

## Summary of Consolidated Financial Results for the 1st Quarter of the Fiscal Year ending March 31, 2008 (Unaudited)

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Company Name: CAPCOM Co., Ltd.

Code Number: 9697

(URL <http://www.capcom.co.jp/>)

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Note: Numbers are rounded down at Million Yen

### 1. Summary of the 1st Quarter ended June 30, 2007 (from April 1, 2007 to June 30, 2007)

#### (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, 2007	14,277	35.1	2,075	57.2	2,513	79.0	1,130	39.7
1st Quarter ended June 30, 2006	10,571	(7.5)	1,320	48.0	1,404	30.9	808	32.9
(Reference) Year ended March 31, 2007	74,542		9,602		10,600		5,852	

	Earnings per Share of Common Stock	Earnings per Share of Common Stock (Assuming Full Diluted)
	Yen	Yen
1st Quarter ended June 30, 2007	20.02	16.92
1st Quarter ended June 30, 2006	14.81	11.24
(Reference) Year ended March 31, 2007	107.52	84.81

#### (2) Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio to Total Assets	Shareholder's Equity per Share
	Million Yen	Million Yen	%	Yen
1st Quarter ended June 30, 2007	87,364	46,171	52.8	817.68
1st Quarter ended June 30, 2006	95,867	37,610	39.2	701.26
(Reference) Year ended March 31, 2007	91,478	45,144	49.3	799.35

#### (3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of period
	Million Yen	Million Yen	Million Yen	Million Yen
1st Quarter ended June 30, 2007	(751)	(626)	(875)	33,734
1st Quarter ended June 30, 2006	(62)	(2,882)	(2,388)	35,098
(Reference) Year ended March 31, 2007	16,063	(6,715)	(15,206)	35,020

### 2. Forecast for the Fiscal Year ending March 31, 2008 (from April 1, 2007 to March 31, 2008)

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

	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	4.0	2,400	(21.1)	2,850	(24.7)	1,350	(29.6)	23.91
For Year ending March 31, 2008	78,000	4.6	11,000	4.1	11,000	3.8	6,200	5.9	109.82

(Note)

Please refer to "Revision of Earnings Forecast for the Six-month period ending September 30, 2007" announced on August 3rd, 2007.

### 3. 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

#### (3) Change in Accounting rules for the latest fiscal year closed: Yes

(Note: Please refer to "5. Others" on page 3 for details.)

(Note)

These forecast are based on the Company's current assumptions and beliefs in light of the information currently available to it, and involve known and unknown risks and uncertainties. The Company's actual results may differ materially from above mentioned forecast.

## 1. Qualitative information regarding the Consolidated Financial Results

The Japanese economy during this first quarter (ending June 30, 2007) sustained moderate expansion supported by healthy capital investments and exports although consumer spending remained flat.

As for the video game industry, while the full-fledged release of the new stationary game consoles contributed to a gradual upward trend, the market is still in a transitional period to new console platforms.

Portable games, on the other hand, never lost momentum and showed favorable growth.

Under these circumstances, the Capcom group focused on the development of home video game software which is the core business of the company. With the aim of satisfying diverse customer demands, we introduced several big-budget software titles along with software developed under collaboration with partners. Holding various sales-promotion events and campaigns is another area we emphasized. One example of such efforts is the implementation of "Monster Hunter Festival" which succeeded all over Japan.

The business results for the first quarter of the current fiscal year are as follow:

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), ordinary income increased to 2,513 million yen (up 79.0 % from the same term last year), and net income increased to 1,130 million yen (up 39.7 % from the same term last year).

Additionally, Capcom co-published the cartoon-based educational book titled "The Secret of Video Games" with Gakken Co., Ltd. The publication explains the video game industry and teaches responsible gaming. "The Secret of Video Games" was donated to approximately 24,000 elementary schools and 2,700 public libraries across Japan and was received extremely well by education professionals.

### Status of Each Operational Department

#### ① Home Video Games

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.

"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.

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

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.

We did not open any new facility or close any of the existing facilities during this first quarter.

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

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".

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

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.

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

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).

## 2. Qualitative information regarding the Consolidated Financial Position

Total assets as of the end of this three-month period were decreased by 4,113 million yen from the previous fiscal year to 87,364 million yen.

This decrease is mainly attributable to decrease of notes and accounts receivable by 3,326 million yen.

The decrease of liabilities is mainly attributable to decrease of notes and accounts payable by 2,953 million yen and decrease of accrued bonus by 1,190 million yen.

The increase of net assets is mainly attributable to increase of retained earnings by 283 million yen and increase of cumulative translation adjustments by 719 million yen due to exchange fluctuation of yen.

