



Capcom Co., Ltd.
(Tokyo and Osaka Exchanges,
First Section, 9697)

Results of Operations and Strategies
First half of fiscal year ending March 31, 2012

Precautions Concerning Forward-looking Statements

Strategies, plans, outlooks and other statements that are not historical facts are based on assumptions that use information currently available and reasonable judgments. Actual performance may be significantly different from these statements for a number of reasons.

In the entertainment industry, which includes Capcom, performance may be highly volatile because of diversifying user needs and other changes in market conditions. Items that can affect Capcom's performance include: (1) the number of hit titles and sales volume in the Home Video Game Business, which accounts for the majority of sales; (2) progress in developing home video games; (3) the popularity of home video game players; (4) sales outside Japan; (5) changes in stock prices and exchange rates; (6) alliances with other companies concerning product development, sales and other operations; and (7) changes in market conditions. Please note that this is not a complete list of factors that can influence Capcom's operating results.



Contents

1. Consolidated Financial Highlights	··· P 3
2. Point of Financial Highlights	··· P 5
3. Business Segment Information	··· P 7
4. Fiscal 2011 Forecast	··· P 19



Consolidated Financial Highlights

First Half Consolidated Financial Highlights

Sales and earnings were down significantly from one year earlier because no major titles were launched in Consumer Online Games business

(Million yen)

	2010/9	2011/9	Difference
Net sales	40,706	29,252	-11,454
Operating income	3,942	2,782	-1,160
Ordinary income	2,880	1,907	-973
Net income	1,784	906	-878

Sales and earnings were down from one year earlier mainly because no major titles were launched in Consumer Online Games business.

6months results slightly exceeded the revised forecast (announced on Sept. 14) in all levels.

Posted an exchange loss – net of ¥937 million.

EPS for the period: ¥15.56



Point of Financial Highlights

Growth Strategy Progress Report

Increased titles for SNS games and Smartphone games

- **More than 30 million downloads of Beeline titles**
(as of October 26, 2011)
- **Plan to start distributing “Snoopy’s Street Fair” in the middle of November**
- **Expanded iOS and Android multi-platform game distribution**
- **Reinforced domestic social game business organization**



Business Segment Information

Consumer Online Games – First Half Highlights

First Half Sales of Major Titles

Earnings were supported by additions of new titles to existing series and other factors as there were no new major titles

(Thousand units)

Platform	Title	Region	Date	Result
PS3	Monster Hunter Freedom 3 HD Ver.	Japan	8/25	450
PS3 Xbox 360	Super Street Fighter Arcade Edition	Japan	6/30	400
		North America	6/28	
		Europe	6/24	
3DS	Resident Evil : The Mercenaries 3D	Japan	6/2	400
		North America	6/28	
		Europe	7/1	

*Japan includes other Asian countries.

Consumer Online Games – First Half Highlights

First Half Consumer Online Games Performance

Although titles for the domestic market showed solid performance, sales and earnings were down from one year earlier mainly because no major lucrative titles were launched

(Million yen)

	2009/9	2010/9	2011/9	Difference
Net sales	27,748	30,773	18,113	-12,660
Operating income	7,299	4,530	2,251	-2,279
Operating margin	26.3%	14.7%	12.4%	-

(Thousand units)

	2009/9	2010/9	2011/9	Difference
Titles	40	27	34	7
Japan	3,600	3,100	3,000	-100
North America	1,800	2,800	1,100	-1,700
Europe	2,000	2,800	800	-2,000
Asia	200	300	100	-200
Total	7,600	9,000	5,000	-4,000

(Composition)

(Thousand units)

	2009/9	2010/9	2011/9	Difference
Distribution titles	500	350	750	400
Old titles	3,700	2,500	2,000	-500

Consumer Online Games – Second Half Strategies

**Continue to add major titles
Reorganize development and marketing organizations in
preparation for further expansion from next year onward**

1 . Focus on marketing core titles

- **“Monster Hunter 3 (tri-) G” for Nintendo 3DS (scheduled to be launched on December 10).**
- **“Resident Evil: Operation Raccoon City” , “Street Fighter X Tekken” and “Dragon’s - Dogma” for PS3 and Xbox 360 platforms.**

