

CAPCOM

Annual Report
2005

Year Ended March 31, 2005



Business Synergy

Original video game content spans into other forms of entertainment

By efficiently utilizing original contents created for our home video game software we are expanding our business into other entertainment business opportunities such as movies, TV animation, publications, pachinko and pachislo slot machines, arcade games, and character merchandising. Through these other businesses, we can maximize our profitability from our initial investment, while creating synergy for our products in other areas of entertainment.



Home Video Games

Contents Field





A pachislo slot machine featuring "Onimusha"



Distribution of game contents for mobile phones



Movies derived from game contents



Own published strategy guidebooks



Broadcast of TV animations featuring game characters



Arcade Games

Development of arcade games in high market demand

Other Businesses



Character items in licensing business

Arcade Operations

"Plaza Capcom", amusement facilities under management of Capcom



Entertainment Field

Corporate Profile

Capcom's core business is developing, publishing and distributing home video game software. To date, we have created many hit titles around the world including the multi-million unit selling "Megaman" and "Resident Evil" series of products. In recent years, we have created synergy by utilizing our original video game content in other areas of entertainment such as films, TV animation and publications. We will continue to be a creator of entertainment culture by delivering highly creative and innovative video games that excite customers and offer an entirely new level of game entertainment.

Home Video Games

We develop and distribute home video game software for leading game consoles and hand-held systems. This is our staple business and main competitive resource, which accounts for more than 65% of total sales. We focus our management resources on the wide-ranging needs of our customers by delivering award-winning action and adventure games that have sold millions of units around the world.

Contents
Field

Synergy



Entertainment
Field

Arcade Games

We develop, produce, and distribute coin-operated arcade game software in Japan. We direct our efforts towards developing prize-winning coin-operated arcade games, which are in high demand in the market, as well as supplying other game companies and operators with our popular arcade games.

Other Businesses

We operate our businesses by utilizing assets gained from our video game software and development expertise in other ventures. These include licensing Capcom game characters, operating a publishing business, distributing LCD devices designed for pachislo slot machines, and developing and distributing game content for mobile phones.

Arcade Operations

We operate amusement facilities in Japan. We open arcades predominately in large commercial complexes to expand our customer base to attract more families and ladies. We operate arcades designed to entice customers by holding special events and service days. We also base arcade efficiently on a "scrap-and-build policy" whereby we can close unprofitable arcades as soon as possible, and aggressively open new arcades for effective business expansion.

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Disclaimer Regarding Forward-looking Statements

Management strategies, plans, projections and other statements excluding historical facts in this Annual Report are forecasts. Please note that the above business projections are based on the information that is available at the time of this announcement and certain assumptions that serve as the basis of rational judgments. Actual performance may vary substantially from these projections due to various contributing factors of 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) overseas sales; (5) trends in stock prices and foreign exchange; (6) cooperation with other companies in development, sales, and operations; and (7) changes in market environments.

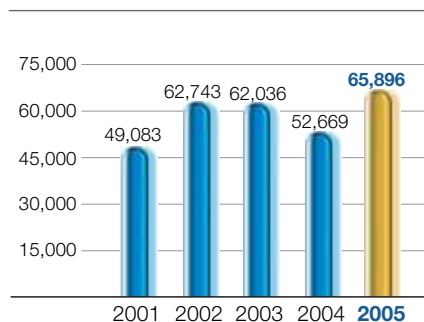
Consolidated Financial Highlights

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES
YEARS ENDED MARCH 31

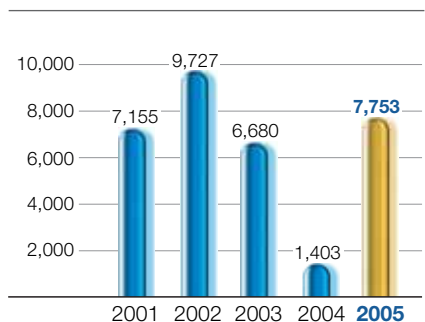
	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Net sales	¥ 65,896	¥ 52,669	\$ 615,850
Operating income	7,753	1,403	72,458
Net income (loss)	3,622	(9,159)	33,850
Total assets	106,361	93,096	994,028
Total shareholders' equity	32,491	31,854	303,654
	Yen		U.S. dollars
Net income (loss) per share	¥ 63.37	(¥ 160.91)	\$ 0.59
Cash dividends applicable to the year per share	20.00	20.00	0.19
Shareholders' equity per share	589.99	559.66	5.51

Note: U.S.dollar amounts are translated from yen at the rate of ¥107=US\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2005.

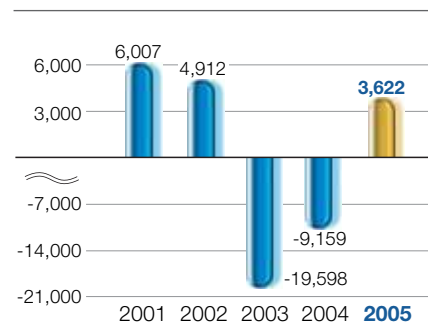
Net sales (¥ Million)



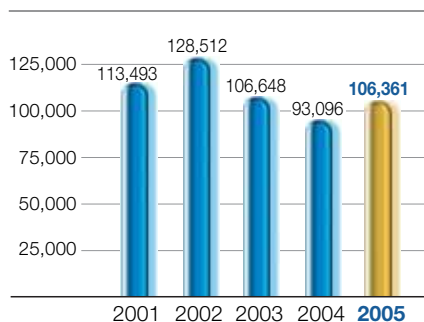
Operating income (¥ Million)



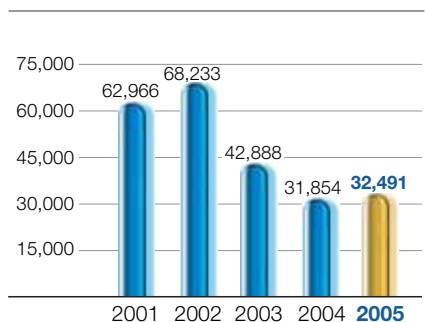
Net income (loss) (¥ Million)



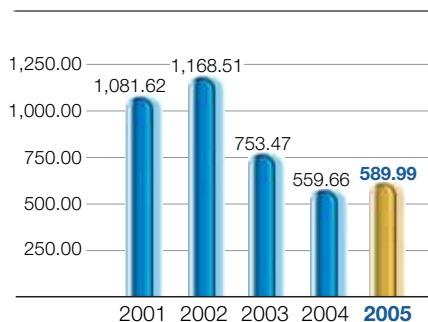
Total assets (¥ Million)



Total shareholders' equity (¥ Million)



Shareholders' equity per share (¥)



To Our Shareholders



KENZO TSUJIMOTO President and CEO



Recovery following the completion of structural reform

The fruits of structural reform will come afterwards

The Capcom group recorded a net loss in the fiscal years ended March 31, 2004, and March 31, 2003, which were mainly due to improvements on the balance sheet, and from business strategies determined through the course of doing business with a view of future group growth. We conducted corporate structural reforms across the entire group, from the fiscal year ended March 31, 2003, aimed to reinforce our earning structure and to converge our management resources on our main business and to monitor global competitiveness. The effects of those reforms have been profitable. We have already seen a lowered ratio of COGS and SGA against net sales.

The Capcom group has defined Japan, North America, and Europe as its main markets and has strengthened development, marketing, and sales in these territories to grow on a worldwide basis.

As for home video games, the Capcom group's staple business, the Japanese market has matured through a wider range of consumer goods and services, such as cell phones and Internet services, and the expansion of the used-game market. The North American and European markets are expanding partially due to increases in the game user base. Under these conditions, overseas markets accounts for around 60% of home video game sales for the current period. The group has also aggressively expanded its mixed-media product strategy to include movies, TV animation, publications, and more as well as added the distribution of games for mobile phones.

The details of our business strategy are outlined in the message from our Chief Operating Officer. As a result of various corporate structural reforms over the last two and a half years, we have recorded 65,896 million yen in sales (up 25.1% from the previous year), 7,753 million yen in operating income (up 452.6%),

and 3,622 million yen in net income (net loss of 9,159 million yen in the previous year) on a consolidated basis for the current year. The structural reforms have had a steady effect on our business.

However, current business results do not necessarily indicate the final results of our corporate structural reform. We fell short of expectations for the current earning level when we posted a net loss the last two years. We anticipate effects from the corporate structural reform will be realized in the future. We continue to strive to expand our profits and hope to meet shareholders' expectations.

Moreover, we consider continuous payment of stable dividends as one of the more important tasks for the management and therefore we continue to pay annual dividends of 20 yen following fiscal years ended March 31, 2004, and March 31, 2003, in spite of recording net losses in both periods.

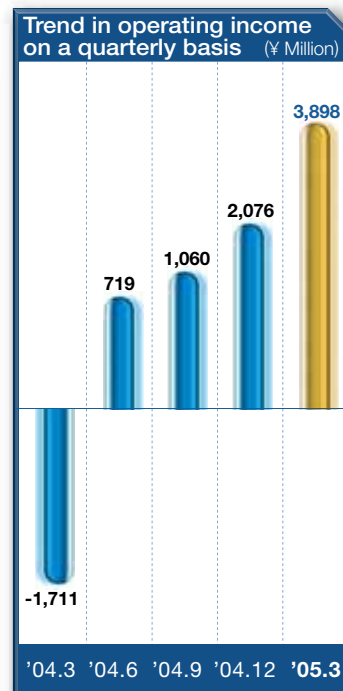
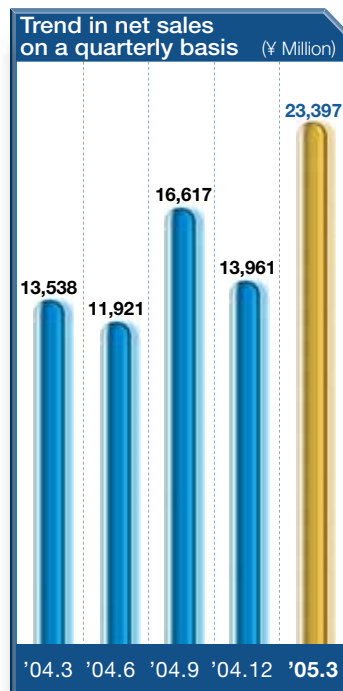
Growth though synergy in our two business units

The Capcom group strategically divides management resources into two business units: content business and the entertainment business (please note that business units differ from accounting segments).

