



**Capcom Co., Ltd.**  
**(Tokyo and Osaka Exchanges,  
First Section, 9697)**

**3rd Quarter Report**  
**Fiscal year ending March 31, 2012**

# Forward-looking Statements

**Strategies, plans, outlooks and other statements that are not historical facts are based on assumptions that use information currently available and reasonable judgments. Actual performance may be significantly different from these statements for a number of reasons.**

**In the entertainment industry, which includes Capcom, performance may be highly volatile because of diversifying user needs and other changes in market conditions. Items that can affect Capcom's performance include: (1) the number of hit titles and sales volume in the Home Video Game Business, which accounts for the majority of sales; (2) progress in developing home video games; (3) the popularity of home video game players; (4) sales outside Japan; (5) changes in stock prices and exchange rates; (6) alliances with other companies concerning product development, sales and other operations; and (7) changes in market conditions. Please note that this is not a complete list of factors that can influence Capcom's operating results.**

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# Financial Highlights

# Consolidated Business Results

## 9 months results in FY3/11 vs. FY3/12

(Million Yen)

	2010/12	2011/12	Difference
Net sales	70,773	50,270	-20,503
Operating income	12,769	6,744	-6,025
Ordinary income	11,303	5,823	-5,480
Net income	6,836	3,242	-3,594

**Sales and earnings were down from one year earlier when performance benefited from the contributions of major new titles**

**“Monster Hunter 3 (Tri) G” contributed to third quarter sales and earnings in the Consumer Online Games business**

**Results of operations in other businesses were also generally in line with plans, resulting in a good performance overall.**

## Financial Highlights (Financial Position)

### Balance sheets as of March 31, 2011 vs. December 31, 2011

(Million Yen)

	2011/3	2011/12	Difference
<b>Current assets</b>	67,176	68,367	1,191
<b>Fixed assets</b>	23,232	23,043	-189
<b>Total assets</b>	90,408	91,410	1,002
<b>Current liabilities</b>	24,950	29,974	5,024
<b>Long-term liabilities</b>	7,450	6,635	-815
<b>Total liabilities</b>	32,400	36,609	4,209
<b>Total net assets</b>	58,007	54,800	-3,207
<b>Total liabilities and net assets</b>	90,408	91,410	1,002

# Financial Highlights (Financial Position)

## Major changes in balance sheet items

(Million Yen)

	2011/3	2011/12	Difference
Cash on hand and in banks	35,011	24,373	- 10,638
Work-in-progress for game software	10,443	22,061	11,618

### (1) Cash on hand and in banks

- Decreased mainly because of growth in work-in-progress for game software and stock repurchases

### (2) Work-in-progress for game software

- Continues to increase in association with progress with the development of titles to be launched in FY3/12 and afterward

(Million Yen)

	2011/3	2011/12	Difference
Short-term borrowings	3,711	13,605	9,894

### (3) Short-term borrowings

- Higher because of new loans

# Financial Highlights (Financial Position)

## Consolidated statements of cash flows

(Million Yen)

	2010/12	2011/12	Difference
Cash flows from operating activities	10,474	- 10,748	- 21,222
Cash flows from investing activities	- 1,909	- 4,229	- 2,320
Cash flows from financing activities	- 8,496	4,152	12,648

### **(1) Cash flows from operating activities**

- Cash was used by an increase in work-in-progress for game software and others

### **(2) Cash flows from investing activities**

- Cash was used by payments for time deposits with original maturities of over 3 months, acquisitions of tangible fixed assets and others

