

**Consolidated financial results
for the 9 months ended December 31, 2009 (Unaudited)**

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Code number: 9 6 9 7
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Dividend payment date:

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

1. Results for 9 months ended December 31, 2009 (from April 1, 2009 to December 31, 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	%
9 months ended December 31, 2009	49,987	5.9	4,817	84.3	4,795	127.5	1,731	865.9
9 months ended December 31, 2008	47,223	—	2,613	—	2,107	—	179	—

	Earnings per share of common stock	Diluted earnings per share of common stock
	Yen	Yen
9 months ended December 31, 2009	28.32	28.25
9 months ended December 31, 2008	2.92	2.73

(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
3rd quarter ended December 31, 2009	86,419	56,023	64.8	924.64
Fiscal year ended March 31, 2009	106,210	59,349	55.9	961.38

Reference: Shareholders' equity: 3rd quarter ended December 31, 2009: 56,023 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
	yen	yen	yen	yen	yen
Year ended March 31, 2009	—	20.00	—	15.00	35.00
Year ending March 31, 2010	—	15.00	—	20.00	35.00
Year ending March 31, 2010 (Forecast)					

(Note) 1. Changes in dividends forecast during the 3rd quarter ended December 31, 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	65,000	-29.3	6,000	-59.0	5,000	-63.8	2,000	-75.2	32.94

(Note) Changes in earnings forecast during the 3rd quarter ended December 31, 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 6, 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)

3rd quarter ended December 31, 2009:	67,723,244	Year ended March 31, 2008:	67,394,568
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Number of treasury stock

3rd quarter ended December 31, 2009:	7,133,522	Year ended March 31, 2008:	5,660,792
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Average number of shares outstanding

9 months ended December 31, 2009:	61,152,306	9 months ended December 30, 2008:	61,505,497
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(Explanation about the appropriate usage of business prospects and other special notes)

- The above-mentioned business forecasts were based on the information available as of the date of the release of this report. 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 (60,707 thousand shares 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 9 months period, ended December 31, 2009, did not recover despite steady stock prices and the moderate appreciation of the yen. Negative factors that affected the economy were slump in consumer spending and capital investments, in addition to deflationary pressure such as wage control.

As for the video game industry, the home video game market seemed to have picked up somewhat supported by the price reduction of game consoles. However, video game markets leveled-off due to the prolonged recession with declining customer confidence and decreasing demand.

In arcade operations, the entire industry devoted its full-scale effort to revitalize the market. Implementing customer appreciation days and holding special events such as “Game Day” (November 23rd) across Japan were just a couple of examples of such efforts. However, this business segment remained in a downtrend due to the lack of appealing products, the adverse effect of the new-type influenza “or swine flu”, and, above all, the fact that home video games have become so similar to arcade games that they now offer a comparable experience.

Under these circumstances, Capcom engaged in various activities: developing software that precisely satisfies market needs; leading a nationwide sales promotion campaign; implementing the business strategy of “Single Contents Multiple Usage”, mining possibilities of every product; applying business strategies that correspond to changing business environment; and restructuring unprofitable divisions.

During the 9 months period of the current fiscal year, only a few flagship software titles were released from our home video game division, while both arcade operations and content expansion were weakening. Though overall performance remained modest, sales still reached 49,987 million yen (up 5.9 % from the same term last year) backed by the successes of the 6 month period from April to September, 2009.

As for profits, operating income increased to 4,817 million yen (up 84.3 % from the same term last year), and ordinary income increased to 4,795 million yen (up 127.5 % from the same term last year).

Extraordinary loss increased due to the business restructuring expense of revising the arcade game development system.

The net profit for the current quarter increased to 1,731 million yen (up 865.9 % from the same term last year), after recording the corporate tax refund for prior fiscal years based on the agreement between US and Japanese tax authorities concerning the revision on transfer pricing taxation.

Status of Each Operational Department

Home Video Games

In this business segment, “Mega Man Exe: Operate Shooting Star” (for Nintendo DS) achieved steady sales supported by their established brand names during this quarter. Our lower-priced software title “Monster Hunter Freedom Unite PSP the Best” (for PlayStation Portable), whose price has been reduced further from its original low-price, also grew favorably, whereas “Resident Evil: The Darkside Chronicles” (for Wii) and “Okami” (for Wii) saw slow sales.