2 . Restructure global business organization

- **Merge North American subsidiaries, “Capcom U. S. A., Inc.” and “Capcom Entertainment, Inc.” to integrate functions and streamline operations.**
- **Speed up expansion in South America in order to increase market share in Consumer Online Games Business.**

Consumer Online Games – Second Half Strategies

Second Half Sales Plans for Major Titles

(Thousand units)

Platform	Title	Region	Date	Plan
PS3 Xbox 360	Resident Evil: Operation Raccoon City	Japan	TBA	2,000
		North America	Early	
		Europe	2012	
PS3 Xbox 360	Street Fighter X Tekken	Japan	2012/3/8	2,000
		North America	2012/3/6	
		Europe	2012/3/9	
PS3 Xbox 360	Dragon's Dogma	Worldwide	Early 2012	1,500
3DS	Monster Hunter 3 (Tri) G	Japan	12/10	1,200

*Japan includes other Asian countries.

Consumer Online Games – Second Half Strategies

FY2011 Consumer Online Games Business Plan

Aggressively promote major titles to be launched in second half

(Million yen)

	2010/3	2011/3	2012/3 Plan	Difference
Net sales	43,702	70,269	58,000	-12,269
Operating income	7,835	12,499	11,000	-1,499
Operating margin	17.9%	17.8%	19.0%	-

(Thousand units)

	2010/3	2011/3	2012/3 Plan	Difference
Titles	72	53	55	2
Japan	5,200	9,000	7,000	-2,000
North America	3,600	6,000	6,700	700
Europe	3,400	5,000	3,700	-1,300
Asia	300	500	600	100
Total	12,500	20,500	18,000	-2,500

(Composition) (Thousand units)

	2010/3	2011/3	2012/3 Plan	Difference
Distribution titles	1,000	650	550	-100
Old titles	5,500	4,000	3,000	-1,000

Mobile Content – First Half Highlights

**Concentrated on distributing games for smartphones and SNS
– “Smurf’s Village” showed strong performance**

First Half Highlights

- Continued updates of “Smurfs’ Village” and significantly boosted earnings.
- Launched two new titles in the Beeline Brand.
- Downloads of SNS games accelerated sharply in Japan.

Registered members of “Resident Evil Outbreak Survive” topped one million.

First Half Mobile Content Performance

(Million yen)

	2009/9	2010/9	2011/9	Difference
Net sales	-	1,365	2,581	1,216
Operating income	-	300	903	603
Operating margin	-	22.0%	35.0%	-

Mobile Content – Second Half Strategies

Aim at global expansion by launching major new titles overseas and increasing SNS games for the domestic market

Second half strategies

- **Beef up the SNS Game development team**

- **Beeline Brand :**

Launch “Snoopy’s Street Fair” in the middle of November.

Promote multiplatform strategy (iOS and Android platforms).

Reinforce Beeline group coordination by transferring the Beeline brand from Capcom USA to a parent company subsidiary.

- **Capcom brand :**

Strengthen the SNS game development organization and expand the development lineup.



“Snoopy’s Street Fair”

© 2011 Peanuts Worldwide LLC

FY2011 Mobile Content Business Plan

(Million yen)

	2010/3	2011/3	2012/3 Plan	Difference
Net sales	3,554	4,028	6,000	1,972
Operating income	745	1,366	1,900	534
Operating margin	21.0%	33.9%	31.7%	-

Arcade Operations – First Half Highlights

Earnings increase from one year earlier as existing arcade sales recover, driven by the trend toward entertainment that is “inexpensive, nearby and short-duration” entertainment

First Half Highlights

- Existing arcade sales increased 2% year-on-year (1Q: +8%, 2Q: -2%).

First Half Arcade Operations Performance

(Million yen)

	2009/9	2010/9	2011/9	Difference
Net sales	6,249	5,916	6,054	138
Operating income	480	732	1,223	491
Operating margin	7.7%	12.4%	20.2%	-
Year-to-Year Ratio of Existing arcades	86%	98%	102%	-

Number of Arcades

(Facilities)

	2010/3	2011/3	2011/9	2012/3 Plan
New arcades	0	0	0	1
Closing arcades	2	1	0	0
Total	38	37	37	38

Arcade Operations – Second Half Strategies

Full fiscal-year sales forecast revised upward to reflect recovery in existing arcade sales

