

## Summary of Consolidated Financial Results for the 3rd Quarter (Unaudited)

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Company Code:	9697	Location of Headquarters:	Osaka Prefecture
(URL <a href="http://www.capcom.co.jp/">http://www.capcom.co.jp/</a> )			
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### 1 . Preparation Basis for Consolidated Financial Results for the 3rd Quarter Ended December 31, 2003

- (1)Change in Accounting rules for the 3rd quarter reporting and the latest fiscal year closed: Yes  
 The simple method has been applied to the calculation of income taxes based upon effective tax rate.  
 Other minor accounts were also computed by the simple method.
- (2)Changes in scope of consolidation and application of equity method: None

### 2 . Summary of the 3rd Quarter ended December 31, 2003 ( April 1,2003 - December 31, 2003 )

#### (1)Consolidated Results of Operations

Note: Numbers are rounded down at Million Yen

	Net Sales		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
3rd Quarter Ended Dec. 31, 2003	39,130	3.9	3,113	27.7	2,805	9.2
3rd Quarter Ended Dec. 31, 2002	40,750	-	2,437	-	2,568	-
Year Ended March 31, 2003	62,036		6,680		6,797	

	Net Income		Earnings Per Share of Common Stock		Earning Per share of Common Stock (Assuming Full Diluted)	
	Million Yen	%	Yen		Yen	
3rd Quarter Ended Dec. 31, 2003	1,472	-	25.87		22.86	
3rd Quarter Ended Dec. 31, 2002	16,655	-	285.96		-	
Year Ended March 31, 2003	19,598		338.01		-	

Note: Percentage represents change against corresponding period of the previous 3rd quarter on net sales, operating income, ordinary income and net income

#### [Overview of the Consolidated Results of Operations]

The Japanese economy during this three-month period sees signs of a gradual upward trend towards recovery from the worse position, thanks to export increase, pickup on capital expenditure, and recovery of consumer spending.

As for the video game industry, game software and hardware companies made efforts towards vitalizing the market such as releasing popular titles, PSX (DVD recorder equipped with game play function) and pricing-cut of game hardware to meet with the year-end sales season as momentum opportunity.

However, the domestic market was at a standstill due to diversification of entertainment, change of customers' life cycle, pricing-cut of game hardware, increase of low-end software and incremental sales of second hand software. Overseas market showed the healthy growth thanks to the steam-gathering season as Christmas time in US and European areas.

Under changing situations in which the company stands, we were striving to stimulate the users' demands by increasing the product lineups, and we were reforming management organization by enhancing the marketing competitiveness as well as sales force on worldwide basis.

In addition, we also initiated to maximize Capcom Brands in Arcade Operations, Arcade Games and other business areas related to original contents to establish a corporate structure that enables stable incomes.

However, total sales were weak due to lower-than-expected sales of highly expected titles.

The resulting net sales for this 3rd quarter were 39,130 million yen (down 3.9% from the same period in the previous year).

We achieved operating income of 3,113 million yen (up 27.7% from the same period in the previous year), ordinary income of 2,805 million yen (up 9.2% from the same period in the previous year) and net income of 1,472 million yen.

[Status of Each Operational Department]

### Home Video Game Sales

“Onimusha Blade Warrior” (for PlayStation2) and “Resident Evil Outbreak” (for PlayStation2) resulted in lower sales than anticipated during the quarter.

However, “Megaman Battle Network 4 Red Sun” (for Game Boy Advance) and “Megaman Battle Network 4 Blue Moon” (for Game Boy Advance) achieved far better sales than planned being backed up by the firm audiences to the game.

In overseas market, our lower-priced software achieved steady sales. However, highly expected titles such as “Viewtiful Joe” (for Nintendo GameCube) did not make sales as we expected during the quarter.

As a result, net sales for this 3rd quarter was 25,678 million yen, and the operating income was 1,234 million yen.

### Arcade Operations

We have been trying to maintain clean and easy access arcades by the customers through holding various events and core customers, and also trying to enlarge new customers by enhancing customer satisfaction.