The content business unit is comprised of the development and distribution of home video games, our main financial resource and one that offers the content for a diversity of users.

In order to meet market demands, the Capcom group builds a strategy for each software asset and reinforces our core brand power to expand upon existing franchises. We also focus our development resources towards our biggest titles and brand recognition, the greatest advantage of our group.

The entertainment business unit includes the operation of amusement facilities. These facilities utilize content created in the home video game arena. Our entertainment business enterprise includes the development and distribution of arcade games, licensing of Capcom game characters and brands, and supplying LCD devices for pachislo slot machines. Examples of our licensing efforts include the worldwide popularity of



“Megaman” which has been made into an animated cartoon series and a variety of toys of other merchandise, and our blockbuster franchise “Resident Evil” which has been developed into two Hollywood movies that combined have grossed more than \$200 million worldwide.

We are sure that these areas will produce strong global growth. The Capcom group, which strengthened its management base through strategic structural reforms, intends to achieve further growth by drastic resource allocations in order to achieve stable growth each year.

The Capcom group expects 70,000 million yen in sales, 7,700 million yen in operating income, and 3,900 million yen in net income for the next year on a consolidated basis.

We sincerely request that all shareholders give us your continued support.

辻本 憲三

Kenzo Tsujimoto
President and CEO
CAPCOM CO., LTD.

Business Strategies

Maximize profits by creating synergy effects from our strategic business expansion

Anticipated growth of game content as our core business

Our short-term business objective in the Capcom Group is to improve sales and profit in proportion to the size of each of our three major territories through our core business of developing home video game software. To achieve this objective, we have established three business strategies: Platform Strategy, Franchise Strategy, and Genre Strategy.

The Platform Strategy promotes software distribute for the multiple, game console systems in order to expand the range of users and to maximize profit. The Franchise Strategy maximizes the utilization and strength of our franchise titles, with endeavors to further increase the number of our franchises. The Genre Strategy aims to secure growth by creating new categories to optimize our title portfolio while constantly considering business alliances with other companies.

Clover Studio Co., Ltd. was established in July 2004, to further strengthen our product line-up and support above three strategies. Clover Studio focuses on the development of original and creative titles with the highest level of quality.

Strategies to enhance the development and sales in North America and Europe

To increase sales in the expanding overseas market, the Capcom Group has set-up marketing, development, and management systems that enable us to respond quickly to changes in overseas markets. In June 2005, myself and the managers responsible for the company's management planning and CS business strategy, began monthly visits to our subsidiaries in the U.S.A. and Europe. Purpose is to share information, provide guidance to their corporate management and to ensure consistency of the global business strategies. Subsidiaries in these territories are accelerating development of titles that appeal to their market by forming partnerships with local game development studios. With these business strategies in place we expect further increases in sales in our overseas markets.



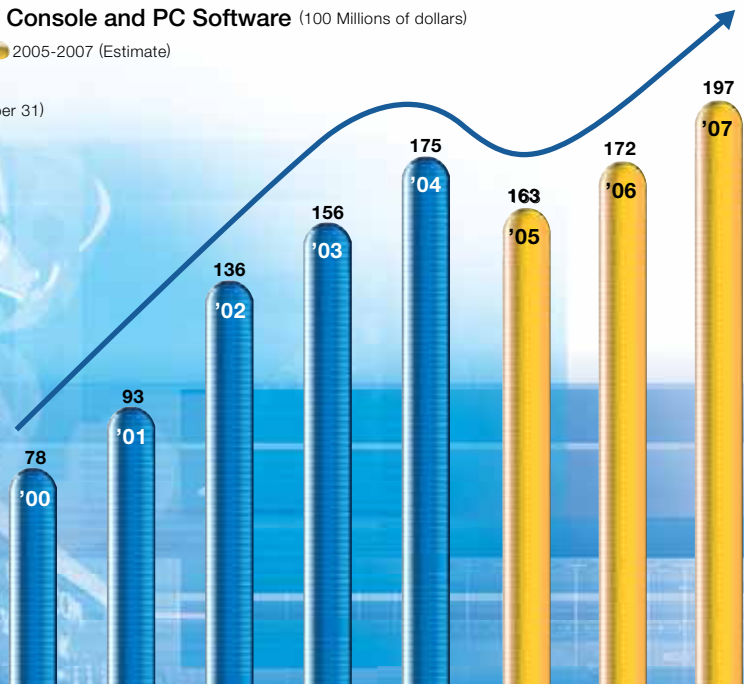
Haruhiro Tsujimoto
Chief Operating Officer

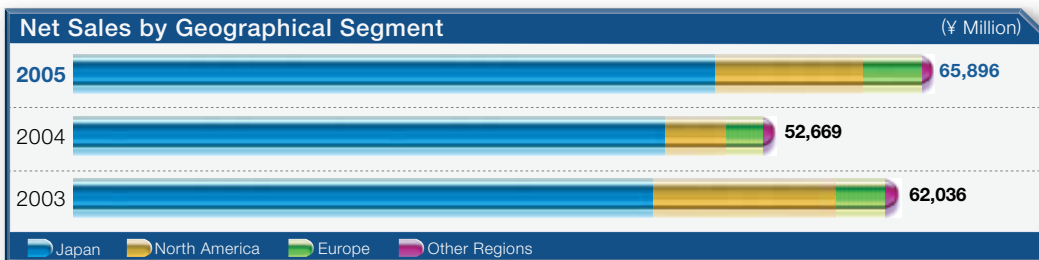
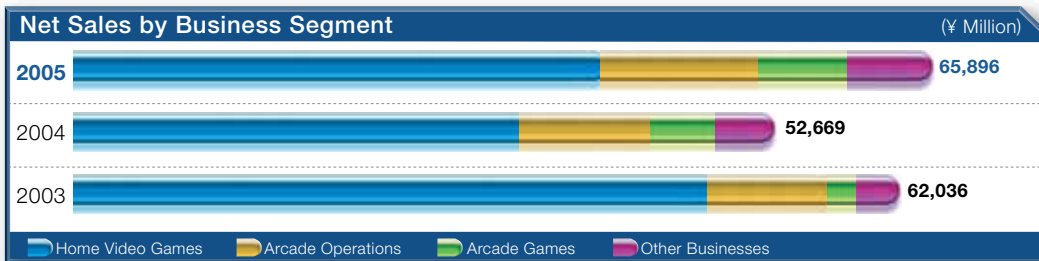
Market Size of Console and PC Software (100 Millions of dollars)

■ 2000-2004 ■ 2005-2007 (Estimate)

Source: "IDG Report"

(Years ended December 31)





Growing in each business category through the expansion of content into various business areas

It has been reported that the next-generation game consoles will be brought to market between the end of 2005 and the end 2006. During this time demand temporarily declines for new product on the current game consoles, while investment increases on development of software for the next-generation game consoles. With the introduction of each new game console, costs in game development becomes bigger due to higher performance and advanced technology of the systems. To recoup our investment and secure the highest profit, it is essential we use our strength and popular franchises for not only the home video game business but also in a wide variety of other business opportunities in our entertainment business.

Specifically, we will utilize Capcom's intellectual property in a cross-sectional approach to a variety of business fields, including medal games and other arcade games, LCD boards for Pachislo slot machines, movies and TV programs, character items, publications and strategy guidebooks, and

global delivery of content to mobile phones. Producing synergy within all our areas of business we will maximize profit.

In the arcade operation business, we will further accelerate the opening of new arcades in large commercial complexes, while studying the possibility of increasing the number of roadside arcade operations. The Group's amusement arcades have built a reputation for their strong lineup of games as well as quality of services and high profitability. Through continuous efforts of educating our staff we will build and operate arcades that are suited for a wide range of age groups.

Although the next fiscal year is expected to be a transitional year before the release of the next-generation hardware, we are committed to continuous growth, securing profit by the utilization of our content in the entertainment business, as well as expanding of our arcade operation business. We would like to ask all shareholders to expect good results from our business strategies and to provide us with your continued support.

Making use of the experience of providing consulting services to a number of companies at home and abroad for years, I express my unrestrained opinions to the management of Capcom and try to enliven the Board of Directors, which I believe is a key role of an external director.

The Capcom Group has nearly completed years of structural reform and has moved into the stage of producing results. Some say it should have shown results at an earlier stage in circumstances where greater speed is required in corporate management. I believe I need to keep an eye on the investment made in establishing and reinforcing the marketing and sales system in North America and Europe. I also request the company to present the results on how it would improve sluggish sales of home video game software in Japan.

I hereby promise that I will speak out sincerely and freely to the Board of Directors.



Koichi Hori
External Director of
Capcom Co., Ltd.

President and Representative
Director of Dream Incubator Inc.

Operational Review

Pursue multiple uses of game content — The current results

Improvement of game content in volume and quality

In our core business of developing home video game software, we saw strong growth in our popular brands with the recent release of “Megaman Battle Network 5”, “Resident Evil 4”, and “Devil May Cry 3”. These were released in fiscal 2004 and quickly gained market popularity. At the 8th Annual Computer Entertainment Software Association Game Awards* held in October 2004, Capcom’s “Monster Hunter” won the Top Award, while three other Capcom titles were awarded for excellence and two titles won ‘Future’ awards. This proves that the quality of our software is highly appreciated in the industry.

Our strength is in having many popular series that produce big hits. Under our multiple platform strategy, we will launch 13 titles for the new PlayStation Portable (PSP) and Nintendo DS in fiscal 2005. The company is also preparing for next-generation game consoles. Currently in development are “Resident Evil 5” for the Xbox 360 and PlayStation 3, “Devil May Cry 4” for PlayStation 3, and “Dead Rising” for Xbox 360. Capcom is committed to growth with its product development structure for the next generation.

