

## (4) Consolidated statements of cash flows

(Unit: Millions of yen)

	Previous fiscal year from April 1, 2013 to March 31, 2014	Current fiscal year from April 1, 2014 to March 31, 2015
Cash flows from operating activities		
Net income before income taxes	5,315	10,701
Depreciation and amortization	4,638	3,535
Impairment loss	—	49
Amortization of goodwill	131	63
Decrease in allowance for doubtful accounts	(16)	(1)
(Decrease) increase in accrued bonuses	88	(3)
Decrease in allowance for sales returns	(100)	(87)
Increase in liabilities for retirement benefits	195	207
Interest and dividend income	(107)	(111)
Interest expense	96	85
Exchange (gain) or loss, net	(435)	(188)
Loss on sales and/or disposal of fixed assets	93	100
Loss on restructuring	5,537	—
Decrease (increase) in accounts receivable, trade	(6,351)	10,382
(Increase) decrease in inventories	1,196	(764)
(Increase) decrease in work-in-progress for game software	6,010	(6,443)
Increase in online contents in progress	(1,741)	(3,347)
(Decrease) increase in accounts payable, trade	4,806	(7,856)
(Increase) decrease in other current assets	1,975	(239)
Decrease in other current liabilities	(2,709)	(497)
Other	(3,219)	(393)
Sub total	15,404	5,187
Interest and dividends received	86	118
Interest paid	(98)	(85)
Income taxes paid	(2,190)	(934)
Net cash provided by operating activities	13,201	4,286
Cash flows from investing activities		
Payments into time deposits	(3,517)	—
Payment for acquisitions of tangible fixed assets	(2,203)	(5,465)
Proceeds from sales of tangible fixed assets	1	206
Payment for acquisitions of intangible fixed assets	(497)	(195)
Payment for purchase of investments in securities	(12)	(12)
Payment for other investing activities	(115)	(141)
Proceeds from other investing activities	189	111
Net cash used in investing activities	(6,155)	(5,496)
Cash flows from financing activities		
Net decrease in short-term borrowings	(10,000)	(1,050)
Proceeds from long-term borrowings	—	8,162
Repayments of long-term borrowings	(145)	(3,169)
Repayments of lease obligations	(383)	(406)
Payment for repurchase of treasury stock	(2,286)	(5)
Proceeds from sales of treasury stock	0	0
Dividends paid by parent company	(2,283)	(2,251)
Net cash provided by (used in) financing activities	(15,099)	1,278
Effect of exchange rate changes on cash and cash equivalents	2,648	1,811
Net increase (decrease) in cash and cash equivalents	(5,404)	1,879
Cash and cash equivalents at beginning of year	31,522	26,118
Cash and cash equivalents at end of year	26,118	27,998

(5) Notes to consolidated financial statements  
(Going concern assumptions) Not applicable

(Change in accounting policies)

(Adoption of “Accounting Standard for Retirement Benefits”)

Effective from the end of the fiscal year under review, Capcom has adopted “Accounting Standard for Retirement Benefits” (Accounting Standard Board of Japan (ASBJ) Statement No. 26, May 17, 2012, except for the provision of article 35) and “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012, except for the provision of article 67).

This has led to recognition of unrecognized actuarial differences and unrecognized prior service liabilities, which are presented as liabilities for retirement benefits.

In applying the above standard and its guidance, Capcom has followed the transition measures and disclosed its impact caused by this change on the accumulated other comprehensive income. As a result, as of the beginning of the fiscal year ended March 31, 2015 liabilities for retirement benefits decreased by 423 million yen and retained earnings increased by 273 million yen. The impacts on the per share information are disclosed on the each relating notes.

(Changes in presentation)

(Consolidated balance sheet)

“Online contents in progress”, which was included in “Other” under “Intangible fixed assets” in the previous fiscal year, is reported as a separate item from the fiscal year under review because of an increase in its significance. To reflect this change in presentation, reclassification has been made for consolidated financial statements for the previous fiscal year.

As a result, in the consolidated balance sheet for the previous fiscal year, 7,300 million yen in “Other” under “Intangible fixed assets” has been reclassified as 4,547 million yen in “Online contents in progress” and 2,753 million yen in “Other”.

(Consolidated statement of income)

“Compensation expenses” under “Non-operating expenses”, which was separately stated for the previous fiscal year, is included in “Other” from the fiscal year under review because it has been immaterial. To reflect this change in presentation, reclassification has been made for consolidated financial statements for the previous fiscal year.

As a result, in the consolidated statement of income for the previous fiscal year, 138 million yen in “Compensation expenses” and 27 million yen in “Other” under “Non-operating expenses” have been reclassified as 166 million yen in “Other”.

(Consolidated statement of cash flows)

“Net increase in online contents in progress”, which was included in “Other” under “Cash flows from operating activities” in the previous fiscal year, is reported as a separate item from the fiscal year under review because of an increase in its significance. To reflect this change in presentation, reclassification has been made for consolidated financial statements for the previous fiscal year.

As a result, in the consolidated statement of cash flows for the previous fiscal year, -4,960 million yen in “Other” under “Cash flows from operating activities” has been reclassified as -1,741 million yen in “Net increase in online contents in progress” and -3,219 million yen in “Other”.