

**Consolidated financial results
for the 6 months ended September 30, 2009 (Unaudited)**

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Code number: 9 6 9 7
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Dividend payment date: November 20, 2009

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

1. Results for 6 months ended September 30, 2009 (from April 1, 2009 to September 30, 2009)

(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	%
6 months ended September 30, 2009	38,892	24.5	5,574	66.0	5,476	33.1	2,967	58.4
6 months ended September 30, 2008	31,236	—	3,357	—	4,115	—	1,873	—

	Earnings per share of common stock	Diluted earnings per share of common stock
	Yen	Yen
6 months ended September 30, 2009	48.30	48.12
6 months ended September 30, 2008	30.51	27.99

(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
2nd quarter ended September 30, 2009	90,102	57,546	63.9	953.46
Fiscal year ended March 31, 2008	106,210	59,349	55.9	961.38

Reference: Shareholders' equity: 2nd quarter ended September 30, 2009: 57,546 million yen Year ended March 31, 2009: 59,349 million yen

2. Dividends

Record date	Dividend per share				
	1st quarter- end	2nd quarter- end	3rd quarter- end	Year-end	Annual
Year ended March 31, 2009	—	20.00	—	15.00	35.00
Year ending March 31, 2010	—	15.00			
Year ending March 31, 2010 (Forecast)				20.00	35.00

(Note) 1. Changes in dividends forecast during the 2nd quarter ended September 30, 2009 : No

2. Breakdown of the dividends for the 2nd quarter ended September 30, 2008

5 yen commemorative dividend 15 yen ordinary dividend

3. Earnings forecast for the fiscal year ending March 31, 2010 (from April 1, 2009 to March 31, 2010)

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, 2010	95,000	3.4	15,500	6.0	14,700	6.5	8,500	5.4	139.31

(Note) Changes in earnings forecast during the 2nd quarter ended September 30, 2009 : No

4. Others

- (1) Changes in significant consolidated subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No
- (2) Application of simplified methods in accounting principle for quarterly consolidated financial statements: Yes
(Note: Please refer to [Qualitative information and Consolidated Financial Statements] on page 5, 4.Others for details.)
- (3) Changes in accounting principles, procedures and presentation for consolidated financial statements
(those items listed under the "Major Changes in the Fundamental Items of Consolidated Financial Statements")
- | | |
|--|----|
| Changes resulting from amendment of the accounting standard: | No |
| Changes other than : | No |
- (4) Number of shares outstanding (Common stock):
- | | | | |
|---|------------|------------------------------------|------------|
| Number of shares outstanding (including treasury stock) | | | |
| 2nd quarter ended September 30, 2009: | 67,489,062 | Year ended March 31, 2008: | 67,394,568 |
| Number of treasury stock | | | |
| 2nd quarter ended September 30, 2009: | 7,133,216 | Year ended March 31, 2008: | 5,660,792 |
| Average number of shares outstanding | | | |
| 6 months ended September 30, 2009: | 61,435,911 | 6 months ended September 30, 2008: | 61,390,096 |

(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. Please note that future events may cause the actual results to be significantly different from the forecasts.
- For the rational computation of forecasted net profit per share, the estimated average number of shares (61,013 thousand share: for the full fiscal year) was used .

[Qualitative information and Consolidated Financial Statements]

1. The progress of the consolidated business results including related qualitative information

The Japanese economy during the six months ended September 30, 2009, continued to level off despite inventory reduction, rising stock prices, and declining crude oil prices. Economic uncertainty still prevailed with stagnant consumer spending and a declining job market.

As for the video game industry, the Japanese domestic market has been on a downward trend, but it started to show some signs of recovery. Such an improvement, though not steady, is supported by the release of several large-scale titles that energized the home video game market.

In the overseas market, products of unique Japanese content are gaining popularity. Such an achievement was evident in successful expos and conferences, namely “Japan Expo” (France) and “Comic-Con International 2009” (USA), that introduced Japanese pop culture including games, “ANIME” animation, and “MANGA” cartoons. The fan base for Japanese pop culture is also expanding all over Asia.

The arcade industry overall is still in a downtrend and stagnating market hardly picked up. Struggling with this situation, we worked on nationwide sales promotions and various marketing events including “Monster Hunter Festa ‘09”.

