

**Consolidated financial results for the 6 months
of the fiscal year ending March 31, 2012 (Japan GAAP - Unaudited)**

Date of issue: October 26, 2011

Company name: CAPCOM Co., Ltd.

Stock listing: Tokyo, Osaka

Code number: 9697

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

Representative: Haruhiro Tsujimoto, President and COO

Tel: +81-6-6920-3605

Contact person: Tamio Oda, Director and Executive Vice President and CFO

Filing date for financial report : October 31, 2011

Dividend payment date: November 17, 2011

Quarterly earnings supplementary explanatory materials : Yes

Quarterly earnings presentation : Yes (For institutional investors)

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

1. Results for 6 months ended September 30, 2011 (from April 1, 2011 to September 30, 2011)

(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	%
6 months ended September 30, 2011	29,252	-28.1	2,782	-29.4	1,907	-33.8	906	-49.2
6 months ended September 30, 2010	40,706	4.7	3,942	-29.3	2,880	-47.4	1,784	-39.9

Note: Comprehensive income 2nd quarter ended September 30, 2011 : -547 million yen (- %) 2nd quarter ended September 30, 2010 : 123 million yen (- 92.8%)

	Earnings per share of common stock	Diluted earnings per share of common stock
	Yen	Yen
6 months ended September 30, 2011	15.56	—
6 months ended September 30, 2010	30.20	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio to total assets
	Millions of yen	Millions of yen	%
2nd quarter ended September 30, 2011	86,215	53,280	61.8
Fiscal year ended March 31, 2011	90,408	58,007	64.2

Reference: Shareholders' equity: 2nd quarter ended September 30, 2011 : 53,280 million yen Year ended March 31, 2011 : 58,007 million yen

2. Dividends

Record date	Dividend per share				
	1st quarter- end	2nd quarter- end	3rd quarter- end	Year- end	Annual
Year ended March 31, 2011	— yen	15.00 yen	— yen	25.00 yen	40.00 yen
Year ending March 31, 2012	—	15.00			
Year ending March 31, 2012 (Forecast)			—	25.00	40.00

(Note) Changes in dividends forecast during the 6months ended September 30, 2011 : No

3. Earnings forecast for the fiscal year ending March 31, 2012 (from April 1, 2011 to March 31, 2012)

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
Year ending March 31, 2012	86,000	-12.0	12,100	-15.4	12,000	-6.7	7,000	-9.7	120.87

(Note) Changes in earnings forecast during the 6 months ended September 30, 2011 : No

4. Others

(1) Changes in significant consolidated subsidiaries during the period: No

(2) Application of simplified methods in accounting principle for quarterly consolidated financial statements: Yes

(Note: Please refer to "2. Other information" on page 4 for more details.)

(3) Changes in accounting principles, accounting estimates and retrospective restatement for consolidated financial statements

① Changes resulting from amendment of the accounting standard: No

② Changes other than ①: No

③ Changes in accounting estimates: No

④ Retrospective restatement: No

(4) Number of shares outstanding (Common stock):

① Number of shares outstanding (including treasury stock)

2nd quarter ended September 30, 2011:	67,723,244	Year ended March 31, 2010:	67,723,244
---------------------------------------	------------	----------------------------	------------

② Number of treasury stock

2nd quarter ended September 30, 2011:	10,138,616	Year ended March 31, 2010:	8,637,817
---------------------------------------	------------	----------------------------	-----------

③ Average number of shares outstanding

6 months ended September 30, 2011:	58,243,307	6 months ended September 30, 2010:	59,086,499
------------------------------------	------------	------------------------------------	------------

(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.
- Future events may cause the actual results to be significantly different from the forecasts.
- Please refer to [Qualitative information regarding the consolidated business forecast] on page 3 for more details.