The total number of arcades became 31 after closing one unprofitable arcade in US, there is no arcade in overseas area.

As a result, net sales for this 3rd quarter was 7,156 million yen, and the operating income was 1,674 million yen.

### Arcade Game Sales

In this business segment, “Mobile Suit Z Gundam A.E.U.G vs. TITANS”, which has made a big hit in the mid-term period, continued a healthy growth being supported by steady audiences during this quarter and prize-winning game “Mecha-tore King” was also well received in the market.

The resulting net sales for this 3rd quarter was 3,984 million yen, and the operating income was 1,466 million yen.

### Other Businesses

The net sales from other businesses, mainly licensing royalties, were 2,370 million yen, and the operating income was 507 million yen.

## (2) Consolidated Financial Position

	Total Assets	Total Shareholders' Equity	Shareholders' Equity Ratio to Total Assets	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
3rd Quarter Ended Dec. 31, 2003	104,908	42,122	40.1	740.05
3rd Quarter Ended Dec. 31, 2002	110,724	46,823	42.3	814.70
As of March 31, 2003	106,648	42,888	40.2	753.47

### [Overview of the Consolidated Financial Position]

Total assets as of the end of this nine-month period were decreased by 1,740 million yen from the previous fiscal year to 104,908 million yen.

This primarily resulted from increase of 820 million yen in “negotiable securities” equal to cash equivalents, 1,988 million yen in the “game software products in progress” as well as decrease of 6,428 million yen in “cash and cash equivalents” and 2,146 million yen in “notes and accounts receivable” in assets.

Shareholders' equity was decreased by 766 million yen to 42,122 million yen due to decrease of 1,494 million yen in “cumulative translation adjustments” despite of net profit from operation.

As a result, shareholders' equity ratio was declined to 40.1%.

### 3 . Forecast for the fiscal year ending March 31, 2004 (From April 1, 2003 to March 31, 2004)

Forecast for the fiscal year ending March 31, 2004 has not been changed from the projection we announced in interim financial results ended September 30, 2003 as of November 14, 2003.

### [Important information to be made known about forecast of fiscal year]

The game software business is expected to have a full-fledged harvest season from this year through next year as the profusion of hardware seems to complete its first round.

However, as competition from cell phone and internet that historically had same user groups as video game industry is getting intensified, we are making conscious effort to provide software products that conform to market needs, increase the efficiency in each department by reinforcing management reorganization.

Moreover, we are striving to revitalize the entire corporate organization and strengthen our management bases by changing consciousness of all staff as well as management reorganization capable of adapting to changes in the business environment.

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.

## Summary of Consolidated Balance Sheets (Unaudited)

(Unit: Millions of Yen)

Account Title	Previous 3rd Quarter		This 3rd Quarter		Balance Sheet of Previous Fiscal Year	
	(As of December 31, 2002)		(As of December 31, 2003)		(As of March 31, 2003)	
	Amount	%	Amount	%	Amount	%
(Assets)						
Current assets						
1 Cash and cash equivalents	29,039		24,018		30,445	
2 Notes and accounts receivable	13,243		13,421		15,566	
3 Negotiable Securities	3,126		3,818		2,998	
4 Inventories	7,610		5,973		6,360	
5 Game software products in-progress	14,386		12,319		10,331	
6 Deferred income taxes	4,439		3,482		4,353	
7 Short-term loans receivable	4,290		4,282		4,336	
8 Other	4,516		3,727		2,798	
9 Allowance for doubtful accounts	2,352		534		2,594	
Total current assets	78,298	70.7	70,510	67.2	74,597	69.9
Fixed assets						
(1) Tangible fixed assets						
1 Buildings and structures	4,834		7,122		4,709	
2 Machinery and vehicle	162		111		121	
3 Tool, fixture and furniture	765		677		722	
4 Rental equipment	193		147		177	
5 Equipments for amusement facilities	2,217		2,168		1,949	
6 Land	4,700		4,472		4,700	
7 Construction-in-progress	49		32		27	
Total tangible fixed assets	12,924	11.7	14,732	14.0	12,408	11.6
(2) Intangible fixed assets						
1 Other	1,197		992		1,151	
Total intangible fixed assets	1,197	1.1	992	1.0	1,151	1.1
(3) Investments and other assets						
1 Investments in securities	2,247		2,311		2,029	
2 Long-term loans receivable	6,199		914		948	
3 Deferred income taxes	9,877		10,613		10,534	
4 Claim in bankruptcy and reorganization	143		108		6,271	
5 Other	6,425		5,187		5,308	
6 Allowance for doubtful accounts	6,589		462		6,603	
Total investments and other assets	18,304	16.5	18,672	17.8	18,489	17.4
Total fixed assets	32,426	29.3	34,398	32.8	32,050	30.1
Total assets	110,724	100.0	104,908	100.0	106,648	100.0