* A show sponsored by the Computer Entertainment Software Association (CESA) for awarding excellence in game software



Monster Hunter

Onimusha 3

Phoenix Wright
Ace Attorney 3

Grand Theft Auto



Resident Evil 4

Megaman Battle Network 5
Team Protoman / Team Colonel

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8th CESA GAME AWARDS

GAME AWARDS 2003-2004

Grand Award	Monster Hunter
Award for excellence	Onimusha 3 Phoenix Wright Ace Attorney 3 Grand Theft Auto

GAME AWARDS FUTURE

Award for excellence	Resident Evil 4 Megaman Battle Network 5 Team Protoman / Team Colonel
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“Devil May Cry” Series

“Onimusha” Series

“Resident Evil” Series

“Megaman” Series

Major Titles by Genre

(As of March 31, 2005)

Genre	Major Titles	Number of Titles	Unit Sales (in thousands)
Shooting	“1942” Series	3 titles	1,200
Action	“Ghosts’n Goblins” Series	13 titles	4,100
	“Commando” Series	2 titles	1,100
	“Megaman” Series	100 titles	24,000
	“Disney” Series	33 titles	13,200
	“Final Fight” Series	8 titles	3,100
	“Onimusha” Series	10 titles	6,900
Fighting	“Devil May Cry” Series	4 titles	5,900
Fighting	“Street Fighter” Series	53 titles	24,000
RPG	“Breath of Fire” Series	13 titles	3,000
Adventure	“Resident Evil” Series	40 titles	27,300
	“Dino Crisis” Series	13 titles	4,400

Popular animated character Megaman, whose toys have sold well



ROCKMAN EXE
PROGRESS PET

Game "Megaman Battle Network 5"

Synergy through full content utilization

Capcom continues to strengthen its brand image and improve profitability by utilizing content generated by the home video game software business in movie, music, publication, and other businesses.

In October 2004, two new TV animation programs were created based on our popular games, "Viewtiful Joe" and "Megaman Battle Network". In March 2005, a movie based on "Megaman Battle Network" was released.

Capcom also has full feature movies in development based on "Onimusha" and "Devil May Cry". "Resident Evil" was made into a second movie, "Resident Evil Apocalypse". Our products have long lasting appeal and are actively sought after for development into feature films.

The company is also creating new business opportunities. In March 2005, we supplied LCD boards for "Onimusha" in Pachislo slot machines and the introduced the "Street Fighter" Pachislo slot machine through licensing.

Capcom also runs a business of distributing popular content to mobile phones. The company is distributing 18 titles in 28 countries including the U.S., Europe, and Asia. In March 2005, the company started selling strategy guidebooks to go with its game software through our book distribution channel. The film version of "Resident Evil" playable on the PlayStation Portable was also put on the market.

These are just a few examples of the large number of intellectual properties Capcom owns and how we maximize its profits on a global scale through the effective utilization of them.



Movie "Resident Evil Apocalypse"

Game "Resident Evil 4"



Resident Evil, which was made into a movie again

Combined sales of game software and strategy guidebook to benefit both goods



Game "Onimusha 3"

Strategy guidebook for "Onimusha 3"



Pachislo Machine "Onimusha 3"



TV animation "Viewtiful Joe"



Game "Viewtiful Joe 2"

Viewtiful Joe, as shown in the animation



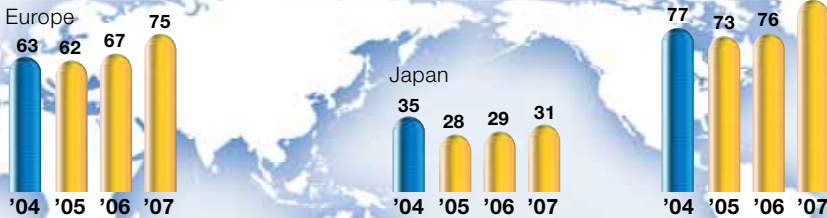
Content distribution business for mobile users

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Market Size of Console and PC Software by Region (100 Millions of dollars)

2004 2005-2007 (Estimate)

Source : "IDG Report"
(Years ended December 31)



Share ratio by each software market
Japan : North America : Europe = 2 : 5 : 3

Results of Main Titles Released in FY2004

Title	Region	Result (in thousands)
Resident Evil Outbreak	North America	530
	Europe	290
Onimusha 3	North America	290
	Europe	300
Grand Theft Auto Vice City	Japan	390
Resident Evil Outbreak File #2	Japan	230
Megaman Battle Network 5 Team Protoman / Team Colonel	Japan	610
	Viewtiful Joe 2	80
Monster Hunter G	Japan	220
	Resident Evil 4	210
Resident Evil 4	North America	660
	Europe	360
Devil May Cry 3	Japan	290
	North America	410
Devil May Cry 3	Europe	400
	Megaman Series	Worldwide

The sales of home video game software in the overseas market

To realize the medium-term business objective of achieving sales in proportion to the size of each territory, Capcom strengthened its sales efforts of home video game software in the overseas market. The Capcom Group has subsidiaries in the U.S., U.K., Germany, and Hong Kong. Our subsidiaries enable us to identify the needs of their territory and to share this information with Japan, resulting in the development of software for those overseas markets.

In fiscal 2004, 71 titles totaling 13.5 million units, mostly such large-scale series of "Resident Evil 4", "Devil May Cry 3", and the "Megaman" series, were sold globally. Of this 9.4 million units were sold in overseas markets, or approximately 70% of total sales.

To further increase sales in overseas markets in the next fiscal year subsidiaries in the U.S.A. and Europe will begin selling original titles developed in collaboration with local game development studios. Globally, 84 titles totaling 15 million units plan to be sold. Of the 15 million, 10.2 million will be sold abroad.



Monster Hunter G



Viewtiful Joe 2



Devil May Cry 3



Resident Evil
Outbreak File #2



Resident Evil 4



Anniversary Collections of "Megaman" and "Street Fighter" are extremely popular in the overseas market. Effectively utilizing its brands, Capcom is expanding its sales abroad.

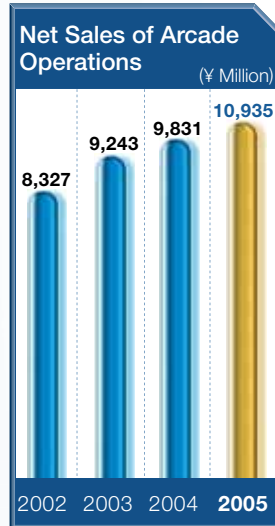
Operational Review

Integrating arcade game and facility operation

Capcom's strategy to ensure maximum profitability in opening new arcade businesses is to focus on the quality of the facility. It is important that it is located in a large commercial complex with annual sales of 12 billion yen or more, has at least 2,000 parking spaces and employs a "scrap and build" policy. In fiscal 2004, we opened one store and closed three stores. This efficient operation of stores resulted in an operating margin ratio approximately twice as high as that of our competitors.

In fiscal 2005, we plan to open three arcades and close one. Starting from fiscal 2006 onward, we will continue the opening of new stores in large commercial complexes, while looking into the possibility of opening roadside arcades. Roadside arcades frees us from the restrictions we face when contracted as a tenant in a large shopping complex and would enable us to further increase profits by a strategy to open stores based on our know-how.

Management of highly profitable amusement facilities has a positive impact on the marketing and development of arcade games. Research conducted by these operated facilities enables commercialization of arcade games that reflect market needs at the earliest opportunity. The medal game machines released this year, include "Super Mario Fushigino Korokoro Party" and "Alien", as well as other arcade video games that were very popular and successful.



Plaza Capcom Nogata



Super Mario Fushigino Korokoro Party



Alien

Nihonzenkoku-katochan-no-kurukuru-ressya-de-Peli

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 MARIO PARTY'S ©2003 Nintendo ©2003 HUDSON SOFT ©2004 CAPCOM CO.,LTD. ALL RIGHTS RESERVED.
 ©office cha ©CAPCOM CO., LTD. 2004 ALL RIGHTS RESERVED.

TOPICS Company Visit ~ Investing into our Future

In a joint effort with the Computer Entertainment Supplier's Association (CESA), we started an elementary and junior high school field trip program for students interested in the game industry and game development. As a part of a career-consulting education, the program consists of a company presentation, game play session, and time for questions and answers. The program will be an excellent opportunity for children hoping for a career in game development to learn about the industry, the game development process, and the educational requirements to help them reach their goal.



Financial Strategies

Plan for new growth by reviewing financial strategies from the ground up

Promoting cash flow-oriented operations

Capcom stresses cash flow and cash balance as the indicators for managerial choices and evaluating new enterprises. Integrated into our strategy is to expand our arcade operation business by opening new amusement facilities, the second pillar of our business, and secure investment in and returns from the development of home video games, the Capcom group's core business.

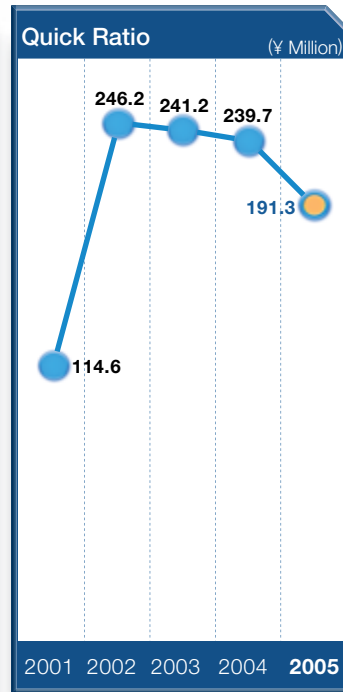
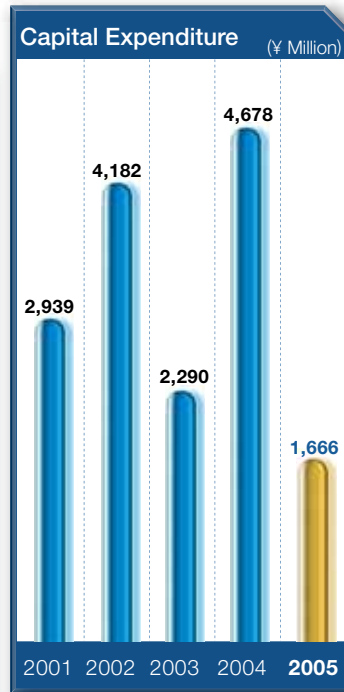
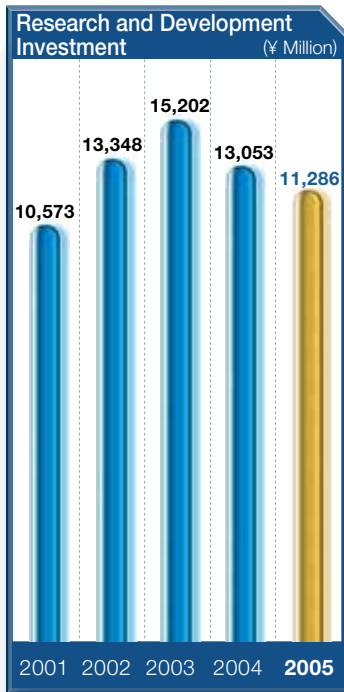
The Capcom group concentrates management resources on the development and distribution of home video games to expand business opportunities. It takes approximately two years to develop a home video game, and the development costs are not recovered until the release of the title. Considering

the heavy financial demands of development costs involved with new generation game consoles, cash and cash equivalents must be accumulated, to some extent, for reasons of financial security. Consequently, we will manage cash and cash equivalents, balancing them with capital efficiency.