Attachment contents

1. Qualitative information regarding the consolidated business	2
(1) The progress of the consolidated business results including related qualitative information	2
(2) Qualitative information regarding the consolidated financial position	3
(3) Qualitative information regarding the consolidated business forecasts	3
2. Other information	4
(1) Transfer of major subsidiaries	4
(2) Use of special accounting methods for the quarterly consolidated financial statements	4
(3) Changes in the principle, procedures, and retrospective restatement	4
(4) Additional Information	4
3. Consolidated financial statements	5
(1) Consolidated balance sheets	5
(2) Consolidated statements of income and comprehensive income	7
(3) Summary of statements of cash flows	9
(4) Going concern assumptions	10
(5) Segment Information	10
(6) Material changes in shareholders' equity	11

1. Qualitative information regarding the consolidated business

(1) The progress of the consolidated business results including related qualitative information

The Japanese economy during the 6 months period ended September 30, 2011, entered into a temporary lull due mainly to the deterioration of the export environment caused by the slumping stock prices and accelerated appreciation of the yen. Together with concerns over power shortage, as well as Eurozone crisis, it contributed to a heightened sense of uncertainty about the future.

The trend of structural change is washing over the video game industry with new platforms gaining greater presence, as exemplified by the rapid growth of a variety of affordable social and downloadable games owing to the increasing dominance of mobile phones and smartphones, while the home video game market continued to contract.

In order to address changes in the market environment under these circumstances, Capcom promoted efficient and agile game development by integrating the development departments for home video game machines, PCs and mobile phones with respect both consumer online games and mobile contents, which comprise our core business segments. At the same time, we endeavored to enhance our online business by making a head start on the development and distribution of social games as a new source of revenue.

Meanwhile, we made efforts to promote our business proactively through various events and sales promotion campaigns, including the "Monster Hunter Festa '11" events held nationwide and "Monster Hunter the Real" held at the Universal Studios Japan (Osaka City) to promote the flagship title "Monster Hunter" series, as well as the "BASARA Festival 2011 - the Summer Campaign".

Additionally, Capcom pushed forward with the mixed media strategy based on major contents, such as the showing of "Sengoku BASARA the Movie - The Last Party" in June 2011 and the decision to make "Phoenix Wright: Ace Attorney" and "Devil May Cry" into movies, in order to leverage highly popular software to achieve increased visibility, expanded fan base and other synergistic effects.

As a result, net sales for the 6 months period were 29,252 million yen (down 28.1% from the same term last year), operating income was 2,782 million yen (down 29.4% from the same term last year), ordinary income was 1,907 million yen (down 33.8% from the same term last year), and net income was 906 million yen (down 49.2% from the same term last year), due in part to a decrease in sales in reaction to the surge during the same term last year caused by the mass release of major consumer online game titles. However, both sales and income exceeded the projected figures.

Status of each operational department

① Consumer Online Games

In this business segment, "Resident Evil: The Mercenaries 3D" (for Nintendo 3DS) and "Monster Hunter Freedom 3 HD Ver." (for PlayStation 3) performed solidly. Further, in addition to "Super Street Fighter IV: Arcade Edition" (for PlayStation 3 and Xbox 360) and "Sengoku BASARA: Chronicle Heroes" (for PlayStation Portable) basically achieving projected sales, "MONHAN NIKKI MOBILE AIRU MURA G" (for PlayStation Portable) and numerous other distribution titles were released.

Moreover, the online exclusive title "Monster Hunter Frontier Online Forward. 1" (for PC and Xbox 360) fully leveraged its characteristics to enjoy success.

Although the resulting net sales were 18,113 million yen (down 41.1% from the same term last year) and the operating income was 2,251 million yen (down 50.3% from the same term last year), due in part to the reaction to the release of multiple feature titles during the same term last year, both sales and income exceeded the projected figures.

② Mobile Contents

As the social game market has been expanding rapidly, "The Smurfs' Village", which was launched jointly with Facebook, the world's largest SNS, continued to enjoy success and served as the driving force in increasing Capcom's financial results. Furthermore, it contributed greatly to improving Capcom's earning capacity, with the number of downloads, together with those of "Zombie Cafe" and "Lil' Pirates" which were also released, totaling more than 20 million.

In addition to "Monster Hunter: Dynamic Hunting" for iPhone / iPod touch faring well, "Resident Evil: Outbreak Survive" was also distributed for "GREE", one of the most popular SNS in Japan.

The resulting net sales were 2,581 million yen (up 89.0% from the same term last year), and the operating income was 903 million yen (up 201.0% from the same term last year).

