

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.