

Summary of Consolidated Financial Results for the 1st Quarter of the Fiscal Year
Ending March 31, 2005(Unaudited)

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Company Name:	CAPCOM Co., Ltd.	Stock Exchange:	Tokyo, Osaka
Company Code:	9697	Location of Headquarters:	Osaka Prefecture
(URL http://www.capcom.co.jp/)			
Representative:	Kenzo Tsujimoto, C.E.O. & President		
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1 . Preparation Basis for Consolidated Financial Results for the 1st Quarter Ending June 30, 2005

(1)Application of simple method to Accounting rules: Yes

The simple method has been applied to the calculation of income taxes based upon effective tax rate.

Appropriation of reserves was also based on the simple method.

Other minor accounts were also computed by the simple method.

(2)Change in Accounting rules for the 1st quarter reporting and the latest fiscal year closed: None

(3)Changes in scope of consolidation and application of equity method: Yes

Consolidation: Increase 0, Decrease 0

Equity Method: Increase 1, Decrease 0

2 . Summary of the 1st Quarter ended June 30, 2004 (April 1, 2004 - June 30, 2004)

(1)Consolidated Results of Operations

Note: Numbers are rounded down at Million Yen

	Net Sales		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
1stQuarter Ended June 30, 2004	11,921	77.9	718	-	922	-
1stQuarter Ended June 30, 2003	6,700	-	722	-	531	-
Year Ended March 31, 2004	52,668		1,402		791	

	Net Income		Earnings Per Share of Common Stock	Earnings Per share of Common Stock (Assuming Full Diluted)
	Million Yen	%	Yen	Yen
1stQuarter Ended June 30, 2004	509	-	8.96	7.73
1stQuarter Ended June 30, 2003	367	-	6.46	-
Year Ended March 31, 2004	9,158		160.91	-

Note: 1. Percentage represents change against corresponding period of the previous 1stquarter on net sales, operating income, ordinary income and net income

2. Only Sales result was disclosed for the 1st quarter for the year ended March 31, 2004. In order to improve comparability of the year-to-year, operating income and other financial results were indicated as described in the above for immediate reference purpose only.

3. No quarterly reporting was made in the fiscal year ended March 31, 2003 and therefore no percentage is indicated.

[Overview of the Consolidated Results of Operations]

The Japanese economy during this three-month period sustained a steady recovery trend supported by brisk consumer spending and capital investment, in addition to improving an employment environment and favorable exporting.

As for the video game industry, the overall home video game market saw a slow growth due to the lack of major software titles under the situation of poor spring selling season.

On the other hand, arcade operations market continued to grow due to increase of families to the arcades, and arcade game market also suggested a moderate recovery due to the release of unique and attractive arcade games.

Under these circumstances, we have been trying to create new market demands and expanding our share in existing markets as well as improving our business performance through introduction of new products that fulfill to market needs.

We also made efforts to establish a management structure capable of adapting to changes in the business environment to ensure steady profitability through reformation of corporate structure and strategic marketing activities to pursue a mid-to-long-term perspective steadily in addition to establishing the business of an R&D spin-off subsidiary.

Electronic Entertainment Expo (E3), one of the world's biggest game exhibitions was held in US this May, and our major titles "Devil May Cry 3" (for PlayStation 2) and "Resident Evil 4" (for GameCube) earned popularity with making a long queue of guests, which suggested us that our future sales looked brighter.

The resulting net sales for this 1st quarter were 11,921 million yen (up 77.9% from the same period in the previous year).

We achieved operating income of 718 million yen, ordinary income of 922 million yen and net income of 509 million yen.

[Status of Each Operational Department]

Home Video Game Sales

Under maturing domestic market, “Grand Theft Auto Vice City” (for PlayStation 2) made another hit as an overseas imported title on the heels of “Grand Theft Auto ” (for PlayStation 2) in the previous year, and “Megaman Zero 3” (for Game Boy Advance) also showed its steady result as one of series titles.

In overseas markets, “Onimusha 3” (for PlayStation 2) resulted in fewer sales than anticipated during the quarter, however, “Resident Evil Outbreak,” (for PlayStation 2), “Megaman Battle Network 4 Red Sun,” and “Megaman Battle Network 4 Blue Moon” for Game Boy Advance made preferable sales. Our lower-priced software titles also contributed well to overall results.

As a result of quarter, net sales were 7,940 million yen, and operating income was 614 million yen.

Arcade Operations

Under the improving market due to increase of families and female customers to the arcades, we achieved steady sales through events-holding in the stores and installing arcade games that fulfill to broad range of market needs, and any store is neither closed nor built during this quarter.

As a result, net sales were 2,532 million yen, and operating income was 556 million yen.

