



Capcom Co., Ltd.
**(Tokyo and Osaka Exchanges,
First Section, 9697)**

1st Quarter Report
Fiscal year ending March 31, 2012

Forward-looking Statements

Information in these materials concerning strategies, plans, outlooks and all other items except historical facts are forward-looking statements. These statements are based on certain assumptions that use reasonable judgments in accordance with information that is currently available. Actual performance may differ significantly from these statements for a variety of reasons.

The operating results of all companies in the video and arcade game business may be highly volatile due to shifts in market conditions caused by changing user needs and other factors. Factors that may affect operating results include: 1) the ability to introduce hit products, and the volume of sales, in the home video games business, which accounts for the majority of sales; 2) progress in developing new home video games; 3) the popularity of home video game players; 4) sales outside Japan; 5) changes in stock prices and foreign exchange rates; 6) alliances with other companies concerning product development, sales and other operations; and 7) changes in market conditions.

Please note that there are many other unforeseeable factors that can have an effect on operating results.

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Financial Highlights

Consolidated Business Results

3 months results in FY6/11 vs. FY6/12

(Million yen)

	2010/6	2011/6	Difference
Net sales	19,037	11,953	-7,084
Operating income	1,005	775	-230
Ordinary income	216	546	330
Net income	213	338	125

Sales and earnings were down from one year earlier mainly because no major titles were launched in the Consumer Online Games business in the first quarter.

Other business segments generally performed well with higher sales and earnings.

Benefits of cost-cutting measures contributed to big increase in profitability.

Financial Highlights (Financial Position)

Balance sheets March 31, 2011 vs. June 30, 2011

(Million yen)

	2011/3	2011/6	Difference
Current assets	67,176	61,799	-5,377
Fixed assets	23,232	23,328	96
Total assets	90,408	85,127	-5,281

Current liabilities	24,950	23,772	-1,178
Long-term liabilities	7,450	7,255	-195
Total liabilities	32,400	31,027	-1,373

Total net assets	58,007	54,099	-3,908
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Total liabilities and net assets	90,408	85,127	-5,281
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Financial Highlights (Financial Position)

Major changes in balance sheet items

(Million yen)

	2011/3	2011/6	Difference
Notes and accounts receivable, trade	11,700	5,205	-6,495
Work-in-progress for game software	10,443	14,198	3,755

(1) Notes and accounts receivable, trade

- Down due to receipt of payments for receivables at end of FY3/11 for “Marvel vs. Capcom 3 Fate of Two Worlds” and other titles

(2) Work-in-progress for game software

- Steadily increasing along with progress in the development of games to be introduced in FY3/12 and afterward

(Million yen)

	2011/3	2011/6	Difference
Short-term borrowings	3,711	8,711	5,000

(3) Short-term borrowings

- Higher because of new loans

Financial Highlights (Financial Position)

Consolidated statements of cash flows

(Million yen)

	2010/6	2011/6	Difference
Cash flows from operating activities	2,554	-2,922	-5,476
Cash flows from investing activities	-326	-518	-192
Cash flows from financing activities	-1,446	894	2,340

(1) Cash flows from operating activities

- Cash was used mainly because of an increase in work-in-progress for game software (-3,843 million yen).

(2) Cash flows from investing activities

- The main use of cash was payment for acquisitions of tangible fixed assets (-323 million yen).

(3) Cash flows from financing activities

- Positive cash flow includes proceeds from short-term borrowings (5,000 million yen) and payments for the repurchase of treasury stock (-2,374 million yen) and for dividends paid by the parent company (-1,478 million yen).



Point of Financial Highlights

Growth strategy progress report

Social games using the “Beeline” brand

- **Established a strategic subsidiary called Beeline Interactive Japan Co., Ltd.**
- **More than 19 million downloads of the current three titles**
(as of June 30, 2011)
- **Plan to start distributing four new titles in the 2nd quarter**



Business Segments

Business Segments (Consumer Online Games Business)

Earnings were supported by small and midsize titles and repeat sales as there were no new major titles.

Sales of major game titles in 3 months

(Unit: Thousand)

Platform	Title	Region	Date	Total
3DS	Resident Evil : The Mercenaries 3D	Japan	6/2	400
		North America	6/28	
		Europe	7/1	
PS3 Xbox 360	Super Street Fighter Arcade Edition	Japan	6/30	300
		North America	6/28	
		Europe	6/24	
PSP	Monster Hunter Freedom 3 (Repeat)	Japan	2010/12/1	100

*Sales for Japan include the entire Asian region.

Business Segments (Consumer Online Games Business)

Earnings were backed mainly by a solid performance
in the online games business and cost cutting.

Operating highlights for the 3 months

(Million yen)

	2009/6	2010/6	2011/6	Difference
Net sales	-	14,995	6,462	-8,533
Operating income	-	1,784	419	-1,365
Operating margin	-	11.9%	6.5%	-

(Thousand units)

	2009/6	2010/6	2011/6	Difference
Titles	19	16	19	3
Japan	1,700	1,100	800	-300
North America	1,200	1,800	600	-1,200
Europe	1,100	1,600	450	-1,150
Asia	100	100	50	-50
Total	4,100	4,600	1,900	-2,700

(Composition)

(Thousand units)

	2009/6	2010/6	2011/6	Difference
Distribution titles	200	250	150	-100
Old titles	2,500	1,300	1,000	-300

Business Segments (Mobile Contents Business)

SNS games for smartphones are performing well overseas
and the distribution of new titles has started in Japan