Capcom’s flagship title “Monster Hunter Tri” (for Wii) achieved healthy growth, and “Ace Attorney investigations: Miles Edgeworth” (for Nintendo DS) performed satisfactorily.

Additionally, “Resident Evil 5” (for PlayStation 3, Xbox 360), one of the most successful titles in the previous year, continued to grow supported by its incessant popularity.

“Sengoku Basara Battle Heroes” (for PlayStation Portable), which is the latest addition of the Sengoku Basara series, also grew on a steady basis. The software started the so-called “Rekijyo” (Japanese term for Japanese female history “Otaku”) boom in Japan and generated much public interest in Japan’s “Warring States” (Sengoku)

era. In addition, the software gained public attention outside of the game industry when its characters appeared in the official election notice posters by the Miyagi Prefecture municipal government at the election of the governor of Miyagi.

The resulting net sales increased to 33,426 million yen (up 25.2 % from the same term last year) partially supported by the performance of the cumulative second quarter, and the operating income increased to 6,994 million yen (up 58.8 % from the same term last year).

Arcade Operations

One of our main focuses in this business segment was to position arcades as easily accessible amusement facilities in order to expand our customer base in this softening market. As part of such efforts, we held a variety of events, offered special discount days, and created a comfortable environment for customers to attract more females and families, while continuing to hold on to our core users.

However, sales were restrained partially due to declining consumer confidence and to the trend in which consumers cut back on going out and looked for alternative “at-home entertainment”.

At the same time, we worked on profitability improvement through the revision of profit structure and the reduction of operation costs.

The resulting net sales decreased to 8,935 million yen (down 11.0 % from the same term last year), while the operating income increased to 448 million yen (up 295.9 % from the same term last year) thanks to the success of the profitability improvement strategy.

Arcade Games Sales

Within this stagnating market, Capcom released the medal-winning game machine, “Mario Party Fushigi no Korokoro Catcher”, with the aim of reaching a new user base as well as holding onto existing customers.

We concentrated our every effort in sales expansion in order to make a breakthrough in the current market. As part of such activities, we went into partnership with Namco Bandai Games to cooperate in the amusement business. Despite all of our best efforts, we still struggled, since the main activity of this business segment was in sales of existing product.

The resulting net sales decreased to 2,012 million yen (down 58.5 % from the same term last year), and the operating loss was 63 million yen (operating income of the same term last year was 381 million yen).

Contents Expansion

In the area of content distribution for mobile phones, “Apollo Justice: Ace Attorney” showed healthy growth.

The iPhone/iPod Touch version of “Ghosts'n Goblins Gold Knights” and “Phoenix Wright: Ace Attorney” gained new users and achieved projected sales in general.

The segment of the Pachislo machine business, on the other hand, continued to struggle without an appealing sales-inducing product in the sever business environment.

The resulting net sales decreased to 3,385 million yen (down 10.9 % from the same term last year), and the operating loss of 299 million yen was recorded (the operating income of the same term last year was 188 million yen).

Other Businesses

The net sales from other businesses, mainly character-related licensing royalties, increased to 2,227 million yen (up 21.5 % from the same term last year), and operating income increased to 897 million yen (up 41.7 % from the same term last year).

2. Qualitative Information Regarding the Consolidated Financial Position

Total assets decreased by 19,791 million yen from the end of previous fiscal year to 86,419 million yen. The primary increases were 2,716 million yen in cash on hand and in banks, and 3,617 million yen in work-in-progress for game software.

The primary decreases were 23,776 million yen in notes and accounts receivable, trade, 1,449 million yen in work-in-progress, and 1,102 million yen in raw materials and supplies.

Liabilities decreased by 16,465 million yen from the end of previous fiscal year to 30,396 million yen. The primary decreases were 6,003 million yen in notes and accounts payable, trade, 5,055 million yen in short-term borrowings due to partial payment, 1,466 million yen in accrued income taxes, and 1,011 million yen in accrued bonuses.

Net assets decreased by 3,326 million yen from the end of previous fiscal year to 56,023 million yen. The primary increase was 1,731 million yen in net income for the current quarter, and the primary decreases were 1,831 million yen in cash dividends, 2,704 million yen in repurchase of treasury stock, and the fluctuation of 922 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 forecast for the consolidated business results for the current fiscal year ending March 31, 2010 were revised on December 22, 2009 from what was projected at the financial results announcement on May 8, 2009.

For details, please refer to the press release “Capcom Announces Special Loss and Forecast Revision” (December 22, 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.

