



**Capcom Co., Ltd.**

**(Tokyo - Osaka Stock Exchange, Symbol: 9697)**

**Consolidated Financial Statements  
of the Year ended March 31, 2007**



## < Contents >

- 1. Consolidated Statements of Income** . . . P2
- 2. Business Segment Breakdown** . . . P8
- 3. Consolidated Balance Sheets** . . . P13
- 4. Consolidated Statements of Cash Flows** . . . P17



# **1. Consolidated Statements of Income of the Year ended March 31, 2007**

# Overview of Financial Results ended March 31, 2007

(units: Millions of yen)

|                  | 2006/3 | 2007/3 | Difference |
|------------------|--------|--------|------------|
| Net sales        | 70,253 | 74,542 | 4,289      |
| Operating income | 6,580  | 9,602  | 3,022      |
| Ordinary income  | 7,016  | 10,600 | 3,584      |
| Net income       | 6,941  | 5,852  | -1,089     |

- Compared to the period ended March 31, 2006, net sales, operating income, and ordinary income increased, while net income decreased from the previous year.

# Overview of Financial Results ended March 31, 2007

(units: Millions of yen)

|                  | 2006/3Plan | 2007/3 | Difference |
|------------------|------------|--------|------------|
| Net sales        | 68,400     | 74,542 | 6,142      |
| Operating income | 7,000      | 9,602  | 2,602      |
| Ordinary income  | 7,000      | 10,600 | 3,600      |
| Net income       | 3,900      | 5,852  | 1,952      |

- **As exhibited above, net sales, operating income, ordinary income and net income all exceeded initial expectations.**

# Summary of Financial Results ended March 31, 2007

(units: Millions of yen)

|           | 2006/3 | 2007/3 | Difference |
|-----------|--------|--------|------------|
| Net sales | 70,253 | 74,542 | 4,289      |

- **In Home Video Games business, titles “Dead Rising”, “Lost Planet”, and “Monster Hunter Freedom 2<sup>nd</sup>” all became million sellers, favorably contributed to results.**
- **Arcade Operations business saw the successful establishment of new locations continue.**

# Summary of Financial Results ended March 31, 2007

(units: Millions of yen)

|                  | 2006/3 | 2007/3 | Difference |
|------------------|--------|--------|------------|
| Operating income | 6,580  | 9,602  | 3,022      |

- **Three titles surpassed one million units each in sales greatly increased results.**
- **The number of titles with low profitability has been greatly reduced.**

(units: Millions of yen)

|                 | 2006/3 | 2007/3 | Difference |
|-----------------|--------|--------|------------|
| Ordinary income | 7,016  | 10,600 | 3,584      |

- **Interest income . . . 882 Million Yen**
  - Interest from assets in foreign currency contributed to an increase in profits.

# Summary of Financial Results ended March 31, 2007

(units: Millions of yen)

|            | 2006/3 | 2007/3 | Difference |
|------------|--------|--------|------------|
| Net income | 6,941  | 5,852  | -1,089     |

## ■ Adjustment of corporate tax and other tax ··· 3,058 Million Yen

- This period saw a normalization of our tax burden.
- Compared to the previous year, the period ended March 31, 2007 saw profits positively effected by Adjustment of Corporate Tax and Other Tax Corporate Tax Adjustment. (Previous Year: -2,413 Million Yen)

## **2. Business Segment Breakdown of the Year ended March 31, 2007**

## Summary of Financial Results per Business Segment ended March 31, 2007

(units: Millions of yen)

|                    | 2006/3 | 2007/3 | Difference |
|--------------------|--------|--------|------------|
| Home Video Games   | 42,718 | 43,813 | 1,095      |
| Arcade Operations  | 11,568 | 13,043 | 1,475      |
| Arcade Games       | 6,956  | 8,021  | 1,065      |
| Contents Expansion | 5,742  | 7,102  | 1,360      |
| Others             | 3,268  | 2,561  | -707       |
| Total              | 70,253 | 74,542 | 4,289      |

- Home Video Games business saw a large increase.**  
 (Detailed per-segment financial statements can be found in a separate report entitled “Business Divisional Strategies and Projections”.)

