

**Consolidated financial results
for the year ended March 31, 2015 (Unaudited)**

Date of issue: May 7, 2015

Company name: CAPCOM Co., Ltd.

Stock listing: Tokyo

Code number: 9697

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Ordinary general shareholders' meeting : June 12, 2015

Dividend payment date: June 15, 2015

Filing date for financial report : June 15, 2015

Earnings supplementary explanatory materials :

Yes

Earnings presentation :

Yes (For institutional investors)

1. Results for the year ended March 31, 2015 (from April 1, 2014 to March 31, 2015)

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

(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, 2015	64,277	-37.1	10,582	2.7	10,851	-0.9	6,616	92.1
Year ended March 31, 2014	102,200	8.6	10,299	1.5	10,946	0.0	3,444	15.9

Note: Comprehensive income

Year ended March 31, 2015: 9,436 million yen (63.1%)

Year ended March 31, 2014: 5,786 million yen (0.1%)

	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, 2015	117.67	—	9.8	11.0	16.5
Year ended March 31, 2014	61.11	—	5.4	10.9	10.1

Reference: Equity in earnings (losses) of affiliates

Year ended March 31, 2015: — million yen

Year ended March 31, 2014: — 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, 2015	100,773	71,331	70.8	1,268.56
Year ended March 31, 2014	96,611	63,875	66.1	1,135.91

Reference: Shareholders' equity:

Year ended March 31, 2015: 71,331 million yen

Year ended March 31, 2014: 63,875 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, 2015	4,286	-5,496	1,278	27,998
Year ended March 31, 2014	13,201	-6,155	-15,099	26,118

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, 2014	—	15.00	—	25.00	40.00	2,249	65.5	3.6
Year ended March 31, 2015	—	15.00	—	25.00	40.00	2,249	34.0	3.3
Year ending March 31, 2016 (Forecast)	—	15.00	—	25.00	40.00		29.2	

3. Earnings forecast for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

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, 2016	76,000	18.2	12,000	13.4	11,700	7.8	7,700	16.4	136.94

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: | No |
| ④ Retrospective restatement: | No |

(Note)

For more details, please see "4. Summary of consolidated financial statements (5) Notes to consolidated financial statements" on the page 18.

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

① Number of shares outstanding (including treasury stock)			
Year ended March 31, 2015:	67,723,244	Year ended March 31, 2014:	67,723,244
② Number of treasury stock			
Year ended March 31, 2015:	11,493,262	Year ended March 31, 2014:	11,490,124
③ Average number of shares outstanding			
Year ended March 31, 2015:	56,231,879	Year ended March 31, 2014:	56,377,377

(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 8. 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, 2015

During the fiscal year ended March 31, 2015, the Japanese economy remained on a recovery trend supported by the improvement in employment environment and healthy capital investments, in addition to the yen's depreciation and the rising stock prices.

In our industry, though the package segment of the domestic market has continued to show signs of maturity due to the decentralization of the entertainment industry, the overall home video game market including the download segment has entered a growth cycle, as exemplified by the high popularity of the Tokyo Game Show 2014 held in September 2014, which attracted over 250,000 visitors, the second-highest number in its history.

Meanwhile, the social game market, which goes well with smartphones, continued to grow.

In the game arcade market, under the circumstances in which sales of existing arcades remained sluggish, industry-wide efforts were made to revitalize the market such as fan service and appreciation events held on the annual "Game Day" (November 23).

In such an environment, with regard to the home video games business, which is Capcom's core business, sales of "Monster Hunter 4G" (including "Monster Hunter 4 Ultimate") (for New Nintendo 3DS and Nintendo 3DS), which is expected to be a huge success, grew steadily supported by its strong popularity. Aiming to diversify distribution channels, the Company focused on digital download sales, which are expected to deliver a sustainable growth going forward. The Company also worked to streamline and reinforce its development function in order to shorten the development lead time and cut development costs for video game software by, for example, introducing a large 3D scanning system.