Our strategy for our arcade operation is based on the investment efficiency to aggressively open new amusement facilities in locations that attract many customers, such as commercial complexes and large shopping centers. Planned investments in large stores require holding cash and cash equivalents. Therefore, we issued euro yen convertible bonds maturing in 2009 and raised 11.5 billion yen in October 2004.

In addition to the financing, we purchased 1.5 million shares in treasury stocks on the market from November 2004 to December 2004 which has positive and negative effects on us. While the holding of treasury stocks generates almost the same effects as the retirement of stock, it raises the stock value for an increase in return on equity (ROE) and earnings per share (EPS). The purchased treasury stocks plan to be used as substitute stocks for the execution of warrants and for stock options.

Tamio Oda
Chief Financial Officer



Planned growth through aggressive investments while maintaining financial security

While shareholders may be concerned about the lower ROE due to the issuance of euro yen convertible bonds, as well as the increase in debts and the net loss over the last two years, we plan to make repayment with cash on hand when the convertible bonds mature in September 2005. This will result in an increase in the ROE by about 4 points. In the future, we intend to increase capital by improving business results.

We also saw a lowered quick ratio due to the transfer of convertible bonds repayable within one year to current liabilities. In spite of the transfer, the ratio stood at 191.3% above the general standard of 100%, and financial security is protected.

To further ensure the realization of growth, we will promote aggressive investment of the raised funds in home video game development and improve capital efficiency by increasing earnings. Because the Japanese home video game market has matured in

recent years, it is necessary to develop more titles with the potential for success in North America and Europe in order to recover development costs and maximize earnings. We allocate about 70% of our management resources to the development of large-scale sequel titles and the remainder to the development of new titles. We will carry out this investment strategy to secure consistent earnings in the future.

In addition, we will make investments in new enterprises in the Asian market, and in particular in China. This will include online businesses and the development of game software for portable hardware while aggressively investing in the development of software for next generation portable and stationary game hardware.

We intend to offer a return to shareholders by increasing the value enterprises with better business results, as well as continuing the consistent disbursement of dividends. We would like to request that all shareholders understand the Capcom group's financial condition and capital policy and give us your continued support.

In the home video game software industry, there is a lot of competition to develop new titles for the next-generation game consoles. Capcom faces the challenge of increasing investments for these new consoles, but returns are not seen until the release of the new software. To overcome this current situation we have established a cash management system to focus on security.

As an external director, and former head of a stock exchange, I plan to monitor properly timed disclosure procedures. I appreciate that the company has performed a structural reform to transform its structure into a profitable one. The company must continue to be transparent and disclose information to its shareholders at the appropriate time. I intend to fulfill my role within the company without betraying the trust of its shareholders.



Kyouji Kitamura

External Director of
Capcom Co., Ltd.

The former president & CEO of
the Osaka Securities Exchange

Corporate Governance

Corporate Governance

We created a Board of Corporate Auditors to monitor our corporate governance that currently consists of four members including three external auditors. The Board discusses substantive matters extracted through an audit and exchanges opinions and information with accounting auditors and presents matters to the president.

The Board of Directors consists of seven members and three external directors. Regular board meetings are held once a month, with special board meetings held as needed. The Board of Directors is charged with the responsibility to review recommendations and exchange opinions with the external directors.

Voluntarily, we established a Remuneration Committee headed by an external director to ensure fair and relevant compensation for directors.

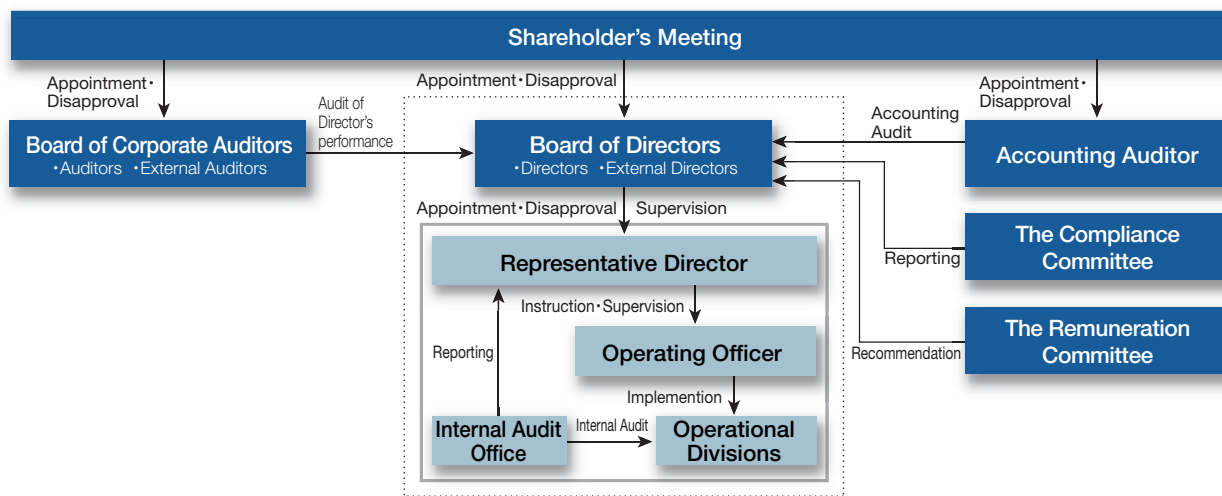
We have also set up an internal audit office under the direct control of the president. The audit office is independent of the business operations divisions and serves as an internal auditing organization. The audit office conducts internal audits for all divisions of Capcom and works with corporate auditors to make recommendations on matters to be improved to the relevant divisions based on the auditing results. The audit office works to ensure that internal control functions are effective for every division in the company.

Efforts towards compliance

To manage risks, we created a Compliance Committee, consisting of one external director who is an attorney. Every three months the committee uses a Periodic Compliance Check to analyze risks. Results are reported to the Board of Directors and alerts, advisories, and counseling are given to concerned parties.

In addition, we instituted the Capcom Codes of Conduct to strengthen our internal control system, corporate ethics, and principles in order to prevent illegal acts and misconduct and secure legal compliance.

In fiscal 2004 we took required measures to ensure full compliance for the Personal Information Protection Law, which became effective in April 2005. The measures we took included developing the Personal Information Protection Program at an early stage and instituting the Basic Policies for Information Security and the Personal Information Protection Rules. Additionally, we disclosed and disseminated our privacy policies within the company and promote educational campaigns to make the systems for privacy protection function effectively.



Masanao Iechika
External Director
Lawyer

I utilize my knowledge as a lawyer in my role as a Compliance Committee member. I make recommendations to ensure compliance with laws and regulations in all aspects of corporate management, especially those typical when establishing the Capcom Behavioral Norms, Private Information Protection Program, Basic Information Security Policy, and Regulations for Private Information Protection.

I duly recognize that the contents of such company rules are fair and appropriate but adhering to formalities means nothing. Only by making them functional and known to personnel will the rules have an effect. Therefore, I am committed to strictly and continuously observing the committee's activities. In an era when corporate social responsibility (CSR) is examined by the public, I fully realize the gravity of the responsibility of external directors.

Five Year Summary

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES
YEAR ENDED MARCH 31

	Millions of yen					Thousands of U.S. dollars (Note 1)
	2005	2004	2003	2002	2001	2005
Net sales	¥ 65,896	¥ 52,669	¥ 62,036	¥ 62,743	¥ 49,083	\$ 615,850
Operating income	7,753	1,403	6,680	9,727	7,155	72,458
Income (loss) before income taxes	7,006	(6,901)	(30,049)	7,420	7,127	65,477
Net Income (loss)	3,622	(9,159)	(19,598)	4,912	6,007	33,850
	Yen					U.S. dollars
Net income (loss) per share	63.37	(160.91)	(338.01)	84.21	109.90	0.59
Cash dividends applicable to the year per share	20.00	20.00	20.00	20.00	20.00	0.19
Shareholders' equity per share	589.99	559.66	753.47	1,168.51	1,081.62	5.51
	Millions of yen					Thousands of U.S. dollars
Total assets	106,361	93,096	106,648	128,512	113,493	994,028
Total shareholders' equity	32,491	31,854	42,888	68,233	62,966	303,654
Depreciation & Amortization	2,101	2,081	2,203	2,172	2,411	19,636
Capital expenditure	1,666	4,678	2,290	4,182	2,939	15,570
R&D expenses	1,324	1,124	1,151	1,067	1,461	12,374
	%					
ROE	11.3	(24.5)	(35.3)	7.5	10.5	11.3
ROA	3.6	(9.2)	(16.7)	4.1	5.4	3.6
Net worth ratio	30.5	34.2	40.2	53.1	55.5	30.5

Note1: U.S.dollar amounts are translated from yen at the rate of ¥107=US\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2005.

