

Consolidated financial results
for the year ended March 31, 2013 (Unaudited)

Company name: CAPCOM Co., Ltd.
Code number: 9697
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Ordinary general shareholders' meeting : June 18, 2013
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Stock listing: Tokyo, Osaka
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Dividend payment date: June 19, 2013

Yes
Yes (For institutional investors)

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

1. Results for the year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(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	%
Year ended March 31, 2013	94,075	14.6	10,151	-17.6	10,944	-7.4	2,973	-55.8
Year ended March 31, 2012	82,065	-16.0	12,318	-13.8	11,819	-8.1	6,723	-13.2

Note: Comprehensive income Year ended March 31, 2013: 5,780 million yen (-9.5%) Year ended March 31, 2012: 6,389 million yen (4.4%)

	Earnings per share of common stock	Diluted earnings per share of common stock	Return on equity	Return (ordinary income) on assets	Operating margin
	Yen	Yen	%	%	%
Year ended March 31, 2013	51.64	—	4.9	10.8	10.8
Year ended March 31, 2012	116.10	—	11.5	12.5	15.0

Reference: Equity in earnings (losses) of affiliates Year ended March 31, 2013: — million yen Year ended March 31, 2012: — million yen

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets	Assets shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2013	104,365	62,828	60.2	1,091.08
Year ended March 31, 2012	98,247	59,352	60.4	1,030.70

Reference: Shareholders' equity: Year ended March 31, 2013: 62,828 million yen Year ended March 31, 2012: 59,352 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2013	6,647	-1,375	1,162	31,522
Year ended March 31, 2012	-7,672	-4,794	587	22,287

2. Dividends

Record date	Dividend per share					Dividend paid	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Annual			
Year ended March 31, 2012	— yen	15.00 yen	— yen	25.00 yen	40.00 yen	2,303 Millions of yen	34.5 %	4.0 %
Year ended March 31, 2013	—	15.00	—	25.00	40.00	2,303	77.5	3.8
Year ending March 31, 2014 (Forecast)	—	15.00	—	25.00	40.00		33.6	

3. Earnings forecast for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

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, 2014	97,000	3.1	12,000	18.2	11,700	6.9	6,800	128.7	118.91

Note: Capcom discloses a full year business forecast, as it manages its business performance on an annual basis.

4. Others

(1) Changes in significant consolidated subsidiaries during the period: No
(Changes in specified subsidiaries due to changes in the scope of consolidation)

(2) 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 "3. Summary of consolidated financial statements (5) Going assumptions" on page 17 for more details.)

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

① Number of shares outstanding (including treasury stock)			
Year ended March 31, 2013:	67,723,244	Year ended March 31, 2012:	67,723,244
② Number of treasury stock			
Year ended March 31, 2013:	10,139,772	Year ended March 31, 2012:	10,138,856
③ Average number of shares outstanding			
Year ended March 31, 2013:	57,584,000	Year ended March 31, 2012:	57,913,902

(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 and consolidated financial statements] on page 2 for more details.
- Capcom is scheduled to hold an earnings presentation for institutional investors on May 9. Its footage and its voice sound are going to be posted along with the presentation materials on the Capcom's web page soon after it is closed.

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1. Operating results

(1) Qualitative information and consolidated financial statements

Operating results of the fiscal year ended March 31, 2013

During the fiscal year ended March 31, 2013, the Japanese economy began to show signs of a rebound and entered a period of gradual recovery. The recovery is attributed to the acceleration of yen's depreciation and a rise in stock prices that started this year, as well as strengthening of the US economy in spite of growing concerns over electrical power shortages and the Eurozone crisis.

In this industry, the domestic market of home video games expanded for the first time in five years due to the release of the new "Wii U" game console. However, in the overseas markets, the overall softening trend continued as well, in spite of the space of major titles that were released in time for the Christmas shopping season.

In the meantime, despite some negative factors such as voluntary restrictions on usage limits following an issue concerning a sales method known as "complete gacha" (method of awarding valuable virtual items where players are allowed to make faster progress in games by purchasing or otherwise obtaining a "complete" set of virtual items), the social games steadily increased its market share.

As the business environment entered into a new phase, the total game market size grew thanks to the synergy between home video game consoles and rapidly-grown platforms including smartphones.

Under these circumstances, Capcom pressed forward with multi-platform strategy of providing software for each type of platform, including home video game machines, PCs and smartphones in order to respond to various customer demands. In addition, Capcom endeavored to increase demands by launching pachislo machines equipped with our flagship titles so as to construct a new profit base.