Moreover, in addition to measures aimed at reorganizing the business structure of its Mobile Contents business and others, the Company endeavored to improve its profits by reducing the cost of sales and cutting back on selling, general and administrative expenses.

In addition, the Company implemented a wide-ranging Single Content Multiple Usage Development, including "Resident Evil" and "Monster Hunter" events held at the Universal Studios Japan (USJ) and sales of game character glasses in collaboration with MEGANE TOP Co., Ltd.

On the other hand, the Pachinko & Pachislo business was forced to delay the introduction of a new model due to the revision in pachislo model certification method by the Security Communications Association starting on September 16, 2014.

Given the above, due to the delay in the introduction of a new model in the Pachinko & Pachislo business combined with the downturn in "Monster Hunter 4" (for Nintendo 3DS), a mega hit in the previous fiscal year, consolidated sales for the fiscal year ended March 31, 2015 were 64,277 million yen (down 37.1% from the previous fiscal year).

On the other hand, as profitability improved owing to an increase in digital download sales and the successful implementation of profitability improvement measures such as cost reduction efforts, operating income was 10,582 million yen (up 2.7% from the previous fiscal year), ordinary income was 10,851 million yen (down 0.9% from the previous fiscal year), and net income was 6,616 million yen (up 92.1% from the previous fiscal year).

The Company endeavors to employ people with diverse backgrounds from the perspective of diversity management and conducts personnel recruiting and evaluation without prejudice based on one's nationality, gender, age, etc. As part of such efforts, the Company is pushing forward with, for example, promoting women to management positions, securing and developing human resources that can function effectively in a global workplace, and employing handicapped persons. As a result, the Company currently employs 21 women in a management position (10.0% of all the employees in a management position) and 69 foreigners (3.4% of all the employees).

Status of each operational department

① Digital Contents business

In the Digital Contents business, sales of the special feature title "Monster Hunter 4G" (including "Monster Hunter 4 Ultimate") (for New Nintendo 3DS and Nintendo 3DS) were largely in line with the plan and sales of "Ultra Street Fighter IV" (for PlayStation 3, Xbox 360, and PC) targeting overseas markets were also solid, reflecting its strong popularity.

"Resident Evil Revelations 2" (for PlayStation 3, PlayStation 4, Xbox 360, Xbox One, and PC), which is sold in a variety of purchase options (separate digital download sales of each episode followed by package sales), has also made a strong start.

In addition to the satisfactory sales of "Dead Rising 3" (for Xbox One and PC), which was a million seller in the previous fiscal year, a steady increase in the sales volume of digital download sales of repeat titles contributed to profits due to their high profitability.

On the other hand, sales of "Gaist Crusher God" (for Nintendo 3DS) were below expectations. Moreover, although there was a lack of major titles among Capcom's mobile phone contents with certain exceptions including "Monster Hunter Freedom Unite for iOS", the overhaul of the profit structure contributed to profitability improvement.

However, overall sales did not offset the aforementioned downturn in "Monster Hunter 4" (for Nintendo 3DS).

The resulting net sales were 45,351 million yen (down 31.1% from the previous fiscal year), and operating income was 10,208 million yen (up 127.4% from the previous fiscal year).

②Arcade Operations business

In the Arcade Operations business, with the market continuing to be weak due to the increased diversity in how people spend leisure time, a lack of products that attract new customers, and other factors, Capcom strived to expand its customer base by acquiring new visitors such as senior and family customers in addition to the core younger generation customers. Specific measures taken included free experience tour offerings for elderly persons and the nationwide opening of five “Asobi Okoku peekaboo” sites targeting younger children.

However, business remained weak due to the underperformance of existing arcades, in addition to the impact of the consumption tax hike and fickle weather. During the fiscal year under review, a new arcade was open in Saitama Prefecture while one unprofitable arcade was closed, bringing the total number of arcades to 33.

The resulting net sales were 9,241 million yen (down 13.0% from the previous fiscal year), and operating income was 940 million yen (down 41.8% from the previous fiscal year).