2: Amounts per share are computed based upon weighted average number of shares of common stock outstanding during each fiscal year and adjusted for the stock splits.

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1. Operating Results

In fiscal year 2004, the year ended March 31, 2005, the resulting net sales increased to 65,896 million yen (up 25.1 % from the previous year). As for profits, the operating income increased to 7,753 million yen (up 452.6 % from the previous year) realized by the sales increase and cost reduction, and the net profit for the current fiscal year was 3,622 million yen (consolidated net loss for the previous year was 9,159 million yen).

2. Status of Each Business Segments

(1) Home Video Games

In the Japanese home video game market, "Grand Theft Auto Vice City" (for PlayStation2) persisted as a big hit for an imported title, following the success of the previous game title of the series. Additionally "Monster Hunter G" (for PlayStation2), an online-capable game, was very successful, and the Mega Man series (for Game Boy Advance) including "Mega Man Zero 3" and "Mega Man Battle Network 5" saw a solid sales as well.

The latest of the series, "Resident Evil 4" (for Nintendo GameCube), also experienced a healthy growth supported by the established brand power and core-users.

Contrarily, "Resident Evil Outbreak File 2" and "Devil May Cry 3" (for PlayStation2) struggled, and "Viewtiful Joe 2" (for PlayStation2 and Nintendo GameCube) grew on a weak note.

In overseas markets, "Resident Evil 4" (for Nintendo GameCube), "Devil May Cry 3" (for PlayStation2), and "Resident Evil Outbreak" (for PlayStation2) favorably increased their sales in general backed by the steady US and Europe markets. Sales of our old software titles also continued to grow.

The resulting net sales increased to 39,985 million yen (up 17.8 % from the previous year) and the operating income for the current fiscal year was 3,908 million yen (the operating loss of 972 million yen in the previous year).

(2) Arcade Operations

Under our strategic arcade operations to improve profitability, we opened "Plaza Capcom - Shitoro" in one of the largest commercial complexes in Shizuoka Prefecture, while closing down 3 unprofitable arcades.

As a result of these activities, the current number of amusement facilities total 30. The resulting net sales increased to 10,935 million yen (up 11.2 % from the previous year) and the operating income went down to 2,296 million yen (down 1.3 % from the previous year).

(3) Arcade Games

In this business segment, "Mobile Suit Z Gundam A.E.U.G vs. Titans DX" showed a healthy growth supported by its solid

popularity, serving as an engine for sales expansion. The medal games, "Super Mario Fushigino Korokoro Party" and "Alien" also performed well. Additionally, the medal game, "Nihonzenkoku-katochan-no-kurukuru-ressya-de-Pel," which family members can enjoy together regardless of their age, had a strong showing.

The resulting net sales increased to 7,450 million yen (up 65.2 % from the previous year) and the operating income increased to 1,945 million yen (up 36.5 % from the previous year).

(4) Other Businesses

Among other business segments, our newly started business of providing "Onimusha 3," an LCD device designed for PACHISLO machines, achieved more-than-expected sales, thanks to the synergy effects from our home video game software.

In addition, game distribution to cellular phones and income from licensing royalties also underwent a steady growth due to the successful merchandizing strategy of quickly responding to market trends.

The resulting net sales increased to 7,564 million yen (up 70.1 % from the previous year), and the operating income increased to 1,978 million yen (up 110.4 % from the previous year).

3. Overview of Business Performance in Each Geographic Area

(1) Japan

As the Japanese home video market is growing into maturity, "Grand Theft Auto Vice City" (for PlayStation2) persisted as a big hit for an imported title, following the success of the previous game title of the series. Additionally "Monster Hunter G" (for PlayStation2), an online-capable game, was very successful, and the Mega Man series (for Game Boy Advance) including "Mega Man Battle Network 5" and "Mega Man Zero 3" saw a solid sales as well. However "Resident Evil Outbreak File 2" and "Devil May Cry 3" (for PlayStation2) struggled, and "Viewtiful Joe 2" (for PlayStation2 and Nintendo GameCube) also grew on a weak note.

As for the arcade operations, we have been trying to pull more customers and tap demands through a community-based approach such as holding a variety of events, implementing a special discount day, and renovating arcades.

As for the arcade game sales, "Mobile Suit Z Gundam A.E.U.G vs. Titans DX" showed a healthy growth, supported by its solid popularity, serving as an engine for sales expansion.

Additionally our newly started business of providing "Onimusha 3," an LCD device designed for PACHISLO machines, achieved more-than-expected sales.

The resulting net sales were 48,287 million yen (up 6.1 % from the previous year), and the operating income was to 8,298 million yen (up 3.6 % from the previous year).

(2) North America

The North American market expanded its scale responding to the introduction of new portable games, “Nintendo DS” and “PlayStation Portable (PSP)”. Another contributing factor for the market growth was the release of new game titles produced based on sports or licensed properties of Hollywood movies.

Under these circumstances, “Mega Man Anniversary Collection (for PlayStation2 and Nintendo GameCube) and “Mega Man Battle Network 4” (for Game Boy Advance) underwent a healthy sales growth, while “Onimusha 3” (for PlayStation2) was forced to struggle, against our expectations. On the contrary, “Resident Evil 4” (for Nintendo GameCube), “Devil May Cry 3” (for PlayStation2), and “Resident Evil Outbreak” (for PlayStation2) favorably increased their sales with their strongly-rooted brand power. “Street Fighter Anniversary Collection” (for PlayStation2) performed well, and our old software titles also showed a solid sales performance.

The resulting net sales were 14,957 million yen (up 90.1 % from the previous year) and the operating income was 1,434 million yen (the operating loss of 4,627 million yen in the previous year).

(3) Europe

The European market has been on a smooth growth track thanks to a demand-stimulating approach which includes the price reduction of hardware.

Under this trend, “Devil May Cry 3” (for PlayStation2) and “Resident Evil 4” (for Nintendo GameCube) grew favorably, while “Onimusha 3” and “Resident Evil Outbreak” (for PlayStation2) also showed firm sales performance.

The resulting net sales were 8,389 million yen (up 64.5 % from the previous year) and the operating income was 386 million yen (up 16.9 % from the previous year).

(4) Other Regions

In Asia, the market of online games for PCs is growing rapidly primarily in China and South Korea. However the Asian home video game market was not able to grow out of its early developmental stage due partially to the unsolved pirated software problem. Therefore the sales of the packaged product for home video game consoles remained at a low level.

The resulting net sales were 427 million yen (down 23.7 % from the previous year) and the operating loss was 16 million yen (the operating income of 14 million yen in the previous year).

4. Financial Conditions

Cash and cash equivalents (hereafter referred to as “Cash”) as of this fiscal year period increased by 13,407 million yen from the previous fiscal year to 45,538 million yen. Cash flow positions for each activity are as stated below.

(1) Cash Flows From Operating Activities

Net cash increased from operating activities amounted to 7,977 million yen, increased by 2,400 million yen in comparison with the same period of the previous year. This is attributable to the following; Income before income taxes was increased to 7,006 million yen and accounts payable was increased by 3,930 million, despite of increase of accounts receivable 5,400 million yen.

(2) Cash Flows From Investing Activities

Net cash decreased from investing activities amounted to 1,100 million yen, which is decreased by 3,912 million yen in comparison with the previous year. This decrease is attributable to the expenditure of 1,321 million yen for the acquisition of property and equipment for amusement facilities.

(3) Cash Flows From Financing Activities

Net cash increased from financing activities amounted to 6,252 million yen. This is attributable to proceeds from issuance of bond of 11,500 million yen, acquisition of treasury stock by 2,013 million yen, net repayment of short-term borrowings by 1,402 million yen and payment of dividend by 1,133 million yen.

Trends of Cash Flow Indicators

	Year ended March 2005	Year ended March 2004	Year ended March 2003
Ratio of capital stock (%)	30.5	34.2	40.2
Ratio of capital stock based on fair market value (%)	54.1	63.1	55.1
Debt amortization schedule (number of years)	2.8	4.4	6.5
Interest coverage ratio (times)	30.0	20.3	14.6

Ratio of capital stock = Capital stock / Total assets

Ratio of capital stock based on fair market value = Total of the capital stock at market price / Total assets

Debt amortization schedule = Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio = Cash flows from operating activities / Interest payments

(1) Indicators are calculated using financial numbers in consolidated basis.

(2) Cash flows from operating activities use the “cash flows from operating activities” in the consolidated statements of cash flows. The interest-bearing debt refers to the debts posted in the consolidated balance sheets for which we are paying interests.

CAPCOM CO., LTD. and its consolidated subsidiaries are exposed to risks which may affect its operating results, financial status, stock price and its operational environments, including but not limited to those stated below, which are based on information that is available as of March 31, 2005 and certain assumptions that serve as the basis of rational judgments.

1. Risks relating to Home Video Games

(1) Increase in Development Costs

In recent years, home video game consoles have become sophisticated partly due to the adoption of computer graphics technology, and the development costs have tended to increase. Therefore, there is a risk that the development costs may become irrecoverable with respect to some software titles, including those which have failed to fulfill the sales plan.

(2) Obsolescence of Game Software

Game users are mainly children and young people. In addition, competition against other industries which have the same customer base is intensifying, including mobile phones and the internet. Therefore, the life of products is not necessarily long, and games become outdated quickly; there is a risk that product inventory may increase and development costs may become irrecoverable.

(3) Dependency on Popular Series

We release many game software titles in the market. Among them, a handful of titles tend to be dominant in terms of popularity. Further, sequel titles undergo limited volatility in terms of sales, and help stabilize our business performance. However, we may lose users in the event of any problem in these popular software titles or any change in the market environment. There is a risk that it may result in having an adverse effect on our future business strategies and business performance.

(4) Violent Scenes and Depictions

Some of our popular software titles have provocative graphics and text, such as violent and grotesque scenes. Accordingly, in the event of violent incidents and other criminal cases involving juveniles, we may be subject to a smear campaign by some sections of the mass media which often point out the correlation between crime and games. Therefore, there is a risk that it may result in having an adverse effect on our business performance and corporate value.