## 3. Qualitative information regarding the consolidated cash flow position

Cash and cash equivalents (hereafter referred to as "Cash") as of this three-month period decreased by 1,285 million yen from the previous fiscal year to 33,734 million yen. Cash flow positions for each activity are as stated below.

Net cash decrease from operating activities amounted to 751 million yen.

This is mainly attributable to net income before tax adjustment resulted in 2,160 million yen, decrease of accounts receivable by 3,400 million yen, increase of inventories by 1,379 million yen, decrease of notes and accounts payable by 3,022 million yen.

Net cash decrease from investing activities amounted to 626 million yen. This decrease is mainly attributable to the expense for acquisition of property, plant and equipment by 449 million yen.

Net cash decrease from financing activities amounted to 875 million yen. This decrease is mainly attributable to reimbursement of dividends by 768 million yen.

## 4. Qualitative and other information regarding business result prospects

Please refer to "Revision of Earnings Forecast for the Six-month period ending September 30, 2007" announced on August 3rd, 2007.

## 5. Others

(1) Changes in Major Subsidiaries during this three-month period (changes in consolidated subsidiaries and affiliated companies with equity-method): No

(2) Application of simple method to Accounting rules

The simple method has been applied to the calculation of income taxes based upon effective tax rate.

Appropriation of allowance was also based on the simple method.

Other minor accounts were also computed by the simple method.

(3) Changes in Accounting Principals, Procedures from the latest Consolidated Financial Statements in the 1st quarter of FY2008:

Due to the revised Corporation Tax Law as for tangible fixed assets, the depreciation method for the assets acquired on April 1, 2007 and thereafter is to be changed as regulated in the tax law. The financial impact made by the above change on Operating Income, Ordinary Income and Net profit or loss before income taxes is immaterial.

As for the retirement gratuities to the directors to resign, it was customarily proposed at the ordinary general meeting of shareholders for its sanction and thereafter it was booked on the expenditures in the fiscal year that proposal was sanctioned.

Based on the general practice of the accounting in Japan prevailing recently, allowance for retirement gratuities to directors to reward their meritorious services is made on each fiscal year to reflect appropriate expenditures as well as to avoid irregularity of the accounting.

Due to this change in accounting procedure, Operating Income and Ordinary Income was decreased by 8 million yen, and Net profit or loss before income taxes was decreased by 358 million yen by accrual of the current and past gratuities on the basis of the regulations for officer's retirement gratuities of the Company.

## 6 . Summary of Consolidated Financial Statements

## (1) Summary of Consolidated Balance Sheets

(Unit: Millions of Yen)

Account Title	Previous Fiscal Year	This 1st Quarter	Difference		Previous 1st Quarter
	As of March 31, 2007	(As of June 30, 2007)	Amount	%	(As of June 30, 2006)
	Amount	Amount	Amount	%	Amount
(Assets)					
I Current assets					
1 Cash and cash equivalents	35,020	33,734	(1,285)		34,898
2 Notes and accounts receivable	11,417	8,090	(3,326)		9,080
3 Negotiable securities	—	—	—		199
4 Inventories	3,488	4,878	1,389		3,470
5 Game software products in-progress	3,415	5,106	1,691		7,635
6 Deferred income taxes	3,215	2,889	(326)		3,320
7 Short-term loans receivable	1,204	1,201	(2)		1,261
8 Other	3,871	2,080	(1,790)		5,300
9 Allowance for doubtful accounts	(1,543)	(1,593)	(49)		(1,289)
Total current assets	60,089	56,389	(3,700)	(6.2)	63,877
II Fixed assets					
1 Tangible fixed assets					
(1) Buildings and structures	6,091	6,052	(38)		6,282
(2) Machinery and vehicle	160	290	129		96
(3) Tool, fixture and furniture	790	813	23		512
(4) Rental equipments	667	583	(84)		448
(5) Equipments for amusement facilities	3,022	2,942	(80)		2,761
(6) Land	4,480	4,484	3		4,478
(7) Construction-in-progress	287	270	(16)		2
Total tangible fixed assets	15,500	15,436	(63)	(0.4)	14,582
2 Intangible fixed assets					
(1) Goodwill	1,058	1,104	45		—
(2) Other	1,219	1,339	120		260
Total intangible fixed assets	2,277	2,443	166	7.3	260
3 Investments and other assets					
(1) Investments in securities	1,794	1,852	57		3,612
(2) Long-term loans receivable	907	895	(11)		807
(3) Deferred income taxes	5,786	5,298	(487)		8,156
(4) Claim in bankruptcy and reorganization	161	161	(0)		107
(5) Lease deposits	5,002	5,011	9		4,704
(6) Other	564	581	17		470
(7) Allowance for doubtful accounts	(605)	(706)	(100)		(711)
Total investments and other assets	13,611	13,095	(515)	(3.8)	17,146
Total fixed assets	31,389	30,975	(413)	(1.3)	31,989
Total assets	91,478	87,364	(4,113)	(4.5)	95,867

