

**Consolidated Financial Results for the 1st Quarter
of the Fiscal Year ending March 31, 2009 (Unaudited)**

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Note: Numbers are rounded down at Million Yen

1. Results for the 1st Quarter ended June 30, 2008 (from April 1, 2008 to June 30, 2008)

(1) Financial Results

Note: Percentage represents change against corresponding period of the previous year.

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1st Quarter ended June 30, 2008	16,352	-	2,978	-	4,024	-	2,382	-
1st Quarter ended June 30, 2007	14,277	35.1	2,075	57.2	2,513	79.0	1,130	39.7

	Earnings per Share of Common Stock	Earnings per Share of Common Stock (Assuming Fully Diluted)
	Yen	Yen
1st Quarter ended June 30, 2008	38.96	35.58
1st Quarter ended June 30, 2007	20.02	16.92

(2) Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio to Total Assets	Assets Shareholders' Equity per Share
	Million Yen	Million Yen	%	Yen
1st Quarter ended June 30, 2008	91,705	56,595	61.7	923.10
Fiscal year ended March 31, 2008	93,606	53,660	57.3	881.13

Reference: Shareholders' equity: 1st Quarter ended June 30, 2008 : 56,595 Million yen Year ended March 31, 2008 : 53,660 Million yen

2. Dividends

	Dividend per Share				
	1st Quarter- end	2nd Quarter- end	3rd Quarter- end	Year-end	Annual
	yen	yen	yen	yen	yen
Year ended March 31, 2008	—	15.00	—	15.00	30.00
Year ending March 31, 2009	—				
Year ending March 31, 2009 (Forecast)		20.00	—	15.00	35.00

(Note) Changes in dividends forecast during this 1st Quarter : No

3. Forecast for the Fiscal Year ending March 31, 2009 (from April 1, 2008 to March 31, 2009)

Note: Percentage represents change against corresponding period of the previous year.

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Mid-Term Fiscal Period	34,700	-	3,300	-	3,400	-	1,800	-	29.40
Fiscal Year	95,300	14.7	14,600	11.3	14,800	20.6	8,600	10.1	140.36

(Note) Changes in forecast for the fiscal year during this 1st Quarter : No

4. Others

- (1) Changes in Major Subsidiaries during the Fiscal Year(changes in consolidated subsidiaries and affiliated companies with equity-method): No
- (2) Application of simple method to Accounting rules: 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 the revision of the accounting principles : | Yes |
| Changes other than : | Yes |
- (Note: Please refer to [Qualitative information and Consolidated Financial Statements] on page5, 4.Others for details.)

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

Number of shares outstanding at end of year (including treasury stock)

1st Quater ended June 30, 2008: 66,966,958	Year ended March 31, 2008: 66,719,458
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Number of treasury stock at end of period

1st Quater ended June 30, 2008: 5,656,986	Year ended March 31, 2008: 5,820,147
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Averaged common stock

1st Quater ended June 30, 2008: 61,155,205	1st Quater ended June 30, 2007: 56,454,841
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(Explanation about the appropriate usage of business prospects and other special notes)

- Effective from the first quarter of the current fiscal year, Capcom has applied "Accounting Standard for Quarterly Financial Report in (Accounting Standard Board of Japan(ASBJ) Statement No. 12; March 14, 2007) and "Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14; March 14, 2007). This financial report is prepared based on the "Regulations of Consolidated Quarterly Financial Statements".
- The above-mentioned business forecasts were prepared based on the information available as 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 estimated net profit per share for the current quarter, the estimated average number of shares during this quarter (61,233 thousand shares for the 2nd quarter, 61,271 thousand shares for the fiscal year) was used.

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

The Japanese economy during this first quarter, ended June 30, 2008 continued to level-off with an uncertain outlook for the future. Rising prices of crude oil and raw materials, slowing US economy, downturn in exports, and decreasing consumer spending are among those elements that adversely affected the economy.

As for the video game industry, now that all the new video game consoles have fully diffused among consumers, the market is generating great opportunities for software manufacturers. The growth of US and European markets has been also accelerated.

The arcade industry, on the other hand, continued to struggle in the severe business environment.

