

**Consolidated financial results**  
**for the 9 months ended December 31, 2011 (Japan GAAP - Unaudited)**

Date of issue: February 2, 2012

Company name: CAPCOM Co., Ltd.

Stock listing: Tokyo, Osaka

Code number: 9697

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Filing date for financial report : February 3, 2012

Dividend payment date: —

Quarterly earnings supplementary explanatory materials : Yes

Quarterly earnings presentation : Yes (For institutional investors)

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

1. Results for the 9 months ended December 31, 2011 (from April 1, 2011 to December 31, 2011)

(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	%
9 months ended December 31, 2011	50,270	-29.0	6,744	-47.2	5,823	-48.5	3,242	-52.6
9 months ended December 31, 2010	70,773	41.6	12,769	165.1	11,303	135.7	6,836	294.8

Note: Comprehensive income 3rd quarter ended December 31, 2011 : 1,837 million yen (- 61.7%) 3rd quarter ended December 31, 2010 : 4,796 million yen (492.2%)

	Earnings per share of common stock	Diluted earnings per share of common stock
	Yen	Yen
9 months ended December 31, 2011	55.88	—
9 months ended December 31, 2010	115.71	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	Millions of yen	Millions of yen	%
3rd quarter ended December 31, 2011	91,410	54,800	60.0
Fiscal year ended March 31, 2011	90,408	58,007	64.2

Reference: Shareholders' equity: 3rd quarter ended December 31, 2011 : 54,800 million yen Year ended March 31, 2011 : 58,007 million yen

2. Dividends

Record date	Dividend per share				
	1st quarter- end	2nd quarter- end	3rd quarter- end	Year- end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2011	—	15.00	—	25.00	40.00
Year ending March 31, 2012	—	15.00	—		
Year ending March 31, 2012 (Forecast)				25.00	40.00

(Note) Changes in dividends forecast during the 9 months ended December 31, 2011 : No

3. Earnings forecast for the fiscal year ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

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, 2012	86,000	-12.0	12,100	-15.4	12,000	-6.7	7,000	-9.7	120.87

(Note) Changes in earnings forecast during the 9 months ended December 31, 2011 : No

#### 4. Others

(1) Changes in significant consolidated subsidiaries during the period: No

(2) Application of simplified methods in accounting principle for quarterly consolidated financial statements: Yes

(Note: Please refer to "2. Other information" on page 3 for more details.)

(3) Changes in accounting principles, accounting estimates and retrospective restatement for consolidated financial statements

① Changes resulting from amendment of the accounting standard: No

② Changes other than ①: No

③ Changes in accounting estimates: No

④ Retrospective restatement: No

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

① Number of shares outstanding (including treasury stock)

3rd quarter ended December 31, 2011:	67,723,244	Year ended March 31, 2010:	67,723,244
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② Number of treasury stock

3rd quarter ended December 31, 2011:	10,138,806	Year ended March 31, 2010:	8,637,817
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③ Average number of shares outstanding

9 months ended December 31, 2011:	58,022,925	9 months ended December 31, 2010:	59,086,360
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(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 regarding the consolidated business forecast] on page 3 for more details.

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## 1. Qualitative information regarding the consolidated business

### (1) The progress of the consolidated business results including related qualitative information

During the 9 months period ended December 31, 2011, the video game industry enjoyed a lively year-end holiday shopping season with the market showing increased activity for the first time in a long while, owing to the release of popular software in addition to the launch of new mobile game consoles and the price reduction of some hardware.

Meanwhile, the trend of structural change washes over the video game industry, with the rapid growth of affordable and easily accessible social games attributable to the rise of mobile phones and "smart phones".

Under these circumstances, Capcom enhanced the consumer online game business, which is our core business segment. At the same time, we endeavored to operate our business in line with changes in the market environment, taking in a social game company, which had been an affiliate of our U.S. subsidiary, as our direct subsidiary in order to achieve Group agility, as well as focusing our business resources on boosting the mobile contents business.

Additionally, Capcom pushed forward with collaboration based on major contents, such as the performance of the theatrical version of "Sengoku BASARA 3" in October 2011 in Osaka and Tokyo, as well as the launch of beverages based on popular characters, in order to leverage highly popular software to achieve increased visibility, expanded fan base and other synergistic effects.

As a result, net sales for the 9 months period under review were 50,270 million yen (down 29.0% from the same term previous year), operating income was 6,744 million yen (down 47.2% from the same term previous year), ordinary income was 5,823 million yen (down 48.5% from the same term previous year), and net income was 3,242 million yen (down 52.6% from the same term previous year), due in part to a decrease in sales in reaction to the surge during the same term previous year caused by the mass release of major consumer online game titles.