In addition, Monster Hunter Tri ” (for Wii), our biggest featured product for the first half of the current year, was released to enormous popularity. Buyers stood in long lines at mass-retailers on its release date.

The resulting net sales increased to 38,892 million yen (up 24.5 % from the same term last year). As for profits, operating income increased to 5,574 million yen (up 66.0 % from the same term last year), and ordinary income increased to 5,476 million yen (up 33.1 % from the same term last year) though there was a rebound from the foreign exchange gain recorded during the same term last year. Net profit for the current period increased to 2,967 million yen (up 58.4 % from the same term last year) despite an increase in taxes.

Status of Each Operational Department

Home Video Games

In this business segment, the first shipment of “Monster Hunter Tri” (for Wii) surpassed a million units, and this flagship software enjoyed rapid sales.

“Ace Attorney INVESTIGATIONS: Miles Edgeworth” (for Nintendo DS), which was derived from Capcom’s popular software “Ace Attorney”, showed a healthy sales increase. “Resident Evil 5” (for PlayStation 3, Xbox 360), one of the most successful titles in the previous year, achieved steady growth, while “Monster Hunter

Freedom Unite” (for PSP) continued to grow supported by its established popularity.

“Sengoku BASARA Battle Heroes” (for PSP), which is the latest addition of the Sengoku BASARA series, also made a strong showing. The software started the so-called “REKIJO” (Japanese term for Japanese female history “Otaku”) boom in Japan and generated much public interest in Japan’s “Warring States” (SENGOKU) era.

Overseas sales remained soft partially because the release of “Dark Void” (for PlayStation 3, Xbox 360) was postponed until the latter half of this year. “Bionic Commando” (for PlayStation 3, Xbox 360) and “Monster Hunter Freedom Unite” (for PSP) also struggled.

The resulting net sales increased to 27,748 million yen (up 68.3 % from the same term last year), and the operating income increased to 7,299 million yen (up 100.7 % from the same term last year).

Arcade Operations

Under the severe market environment, we placed extra emphasis on acquiring new users, including women and families, while ensuring revisits from existing customers. Such efforts included installing various arcade games to satisfy diversified customer needs and offering special discount days. However, overall performance remained weak partially due to the intensifying competition with rival stores as well as to the bad weather this past summer.

We did not open or close any facilities during the first half of this fiscal year, and the total number of “Plaza Capcom” remained at 40.

The resulting net sales decreased to 6,249 million yen (down 8.7 % from the same term last year); however, the operating income slightly increased to 480 million yen (up 107.8 % from the same term last year) thanks to the success of the scrap and build strategy implemented in the second half of the previous year.

Arcade Games Sales

Due to declining demands, our main sales activity was to replace existing game machines. Overall sales remained weak due to a lack of new products and stagnating market conditions.

The resulting net sales decreased to 656 million yen (down 83.9 % from the same term last year), and the operating loss was 334 million yen (the operating income of 737 million yen was recorded in the same term last year).

Contents Expansion

In the area of contents distribution for mobile phones, “Monster Hunter Mobile” and “Apollo Justice: Ace Attorney” achieved steady growth. We also started the worldwide distribution of “Resident Evil: Degeneration”

for iPhone and iPod touch. The software performed favorably and attracted new users.

In the segment of the Pachislo slot machine business, we tried to make a breakthrough in the current slow market with a mid-to-long term strategic approach. However, any notable results were not achieved due to the harsh market environment as well as due to the fact that this business segment is still too immature to be fully developed.

The resulting net sales increased to 2,560 million yen (up 0.5 % from the same term last year), and the operating loss was 403 million yen (operating income of 261 million yen was recorded in the same term last year).

Other Businesses

The net sales from other businesses, mainly character-related licensing royalties, increased to 1,676 million yen (up 30.6 % from the same term last year), and the operating income increased to 668 million yen (up 28.0 % from the same term last year).

2. Qualitative Information Regarding the Consolidated Financial Position

Total assets as of the end of the six months ended September 30, 2009 decreased by 16,108 million yen from the end of previous fiscal year to 90,102 million yen. The primary increases were 8,740 million yen in cash on hand and in banks, and 2,702 million yen in work-in-progress for game software. The primary decrease was 24,654 million yen in notes and accounts receivable, trade.