③Amusement Equipments business

In the Pachinko & Pachislo sub-segment, although the product lineup lacked variety to some extent due to the delay in the introduction of a new model caused by the revision in pachislo model certification method by the Security Communications Association, “Sengoku BASARA 3” introduced in the first half of the current fiscal year as well as highly profitable repeat sales supported the revenue stream.

In the Arcade Games Sales sub-segment, business was generally weak due to a lack of strong products as sales centered on existing products.

The resulting net sales were 7,540 million yen (down 67.4% from the previous fiscal year), and operating income was 2,736 million yen (down 61.6% from the previous fiscal year).

④Other Businesses

The net sales from Other Businesses, mainly consisting of publication of game guidebooks and the sales of related goods, were 2,144 million yen (down 17.4% from the previous fiscal year), and operating income was 661 million yen (down 34.0% from the previous fiscal year).

Prospects for the next fiscal year

As for future outlook, the home video game market is expected to face a fierce competition for the platform leadership including the increasing competition for customers from the growing social game market. Moreover, diversification of business domains (for example, the provision of additional contents and virtual item purchases through online functions in addition to “offline” package sales) could entail a major change in the distribution of power in the market. However, such diversification should also contribute to the expansion of the overall market due to the related synergy effect.

In the changing market environment, Capcom will aim to expand revenue by, among others, launching major titles and strengthening digital download sales.

As part of such efforts, in order to effect a breakthrough in the continued weakness of the Mobile Contents sub-segment, the Company will strive to increase the number of customers by developing and offering attractive contents designed to increase customer satisfaction through the accumulation of operation knowhow and effective marketing activities, in addition to the improvement of the development process and the reinforcement of the management structure.

Meanwhile, though the Pachinko & Pachislo sub-segment will continue to face some uncertainty due to the revision in pachislo model certification method by the Security Communications Association, the Company will endeavor to launch new products as soon as possible by implementing business strategies to respond flexibly to the change in the environment such as the speedy development of new models based on specification changes to satisfy new standards and pass the new test.

The Company will also work to develop a corporate structure that can secure stable profit through the promotion of across-the-board management rationalization such as the increase in internal production rate, business efficiency improvement, and cost reduction.

While the domestic market is maturing, overseas markets are expected to grow further, particularly in Asia. In order to accelerate the business expansion in such growth markets, the Company will focus on expanding business in certain Asian countries such as China, South Korea, and Thailand by expanding online game distribution through alliance with local companies as well as establishing its own bridgehead.

In the fiscal year ending March 31, 2016, the Company is scheduled to introduce “Dragon’s Dogma Online” (for PlayStation 3, PlayStation 4 and PC) and a new mobile content “Monster Hunter Explore” in the market.

(2) Analysis of the consolidated financial position

① Analysis of assets, liabilities and net assets

(Assets)

Total assets as of the end of the fiscal year ended March 31, 2015 increased by 4,162 million yen from the end of the previous fiscal year to 100,773 million yen.

Primary increases were followings: 6,478 million yen in work-in-progress for game software, 3,347 million yen in online contents in progress, 2,497 million yen in construction-in-progress and 2,483 million yen in cash on hand and in banks. Primary decreases were 10,129 million yen in notes and accounts receivable, trade.

(Liabilities)

Total liabilities as of the end of the fiscal year ended March 31, 2015 decreased by 3,292 million yen from the end of the previous fiscal year to 29,442 million yen.

Primary increase was 4,540 million yen in long-term borrowings. Primary decreases were 5,937 million yen in electronically recorded monetary liabilities and 1,860 million yen in notes and accounts payable, trade.

(Net assets)

Net assets as of the end of the fiscal year ended March 31, 2015 increased by 7,455 million yen from the previous fiscal year to 71,331 million yen.

Primary increases were 6,616 million yen in net income for the year and 2,863 million yen in cumulative translation adjustments which related to foreign exchange translation of the net assets of foreign consolidated subsidiaries. Primary decrease was 2,249 million yen in cash dividends.