(5) Seasonal Fluctuations

Trends in the demand for games fluctuate substantially throughout the year. As the market experiences peak demand during the Christmas season until New Year's Day, the first quarter of the year tends to be relatively quiet. In this manner, there is a risk that business performance may substantially fluctuate from quarter to quarter.

(6) Trends in Proliferation of Home Video Game Consoles

Our home video game software titles are primarily supplied to game consoles made by Sony Computer Entertainment Inc., Nintendo Co., Ltd. and Microsoft Corporation. Therefore, there is a risk that our business strategies and business performance may be adversely affected in the event of any setback in the proliferation trends or any problem in their game consoles.

(7) License Agreement with Console Manufactures

We take a multi-platform approach, which involves supplying home video game software titles to all existing game platforms. Accordingly, we have a license for manufacturing and distributing game software from Sony Computer Entertainment Inc., Nintendo Co., Ltd. and Microsoft Corporation, who are also our competitors. However, there is a risk that amendments to the licensing agreements and new terms and conditions of the agreements may have an adverse effect on our future development strategies and business performance.

(8) Technological enhancement of Home Video Game Platforms

New home video game platforms have been released every four to six years in the past. In the hardware transition stage, users tend to be reluctant to purchase new software. Therefore, there is a risk that our business performance may be adversely affected by sluggish sales in the transition stage.

(9) Expansion of Used Software Market

Currently, the used software in the domestic market is estimated as a third of the new one, and is tending towards expansion. Also, the flood of pirated copies in the Asian market is becoming increasingly serious. Therefore, it is gradually becoming more difficult to recover the development costs. There is a risk that it may adversely affect our operating results, depending on the trends in the market.

2. Risks relating to Other Businesses

(1) Arcade Operations

There is a risk that customer traffic and the unit value of customers may be adversely affected by the popularity of installed machines,

diversification of entertainment, falling birth rate, intensified competition and changes in the market environment and other such factors.

(2) Arcade Games

There is a risk that our business performance may be adversely affected by the closing gap between arcades and home video game consoles, the decline in facility operators' purchasing power, changes in the business environment and uncertainties for growth.

3. Risks relating to Overseas Operations

(1) There is a risk that our business strategies and business performance may be adversely affected by market trends and the existence of competitors in other countries within our sales territory, in addition to other various country risks including political, economic, legislative, cultural, religious, custom and foreign currency risks.

(2) There is a risk that our business performance may be adversely affected by the increase in expenses and the failure to recover overseas investment in the event of unforeseeable circumstances which cannot be predicted by feasibility studies.

4. Risks relating to Financial Status and Operating Results

(1) As mentioned before, home video game software, which is our principal business, is exposed to the risk of increasing inventories, as the products generally have a short life and become obsolete quickly. There is a risk that our financial status and operating results may be adversely affected by their obsolescence.

(2) As already explained, our business performance may substantially fluctuate from quarter to quarter, as the market environment may change throughout the year in our industry. Also, cash flows may not be generated as originally planned, due to the fall in sales, changes in management strategies and other factors. There is a risk that it may result in having an adverse effect on the operating results in the following years.

5. Risks relating to Development Technologies

Products relating to game machines including home video game consoles are subject to rapid technological progress, and are constantly evolving. Therefore, there is a risk that sales opportunities may be lost due to delays in responding to technological progress, which may result in having an adverse effect on our operating results and product quality.

6. Legislative Risks

Arcade operations are controlled by the "Entertainment Establishments Control Law" and its related regulations and ordinances. Due to the amendment and establishment of the laws and ordinances in the future, the scope of business activities may be subject to changes or preliminary examination, inspection and other procedures carried out by regulatory agencies may become stricter. There is a risk that it may result in impeding our business plans, and adversely affecting the business and operating results.

7. Risks relating to Intellectual Property Rights

The development and distribution of game software involve intellectual property rights such as patent rights, trademark rights, utility model rights, design rights, copyrights, etc. Therefore, there is a probability that the development and distribution of game software may become difficult if we cannot acquire intellectual property rights. Also, one cannot deny the risk of a third party's intellectual property rights being violated by us. There is a risk that they may adversely affect our operating results.

8. Risks relating to Lawsuits

As we are engaged in content business, we have been to a court of law both as a plaintiff and as a defendant. Due to the nature of our business, there is a possibility that we may be taken to court in the future. There is a risk that they may adversely affect our operating results, depending on the type of the lawsuit and the amount claimed in the lawsuit.

9. Risks relating to Dilution of Stock Value

The outstanding issue of convertible bonds are 48,762 million yen. If the conversion rights are exercised, dilution of stock value will occur, there is a risk that it may affect our stock price.

10. Risks relating to Stock Price Volatility

Our stock price has substantially fluctuated in the past, and there is a possibility that it will dramatically fluctuate in the future, due to the risk factors stated above, changes in the market environment, unexpected circumstances and other causes. The risk factors vary widely, including but not limited to those attributable to Capcom, changes in the business environment of the game industry, analysis data of research agencies such as securities analysts and investor trends, and stock market conditions.

Consolidated Balance Sheets

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES
MARCH 31, 2005 AND 2004

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
Assets			
Current assets:			
Cash and cash equivalents (Note 3)	¥ 45,538	¥ 32,131	\$ 425,589
Notes and accounts receivable	14,418	8,922	134,748
Short-term loans receivable	1,286	1,555	12,019
Inventories (Note 4)	3,913	4,339	36,570
Capitalized development costs	9,400	9,640	87,850
Prepaid expenses	816	1,489	7,626
Deferred tax assets (Note 10)	4,004	4,990	37,421
Other	638	1,056	5,962
Allowance for doubtful accounts	(1,129)	(1,165)	(10,551)
Total current assets	78,884	62,957	737,234
Fixed assets:			
Property and equipment, net of accumulated depreciation (Note 6)			
Land (Note 8)	4,473	4,471	41,804
Buildings and structures (Note 8)	6,678	6,960	62,411
Amusement facilities	1,878	2,245	17,551
Machinery, equipment and other	780	890	7,290
Construction-in-progress	72	11	673
Total property and equipment	13,881	14,577	129,729
Intangible fixed assets (Note 7)	636	934	5,944
Investments and other assets			
Investments in securities (Note 5)	1,483	1,948	13,860
Investments in affiliated companies	80	247	748
Long-term loans receivable	865	3,639	8,084
Deferred tax assets (Note 10)	6,030	7,960	56,355
Other	4,913	4,932	45,915
Allowance for doubtful accounts	(411)	(4,098)	(3,841)
Total investments and other assets	12,960	14,628	121,121
Total fixed assets	27,477	30,139	256,794
Total assets	¥ 106,361	¥ 93,096	\$ 994,028

The accompanying notes are an integral part of these statements.

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES
MARCH 31, 2005 AND 2004

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
Liabilities, minority interest and shareholders' equity			
Current liabilities:			
Short-term borrowings (Note 8)	¥ 4,193	¥ 5,596	\$ 39,187
Current portion of long-term debt (Note 8)	12,962	700	121,140
Notes and accounts payable	8,473	4,497	79,187
Accrued expenses	2,499	2,339	23,355
Accrued income taxes (Note 10)	559	153	5,224
Allowance for sales returns	211	700	1,972
Other	2,447	3,145	22,870
Total current liabilities	31,344	17,130	292,935
Long-term liabilities:			
Long-term debt (Note 8)	41,330	42,792	386,262
Accrued retirement benefits for employees (Note 11)	741	848	6,925
Other	455	472	4,252
Total long-term liabilities	42,526	44,112	397,439
Shareholders' equity:			
Common stock ,			
Authorized - 150,000,000 shares			
Issued - 58,435,819 shares at March 31, 2005 and 2004	27,581	27,581	257,766
Additional paid-in capital (Notes 12 and 13)	15,337	24,852	143,336
Accumulated deficit (Notes 12 and 13)	(4,682)	(16,728)	(43,757)
Unrealized holding gains and losses			
on available-for-sale securities (Notes 5 and 13)	471	589	4,402
Cumulative translation adjustments	(1,104)	(1,340)	(10,317)
Treasury stock (Note 14)	(5,112)	(3,100)	(47,776)
Total shareholders' equity	32,491	31,854	303,654
Commitments and contingent liabilities (Note 17)			
Total liabilities, minority interest and shareholders' equity	¥ 106,361	¥ 93,096	\$ 994,028

The accompanying notes are an integral part of these statements.

Consolidated Statements of Income

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES
YEAR ENDED MARCH 31

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
Net sales	¥ 65,896	¥ 52,669	\$ 615,850
Cost of sales	43,152	37,363	403,289
Gross profit	22,744	15,306	212,561
Selling, general and administrative expenses	13,667	12,779	127,729
Research and development expenses	1,324	1,124	12,374
Operating income	7,753	1,403	72,458
Other income (expense):			
Interest and dividend income	230	210	2,150
Interest expense	(266)	(276)	(2,486)
Exchange gain (loss), net	340	(382)	3,178
Provision for allowance for doubtful accounts	(626)	(4,242)	(5,850)
Loss on disposal of inventories	—	(3,057)	—
Loss on write-down of investments in securities	(315)	(193)	(2,944)
Other, net	(110)	(364)	(1,029)
Income (loss) before income taxes	7,006	(6,901)	65,477
Income taxes (Note 10):			
Current	628	602	5,869
Prior year adjustment	(58)	(71)	(541)
Deferred	2,814	1,742	26,299
	3,384	2,273	31,627
Minority interest in net loss of a consolidated subsidiary	—	(15)	—
Net income (loss)	¥ 3,622	(¥ 9,159)	\$ 33,850

	Yen		U.S. dollars (Note 1)
	2005	2004	2005
Per share data			
Net income (loss)			
Basic	¥ 63.37	(¥ 160.91)	\$ 0.59
Diluted	50.28	—	0.47
Cash dividends paid	20.00	20.00	0.19

