

**Consolidated financial results
for the year ended March 31, 2010 (Unaudited)**

Company name: CAPCOM Co., Ltd.
Code number: 9697
Representative: Haruhiro Tsujimoto, President and COO
Contact person: Kazuhiko Abe, Managing Corporate Officer
Ordinary general shareholders' meeting : June 18, 2010
Filing date for financial report : June 21, 2010

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Stock listing: Tokyo, Osaka
URL : <http://www.capcom.co.jp/>
Tel: +81-6-6920-3605

Dividend payment date: June 21, 2010

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

1. Results for the year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

(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	%
Year ended March 31, 2010	66,837	-27.3	5,587	-61.8	5,530	-59.9	2,167	-73.1
Year ended March 31, 2009	91,878	10.6	14,618	11.4	13,808	12.6	8,063	3.3

	Earnings per share of common stock	Diluted earnings per share of common stock	Return on equity	Return (ordinary income) on assets	Operating margin
	Yen	Yen	%	%	%
Year ended March 31, 2010	35.71	35.64	3.8	5.7	8.4
Year ended March 31, 2009	130.98	120.41	14.3	13.8	15.9

Reference: Equity in earnings (losses) of affiliates Year ended March 31, 2010: - million yen Year ended March 31, 2009: -553 million yen

(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
Year ended March 31, 2010	86,621	53,956	62.3	913.18
Year ended March 31, 2009	106,210	59,349	55.9	961.38

Reference: Shareholders' equity: Year ended March 31, 2010: 53,956 million yen Year ended March 31, 2009: 59,349 million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Ending balance of cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2010	14,320	-1,618	-10,747	29,815
Year ended March 31, 2009	-551	-2,715	-342	28,611

2. Dividends

Record date	Dividend per share					Dividend paid	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
	1st Quarter-end	2nd Quarter-end	3rd Quarter-end	Year-end	Annual			
Year ended March 31, 2009	—	20.00	—	15.00	35.00	2,160	26.7	3.8
Year ended March 31, 2010	—	15.00	—	20.00	35.00	2,087	98.0	3.7
Year ending March 31, 2011 (Forecast)	—	15.00	—	20.00	35.00		25.9	

3. Earnings forecast for the fiscal year ending March 31, 2011 (from April 1, 2010 to March 31, 2011)

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
6 months ending September 30, 2010	45,300	16.5	4,800	-13.9	4,700	-14.2	2,900	-2.3	49.08
Year ending March 31, 2011	95,000	42.1	15,000	168.5	14,000	153.1	8,000	269.1	135.39

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) 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: Yes
- Changes other than : No
- (3) Number of shares outstanding (Common stock):
- Number of shares outstanding (including treasury stock)
- Year ended March 31, 2010: 67,723,244 Year ended March 31, 2009: 67,394,568
- Number of treasury stock
- Year ended March 31, 2010: 8,636,412 Year ended March 31, 2009: 5,660,792

(For reference) Non-consolidated financial data

1. Results (non-consolidated) for the year ended March 31, 2010 (from April 1, 2009 to March 31, 2010)

(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	%
Year ended March 31, 2010	53,393	-15.5	7,120	-22.8	6,709	-25.5	4,189	8.9
Year ended March 31, 2009	63,217	1.2	9,226	8.0	9,002	26.7	3,845	-6.8

	Earnings per share of common stock	Diluted earnings per share of common stock
	Yen	Yen
Year ended March 31, 2010	69.00	68.87
Year ended March 31, 2009	62.46	57.47

(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
Year ended March 31, 2010	84,168	56,251	66.8	952.02
Year ended March 31, 2009	90,874	58,357	64.2	945.31

Reference: Shareholders' equity: Year ended March 31, 2010: 56,251 million yen Year ended March 31, 2009: 58,357 million yen

(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.

1. Operating Results

(1) Operating Results

Overview of the fiscal year ended March 31, 2010

The Japanese economy during this fiscal year ended March 2010 was on a recovery trend with some fluctuations despite high unemployment rate and deflationary pressure such as wage control. Favorable factors contributing to the economic recovery were increase in exports and consumer spending and capital investment that ceased to decline.

As for the video game industry, the home video game market grew during the year-end/new-year sales season thanks to the price reduction of game consoles. However, the video game market leveled-off due to the prolonged recession with declining customer confidence and decreasing demand.

In arcade operations, the entire industry was committed to a 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 two examples of such efforts. Despite these undertakings, this business segment remained in a downtrend due to the lack of appealing products and the adverse effect of the new influenza or “swine flu”.

Nonetheless, we started to see new movements in market revitalization through public-private cooperation. Under this trend, The Agency for Cultural Affairs held “Japan Media Arts Festival” featuring games, “ANIME” animation and “MANGA” cartoons, while METI (The Ministry of Economy, Trade and Industry) launched the “Study Committee on the Growth Strategy of Contents Industry”.

In the overseas market, while overall sales remained weak due to the lack of flagship software titles and the diversification of entertainment demands, products of unique Japanese content have gained popularity. Such an achievement was evident in successful expos and conferences, namely “Japan Expo” (France) and “Comic-Con International 2009” (USA), that introduced Japanese pop culture including games, “ANIME” animation, and “MANGA” cartoons. The fan base for Japanese pop culture is also expanding throughout Asia.

Under these circumstances, Capcom engaged in various activities to conform to a changing business environment: developing software that precisely satisfies market needs; strengthening sales; promoting business cooperation; leading nationwide sales promotion campaigns; restructuring unprofitable divisions; implementing the business strategy of “Single Contents Multiple Usage” for our popular software titles.