Liabilities as of the end of the six months decreased by 14,306 million yen from the end of previous fiscal year to 32,555 million yen. The primary decreases were 7,000 million yen in notes and accounts payable, trade, and 5,055 million yen in short-term borrowings as a result of partial payment.

Net assets as of the end of the six months decreased by 1,802 million yen from the end of the previous fiscal year to 57,546 million yen.

The primary increase was 2,967 million yen in net income for the second quarter, and the primary decreases were 926 million yen in cash dividends, 2,704 million yen in repurchase of treasury stock, and the fluctuation of 1,271 million yen in cumulative translation adjustments (for the foreign currency translation of the net assets of consolidated overseas subsidiaries).

3. Qualitative Information Regarding the Consolidated Business Forecasts

The prospects of the consolidated business results for the current fiscal year ending March 31, 2010 remain the same as what was projected at the financial results announcement on May 8, 2009.

4. Others

(1) Transfer of major subsidiaries during the current quarter (transfer of certain subsidiaries that requires modification to the scope of consolidation). There were no applicable subsidiary transfers.

(2) The application of simplified accounting procedures and those procedures specific to the preparation of quarterly consolidated financial reports.

Computation method used for estimating bad debts in general receivables

The actual percentage of credit losses recorded at the end of the current quarter proved to be not significantly different from what was estimated at the previous fiscal year end. Therefore, the estimated bad debt is computed based on the actual percentage of credit losses at the previous fiscal year end.

Valuation of inventory

We eliminated the process of taking a physical stock inventory at the end of current quarter, and instead adopted a rational computation method which uses the actual ending inventory of the previous fiscal year as a base. As for devaluating the book value of inventory assets, the devaluation is applied only to those inventories whose profitability clearly decreased. The devaluation is based on the estimated net sale value of such inventories.

Computation method for corporation taxes, deferred tax assets, and deferred tax liabilities

The computation of corporation income taxes is based on the method that restricts taxable items, deductible items, or tax exempt items to only significant ones.

As for judging the ability to collect deferred tax assets, we confirmed that there has been no significant change in the business environments or in the generation of temporary difference since the previous fiscal year end. Therefore, we are applying the method that is based on the business prospects and tax planning used in the previous fiscal year.

For computing the tax expenses of our consolidated subsidiaries, we made a realistic estimate of the effective tax rate after applying the income tax allocation accounting to the net profit before tax of the consolidated fiscal year including the current first quarter. We then applied the estimated effective tax rate to the net profit before tax of the current quarter. The adjustment of corporate tax and other tax is included in the corporate tax.

(3) Changes in the principle, procedures, and presentation methods in the preparation of consolidated quarterly financial reports

There were no applicable changes.

5 . Summary of consolidated financial statements

(1) Summary of consolidated balance sheets

(Unit: Millions of yen)

	Current 2nd quarter (as of September 30, 2009)	Previous fiscal year (as of March 31, 2009)
Assets		
Current assets		
Cash on hand and in banks	37,351	28,611
Notes and accounts receivable, trade	3,240	27,894
Merchandise and finished goods	1,076	1,746
Work-in-progress	1,556	2,097
Raw materials and supplies	2,893	2,745
Work-in-progress for game software	13,135	10,432
Other	5,106	5,661
Allowance for doubtful accounts	(237)	(383)
Total current assets	64,123	78,806
Fixed assets		
Tangible fixed assets, net of accumulated depreciation	14,624	15,217
Intangible fixed assets		
Goodwill	280	419
Other	3,100	3,154
Total intangible fixed assets	3,381	3,574
Investments and other assets		
Other	9,013	9,654
Allowance for doubtful accounts	(1,040)	(1,042)
Total investments and other assets	7,973	8,612
Total fixed assets	25,978	27,404
Total assets	90,102	106,210

(Unit: Millions of yen)