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES
YEAR ENDED MARCH 31

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
Common stock:			
Balance at end of year	¥ 27,581	¥ 27,581	\$ 257,766
Additional paid-in capital:			
Balance at beginning of year	¥ 24,852	¥ 30,472	\$ 232,262
Cash dividends	(569)	(569)	(5,319)
Loss on sale of treasury stock	(0)	(1)	(0)
Transfer to accumulated deficit	(8,946)	(5,050)	(83,607)
Balance at end of year	¥ 15,337	¥ 24,852	\$ 143,336
Accumulated deficit:			
Balance at beginning of year	(¥ 16,728)	(¥ 12,050)	(\$ 156,336)
Net income (loss) for the year	3,622	(9,159)	33,850
Transfer from additional paid-in capital	8,946	5,050	83,607
Cash dividends	(565)	(569)	(5,280)
Increase of retained earnings due to the change of reporting entities	43	—	402
Balance at end of year	(¥ 4,682)	(¥ 16,728)	(\$ 43,757)
Unrealized holding gains and losses on available-for-sale securities	¥ 471	¥ 589	\$ 4,402
Cumulative translation adjustments	(¥ 1,104)	(¥ 1,340)	(\$ 10,317)
Treasury stock	(¥ 5,112)	(¥ 3,100)	(\$ 47,776)

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES
YEAR ENDED MARCH 31

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2005	2004	2005
Cash flows from operating activities:			
Income (loss) before income taxes	¥ 7,006	(¥ 6,901)	\$ 65,477
Adjustments to reconcile income (loss) before income taxes to net cash provided by operating activities -			
Depreciation and amortization	2,101	2,081	19,636
Loss on write-down of investments in securities	315	193	2,944
Increase in allowance for doubtful accounts	544	4,375	5,084
Increase (decrease) in allowance for sales return	(489)	87	(4,570)
Decrease (increase) in notes and accounts receivable	(5,400)	4,300	(50,467)
Decrease in inventories	455	1,893	4,252
Decrease in capitalized development costs	241	694	2,252
Increase (decrease) in notes and accounts payable	3,930	(568)	36,729
Other, net	(414)	543	(3,870)
Cash generated from operations	8,289	6,697	77,467
Interest and dividends received	239	139	2,234
Interest paid	(266)	(275)	(2,486)
Income taxes paid	(285)	(984)	(2,664)
Net cash provided by operating activities	7,977	5,577	74,551
Cash flows from investing activities:			
Acquisition of property and equipment	(1,321)	(4,558)	(12,346)
Proceeds from sale of property and equipment	0	331	0
Acquisition of investments in securities	(5)	—	(47)
Proceeds from sale of investments in securities	219	233	2,047
Decrease in short-term loans receivable	42	200	393
Repayment of deposit received	—	(1,200)	—
Other, net	(35)	(17)	(327)
Net cash used in investing activities	(1,100)	(5,011)	(10,280)
Cash flows from financing activities:			
Net repayment of short-term borrowings	(1,402)	(1,822)	(13,103)
Borrowings of long-term debt	—	2,800	—
Repayment of long-term debt	(700)	(228)	(6,542)
Proceeds from issuance of bonds	11,500	—	107,477
Payment for purchase of treasury stock	(2,013)	(4)	(18,813)
Cash dividends paid	(1,133)	(1,142)	(10,589)
Other, net	0	1	0
Net cash provided by (used in) financing activities	6,252	(395)	58,430
Effect of exchange rate changes on cash and cash equivalents	278	(1,485)	2,598
Net increase (decrease) in cash and cash equivalents	13,407	(1,314)	125,299
Cash and cash equivalents at beginning of year	32,131	33,445	300,290
Cash and cash equivalents at end of year	¥ 45,538	¥ 32,131	\$ 425,589

The accompanying notes are an integral part of these statements.

1. MAJOR POLICIES IN PREPARING CONSOLIDATED FINANCIAL STATEMENTS:

The accompanying consolidated financial statements of CAPCOM CO., LTD. (hereinafter referred to as the "Company") and its subsidiaries, after modification to enhance readers' understanding, are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include financial information which is not required under accounting principles generally accepted in Japan, but is presented herein as additional information. The notes to the consolidated financial statements are derived from the original text written in Japanese, and the scope and nature of information is limited to those disclosed therein.

The rate of ¥107=U.S.\$ 1, the approximate current rate of exchange prevailing on March 31, 2005, has been used for the purpose of presentation of the U.S. dollar amounts in the accompanying consolidated financial statements. These U.S. dollar amounts are included solely for convenience and should not be construed as representations that the Japanese yen amounts actually represent, have been or could be converted into U.S. dollars at this or any other rate.

2. SIGNIFICANT ACCOUNTING POLICIES:

(1) Principles of consolidation

The consolidated financial statements consist of the accounts of the Company and those of its 12 majority-owned subsidiaries (all 13 companies are referred to collectively as the "Companies") at the relevant balance sheet date. All significant inter-company transactions and accounts have been eliminated. The investment in 20% to 50% owned companies (hereinafter referred to as "Affiliated companies") are accounted for under the equity method.

In the event of a change in reporting entities, the consolidated financial statements are not restated, but the effect of the change on retained earnings at the beginning of the period is directly debited or credited to retained earnings (accumulated deficits) during the period.

(2) Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and are so near maturity that they present an insignificant risk of change in value.

(3) Translation of foreign currencies

All foreign currency monetary assets and liabilities are translated into Japanese

yen at the rates prevailing at the balance sheet date. Income and expenses in foreign currency are translated at the rates prevailing at the time of the transactions. The resulting exchange gains or losses are credited or charged to income as incurred. In preparing the consolidated financial statements, the assets and liabilities of foreign subsidiaries are translated into Japanese yen at the rates in effect at the balance sheet date. The income and expenses of foreign subsidiaries are translated into Japanese yen at the monthly average rate for the year then ended. Shareholders' equity in foreign subsidiaries is translated into Japanese yen at the rates prevailing at the time when the transactions occurred. Cumulative translation adjustments, resulting from the above translation procedures, have been reported as a separate component of "Shareholders' equity" on the consolidated balance sheet.

(4) Inventories and capitalized development costs

Inventories are stated at the lower of cost or market value, cost being principally determined by the average cost method.

Capitalized development costs for game software, including development costs incurred by subcontractors for game machines, are stated at accumulated cost on a specific project basis.

(5) Financial instruments

Investments in securities

Available-for-sale securities with market quotations are stated at fair value at the fiscal year end. Net unrealized gains or losses on these securities are recorded as a separate component of "Shareholders' equity", at the net of tax amount. The cost of securities sold is determined based on the average cost of all such securities held at the time of sale.

Other securities without market quotations are stated at cost, cost being determined by the average cost method.

Hedge accounting

The Companies mainly use the deferral method of hedge accounting for interest rate swaps.

a. Hedging instruments and hedged items

Hedging instruments : Derivative transactions (Interest rate swaps)

Hedged items : Items with exposure to fluctuations in market interest rates (Variable interest payable with regard to long-term debt)

b. Hedging policy

In accordance with the risk management policy defined in the Company's internal accounting rules, the Company hedges the risk of changes in interest rates.

c. Method of assessing the effectiveness of hedging

For interest rate swap transactions, the Company assesses the effectiveness of its hedging by computing the ratio between the amount of change accumulated, from the beginning to date, in the cash flows of the hedged items and that of the hedging instruments.

(6) Allowance for doubtful accounts

Allowance for doubtful accounts is provided at the aggregated of the maximum amount, which is calculated based on the prior loss experience and the estimated amount of probable individual bad debts at the accounting period end. This amount is considered sufficient to cover possible losses on collection.

(7) Property and equipment

Property and equipment is stated at cost. The Company and its domestic subsidiaries compute depreciation of tangible fixed assets using the declining balance method at rates based on the estimated useful lives of the respective assets, except for buildings (excluding leasehold improvements and auxiliary facilities attached to buildings), for which depreciation is computed using the straight-line method. Foreign subsidiaries compute depreciation on a straight-line basis in accordance with the accounting standards of the countries in which they are located.

(8) Intangible fixed assets

Amortization of intangible fixed assets, except for computer software for internal use, is computed by the straight-line method over the individual estimated useful life of the asset. Amortization of computer software for internal use is computed by the straight-line method and the related useful life is determined by the estimated period of internal use (5 years).

(9) Accounting for leases

Capital leases which do not transfer ownership of the leased assets to the lessee at the end of the lease term are principally accounted for as operating leases.

(10) Allowance for sales returns

An allowance for sales returns is provided for estimated losses resulting from sales returns subsequent to the balance sheet date based on prior loss experience.

(11) Income taxes

The statements of income of the Companies include many income and expense items for financial reporting purposes which are not currently deductible or taxable. With respect to all such temporary differences, the Companies follow the practice of inter-period tax allocation based on methods generally accepted in the respective countries where each entity is located.

<Additional information>

The 2003 Japanese Tax Reform introduced a new size-based taxation system on corporation enterprise tax and factors such as the size of a corporation's personnel costs and its capital will determine the amount of tax payable. Under the Local Tax Law in Japan, this system is applied to certain corporations for fiscal years commencing on or after April 1, 2004.

As a result, although the existing profit-based enterprise tax will also continue to apply and such portion of enterprise tax is recorded in "Income tax – current", the portion of additional value-based tax and capital-based tax, which was ¥ 208 million in 2005, is recorded in "Selling, general and administrative expenses".

(12) Accrued retirement benefits for employees

Accrued retirement benefits for employees are calculated based on the estimated amount of projected benefit obligations and the fair value of the plan assets at the year-end. The unrecognized net transition obligation is amortized over 15 years. Unrecognized actuarial net gains or losses are amortized over 13 years, the average remaining service period, commencing from the period following that in which they arise.

(13) Revenue recognition

Revenue from the sale of products is recognized when those products are shipped to customers.

(14) Research and development expenses

Research and development expenses (including basic research and development expenses) for the improvement of existing products or the development of products, other than the capitalized cost of game software, are charged to income when incurred.

(15) Per share data

The computation of net income per share is based on the weighted average number of common stock shares outstanding during each year. Cash dividends per share are based on the number of shares outstanding at the end of each period and reflect the appropriations applicable to each period rather than to the period in which shareholder approval is obtained.

(16) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(17) Reclassifications

Certain reclassifications of previously reported amounts have been made to conform with current classifications.