However, we had no choice but to postpone the release of our flagship software titles, “Lost Planet 2” (for PlayStation 3, Xbox 360) and “Super Street Fighter IV” (for PlayStation 3, Xbox 360), in order to respond to the sudden market change in a timely manner.

The resulting net sales decreased to 66,837 million yen (down 27.3 % from the previous year).

As for profits, operating income decreased to 5,587 million yen (down 61.8 % from the previous year), and ordinary income decreased to 5,530 million yen (down 59.9 % from the previous year). Extraordinary loss increased due to the business restructuring expense incurred for revising the arcade game development system.

The net income for this fiscal year decreased to 2,167 million yen (down 73.1 % from the previous 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, our flagship title “Monster Hunter Tri” (for Wii) achieved healthy growth, while “Ace Attorney Investigations: Miles Edgeworth” (for Nintendo DS) and “Resident Evil 5: Alternative Edition” (for PlayStation 3, Xbox 360) also performed satisfactorily.

“Monster Hunter Freedom Unite” (for PlayStation Portable), along with its lower-priced versions, showed strong sales growth supported by its established brand strength. “Resident Evil 5” (for PlayStation 3, Xbox 360), one of the most successful titles in the previous year, continued to grow backed by its popularity.

“Sengoku Basara Battle Heroes” (for PlayStation Portable), which is the latest addition of the Sengoku Basara series, also grew on a steady basis. This software started the so-called “Rekijo” (Japanese term for 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 for the election of the governor of Miyagi.

However, the three software titles that were released in the overseas markets, namely “Bionic Commando” (for PlayStation 3, Xbox 360), “Resident Evil: The Darkside Chronicles” (for Wii), and “Dark Void” (for PlayStation 3, Xbox 360), underperformed their sales and remained weak.

Additionally, the releases of “Lost Planet 2” (for PlayStation 3, Xbox 360) and “Super Street Fighter IV” (for PlayStation 3, Xbox 360) were postponed to the next fiscal year. Lacking these sales-inducing software titles also depressed sales in overseas markets.

The resulting net sales decreased to 44,015 million yen (down 30.0 % from the previous year), and the operating income decreased to 7,846 million yen (down 52.1 % from the previous year).

Arcade Operations

One of our main focuses in this business segment was to increase demand in this slowly recovering 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 women and families, while continuing to hold on to our core users. However, customer traffic did not improve despite our efforts, and sales were restrained due to declining consumer spending and to the trend in which consumers looked for alternative “at-home entertainment”.

We worked on profitability improvement through streamlining business structure including reduction of operation costs. Closing down 2 unprofitable arcades is another example of our operational strategy for increasing profits and adopting to changes in the market environment. The number of our arcades total 38 after these activities as of the end of this fiscal year.

The resulting net sales decreased to 11,985 million yen (down 11.3 % from the previous year), whereas the operating income increased to 590 million yen (up 162.9 % from the previous year) thanks to the success of our profitability improvement strategy.

Arcade Games Sales

Within this stagnating market, Capcom released the coin-operated game machine, “Mario Party Fushigino Korokoro Catcher”, with the aim of reaching a new user base as well as holding onto existing customers. We concentrated our efforts in sales expansion to make a breakthrough in the current market. As part of such activities, we went into partnership with Namco Bandai Games. Despite all of our best efforts, we still struggled with this business segment, and thus the restructuring of the operational system became inevitable.

The resulting net sales decreased to 2,280 million yen (down 71.6 % from the previous year), and the operating loss was 203 million yen (the operating income of the previous year was 1,758 million yen).

Contents Expansion

Overall, this segment achieved its projectioned sales. In the area of content distribution for mobile phones, “Apollo Justice: Ace Attorney” showed healthy growth, and the iPhone/iPod touch version of “Resident Evil: Degeneration” also expanded its user base.

The segment of the Pachislo machine business, on the other hand, continued to suffer lacking a sales-inducing product in the severe business environment. “Viewtiful Joe”, which was released in the 4th quarter of this fiscal

year, showed solid sales, and “Shin Onimusha: Dawn of Dreams” as a part of cooperation expansion also began to show signs to perform favorably supported by its established brand power.

The resulting net sales increased to 5,819 million yen (up 25.7 % from the previous year), and the operating income was 509 million yen (the operating loss of the previous year was 230 million yen).

Other Business

The net sales from other businesses, mainly character-related licensing royalties, decreased to 2,736 million yen (down 3.1 % from the previous year), and the operating income increased to 1,097 million yen (up 4.1 % from the previous year).

Overview of Business Performance in Each region

Japan

In the segment of home video games, our flagship title “Monster Hunter Tri” (for Wii) achieved healthy growth supported by its established popularity, while both “Ace Attorney Investigations: Miles Edgeworth” (for Nintendo DS) and “Sengoku Basara Battle Heroes” (for PlayStation Portable) also performed favorably. In addition, “Monster Hunter Freedom Unite” (for PlayStation Portable), along with its lower-priced versions, showed steady sales increase backed by its brand strength.

“Resident Evil 5” (for PlayStation 3, Xbox 360), one of the most successful titles in the previous year, continued to grow contributing to the overall profit improvement.

Arcade operations saw sluggish growth affected by the weakening demand. However, profits for this segment increased through the successful earning recovery strategies such as fixed cost reduction.