Under these circumstances, “Monster Hunter Fest 2008”, the series of events Capcom started in April of this year, was enthusiastically received among elated fans across Japan. The sales of “Monster Hunter Freedom 2G” (for PlayStation Portable) have been skyrocketing since its release on March 27, 2008. The feature of this new software allows up to four players utilizing Ad-hoc communications mode, and it is becoming a communication tool among young people. The popularity of “Monster Hunter Freedom 2nd G” reached the point where the software became a social phenomenon, creating the fad called “MON-HUN SEMPU” (which translates to “Whirlwind of Monster Hunter”).

We also pushed forward the improvement of sales system in order to expand the overseas market which has a great capacity to grow.

“Monster Hunter Freedom 2G” (for PlayStation Portable) led the growth of the business results for this first quarter, and the net sales increased to 16,352 million yen (up 14.5 % from the same term last year), operating income increased to 2,978 million yen (up 43.5% from the same term last year), ordinary income increased to 4,024 million yen (up 60.1 % from the same term last year), and net profit increased to 2,382 million yen (up 110.8 % from the same term last year).

Status of Each Operational Department

Home Video Games

In this business segment, “Monster Hunter Freedom 2G” (for PlayStation Portable) accomplished exceptional sales of approximately 2.4 million units, becoming the first Japanese software title for PlayStation Portable to achieve record breaking sales of over 2 million units. One of the most appealing characteristics of the software to its users was that they can fully enjoy the best of the Ad- hoc communications mode of PSP.

The performance of other software, mainly small-scale titles including spin-off software and repeated sales of existing products, underwent a favorable growth in general.

The resulting net sales increased to 1,046 million yen (up 31.5 % from the same term last year), and operating income increased to 3,556 million yen (up 89.9 % from the same term last year). The great contribution of “Monster Hunter Freedom 2G” drastically increased both sales and profits.

Arcade Operations

In this business segment, we tried to create demands and expand our customer base with a community-based approach while engaging the turbulent business environment. Such efforts included improving the efficiency of arcades operation and holding a variety of customer appreciation events.

However, the number of customer visits and average customer spending grew at a sluggish pace reflecting market stagnation and declining customer confidence, forcing us to struggle.

We opened one new arcade in Shimane Prefecture during the first quarter.

The resulting net sales decreased to 3,128 million yen (up 6.5% from the same term last year) and operating loss was 73 million yen (operating income of the same term last year was 261 million yen).

Arcade Games Sales

In this business segment, we introduced new video game machines, “Sengoku BASARA X (cross)” and “Fate/Unlimited Codes” with the purpose of taking full advantage of synergistic effects from our home video game software. We tried to expand sales through a differentiated marketing strategy, emphasizing the unique characteristics of each arcade game.

The introduction of a new game machine resulted in a successful outcome and the resulting net sales increased to 1,015 million yen (up 46.5 % from the same term last year). However operating loss of 245 million yen (operating loss of the same term last year was 167 million yen) was recorded due to an increase in development costs.

Contents Expansion

In this business segment, game distribution to mobile phones showed a healthy growth thanks to the stable income from “Ace Attorney” supported by its strong popularity. The sales of Pachislo-related devices remained weak due to the lack of shipments as we were in a preparation period, waiting for the full-scale operation to begin in the latter half of the current fiscal year.

The lack of the introduction of a new Pachislo-related device adversely affected the sales performance of this segment, and the resulting net sales decreased to 1,097 million yen (down 49.5 % from the same term last year) and operating income decreased to 279 million yen (down 66.3 % from the same term last year).

Other Businesses

The net sales from other businesses, mainly character-related licensing royalties, increased to 710 million yen (up 25.7 % from the same term last year), and operating income increased to 302 million yen (up 124.6 % from the same term last year).

2. Qualitative Information Regarding the Consolidated Financial Position

Assets decreased by 1,901 million yen to 91,705 million yen from the previous fiscal year end. This was mainly attributable to an increase of 2,070 million yen in Cash on hand and in banks, and a decrease of 7,736 million yen in notes and accounts receivable, as well as an increase of 2,558 million yen in work-in-progress for game software.