#### Status of each operational department

##### ① Consumer Online Games

In this business segment, "Monster Hunter 3(Tri) G", a feature title for Nintendo 3DS, sold over one million copies to achieve its projected sales, while another 3DS feature title "Resident Evil: The Mercenaries 3D" was also released.

Further, in addition to "Ultimate Marvel VS. Capcom 3" (for PlayStation 3, Xbox 360 and PlayStation Vita) and "Dead Rising 2: Off the Record" (for PlayStation 3 and Xbox 360) faring well mainly overseas, "Monster Hunter Freedom 3 HD Ver." (for PlayStation 3) and numerous other tie-up software were released.

Moreover, the online exclusive "Monster Hunter Frontier Online" series (for PC and Xbox 360) showed steady growth supported by its stable popularity.

The resulting net sales were 31,721 million yen (down 41.3% from the same term previous year) and the operating income was 5,943 million yen (down 54.1% from the same term previous year), due in part to the reaction to the release of multiple flagship titles during the same term previous year.

##### ② Mobile Contents

While "Snoopy's Street Fair" fared well in Japan and Asia, "Monhan Tankenki Maboroshi no Shima" released in late 2011 as the second game for GREE following "Resident Evil: Outbreak Survive" was also off to a good start.

As a result of "The Smurfs' Village", distributed jointly with Facebook, the world's largest SNS, continuing to enjoy success, Capcom's strategic brand "Beeline" titles contributed greatly to improving our earning capacity, with the number of domestic and overseas downloads totaling more than 46 million.

The resulting net sales were 4,008 million yen (up 68.2% from the same term previous year), and the operating income was 1,365 million yen (up 189.1% from the same term previous year).

### ③ Arcade Operations

This business segment focused on the promotion of customer-oriented community-based arcades not only through the organization of various events and renovation of existing arcades, but also by making efforts to attract senior citizens as a means of generating new demands. In spite of a slowdown in customer traffic and intensification of competition with other game consoles including smart phones, with which there is an overlap of the customer base, sales per customer increased as a result of these measures, along with the contribution mainly of proprietary medal winning game machines.

In the absence of closing or opening of arcades during the current period, the total number of arcades remains the same as the end of the previous fiscal period at 37.

The resulting net sales were 8,805 million yen (up 0.9% from the same term previous year), and the operating income was 1,490 million yen (up 58.9% from the same term previous year).

### ④ Amusement Equipments

With regards to arcade games, coin-operated games "Monster Hunter: Medal Hunting" and "Monhan Nikki Sugoroku Airu Mura" were released.

As for the Pachislo machines, "Street Fighter IV" showed steady performance as we engaged in contracted developments .

The resulting net sales were 3,682 million yen (up 29.2% from the same term previous year), and the operating income was 20 million yen (down 95.3% from the same term previous year).

### ⑤ Other Businesses

The net sales from other businesses, mainly character-related licensing royalties, were 2,051 million yen (down 25.6% from the same term previous year), and the operating income was 816 million yen (down 9.9% from the same term previous year).

#### (2) Qualitative information regarding the consolidated financial position

Total assets as of the end of third quarter increased by 1,001 million yen from the end of previous fiscal year to 91,410 million yen. The primary increases were 11,617 million yen in work-in progress for game software, 740 million yen for raw materials and supplies, and 630 million yen for merchandise and finished goods. The primary decreases were 10,638 million yen cash on hand and in banks and 1,743 million yen in notes and accounts receivable, trade.

Liabilities as of the end of third quarter increased by 4,208 million yen from the end of the previous fiscal year to 36,609 million yen. The primary increase was 9,894 million yen in short-term borrowings. The primary decreases were 1,686 million yen in accrued bonuses, 1,631 million yen in accrued income taxes and 1,151 million yen in notes and accounts payable, trade.

Net assets as of the end of third quarter decreased by 3,206 million yen from the end of the previous fiscal year to 54,800 million yen. The primary increase was 3,242 million yen in net income for the 9 months period. The primary decreases were 2,703 million yen in treasury stock, 2,340 million yen in cash dividends and 1,353 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, 2012 remains the same as what was projected at the financial results announcement on May 6, 2011.

## 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 second quarter, and multiplying income before income taxes by this estimated effective tax rate.