The arcade games sales remained lackluster due to the stagnating market and the lack of appealing products.

In the segment of contents expansion, the business of content distribution for mobile phones achieved projected sales, whereas the Pachislo machine related business struggled without sales-inducing content and products, however, began to show signs of recovery.

The resulting net sales decreased to 53,960 million yen (down 14.9 % from the previous year), and the operating income decreased to 11,775 million yen (down 10.8 % from the previous year).

North America

In North America, sales remained weak due partially to the fact that the main activity in this region was the sales of existing products such as “Resident Evil 5” (for PlayStation 3, Xbox 360), and that the majority of products sold were lower-priced.

Highly expected software “Dark Void” (for PlayStation 3, Xbox 360) and “Bionic Commando” (for PlayStation 3, Xbox 360) both grew at a slow pace. In addition, the release of flagship titles, “Lost Planet 2” (for PlayStation 3, Xbox 360) and “Super Street Fighter IV” (for PlayStation 3, Xbox 360), was postponed to the next fiscal year, depressing overall sales.

The resulting net sales decreased to 12,543 million yen (down 49.6 % from the previous year), and the operating loss was 2,072 million yen (the operating income of 4,054 million yen was recorded in the previous year).

Europe

In Europe, sales were restrained due partially to the fact that the main activity in this region was the sales of small-scale titles and existing products such as “Resident Evil 5” (for PlayStation 3, Xbox 360). Both “Dark Void” (for PlayStation 3, Xbox 360) and “Bionic Commando” (for PlayStation 3, Xbox 360) grew at a sluggish

pace, and the release of the highly expected “Lost Planet 2” (for PlayStation 3, Xbox 360) was postponed to the next fiscal year.

The resulting net sales decreased to 7,933 million yen (down 44.0 % from the previous year), and the operating income decreased to 136 million yen (down 91.2 % from the previous year).

Other Regions

In Asian markets, we struggled to market lower-priced titles, and those titles developed under the partnership with other companies. The release of “Monster Hunter Tri” (for Wii) and “Resident Evil: The Darkside Chronicles” (for Wii) did not achieve projected sales as well.

The resulting net sales decreased to 982 million yen (down 42.2 % from the previous year), and the operating income decreased to 153 million yen (down 57.9 % from the previous year).

Prospects for the Next Fiscal Year

As the domestic market is reaching its maturation in Japan, the competition for market share will intensify, and we may see a clear distinction of “winners” and “losers”.

In addition, the re-structuring of the game industry is expected to accelerate with the rise of new trends and technologies: home video game consoles with multiple features and functions; high-performance mobile phones; cloud computing. The diffusion of cloud computing will promote game downloads and popularize online social games, resulting in new forms of software distribution. Under such a revitalized market, game software manufacturers are expected to introduce a new business model, different from traditional packaged software sales, in order to ensure a new income source.

Acknowledging these circumstances, Capcom is determined to work on an active operation deployment that promptly conforms to industry changes through strengthening marketing activities and grasping market trends timely and appropriately. Such a decision was made based on the lessons learned from past experiences regarding our slow response to the sudden changes in the overseas market of home video game software sales.

We will concentrate our management resources on the development of home video game software, the core competence of Capcom. Corresponding to the growing network game market, the business segments of online games and contents distribution to cellular phones will be emphasized through the introduction of software products that match diversified preferences of both domestic and international users. Capcom is determined to win in this severe market with these strategies that will bring improved customer satisfaction and a competitive edge.

Another area on which we will be focusing is the development of new business opportunities. One example of such efforts is to enhance the game character-related businesses utilizing the synergy from our high-profile contents.

We will be working on the revitalization of the company through group-wide organizational reform. Expediting decision making and clarifying the chain of command and responsibility are just a few examples of this reform. Additionally, we will be trimming down our operational structure by reorganizing unprofitable businesses and building an optimum business portfolio. Our ultimate goal is to streamline overall management and to acquire a healthy and robust corporate quality with improved operational efficiency and reduced costs.

We are also upgrading our inter-business network, including video conference systems and intranet, in order to streamline the business process and information sharing among all the affiliated companies of Capcom, both domestic and international. Such network improvements will boost the unifying force of the entire Capcom group by enhancing managerial functions under a consolidated control system. We will also implement “Hybrid Management” to ensure steady profit and to adapt to changes in the business environment.

Since the video game industry is shrinking in Japan, we must focus on overseas operations where the market size is larger in order to realize our projected sales growth.

As part of the sales strategy for next year, we will offer a powerful product lineup that specifically targets overseas markets. Software titles to be released to complete this lineup are as follows: “Super Street Fighter IV” (for PlayStation 3, Xbox 360), “Dead Rising 2” (for PlayStation 3, Xbox 360), “Lost Planet 2” (for PlayStation 3, Xbox 360) which is a popular series in US and Europe, and “Monster Hunter Tri” (for Wii) which boasted solid sales in Japan.

(2) Analysis of the Consolidated Financial Position

Analysis of assets, liabilities and net assets

Assets

Total assets decreased by 19,588 million yen from the previous fiscal year to 86,621 million yen. The primary increase is 3,901 million yen in work-in-progress for game software, and the primary decrease is 21,605 million yen in notes and accounts receivable, trade and 896 million yen in merchandise and finished goods.

Liabilities

Liabilities decreased by 14,195 million yen from the previous fiscal year to 32,665 million yen. The decrease is mainly attributable to the following: 6,205 million yen in notes and accounts payable, 2,555 million yen in short-term borrowings, 1,259 million yen in accrued income taxes.