Arcade Game Sales

“Super Mario Fushigi no Janjanland”, a medal game, that delivered consumers the excitement which home vide games do not offer, played the role of an engine for sales expansion and uplifted the performance of this business segment through favorable sales. Existing medal game “Chibimaruko-chan Minnade Sugoroku Asobi no Maki ” continued steady sales.

However, increasing R&D costs for new product development hampered from achieving positive results.

The resulting net sales for this 1st quarter was 637 million yen, and operating loss was 65 million yen.

Other Businesses

(2)Consolidated Financial Position

	Total Assets	Total Shareholders' Equity	Shareholders' Equity Ratio to Total Assets	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
1stQuarter Ended June 30, 2004	91,277	31,466	34.5	557.19
1stQuarter Ended June 30, 2003	100,688	42,028	41.7	738.38
As of March 31, 2004	93,096	31,854	34.2	559.66

Note: No financial position was disclosed for the 1st quarter for the year ended March 31, 2004. In order to improve comparability of the year-to-year, financial position was indicated described in the above for immediate reference purpose only.

(3)Cash Flows

	Cash Flows from Operating activities	Cash Flows from Investing activities	Cash Flows from Financing activities	Cash and Cash Equivalents at end of period
	Million Yen	Million Yen	%	Yen
1stQuarter Ended June 30, 2004	908	205	1560	31,534
1stQuarter Ended June 30, 2003	-	-	-	-
As of March 31, 2004	5,577	5,011	395	32,131

Note: No quarterly reporting about consolidated cash flow was made in the previous fiscal year ended March 31, 2004.

[Overview of the Consolidated Financial Position]

Total assets as of the end of this three-month period were decreased by 1,818 million yen from the previous fiscal year to 91,277 million yen.

Shareholders’ equity was decreased by 388 million yen to 31,466 million yen due to acquisition of treasury stock amount to 444,4000 shares and dividends. As a result, shareholders’ equity ratio was up to 34.5%.

Cash flow positions for each activity are as stated below.

Cash Flows From Operating Activities

Net cash increase from operating activities amounted to 908 million yen due to decrease of account receivables.

Cash Flows From Investing Activities

Net cash expense from investing activities amounted to 205 million yen. This decrease is attributable to the expense for the acquisition of property, plant and equipment for amusement facilities.

Cash Flows From Financing Activities

Net cash decrease from financing activities amounted to 1,560 million yen. This is attributable to acquisition of treasury stock and dividends.

As a result, cash and cash equivalent as of the end of this three-month period were decreased by 597 million yen from 31,534 million yen.

3 . Forecast for the fiscal year ending March 31, 2005 (From April 1, 2004 to March 31, 2005)

Forecast for the fiscal year ending March 31, 2005 was not changed from the projection we announced in financial results ended March 31, 2004 as of May 17, 2004 due to anticipated operations as projected.

These forecast are based on the Company's current assumptions and beliefs in light of the information currently available to it, and involve known and unknown risks and uncertainties. The Company's actual results may differ materially from above mentioned forecast.

Summary of Consolidated Balance Sheets (Unaudited)

(Unit: Millions of Yen)

Account Title	Balance Sheet of Previous Fiscal Year (As of March 31, 2004)		This 1st Quarter (As of June 30, 2004)		Difference	Previous 1st Quarter (As of June 30, 2003)	
	Amount	%	Amount	%		Amount	%
(Assets)							
Current assets							
1 Cash and cash equivalents	29,809		31,534		1,724	30,471	
2 Notes and accounts receivable	8,922		6,510		2,411	6,675	
3 Negotiable Securities	2,321		-		2,321	599	
4 Inventories	4,338		4,145		193	6,925	
5 Game software products in-progress	9,640		10,602		961	12,491	
6 Deferred income taxes	4,989		5,048		58	4,347	
7 Short-term loans receivable	1,555		1,556		1	4,324	
8 Other	2,544		2,713		168	3,504	
9 Allowance for doubtful accounts	1,164		762		402	554	
Total current assets	62,957	67.6	61,348	67.2	1,608	68,785	68.3
Fixed assets							
(1) Tangible fixed assets							
1 Buildings and structures	6,959		6,886		73	4,624	
2 Machinery and vehicle	112		104		7	155	
3 Tool, fixture and furniture	642		610		32	686	
4 Rental equipment	135		128		6	167	
5 Equipments for amusement facilities	2,245		2,213		31	1,897	
6 Land	4,471		4,473		2	4,700	
7 Construction-in-progress	11		135		124	91	
Total tangible fixed assets	14,577	15.7	14,552	16.0	24	12,322	12.2
(2) Intangible fixed assets							
1 Other	934		852		82	1,093	
Total intangible fixed assets	934	1.0	852	0.9	82	1,093	1.1
(3) Investments and other assets							
1 Investments in securities	2,195		2,084		110	2,029	
2 Long-term loans receivable	3,638		3,629		9	943	
3 Deferred income taxes	7,960		7,960		-	10,534	
4 Claim in bankruptcy and reorganization	108		118		10	6,270	
5 Other	4,821		4,838		17	5,283	
6 Allowance for doubtful accounts	4,097		4,108		10	6,574	
Total investments and other assets	14,627	15.7	14,523	15.9	103	18,487	18.4
Total fixed assets	30,138	32.4	29,928	32.8	209	31,903	31.7
Total assets	93,096	100.0	91,277	100.0	1,818	100,688	100.0