Liabilities decreased by 4,836 million yen to 35,109 million yen from the previous fiscal year end, due to a decrease of 2,186 million yen in notes and accounts payable, as well as to a decrease of 1,016 million yen in accrued bonuses and 521 million yen in accrued income taxes.

The net assets increased by 2,935 million yen to 56,595 million yen from the previous fiscal year end. This is mainly attributable to an increase by 922 million yen in retained earnings due to recording a net profit, and to dividend payments, as well as an increase of 1,058 million yen in the foreign currency translation adjustment account.

3. Qualitative Information Regarding the Consolidated Business Forecasts

The prospects of the consolidated business results for the current fiscal year ending March 31, 2009 remain the same as what were projected at the financial results announcement on May 20, 2008.

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 for estimating bad debts in general receivables

The actual percentage of credit losses recorded at the end of the current quarter was proved not to be 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 some of our subsidiaries, we made a rational 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

Effective as of the first quarter of the current fiscal year, Capcom has applied “Accounting Standard for Quarterly Financial Reporting” (Accounting Standard Board of Japan(ASBJ) Statement No. 12; March 14, 2007) and “Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14; March 14, 2007). In addition, the consolidated quarterly financial report is prepared based on the “Regulations of Consolidated Quarterly Financial Statements”.

Effective as of the first quarter of the current fiscal year, Capcom has applied “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9; July 5, 2006). There is no influence on profit and/or loss by this change.

Effective as of the first quarter of the current fiscal year, Capcom has applied “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statement” (ASBJ PITV No. 18; May 17, 2006), and made corrections necessary for the consolidated accounting.

As a result of such corrections, each of operating income, ordinary income, and net profit before tax for the current quarter decreased by 78 million yen, and also retained earnings decreased by 546 million yen from those figures obtained based on the method previously adopted.

Capcom has previously used the accounting procedures based on the lease-related method for those capital leases that do not transfer ownership of the leased assets to lessees. “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13; June 17, 1993 (Business Accounting Council, the First Committee), revised March 30, 2007) and “Guidance on Accounting Standard for Lease Transactions (ASBJ Guidance No. 16; January 18, 1994 (The Japanese Institute of Certified Public Accountants, Committee of Accounting System), revised March 30, 2007) became applicable to the consolidated quarterly financial reports of the fiscal year that starts on or after April 1, 2008. Following this change, Capcom is applying these accounting standards as of the first quarter of the current fiscal year, and using the accounting procedures of the ordinary sales transaction.

For the depreciation of the capital leases that do not transfer ownership of the leased assets to lessees, Capcom adopted the straight-line method that uses leasing term as asset life with residual value at zero. However, when the residual value of the leased assets is guaranteed in the lease agreement, the guaranteed residual value is recorded.

As for those capital leases that do not transfer ownership of the leased assets to lessees and whose lease commencement date is before the beginning of the current quarter, we apply accounting procedures based on the lease-related method as before. The financial impact this change may cause on business results is immaterial.

5 . Summary of Consolidated Financial Statements

(1) Summary of Consolidated Balance Sheets

(Unit: Millions of Yen)

	This 1st Quarter (as of June 30, 2008)	Previous Fiscal Period (as of March 31, 2008)
(Assets)		
Current assets		
Cash on hand and in banks	34,834	32,763
Notes and accounts receivable, trade	6,446	14,182
Commercial products	1,836	1,813
Work-in-progress	1,939	774
Raw materials and inventory goods	1,878	1,556
Work-in-progress for game software	8,800	6,241
Other	5,547	5,629
Allowance for doubtful accounts	(402)	(456)
Total current assets	60,882	62,505
Fixed assets		
Tangible fixed assets, net of accumulated depreciation	15,456	15,253
Intangible fixed assets		
Goodwill	782	894
Other	3,579	3,197
Total intangible fixed assets	4,361	4,091
Investments and other assets		
Other	12,195	12,935
Allowance for doubtful accounts	(1,191)	(1,179)
Total investments and other assets	11,004	11,755
Total fixed assets	30,823	31,101
Total assets	91,705	93,606