### **(3) Cash flows from financing activities**

- Cash was provided by short-term borrowings and others



# Point of Financial Highlights

# Growth Strategy Progress Report (1)

**More titles for the smartphone and SNS categories**

- **Beeline brand**

**More than 46 million downloads of Beeline titles** (as of December 31, 2011)

**Monthly active users increased about 30% over the past three months**  
(as of December 31, 2011)

**Plan to start distributing “Shrek®’s Fairytale Kingdom”**

- **Capcom brand**

**Now distributing “Monhan Tankenki Maboroshi no Shima” with GREE**

**Plan to start distributing “Minna to Monhan Card Master” with Mobage**

# Growth Strategy Progress Report (2)

### **Pipeline expansion**

- **Shortened development time for new titles for existing game series**

**Plan to launch “Resident Evil 6” worldwide in November 2012**

- **Introducing a new brand**

**Plan to launch “Dragon’s Dogma” worldwide in May 2012**

- **“ Captivate 2012” will be held from April 2 to 4**



# Business Segments

# Business Segments ( Consumer Online Games Business )

**Sales of “Monster Hunter 3 (Tri) G” pass the target of 1 million units in Japan**

## Sales of major titles for the 9 months

(Unit: Thousand )

Platform	Title	Region	Date	Sales
3DS	Monster Hunter 3 (Tri) G	Japan	12/10	1,200
PS3 Xbox 360	Ultimate Marvel vs. Capcom 3	Japan	11/17	600
		North America	11/15	
		Europe	11/18	
PS3 Xbox 360 PC	Dead Rising 2: Off The Record	Japan	10/13	500
		North America	10/11	
		Europe	10/14	

\*Sales for Japan include the entire Asian region.

\*Japanese version of “Dead Rising 2: Off The Record” for PC was launched in November 24.

# Business Segments ( Consumer Online Games Business )

**Absence of major titles in Japan and overseas responsible for declines in earnings and sales units**

## Operating highlights for the 9 months

(Million Yen)

	2009/12	2010/12	2011/12	Difference
Net sales	33,426	54,057	31,721	-22,336
Operating income	6,994	12,941	5,943	-6,998
Operating margin	20.9%	23.9%	18.7%	-

(Unit: Thousand )

	2009/12	2010/12	2011/12	Difference
Titles	55	37	46	9
Japan	4,300	7,500	5,000	-2,500
North America	2,400	3,900	2,500	-1,400
Europe	2,400	3,700	1,700	-2,000
Asia	200	400	200	-200
Total	9,300	15,500	9,400	-6,100

(Composition)

(Unit: Thousand )

	2009/12	2010/12	2011/12	Difference
Distribution Titles	750	550	900	350
Old Titles	4,500	3,700	3,300	-400

# Business Segments ( Consumer Online Games Business )

**Launching new titles in the fourth quarter  
“Dragon’s Dogma” to go on sale in May 2012**

## FY2011 Sales Plan for Major Titles

(Unit: Thousand )

Platform	Title	Region	Date	Plan
PS3 Xbox 360	Resident Evil: Operation Raccoon City	Japan	2012/4/26	2,000
		North America	2012/3/20	
		Europe	2012/3/23	
PS3 Xbox 360	Street Fighter X Tekken	Japan	2012/3/8	2,000
		North America	2012/3/6	
		Europe	2012/3/9	

\*Sales for Japan include the entire Asian region.

# Business Segments ( Consumer Online Games Business )

**Aiming to reach the fiscal year forecast  
though revising sales units plan**

## Plan for FY3/12

(Million Yen)

	2010/3	2011/3	2012/3 Plan	Difference
Net sales	43,702	70,269	58,000	-12,269
Operating income	7,835	12,499	11,000	-1,499
Operating margin	17.9%	17.8%	19.0%	-

(Unit: Thousand )

	2010/3	2011/3	2012/3 Plan	Difference
Titles	72	53	65	12
Japan	5,200	9,000	6,800	-2,200
North America	3,600	6,000	5,400	-600
Europe	3,400	5,000	3,700	-1,300
Asia	300	500	600	100
Total	12,500	20,500	16,500	-4,000

(Composition) (Unit: Thousand )

	2010/3	2011/3	2012/3 Plan	Difference
Distribution Titles	1,000	650	1,000	350
Old Titles	5,500	4,000	4,000	0