② Analysis of cash flow

Cash and cash equivalents as of the end of the fiscal year ended March 31, 2015 increased by 1,879 million yen from the end of the previous fiscal year to 27,998 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 4,286 million yen (13,201 million yen in the previous fiscal year). Primary items increasing cash flows were 10,701 million yen in net income before income taxes (5,315 million yen in the previous fiscal year), 10,382 million yen decrease in accounts receivable, trade (increase of 6,351 million yen in the previous fiscal year). Primary item decreasing cash flows were followings: 7,856 million yen decrease in notes and accounts payable, trade (increase of 4,806 million yen in the previous fiscal year), 6,443 million yen increase in work-in-progress for game software (decrease of 6,010 million yen in the previous fiscal year) and 3,347 million yen increase in online contents in progress (1,741 million yen in the previous fiscal year).

(Cash flows from investing activities)

Net cash used in investing activities was 5,496 million yen (6,155 million yen in the previous fiscal year).

Primary item used was 5,465 million yen in payment for acquisition of tangible fixed assets (2,203 million yen in the previous fiscal year).

(Cash flows from financing activities)

Net cash gained from financing activities was 1,278 million yen (15,099 million yen used in the previous fiscal year).

Primary item provided was 8,162 million yen provided from long-term borrowings (no long-term borrowings in the previous fiscal year). Primary items used were 3,169 million yen in repayments of long-term borrowings (145 million yen in the previous fiscal year), 2,251 million yen in dividends paid by parent company (2,283 million yen in the previous fiscal year) and 1,050 million yen net decrease in short-term borrowings (10,000 million yen in the previous fiscal year).

(Reference) Trends of cash flow indicators

	Year ended March 2011	Year ended March 2012	Year ended March 2013	Year ended March 2014	Year ended March 2015
Shareholders' equity ratio to total assets	64.2	60.4	60.2	66.1	70.8
Shareholders' equity ratio to total assets based on fair market value	103.9	110.8	81.4	114.0	133.3
Debt amortization ratio to cash flows	32.8	-	258.7	53.4	256.5
Interest coverage ratio	155.8	-	62.4	136.8	50.2

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 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.

The Company establishes an article to enable interim dividend payment in the Articles of Incorporation.

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) Key performance indicator

The Group's objective is to enhance corporate value through the continued expansion of businesses. We set ROE (return on equity) as our key performance indicator and strive to increase our capital efficiency by improving ROE in order to enhance corporate value, while focusing on cash flow management.

(3) Medium and long term business strategy

The Company Group places the fundamental strategy on Single Content Multiple Usage Strategy and contemplates to render globally multiple developments in numerous businesses on the basis of development of contents full of originality, which is the resource creating the corporate value.

- ① The Company holds a plenty of content assets, which were created by R&D creators of the Company Group, including more than 60 titles in the aggregate each of which products was sold more than one million units. Game content consists of characters, images, storyline, worldview, music and interactive operational convenience, each of which element is highly creative media art product. For example, the Company created a lot of highly popular titles such as “Resident Evil” Series, “Monster Hunter” Series and “Street Fighter” Series so that the Company holds numerous valuable assets. The Company has contemplated to develop package software business based on these content assets targeting at home video game consoles, the core business segment in markets in Japan, the North America and Europe.
- ② The Company Group promoted to the full extent the content assets business enriched by its package software business into the field other than home video game consoles business under the multiple usage strategy. The Company places emphasis on its development into PC online and mobile contents and in addition, further develops widely into a variety of fields, including Pachinko & Pachislo, amusement equipments, movies, animation, toys and meal and foods so that the Company intends to further enhance the brand value and profitability. Furthermore, with a view to materializing many types of publishing business based on the strength of digital contents, the Company develops new business opportunities upon promoting business collaborations with local enterprises in the rapidly growing Asian market while maintaining the Company’s superior position.