The Company has also pressed forward with multi-faceted business development, including the construction of a value chain with the Single Content Multiple Usage strategy under which popular titles are used in multiple media, including movies, TV, animations, publications, theaters and toys, as well as foods and beverages.

Furthermore, Capcom aimed to expand its business in the Asian markets, where there should be rooms for further growth, so as to accelerate its global expansion. The Company has steadily taken steps to develop overseas markets, including the opening of the region's first development base in Taiwan, and the establishment of a locally incorporated entity in Thailand through our subsidiary.

Net sales grew to 94,075 million yen (up 14.6 % from the previous year), even though the facts that sales of some major titles were below our estimates and that launch of promising titles were delayed.

However, operating income amounted to 10,151 million yen (down 17.6 % from the previous year), due to increased cost of sales and higher selling, general and administrative expenses. Likewise, ordinary income was 10,944 million yen (down 7.4 % from the previous year) in spite of foreign exchange gains.

Net income decreased to 2,973 million yen (down 55.8 % from the previous year), due to special loss relating to the cost of business restructure that was necessitated by the overhaul of the development system.

Status of each operational department

① Digital Contents business

In the Digital Contents business, which constitutes our core competence, the flagship title “Resident Evil 6” (for PlayStation 3 and Xbox 360) sold at a brisk pace initially when it was launched. Its sales, however, subsequently plateaued. As a result, it did not meet with our projection and thus was not able to play a role in leading the segment’s sales growth. In contrast, “Dragon’s Dogma” (for PlayStation 3 and Xbox 360) became a greater-than-expected hit product in the domestic market, which has high profitability, and became an unprecedented million seller in the recent years as an original title. In addition, “DmC Devil May Cry” (for PlayStation 3 and Xbox 360) enjoyed stable popularity in overseas markets and posted solid sales. Furthermore, “Monster Hunter 3 (Tri) G HD Ver.”, which was our first title for the new home video console “Wii U” that was launched in December 2012, also became a smash hit. However, its package sales were generally soft.

In the meantime, “Minna to Monhan Card Master”, which the Company began to distribute via Mobage in the previous fiscal year, continued to post growth, thanks to the increasingly widespread of smartphones. At the same time, “Resident Evil: Outbreak Survive” for GREE steadily gained new users. As a consequence, both titles enjoyed membership exceeding two million each.

Additionally, the “Monster Hunter Frontier Online” series has remained a perennial favorite and continued to bring in stable income. Strong results being achieved by the contents segment is leading the Company’s profit structure to undergo a transformation.

Furthermore, “Smurf’s Village” under the “Beeline” brand has securely built stable sales over a long range.

The resulting net sales were 63,636 million yen (up 6.4 % from the previous year) and operating income was 7,062 million yen (down 45.2 % from the previous year).

② Arcade Operations business

In the Arcade Operations business, Capcom focused its attention on securely capturing core users by holding various events and providing pleasant facilities in an effort to attract a greater number of customers in the increasingly sluggish market. In addition, the Company concentrated its efforts on building a broad customer base so as to find new customers. In line with this strategy, the Company conducted promotional tours to let middle-aged and older people try their hands at game machines free of charge, and installed machines that parents and their children can play together. Nonetheless, the segment results were soft, partly because of the dispersion of entertainment, resulting from overlapping of arcade game players with smartphone users. The other issues to the weak results were a shortage of sales-driving products and the Company’s inability to avoid the recoiling from an increase in demand in the months following the Great East Japan Earthquake.

During this fiscal year, new arcade openings were postponed in consideration of the market environment. As three unprofitable arcades were closed down, the total number of arcades became 34 as of the end of the current period.

The resulting net sales were 10,944 million yen (down 6.7 % from the previous year) and operating income was 1,709 million yen (down 4.4 % from the previous year).

③ Amusement Equipments business

In the Pachinko & Pachislo division, the business scale steadily expanded. This was due in part to the flagship title “Resident Evil 5”, whose sales significantly exceeded expectations in a synergy with home video game software and buoyed profits. The expanding contracted product development business was another factor contributing to the segment growth.

In the Arcade Games Sales business, “Mario Party Kurukuru! Carnival”, which is a coin-operated game machine, posted solid sales against the backdrop of a gap in the new product supply cycle. Repeat sales of existing products were also sound.

The resulting net sales were 16,783 million yen (up 119.0 % from the previous year) and operating income was 4,892 million yen (up 449.3 % from the previous year).

④ Other Businesses

Publication of game guidebooks and sales of character-related goods constitute the main component of sales in other businesses. Net sales of the segment were 2,711 million yen (down 5.3% from the previous year) and operating income was 740 million yen (down 15.6 % from the previous year).