(Unit: Millions of Yen)

Account Title	Previous Fiscal Year	This 1st Quarter	Difference		Previous 1st Quarter
	As of March 31, 2007	(As of June 30, 2007)	Amount	%	(As of June 30, 2006)
	Amount	Amount	Amount		Amount
(Liabilities)					
I Current liabilities					
1 Notes and accounts payable	7,489	4,536	(2,953)		7,533
2 Short-term borrowings	755	755	—		700
3 Convertible bonds repayable within 1 year	—	—	—		10,000
4 Accrued income taxes	875	516	(358)		65
5 Accrued bonus	1,746	555	(1,190)		404
6 Reserve for return goods	462	409	(53)		173
7 Other	8,417	7,548	(868)		7,559
Total current liabilities	19,747	14,322	(5,425)	(27.5)	26,437
II Long-term liabilities					
1 Convertible bonds payable	15,000	15,000	—		15,000
2 Convertible bonds issued after April 1st, 2002	6,635	6,635	—		11,500
3 Long-term debt	3,430	3,325	(105)		4,025
4 Accrued retirement benefits for employees	933	964	31		847
5 Accrued retirement gratuities to directors	—	352	352		—
6 Other	588	594	6		446
Total fixed liabilities	26,586	26,871	284	1.1	31,819
Total liabilities	46,334	41,193	(5,140)	(11.1)	58,257
(Net Assets)					
I Shareholders' equity					
1 Paid in capital	29,915	29,915	—		27,581
2 Capital surplus	17,637	17,637	—		15,336
3 Retained earnings	5,555	5,839	283		1,299
4 Treasury stock	(8,138)	(8,140)	(2)		(6,801)
Total shareholders' equity	44,970	45,251	280	0.6	37,415
II Value of adjustments securities					
1 Value of investment securities	482	514	32		677
2 Deferred profit and loss on hedging instruments	1	3	1		5
3 Cumulative translation adjustments	(326)	393	719		(487)
Total value adjustments of securities	157	910	753	479.4	195
III Minority interests	16	9	(7)	(42.2)	—
Total net assets	45,144	46,171	1,027	2.3	37,610
Total liabilities and net assets	91,478	87,364	(4,113)	(4.5)	95,867

## (2) Summary of Consolidated Statements of Income

(Unit: Millions of Yen)

Account Title	Previous 1st Quarter (As of June 30, 2006)	This 1st Quarter (As of June 30, 2007)	Difference		Previous Fiscal Year (As of March 31, 2007)
	Amount	Amount	Amount	%	Amount
I Net Sales	10,571	14,277	3,706	35.1	74,542
II Cost of sales	6,619	8,308	1,688	25.5	48,046
Gross profit	3,952	5,969	2,017	51.0	26,496
Reserve for return goods	—	—	—		113
Reserve adjustment for return goods	175	53	(122)		—
Net gross profit balance	<b>4,128</b>	<b>6,022</b>	<b>1,894</b>	<b>45.9</b>	<b>26,382</b>
III Selling, general and administrative expenses	2,807	3,947	1,139	40.6	16,779
Operating Income	<b>1,320</b>	<b>2,075</b>	<b>755</b>	<b>57.2</b>	<b>9,602</b>
IV Other income	<b>164</b>	<b>606</b>	<b>442</b>	<b>268.2</b>	<b>1,405</b>
1 Interest income	143	319	176		882
2 Dividend income	15	18	2		17
3 Exchange gain	—	251	251		444
4 Other	6	17	11		60
V Other expense	<b>80</b>	<b>169</b>	<b>88</b>	<b>109.9</b>	<b>407</b>
1 Interests paid	17	18	0		72
2 Exchange loss	44	—	(44)		—
3 Loss on transfer of allowance for doubtful accounts	—	100	100		151
4 Other	18	50	32		184
Ordinary income	<b>1,404</b>	<b>2,513</b>	<b>1,109</b>	<b>79.0</b>	<b>10,600</b>
VI Extraordinary gain	—	—	—	—	<b>104</b>
1 Gain on sale of fixed assets	—	—	—		1
2 Legal settlement	—	—	—		103
VII Extraordinary loss	<b>33</b>	<b>353</b>	<b>320</b>	<b>968.3</b>	<b>718</b>
1 Loss on sale of fixed assets	33	2	(30)		173
2 Reserve for retirement gratuities to directors from the previous period	—	350	350		—
3 Loss on revaluation of investment in securities	—	—	—		103
4 Loss on suspension of product development	—	—	—		442
Net profit or loss before income taxes	<b>1,371</b>	<b>2,160</b>	<b>789</b>	<b>57.5</b>	<b>9,986</b>
Corporate tax and other tax	562	1,037	474		4,143
Minority interest in net loss of a consolidated subsidiary	—	7	(7)		9
Net Income	<b>808</b>	<b>1,130</b>	<b>321</b>	<b>39.7</b>	<b>5,852</b>