Operating highlights for the 3 months

- The new “Beeline” brand contributed to growth in social game earnings
Downloads topped 19 million mainly due the popularity of “Smurf’s Village”
Established Beeline Interactive Japan Co., Ltd., strengthened operations
in Japan and Asia
- Sales of SNS content in Japan using the “Capcom” brand
Started distributing “Sengoku BASARA Mobile” (Mobage) and “Resident Evil:
Outbreak Survive” (GREE)

Business results for the 3 months

(Million yen)

	2009/6	2010/6	2011/6	Difference
Net sales	-	680	1,223	543
Operating income	-	97	451	354
Operating margin	-	14.3%	36.9%	-

Business Segments (Arcade Operations Business)

Strong performance due to reopening of locations where operations were suspended and to a recovery at existing arcades

Operating highlights for the 3 months

- Existing arcade sales increased 8% from one year earlier
- A broad-based market recovery is taking place partly because the drop in consumer sentiment following the earthquake is slowly ending

Business results for the 3 months

(Million yen)

	2009/6	2010/6	2011/6	Difference
Net sales	2,926	2,630	2,832	202
Operating income	114	178	521	343
Operating margin	3.9%	6.8%	18.4%	-
Year-to-Year Ratio of existing arcades	86%	92%	108%	-

Number of arcades

(Facilities)

	2010/3	2011/3	2011/6	2012/3(Plan)
New arcades	0	0	0	1
Closing arcades	2	1	0	0
Total	38	37	37	38

Business Segments (Amusement Equipments Business)

Performance was in line with plans due to repeat sales in the P &S business and strong sales of new products in the Arcade Games Sales business

Operating highlights for the 3 months (P&S Business)

- No new models were introduced
- Repeat sales of “Sengoku BASARA 2,” which was introduced in FY3/11, and other models contributed to the first quarter performance

Operating highlights for the 3 months (Arcade Games Sales Business)

- Started selling “New Super Mario Brothers Wii Coin World”, a new medal-winning game

Business results for the 3 months

(Million yen)

	2009/6	2010/6	2011/6	Difference
Net sales	-	252	870	618
Operating income	-	-169	6	175
Operating margin	-	-67.1%	0.7%	-

*Pachinko & Pachislo is about 40% of net sales, and Arcade Games Sales about 60%



Forecast for Year ending March 31, 2012

Forecast for Year Ending March 2012

No changes to the first half and FY3/12 forecasts due to the need to monitor changes in market conditions in the remaining three quarters of the fiscal year.

(Million yen)

	3 months ended Jun. 30, 2011	September 30, 2011 (Forecast)	March 31, 2012 (Forecast)
Net sales	11,953	26,000	86,000
Operating income	775	700	12,100
Ordinary income	546	600	12,000
Net income	338	200	7,000

No change to the forecasts announced on May 6, 2011

Fiscal year EPS forecast is 120.87 yen

**Forecast first half dividend of 15 yen and year-end dividend of 25 yen,
resulting in a FY3/12 dividend of 40 yen**



Additional Information

Summary of Major Financial Information

Summary of Major Financial Information

Profit and Loss Sheet

(Unit: Million Yen)

	2010/3	2011/3	2012/3 Plan	%	2011/6
Net Sales	66,837	97,716	86,000	88.0%	11,953
Gross Profit	24,720	37,304	35,100	94.1%	4,756
% of Gross Profit	37.0%	38.2%	40.8%	-	39.8%
Sales and G&A Expenses	19,133	23,009	23,000	100.0%	3,981
Operating Income	5,587	14,295	12,100	84.6%	775
% of Operating Income	8.4%	14.6%	14.1%	-	6.5%
Ordinary Income	5,530	12,861	12,000	93.3%	546
% of Ordinary Income	8.3%	13.2%	14.0%	-	4.6%
Net Income	2,167	7,750	7,000	90.3%	338
% of Net Income	3.2%	7.9%	8.1%	-	2.8%

Sales by Business Segments

(Unit: Million Yen)

		2010/3	2011/3	2012/3 Plan	%	2011/6
Consumer Online Games	Net Sales	43,702	70,269	58,000	82.5%	6,462
	Operating Income	7,835	12,499	12,500	100.0%	419
	Operating Margin	17.9%	17.8%	21.6%	-	6.5%
Mobile Content	Net Sales	3,554	4,028	4,700	116.7%	1,223
	Operating Income	745	1,366	800	58.6%	451
	Operating Margin	21.0%	33.9%	0	-	36.9%
Arcade Operations	Net Sales	11,985	11,621	11,000	94.7%	2,832
	Operating Income	590	1,131	800	70.7%	521
	Operating Margin	4.9%	9.7%	7.3%	-	18.4%
Amusement Equipments	Net Sales	4,545	7,903	8,800	111.4%	870
	Operating Income	-347	2,638	1,200	-	6
	Operating Margin	-7.6%	33.4%	0	-	0.7%
Others	Net Sales	3,049	3,049	3,500	114.8%	564
	Operating Income	1,016	1,016	800	78.7%	254
	Operating Margin	33.3%	33.3%	22.9%	-	45.0%

Sales by Geographic Area

(Unit: Million Yen)

	2010/3	2011/3	2012/3 Plan	%	2011/6
Japan	47,269	67,033	55,000	82.0%	9,221
North America	10,825	19,340	20,500	106.0%	1,841
Europe	7,813	9,966	9,000	90.3%	723
Others	928	1,376	1,500	109.0%	167