Net assets

Net assets decreased by 5,392 million yen from the previous fiscal year to 53,956 million yen. The primary increase is 2,167 million yen in net income for the current fiscal year, and the decrease is attributable to 5,125 million yen in the repurchase of treasury stock and 1,831 million yen in payment of cash dividends from retained earnings.

Analysis of cash flow

Cash and cash equivalents (hereafter referred to as “Cash”) as of the end of the current fiscal year increased by 1,203 million yen from the previous fiscal year to 29,815 million yen. Cash flow positions of each activity and their factors are described below.

Cash flows from operating activities

Net cash gained from operating activities increased by 14,871 million yen from the previous fiscal year to 14,320 million yen. Some of the main contributors to the increase are the following: 20,897 million yen in decrease in accounts receivable, trade; 3,368 million yen in depreciation and amortization; 1,124 million yen in net income before income taxes. The decrease is attributable mainly to 5,952 million yen in decrease in accounts payable, trade and 5,545 million yen in increase work-in-progress for game software.

Cash flows from investing activities

Net cash spent for investing activities decreased by 1,096 million yen from the previous fiscal year to 1,618 million yen. The decrease is mainly attributed to the payment of 1,693 million yen for payment for acquisitions of tangible fixed assets.

Cash flows from financing activities

Net cash spent for financing activities increased by 10,404 million yen from the previous fiscal year to 10,747 million yen. This increase is mainly attributable to the following: 5,125 million yen in payment for repurchase of treasury stock; 2,555 million yen in repayments of short-term borrowings; 1,829 million yen in dividends paid by parent company.

(Reference) Trends of Cash Flow Indicators

	Year ended March 2006	Year ended March 2007	Year ended March 2008	Year ended March 2009	Year ended March 2010
Shareholders' equity ratio to total assets	40.1	49.3	57.3	55.9	62.3
Shareholders' equity ratio to total assets based on fair market value	67.5	104.4	221.2	101.5	120.5
Debt amortization ratio to cash flows	37.9	28.6	46.8	-	122.7
Interest coverage ratio	82.6	237.3	103.7	-	86.9

Shareholders' equity ratio to total assets : Shareholders' equity / Total assets

Shareholders' equity ratio to total assets based on fair market value : Total of the capital stock at market price / Total assets

Debt amortization ratio to cash flows : Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio : Cash flows from operating activities / Interest payments

(Note 1) Total market value of shares is calculated based on the number of shares as of the end of the fiscal year excluding treasury stock.

(Note 2) The interest-bearing debt refers to the debts posted in the consolidated balance sheets for which we are paying interests.

(Note 3) As the cash flows from operating activities fell into red in fiscal year ended March 2009, we have omitted debt amortization ratio to cash flows from operating activities and interest coverage ratio.

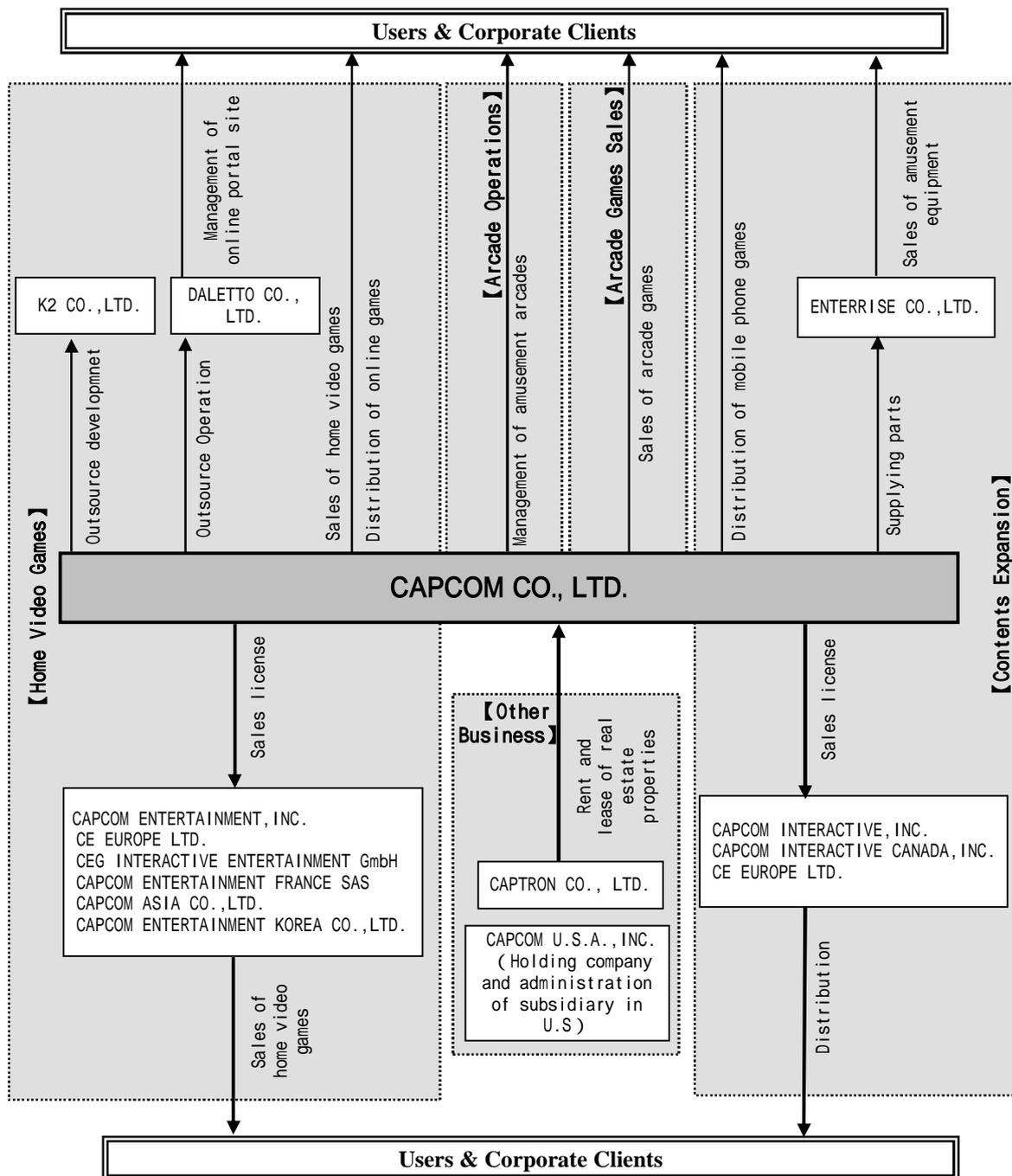
(3) Principles of profit share and dividends for the current and next fiscal year