(4) Issues to be addressed

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

- ① Selection and concentration with respect to development investment
Grasping the development investment tended to increase due to the recent enhancement of function of game consoles as the best business resources of the Company, the Company seeks for the superior competitive position utilizing the strategic map by which the medium-term content development is foreseeable with a view to controlling earnings to the full extent attributable to the concentration and selection. Specifically, from the view point of management, the Company contemplates to optimize development process of each title under the lineup strategy taking into consideration marketability and profitability. As a result, the number of unprofitable titles not fitting market needs decreased and the ratio of internally produced titles increased, while the volume of development businesses out-sourced continuously reduced. The Company will strive to stabilize the strong earnings structure.
- ② Expansion and arrangement of development environment
With respect to expansion and arrangement of development environment for materializing effective development investment, first of all, with regard to personnel, the Company discharged to employ and train creators mainly from new graduates regularly and strengthened the allocation and management of development personnel and utilized to strategic map visualizing the development processes and improved the rate of operation so that the Company intends to enhance the quality of products and accumulate expertise.

Moreover, with regard to facilities, the Company progressed to expand and arrange for development environment including construction of new studio and made efforts to restrain development costs attributable to expansion of the rate of products internally produced and reduce development period.

③ Expansion of digital download contents

Recently, in the home video game software market, due to development of network infrastructure and establishment of online premium model, market and additional contents are downloaded steadily grew in particular in Europe and in the US where those markets were originated. The Company complied flexibly with diversified distribution manners and concentrated in expansion of digital download sales and strives to increase sales and profitability by promoting business consolidated with development, marketing and sales.

④ Strengthening PC online game development

In the PC online game market, in comparison with package software sales, since it is possible to sell additional items and contents upon watching reaction of the customers, there shall be a room to expand earnings from PC online products. The Company strives not only to enhance the competitiveness in the market by virtue of highly valued contents but also to secure continuously stabilized profit because of precise operation and accumulation of management expertise following the commencement of services.

In the outstandingly growing Asian markets, in cooperation with local leading enterprises having locally developing capability the Company will promote publishing business making use of the strength of digital contents to the full extent.

⑤ Strengthening Mobile Content business

With respect to mobile content business the Company will contemplate to revive in the market appealing its strength resulting from owning a plenty of famous contents from “Capcom brands”. Regarding the “Beeline brand” of Los Angeles the Company will focus its original strength among woman’s casual segments. With these excellent contents and the expansion of game management (precisely grasping users’ movements and reflecting them on the contents provided and other), both of which were synergistically developed, the Company will do the best to strengthen Mobile Content business.

⑥ Promotion of Pachinko & Pachislo Equipment and other related Amusement Equipments business

In the development of Pachinko & Pachislo Equipment business, making use of the famous contents like “Monster Hunter” and “Sengoku BASARA”, the Company intends to enhance the charm of equipments. Furthermore, due to strict regulations introduced by change of method to examine equipments from September 2014, the business environment looks not so clear, the Company does its best efforts to develop and increase types of equipments qualified to meet the requirement of the examination as soon as possible. As a consequence, if the Company is able continuously to provide multiple types of its frames, the Company expected to return to the right track again and open a new perspective.

On the other hand, in the Amusement Equipments business and Arcade Operations business, the Company is engaged in development of the equipment for which famous content was created and held event at the arcade operation.

⑦ Development and aggressive promotion of Character Contents business

The Company is engaged in aggressive development of copyright-related business of contents making use of famous and highly popular characters in the areas of television, animation, publishing, movies, dramas, toys, food and beverages and soliciting opportunities for further earnings. The Company is one of the best global

holders of titles. The Company holds various million-seller titles including “Resident Evil” and “Street Fighter” both of which were made to movies in Hollywood have been popular in overseas. On and hereafter, the Company will do its best efforts to aggressively promote Character Content business so that all brand value of the Company will enhance, and earnings of the Company will increase.