③ Arcade Operations

Although ten of Capcom's arcades were seriously affected by the Great East Japan Earthquake in March 2011 and were forced to shut down temporarily, all ten arcades were able to reopen for business in April.

Capcom made efforts to attract customers by sponsoring events and offering special discount days to thank arcade fans, as well as by implementing various revitalization measures, such as renovation of arcades.

Meanwhile, arcades are regaining ground as they are re-evaluated as readily accessible entertainment that is "inexpensive, nearby and short-duration" owing to the waning of excessive self-restraint evident immediately after the earthquake, helped further by the tail wind of inclination to economize.

In the absence of closing or opening of arcades during the period under review, the total number of arcades remains the same as the end of the previous fiscal period at 37.

The resulting net sales were 6,054 million yen (up 2.3% from the same term last year), and the operating income was 1,223 million yen (up 67.1% from the same term last year).

④ Amusement Equipments

As regards arcade game machines, sales remained sluggish due to the effect of the lack of new products, in spite of the release of "New Super Mario Brothers: Wii Coin World".

As for the Pachislo machines, overall sales remained stagnant with the product supply cycle entering a slow period, as business consisting mainly of contracted development work.

The resulting net sales were 1,136 million yen (down 19.2% from the same term last year), and the operating loss was 216 million yen (operating profit for the same term last year was 19 million yen).

⑤ Other Businesses

The net sales from other businesses, mainly character-related licensing royalties, were 1,366 million yen (up 9.9% from the same term last year), and the operating income was 530 million yen (up 133.0% from the same term last year).

(2) Qualitative information regarding the consolidated financial position

Total assets as of the end of second quarter decreased by 4,193 million yen from the end of previous fiscal year to 86,215 million yen. The primary increase were 7,993 million yen in work-in progress for game software and 778 million yen in raw materials and supplies. The primary decreases were 7,610 million yen cash on hand and in banks and 6,218 million yen in notes and accounts receivable, trade.

Liabilities as of the end of second quarter increased by 534 million yen from the end of the previous fiscal year to 32,935 million yen. The primary increase was 5,000 million yen in short-term borrowings. The primary decreases were 2,199 million yen in accrued income taxes and 2,274 million yen in accrued bonuses.

Net assets as of the end of second quarter decreased by 4,727 million yen from the end of the previous fiscal year to 53,280 million yen. The primary increase was 906 million yen in net income for the 6 months period. The primary decreases were 2,703 million yen in treasury stock, 1,477 million yen in cash dividends and 1,431 million yen in cumulative translation adjustments.

(3) Qualitative information regarding the consolidated business forecasts

The forecast for the consolidated business results 6 months ending September 30, 2011 announced on May 6, 2011 were revised on September 14, 2011. For details, please refer to the press release "Notice of Revision of Earnings Forecast" (September 14, 2011).

The forecast for the consolidated business results for the current fiscal year ending March 31, 2012 remain the same as what was projected at the financial results announcement on May 6, 2011.

2. Other information

(1) Transfer of major subsidiaries

There were no applicable subsidiary transfers.

(2) Use of special accounting methods for the quarterly consolidated financial statements

Calculation of tax expense

Tax expense for consolidated subsidiaries is calculated by determining a reasonable estimate of the effective tax rate after the application of tax-effect accounting for income before income taxes in the fiscal year, including the second quarter, and multiplying income before income taxes by this estimated effective tax rate.

(3) Changes in the principle, procedures, and retrospective restatement

Not applicable

(4) Additional Information

Changes in accounting policies resulting from amendment of the accounting standard

Capcom started applying Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No.24, December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No.24 December 4, 2009) for accounting changes and the past error corrections since the beginning of this quarter.