## (3) Summary of Statements of Cash Flows

(Unit: Millions of Yen)

Account Title	Previous 1st Quarter From April 1, 2006 To June 30, 2006	This 1st Quarter From April 1, 2007 To June 30, 2007	Previous Fiscal Year From April 1, 2006 To March 31, 2007
	Amount	Amount	Amount
I Cash flows from operating activities			
1 Net profit or loss before income taxes	1,371	2,160	9,986
2 Depreciation and amortization	505	599	2,774
3 Increase (decrease) in allowance for doubtful accounts	(4)	144	137
4 Interest revenue and dividend income	(158)	(338)	(900)
5 Interests paid	17	18	72
6 Loss on revaluation of investment in securities	—	—	103
7 Legal settlement	—	—	(103)
8 Increase (decrease) in account receivable	3,719	3,400	1,659
9 Increase (decrease) in inventories	263	(1,379)	(252)
10 Increase (decrease) in game software products in-progress	(1,287)	(1,688)	2,933
11 Increase (decrease) in account payable	326	(3,022)	186
12 Other	(2,952)	(344)	1,000
Sub total	1,800	(449)	17,596
13 Interest and dividend received	147	351	876
14 Interest payment	(12)	(22)	(67)
15 Legal settlement received	—	—	103
16 Corporate and other tax payment	(1,998)	(631)	(2,444)
Cash flows from operating activities	(62)	(751)	16,063
II Cash flows from investing activities			
1 Acquisition of property, plant and equipment	(1,228)	(449)	(3,804)
2 Acquisition of investment securities	(1,484)	(12)	(116)
3 Acquisition of interest in subsidiaries newly consolidated, net of cash acquired	—	—	(1,612)
4 Other	(168)	(165)	(1,181)
Cash flows from investing activities	(2,882)	(626)	(6,715)
III Cash flows from financing activities			
1 Proceeds from short-term borrowings	—	—	55
2 Repayment of long-term borrowings	(105)	(105)	(700)
3 Proceeds from convertible bonds issued after April 1st, 2002	—	—	(10,000)
4 Proceeds from sale of treasury stock	0	—	0
5 Acquisition of treasury stock	(1,733)	(2)	(3,251)
6 Dividend paid by parent company	(550)	(768)	(1,337)
7 Proceeds from minority shareholders' financing	—	—	26
Cash flows from financing activities	(2,388)	(875)	(15,206)
IV Effect of exchange rate changes on cash and cash equivalents	(221)	968	203
V Increase (decrease) in cash and cash equivalents	(5,554)	(1,285)	(5,654)
VI Beginning balance of cash and cash equivalents	40,652	35,020	40,652
VII Increase in cash and cash equivalents due to newly consolidated companies	—	—	22
VIII Ending balance of cash and cash equivalents	35,098	33,734	35,020

## (4) Operating Segments

Three-month Period ended June 30, 2006 (from April 1, 2006 to June 30, 2006)

(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 profit or loss								
Net Sales								
(1) External customers	4,529	2,891	2,128	507	515	10,571	(—)	10,571
(2) Inter-segment sale or transfer	—	—	7	—	—	7	(7)	—
Total	4,529	2,891	2,135	507	515	10,579	(7)	10,571
Operating expense	3,709	2,492	1,656	397	365	8,620	630	9,251
Operating income or loss	820	398	479	110	149	1,958	(638)	1,320

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

(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 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

(Reference) Previous fiscal year (from April 1, 2006 to March 31, 2007)

(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 profit or loss								
Net Sales								
(1) External customers	43,813	13,043	8,021	7,102	2,561	74,542	(—)	74,542
(2) Inter-segment sale or transfer	—	—	39	—	—	39	(39)	—
Total	43,813	13,043	8,060	7,102	2,561	74,581	(39)	74,542
Operating expense	35,757	11,033	6,691	5,477	3,000	61,961	2,977	64,939
Operating income or loss	8,055	2,009	1,369	1,624	(439)	12,619	(3,017)	9,602