(3) Changes in the principle, procedures, and retrospective restatement

Not applicable

(4) Additional Information

Changes in accounting policies resulting from amendment of the accounting standard

Capcom started applying Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24, December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No.24 December 4, 2009) for accounting changes and the past error corrections since the beginning of this quarter.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Previous fiscal year (As of March 31, 2011)	Current 3rd quarter (As of December 31, 2011)
<b>Assets</b>		
Current assets		
Cash on hand and in banks	35,011	24,373
Notes and accounts receivable, trade	11,700	9,956
Merchandise and finished goods	849	1,480
Work-in-progress	340	337
Raw materials and supplies	1,075	1,816
Work-in-progress for game software	10,443	22,061
Other	7,793	8,380
Allowance for doubtful accounts	(37)	(38)
Total current assets	67,176	68,367
Fixed assets		
Tangible fixed assets, net of accumulated depreciation	13,532	13,132
Intangible fixed assets		
Goodwill	412	303
Other	2,658	2,932
Total intangible fixed assets	3,071	3,235
Investments and other assets		
Other	7,597	7,048
Allowance for doubtful accounts	(968)	(372)
Total investments and other assets	6,628	6,675
Total fixed assets	23,232	23,043
Total assets	90,408	91,410

(Unit: Millions of yen)

	Previous fiscal year (As of March 31, 2011)	Current 3rd quarter (As of December 31, 2011)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable, trade	5,665	4,513
Short-term borrowings	3,711	13,605
Accrued income taxes	3,443	1,811
Accrued bonuses	2,478	791
Allowance for sales returns	130	101
Other	9,520	9,149
Total current liabilities	24,950	29,974
<b>Long-term liabilities</b>		
Long-term borrowings	3,644	3,287
Accrued retirement benefits for employees	1,383	1,477
Other	2,422	1,870
Total long-term liabilities	7,450	6,635
Total liabilities	32,400	36,609
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	33,239	33,239
Capital surplus	21,328	21,328
Retained earnings	22,945	23,846
Treasury stock	(13,143)	(15,846)
Total shareholders' equity	64,370	62,568
<b>Accumulated other comprehensive income</b>		
Net unrealized gain or loss on securities, net of tax	(56)	(108)
Cumulative translation adjustments	(6,305)	(7,659)
Total valuation and translation adjustments	(6,362)	(7,767)
Total net assets	58,007	54,800
Total liabilities and net assets	90,408	91,410



(2) Consolidated statements of income and comprehensive income  
Consolidated statements of income

(Unit: Millions of yen)

	Previous 9 months from April 1, 2010 to December 31, 2010	Current 9 months from April 1, 2011 to December 31, 2011
Net sales	70,773	50,270
Cost of sales	42,132	29,840
Gross profit	28,641	20,429
Reversal of allowance for sales returns	—	28
Provision of allowance for sales returns	14	—
Net gross profit	28,626	20,458
Selling, general and administrative expenses	15,856	13,714
Operating income	12,769	6,744
Non-operating income		
Interest income	106	61
Dividend income	19	10
Gain on settlement of litigation	—	67
Other	62	99
Total non-operating income	188	238
Non-operating expenses		
Interest expense	116	85
Exchange loss, net	1,462	911
Other	76	161
Total non-operating expenses	1,655	1,158
Ordinary income	11,303	5,823
Special gains		
Gain on sales of tangible fixed assets	1	—
Reversal of allowance for doubtful accounts	24	—
Gain on sales of investments in securities	2	2
Other	4	—
Total special gains	33	2
Special losses		
Loss on sales and /or disposal of fixed assets	17	118
Loss on revaluation of investments in securities	257	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	204	—
Other	1	—
Total special losses	481	118
Net income before income taxes	10,855	5,707
Income taxes-current	4,974	1,681
Income taxes-deferred	(955)	784
Total income taxes	4,018	2,465
Net income before minority interests in gain or loss	6,836	3,242
Net income	6,836	3,242

## Consolidated statements of comprehensive income

(Unit: Millions of yen)

	Previous 9 months From April 1, 2010 to December 31, 2010	Current 9 months From April 1, 2011 to December 31, 2011
Net income before minority interests	6,836	3,242
Other comprehensive income		
Net unrealized gain or loss on securities, net of tax	(11)	(51)
Cumulative translation adjustments	(2,029)	(1,353)
Total other comprehensive income	(2,040)	(1,404)
Comprehensive income	4,796	1,837
Comprehensive income attributable to:		
Owners of the parent	4,796	1,837
Minority interests	—	—

## (3) Summary of statements of cash flows

(Unit: Millions of yen)