One of our management priorities is paying stable and continuous dividends to all shareholders, taking into account our future business strategies as well as our management environment.

The year-end dividends for the current fiscal year are expected to be 20 yen per share. The interim dividend paid for the current fiscal year was 15 yen per share of the ordinary dividend. Therefore, the annual dividend is expected to be 35 yen per share.

Based on our business prospects, we are planning to pay 35 yen per share (of which the interim dividend is 15 yen) during the next fiscal year.

2. Status of Capcom Corporate Group



*All companies other than Capcom Co., LTD are consolidated subsidiaries.

3. Business Policy

There is no significant change in business policy from the Mid-Term Financial Results ended September 30, 2008 disclosed on November 8, 2007. Therefore it is omitted to describe this item.

It is available through following URL:

Capcom Corporate Web

http://www.capcom.co.jp/ir/english/data/result_2008.html

Tokyo Stock Exchange

<http://www.tse.or.jp/listing/ocompanysearch/index.html> (Japanese)

5 . Summary of consolidated financial statements

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2009)	Current fiscal year (as of March 31, 2010)
Assets		
Current assets		
Cash on hand and in banks	28,611	29,865
Notes and accounts receivable, trade	27,894	6,288
Merchandise and finished goods	1,746	849
Work-in-progress	2,097	183
Raw materials and supplies	2,745	1,698
Work-in-progress for game software	10,432	14,333
Deferred tax assets	2,712	3,204
Other	2,949	4,927
Allowance for doubtful accounts	(383)	(48)
Total current assets	78,806	61,303
Fixed assets		
Tangible fixed assets, net of accumulated depreciation		
Buildings and structures, net	5,452	5,259
Machinery and vehicles, net	66	43
Tools, fixtures and furniture, net	943	823
Rental equipment, net	137	13
Equipment for amusement facilities, net	2,892	2,251
Land	4,391	4,386
Leased assets, net	1,258	965
Construction-in-progress	74	305
Total tangible fixed assets	15,217	14,049
Intangible fixed assets		
Goodwill	419	179
Other	3,154	3,048
Total intangible fixed assets	3,574	3,227
Investments and other assets		
Investments in securities	920	957
Long-term loans receivable	90	0
Deferred tax assets	1,425	1,339
Claim in bankruptcy and reorganization	870	909
Lease deposits	5,672	5,266
Other	676	586
Allowance for doubtful accounts	(1,042)	(1,019)
Total investments and other assets	8,612	8,040
Total fixed assets	27,404	25,318
Total assets	106,210	88,621

(Unit: Millions of yen)

	Previous fiscal year (as of March 31, 2009)	Current fiscal year (as of March 31, 2010)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	9,682	3,477
Short-term borrowings	15,766	13,211
Current portion of convertible bonds	400	-
Lease obligations	492	578
Accrued income taxes	1,923	663
Deferred tax liabilities	243	58
Accrued bonuses	2,091	1,318
Allowance for sales returns	313	90
Other	7,501	5,814
Total current liabilities	38,415	25,211
Long-term liabilities		
Long-term borrowings	5,067	4,355
Lease obligations	833	459
Accrued retirement benefits for employees	1,171	1,388
Accrued retirement benefits for directors	406	-
Deferred tax liabilities	-	4
Other	967	1,244
Total long-term liabilities	8,445	7,453
Total liabilities	46,861	32,665
Net assets		
Shareholders' equity		
Common stock	33,039	33,239
Capital surplus	21,129	21,328
Retained earnings	17,000	17,262
Treasury stock	(8,015)	(13,141)
Total shareholders' equity	63,152	58,689
Valuation and translation adjustments		
Net unrealized gain on securities, net of tax	(12)	19
Cumulative translation adjustments	(3,790)	(4,752)
Total valuation and translation adjustments	(3,803)	(4,732)
Total net assets	59,349	53,956
Total liabilities and net assets	106,210	86,621