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 3rd 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

5 . Summary of consolidated financial statements

(1) Summary of consolidated balance sheets

(Unit: Millions of yen)

	Current 3rd quarter (as of December 31, 2009)	Previous fiscal year (as of March 31, 2009)
Assets		
Current assets		
Cash on hand and in banks	31,328	28,611
Notes and accounts receivable, trade	4,117	27,894
Merchandise and finished goods	1,387	1,746
Work-in-progress	647	2,097
Raw materials and supplies	1,642	2,745
Work-in-progress for game software	14,050	10,432
Other	7,437	5,661
Allowance for doubtful accounts	(241)	(383)
Total current assets	60,370	78,806
Fixed assets		
Tangible fixed assets, net of accumulated depreciation	14,342	15,217
Intangible fixed assets		
Goodwill	234	419
Other	3,069	3,154
Total intangible fixed assets	3,303	3,574
Investments and other assets		
Other	9,432	9,654
Allowance for doubtful accounts	(1,029)	(1,042)
Total investments and other assets	8,402	8,612
Total fixed assets	26,048	27,404
Total assets	86,419	106,210

(Unit: Millions of yen)

	Current 3rd quarter (as of December 31, 2009)	Previous fiscal year (as of March 31, 2009)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	3,678	9,682
Short-term borrowings	10,711	15,766
Current portion of convertible bonds	-	400
Accrued income taxes	456	1,923
Accrued bonuses	1,080	2,091
Allowance for sales returns	235	313
Other	6,471	8,238
Total current liabilities	<u>22,633</u>	<u>38,415</u>
Long-term liabilities		
Long-term borrowings	4,603	5,067
Accrued retirement benefits for employees	1,337	1,171
Accrued retirement benefits for directors	-	406
Other	1,820	1,800
Total long-term liabilities	<u>7,762</u>	<u>8,445</u>
Total liabilities	<u>30,396</u>	<u>46,861</u>
Net assets		
Shareholders' equity		
Common stock	33,239	33,039
Capital surplus	21,328	21,129
Retained earnings	16,900	17,000
Treasury stock	(10,720)	(8,015)
Total shareholders' equity	<u>60,748</u>	<u>63,152</u>
Valuation and translation adjustments		
Net unrealized gain on securities, net of tax	(12)	(12)
Cumulative translation adjustments	(4,712)	(3,790)
Total valuation and translation adjustments	<u>(4,725)</u>	<u>(3,803)</u>
Total net assets	<u>56,023</u>	<u>59,349</u>
Total liabilities and net assets	<u>86,419</u>	<u>106,210</u>

(2) Summary of consolidated statements of income

(Unit: Millions of yen)

	Previous 9 months from April 1, 2008 to December 31, 2008	Current 9 months from April 1, 2009 to December 31, 2009
Net sales	47,223	49,987
Cost of sales	31,329	30,655
Gross profit	15,894	19,332
Reversal of allowance for sales returns	110	77
Net gross profit	16,004	19,409
Selling, general and administrative expenses	13,391	14,592
Operating income	2,613	4,817
Non-operating income		
Interest income	672	253
Dividend income	21	19
Other	98	146
Total non-operating income	791	419
Non-operating expenses		
Interest expense	61	124
Provision for allowance of doubtful accounts	178	2
Investment loss on equity method	4	-
Commission	-	108
Exchange loss, net	939	40
Loss on closing amusement facilities	-	125
Other	113	38
Total non-operating expenses	1,297	441
Ordinary income	2,107	4,795
Special gains		
Reversal of allowance for doubtful accounts	67	29
Gain on collection of receivable written off	58	-
Total special gains	126	29
Special losses		
Loss on sales and /or disposal of fixed assets	30	74
Loss on settlement of litigation	131	-
Impairment loss	1,146	166
Loss on restructuring	-	4,092
Other	203	-
Total special losses	1,512	4,333
Net income before income taxes	721	491
Income taxes-current	175	1,041
Income taxes-from previous fiscal year	-	(1,763)
Income taxes-deferred	367	(518)
Total income taxes	542	(1,240)
Net income	179	1,731

(3) Summary of statements of Cash Flows

(Unit: Millions of yen)