Capcom has regrouped its business segments from the fiscal year, and the comparison and analysis has been made based on new segments.

Prospects for the next fiscal year

As for future prospects, the industry is expected to find an increasingly mature market of home video games, which is our core business segment. Even though a full lineup of new home video game consoles will eventually be released, the industry is likely to be in a period of scant new product releases over the near future, awaiting the full-scale launch of the next generation machines. In the meantime, development costs are projected to soar as advanced and multiple functions are added to hardware. Business alliances and consolidations may therefore occur in increasing numbers.

The emergence of smartphones has lent momentum to platforms other than game-only machines. Amid this development, the social game market is projected to be on a growing. Competition is thus expected to become extremely intense among companies.

Faced with this sudden and significant changes in the operating environment, Capcom intends to direct its development resources to the home video game software, which is our core business segment, and the development of online games, which is a growing area, based on its medium-term strategic map. In addition, the Company will strive to expand the Pachinko & Pachislo business and the contents business by capitalizing on its high quality software assets in an effort to diversify its sources of income. Through marketing strategies and promotion activities that respond to diverse user needs, the Company will also firmly establish its competitive advantages so as to win the race for survival.

Furthermore, development of overseas markets is essential because of their scale in order for the Company to press forward with its growth strategies. Capcom will therefore accelerate its global expansion by concentrating its efforts on the expansion of its contents distribution business in Southeast Asia, where rapid growth is projected, backed by communications infrastructure improvement, including fast-paced spread of smartphones.

In order to lower development costs and shorten time frame for development, Capcom will restructure its development organizations, which are the core parts of the Company's business, increasing ratio of in-house developments by focusing on the overhaul of overseas development companies. Streamlining measures will also be taken over the entire business operations as part of efforts to strengthen the management system. Such measures will include further improvements in transparency, efficiency, cost reductions and financial structure. Capcom will endeavor to create a corporate constitution that enables its group as a whole to respond flexibly to a changing environment.

As for product strategies for the current fiscal year ending in March 31, 2014, the Company will take an aggressive stance focusing to promote large-scale titles with "Monster Hunter 4" (for Nintendo 3DS) and "Lost Planet 3" (for PlayStation 3 and Xbox 360) focused on the domestic and overseas markets respectively.

(2) Analysis of the consolidated financial position

① Analysis of assets, liabilities and net assets

(Assets)

Total assets as of the end of the current fiscal year increased by 6,117 million yen from the end of the previous fiscal year to 104,365 million yen. Primary increases were 6,769 million yen in cash on hand and in banks and 2,258 million yen in short term deferred tax assets. Primary decrease was 5,597 million yen in notes and accounts receivable, trade.

(Liabilities)

Total liabilities as of the end of the current fiscal year increased by 2,641 million yen from the end of the previous fiscal year to 41,536 million yen. Primary increase was 3,935 million yen in short-term borrowings. Primary decrease was 953 million yen in notes and accounts payable, trade.

(Net assets)

Net assets as of the end of the current fiscal year increased by 3,475 million yen from the previous fiscal year to 62,828 million yen. Primary increases were 2,973 million yen in net income for the as of the end of the current fiscal year and 2,669 million yen in cumulative translation adjustments which related to foreign exchange translation of the net assets of foreign consolidated subsidiaries. Primary decrease was 2,303 million yen in cash dividends.

② Analysis of cash flow.

Cash and cash equivalents as of the end of the current fiscal year increased by 9,235 million yen from the end of the previous fiscal year to 31,522 million yen.

Cash flow positions of each activity and their factors are described below.

(Cash flows from operating activities)

Net cash gained from operating activities was 6,647 million yen (7,672 million yen used in the previous fiscal year).

Primary increases gained were 5,760 million yen decrease in notes and accounts receivable, trade (increase of 5,550 million yen in the previous fiscal year) and 3,719 million yen in net income before income taxes (11,425 million yen in the previous fiscal year). Main decreases were the followings: 3,610 million yen in income taxes paid (4,195 million in the previous fiscal year) and 2,837 million yen increase in work-in-progress for game software (11,899 million yen in the previous fiscal year).

(Cash flows from investing activities)

Net cash used in investing activities was 1,375 million yen (4,794 million yen in the previous fiscal year).

The primary increase used in were as follows: 3,086 million yen in payment for acquisitions of tangible fixed assets (2,153 million yen in the previous fiscal year); 1,578 million yen in payment for acquisitions of intangible fixed assets (527 million yen in the previous fiscal year). Primary decrease was 2,499 million yen in income from withdrawal of time deposit (no withdrawal in the previous fiscal year).

