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Press Release

3-1-3, Uchihiranomachi, Chuo-ku
Osaka, 540-0037, Japan
Capcom Co., Ltd.
Haruhiro Tsujimoto, President and COO
(Code No. 9697 Tokyo - Osaka Stock Exchange)

**Sales for the 6 Months of FY2010 Increased 4.7%, Although the Operating Income
Decreased 29.3% from the Same Term in the Previous Year**

- Despite the flagship titles made good fight, appreciation of the yen pushed down profit -

Capcom Co., Ltd. would like to announce that net sales increased to 40,706 million yen (up 4.7 % from the same term last year) in the 6 months of fiscal year ending March 31, 2011. As for profits, operating income decreased to 3,942 million yen (down 29.3 % from the same term last year), and ordinary income decreased to 2,880 million yen (down 47.4 % from the same term last year). Net profit for the current period decreased to 1,784 million yen (down 39.9 % from the same term last year).

During this 6 months, ended September 30, 2010, the flagship titles “Dead Rising 2” and “Super Street Fighter IV” showed strong sales in Consumer Online Games business. In addition, the middle size titles, like “Sengoku BASARA: Samurai Heroes” and “MONHAN NIKKI POKAPOKA AIRU MURA” shipped over 500 thousands units each, which contributed to increase the sales by 4.7% from the same term in the previous year.

However, operating income remained stagnant due in part to the delay in the release of major title “Dead Rising 2”, in addition to the sharp appreciation of the yen and the substantial underperformance of “Lost Planet 2” relative to projections. As a results, operating income decreased by 29.3% from the same term in the previous year.

As for the forecast for the fiscal year ending March 31, 2011, please refer to the press release “Notice of Revision of Earnings Forecast” (October 4, 2010).

1. Consolidated Financial Results for the 6 months ended September 30, 2010

(April 1, 2010 – September 30, 2010)

	Net sales	Operating income	Ordinary income	Net income
	Million Yen	Million Yen	Million Yen	Million Yen
6 months ended Sep. 30, 2010	40,706	3,942	2,880	1,784
6 months ended Sep. 30, 2009	38,892	5,574	5,476	2,967

2. Forecast for the Fiscal Year ending March 31, 2011

	Net sales	Operating income	Ordinary income	Net income	Earnings per share of Common stock
	Million Yen	Million Yen	Million Yen	Million Yen	Yen
Year ending March 31, 2011	91,000	13,000	11,000	6,500	110.01

3. Status of Each Operational Department

*Some prior-year figures are not shown because business segments were revised in FY2010.

(1) Consumer Online Games

(Unit: Millions of Yen)

	6 months ended Sep. 30, 2009	6 months ended Sep. 30, 2010	Difference (%)
Net sales	-	30,773	-
Operating income	-	4,530	-
Operating margin	-	14.7%	-

- a. In this business segment, the flagship title “Dead Rising 2” (for PlayStation 3 and Xbox 360) was released in September.
- b. In addition to “Super Street Fighter IV” (for PlayStation 3 and Xbox 360) and “Sengoku BASARA: Samurai Heroes” (for PlayStation 3 and Wii), the online exclusive title “Monster Hunter Frontier Online” (for PC and Xbox 360) also showed steady growth. “MONHAN NIKKI POKAPOKA AIRU MURA” (for PlayStation Portable), a spin-off from the “Monster Hunter” series, which attracted users with its widely popular character “Airu” (known as “Felyne” in English) became a smash hit.
- c. However, overall sales remained stagnant due to the substantial underperformance of feature title “Lost Planet 2” (for PlayStation 3 and Xbox 360) relative to projections, coupled with the delay in the release of “Dead Rising 2” (for PlayStation 3 and Xbox 360).

- d. The resulting net sales was 30,773 million yen, and the operating income was 4,530 million yen partially due to an increase in the development expenses for the release of flagship software products.

(2) Mobile Contents

(Unit: Millions of Yen)

	6 months ended Sep. 30, 2009	6 months ended Sep. 30, 2010	Difference (%)
Net sales	-	1,365	-
Operating income	-	300	-
Operating margin	-	22.0%	-

- a. As social games that are highly compatible with mobile phones underwent rapid growth, the business segment saw an increase the number of downloads of “Resident Evil 4 iPad Edition”, which we started distributing in order to expand our business. Furthermore, we were able to reach diverse new users, with members exceeding 500,000 people for “MONHAN NIKKI MOBILE AIRU MURA” distributed exclusively through the mobile phone networking website “Mobage-town”.
- b. In addition, “Ghosts 'n Goblins Gold Knights II” was released this term for iPhone/iPod Touch, and those other games released in the previous term, namely “Street Fighter IV” and “Phoenix Wright: Ace Attorney”, also achieved their projected sales.
- c. The resulting net sales was 1,365 million yen, and the operating income was 300 million yen.

(3) Arcade Operations

(Unit: Millions of Yen)

	6 months ended Sep. 30, 2009	6 months ended Sep. 30, 2010	Difference (%)
Net sales	-	5,916	-
Operating income	-	732	-
Operating margin	-	12.4%	-

- a. One of our main focuses in this business segment was to acquire female and family customers while retaining our existing customers by promoting community-based arcades that are greatly enjoyed by neighborhood residents. Organizing a variety of events, offering special discount days, and renovating arcades are just a few examples of such efforts. Improvement of earning capacity was another area we worked on by controlling investments, reducing costs, and operating arcades in line with current market conditions.

- b. As part of such efforts, we closed 1 unprofitable arcade, therefore the total number of our arcades became 37 as of the end of this fiscal period.
- c. The resulting net sales decreased to 5,916 million yen , whereas the operating income increased to 732 million yen thanks to the success of our profitability improvement strategy.

(4) Amusement Equipments

(Unit: Millions of Yen)

	6 months ended Sep. 30, 2009	6 months ended Sep. 30, 2010	Difference (%)
Net sales	-	1,406	-
Operating income	-	19	-
Operating margin	-	1.4%	-

- a. Under the circumstances in which the market remained sluggish due in part to arcade operators restricting their purchases, sales of arcade game machines remained slow in spite of efforts to stimulate demand and develop new customers. This unsatisfactory result is also attributable to a lack of new products.
- b. As for the Pachislo machine business, “Onimusha: Dawn of Dreams” remained a long-seller.
- c. The resulting net sales was 1,406 million yen, and the operating income was 19 million yen.

(5) Other Businesses

(Unit: Millions of Yen)

	6 months ended Sep. 30, 2009	6 months ended Sep. 30, 2010	Difference (%)
Net sales	-	1,244	-
Operating income	-	227	-
Operating margin	-	18.2%	-

The net sales from other businesses, mainly character-related licensing royalties, was 1,244 million yen, and the operating income was 227 million yen.