Second Half Strategies

- **Maintain earnings by continuing extensive cost control.**
- **Introduction of new products, which applies Capcom's contents.**
- **Aim to attract customers by leveraging new home video game titles of Capcom.**

Second Half Plan

- **Open one new arcade in second half (will bring total to 38).**
- **Increase existing arcade sales 2% Year-on-year in second half.**

FY2011 Arcade Operations Business Plan

(Million yen)

	2010/3	2011/3	2012/3 Plan	Difference
Net sales	11,985	11,621	11,700	79
Operating income	590	1,131	1,700	569
Operating Margin	4.9%	9.7%	14.5%	-
<small>Year-to-Year Ratio of Existing Stores</small>	86%	99%	102%	-

Amusement Equipment – First Half Highlights

In Amusement Equipments business, sales of existing equipment were on target but the segment was in red due mainly to upfront investment costs

Arcade Games Sales First Half Highlights

- Sales of the medal machine “New Super Mario Brothers Wii Coin World” showed solid performance.

Pachinko/Pachislo Business First Half Highlights

- Repeat sales of “Sengoku BASARA2,” which was introduced in FY3/11, and other models contributed to the first-half performance.

Amusement Equipment First Half Performance

(Million yen)

	2009/9	2010/9	2011/9	Difference
Net sales	-	1,406	1,136	-270
Operating income	-	19	-216	-235
Operating margin	-	1.4%	-19.0%	-

*Arcade Games Sales is about 70% of net sales, and Pachinko & Pachislo about 30%

Amusement Equipment – Second Half Strategies

Introduce major titles in both business lines and aim at achieving fiscal-year targets

Arcade Game Sales Business Second Half Strategies

- Launch medal game machines based on our popular characters.

“Monster Hunter Medal Hunting” (installation start slated for November 2011)

“Monhan Nikki Sugoroku Airu Mura” (installation start slated for December 2011)

Pachinko & Pachislo Business Second Half Strategies

- Market Capcom’ original machines and continue consignment sales business.

Capcom original machine “Street Fighter IV” (installation start slated for November 2011)

FY2011 Amusement Equipment Business Plan

(Million yen)

	2010/3	2011/3	2012/3 Plan	Difference
Net sales	4,545	7,903	7,700	-203
Operating income	-347	2,638	1,000	-1,638
Operating margin	-7.6%	33.4%	13.0%	-

*Arcade Games Sales is about 40% of net sales, and Pachinko & Pachislo about 60%



Forecast for Year Ending March 31, 2012

Forecast for Year Ending March 31, 2012

Although no change in forecasts announced at the beginning of the fiscal year, closely monitor sales of major titles and SNS games to be launched in second half

(Million yen)

	2011/3	2012/3Plan	Difference
Net sales	97,716	86,000	-11,716
Operating income	14,295	12,100	-2,195
Ordinary income	12,861	12,000	-861
Net income	7,750	7,000	-750

No change to the forecasts announced on May 6, 2011.

Fiscal year EPS forecast is 120.87 yen.

Forecast first half dividend of 15 yen and year-end dividend of 25 yen, resulting in a FY3/12 dividend of 40 yen.



Additional Information

Summary of Major Financial Information

Summary of Major Financial Information (1)

Profit and Loss Sheet

	2010/3	2011/3	2012/3 E	%	2011/9
Net Sales	66,837	97,716	86,000	88.0%	29,252
Gross Profit	24,720	37,304	35,100	94.1%	11,767
% of Gross Profit	37.0%	38.2%	40.7%	-	40.2%
Sales and G&A Expenses	19,133	23,009	23,000	100.0%	8,985
Operating Income	5,587	14,295	12,100	84.6%	2,782
% of Operating Income	8.4%	14.6%	14.1%	-	9.5%
Ordinary Income	5,530	12,861	12,000	93.3%	1,907
% of Ordinary Income	8.3%	13.2%	14.0%	-	6.5%
Net Income	2,167	7,750	7,000	90.3%	906
% of Net Income	3.2%	7.9%	8.1%	-	3.1%