(Cash flows from financing activities)

Net cash provided by financing activities was 1,162 million yen (587 million yen provided by the previous fiscal year).

Primary increase gained was 4,290 million yen in net increase in short-term borrowings (6,760 million yen in the previous fiscal year). Primary decreases were the followings: 2,298 million yen in dividend paid (2,339 million yen in the previous fiscal year).

(Reference) Trends of cash flow indicators

	Year ended March 2009	Year ended March 2010	Year ended March 2011	Year ended March 2012	Year ended March 2013
Shareholders' equity ratio to total assets	55.9	62.3	64.2	60.4	60.2
Shareholders' equity ratio to total assets based on fair market value	101.5	120.5	103.9	110.8	81.4
Debt amortization ratio to cash flows	-	122.7	32.8	-	258.7
Interest coverage ratio	-	86.9	155.8	-	62.4

Shareholders' equity ratio to total assets: Shareholders' equity / Total assets

Shareholders' equity ratio to total assets based on fair market value : Total of the capital stock at market price / Total assets

Debt amortization ratio to cash flows: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payments

(Note 1) Percentage figures are calculated on a consolidated basis.

(Note 2) Total market value of shares is calculated based on the number of shares as of the end of the fiscal year excluding treasury stock.

(Note 3) Cash flows are used for cash flows from operating activities.

(Note 4) The interest-bearing debt refers to the debts posted in the consolidated balance sheets for which we are paying interests.

(Note 5) As the cash flows from operating activities fell into red in fiscal year ended March 2009 and ended March 2012, we have omitted debt amortization ratio to cash flows from operating activities and interest coverage ratio.

(3) Basic policy for profit distribution and dividend for the current and next fiscal year

Capcom considers returning profits to the shareholders be one of the most important management issues. Its fundamental dividend policy is to provide a stable and continued dividend to the shareholders, taking into account the future business development and changes in operating circumstances.

Our surplus dividend is basically paid twice a year, that is, at the end of mid-term and fiscal year.

Dividend payment amount is decided by a competent corporate body, which is the board of directors for the mid-term, and during the shareholders meeting for the fiscal year.

Regarding internal reserves, Capcom will enhance its corporate value through investment for development of game software, Arcade Operations and growing business.

Capcom plans to pay a year-end dividend for the current fiscal year be 25 yen per share. The annual dividend for the current fiscal year under review is 40 yen per share, since the Company paid an ordinary dividend 15 yen per share as an interim dividend.

We set regulations up to be able to pay interim dividend.

2. Business policy

(1) Management principle

Our principle is to be a creator of entertainment culture. Through development of highly creative software contents that excite people and stimulate their senses, we have been aiming to offer an entirely new level of game entertainment. Our management objectives are also on strengthening relationships with shareholders, clients and our employees to satisfy demands and to bring about prosperous benefits.

(2) Business targets

We believe “Cash-Flow Management” (real management that generates cash) has become an important factor - more important than to make up financial statements utilizing changes in accounting standards. We do not set actual target figures on specific fields because we understand “Cash-Flow Management” as a very important factor for business status.

(3) Medium and long term business strategy

In addition to the sharp rise in development costs and increasing competition by emergence of social game, the video game industry is facing external challenges as well. International competitions are getting fiercer struggling for survival being resulting in an increase in mergers, acquisitions and business integrations as corporate restructuring becomes more intense.

Under this severe situation, we believe that establishing a management system capable of adapting to changes in the business environment is one of our most important managerial goals. In order for us to grow further, we will work to enhance corporate values by pursuing strategies described below.

- ① Focusing on our core business-developing and marketing creative home video game software by concentrating our resources.
- ② Strengthening and exploring multi-platform strategy for home video game software based on market demands.
- ③ Strengthen the Online Games business and Mobile Contents business with the improvement of the telecommunication infrastructure and the changing market environment.
- ④ Expanding sales overseas by aggressive global deployment, including establishing overseas offices.
- ⑤ Expanding Arcade Operations business by cultivating of new users and capturing existing users in order to continuously secure stable revenues.
- ⑥ Focusing effort on enhancement of the Pachinko & Pachislo business and the Arcade Games Sales business by leveraging our rich contents.
- ⑦ Promoting and strengthening the Capcom brand to create added value and synergy by making effective use of our contents.
- ⑧ Realizing a stable cash flow for each fiscal term by streamlining financial aspects.