## Business Segments ( Mobile Contents Business )

**Big increases in sales and earnings due to the strong performance of social games for smartphones in Japan and overseas**

### Operating highlights for the 9 months

- **Beeline brand**

“Snoopy’s Street Fair” (iOS) performed well chiefly in Japan and Asia

- **Capcom brand**

“Resident Evil Outbreak Survive” (GREE) posted strong sales

Registered members of “Monhan Tankenki Maboroshi no Shima” (GREE) surpassed 500,000

### Business results for the 9 months

(Million Yen)

	2009/12	2010/12	2011/12	Difference
Net sales	-	2,383	4,008	1,625
Operating income	-	472	1,365	893
Operating margin	-	19.8%	34.1%	-

## Business Segments ( Mobile Contents Business )

**Moving faster to develop SNS and smartphone games  
Aggressively promoting the Beeline and Capcom brands worldwide**

### Outlook for remainder of FY3/12

- **Beeline brand**

“Snoopy’s Street Fair” (iOS) is expected to start making a contribution to earnings

Plan to start distributing “Shrek®’s Fairytale Kingdom” (iOS) in the first half of 2012

- **Capcom brand**

Distribution of “Minna to Monhan Card Master” (Mobage) will begin on February 21

Increasing the lineup of content sold in Japan with leveraging powerful brands

### Plan for FY3/12

(Million Yen)

	2010 /3	2011/3	2012/3 Plan	Difference
Net sales	3,554	4,028	6,000	1,972
Operating income	745	1,366	1,900	534
Operating margin	21.0%	33.9%	31.7%	-

## Business Segments ( Arcade Operations Business )

A solid performance backed by extensive cuts to arcade operating expenses and the installation of Capcom medal machines

### Operating highlights for the 9 months

- Existing arcade sales were the same as one year earlier
- Two new Capcom medal machines generated strong income

### Business results for the 9 months

(Million Yen)

	2009/12	2010/12	2011/12	Difference
Net sales	8,935	8,727	8,805	78
Operating income	448	938	1,490	552
Operating margin	5.0%	10.7%	16.9%	-
Year-to-Year Ratio of Existing arcades	84%	100%	100%	-

### Number of arcades

(Facilities)

	2010/3	2011/3	2011/12	2012/3(Plan)
New arcades	0	0	0	0
Closing arcades	2	1	0	0
<b>Total</b>	<b>38</b>	<b>37</b>	<b>37</b>	<b>37</b>

## Business Segments ( Arcade Operations Business )

**Aiming to improve profitability by making operations more efficient and cutting costs**

### Outlook for remainder of FY3/12

- Continuing to focus on efficient operations by holding down costs
- Expect existing arcade sales to be 2% higher than in the previous fiscal year

### Plan for FY3/12

(Million Yen)

	2010/3	2011/3	2012/3 Plan	Difference
Net sales	11,985	11,621	11,700	79
Operating income	590	1,131	1,700	569
Operating margin	4.9%	9.7%	14.5%	-
Year-to-Year Ratio of Existing Stores	86%	99%	102%	-

## Business Segments ( Amusement Equipments Business )

**Profitable due to solid performance supported by new product introductions in both business sectors**

### Operating highlights for the 9 months (P&S Business)

- Launched “Street Fighter IV,” an original Capcom machine, and sales have been in line with plans

### Operating highlights for the 9 months (Arcade Games Sales Business)

- Introduction of new medal machines has improved profitability
  - “Monster Hunter Medal Hunting” – Installation started in November 2011
  - “Monhan Nikki Sugoroku Airu Mura” – Installation started in December 2011

### Business results for the 9 months

(Million Yen)

	2009/12	2010/12	2011/12	Difference
Net sales	-	2,849	3,682	833
Operating income	-	444	20	-424
Operating margin	-	15.6%	0.5%	-

\*Pachinko & Pachislo is about 60% of net sales, and Arcade Games Sales about 40%

