



Capcom Co., Ltd.
(Tokyo-Osaka Stock Exchange Symbol: 9697)

FY2007 Mid-Term Financial Results Briefing Session
Overview of Financial Results and Basic Financial Policies

Disclaimer Regarding Forward-looking Statements

Management strategies, plans, projections and other statements excluding historical facts in these presentation materials are forecasts.

Please note that the business projections herein are based on the information that is available at the time of the Mid-Term Financial Result announcement and certain assumptions that serve as the basis of rational judgments have been made. Actual performance may vary substantially from these projections due to various contributing factors in the future.

Additionally, changes in market environments, such as the diversification of user needs, may drastically affect the performance of this industry in which our company operates.

Factors contributing to performance fluctuations include, but are not limited to: (1) the presence or absence of strong-selling titles and the number of units sold in the home video game software business, which accounts for not less than 50% of our total sales; (2) the progress of home video game software development; (3) the proliferation of home video game consoles; (4) sales in overseas markets; (5) trends in stock prices and foreign exchange; (6) cooperation with other companies in development, sales and operations; and (7) changes in market environments.



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1. Mid-Term Consolidated Statements of Income
From April 1, 2007 to September 30, 2007

Overview of Mid-Term Financial Results Ended September 30, 2007

■ Sept. 2006 Results vs. Sept. 2007 Results

(Millions of Yen)

	2006/9	2007/9	Difference
Net Sales	29,175	31,108	1,933
Operating Income	3,042	3,058	16
Ordinary Income	3,785	3,395	-390
Net Income	1,918	1,603	-315

- In comparison with the same period of the previous year, net sales and operating income have increased, while ordinary income and net income have decreased.
- Sales of low-development-cost titles in the home video game business have contributed to maintaining the same level of operating income as in the previous term.
- Year-to-year decrease in ordinary income was caused by exchange losses (about 350 million yen)

Overview of Mid-Term Financial Results Ended September 30, 2007

■ Sept. 2007 Revised Plan vs. Sept. 2007 Results

(Millions of Yen)

	2007/9Plan	2007/9	Difference
Net Sales	30,350	31,108	758
Operating Income	2,400	3,058	658
Ordinary Income	2,850	3,395	545
Net Income	1,350	1,603	253

- In comparison with the company's plans, results of net sales, operating income, ordinary income, and net income have all exceeded expectations.
- Even after the announcement of the revised plan, some titles for home video games had repeat sales. They went beyond our expectations and greatly contributed to results overall.

Summary of Mid-Term Financial Results Ended September 30, 2007 (2)

■ Business Segment overview: Sept. 2006 results vs. Sept. 2007 results

(Millions of Yen)

	2006/9	2007/9	Difference
Home Video Games	15,735	16,323	588
Arcade Operations	6,466	6,375	-91
Arcade Games	4,348	1,353	-2,995
Contents Expansion	1,333	5,644	4,311
Others	1,291	1,411	120
Total	29,175	31,108	1,933

•Detailed results are explained in the “Segment Overview and Strategy” section

Summary of Mid-Term Financial Results Ended September 30, 2007 (3)

■ Geographic Segment Overview: Sept. 2006 Results vs. Sept. 2007 Results

(Millions of Yen)

		2006/9	2007/9	Difference
Japan	Net Sales	18,978	23,766	4,788
	Operating Income	2,941	4,515	1,574
	Operating Margin	15.5%	19.0%	-
North America	Net Sales	6,568	4,554	-2,014
	Operating Income	955	56	-899
	Operating Margin	14.5%	1.2%	-
Europe	Net Sales	3,090	2,529	-561
	Operating Income	455	191	-264
	Operating Margin	14.7%	7.6%	-

Japan

·Home video games business was favorable and revenue increased in the contents expansion business. Meanwhile, negative figures in the arcade game sales business depressed the operating margin.

North America

No high-priced hit titles on par with the previous period (heavily weighted 2nd half plan).

Also, operating expenses have increased due to the R&D initiated and led by North America.

Europe

Same as North America – no high-priced and hit titles, net sales and operating income were less than previous period.



2. Mid-Term Consolidated Balance Sheets as of September 30, 2007

Mid-Term Balance Sheets as of September 30, 2007

■ Balance Sheet as of Mar. 2007 vs. Sept. 2007

(Millions of Yen)

	2007/3	2007/9	Difference
Current assets	60,089	54,863	-5,226
Fixed assets	31,389	31,862	473
Total assets	91,478	86,725	-4,753
Current liabilities	19,747	15,546	-4,201
Long-term liabilities	26,586	22,604	-3,982
Total liabilities	46,334	38,150	-8,184
Total net assets	45,144	48,574	3,430
Total liabilities and net assets	91,478	86,725	-4,753

Summary of Mid-Term Balance Sheets as of September 30, 2007 (1)

■ Balance Sheet - Assets: Important Changes

(Millions of Yen)

	2007/3	2007/9	Difference
Cash on hand and in banks	35,020	32,342	-2,678
Work-in-progress for game software	3,415	6,233	2,818
Intangible fixed assets - other	1,219	2,088	869

(1) Cash on hand and in banks

- Transfer to work-in-progress for game software

(2) Work-in-progress for game software

- After the drastic decrease as of March 30, 2007, gradually increased up to an appropriate level

(3) Intangible fixed assets, others

- Increase of IT software assets and online content software

Summary of Mid-Term Balance Sheets as of September 30, 2007 (2)

■ Balance Sheet - Liabilities: Important Changes

(Millions of Yen)

	2007/3	2007/9	Difference
Short-term borrowings	755	2,155	1,400
Convertible bonds issued after April 1st 2002	6,635	3,510	-3,125
Long-term borrowings	3,430	1,680	-1,750

(1) Short-term and long-term borrowings

- Transfer from long-term borrowings to short-term borrowings

(2) Convertible bonds issued after April 1, 2002

- Acceleration of Euro-Yen convertible bond conversion (conversion price: 1,217 yen)
As of end of October, the bond balance is 2.1 billion yen (conversion ratio: 81%)



3. Mid-Term Consolidated Statements of Cash Flow From April 1, 2007 to September 30, 2007

■ Cash Flow Statement: Important Change

(Millions of Yen)

	2006/9	2007/9	Difference
Cash flow from operating activities	3,330	203	-3,127
Cash flow from investing activities	-3,895	-1,276	2,619
Cash flow from financing activities	-4,141	-1,205	2,936

(1) Cash flow from operating activities

- Increase in work-in-progress for game software (-3,460 million yen), decrease in accounts payable (-1,810 million yen)

(2) Cash flow from investing activities

- In 1st half, no acquisitions and loan recovery (1,431 million yen)

(3) Cash flow from financing activities

- In 1st half, no treasury stock acquisitions



4. Basic Financial Policies

Basic Financial Policies

(1) Securing Capital Necessary for Business Activities

Securing and maintaining capital necessary to effectuate business activities, such as for the expansion of existing businesses or investing in new projects

Securing a commitment line margin of 15,000 million yen total; agile capital procurement possible

(2) Maintaining Liquidity

Liquidity supplement by establishing a commitment line

(3) Improving our Financial Position

Assured accumulation of capital from business profits

Reduction of interest bearing liabilities through the conversion of Euro-Yen convertible bonds (date of maturity: Sept. 2009) (As of end of October, approximately 9,400 million yen converted out of 11,500 million yen issued.)

Review on how to make necessary steps for the 15,000 million yen 5th Convertible Bond Issued after 1 April, 2002 (date of maturity: Mar. 2009)