(4) Issues to be addressed

Major issues to be addressed taking in consideration surrounding business environments and future market trends:

① Consolidation of the critical strategic divisions

We will concentrate our management resources in the home video game software segment, which is our core business, especially in its development and marketing divisions in order to strengthen the competitive edge.

② Expansion of the business field

We will focus on growing the content-related business to expand our business fields in response to changes in the managerial environments, through the distribution of games to other platform that are not game consoles including mobile phones and smartphones and entry of social game.

③ Focus on the overseas operations

Making strong efforts in developing overseas markets is the key to the future business growth as the Japanese domestic market matures. We are determined to execute the strategic overseas operation deployment through the group-wide global business restructuring. One such effort will be to conduct corporate reforms of overseas subsidiaries including Capcom U.S.A., Inc., one of our crucial subsidiaries.

④ Selection and concentration of business

We are focused on setting a clear vision for the future by harnessing our corporate strength through the effective use of our research and development resources. In addition, we are pushing through a strategy that concentrates management resources on selected business to make the most of the collective power of the entire Capcom group, thus increasing our corporate value. Investment in growth field and the decision to close down unprofitable businesses are examples of such activities.

⑤ Enhancement of the corporate quality

We are trying to realize flexible business operations and to improve our operation efficiency through the management innovation. At the same time we are building a framework that enhances our revenue base. As part of such efforts to enhance our business foundation, we are pursuing the strategic group operation and financial structure reformation by reinforcing the management system of both domestic and foreign subsidiaries.

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 March 31, 2013)
Assets		
Current assets		
Cash on hand and in banks	24,752	31,522
Notes and accounts receivable, trade	17,285	11,687
Merchandise and finished goods	1,793	1,756
Work-in-progress	443	906
Raw materials and supplies	1,417	1,592
Work-in-progress for game software	22,373	18,888
Deferred tax assets	4,239	6,497
Other	2,791	4,054
Allowance for doubtful accounts	(58)	(64)
Total current assets	75,038	76,841
Fixed assets		
Tangible fixed assets, net of accumulated depreciation		
Buildings and structures, net	5,125	4,907
Machinery and vehicles, net	21	34
Tools, fixtures and furniture, net	1,052	1,105
Equipment for amusement facilities, net	1,637	1,199
Land	4,298	5,052
Leased assets	709	849
Construction-in-progress	—	108
Total tangible fixed assets	12,844	13,258
Intangible fixed assets		
Goodwill	291	200
Other	3,619	7,709
Total intangible fixed assets	3,911	7,909
Investments and other assets		
Investments in securities	368	515
Claim in bankruptcy and reorganization	265	66
Lease deposits	4,522	4,341
Deferred tax assets	908	733
Other	663	776
Allowance for doubtful accounts	(275)	(78)
Total investments and other assets	6,452	6,355
Total fixed assets	23,208	27,523
Total assets	98,247	104,365

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2012)	Current fiscal year (as of March 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	7,257	6,304
Electronically recorded monetary liabilities	—	634
Short-term borrowings	7,259	11,194
Lease obligations	322	364
Accrued income taxes	2,977	2,111
Deferred tax liabilities	7	—
Accrued bonuses	2,111	1,679
Allowance for sales returns	118	187
Asset retirement obligations	19	20
Other	9,254	9,409
Total current liabilities	29,327	31,905
Long-term liabilities		
Long-term borrowings	6,145	6,000
Lease obligations	429	553
Deferred tax liabilities	225	2
Accrued retirement benefits for employees	1,509	1,697
Asset retirement obligations	325	329
Other	932	1,047
Total long-term liabilities	9,567	9,630
Total liabilities	38,895	41,536
Net assets		
Shareholders' equity		
Common stock	33,239	33,239
Capital surplus	21,328	21,328
Retained earnings	27,328	27,998
Treasury stock	(15,846)	(15,848)
Total shareholders' equity	66,049	66,718
Accumulated other comprehensive income		
Net unrealized gain or loss on securities, net of tax	(46)	91
Cumulative translation adjustments	(6,650)	(3,981)
Total accumulated other comprehensive income	(6,697)	(3,889)
Total net assets	59,352	62,828
Total liabilities and net assets	98,247	104,365

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Unit: Millions of yen)