(Unit: Millions of Yen)

	This 1st Quarter (as of June 30, 2008)	Previous Fiscal Year (as of March 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	5,117	7,303
Short-term borrowings	2,018	2,015
Current portion of convertible bonds	14,994	14,997
Accrued income taxes	371	892
Accrued bonuses	1,041	2,057
Allowance for sales returns	378	405
Other	6,154	7,147
Total current liabilities	30,075	34,818
Long-term liabilities		
Convertible bonds issued after April 1st, 2002	920	1,220
Long-term borrowings	1,365	1,470
Accrued retirement benefits for employees	1,070	1,048
Accrued retirement gratuities to directors	366	372
Other	1,312	1,018
Total long-term liabilities	5,034	5,128
Total long-term liabilities	35,109	39,946
Net assets		
Shareholders' equity		
Common stock	32,778	32,626
Capital surplus	20,868	20,344
Retained earnings	12,553	11,631
Treasury stock	(8,003)	(8,155)
Total shareholders' equity	58,196	56,447
Valuation and translation adjustments		
Net unrealized gain on securities, net of tax	254	127
Deferred hedges, net of tax	0	0
Cumulative translation adjustments	(1,855)	(2,914)
Total valuation and translation adjustments	(1,600)	(2,787)
Total net assets	56,595	53,660
Total liabilities and net assets	91,705	93,606

(2)Summary of Consolidated Statemnets of Income

(Unit: Millions of Yen)

	This 1st Quarter from April 1, 2008 to June 30, 2008
Net sales	16,352
Cost of sales	9,285
Gross profit	7,066
Reserve adjustment for return goods	26
Net gross profit	7,093
Selling, general and administrative expenses	4,114
Operating income	2,978
Non-operating income	
Interest income	200
Dividend income	17
Investment profit on equity method	0
Exchange gain, net	843
Other	22
Total non-operating income	1,085
Non-operating expenses	
Interest expense	17
Commission	11
Other	10
Total non-operating expenses	39
Ordinary income	4,024
Special gains	
Reserve for allowance for doubtful accounts	4
Total special gains	4
Net income before income taxes	4,028
Income taxes-current	192
Income taxes-deferred	1,453
Total Income taxes	1,646
Net income	2,382

(3) Summary of Statements of Cash Flows

(Unit: Millions of Yen)

	This 1st Quarter from April 1, 2008 to June 30, 2008
Cash flows from operating activities	
Net income before income taxes	4,028
Depreciation and amortization	769
Amortization of goodwill	123
Decrease in allowance for doubtful accounts	(49)
Interest and dividend income	(218)
Interest expense	17
Exchange gain, net	(625)
Investment profit on equity method	(0)
Decrease in accounts receivable, trade	7,985
Increase in inventories	(1,488)
Increase in work-in-progress for game software	(2,297)
Decrease in accounts payable, trade	(2,181)
Other	(3,277)
Sub total	2,785
Interest and dividends received	245
Interest paid	(10)
Income taxes paid	(853)
Net cash provided by operating activities	2,167
Cash flows from investing activities	
Payment for acquisitions of tangible fixed assets	(569)
Proceeds from sales of tangible fixed assets	3
Payment for acquisitions of intangible fixed assets	(101)
Other	(105)
Net cash used in investing activities	(773)
Cash flows from financing activities	
Repayments of short-term borrowings	(3)
Repayments of long-term borrowings	(105)
Payment for repurchase of treasury stock	(131)
Proceeds from sales of treasury stock	0
Dividend paid	(876)
Other	(19)
Net cash used in financing activities	(1,135)
Effect of exchange rate changes on cash and cash equivalents	1,592
Net increase in cash and cash equivalents	1,850
Cash and cash equivalents at beginning of year	32,763
Increase due to change in scope of consolidated subsidiaries	220
Cash and cash equivalents at end of year	34,834

Effective from the first quarter of the current fiscal year, Capcom has applied “Accounting Standard for Quarterly Financial Reporting”(Accounting Standard Board of Japan(ASBJ) Statement No. 12; March 14, 2007) and “Guidance on Accounting financial report is prepared based on the “Regulations of Consolidated Quarterly Financial