## Summary of Financial Results per Geographic segment ended March 31, 2007 (Japan)

(units: Millions of yen)

|       |                  | 2006/3 | 2007/3 | Difference |
|-------|------------------|--------|--------|------------|
| Japan | Net sales        | 48,683 | 50,074 | 1,391      |
|       | Operating income | 8,749  | 10,065 | 1,316      |
|       | Operating margin | 18.0%  | 20.1%  | 2.1%       |

- **Home Video Games business performed favorably, increased profit.**
  
- **However, other segments did not fare as well, resulting in an overall slight increase in operating margin for the Japanese territory.**

## Summary of Financial Results per Geographic segment ended March 31, 2007 (North America)

(units: Millions of yen)

|               |                  | 2006/3 | 2007/3 | Difference |
|---------------|------------------|--------|--------|------------|
| North America | Net sales        | 11,748 | 15,450 | 3,702      |
|               | Operating income | 173    | 1,443  | 1,270      |
|               | Operating margin | 1.5%   | 9.3%   | 7.8%       |

- **“Dead Rising” and “Lost Planet” lead the way for a favorable improvement in the sales.**
  
- **The establishment of a mobile contents business in the North American market led to some restraint in operating margin.**

## Summary of Financial Results per Geographic segment ended March 31, 2007 (Europe)

(units: Millions of yen)

|        |                  | 2006/3 | 2007/3 | Difference |
|--------|------------------|--------|--------|------------|
| Europe | Net sales        | 9,105  | 8,090  | -1,015     |
|        | Operating income | 40     | 1,016  | 976        |
|        | Operating margin | 0.4%   | 12.6%  | 12.1%      |

■ **Like the North American market, Europe saw two titles favorably received; however, the relative weakness of the title lineup compared to other territories led to lower net sales, but increased profits.**



# **3. Consolidated Balance Sheets of the Year ended March 31, 2007**

# Overview of Financial Results ended March 31, 2007

(units: Millions of yen)

|                                  | 2006/3 | 2007/3 | Difference |
|----------------------------------|--------|--------|------------|
| Current assets                   | 68,075 | 60,089 | -7,986     |
| Fixed assets                     | 30,381 | 31,389 | 1,008      |
| Total assets                     | 98,457 | 91,478 | -6,979     |
| Current liabilities              | 26,942 | 19,747 | -7,195     |
| Long-term liabilities            | 32,050 | 26,586 | -5,464     |
| Total liabilities                | 58,992 | 46,334 | -12,658    |
| Total net assets                 | 39,464 | 45,144 | 5,680      |
| Total liabilities and net assets | 98,457 | 91,478 | -6,979     |

# Overview of Financial Results ended March 31, 2007 — Note ①

(units: Millions of yen)

|                                       | 2006/3 | 2007/3 | Difference |
|---------------------------------------|--------|--------|------------|
| Cash and cash equivalents             | 40,453 | 35,020 | -5,433     |
| Game software products<br>in-progress | 6,348  | 3,415  | -2,933     |
| Total intangible fixed assets         | 333    | 2,277  | 1,944      |

## (1) Cash and cash equivalents

- Reduction of liability by redemption of convertible bonds (10 billion yen).

## (2) Game software products in-progress

- While large titles had been released, the improvements made to the title approval process means that approvals are given under a more stringent and selective process.

## (3) Total intangible fixed assets

- Intangible fixed assets increased as a result of the acquisition of a mobile contents developer.

# Overview of Financial Results ended March 31, 2007 — Note ②

(units: Millions of yen)

|  | 2006/3 | 2007/3 | Difference |
|--|--------|--------|------------|
| Convertible bonds repayable within 1 year      | 10,000 | —      | -10,000    |
| Other current liabilities                      | 5,420  | 8,417  | 2,997      |
| Convertible bonds issued after April 1st, 2002 | 11,500 | 6,635  | -4,865     |

## (4) Convertible bonds repayable within 1 year

- Redemption of “4<sup>th</sup> unsecured convertible bond” took place on March 30, 2007.

## (5) Other current liabilities

- Advance payments from customers increased.

## (6) Convertible bonds issued after April 1<sup>st</sup>, 2002

- Acceleration of Euro-Yen convertible bond conversion  
(Conversion price: 1,217 yen)

## **4. Consolidated Statements of Cash Flows of the Year ended March 31, 2007**

## Overview of Consolidate Cash Flows ended March 31, 2007 — Note ②

(units: Millions of yen)

|                                      | 2006/3  | 2007/3  | Difference |
|--------------------------------------|---------|---------|------------|
| Cash flows from operating activities | 13,921  | 16,063  | 2,142      |
| Cash flows from investing activities | -1,779  | -6,715  | -4,936     |
| Cash flows from financing activities | -18,259 | -15,206 | 3,053      |

### (1) Cash flows from operating activities

- Net income before tax greatly increased compared to previous periods ( 3 billion yen increase compared to the previous year), while the increase in accounts payable led to an increase in capital.

### (2) Cash flows from investing activities

- Increase of arcade facilities and acquisition of a mobile contents developer were a cause for expenditures.

### (3) Cash flows from financing activities

- Proceeds from convertible bonds issued after April 1<sup>st</sup>,2002 (10 billion yen) acquisition of treasury stock (3.2 billion yen)



**CAPCOM**