

FY2008 Interim Financial Report Q&A Summary

Q. In the “Monster Hunter” series, the company is already producing a version of “Monster Hunter 3(tri-)” for Wii hardware. Does the company plan to also port “Monster Hunter” and “Monster Hunter 2(dos)” for Wii?

A. We haven't yet decided on whether to port existing titles to Wii hardware.

Q. Will the accidental fire of the Donkey Kong machine affect future openings of storefronts in AEON shopping malls?

A. The accident has not affected openings of new storefronts in AEON shopping malls as of now. With regard to shopping malls which AEON group has already developed, we opened a new store in October.

Q. Regarding multi-platform development, may I assume that there is a tool to share such development? Or should the titles be developed one by one? For example, could you let me know what percentage of the development costs can be reduced when developing software for three platforms?

A. Capcom is developing a tool for integrated development under the MT framework, and is in the process of verifying the efficiency of this framework. “Devil May Cry 4” is on its way to full-scale development for three or four platforms. We plan to increase efficiency, and will verify how far we are able to do so on titles which we are currently developing.

Q. Regarding “Resident Evil: The Umbrella Chronicles,” this game is scheduled to be released in Japan on November 15 and in the US on November 13. How is its shipment status?

A. As you said in your question, “Resident Evil: The Umbrella Chronicles” is on schedule for release this week. Sales figures indicate that our projection is attainable.

Q. As for the Arcade Games Sales business, Mr. Inafune has assumed the position of general manager of development for both Home Video Games and Arcade Games for a certain period, but we haven't seen any titles based on home video software. I know that Arcade Games sales are facing a very tough time, and I would like to know how you plan to improve the situation towards the next term.

A. I think this question concerns the collaboration between two departments, both of which Mr. Inafune of the development section manages, the Home Video department and the Arcade department, and Capcom has already started cooperation between the two departments. Regarding the Gundam series which I talked about earlier, we are scheduled to sell software which we had developed for home video to arcade storefronts, and we also have “Devil Kings X”, which we released at the JAMMA show. We have already developed some arcade game content which was originally been developed for home video. The company is considering promoting a multi-platform strategy whereby home video game material will be used as a base for the development of arcade game content. Furthermore, Capcom plans to implement a medium-term strategy which unites our characteristics and strength in arcade game machines with our strength in home video game software.

Q. The Arcade Operations business is facing rather tough conditions regarding the figures for existing stores. Many rival companies have conducted scrap and build programs to improve the condition of their businesses. I would like to know if there are any particular plans for the second half, to pull more customers into existing storefronts in conjunction with sales of your own company's machines.

A. As I have explained before, Capcom proceeds to close weak existing stores and to open new ones in order to increase efficiency. With regards to models which were put into those storefronts, Wantame Music Channel still enjoys solid sales, so this kind of title should be aggressively promoted at our company's locations. In addition, we plan to distribute "Gundam vs. Gundam", which is scheduled for release in the second half, in large numbers, and by conducting game events we will differentiate ourselves from rival stores.

Q. This question relates to the structural reform of the Arcade Games Sales business. I would like to know whether you will increase development expenditure in view of the fire accident, or whether it is possible to respond to this reform by maintaining the current level to some extent.

A. I think you are asking whether development costs will increase in the future. As we are going to conduct checks at fixed points, a certain level of expenditure will be required. The Arcade Games department is adopting a development and management system which was effective in the Home Video Games. By setting aside more money out of the budget for safety checks, Capcom aims to avoid additional costs, and thus improve the overall efficiency of our development expenditure.

Q. How many subscribers does your online game "Monster Hunter Frontier" have, and how much does the game contribute to profits?

A. We are unable to disclose the number of subscribers to "Monster Hunter Frontier," but as a guide, we feel that the title is maintaining its position in the number-two position, following the number-one online game in Japan. As for its contribution, it continues to make a profit as projected. In the future, I think as we expand the online business, its contribution to corporate profits will increase.

Q. This question concerns the 3D animation with Sony Pictures, which was released the other day. How much is the risk and return, and as a worst case scenario, how much risk do you expect?

A. We are offsetting the risk of the 3D animation with Sony Pictures in various ways, so we are not expecting such a large risk. Concerning returns, as we are receiving a reasonable amount, we believe that we will be able to post a steady profit.