbox 360), the first large-scale open world game for Capcom, struggled abroad, but its popularity in the more profitable domestic market exceeded expectations by selling more than one million copies, which was a positive surprise.

“Minna to Monhan Card Master”, started distributing through Mobage in the previous fiscal year, continued to maintain steady sales, and “Sengoku BASARA: Card Heroes” was also released for Mobage. “Resident Evil: Outbreak Survive” for GREE steadily gained new users. Accordingly, Capcom gained more than 2 million registered SNS users.

Furthermore, other social games remained strong; for example, “The Smurfs’ Village” and “Snoopy’s Street Fair”, long-term popular titles under “Beeline”, our strategic brand, brought Capcom steady fees by obtaining a wide range of users.

Moreover, we have started “Browser Sengoku BASARA” as the first attempt in entering the browser game sector, while “Monster Hunter Frontier Online” series secured stable income.

The resulting net sales were 13,740 million yen (up 78.8% from the previous year), and the operating income was 2,401 million yen (up 175.6 % from the previous year).

② Arcade Operations

In the Arcade Operations business, efforts were made to develop new customers, secure repeat customers and expand the customer base elaborating activities to attract customers such as various events and discount days in pursuit of the “No. 1 shop in the area” and hands-on explanation sessions for older customers, as well as pressing forward with our efficient store strategy, including the closure of unprofitable facilities.

However, we were unable to avoid the impact of the shortage of alternative products and the backlash of special demands after the Great East Japan Earthquake in the same period last year.

Since we closed one unprofitable store during the current period, the total number of arcades became 36 at the end of current period.

The resulting net sales were 2,575 million yen (down 9.1% from the previous year), and the operating income was 386 million yen (down 25.9% from the previous year).

③ Amusement Equipments business

In the Amusement Equipments business, a new coin-operated game machine “Mario Party Kurukuru! Carnival” was released, and we expanded sales of existing products such as “Monster Hunter Medal Hunting”.

In addition, Capcom engage in to enhance contracted development of the products for pachislo machines.

The resulting net sales were 1,711 million yen (up 96.6% from the previous year), and the operating income was 691 million yen (6 million yen in the previous year).

④ Other Businesses

The net sales from Other Businesses, mainly character-related licensing royalties, were 593 million yen (up 5.1% from the previous year), and the operating income was 230 million yen (down 9.7% from the previous year).

Capcom has regrouped its business segments from this first quarter, and the comparison and analysis has been made based on new segments.

(2) Qualitative information regarding the consolidated financial position

Total assets as of the end of first quarter decreased by 6,348 million yen from the end of previous fiscal year to 91,898 million yen. The primary increase was 1,884 million yen in work-in progress for game software. The primary decrease was 9,457 million yen in notes and accounts receivable, trade.

Liabilities as of the end of first quarter decreased by 5,240 million yen from the end of previous fiscal year to 33,655 million yen. The primary increase was 2,393 million yen in short-term borrowings. The primary decreases were 2,870 million yen in notes and accounts payable, trade, 2,847 million yen in accrued income taxes and 1,123 million yen in accrued bonuses.

Net assets as of the end of first quarter decreased by 1,108 million yen from the end of the previous fiscal year to 58,243 million yen. The primary increase was 1,320 million yen in net income for the 3 months period under review. The primary decreases were 1,439 million yen in cash dividends and 962 million yen in cumulative translation adjustments which related to foreign exchange translation of the net assets of foreign consolidated subsidiaries.

(3) Qualitative information regarding the consolidated business forecasts

The forecast for the consolidated business results for the current fiscal year ending March 31, 2013 remains the same as what was projected at the financial results announcement on May 7, 2012.

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

(Change in accounting policies which is difficult to distinguish from change in accounting estimation)

From this first quarter, Capcom and its consolidated subsidiaries in Japan started to adopt the new method of depreciation and amortization for tangible fixed assets acquired on and after April 1, 2012, in line with the revision of the Corporation Tax Act.

This change will not have a significant effect on profit and loss in the first quarter.

3. Summary of consolidated financial statements

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of June 30, 2012)
Assets		
Current assets		
Cash on hand and in banks	24,752	24,870
Notes and accounts receivable, trade	17,285	7,827
Merchandise and finished goods	1,793	1,527
Work-in-progress	443	561
Raw materials and supplies	1,417	1,601
Work-in-progress for game software	22,373	24,258
Other	7,030	7,181
Allowance for doubtful accounts	(58)	(50)
Total current assets	75,038	67,777
Fixed assets		
Tangible fixed assets, net of accumulated depreciation	12,844	12,650
Intangible fixed assets		
Goodwill	291	253
Other	3,619	4,700
Total intangible fixed assets	3,911	4,953
Investments and other assets		
Other	6,728	6,793
Allowance for doubtful accounts	(275)	(275)
Total investments and other assets	6,452	6,517
Total fixed assets	23,208	24,121
Total assets	98,247	91,898