	Previous 9 months from April 1, 2010 to December 31, 2010	Current 9 months from April 1, 2011 to December 31, 2011
Cash flows from operating activities		
Net income before income taxes	10,855	5,707
Depreciation and amortization	2,335	2,259
Amortization of goodwill	164	83
Increase (decrease) in allowance for doubtful accounts	(22)	2
Decrease in accrued bonuses	(312)	(1,657)
Interest and dividend income	(126)	(71)
Interest expense	116	85
Exchange loss, net	1,456	886
Loss on sales and/or disposal of fixed assets	16	118
Gain on sales of investments in securities	(2)	(2)
Loss on revaluation of investments in securities	257	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	204	—
Decrease (increase) in accounts receivable, trade	(9,983)	1,515
Increase (decrease) in inventories	170	(1,471)
Increase (decrease) in work-in-progress for game software	1,875	(11,787)
Decrease (increase) in accounts payable, trade	1,548	(918)
Decrease (increase) in other current liabilities	2,135	(565)
Other	507	(817)
Sub total	11,196	(6,631)
Interest and dividends received	126	69
Interest paid	(115)	(84)
Payment of legal settlement	(161)	—
Income taxes paid	(570)	(4,102)
Net cash used in (provided by) operating activities	10,474	(10,748)
Cash flows from investing activities		
Purchase of time deposits with original maturities of over 3 months	—	(2,332)
Payment for acquisitions of tangible fixed assets	(1,311)	(1,648)
Proceeds from sales of tangible fixed assets	1	202
Payment for acquisitions of intangible fixed assets	(476)	(252)
Proceeds from sales of investments in securities	—	12
Payment for purchase of shares in a subsidiary	(488)	—
Other	365	(210)
Net cash used in investing activities	(1,909)	(4,229)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(8,500)	10,000
Proceeds from long-term borrowings	3,000	—
Repayments of long-term borrowings	(463)	(463)
Payment for repurchase of treasury stock	(1)	(2,703)
Proceeds from sales of treasury stock	0	—
Dividends paid	(2,067)	(2,340)
Other	(464)	(340)
Net cash provided by (used in) financing activities	(8,496)	4,152
Effect of exchange rate changes on cash and cash equivalents	(3,055)	(2,145)
Net decrease in cash and cash equivalents	(2,986)	(12,970)
Cash and cash equivalents at beginning of year	29,815	35,011
Cash and cash equivalents at end of year	26,828	22,041

(4) Going concern assumptions: Not applicable

(5) Segment Information

I Previous 9 months (from April 1, 2010 to December 31, 2010)

1. Information on net sales and operating income (loss)

(Unit: Millions of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Consumer online games	Mobile contents	Arcade operations	Amusement equipments	Total				
Sales									
(1) Customers	54,057	2,383	8,727	2,849	68,016	2,756	70,773	—	70,773
(2) Inter-segment	—	—	—	—	—	—	—	—	—
Total	54,057	2,383	8,727	2,849	68,016	2,756	70,773	—	70,773
Operating income(loss)	12,941	472	938	444	14,796	906	15,702	(2,933)	12,769

(Note) 1 "Other" incorporates operations not included in business segments reported, including character contents business etc.  
 2 Adjustments of segments (-2,933 million yen) include unallocated corporate operating expenses (-2,933 million yen).  
 3 Operating income (loss) for segment is adjusted on operating income on the quarterly consolidated statements of income.

2. Information on impairment loss and goodwill etc. by reportable segment

Not applicable

II Current 9 months (From April 1, 2011 to December 31, 2011)

1. Information on net sales and operating income (loss)

(Unit: Millions of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Consumer online games	Mobile contents	Arcade operations	Amusement equipments	Total				
Net sales									
(1) Customers	31,721	4,008	8,805	3,682	48,218	2,051	50,270	—	50,270
(2) Inter-segment	—	—	—	—	—	—	—	—	—
Total	31,721	4,008	8,805	3,682	48,218	2,051	50,270	—	50,270
Operating income(loss)	5,943	1,365	1,490	20	8,820	816	9,637	(2,892)	6,744

(Note) 1 "Other" incorporates operations not included in reportable segments, including character contents business etc.  
 2 Adjustments of segments (-2,892 million yen) include unallocated corporate operating expenses (-2,892 million yen).  
 3 Operating income (loss) for segment is adjusted on operating income on the quarterly consolidated statements of income.

2. Information on impairment loss and goodwill etc. by reportable segment

Not applicable

(6) Material changes in shareholders' equity

Repurchase of treasury stock

Capcom made a resolution to repurchase treasury stock through the board of directors' meeting held on June 8, 2011 in accordance with the articles of incorporation applied under the section 1 of the article 156 and the section 3 of the article 165 of the Companies act and implemented the repurchase.

Capcom repurchased treasury stocks of 1,500 thousands shares for 2,701 million yen from June 9, 2011 till July 20, 2011.