Sales by Business Segments

		2010/3	2011/3	2011/3 E	%	2010/9
Consumer Online Games	Net Sales	43,702	70,269	58,000	82.5%	18,113
	Operating Income	7,835	12,499	11,000	88.0%	2,251
	Operating Margin	17.9%	17.8%	19.0%	-	12.4%
Mobile Content	Net Sales	3,554	4,028	6,000	149.0%	2,581
	Operating Income	745	1,366	1,900	139.1%	903
	Operating Margin	21.0%	33.9%	31.7%	-	35.0%
Arcade Operations	Net Sales	11,985	11,621	11,700	100.7%	6,054
	Operating Income	590	1,131	1,700	150.3%	1,223
	Operating Margin	4.9%	9.7%	14.5%	-	20.2%
Amusement Equipments	Net Sales	4,545	7,903	7,700	97.4%	1,136
	Operating Income	-347	2,638	1,000	37.9%	-216
	Operating Margin	-7.6%	33.4%	13.0%	-	-19.0%
Others	Net Sales	3,049	3,893	2,600	66.8%	1,366
	Operating Income	1,016	1,098	700	63.8%	530
	Operating Margin	33.3%	28.2%	26.9%	-	38.8%

Sales by Geographic Area

	2010/3	2011/3	2012/3 E	%	2011/9
Japan	47,269	67,033	55,000	82.0%	24,018
North America	10,825	19,340	20,500	106.0%	3,675
Other territories	7,813	9,966	9,000	90.3%	1,235
Total	928	1,376	1,500	109.0%	322

Summary of Major Financial Information (2)

Promotional Expense

	2010/3	2011/3	2012/3 E	%	2011/9
Capcom Japan	2,686	3,293	3,400	103.2%	1,501
Consolidated	5,299	7,046	7,000	99.3%	2,344

Number of Arcades

	2010/3	2011/3	2012/3 E	%	2011/9
Consolidated	38	37	38	-1	37

Capital Expenditure

	2010/3	2011/3	2012/3 E	%	2011/9
Capcom Japan	1,276	1,561	2,100	134.5%	424
Consolidated	1,636	1,725	2,700	156.5%	803

Depreciation

	2010/3	2011/3	2012/3 E	%	2011/9
Capcom Japan	2,876	2,846	2,800	98.4%	1,211
Consolidated	3,368	3,315	3,400	102.6%	1,471

Number of Employees

	2010/3	2011/3	2012/3 E	%	2011/9
Capcom Japan	1,620	1,636	1,670	102.1%	1,676
Consolidated	1,930	2,089	2,228	106.7%	2,199

R&D Investment Cost

	2010/3	2011/3	2012/3 E	%	2011/9
R&D Investment Cost	19,126	26,150	33,000	126.2%	14,082
Technical R&D Cost	2,125	2,924	2,400	82.1%	1,020

Foreign Exchange Rate (End of period)

	2010/3	2011/3	2012/3 E	%	2011/9
USD/ ¥	93	83	84	101.2%	76
Euro/ ¥	124	117	110	93.6%	104

Summary of Major Financial Information (3)

Sales Units Shipped <platform>

(Thousand Units)

		2010 /3	2011/3	2012/3 E	Difference	2011/9
Playstation 2	Total Titles	10	1	-	-	0
	Sub Total	600	300	-	-	150
Playstation 3	Total Titles	11	11	-	-	10
	Sub Total	2,700	6,200	-	-	2,000
PSP	Total Titles	20	11	-	-	6
	Sub Total	2,400	6,200	-	-	1,100
Wii	Total Titles	8	5	-	-	3
	Sub Total	3,200	1,400	-	-	350
NintendoDS	Total Titles	12	11	-	-	9
	Sub Total	1,000	1,700	-	-	800
Xbox 360	Total Titles	8	11	-	-	5
	Sub Total	1,700	4,200	-	-	500
PC & Others	Total Titles	3	3	-	-	1
	Sub Total	900	500	-	-	100
Total	Total Titles	72	53	55	2	34
	Sub Total	12,500	20,500	18,000	87.8%	5,000

Sales Units Shipped <geographic>

(Thousand Units)

	2010/3	2011/3	2012/3 E	Difference	2011/9
Japan	5,200	9,000	7,000	77.8%	3,000
North America	3,600	6,000	6,700	111.7%	1,100
Europe	3,400	5,000	3,700	74.0%	800
Asia	300	500	600	120.0%	100
Total	12,500	20,500	18,000	87.8%	5,000