



Capcom Co., Ltd.

(Tokyo and Osaka Exchanges, 1st section, 9697)

Additional information for results of operations in

fiscal year ended March 31, 2008



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1. Consolidated Income Statements

Fiscal Year 2007 (Apr. 07-Mar. 08)

FY 2007 Consolidated Financial Summary

(Millions of Yen)

	2007/3	2008/3	Difference
Net sales	74,542	83,097	8,555
Operating income	9,602	13,121	3,519
Ordinary income	10,600	12,267	1,667
Net income	5,852	7,807	1,955

- Capcom performed well in fiscal year 2007. Sales and earnings were much higher than in the previous fiscal year.

FY 2007 Consolidated Financial Summary

(Millions of Yen)

	2008/3Plan	2008/3	Difference
Net sales	81,600	83,097	1,497
Operating income	11,500	13,121	1,621
Ordinary income	11,000	12,267	1,267
Net income	6,200	7,807	1,607

*Revised plan was announced with third quarter earnings.

- Sales and earnings were even higher than the goals in the revised plan.
- Performance significantly exceeded the original plan. Sales were 6.5% higher than in the original plan and operating income was 31.2% higher.

Highlights of FY 2007 Consolidated Performance (1)

(Millions of Yen)

	2007/3	2008/3	Difference
Net sales	74,542	83,097	8,555

- Sales were much higher in the home video games segment because core titles such as “Devil May Cry 4”, “Resident Evil 4 Wii edition” and “Resident Evil : The Umbrella Chronicles” became hits with sales of more than one million units. In addition, repeat sales of Monster Hunter Freedom 2, which was launched in FY06, also contributed to sales growth.
- The contents expansion business continued to grow as sales increased 20%.

Highlights of FY 2007 Consolidated Performance (2)

(Millions of Yen)

	2007/3	2008/3	Difference
Operating income	9,602	13,121	3,519

- **The four million-seller class titles made a big contribution to earnings, as well as operating income.**
- **Strong repeat sales of titles introduced in FY06 also supported earnings.**

(Millions of Yen)

	2007/3	2008/3	Difference
Ordinary income	10,600	12,267	1,667

- **Foreign exchange loss of 2,086 million yen**

Due to losses of foreign currency assets because of the yen's appreciation

(Exchange rate of US\$1/100.19 yen at the end of FY07)

Highlights of FY 2007 Consolidated Performance (3)

(Millions of Yen)

	2007/3	2008/3	Difference
Net income	5,852	7,807	1,955

- **Income tax rate was about 34.9%, slightly lower than normal due to a review of valuation allowances associated with deferred tax assets in North America**



2. Segment Information

Fiscal Year 2007 (Apr. 07-Mar. 08)

FY 2007 Business Segment Summary

(Millions of Yen)

	2007/3	2008/3	Difference
Home Video Games	43,813	51,679	7,866
Arcade Operations	13,043	13,406	363
Arcade Games Sales	8,021	6,538	-1,483
Contents Expansion	7,102	8,525	1,423
Others	2,561	2,947	386
Total	70,253	83,097	12,844

- **The strong performance by the home video game business was a major engine of sales and earnings growth.**

(For more information about business segment performance and plans, please refer to the “Business Strategies and Plans” section of materials, provided separately.)

FY 2007 Geographic Segment Summary (Japan)

(Millions of Yen)

		2007/3	2008/3	Difference
Japan	Net sales	50,074	56,457	6,383
	Operating income	10,065	12,407	2,342
	Operating margin	20.1%	22.0%	1.9%

- **Strong sales in the home video games segment, mainly for the “Monster Hunter Freedom” series.**
- **Lower earnings in the arcade operations and arcade games sales segments had a negative impact on performance in Japan.**

FY 2007 Geographic Segment Summary (North America)

(Millions of Yen)

		2007/3	2008/3	Difference
North America	Net sales	15,450	15,796	346
	Operating income	1,443	2,326	883
	Operating margin	9.3%	14.7%	5.4%

- Sales and earnings increased primarily because of the popularity of three titles: Devil May Cry 4 and two titles of “Resident Evil” series.