3. Basic views on the selection of accounting standards

Capcom group plans to continue preparing financial statements based on the standards of the Japanese Generally Accepted Accounting Principles (Japanese GAAP) for the time being in consideration of comparability among periods and other companies. We are in consideration whether to adopt the International Financial Reporting Standards (IFRS) in light of the ratio of foreign shareholders and trend of adoption of IFRS by other companies among gaming industry in Japan.

4. Summary of consolidated financial statements

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2014)	Current fiscal year (as of March 31, 2015)
Assets		
Current assets		
Cash on hand and in banks	29,720	32,204
Notes and accounts receivable, trade	18,134	8,005
Merchandise and finished goods	1,191	1,225
Work-in-progress	942	1,672
Raw materials and supplies	996	1,020
Work-in-progress for game software	10,355	16,833
Deferred tax assets	2,865	2,042
Other	2,355	2,712
Allowance for doubtful accounts	(55)	(56)
Total current assets	66,506	65,659
Fixed assets		
Tangible fixed assets, net of accumulated depreciation		
Buildings and structures, net	4,998	6,136
Machinery and vehicles, net	15	22
Tools, fixtures and furniture, net	1,208	1,578
Equipment for amusement facilities, net	1,431	1,101
Land	5,052	4,953
Leased assets, net	825	995
Construction-in-progress	44	2,541
Total tangible fixed assets	13,577	17,328
Intangible fixed assets		
Goodwill	67	—
Online contents in progress	4,547	7,895
Other	2,753	2,772
Total intangible fixed assets	7,368	10,668
Investments and other assets		
Investments in securities	542	621
Claim in bankruptcy and reorganization	65	66
Lease deposits	4,108	4,036
Deferred tax assets	3,699	1,595
Other	819	876
Allowance for doubtful accounts	(77)	(78)
Total investments and other assets	9,159	7,117
Total fixed assets	30,104	35,113
Total assets	96,611	100,773

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2014)	Current fiscal year (as of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	4,950	3,089
Electronically recorded monetary liabilities	6,926	988
Short-term borrowings	4,050	3,452
Lease obligations	370	483
Accrued income taxes	758	823
Deferred tax liabilities	93	147
Accrued bonuses	1,802	1,832
Allowance for sales returns	87	—
Asset retirement obligations	8	6
Other	6,499	6,421
Total current liabilities	25,547	17,246
Long-term liabilities		
Long-term borrowings	3,000	7,540
Lease obligations	519	589
Deferred tax liabilities	46	48
Liabilities for retirement benefits	2,158	2,101
Asset retirement obligations	404	489
Other	1,059	1,427
Total long-term liabilities	7,187	12,195
Total liabilities	32,735	29,442
Net assets		
Shareholders' equity		
Common stock	33,239	33,239
Capital surplus	21,328	21,328
Retained earnings	29,160	33,801
Treasury stock	(18,134)	(18,140)
Total shareholders' equity	65,593	70,228
Accumulated other comprehensive income		
Net unrealized gain or loss on securities, net of tax	99	170
Cumulative translation adjustments	(1,647)	1,215
Accumulated liabilities for retirement benefits	(169)	(283)
Total accumulated other comprehensive income	(1,717)	1,102
Total net assets	63,875	71,331
Total liabilities and net assets	96,611	100,773

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(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
Net sales	102,200	64,277
Cost of sales	72,251	38,379
Gross profit	29,949	25,898
Reversal of allowance for sales returns	100	87
Net gross profit	30,049	25,985
Selling, general and administrative expenses	19,749	15,403
Operating income	10,299	10,582
Non-operating income		
Interest income	97	98
Dividend income	10	13
Compensation income	210	92
Exchange gain, net	566	292
Other	238	168
Total non-operating income	1,122	664
Non-operating expenses		
Interest expense	96	85
Commissions	69	83
Loss on closing amusement facilities	142	142
Other	166	84
Total non-operating expenses	475	396
Ordinary income	10,946	10,851
Special losses		
Loss on sales and /or disposal of fixed assets	93	100
Impairment loss	—	49
Loss on restructuring	5,537	—
Total special losses	5,630	150
Net income before income taxes	5,315	10,701
Income taxes-current	950	1,146
Income taxes-deferred	920	2,937
Total income taxes	1,870	4,084
Net income before minority interests	3,444	6,616
Net income	3,444	6,616