(2) Consolidated statements of income

	(Unit: Millions of yen)	
	Previous fiscal year from April 1, 2008 to March 31, 2009	Current fiscal year from April 1, 2009 to March 31, 2010
Net sales	91,878	66,837
Cost of sales	55,052	42,339
Gross profit	36,825	24,497
Reversal of allowance for sales returns	91	222
Net gross profit	36,917	24,720
Selling, general and administrative expenses	22,299	19,133
Operating income	14,618	5,587
Non-operating income		
Interest income	902	411
Dividend income	21	26
Other	153	193
Total non-operating income	1,077	631
Non-operating expenses		
Interest expense	86	165
Exchange loss, net	882	171
Provision for allowance of doubtful accounts	162	2
Equity in losses of affiliates	553	-
Commission	-	119
Loss on closing amusement facilities	-	121
Other	201	106
Total non-operating expenses	1,887	687
Ordinary income	13,808	5,530
Special gains		
Reversal of allowance for doubtful accounts	115	70
Reversal of accrued bonuses	-	162
Gain on collection of receivable written off	58	-
Gain on sales of investments in securities	0	-
Total special gains	174	233
Special losses		
Loss on sales and /or disposal of fixed assets	44	76
Loss on revaluation of investments in securities	13	5
Impairment loss	1,146	223
Loss on settlement of litigation	126	152
Loss on closing amusement facilities	202	-
Loss on restructuring	-	4,182
Other	1	-
Total special losses	1,534	4,639
Net income before income taxes	12,448	1,124
Income taxes-current	2,125	1,299
Income taxes-from previous fiscal year	-	(1,761)
Income taxes-deferred	2,258	(582)
Total income taxes	4,384	(1,043)
Net income	8,063	2,167

(3) Consolidated statements of changes in net assets

	(Unit: Millions of yen)	
	Previous fiscal year from April 1, 2008 to March 31, 2009	Current fiscal year from April 1, 2009 to March 31, 2010
Shareholders' equity		
Common stock		
Opening balance	32,626	33,039
Changes of items during the fiscal year		
Issuance of new stocks	412	200
Total changes of items during the fiscal year	412	200
Ending balance	33,039	33,239
Capital surplus		
Opening balance	20,344	21,129
Changes of items during the fiscal year		
Issuance of new stocks	411	199
Disposition of treasury stock	0	0
Increase by stock exchange	372	-
Total changes of items during the fiscal year	784	199
Ending balance	21,129	21,328
Retained earnings		
Opening balance	11,631	17,000
Decrease by change in accounting policies for foreign subsidiaries	(546)	(74)
Changes of items during the fiscal year		
Cash dividends	(2,148)	(1,831)
Net income	8,063	2,167
Total changes of items during the fiscal year	5,915	336
Ending balance	17,000	17,262
Treasury stock		
Opening balance	(8,155)	(8,015)
Changes of items during the fiscal year		
Repurchase of treasury stock	(144)	(5,125)
Disposition of treasury stock	283	0
Total changes of items during the fiscal year	139	(5,125)
Ending balance	(8,015)	(13,141)
Total shareholders' equity		
Opening balance	56,447	63,152
Decrease by change in accounting policies for foreign subsidiaries	(546)	(74)
Changes of items during the fiscal year		
Issuance of new stocks	823	400
Cash dividends	(2,148)	(1,831)
Net income	8,063	2,167
Repurchase of treasury stock	(144)	(5,125)
Disposition of treasury stock	284	0
Increase by stock exchange	372	-
Total changes of items during the fiscal year	7,252	(4,389)
Ending balance	63,152	58,689

(Unit: Millions of yen)

	Previous fiscal year from April 1, 2008 to March 31, 2009	Current fiscal year from April 1, 2009 to March 31, 2010
Valuation and translation adjustments		
Net unrealized gain on securities, net of tax		
Opening balance	127	(12)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	(140)	32
Total changes of items during the fiscal year	(140)	32
Ending balance	(12)	19
Deferred hedges, net of tax		
Opening balance	0	-
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	(0)	-
Total changes of items during the fiscal year	(0)	-
Ending balance	-	-
Cumulative translation adjustments		
Opening balance	(2,914)	(3,790)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	(875)	(962)
Total changes of items during the fiscal year	(875)	(962)
Ending balance	(3,790)	(4,752)
Total valuation and translation adjustments		
Opening balance	(2,787)	(3,803)
Changes of items during the fiscal year		
Net changes of items other than shareholders' equity	(1,015)	(929)
Total changes of items during the fiscal year	(1,015)	(929)
Ending balance	(3,803)	(4,732)
Total net assets		
Opening balance	53,660	59,349
Decrease by change in accounting policies for foreign subsidiaries	(546)	(74)
Changes of items during the fiscal year		
Issuance of new stocks	823	400
Cash dividends	(2,148)	(1,831)
Net income	8,063	2,167
Repurchase of treasury stock	(144)	(5,125)
Disposition of treasury stock	284	0
Increase by stock exchange	372	-
Net changes of items other than shareholders' equity	(1,015)	(929)
Total changes of items during the fiscal year	6,236	(5,318)
Ending balance	59,349	53,956

(4) Consolidated statements of cash flows

(Unit: Millions of yen)

