

**Explanation Summary for the Briefing Regarding
2nd Quarter Financial Results of the Year ending March 31, 2015
by Kenzo Tsujimoto, Chairman and CEO
(October 30, 2014)**

1. Greeting

(1) Thank you to the audience

I would like to start by thanking you for taking the time to attend Capcom's brief on our financial results.

(2) Today's meeting

Today's presentation will cover two subjects: overview of our first half performance and the outlook for our fiscal year performance.

2. Overview of first half performance

Overview of the First Half Performance of the FY2014				
■ Summary of the First Half Performance in the FY2014				
(Million yen)				
	2013/9	2014 /9	vs. Sales	vs. 2013/9
Net sales	53,234	25,917	100.0%	48.7%
Operating income	7,509	4,383	16.9%	58.4%
Operating margin	14.1%	16.9%	-	-
Ordinary income	8,190	4,540	17.5%	55.4%
Net income	4,950	2,973	11.5%	60.1%

■ Consumer business sales and earnings were down chiefly because of the contribution one year earlier from the launch of "Monster Hunter 4".
■ Net income per share was 52.89 yen.

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(1) In the first half, sales and earnings were decreased from the same term last year, when a major title contributed to our performance. But our operating margin improved mainly because of cost-cutting measures.

(2) Reasons for lower sales and earnings

The main reason for the drop in sales was a decrease of 24 billion yen in Digital Contents business sales from one year earlier. This was caused by the absence of hit titles and the backlash of the strong sales from "Monster Hunter 4" in the same term last year.

Operating income decreased to 4.3 billion yen. In Amusement Equipments business, operating income increased 600 million yen because of higher pachislo machine profitability. But earnings were down for Digital Contents due to earnings from "Monster Hunter 4" one year earlier and for Arcade Operations business due to the April 2014 consumption tax increase.

Despite the lower earnings, the operating margin improved 2.8 points from 14.1% to 16.9%. Cost cutting in the Digital Contents and Amusement Equipments business was the primary reason.

3. Outlook for FY2014 ending March 2015

Forecast for Year ending March 31, 2015				
Forecast for Year ending March 31, 2015				
(Million yen)				
	2014/3	2015/3Plan	vs. Sales	vs. 2014/3
Net sales	102,200	80,000	100.0%	78.3%
Operating income	10,299	10,500	13.1%	102.0%
Operating margin	10.1%	13.1%	-	-
Ordinary income	10,946	10,200	12.8%	93.2%
Net income	3,444	6,600	8.3%	191.6%

■ No change in initial forecast for the current fiscal year

■ Concentrating on sales of major titles such as “Monster Hunter 4 Ultimate” and a new pachislo machine



(1) Fiscal year forecast

Our forecast for the fiscal year is unchanged.

(2) Consumer sub-segment

First half performance was favorable. In addition, “Monster Hunter 4 Ultimate” is currently performing well in Japan and we expect sales from this title in Europe and North America, too.

(3) Amusement Equipments business (Pachinko & Pachislo)

We were notified of a revision in pachislo testing method by the Security Communications Association at the end of August.

Discussions about this revision are under way at the industry organization, although many items about upcoming activities have still not been confirmed.

We have reduced the number of pachislo machines to be launched this fiscal year from the initial three to two models. We will do everything possible to introduce one new model in the second half in accordance with the new rule.

This completes my presentation. Next, the president will now provide you a further explanation of our strategies.