3. Consolidated financial statements

(1) Consolidated balance sheets

(Unit: Millions of yen)

	Previous fiscal year (As of March 31, 2011)	Current 2nd quarter (As of September 30, 2011)
Assets		
Current assets		
Cash on hand and in banks	35,011	27,401
Notes and accounts receivable, trade	11,700	5,481
Merchandise and finished goods	849	1,440
Work-in-progress	340	640
Raw materials and supplies	1,075	1,853
Work-in-progress for game software	10,443	18,437
Other	7,793	8,404
Allowance for doubtful accounts	(37)	(40)
Total current assets	67,176	63,618
Fixed assets		
Tangible fixed assets, net of accumulated depreciation	13,532	12,943
Intangible fixed assets		
Goodwill	412	326
Other	2,658	2,674
Total intangible fixed assets	3,071	3,000
Investments and other assets		
Other	7,597	7,026
Allowance for doubtful accounts	(968)	(373)
Total investments and other assets	6,628	6,652
Total fixed assets	23,232	22,596
Total assets	90,408	86,215

(Unit: Millions of yen)

	Previous fiscal year (As of March 31, 2011)	Current 2nd quarter (As of September 30, 2011)
Liabilities		
Current liabilities		
Notes and accounts payable, trade	5,665	5,937
Short-term borrowings	3,711	8,711
Accrued income taxes	3,443	1,244
Accrued bonuses	2,478	204
Allowance for sales returns	130	90
Other	9,520	9,788
Total current liabilities	24,950	25,976
Long-term liabilities		
Long-term borrowings	3,644	3,288
Accrued retirement benefits for employees	1,383	1,438
Other	2,422	2,231
Total long-term liabilities	7,450	6,959
Total liabilities	32,400	32,935
Net assets		
Shareholders' equity		
Common stock	33,239	33,239
Capital surplus	21,328	21,328
Retained earnings	22,945	22,374
Treasury stock	(13,143)	(15,846)
Total shareholders' equity	64,370	61,096
Accumulated other comprehensive income		
Net unrealized gain or loss on securities, net of tax	(56)	(78)
Cumulative translation adjustments	(6,305)	(7,737)
Total valuation and translation adjustments	(6,362)	(7,816)
Total net assets	58,007	53,280
Total liabilities and net assets	90,408	86,215

(2) Consolidated statements of income and comprehensive income
Consolidated statements of income

(Unit: Millions of yen)

	Previous 6 months from April 1, 2010 to September 30, 2010	Current 6 months from April 1, 2011 to September 30, 2011
Net sales	40,706	29,252
Cost of sales	26,098	17,525
Gross profit	14,607	11,726
Reversal of allowance for sales returns	10	40
Net gross profit	14,618	11,767
Selling, general and administrative expenses	10,675	8,985
Operating income	3,942	2,782
Non-operating income		
Interest income	92	40
Dividend income	16	5
Gain on settlement of litigation	—	67
Other	49	75
Total non-operating income	158	189
Non-operating expenses		
Interest expense	78	56
Exchange loss, net	1,097	937
Other	44	70
Total non-operating expenses	1,220	1,063
Ordinary income	2,880	1,907
Special gains		
Gain on sales of tangible fixed assets	1	—
Reversal of allowance for doubtful accounts	1	—
Total special gains	2	—
Special losses		
Loss on sales and /or disposal of fixed assets	15	111
Loss on revaluation of investments in securities	257	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	204	—
Other	1	—
Total special losses	478	111
Net income before income taxes	2,404	1,796
Income taxes-current	784	1,045
Income taxes-deferred	(163)	(155)
Total income taxes	620	889
Net income before minority interests	1,784	906
Net income	1,784	906

Consolidated statements of comprehensive income

(Unit: Millions of yen)

	Previous fiscal year From April 1, 2010 to September 30, 2010	Current fiscal year From April 1, 2011 to September 30, 2011
Net income before minority interests	1,784	906
Other comprehensive income		
Net unrealized gain or loss on securities, net of tax	(107)	(21)
Cumulative translation adjustments	(1,553)	(1,431)
Total other comprehensive income	(1,660)	(1,453)
Comprehensive income	123	(547)
Comprehensive income attributable to:		
Owners of the parent	123	(547)
Minority interests	—	—

(3) Summary of statements of cash flows

(Unit: Millions of yen)