	Previous fiscal year from April 1, 2011 to March 31, 2012	Current fiscal year from April 1, 2012 to March 31, 2013
Net sales	82,065	94,075
Cost of sales	49,609	61,911
Gross profit	32,456	32,163
Reversal of allowance for sales returns	12	—
Provision for allowance for sales returns	—	69
Net gross profit	32,469	32,094
Selling, general and administrative expenses	20,150	21,942
Operating income	12,318	10,151
Non-operating income		
Interest income	85	92
Dividend income	10	9
Settlement received	67	—
Exchange gain, net	—	745
Other	126	257
Total non-operating income	289	1,105
Non-operating expenses		
Interest expense	115	107
Exchange loss, net	456	—
Commission	66	60
Other	151	144
Total non-operating expenses	788	312
Ordinary income	11,819	10,944
Special gains		
Gain on sales of investments in securities	8	—
Total special gains	8	—
Special losses		
Loss on sales and /or disposal of fixed assets	321	216
Impairment loss	80	58
Loss on restructuring	—	6,949
Total special losses	402	7,224
Net income before income taxes	11,425	3,719
Income taxes-current	3,513	2,968
Income taxes-deferred	1,188	(2,222)
Total income taxes	4,701	746
Net income before minority interests	6,723	2,973
Net income	6,723	2,973

Consolidated statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year from April 1, 2011 to March 31, 2012	Current fiscal year from April 1, 2012 to March 31, 2013
Income before minority interests	6,723	2,973
Other comprehensive income		
Net unrealized gain on securities, net of tax	9	138
Cumulative translation adjustments	(344)	2,669
Total other comprehensive income	(344)	2,807
Comprehensive income	6,389	5,780
Comprehensive income attributable to:		
Owners of the parent	6,389	5,780
Minority interests	—	—

(3) Consolidated statements of changes in net assets

	(Unit: Millions of yen)	
	Previous fiscal year from April 1, 2011 to March 31, 2012	Current fiscal year from April 1, 2012 to March 31, 2013
Shareholders' equity		
Common stock		
Opening balance	33,239	33,239
Changes of items during the fiscal year		
Total changes of items during the fiscal year	—	—
Ending balance	33,239	33,239
Capital surplus		
Opening balance	21,328	21,328
Changes of items during the fiscal year		
Disposition of treasury stock	0	0
Total changes of items during the fiscal year	0	0
Ending balance	21,328	21,328
Retained earnings		
Opening balance	22,945	27,328
Changes of items during the fiscal year		
Cash dividends	(2,340)	(2,303)
Net income	6,723	2,973
Total changes of items during the fiscal year	4,383	670
Ending balance	27,328	27,998
Treasury stock		
Opening balance	(13,143)	(15,846)
Changes of items during the fiscal year		
Repurchase of treasury stock	(2,703)	(1)
Disposition of treasury stock	0	0
Total changes of items during the fiscal year	(2,703)	(1)
Ending balance	(15,846)	(15,848)
Total shareholders' equity		
Opening balance	64,370	66,049
Changes of items during the fiscal year		
Cash dividends	(2,340)	(2,303)
Net income	6,723	2,973
Repurchase of treasury stock	(2,703)	(1)
Disposition of treasury stock	0	0
Total changes of items during the fiscal year	1,679	668
Ending balance	66,049	66,718

(Unit: Millions of yen)

	Previous fiscal year from April 1, 2011 to March 31, 2012	Current fiscal year from April 1, 2012 to March 31, 2013
Accumulated other comprehensive income		
Net unrealized gain on securities, net of tax		
Opening balance	(56)	(46)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity, net	9	138
Total changes of items during the fiscal year	9	138
Ending balance	(46)	91
Cumulative translation adjustments		
Opening balance	(6,305)	(6,650)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity, net	(344)	2,669
Total changes of items during the fiscal year	(344)	2,669
Ending balance	(6,650)	(3,981)
Total accumulated other comprehensive income		
Opening balance	(6,362)	(6,697)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity, net	(334)	2,807
Total changes of items during the fiscal year	(334)	2,807
Ending balance	(6,697)	(3,889)
Total net assets		
Opening balance	58,007	59,352
Changes of items during the fiscal year		
Cash dividends	(2,340)	(2,303)
Net income	6,723	2,973
Repurchase of treasury stock	(2,703)	(1)
Disposition of treasury stock	0	0
Net changes of items other than shareholders' equity, net	(334)	2,807
Total changes of items during the fiscal year	1,344	3,475
Ending balance	59,352	62,828

(4) Consolidated statements of cash flows

(Unit: Millions of yen)