(4) Note of Going Concerns' Premise: No

(5) Segment Information

[Operating segments]

Three-months Period ended June 30, 2008(from April 1, 2008 to June 30, 2008)

(Unit: Millions of Yen)

	HomeVideo Games	Arcade Operations	Arcade Games Sales	Contents Expansion	Other Businesses	Total	Elimination and corporate	Consolidated total
Net sales and operating profit or loss								
Net sales								
(1) External customers	10,406	3,128	1,010	1,097	710	16,352	(-)	16,352
(2) Inter-segment sale or transfer	-	-	5	-	-	5	(5)	-
Total	10,406	3,128	1,015	1,097	710	16,357	(5)	16,352
Operating expense	6,850	3,201	1,260	818	407	12,539	835	13,374
Operating income or loss	3,556	73	245	279	302	3,818	(840)	2,978

(6) Significant change in the number of shareholders' equity : No

「Reference」
Summary of Quarter Consolidated Statemnets of Income

(Unit: Millions of Yen)

Account Title	Previous 1st Quarter From April 1, 2007 To June 30, 2007
	Amount
Net sales	14,277
Cost of sales	8,308
Gross profit	5,969
Reserve adjustment for return goods	53
Net gross profit	6,022
Selling, general and administrative expenses	3,947
Operating income	2,075
Non-operating income	606
1 Interest income	319
2 Dividend income	18
3 Exchange gain, net	251
4 Other	17
Non-operating expenses	169
1 Interest expense	18
2 Provision for allowance for doubtful accounts	100
3 Other	50
Ordinary income	2,513
Special losses	353
1 Loss on sales and/or disposal of fixed assets	2
2 Reserve for retirement gratuities to directors from the previous period	350
Net income before income taxes	2,160
Income taxes	1,037
Minority interests in loss of consolidated subsidiaries	7
Net income	1,130

「Reference」
Summary of Statements of Cash Flows

(Unit: Millions of Yen)

	Previous 1st Quarter From April 1, 2007 To June 30, 2007
	Amount
Cash flows from operating activities	
1 Net income before income taxes	2,160
2 Depreciation and amortization	599
3 Increase in allowance for doubtful accounts	144
4 Interest and dividend income	(338)
5 Interest expense	18
6 Decrease in accounts receivable, trade	3,400
7 Increase in inventories	(1,379)
8 Increase in work-in-progress for game software	(1,688)
9 Decrease in accounts payable, trade	(3,022)
10 Other	(344)
Sub total	(449)
11 Interest and dividends received	351
12 Interest paid	(22)
13 Income taxes paid	(631)
Net cash provided by operating activities	(751)
Cash flows from investing activities	
1 Payment for acquisitions of tangible fixed assets	(449)
2 Payment for purchase of investments in securities	(12)
3 Other	(165)
Net cash used in investing activities	(626)
Cash flows from financing activities	
1 Repayments of long-term borrowings	(105)
2 Payment for repurchase of treasury stock	(2)
3 Dividends paid by parent company	(768)
Net cash used in financing activities	(875)
Effect of exchange rate changes on cash and cash equivalents	968
Net decrease in cash and cash equivalents	(1,285)
Cash and cash equivalents at beginning of year	35,020
Cash and cash equivalents at end of year	33,734

「 Reference 」

Segment Information

[Operating segments]

Three-months Period ended June 30, 2007(from April 1, 2007 to June 30, 2007)

(Unit: Millions of Yen)

	Home Video Games	Arcade Operations	Arcade Games Sales	Contents Expansion	Other Businesses	Total	Elimination and corporate	Consolidated total
Net sales and operating profit or loss								
Net sales								
(1) External customers	7,914	2,937	687	2,174	564	14,277	-	14,277
(2) Inter-segment sale or transfer	-	-	5	-	-	5	(5)	-
Total	7,914	2,937	693	2,174	564	14,283	(5)	14,277
Operating expense	6,041	2,675	860	1,347	430	11,355	846	12,201
Operating income or loss	1,872	261	167	826	134	2,928	(852)	2,075