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of June 30, 2012)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	7,257	4,386
Short-term borrowings	7,259	9,652
Accrued income taxes	2,977	130
Accrued bonuses	2,111	987
Allowance for sales returns	118	131
Other	9,604	8,687
Total current liabilities	29,327	23,975
Long-term liabilities		
Long-term borrowings	6,145	6,144
Accrued retirement benefits for employees	1,509	1,553
Other	1,912	1,982
Total long-term liabilities	9,567	9,679
Total liabilities	38,895	33,655
Net assets		
Shareholders' equity		
Common stock	33,239	33,239
Capital surplus	21,328	21,328
Retained earnings	27,328	27,209
Treasury stock	(15,846)	(15,847)
Total shareholders' equity	66,049	65,930
Accumulated other comprehensive income		
Net unrealized gain on securities, net of tax	(46)	(72)
Cumulative translation adjustments	(6,650)	(7,613)
Total accumulated other comprehensive income	(6,697)	(7,686)
Total net assets	59,352	58,243
Total liabilities and net assets	98,247	91,898

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Unit: Millions of yen)

	Previous 3 months From April 1, 2011 to June 30, 2011	Current 3 months From April 1, 2012 to June 30, 2012
Net sales	11,953	18,620
Cost of sales	7,218	10,684
Gross profit	4,735	7,936
Reversal of allowance for sales returns	21	—
Provision of allowance for sales returns	—	13
Net gross profit	4,756	7,922
Selling, general and administrative expenses	3,981	5,253
Operating income	775	2,669
Non-operating income		
Interest income	17	19
Dividend income	5	4
Exchange gain, net	67	—
Other	14	17
Total non-operating income	105	41
Non-operating expenses		
Interest expense	26	23
Exchange loss, net	266	453
Other	41	24
Total non-operating expenses	334	501
Ordinary income	546	2,209
Special losses		
Loss on sales and /or disposal of fixed assets	6	1
Total special losses	6	1
Net (loss) income before income taxes	540	2,208
Income taxes-current	52	61
Income taxes-deferred	148	826
Total income taxes	201	887
Net income before minority interests	338	1,320
Net income	338	1,320

Consolidated statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year From April 1, 2011 to June 30, 2011	Current fiscal year From April 1, 2012 to June 30, 2012
Net income before minority interests	338	1,320
Other comprehensive income		
Net unrealized gain or loss on securities, net of tax	13	(25)
Cumulative translation adjustments	(408)	(962)
Total other comprehensive income	(394)	(988)
Comprehensive income	(56)	331
Comprehensive income attributable to:		
Owners of the parent	(56)	331
Minority interests	—	—

(3) Consolidated statements of cash flows

(Unit: Millions)

	Previous 3 months From April 1, 2011 to June 30, 2011	Current 3 months From April 1, 2012 to June 30, 2012
Cash flows from operating activities		
Net income before income taxes	540	2,208
Depreciation and amortization	730	671
Amortization of goodwill	28	28
(Decrease) increase in allowance for doubtful accounts	3	(7)
Decrease in accrued bonuses	(1,420)	(1,105)
Interest and dividend income	(23)	(24)
Interest expense	26	23
Exchange loss, net	212	347
Loss on sales and/or disposal of fixed assets	6	1
Decrease in notes and accounts receivable, trade	6,455	9,050
Increase in inventories	(184)	(62)
Increase in work-in-progress for game software	(3,843)	(1,923)
Decrease in notes and accounts payable, trade	(1,794)	(2,718)
Other	(402)	(2,235)
Sub total	334	4,253
Interest and dividends received	22	20
Interest paid	(25)	(21)
Income taxes paid	(3,254)	(2,771)
Net cash provided by (used in) operating activities	(2,922)	1,480
Cash flows from investing activities		
Payment for acquisitions of tangible fixed assets	(323)	(407)
Payment for acquisitions of intangible fixed assets	(58)	(541)
Other	(136)	(159)
Net cash used in investing activities	(518)	(1,109)
Cash flows from financing activities		
Net increase in short-term borrowings	5,000	2,500
Repayments of long-term borrowings	(107)	(107)
Payment for repurchase of treasury stock	(2,374)	(0)
Dividend paid	(1,478)	(1,440)
Other	(145)	(69)
Net cash provided by financing activities	894	881
Effect of exchange rate changes on cash and cash equivalents	(565)	(1,048)
Net increase (decrease) in cash and cash equivalents	(3,112)	203
Cash and cash equivalents at beginning of year	35,011	22,287
Cash and cash equivalents at end of quarter	31,899	22,491

(4) Going concern assumptions Not applicable

(5) Segment Information

I Previous 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)
	Digital Contents	Arcade Operations	Amusement Equipments	Total				
Net sales								
(1) Customers	7,686	2,832	870	11,389	564	11,953	—	11,953
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	7,686	2,832	870	11,389	564	11,953	—	11,953
Operating income	871	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).

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.

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

Not applicable

II Current 3 months (From April 1, 2012 to June 30, 2012)

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 Equipments	Total				
Net sales								
(1) Customers	13,740	2,575	1,711	18,027	593	18,620	—	18,620
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	13,740	2,575	1,711	18,027	593	18,620	—	18,620
Operating income	2,401	386	691	3,479	230	3,709	(1,039)	2,669

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

2. Adjustments of segments (-1,039 million yen) include unallocated corporate operating expenses (-1,039 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.

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

Not applicable

3. Information on change in reportable segment

Effective from the 1st quarter for the current fiscal year, Capcom has integrated "Mobile Contents" business into "Consumer Online Games" business. This is because Capcom needs to arrange an efficient development and management system to respond to rapidly changing business environments in recent years and wants to pursue its multi-platform strategy.

With this change, the name "Consumer Online Games" has changed into "Digital Contents".

The segment information for the same period of the previous fiscal year has been prepared based on the latest segmentation as shown on the upper this page.

(6) Material changes in shareholders' equity

Not applicable