Consolidated statements of comprehensive income

(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
Income before minority interests	3,444	6,616
Other comprehensive income		
Net unrealized gain on securities, net of tax	8	71
Cumulative translation adjustments	2,333	2,863
Adjustments for retirement benefits	—	(114)
Total other comprehensive income	2,341	2,820
Comprehensive income	5,786	9,436
Comprehensive income attributable to:		
Owners of the parent	5,786	9,436
Minority interests	—	—

(3) Consolidated statement of changes in net assets

Previous fiscal year (from April 1, 2013 to March 31, 2014)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2013	33,239	21,328	27,998	(15,848)	66,718
Cumulative impact due to changes in accounting policies					-
Balance as of March 31, 2013 reflecting the above impact	33,239	21,328	27,998	(15,848)	66,718
Changes of items during the previous fiscal year					
Cash dividends			(2,283)		(2,283)
Net income			3,444		3,444
Repurchase of treasury stock				(2,286)	(2,286)
Disposition of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the previous fiscal year	-	0	1,161	(2,286)	(1,124)
Balance as of March 31, 2014	33,239	21,328	29,160	(18,134)	65,593

	Accumulated other comprehensive income				Total net assets
	Net unrealized gain on securities, net of tax	Cumulative translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance as of March 31, 2013	91	(3,981)	-	(3,889)	62,828
Cumulative impact due to changes in accounting policies					-
Balance as of March 31, 2013 reflecting the above impact	91	(3,981)	-	(3,889)	62,828
Changes of items during the previous fiscal year					
Cash dividends					(2,283)
Net income					3,444
Repurchase of treasury stock					(2,286)
Disposition of treasury stock					0
Net changes of items other than shareholders' equity	8	2,333	(169)	2,172	2,172
Total changes of items during the previous fiscal year	8	2,333	(169)	2,172	1,047
Balance as of March 31, 2014	99	(1,647)	(169)	(1,717)	63,875

Current fiscal year (from April 1, 2014 to March 31, 2015)

(Unit: Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2014	33,239	21,328	29,160	(18,134)	65,593
Cumulative impact due to changes in accounting policies			273		273
Balance as of March 31, 2014 reflecting the above impact	33,239	21,328	29,433	(18,134)	65,866
Changes of items during the current fiscal year					
Cash dividends			(2,249)		(2,249)
Net income			6,616		6,616
Repurchase of treasury stock				(5)	(5)
Disposition of treasury stock		0		0	0
Net changes of items other than shareholders' equity					
Total changes of items during the current fiscal year	—	0	4,367	(5)	4,361
Balance as of March 31, 2015	33,239	21,328	33,801	(18,140)	70,228

	Accumulated other comprehensive income				Total net assets
	Net unrealized gain on securities, net of tax	Cumulative translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance as of March 31, 2014	99	(1,647)	(169)	(1,717)	63,875
Cumulative impact due to changes in accounting policies					273
Balance as of March 31, 2014 reflecting the above impact	99	(1,647)	(169)	(1,717)	64,149
Changes of items during the previous fiscal year					
Cash dividends					(2,249)
Net income					6,616
Repurchase of treasury stock					(5)
Disposition of treasury stock					0
Net changes of items other than shareholders' equity	71	2,863	(114)	2,820	2,820
Total changes of items during the current fiscal year	71	2,863	(114)	2,820	7,181
Balance as of March 31, 2015	170	1,215	(283)	1,102	71,331

(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”.

(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.

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 basically the same with that for the consolidated financial statements.

Income by reportable segment is calculated based on operating income on the consolidated statements of income.