	Current 2nd quarter (as of September 30, 2009)	Previous fiscal year (as of March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	2,682	9,682
Short-term borrowings	10,711	15,766
Current portion of convertible bonds	285	400
Accrued income taxes	2,264	1,923
Accrued bonuses	963	2,091
Allowance for sales returns	285	313
Other	7,503	8,238
Total current liabilities	<u>24,695</u>	<u>38,415</u>
Long-term liabilities		
Long-term borrowings	4,711	5,067
Accrued retirement benefits for employees	1,280	1,171
Accrued retirement gratuities to directors	-	406
Other	1,867	1,800
Total long-term liabilities	<u>7,859</u>	<u>8,445</u>
Total liabilities	<u>32,555</u>	<u>46,861</u>
Net assets		
Shareholders' equity		
Common stock	33,096	33,039
Capital surplus	21,186	21,129
Retained earnings	19,041	17,000
Treasury stock	(10,719)	(8,015)
Total shareholders' equity	<u>62,604</u>	<u>63,152</u>
Valuation and translation adjustments		
Net unrealized gain on securities, net of tax	4	(12)
Cumulative translation adjustments	(5,062)	(3,790)
Total valuation and translation adjustments	<u>(5,057)</u>	<u>(3,803)</u>
Total net assets	<u>57,546</u>	<u>59,349</u>
Total liabilities and net assets	<u>90,102</u>	<u>106,210</u>

(2) Summary of consolidated statements of income

(Unit: Millions of yen)

	Previous 6 months from April 1, 2008 to September 30, 2008	Current 6 months from April 1, 2009 to September 30, 2009
Net sales	31,236	38,892
Cost of sales	19,232	23,008
Gross profit	12,004	15,883
Reversal of allowance for sales returns	70	27
Net gross profit	12,074	15,911
Selling, general and administrative expenses	8,716	10,336
Operating income	3,357	5,574
Non-operating income		
Interest income	406	143
Dividend income	17	16
Exchange gain, net	555	-
Other	80	126
Total non-operating income	1,060	286
Non-operating expenses		
Interest expense	41	88
Provision for allowance of doubtful accounts	178	2
Investment loss on equity method	0	-
Commission	34	92
Exchange loss, net	-	167
Other	48	32
Total non-operating expenses	302	384
Ordinary income	4,115	5,476
Special gains		
Reversal of allowance for doubtful accounts	4	17
Total special gains	4	17
Special losses		
Loss on sales and /or disposal of fixed assets	5	23
Loss on settlement of litigation	142	-
Total special losses	148	23
Net income before income taxes	3,971	5,470
Income taxes-current	305	2,284
Income taxes-deferred	1,793	219
Total income taxes	2,098	2,503
Net income	1,873	2,967

(3) Summary of statements of Cash Flows

	(Unit: Millions of yen)	
	Previous 6 months from April 1, 2008 to September 30, 2008	Current 6 months from April 1, 2009 to September 30, 2009
Cash flows from operating activities		
Net income before income taxes	3,971	5,470
Depreciation and amortization	1,839	1,595
Amortization of goodwill	247	137
Decrease in allowance for doubtful accounts	(141)	(144)
Interest and dividend income	(424)	(160)
Interest expense	41	88
Exchange loss (gain), net	(374)	265
Investment loss on equity method	0	-
Loss on sales and/or disposal of fixed assets	5	23
Loss on settlement of litigation	142	-
Decrease in accounts receivable, trade	8,828	24,379
Decrease (increase) in inventories	(2,497)	1,018
Increase in work-in-progress for game software	(5,155)	(2,891)
(Decrease) increase in accounts payable, trade	166	(6,903)
Decrease in other current liabilities	(2,663)	(1,175)
Other	(806)	(146)
Sub total	<u>3,179</u>	<u>21,557</u>
Interest and dividends received	448	161
Interest paid	(35)	(94)
Payment for settlement of litigation	(142)	-
Income taxes paid	(726)	(1,678)
Net cash provided by operating activities	<u>2,722</u>	<u>19,946</u>
Cash flows from investing activities		
Payment for acquisitions of tangible fixed assets	(1,321)	(775)
Proceeds from sales of tangible fixed assets	8	-
Payment for acquisitions of intangible fixed assets	(499)	(204)
Proceeds from sales of investments in securities	4	-
Other	(13)	112
Net cash used in investing activities	<u>(1,820)</u>	<u>(867)</u>
Cash flows from financing activities		
Repayments of short-term borrowings	(6)	(5,055)
Proceeds from long-term borrowings	1,400	-
Repayments of long-term borrowings	(1,757)	(355)
Payment for repurchase of treasury stock	(140)	(2,704)
Proceeds from sales of treasury stock	0	0
Dividend paid	(877)	(923)
Other	(60)	(160)
Net cash used in financing activities	<u>(1,440)</u>	<u>(9,199)</u>
Effect of exchange rate changes on cash and cash equivalents	721	(1,191)
Net increase in cash and cash equivalents	182	8,687
Cash and cash equivalents at beginning of year	32,763	28,611
Increase due to change in scope of consolidated subsidiaries	302	-
Cash and cash equivalents at end of year	<u>33,248</u>	<u>37,299</u>

