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Press Release

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Favorable Financial Results for the 1st Quarter ended June 30, 2007 !
Net Sales 35% increase, Operating Income 57% increase from last year
 - Revising up earning forecast for 1st half -

Capcom Co., Ltd. is pleased to announce that net sales increased to 14,277 million yen (up 35.1% from the same term last year), operating income increased to 2,075 million yen (up 57.2% from the same term last year) and net income increased to 1,130 million yen (up 39.7% from the same term last year) in consolidated financial results for the 1st Quarter ended June 30, 2007.

In Home Video Games business, “Phoenix Wright 4” (for Nintendo DS) and “Resident Evil 4 Wii edition” (for Wii) are achieving favorable sales, and “Monster Hunter Freedom 2nd” (for PlayStation Portable), which was released in the previous term also continues to grow.

We have revised up its consolidated earnings forecast for 1st half ending September 30, 2007, which was previously announced on May 18, 2007 due to favorable financial results for the 1st Quarter .

Net sales will increase to 30,350 million yen (up 3.6% from the original forecast on May 18, 2007), operating income will increase to 2,400 million yen (up 60.0% from the original forecast on May 18, 2007) and net income will increase to 1,350 million yen (up 80.0% from the original forecast on May 18, 2007).

Forecast for the fiscal year ending March 31, 2008 is not changed due to continuous weak performance of Arcade Operations business and Arcade Game Sales business.

1. Consolidated Financial Results for the 1st Quarter ended June 30, 2007

	Net Sales	Operating Income	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen	Million Yen
1st Quarter ended June 30, 2007	14,277	2,075	2,513	1,130
1st Quarter ended June 30, 2006	10,571	1,320	1,404	808
(Reference) Year Ended March 31, 2007	74,542	9,602	10,600	5,852

2. Forecast for the Fiscal Year ending March 31, 2008

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per Share of Common Stock
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Six-month period ending Sep. 30, 2007	30,350	2,400	2,850	1,350	23.91
For Year ending March 31, 2008	78,000	11,000	11,000	6,200	109.82

3. Status of Each Operational Department

(1) Home Video Games

(Unit: Millions of Yen)

	1st Quarter ended June 30, 2006	1st Quarter ended June 30, 2007	Difference (%)
Net Sales	4,529	7,914	74.7%
Operating Income	820	1,872	128.3%
Operating Margin	18.1%	23.7%	-

- ① In this business segment, “Phoenix Wright 4” (for Nintendo DS), Capcom’s original court room simulation game, achieved sales of over 500,000 copies, marking the highest sales of the series. Overall sales of home video game underwent robust growth.
- ② “Resident Evil 4 Wii edition” (for Wii) increased its sales smoothly, and “Monster Hunter Freedom 2nd” (for PlayStation Portable), which was a huge hit in the previous term, also continued to grow, backed by its strong popularity.
- ③ The resulting net sales increased to 7,914 million yen (up 74.7 % from the same term last year), and operating income increased to 1,872 million yen (up 128.3 % from the same term last year).

(2) Arcade Operations

(Unit: Millions of Yen)

	1st Quarter ended June 30, 2006	1st Quarter ended June 30, 2007	Difference (%)
Net Sales	2,891	2,937	1.6%
Operating Income	398	261	-34.4%
Operating Margin	13.8%	8.9%	-

- ① In this business segment, we tried to attract more customers based on our community-based approach. Such efforts included holding various sales promotion events and offering attractive and comfortable facilities. However, the existing arcades had weak figures in both customer visits and sales per customer. Among those factors that negatively affected business performance were intensified competition and the “Entertainment and Amusement Trade and the Implementation Rules for the Entertainment and Amusement Trades Rationalizing Act” that prohibited those under age 16 to enter game arcades after 6 pm.
- ② We did not open any new facility or close any of the existing facilities during this first quarter.
- ③ The resulting net sales increased to 2,937 million yen (up 1.6 % from the same term last year), thanks to the contribution from those arcades that were opened in recent years. The operating income, however, decreased to 261 million yen (down 34.5 % from the same term last year).

(3) Arcade Games

(Unit: Millions of Yen)

	1st Quarter ended June 30, 2006	1st Quarter ended June 30, 2007	Difference (%)
Net Sales	2,128	687	-67.7%
Operating Income	479	(167)	-
Operating Margin	22.5%	-24.3%	-

- ① The main activity of this business segment was the sale of peripheral products such as trading cards for “Wantame Music Channel”, a card-dispensing game machine. The overall performance remained on a weak note partially due to a softened market, lack of new products, and a defect found in “Donkey Kong Banana Kingdom”.
- ② The resulting net sales decreased to 693 million yen (down 67.6 % from the same term last year), and the operating loss was 167 million yen (operating income of the same term last year was 479 million yen).

(4) Contents Expansion

(Unit: Millions of Yen)

	1st Quarter ended June 30, 2006	1st Quarter ended June 30, 2007	Difference (%)
Net Sales	507	2,174	328.8%
Operating Income	110	826	650.9%
Operating Margin	21.7%	38.1%	-

- ① Under this business segment, the sales of “Devil May Cry 3,” an LCD device for Pachislo machines, increased satisfactorily, and the distribution of games to mobile phones showed healthy growth.
- ② The resulting net sales increased to 2,174 million yen (up 328.3 % from the same term last year), and the operating income increased to 826 million yen (up 648.8 % from the same term last year).

(5) Other Businesses

(Unit: Millions of Yen)

	1st Quarter ended June 30, 2006	1st Quarter ended June 30, 2007	Difference (%)
Net Sales	515	564	9.5%
Operating Income	149	134	-10.1 %
Operating Margin	28.9%	23.8%	-

The net sales from other businesses, mainly character-related licensing royalties, increased to 564 million yen (up 9.6 % from the same term last year), and the operating income decreased to 134 million yen (down 10.1 % from the same term last year).