(Unit: Millions of Yen)

Account Title	Balance Sheet of Previous Fiscal Year (As of March 31, 2004)		This 1st Quarter (As of June 30, 2004)		Difference	Previous 1st Quarter (As of June 30, 2003)	
	Amount	%	Amount	%		Amount	%
(Liabilities)							
Current liabilities							
1 Notes and accounts payable	4,497		3,908		588	2,952	
2 Short-term borrowings	6,295		5,944		350	7,319	
3 Accrued income taxes	152		160		7	192	
4 Accrued bonus	1,114		393		721	296	
5 Reserve for return goods	699		354		345	613	
6 Other	4,369		5,020		651	3,975	
Total current liabilities	17,129	18.4	15,781	17.3	1,347	15,349	15.3
Long-term liabilities							
1 Convertible bonds payable	37,262		37,262		-	37,262	
2 Long-term debt	5,530		5,425		105	3,465	
3 Accrued retirement benefits for employees	847		870		22	776	
4 Other	472		472		0	1,769	
Total fixed liabilities	44,111	47.4	44,029	48.2	82	43,272	43.0
Total liabilities	61,241	65.8	59,811	65.5	1,430	58,621	58.3
(Minority Interest)							
Minority interest	-	-	-	-	-	38	0.0
(Shareholders' Equity)							
Common stock	27,581	29.6	27,581	30.2	-	27,581	27.4
Capital surplus	24,852	26.7	15,337	16.8	9,515	24,852	24.7
Retained earnings	16,727	18.0	7,233	7.9	9,494	7,367	7.3
Unrealized profit and loss on revaluation of securities	589	0.6	482	0.5	106	160	0.2
Cumulative translation adjustments	1,340	1.4	1,066	1.1	273	219	0.2
Treasury stock	3,099	3.3	3,634	4.0	535	3,097	3.1
Total shareholders' equity	31,854	34.2	31,466	34.5	388	42,028	41.7
Total liabilities, minority interest and shareholders' equity	93,096	100.0	91,277	100.0	1,818	100,688	100.0

Summary of Consolidated Statements of Income (Unaudited)

(Unit: Millions of Yen)

Account Title	Previous 1st Quarter			This 1st Quarter			Difference	Previous Fiscal Year		
	From April 1, 2003 To June 30, 2003			From April, 2004 To June 30, 2004				From April 1, 2003 To March 31, 2004		
	Amount		%	Amount		%		Amount		%
Net sales		6,700	100.0		11,921	100.0	5,220		52,668	100.0
Cost of sales		4,616	68.9		8,016	67.3	3,400		37,276	70.8
Gross profit		2,084	31.1		3,904	32.7	1,820		15,392	29.2
Reserve for return goods		-	-		-	-	-		86	0.1
Reserve adjustment for return goods		-	-		345	2.9	345		-	-
Net gross profit balance		2,084	31.1		4,250	35.6	2,165		15,305	29.1
Selling, general and administrative expenses		2,806	41.9		3,531	29.6	724		13,902	26.4
Operating income		722	10.8		718	6.0	1,441		1,402	2.7
Other income										
1 Interest income	48			32				207		
2 Dividend income	1			10				2		
3 Exchange gain	206			218				-		
4 Other	15	271	4.1	53	315	2.6	44	120	330	0.6
Other expense										
1 Interest expense	67			68				276		
2 Exchange loss	-			-				381		
3 Loss on transfer of allowance for doubtful accounts	-			-				97		
4 Other	12	79	1.2	42	111	0.9	31	187	942	1.8
Ordinary income		531	7.9		922	7.7	1,454		791	1.5
Extraordinary gain										
1 Gain on sale of fixed asset	0			-				38		
2 Gain on sale of investment in securities	-	0	0.0	67	67	0.6	67	-	38	0.1
Extraordinary loss										
1 Loss on sale of fixed asset	25			27				177		
2 Loss on revaluation of investment in securities	-			-				192		
3 Loss on sale of investment in securities	-			-				158		
4 Loss on sale or disposal of inventories	-			-				3,057		
5 Loss on transfer of allowance for doubtful accounts	-	25	0.4	-	27	0.2	1	4,144	7,730	14.7
Net profit or loss () before taxes		557	8.3		963	8.1	1,520		6,900	13.1
Corporate tax, local tax, and enterprise tax		196	2.9		454	3.8	650		2,273	4.3
Minority interest profit or loss ()		7	0.1		-		7		15	0.0
Net profit or loss ()		367	5.5		509	4.3	876		9,158	17.4