## Business Segments ( Amusement Equipments Business )

Aiming to reach the fiscal year forecast in the P&S business by introducing machines made for other companies

### Outlook for remainder of FY3/12 (P&S Business)

- Plan to start installing one model that was made for another company

### Outlook for remainder of FY3/12 (Arcade Games Sales Business)

- Operations are centered on repeat sales of current products

### Plan for FY3/12

(Million Yen)

	2010/3	2011/3	2012/3 Plan	Difference
Net sales	4,545	7,903	7,700	-203
Operating income	-347	2,638	1,000	-1,638
Operating margin	-7.6%	33.4%	13.0%	-

\*Pachinko & Pachislo is about 60% of net sales, and Arcade Games Sales about 40%



**Forecast for fiscal year ending  
March 31, 2012**

## Fiscal 2011 Forecasts

**No change in fiscal year forecast as all businesses are performing well**

(Million yen)

	9 months ended Dec. 31, 2011	March 31, 2012 ( Forecast)	Vs. FY3/11 (%)
Net sales	50,270	86,000	88.0%
Operating income	6,744	12,100	84.6%
Ordinary income	5,823	12,000	93.3%
Net income	3,242	7,000	90.3%

**No change in the forecast announced on May 6, 2011**

**Forecast for fiscal year earnings per share: ¥120.87**

**Forecast for fiscal year dividend per share: ¥40 (sum of ¥15 first half  
dividend  
and ¥25 year-end dividend)**



# **Additional Information**

## **Summary of Major Financial Information**

# Summary of Major Financial Information

## Profit and Loss Sheet

	2010/3	2011/3	2012/3 E	%	2011/12
Net sales	66,837	97,716	86,000	88.0%	50,270
Gross profit	24,720	37,304	35,100	94.1%	20,458
% of Gross profit	37.0%	38.2%	40.7%	-	40.7%
Sales and G&A expenses	19,133	23,009	23,000	100.0%	13,714
Operating income	5,587	14,295	12,100	84.6%	6,744
% of Operating income	8.4%	14.6%	14.1%	-	13.4%
Ordinary income	5,530	12,861	12,000	93.3%	5,823
% of Ordinary income	8.3%	13.2%	14.0%	-	11.6%
Net income	2,167	7,750	7,000	90.3%	3,242
% of Net income	3.2%	7.9%	8.1%	-	6.4%

## Sales by Business Segments

		2010/3	2011/3	2012/3 E	%	2011/12
Consumer Online Games	Net sales	43,702	70,269	58,000	82.5%	31,721
	Operating income	7,835	12,499	11,000	88.0%	5,943
	Operating margin	17.9%	17.8%	19.0%	-	18.7%
Mobile Content	Net sales	3,554	4,028	6,000	149.0%	4,008
	Operating income	745	1,366	1,900	139.1%	1,365
	Operating margin	21.0%	33.9%	31.7%	-	34.1%
Arcade Operations	Net sales	11,985	11,621	11,700	100.7%	8,805
	Operating income	590	1,131	1,700	150.3%	1,490
	Operating margin	4.9%	9.7%	14.5%	-	16.9%
Amusement Equipments	Net sales	4,545	7,903	7,700	97.4%	3,682
	Operating income	-347	2,638	1,000	37.9%	20
	Operating margin	-7.6%	33.4%	13.0%	-	0.5%
Others	Net sales	3,049	3,893	2,600	66.8%	2,051
	Operating income	1,016	1,098	700	63.8%	816
	Operating margin	33.3%	28.2%	26.9%	-	39.8%

## Sales by Geographic Area

	2010/3	2011/3	2012/3 E	%	2011/12
Japan	47,269	67,033	55,000	82.0%	40,763
North America	10,825	19,340	20,500	106.0%	6,669
Europe	7,813	9,966	9,000	90.3%	2,279
Other territories	928	1,376	1,500	109.0%	558