	Previous fiscal year from April 1, 2008 to March 31, 2009	Current fiscal year from April 1, 2009 to March 31, 2010
Cash flows from operating activities		
Net income before income taxes	12,448	1,124
Depreciation and amortization	4,143	3,368
Impairment loss	1,146	223
Amortization of goodwill	481	229
Decrease in allowance for doubtful accounts	(198)	(351)
Decrease (increase) in accrued bonuses	43	(755)
Decrease in allowance for sales returns	(91)	(222)
Increase in accrued retirement benefits for employees	119	216
Decrease (increase) in accrued retirement benefits for directors	34	(406)
Interest and dividend income	(923)	(438)
Interest expense	86	165
Exchange loss, net	40	162
Equity in net losses of affiliates	553	-
Loss on sales and/or disposal of fixed assets	44	76
Gain on sales of investment in securities	(0)	-
Loss on revaluation of investments in securities	13	5
Gain on collection of receivable written off	(58)	-
Loss on settlement of litigation	126	152
Loss on restructuring	-	4,182
Decrease (increase) in accounts receivable, trade	(14,933)	20,897
Decrease (increase) in inventories	(2,345)	1,095
Increase in work-in-progress for game software	(4,052)	(5,545)
Decrease (increase) in accounts payable, trade	2,945	(5,952)
Increase in other current assets	(134)	(230)
Decrease (increase) in other current liabilities	1,104	(1,296)
Bonuses to directors	(84)	(84)
Other	(701)	225
Sub total	(192)	16,839
Interest and dividends received	948	335
Interest paid	(88)	(167)
Payment for settlement of litigation	(126)	-
Income taxes paid	(1,092)	(2,687)
Net cash provided by operating activities	(551)	14,320
Cash flows from investing activities		
Payment for acquisitions of tangible fixed assets	(2,419)	(1,693)
Proceeds from sales of tangible fixed assets	24	0
Payment for acquisitions of intangible fixed assets	(964)	(289)
Payment for purchase of investments in securities	(12)	(12)
Proceeds from sales of investments in securities	4	-
Collection of loans receivable	436	44
Purchase of investments of subsidiaries	(18)	-
Payment for other investing activities	(118)	(225)
Proceeds from other investing activities	352	557
Net cash used in investing activities	(2,715)	(1,618)
Cash flows from financing activities		
Proceeds from short-term borrowings	15,000	-
Repayments of short-term borrowings	(6)	(2,555)
Proceeds from long-term borrowings	4,400	-
Repayments of long-term borrowings	(2,119)	(711)
Repayments of lease obligations	(334)	(525)
Redemption of convertible bonds	(14,993)	-
Proceeds from sales of treasury stock	1	0
Payment for repurchase of treasury stock	(144)	(5,125)
Dividends paid by parent company	(2,147)	(1,829)
Net cash used in financing activities	(342)	(10,747)
Effect of exchange rate changes on cash and cash equivalents	(845)	(751)
Net increase in cash and cash equivalents	(4,454)	1,203
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	28,611	29,815

(5) Segment Information

[Business segments]

Previous fiscal year (From April 1, 2008 to March 31, 2009)

(Unit: Millions of yen)

	Home video games	Arcade operations	Arcade games sales	Contents expansion	Other businesses	Total	Elimination and corporate	Consolidated total
. Net sales and operating income								
Net sales								
(1) Customers	62,892	13,509	8,023	4,628	2,824	91,878	(-)	91,878
(2) Inter-segment	-	-	7	-	-	7	(7)	-
Total	62,892	13,509	8,031	4,628	2,824	91,885	(7)	91,878
Operating expenses	46,499	13,285	6,272	4,859	1,770	72,687	4,572	77,259
Operating income (loss)	16,392	224	1,758	(230)	1,053	19,198	(4,579)	14,618
. Assets, depreciation and capital expenditures								
Total assets	46,602	11,595	6,171	6,342	2,436	73,148	33,062	106,210
Depreciation	864	2,050	229	348	242	3,736	406	4,143
Impairment loss	866	280	-	-	-	1,146	-	1,146
Capital expenditures	434	1,172	50	70	38	1,765	1,140	2,906

- (Note)
- Business segments above are split based upon for internal management disposition.
 - Principal products and operations of each business segment
 - Home video games..... This division develops and distributes home video game software as well as develops and operates online game software.
 - Arcade operations..... This division operates amusement facilities.
 - Arcade games..... This division develops, manufactures, and distributes commercial game equipment and integrated circuit boards.
 - Contests expansion..... This division develops and distributes mobile contents as well as develops, manufactures and distributes pachinko and pachislot machines.
 - Other businesses..... Other businesses include licensing business and other businesses.
 - Unallocated corporate operating expenses included in "Elimination and corporate" amounted to 4,579 million yen. The major part of this expense is related to the corporate division of the Companies.
 - Corporate assets in the column "Elimination and corporate" were 33,359 million yen. Corporate assets mainly represent surplus operating funds (cash and cash equivalents, available-for-sale securities), long-term investment funds (investments in securities) and assets held by the corporate division of the Companies.
 - Depreciation and capital expenditures include long-term prepaid expenses and amortization of them.
 - Change in accounting policies
Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements
Effective from the fiscal year ended March 31, 2009, the Company adopted "Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements" (ASBJ Practical Issues Task Force No.18 issued on May 17, 2006). The effect of this change was to decrease operating income by 299 million yen and total assets by 791 million yen in the "Contents expansion" compared with the corresponding amounts which would have been recorded if the previous method had been followed.