(Unit: Millions of Yen)

Account Title	Previous 3rd Quarter		This 3rd Quarter		Balance Sheet of Previous Fiscal Year	
	(As of December 31, 2002)		(As of December 31, 2003)		(As of March 31, 2003)	
	Amount	%	Amount	%	Amount	%
(Liabilities)						
Current liabilities						
1 Notes and accounts payable	5,633		4,452		5,173	
2 Short-term borrowings	7,941		6,646		7,505	
3 Accrued income taxes	88		74		649	
4 Accrued bonus	387		283		454	
5 Reserve for return goods	348		390		613	
6 Other	5,871		6,368		5,922	
Total current liabilities	20,270	18.3	18,215	17.4	20,317	19.1
Long-term liabilities						
1 Convertible bonds payable	37,262		37,262		37,262	
2 Long-term debt	3,807		5,775		3,570	
3 T Deferred taxes debt	-		161		-	
4 Accrued retirement benefits for employees	788		837		803	
5 Other	1,730		534		1,775	
Total long-term liabilities	43,589	39.4	44,570	42.5	43,410	40.7
Total liabilities	63,859	57.7	62,785	59.9	63,728	59.8
(Minority Interest)						
Minority interest	40	0.0	-	-	31	0.0
Total tangible fixed assets						
(Shareholders' Equity)						
Common stock	27,581	24.9	27,581	26.3	27,581	25.9
Total intangible fixed assets	30,471	27.5	24,852	23.7	30,471	28.6
Retained earnings	9,107	8.2	6,096	5.8	12,049	11.3
Unrealized profit and loss on revaluation of securities	20	0.0	236	0.2	160	0.2
Cumulative translation adjustments	183	0.2	1,351	1.3	142	0.1
Treasury stock	2,284	2.1	3,099	3.0	3,096	2.9
Total shareholders' equity	46,823	42.3	42,122	40.1	42,888	40.2
Total liabilities, minority interest and shareholders' equity	110,724	100.0	104,908	100.0	106,648	100.0

Summary of Consolidated Statements of Income (Unaudited)

(Unit: Millions of Yen)