As described in "Changes in accounting policies", effective from the current fiscal year, Capcom has changed the calculation method of its projected benefit obligations and service costs, which has an impact on each reportable segment as well.

The impact of this change on each reportable segment income or loss is insignificant.

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, 2013 to March 31, 2014)

(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	65,824	10,620	23,160	99,605	2,594	102,200	—	102,200
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	65,824	10,620	23,160	99,605	2,594	102,200	—	102,200
Operating income (loss)	4,489	1,617	7,131	13,238	1,001	14,240	(3,940)	10,299
Identifiable assets	35,708	6,657	20,083	62,449	4,331	66,780	29,830	96,611
Other items								
Depreciation and amortization	2,529	998	385	3,913	249	4,162	475	4,638
Increase in tangible and intangible fixed assets	6,227	881	327	7,436	127	7,563	500	8,064

(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 -3,940 million yen include unallocated corporate operating expenses of -3,940 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 29,830 million yen include unallocated corporate identifiable assets of 29,830 million yen.
- (3) Adjustments of increase in tangible and intangible fixed assets of 500 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, 2014 to March 31, 2015)

(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	45,351	9,241	7,540	62,133	2,144	64,277	—	64,277
(2) Inter-segment	—	—	—	—	—	—	—	—
Total	45,351	9,241	7,540	62,133	2,144	64,277	—	64,277
Operating income (loss)	10,208	940	2,736	13,884	661	14,545	(3,963)	10,582
Identifiable assets	50,053	6,315	8,760	65,128	6,534	71,662	29,110	100,773
Other items								
Depreciation and amortization	1,772	1,006	169	2,949	250	3,199	335	3,535
Increase in tangible and intangible fixed assets	5,103	504	526	6,134	2,368	8,502	1,674	10,177

(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 -3,963 million yen include unallocated corporate operating expenses of -3,963 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 29,110 million yen include unallocated corporate identifiable assets of 29,110 million yen.

(3) Adjustments of increase in tangible and intangible fixed assets of 1,674 million yen are capital investment by headquarters.

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

(Per share information)

Previous fiscal year (From April 1, 2013 to March 31, 2014)		Current fiscal year (From April 1, 2014 to March 31, 2015)	
Net assets per share	1,135.91 yen	Net assets per share	1,268.56 yen
Net income per share	61.11 yen	Net income per share	117.67 yen

- (Note) 1. The diluted net income per share for the current fiscal year is omitted as the Companies have no residual securities.
 2. As described in "Change in accounting policies", Capcom has adopted the new accounting standard and its guidance and followed the transition measures prescribed in article 37 of the standard.
 As a result, net assets per share has increased by 4.86 yen and the impact on the net income per share is expected to be insignificant.
 3. The basis for computation of net assets per share is as follows:

	Previous fiscal year (As of March 31, 2014)	Current fiscal year (As of March 31, 2015)
	(Unit: Millions of yen)	(Unit: Millions of yen)
Total amount of net assets	63,875	71,331
Amounts to be deducted from total amount of net assets	—	—
Ending balance of net assets attributable to common stock	63,875	71,331
Number of shares of common stocks used for computation of net assets per share (thousand shares)	56,233	56,229

4. The basis for computation of net income per share is as follows:

	Previous fiscal year (From April 1, 2013 To March 31, 2014)	Current fiscal year (From April 1, 2014 To March 31, 2015)
	(Unit: Millions of yen)	(Unit: Millions of yen)
Net income	3,444	6,616
Amount not allocated to common stock	—	—
Net income allocated to common stock	3,444	6,616
Average number of shares of common stock outstanding during the fiscal year (thousand shares)	56,377	56,231

(Significant subsequent events)

Not applicable

5. Others

(1) Change in directors

① Retiring directors

Director Kazuhiko Abe

Director Yoshifumi Yamashita

Director Katsuhiko Ichii

② Date of change in director

At the close of the 36th Ordinary General Meeting of Shareholders, scheduled for June 12, 2015 due to the expiration of the official term.