Current fiscal year (From April 1, 2009 to March 31, 2010)

(Unit: Millions of yen)

	Home video games	Arcade operations	Arcade games sales	Contents expansion	Other businesses	Total	Elimination and corporate	Consolidated total
. Net sales and operating income								
Net sales								
(1) Customers	44,015	11,985	2,280	5,819	2,736	66,837	(-)	66,837
(2) Inter-segment	-	-	-	-	-	-	(-)	-
Total	44,015	11,985	2,280	5,819	2,736	66,837	(-)	66,837
Operating expenses	36,168	11,394	2,483	5,310	1,639	56,996	4,253	61,250
Operating income (loss)	7,846	590	(203)	509	1,097	9,840	(4,253)	5,587
. Assets, depreciation, impairment loss and capital expenditures								
Total assets	31,257	9,797	3,241	4,339	2,221	50,857	35,764	86,621
Depreciation	509	1,744	136	239	228	2,859	509	3,368
Impairment loss	-	161	47	9	-	218	5	223
Capital expenditures	543	800	59	83	249	1,736	469	2,205

- (Note)
- Same with the previous fiscal year
 - Same with the previous fiscal year
 - Unallocated corporate operating expenses included in "Elimination and corporate" amounted to 4,253 million yen. The major part of this expense is related to the corporate division of the Companies.
 - Corporate assets in the column "Elimination and corporate" were 35,872 million yen. Corporate assets mainly represent surplus operating funds (cash and cash equivalents, available-for-sale securities), long-term investment funds (investments in securities) and assets held by the corporate division of the Companies.
 - Same with the previous fiscal year

[Geographic areas]

Previous fiscal year (From April 1, 2008 to March 31, 2009)

(Unit: Millions of yen)

	Japan	North America	Europe	Other regions	Total	Elimination and corporate	Consolidated total
. Net sales and operating income							
Net Sales							
(1) Customers	54,193	21,851	14,167	1,665	91,878	(-)	91,878
(2) Inter-segment	9,238	3,012	-	33	12,283	(12,283)	-
Total	63,431	24,863	14,167	1,698	104,161	(12,283)	91,878
Operating expenses	50,232	20,809	12,611	1,333	84,987	(7,727)	77,259
Operating income	13,198	4,054	1,556	365	19,174	(4,555)	14,618
. Total assets	50,922	19,320	10,597	1,214	82,055	24,155	106,210

- (Note)
1. The segmentation of country or region is based on the geographical proximity.
 2. Major countries and regions that are not in Japan
 - (1) North America..... United States of America
 - (2) Europe..... European countries
 - (3) Other regions..... Asia and others
 3. Unallocated corporate operating expenses included in "Elimination and corporate" amounted to 4,579 million yen. The major part of this expense is related to the corporate division of the Companies.
 4. Corporate assets in the column "Elimination and corporate" were 33,359 million yen. Corporate assets mainly represent surplus operating funds (cash and cash equivalents, available-for-sale securities), long-term investment funds (investments in securities) and assets held by the corporate division of the Companies.
 5. Change in accounting policies
 Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements
 Effective from the fiscal year ended March 31, 2009, the Company adopted "Practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements" (ASBJ Practical Issues Task Force No.18 issued on May 17, 2006). The effect of this change was to decrease operating income by 299 million yen and total assets by 791 million yen in the "Contents expansion" compared with the corresponding amounts which would have been recorded if the previous method had been followed.

Current fiscal year (From April 1, 2009 to March 31, 2010)

(Unit: Millions of yen)

	Japan	North America	Europe	Other regions	Total	Elimination and corporate	Consolidated total
. Net sales and operating income							
Net Sales							
(1) Customers	47,269	10,825	7,813	928	66,837	(-)	66,837
(2) Inter-segment	6,690	1,717	119	54	8,581	(8,581)	-
Total	53,960	12,543	7,933	982	75,419	(8,581)	66,837
Operating expenses	42,185	14,615	7,796	828	65,426	(4,176)	61,250
Operating income	11,775	(2,072)	136	153	9,992	(4,405)	5,587
. Total assets	41,632	6,431	4,841	734	53,640	32,981	86,621

- (Note)
1. Same with the previous fiscal year
 2. Same with the previous fiscal year
 3. Unallocated corporate operating expenses included in "Elimination and corporate" amounted to 4,253 million yen. The major part of this expense is related to the corporate division of the Companies.
 4. Corporate assets in the column "Elimination and corporate" were 35,872 million yen. Corporate assets mainly represent surplus operating funds (cash and cash equivalents, available-for-sale securities), long-term investment funds (investments in securities) and assets held by the corporate division of the Companies.

[Overseas sales]

Previous fiscal year (From April 1, 2008 to March 31, 2009)

(Unit: Millions of yen)

	North America	Europe	Other regions	Total
Overseas sales	22,463	13,197	3,060	38,721
Consolidated net sales				91,878
Percentage of overseas sales included in consolidated net sales (%)	24.4	14.4	3.3	42.1

- (Note)
1. The segmentation of country or region is based on the geographical proximity.
 2. Major countries and regions that are not in Japan.
 - (1) North America..... United States of America
 - (2) Europe..... European countries
 - (3) Other regions..... Asia and others
 3. Foreign net sales represents the total of all the sales outside Japan by CAPCOM CO., LTD. and its consolidated subsidiaries (excluding internal sales between consolidated subsidiaries).

Current fiscal year (From April 1, 2009 to March 31, 2010)

(Unit: Millions of yen)

	North America	Europe	Other regions	Total
Overseas sales	11,773	7,014	2,331	21,120
Consolidated net sales				66,837
Percentage of overseas sales included in consolidated net sales (%)	17.6	10.5	3.5	31.6

- (Note)
1. Same with the previous fiscal year
 2. Same with the previous fiscal year
 3. Same with the previous fiscal year