FY 2007 Geographic Segment Summary (Europe)

(Millions of yen)

		2007/3	2008/3	Difference
Europe	Net sales	8,090	9,782	1,692
	Operating income	1,016	1,819	803
	Operating margin	12.6%	18.6%	6.0%

- **As in North America, sales and earnings were higher because of strong performances by core overseas titles.**
- **MotoGP 07, of which development was initiated in North America, produced sales as planned in Europe, playing a pioneering role for titles developed overseas.**



3. Consolidated Balance Sheet

Fiscal Year 2007 (Apr. 07-Mar. 08)

FY 2007 Summary Consolidated Balance Sheet

(Millions of Yen)

	2007/3	2008/3	Difference
Current assets	60,089	62,505	2,416
Fixed assets	31,389	31,101	-288
Total assets	91,478	93,606	2,128
Current liabilities	19,747	34,818	15,071
Long-term liabilities	26,586	5,128	-21,458
Total liabilities	46,334	39,946	-6,388
Total net assets	45,144	53,660	8,516
Total liabilities and net assets	91,478	93,606	2,128

Highlights of FY 2007 Consolidated Balance Sheet (1)

(Millions of Yen)

	2007/3	2008/3	Difference
Work-in-progress for game software	3,415	6,241	2,826
Intangible fixed assets - Other	1,219	3,197	1,978

(1) Work-in-progress for game software

- Increased due to ongoing development of major new titles to be introduced in FY08 and afterward.

(2) Intangible fixed assets - Others

- Increased due to investments in MIS and growth in online game content.

Highlights of FY 2007 Consolidated Balance Sheet (2)

(Millions of Yen)

	2007/3	2008/3	Difference
Current portion of convertible bonds	-	14,997	14,997
Convertible bonds issued after April 1st, 2002	6,635	1,220	-5,415
Short-term borrowings	755	2,015	1,260
Long-term borrowings	3,430	1,470	-1,960

(3) Current portion of convertible bonds

-Fifth issue of unsecured convertible bonds was transferred from long-term liabilities to current liabilities (Maturity March 31, 2009, 15 billion yen <issue amount>, conversion price 3,020 yen)

(4) Convertible bonds issued after April 1st, 2002

- Conversion of euro-yen convertible bonds (Maturity October 8, 2009, 11.5 billion yen <issue amount>, conversion price 1,217 yen)

(5) Short-term and long-term loans

-Changes reflect the reclassification of some long-term loans as short-term loans and the repayment of short-term loans



4. Consolidated Cash Flows

Fiscal Year 2007 (Apr. 07-Mar. 08)

Highlights of FY 2007 Consolidated Cash Flows

(Millions of yen)

	2007/3	2008/3	Difference
Cash flows from operating activities	16,063	7,452	-8,611
Cash flows from investing activities	-6,715	-3,374	3,341
Cash flows from financing activities	-15,206	-2,448	12,758

(1) Cash flows from operating activities

- Cash provided decrease mainly because of increases in receivables (-3,911 million yen) and work-in-progress for game software (-2,962 million yen)

(2) Cash flows from investing activities

- Cash decreased mainly because of recoveries of loans receivable (1,570 million yen) no action in FY07 to acquire a company (1,612 million yen in FY06)

(3) Cash flows from financing activities

- Cash used decreased mainly because of a FY07 dividend payment and no redemption of convertible bonds (-10,000 million yen in FY06) and a minimal amount of stock repurchases (-3,251 million yen of repurchases in FY06)



5. Basic Policies for Financial Activities

Basic Policies for Financial Activities

Our objective is to maximize corporate value. To accomplish this goal, we

(1) Maintain adequate funds for investments in our businesses

- We procure and hold an adequate amount of funds for investments in businesses that can generate good returns. This includes investments for growth of established businesses as well as for new businesses and projects.

(2) Maintain adequate liquidity

- We maintain a credit facility to permit procuring funds quickly in order to supplement liquidity (current unused portion of facility is 15 billion yen).

(3) Allocation of earnings from business and financial activities

- Reinvestments in businesses that can generate good returns
- Consistently improve our financial soundness by using retained earnings to increase shareholders' equity
- Consider ways to distribute earnings to shareholders



CAPCOM

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 factors that can have an effect on operating results.