	Previous fiscal year from April 1, 2011 to March 31, 2012	Current fiscal year from April 1, 2012 to March 31, 2013
Cash flows from operating activities		
Net income before income taxes	11,425	3,719
Depreciation and amortization	3,123	3,406
Impairment loss	80	58
Amortization of goodwill	112	132
Increase in allowance for doubtful accounts	9	1
Decrease in accrued bonuses	(362)	(474)
Increase (decrease) in allowance for sales returns	(12)	69
Increase in accrued retirement benefits for employees	126	185
Interest and dividend income	(95)	(101)
Interest expense	115	107
Exchange (gain) or loss, net	424	(485)
Loss on sales and/or disposal of fixed assets	321	216
Gain on sales of investment in securities	(8)	—
Loss on restructuring	—	6,949
Decrease (increase) in accounts receivable, trade	(5,550)	5,760
Increase in inventories	(1,450)	(493)
Increase in work-in-progress for game software	(11,899)	(2,837)
Decrease (increase) in accounts payable, trade	1,720	(474)
Increase in other current assets	(309)	(1,031)
Decrease (increase) in other current liabilities	202	(1,553)
Other	(1,419)	(2,901)
Sub total	(3,447)	10,253
Interest and dividends received	86	109
Interest paid	(115)	(105)
Income taxes paid	(4,195)	(3,610)
Net cash provided by (used in) operating activities	(7,672)	6,647
Cash flows from investing activities		
Payments into time deposits	(2,465)	—
Proceeds from withdrawal of time deposits	—	2,499
Payment for acquisitions of tangible fixed assets	(2,153)	(3,086)
Proceeds from sales of tangible fixed assets	434	659
Payment for acquisitions of intangible fixed assets	(527)	(1,578)
Payment for purchase of investments in securities	(12)	(12)
Proceeds from sales of investments in securities	47	—
Collection of loans receivable	0	—
Payment for other investing activities	(379)	(453)
Proceeds from other investing activities	260	597
Net cash used in investing activities	(4,794)	(1,375)
Cash flows from financing activities		
Net increase in short-term borrowings	6,760	4,290
Proceeds from long-term borrowings	3,000	—
Repayments of long-term borrowings	(3,711)	(499)
Repayments of lease obligations	(418)	(327)
Payment for repurchase of treasury stock	(2,703)	(1)
Proceeds from sales of treasury stock	0	0
Dividends paid by parent company	(2,339)	(2,298)
Net cash provided by financing activities	587	1,162
Effect of exchange rate changes on cash and cash equivalents	(845)	2,800
Net increase (decrease) in cash and cash equivalents	(12,724)	9,235
Cash and cash equivalents at beginning of year	35,011	22,287
Cash and cash equivalents at end of year	22,287	31,522

(5) Going concern assumptions: Not applicable

(6) Segment Information

1. Outline of business reportable segment

(1) Classification of business reportable segment

The business segments Capcom reports are the business units for which Capcom is able to obtain individual financial information separately in order for the board of directors to conduct periodic investigation to determine distribution of operational resources and evaluate their business performance.

Capcom has several operational headquarters, which plan comprehensive business strategies in domestic and overseas markets for their products and services, and develops its business activities.

Therefore Capcom's reportable segments are based on the products and services its operational headquarters deal in and are composed of the following 3 units; "Digital Contents", "Arcade Operations" and "Amusement Equipments".

(2) Product and service line

"Digital Contents" develops and distributes video and mobile games for consumers.

"Arcade Operations" operates amusement facilities which install amusement equipments.

"Amusement Equipments" manufactures arcade game machines and pachinko gambling machines etc. to be distributed to arcade operators and pachinko parlors.

(3) Information on change in reportable segment

Effective from the fiscal year ended 31 March, 2013, 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 next page.

2. Method of calculating sales and income (loss), identifiable assets and liabilities, and other items by reportable segment

The accounting procedure for the reportable segment is based on "Significant accounting policies"(disclosed in Japanese only). Income by reportable segment is calculated based on operating income on the consolidated statements of income.

3. Information on net sales and operating income (loss), identifiable assets and liabilities, and other items by reportable segment

Previous fiscal year (from April 1, 2011 to March 31, 2012)

(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	59,810	11,729	7,663	79,202	2,862	82,065	—	82,065
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	59,810	11,729	7,663	79,202	2,862	82,065	—	82,065
Operating income (loss)	12,888	1,787	890	15,566	877	16,444	(4,125)	12,318
Identifiable assets	51,543	8,006	8,294	67,844	2,931	70,776	27,471	98,247
Other items								
Depreciation and amortization	747	1,380	114	2,242	276	2,518	605	3,123
Increase in tangible and intangible fixed assets	2,331	936	232	3,500	509	4,009	143	4,153

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

2. Adjustments are as follows.

(1) Adjustments of operating income (loss) of -4,125 million yen include unallocated corporate operating expenses of -4,125 million yen.

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

(2) Adjustments of identifiable assets of 27,471 million yen include unallocated corporate identifiable assets of 27,471 million yen.