	Previous 9 months from April 1, 2008 to December 31, 2008	Current 9 months from April 1, 2009 to December 31, 2009
Cash flows from operating activities		
Net income before income taxes	721	491
Depreciation and amortization	3,016	2,447
Impairment loss	1,146	166
Amortization of goodwill	364	183
Decrease in allowance for doubtful accounts	(255)	(152)
Interest and dividend income	(693)	(273)
Interest expense	61	124
Exchange loss, net	934	113
Investment loss on equity method	4	-
Loss on sales and/or disposal of fixed assets	30	74
Loss on settlement of litigation	131	-
Loss on restructuring	-	4,092
Decrease in accounts receivable, trade	6,801	23,310
Decrease (increase) in inventories	(2,224)	299
Increase in work-in-progress for game software	(6,376)	(5,288)
Decrease in accounts payable, trade	(2,520)	(5,840)
Decrease in other current liabilities	(825)	(1,563)
Other	(1,529)	(943)
Sub total	<u>(1,211)</u>	<u>17,241</u>
Interest and dividends received	718	273
Interest paid	(64)	(124)
Payment for settlement of litigation	(131)	-
Income taxes paid	(950)	(2,546)
Net cash provided by operating activities	<u>(1,640)</u>	<u>14,845</u>
Cash flows from investing activities		
Payment for acquisitions of tangible fixed assets	(2,006)	(1,213)
Proceeds from sales of tangible fixed assets	33	0
Payment for acquisitions of intangible fixed assets	(842)	(250)
Proceeds from sales of investments in securities	4	-
Purchase of investment of subsidiaries	(18)	-
Other	325	351
Net cash used in investing activities	<u>(2,503)</u>	<u>(1,111)</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	(1,867)	(463)
Payment for repurchase of treasury stock	(142)	(2,704)
Proceeds from sales of treasury stock	1	0
Dividend paid	(2,149)	(1,832)
Other	(215)	(367)
Net cash used in financing activities	<u>(2,979)</u>	<u>(10,423)</u>
Effect of exchange rate changes on cash and cash equivalents	(2,158)	(643)
Net increase in cash and cash equivalents	(9,282)	2,666
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>23,783</u>	<u>31,278</u>

(4) Going concern assumptions: Not applicable

(5) Segment Information

[Business segments]

Previous 9 months (from April 1, 2008 to December 31, 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	26,709	10,039	4,841	3,801	1,832	47,223	-	47,223
(2) Inter-segment	-	-	7	-	-	7	(7)	-
Total	26,709	10,039	4,848	3,801	1,832	47,230	(7)	47,223
Operating income or loss	4,404	113	381	188	633	5,720	(3,107)	2,613

Current 9 months (from April 1, 2009 to December 31, 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								
Net sales								
(1) Customers	33,426	8,935	2,012	3,385	2,227	49,987	-	49,987
(2) Inter-segment	-	-	-	-	-	-	(-)	-
Total	33,426	8,935	2,012	3,385	2,227	49,987	(-)	49,987
Operating income or loss	6,994	448	(63)	(299)	897	7,977	(3,160)	4,817

[Geographic areas]

Previous 9 months (from April 1, 2008 to December 31, 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	37,149	5,471	3,955	646	47,223	-	47,223
(2) Inter-segment	1,738	1,361	-	25	3,124	(3,124)	-
Total	38,887	6,833	3,955	671	50,348	(3,124)	47,223
Operating income or loss	6,379	(837)	111	48	5,702	(3,088)	2,613

Current 9 months (from April 1, 2009 to December 31, 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	36,574	7,472	5,315	625	49,987	-	49,987
(2) Inter-segment	4,183	832	70	36	5,122	(5,122)	-
Total	40,758	8,304	5,386	661	55,110	(5,122)	49,987
Operating income or loss	9,095	(1,191)	(67)	112	7,949	(3,131)	4,817

[Overseas sales]

Previous 9 months (from April 1, 2008 to December 31, 2008)

(Unit: Millions of yen)

	North America	Europe	Other regions	Total
Overseas sales	5,858	3,713	1,212	10,784
Consolidated net sales				47,223
Percentage of overseas sales included in consolidated net sales (%)	12.4	7.9	2.6	22.8

Current 9 months (from April 1, 2009 to December 31, 2009)

(Unit: Millions of yen)

	North America	Europe	Other regions	Total
Overseas sales	7,740	4,728	1,610	14,078
Consolidated net sales				49,987
Percentage of overseas sales included in consolidated net sales (%)	15.5	9.5	3.2	28.2

(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.