Summary of Consolidated Statements of Cash Flows (Unaudited)

(Unit: Millions of Yen)

Account Title	This 1st Quarter	Previous Fiscal Year
	From April 1, 2004 To June 30, 2004	From April 1, 2003 To March 31, 2004
	Amount	Amount
Cash flows from operating activities		
1 Net profit or loss () before income taxes	963	6,900
2 Depreciation and amortization	478	2,081
3 Increase (decrease) in allowance for doubtful accounts (reduction)	397	4,375
4 Interest revenue and dividend income	42	209
5 Interests paid	68	276
6 Gain on sale of investment securities	67	-
7 Decrease in account receivable	2,429	4,300
8 Decrease in inventories	225	1,892
9 Increase (decrease) in game software products in-progress (increase)	961	693
10 Decrease in account payable	614	567
11 Other	944	756
Sub total	1,137	6,696
12 Interest and dividend received	47	139
13 Interest payment	30	275
14 Corporate and other tax payment	245	983
Cash flows from operatin activities	908	5,577
Cash flows from investing activities		
1 Acquisition of property, plant and equipment	322	4,558
2 Proceeds from sales of investment securities	107	232
3 Other	9	685
Cash flows from investing activities	205	5,011
Cash flows from financing activities		
1 Repayment of short-term borrowings	350	1,822
2 Proceeds from long-term borrowings	-	2,800
3 Repayment of long-term borrowings	105	227
4 Proceeds from sale of treasury stock	0	0
5 Acquisition of treasury stock	535	4
6 Dividend paid by parent company	569	1,141
Cash flows from financing activities	1,560	395
Effect of exchange rate changes on cash and cash equivalents	260	1,484
Decrease in cash and cash equivalents	597	1,313
Beginning balance of cash and cash equivalents	32,131	33,444
Ending balance of cash and cash equivalents	31,534	32,131

[Segment Information]

Operating segments

Three-month Period ended June 30, 2004 (from April 1, 2004 to June 30, 2004)

Unit: Millions of Yen

	Home video games	Arcade operation	Arcade games	Other businesses	Total	Elimination and corporate	Consolidated total
Net sales and operating profit or loss							
Net Sales							
(1) External customers	7,940	2,532	628	819	11,921	(-)	11,921
(2) Inter-segment sale or transfer	-	-	9	-	9	(9)	-
Total	7,940	2,532	637	819	11,930	(9)	11,921
operating expense	7,326	1,975	702	589	10,594	608	11,202
operating profit or loss ()	614	556	65	229	1,336	(617)	718

(Note)

1. Business segments above are split based upon for internal management disposition.

2. Principal products and operations of each business segment

(1) Home vide games: This sales division develops and distributes home video game software.

(2) Arcade operations: This division operates amusement facilities.

(3) Arcade games: This sales division develops, manufactures, and distributes commercial game equipments and integrated circuit boards.

(4) Other businesses: Other businesses include licensing business and other content-related businesses.

3. Among operating expenses, undistributed operating expenses to each business segment above is included in the “Elimination and corporate” amounted to 627 million yen. The major part of this expense is related to corporate G&A.

Please note that segment information was not prepared for three-month period of FY2003.

Year ended March 2004 (from April 1, 2003 to March 31, 2004)

Unit: Millions of Yen

	Home video games	Arcade operation	Arcade games	Other businesses	Total	Elimination and corporate	Consolidated total
Net sales and operating profit or loss							
Net Sales							
(1) External customers	33,949	9,830	4,440	4,447	52,668	(-)	52,668
(2) Inter-segment sale or transfer	-	-	70	-	70	(70)	-
Total	33,949	9,830	4,511	4,447	52,739	(70)	52,668
operating expense	34,921	7,503	3,086	3,507	49,019	2,245	51,265
operating profit or loss ()	971	2,326	1,424	939	3,719	(2,316)	1,402

(Note)

1. Business segments above are split based upon for internal management disposition.

2. Principal products and operations of each business segment

(1) Home vide games: This sales division develops and distributes home video game software.

(2) Arcade operations: This division operates amusement facilities.

(3) Arcade games: This sales division develops, manufactures, and distributes commercial game equipments and integrated circuit boards.

(4) Other businesses: Other businesses include licensing business.

3. Among operating expenses, undistributed operating expenses to each business segment above is included in the “Elimination and corporate” amounted to 2,341 million yen. The major part of this expense is related to corporate management.