(3) Adjustments of increase in tangible and intangible fixed assets of 143 million yen are capital investment by headquarters.

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

Current fiscal year (from April 1, 2012 to March 31, 2013)

(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	63,636	10,944	16,783	91,363	2,711	94,075	—	94,075
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	63,636	10,944	16,783	91,363	2,711	94,075	—	94,075
Operating income (loss)	7,062	1,709	4,892	13,664	740	14,405	(4,253)	10,151
Identifiable assets	44,950	7,046	13,054	65,051	4,236	69,288	35,076	104,365
Other items								
Depreciation and amortization	1,067	1,186	235	2,489	253	2,743	663	3,406
Increase in tangible and intangible fixed assets	6,091	698	278	7,068	1,458	8,526	197	8,724

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

2. Adjustments are as follows.

(1) Adjustments of operating income (loss) of -4,253 million yen include unallocated corporate operating expenses of -4,253 million yen.

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

(2) Adjustments of identifiable assets of 35,076 million yen include unallocated corporate identifiable assets of 35,076 million yen.

(3) Adjustments of increase in tangible and intangible fixed assets of 197 million yen are capital investment by headquarters.

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

(Related information)

Previous fiscal year (from April 1, 2011 to March 31, 2012)

1. Information by product and service line

Capcom's reportable segments are based on the products and services its operational headquarters deal in, and the details are as shown on "Sales (1) Customers" of "3. Information on net sales and operating income (loss), identifiable assets, and other items by reportable segment".

2. Information by country or region

(1) Net sales

(Unit: Millions of yen)

Japan	North America	Europe	Other regions	Total
56,311	17,334	5,623	2,796	82,065

(Note) 1. The sales amounts are classified by country or region where customers are located.

2. Countries or regions that are not in Japan

(1) North America..... United States of America

(2) Europe..... European countries

(3) Other regions..... Asia and others

(2) Tangible fixed assets

The information is omitted as the balance of tangible fixed assets for Japan exceeded 90% or more of the total balance of tangible fixed assets for the consolidated balance sheet.

3. Information by major customer

The information is omitted as Capcom did not have any major customers the sales amount of which accounted for 10% or more of the total sales amount of the consolidated statement of income.

Current fiscal year (from April 1, 2012 to March 31, 2013)

1. Information by product and service line

Capcom's reportable segments are based on the products and services its operational headquarters deal in, and the details are as shown on "Sales (1) Customers" of "3. Information on net sales and operating income (loss), identifiable assets, and other items by reportable segment".

2. Information by country or region

(1) Net sales

(Unit: Millions of yen)

Japan	North America	Europe	Other regions	Total
63,531	19,012	8,312	3,218	94,075

(Note) 1. The sales amounts are classified by country or region where customers are located.

2. Countries or regions that are not in Japan

(1) North America..... United States of America

(2) Europe..... European countries

(3) Other regions..... Asia and others

(2) Tangible fixed assets

The information is omitted as the balance of tangible fixed assets for Japan exceeded 90% or more of the total balance of tangible fixed assets for the consolidated balance sheet.

3. Information by major customer

(Unit: Millions of yen)

Customer	Amount of net sales	Business segment
Fields Corporation	12,513	Amusement Equipments

[Impairment loss by reportable segment]

Previous fiscal year (from April 1, 2011 to March 31, 2012)

(Unit: Millions of yen)

	Reportable segment		Other	Corporate or elimination	Total
	Arcade Operations	Sub-total			
Impairment loss	80	80	—	—	80

Current fiscal year (from April 1, 2012 to March 31, 2013)

(Unit: Millions of yen)

	Reportable segment		Other	Corporate or elimination	Total
	Arcade Operations	Sub-total			
Impairment loss	58	58	—	—	58

[Amortization and balance of goodwill by reportable segment]

Previous fiscal year (from April 1, 2011 to March 31, 2012)

(Unit: Millions of yen)

	Reportable segment		Other	Corporate or elimination	Total
	Digital Contents	Sub-total			
Amortization	112	112	—	—	112
Balance	291	291	—	—	291

Current fiscal year (from April 1, 2012 to March 31, 2013)

(Unit: Millions of yen)

	Reportable segment			Other	Corporate or elimination	Total
	Digital Contents	Arcade Equipments	Sub-total			
Amortization	118	14	132	—	—	132
Balance	200	—	200	—	—	200

[Negative goodwill by reportable segment]

Previous fiscal year (from April 1, 2011 to March 31, 2012)

Not applicable

Current fiscal year (from April 1, 2012 to March 31, 2013)

Not applicable