	Previous 6 months from April 1, 2010 to September 30, 2010	Current 6 months from April 1, 2011 to September 30, 2011
Cash flows from operating activities		
Net income before income taxes	2,404	1,796
Depreciation and amortization	1,481	1,471
Amortization of goodwill	89	56
Increase in allowance for doubtful accounts	1	5
Decrease (increase) in accrued bonuses	75	(834)
Interest and dividend income	(108)	(46)
Interest expense	78	56
Exchange loss, net	1,101	865
Loss on sales and/or disposal of fixed assets	14	111
Loss on revaluation of investments in securities	257	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	204	—
Decrease (Increase) in accounts receivable, trade	(3,551)	6,057
Increase in inventories	(304)	(1,773)
Increase (Decrease) in work-in-progress for game software	2,076	(8,268)
Increase in accounts payable, trade	1,266	481
Decrease (Increase) in other current liabilities	1,577	(1,131)
Other	(502)	(426)
Sub total	6,162	(1,579)
Interest and dividends received	106	48
Interest paid	(79)	(56)
Payment of legal settlement	(161)	—
Income taxes paid	(606)	(3,249)
Net cash used in (provided by) operating activities	5,420	(4,836)
Cash flows from investing activities		
Payment for acquisitions of tangible fixed assets	(751)	(850)
Proceeds from sales of tangible fixed assets	—	202
Payment for acquisitions of intangible fixed assets	(215)	(88)
Other	360	(73)
Net cash used in investing activities	(605)	(810)
Cash flows from financing activities		
Net increase in short-term borrowings	—	5,000
Proceeds from long-term borrowings	3,000	—
Repayments of long-term borrowings	(355)	(355)
Payment for repurchase of treasury stock	(0)	(2,703)
Proceeds from sales of treasury stock	0	—
Dividend paid	(1,179)	(1,481)
Other	(300)	(257)
Net cash provided by financing activities	1,163	202
Effect of exchange rate changes on cash and cash equivalents	(2,338)	(2,165)
Net decrease (increase) in cash and cash equivalents	3,639	(7,610)
Cash and cash equivalents at beginning of year	29,815	35,011
Cash and cash equivalents at end of year	33,454	27,401

(4) Going concern assumptions: Not applicable

(5) Segment Information

I Previous 6 months (From April 1, 2010 to September 30, 2010)

1. Information on net sales and operating income (loss)

(Unit: Millions of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Consumer online games	Mobile contents	Arcade operations	Amusement equipments	Total				
Net sales									
(1) Customers	30,773	1,365	5,916	1,406	39,462	1,244	40,706	—	40,706
(2) Inter-segment	—	—	—	—	—	—	—	—	—
Total	30,773	1,365	5,916	1,406	39,462	1,244	40,706	—	40,706
Operating income (loss)	4,530	300	732	19	5,583	227	5,810	(1,867)	3,942

(Note) 1. "Other" incorporates operations not included in reportable segments, including character contents business etc.

2. Adjustments of segments (-1,867 million yen) include unallocated corporate operating expenses (-1,867 million yen).

3. Operating income (loss) for segment is adjusted on operating income on the quarterly consolidated statements of income.

2. Information on impairment loss and goodwill etc. by reportable segment

Not applicable

II Current 6 months (From April 1, 2011 to September 30, 2011)

1. Information on net sales and operating income (loss)

(Unit: Millions of yen)

	Reportable segment					Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Consumer online games	Mobile contents	Arcade operations	Amusement equipments	Total				
Net sales									
(1) Customers	18,113	2,581	6,054	1,136	27,885	1,366	29,252	—	29,252
(2) Inter-segment	—	—	—	—	—	—	—	—	—
Total	18,113	2,581	6,054	1,136	27,885	1,366	29,252	—	29,252
Operating income	2,251	903	1,223	(216)	4,162	530	4,693	(1,910)	2,782

(Note) 1. "Other" incorporates operations not included in reportable segments, including character contents business etc.

2. Adjustments of segments (-1,910 million yen) include unallocated corporate operating expenses (-1,910 million yen).

3. Operating income (loss) for segment is adjusted on operating income on the quarterly consolidated statements of income.

2. Information on impairment loss and goodwill etc. by reportable segment

Not applicable

(6) Material changes in shareholders' equity

Repurchase of treasury stock

Capcom made a resolution to repurchase treasury stock through the board of directors' meeting held on June 8, 2011 in accordance with the articles of incorporation applied under the section 1 of the article 156 and the section 3 of the article 165 of the Companies act and implemented the repurchase.

Capcom repurchased treasury stocks of 1,500 thousands shares for 2,701 million yen from June 9, 2011 till July 20, 2011.