(4) Going concern assumptions: Not applicable

(5) Segment Information

[Business segments]

Previous 6 months (from April 1, 2008 to September 30, 2008)

(Unit: Millions of yen)

	Home video games	Arcade operations	Arcade games	Contents expansion	Other businesses	Total	Elimination and corporate	Consolidated total
Net sales and operating income or loss								
Net sales								
(1) Customers	16,486	6,847	4,071	2,547	1,283	31,236	-	31,236
(2) Inter-segment	-	-	7	-	-	7	(7)	-
Total	16,486	6,847	4,079	2,547	1,283	31,243	(7)	31,236
Operating income or loss	3,637	231	737	261	522	5,390	(2,032)	3,357

Current 6 months (from April 1, 2009 to September 30, 2009)

(Unit: Millions of yen)

	Home video games	Arcade operations	Arcade games	Contents expansion	Other businesses	Total	Elimination and corporate	Consolidated total
Net sales and operating income or loss								
(1) Customers	27,748	6,249	656	2,560	1,676	38,892	-	38,892
(2) Inter-segment	-	-	-	-	-	-	-	-
Total	27,748	6,249	656	2,560	1,676	38,892	-	38,892
Operating income or loss	7,299	480	(334)	(403)	668	7,711	(2,137)	5,574

[Geographic areas]

Previous 6 months (from April 1, 2008 to September 30, 2008)

(Unit: Millions of yen)

	Japan	North America	Europe	Other regions	Total	Elimination and corporate	Consolidated total
Net sales and operating income or loss							
Net sales							
(1) Customers	24,913	3,581	2,183	557	31,236	-	31,236
(2) Inter-segment	1,476	785	-	12	2,274	(2,274)	-
Total	26,389	4,366	2,183	570	33,510	(2,274)	31,236
Operating income or loss	5,529	(228)	20	48	5,369	(2,011)	3,357

Current 6 months (from April 1, 2009 to September 30, 2009)

(Unit: Millions of yen)

	Japan	North America	Europe	Other regions	Total	Elimination and corporate	Consolidated total
Net sales and operating income or loss							
Net sales							
(1) Customers	27,906	6,098	4,371	515	38,892	-	38,892
(2) Inter-segment	3,272	654	54	29	4,011	(4,011)	-
Total	31,179	6,752	4,425	545	42,903	(4,011)	38,892
Operating income or loss	7,738	(454)	255	118	7,657	(2,083)	5,574

[Overseas sales]

Previous 6 months (from April 1, 2008 to September 30, 2008)

(Unit: Millions of yen)

	North America	Europe	Other regions	Total
Overseas sales	3,769	1,869	1,159	6,798
Consolidated net sales				31,236
Percentage of overseas sales included in consolidated net sales (%)	12.1	6.0	3.7	21.8

Current 6 months (from April 1, 2009 to September 30, 2009)

(Unit: Millions of yen)

	North America	Europe	Other regions	Total
Overseas sales	6,499	3,850	1,389	11,739
Consolidated net sales				38,892
Percentage of overseas sales included in consolidated net sales (%)	16.7	9.9	3.6	30.2

(6) Significant changes in the amount of the shareholders' equity

Repurchase of treasury stock

We made a resolution to repurchase treasury stocks through the board of the directors' meeting held on July 30, 2009 in accordance with the articles of corporation applied under the section 1 of the article 156 and the section 3 of the article 165 of the Companies act.

As a result, we repurchased treasury stocks of 1,471 thousand shares for 2,703 million yen between August 1, 2009 and August 31, 2009.