Account Title	Previous 3rd Quarter		This 3rd Quarter		Previous Fiscal Year	
	From April 1, 2002 To December 31, 2002		From April, 2003 To December 31, 2003		From April 1, 2002 To March 31, 2003	
	Amount	%	Amount	%	Amount	%
Net sales	40,750	100.0	39,130	100.0	62,036	100.0
Cost of sales	26,275	64.5	26,235	67.0	38,585	62.2
Gross profit	14,474	35.5	12,895	33.0	23,451	37.8
Reserve for return goods	348	0.8	-	-	613	1.0
Reserve adjustment for return goods	-	-	222	0.5	-	-
Net gross profit balance	14,126	34.7	13,118	33.5	22,838	36.8
Selling, general and administrative expenses	11,688	28.7	10,004	25.5	16,158	26.0
Operating income	2,437	6.0	3,113	8.0	6,680	10.8
Other income						
1 Interest income	141		132		196	
2 Dividend income	3		2		3	
3 Tangible fixed assets	49		-		49	
4 Exchange gain	89		-		145	
5 Other	74	358	78	213	88	483
Other expense						
1 Interest expense	148		178		254	
2 Exchange loss	-		291		-	
3 Other	78	227	51	521	110	365
Ordinary income	2,568	6.3	2,805	7.2	6,797	11.0
E Total tangible fixed assets						
1 Intangible fixed assets	0		33		0	
2 Gain on sale of investment in securities	-		91		-	
3 Total intangible fixed assets	-	0	10	135	3	3
Extraordinary loss						
1 Loss on sale of fixed asset	47		96		186	
2 Loss on revaluation of real estate	24,331		-		24,331	
3 Loss on revaluation of investment in securities	219		-		619	
4 Loss on sale of investment in securities	-		173		-	
5 Loss on sale or disposal of inventories	1,389		-		1,429	
6 Loss on suspension of product development	516		-		5,284	
7 Loss on consolidation of business	304		-		406	
8 Loss on revaluation of inventories	-		-		1,508	
9 Extraordinary retirement allowance	-		-		81	
10 Loss on transfer of allowance for doubtful accounts	2,375		-		2,708	
11 Other extraordinary loss	263	29,449	-	269	293	36,850
Net profit or loss before taxes	26,879	66.0	2,671	6.8	30,049	48.4
Corporate tax, local tax, and enterprise tax	10,202	25.0	1,214	3.1	10,420	16.8
Minority interest loss	21	0.1	15	0.0	30	0.0
Net profit or loss	16,655	40.9	1,472	3.7	19,598	31.6

**[Segment Information]**

**Operating segments**

**Nine-month Period ended December 31, 2003 (from April 1, 2003 to December 31, 2003)**

Unit: Millions of Yen

	Home video games	Arcade operation	Arcade games	Other businesses	Total	Elimination and corporate	Consolidated total
Net sales and operating profit or loss							
Net Sales							
(1) External customers	25,678	7,156	3,925	2,370	39,130	( )	39,130
(2) Inter-segment sale or transfer			59		59	(59)	
Total	25,678	7,156	3,984	2,370	39,190	(59)	39,130
operating expense	24,444	5,481	2,518	1,862	34,307	1,709	36,017
operating profit or loss ( )	1,234	1,674	1,466	507	4,882	(1,768)	3,113

(Note)

- Business segments above are split based upon for internal management disposition.
- Principal products and operations of each business segment
  - Home vide games: This sales division develops and distributes home video game software.
  - Arcade operations: This division operates amusement facilities.
  - Arcade games: This sales division develops, manufactures, and distributes commercial game equipments and integrated circuit boards.
  - Other businesses: Other businesses include licensing business and other content-related businesses.
- Among operating expenses, undistributed operating expenses to each business segment above is included in the "Elimination and corporate" amounted to 1,787 million yen. The major part of this exp ense is related to corporate G&A.
- Segment of Arcade Operation and that of Arcade games were interchanged from the reporting of semi-annual FY2003.

Please note that segment information was not prepared for nine-month period of FY2002.

**Year ended March 2003 (from April 1, 2002 to March 31, 2003)**

Unit: Millions of Yen

	Home video games	Arcade games	Arcade operation	Other businesses	Total	Elimination and corporate	Consolidated total
Net sales and operating profit or loss							
Net Sales							
(1) External customers	48,090	959	9,242	3,743	62,036	( )	62,036
(2) Inter-segment sale or transfer		154			154	(154)	
Total	48,090	1,113	9,242	3,743	62,190	(154)	62,036
operating expense	41,329	1,648	7,101	3,392	53,471	1,884	55,356
operating profit or loss ( )	6,760	534	2,141	351	8,718	(2,038)	6,680

(Note)

- Business segments above are split based upon for internal management disposition.
- Principal products and operations of each business segment
  - Home vide games: This sales division develops and distributes home video game software.
  - Arcade games: This sales division develops, manufactures, and distributes commercial game equipments and integrated circuit boards.
  - Arcade operations: This division operates amusement facilities.
  - Other businesses: Other businesses include licensing business and arcade game rental business.
- Among operating expenses, undistributed operating expenses to each business segment above is included in the "Elimination and corporate" amounted to 2,069 million yen. The major part of this exp ense is related to corporate G&A.