(18) New accounting standards

Accounting Standard for Impairment of Fixed Assets
On August 9, 2002, the Business Accounting Council in Japan issued "Accounting Standard for Impairment of Fixed Assets". The standard

requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price or value in use.

The standard shall be effective for fiscal years beginning April 1, 2005. The Company is in the process of determining the impact that the adoption of this new accounting standard will have on its results of operations and financial position.

3. CASH FLOW INFORMATION:

Cash and cash equivalents at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Cash and deposits	¥ 43,539	¥ 29,809	\$ 406,907
Commercial paper	1,999	2,322	18,682
	¥ 45,538	¥ 32,131	\$ 425,589

4. INVENTORIES:

Inventories at March 31, 2005 and 2004 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Finished goods and merchandise	¥ 2,821	¥ 3,671	\$ 26,364
Work-in-progress	877	456	8,196
Raw materials	114	145	1,065
Supplies	101	67	945
Total	¥ 3,913	¥ 4,339	\$ 36,570

5. SECURITIES:

The following tables contain a summary of investments in securities that were classified as available-for-sale securities at March 31, 2005 and 2004:

As of March 31, 2005	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	¥ 343	¥ 472	(¥ 1)	¥ 814

As of March 31, 2005	Thousands of U.S. dollars			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	\$ 3,206	\$ 4,411	(\$ 9)	\$ 7,608

As of March 31, 2004	Millions of yen			
	Acquisition cost	Gross unrealized gains	Gross unrealized losses	Book value (Estimated fair value)
Equity securities	¥ 401	¥ 595	(¥ 6)	¥ 990

6. PROPERTY AND EQUIPMENT:

Depreciation charges for the years ended March 31, 2005 and 2004 amounted to ¥ 1,736 million (\$16,224 thousand) and ¥ 1,721 million, respectively. The estimated useful lives of the major classes of depreciable assets ranged from 3 to 50 years (principally 47 years) for buildings and structures and from 3 to 20 years (principally 3 years) for amusement facilities.

Accumulated depreciation at March 31, 2005 and 2004 comprised the following:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Buildings and structures	¥ 1,458	¥ 1,003	\$ 13,626
Amusement facilities	4,551	4,653	42,533
Machinery, equipment and other	2,429	2,290	22,701
Total	¥ 8,438	¥ 7,946	\$ 78,860

7. INTANGIBLE FIXED ASSETS:

The amortization charge for the year ended March 31, 2005 and 2004 amounted to ¥ 334 million (\$3,121 thousand) and ¥ 326 million, respectively.

8. SHORT-TERM BORROWINGS AND LONG-TERM DEBT:

Short-term borrowings of ¥ 4,193 million (\$39,187 thousand) at March 31, 2005, bearing interest ranging from 0.89% to 1.375% per annum, comprised bank overdrafts.

Long-term debt at March 31, 2005 consisted of the following:

	Millions of yen	Thousands of U.S. dollars
	Convertible bonds	
1.0% interest- due 2005	¥ 12,262	\$ 114,598
No interest- due 2007	10,000	93,458
No interest- due 2009	15,000	140,187
No interest- due 2009	11,500	107,477
Loans payable to banks and other financial institutions due 2005-2009, with interest ranging from 1.099% - 1.800%		
Secured	5,530	51,682
	¥ 54,292	\$ 507,402
Less: portion due within one year	(12,962)	(121,140)
Total	¥ 41,330	\$ 386,262

The aggregate annual maturities of long-term debt as at March 31, 2005 were as follows:

Year ending March 31:	Millions of yen	Thousands of U.S. dollars
2006 (current portion)	¥ 12,962	\$ 121,140
2007	10,700	100,000
2008	700	6,542
2009	16,960	158,505
2010 and thereafter	12,970	121,215
Total	¥ 54,292	\$ 507,402

The 1.0% convertible bonds, due 2005, were issued on June 17, 1994 and are convertible into common stock at a conversion price of ¥ 3,321.30 per share. These convertible bonds are redeemable at the Company's option in the period from October 1, 2000 to September 29, 2005 as provided in the indentures.

The no interest convertible bonds, due 2007, were issued on December 20, 2001 and are convertible into common stock at a conversion price of ¥ 3,230.00 per share. From February 1, 2002 the Company can redeem all of the bonds if the closing price of the shares for each of the 20 consecutive trading days is more than 130% of the conversion price in effect on each such trading day.

The no interest convertible bonds, due 2009, were issued on December 20, 2001 and are convertible into common stock at a conversion price of ¥ 3,020.00 per share. From February 1, 2002 the Company can redeem all of the bonds if the closing price of the shares for each of the 20 consecutive trading days is more than 130% of the conversion price in effect on each such trading day.

The no interest convertible bonds with stock acquisition rights (the "Conversion Rights"), due 2009, were issued on October 8, 2004. Conversion Rights are exercisable on or after October 15, 2004 up to and including October 2, 2009, unless previously redeemed or purchased and cancelled, and the bonds are convertible into common stock at a conversion price of ¥ 1,217.00 per share, subject to adjustment in certain events.

At March 31, 2005, the following assets were pledged as collateral for long-term debt:

	Millions of yen	Thousands of U.S. dollars
Land	¥ 3,902	\$ 36,467
Buildings and structures, net of accumulated depreciation	5,553	51,897
Total	¥ 9,455	\$ 88,364

9. DERIVATIVE FINANCIAL INSTRUMENTS:

The Companies use derivative financial instruments ("derivatives") to reduce their exposure to the adverse impact of fluctuations in interest rates.

The principal derivatives used by the Companies are interest rate swaps.

The derivatives are subject to market risk and credit risk. Market risk means that gains or losses in the value of the derivatives could result from fluctuations in interest rates. Gains or losses on the derivatives are, however, effectively offset by gains and losses on the underlying liabilities since they also result from fluctuations in interest rates.

Credit risk means that the Companies are exposed to losses which could result from the default of counter parties. The Company believes, however, that risk of loss due to default by counter parties is extremely low because the Companies limit their dealings with counter parties to only financial institutions with high credit ratings.

10. INCOME TAXES:

The Company is subject to several taxes based on income which, in aggregate, resulted in a statutory tax rate of approximately 40.6% in the period ended March 31, 2005.

A reconciliation of the difference between the statutory tax rate and the effective income tax rate was not prepared due to "Loss before income taxes" amounting to ¥ 6,901 million in 2004. The reconciliation for 2005 is as follow:

	2005
Statutory tax rate	40.6%
Change in valuation allowance	2.9%
Elimination of unrealized profits among consolidated companies	3.5%
Other	1.3%
Effective income tax rate per consolidated statement of income	48.3%

The significant components of deferred tax assets at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Inventories	¥ 521	¥ 478	\$ 4,869
Allowance for doubtful accounts	466	1,980	4,355
Accrued expenses	1,577	1,484	14,738
Accrued retirement benefits for employees	280	302	2,617
Loss on disposal of inventories	1,693	1,798	15,822
Tax loss carry-forwards in the Company	7,505	9,294	70,140
Tax loss carry-forwards in the consolidated subsidiaries	4,590	3,647	42,897
Other	705	1,069	6,590
Sub-total	17,337	20,052	162,028
Less: valuation allowance	(7,303)	(7,102)	(68,252)
Deferred tax assets	¥ 10,034	¥ 12,950	\$ 93,776

11. ACCRUED RETIREMENT BENEFITS FOR EMPLOYEES:

The Company and its domestic consolidated subsidiaries have unfunded lump-sum benefit plans and funded non-contributory pension plans, generally covering all employees. Under the terms of the Company's and its domestic subsidiaries' retirement plans, substantially all employees are entitled to a lump-sum payment at the time of retirement. The amount of the retirement benefits is, in general, based on the length of service, basic salary at the time of retirement, and reason for retirement.

The non-contributory pension plans of the Company and its domestic consolidated subsidiaries, which cover those employees who have served with those companies for more than 10 years and who have reached the age of 45, generally provide for pension payments for a period of ten years subsequent to retirement (or a lump-sum payment at the retiring employee's option). The annual charge for current service costs in respect of these plans is determined actuarially and funded currently through outside trustees.

The following tables set forth the changes in the projected benefit obligations, plan assets and funded status of the Company and its domestic consolidated subsidiaries at March 31, 2005 and 2004.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Projected benefit obligations at end of year	¥ 1,959	¥ 2,156	\$ 18,308
Fair value of plan assets at end of year	596	556	5,570
Funded status:			
Projected benefit obligations in excess of plan assets	1,363	1,600	12,738
Unrecognized transition obligation	368	405	3,439
Unrecognized actuarial differences	254	347	2,374
Accrued pension liability recognized in the consolidated balance sheet	¥ 741	¥ 848	\$ 6,925

The retirement and pension costs of the Company and its domestic consolidated subsidiaries for the years ended March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Service costs	¥ 187	¥ 169	\$ 1,748
Interest costs	22	30	206
Expected return on plan assets	(14)	(12)	(131)
Amortization:			
Transition obligation	37	37	346
Actuarial differences	30	22	280
Additional retirement allowance paid	—	19	—
Net periodic benefit costs	¥ 262	¥ 265	\$ 2,449

The assumptions used to account for the defined benefit plans for the years ended March 31, 2005 and 2004 were as follows:

	2005	2004
Method of attributing the projected benefit obligations to periods of service	Straight-line basis	Straight-line basis
Discount rate	1.5%	1.5%
Long-term rate of return on plan assets	2.5%	2.5%
Amortization period for transition obligation	15 years	15 years
Amortization period for actuarial differences	13 years	13 years

Also, foreign consolidated subsidiaries in the USA have a defined contribution savings plan for eligible employees and contributed ¥ 25 million (\$234 thousand) for the year ended March 31, 2005.

12. ADDITIONAL PAID-IN CAPITAL AND ACCUMULATED DEFICIT:

On the accompanying consolidated financial statements, "Additional paid-in capital" consists of the capital reserve pursuant to the Japanese Commercial Code, amounts transferred from common stock and/or the capital reserve and proceeds from the resale of treasury stock in excess of their cost (collectively, the "other capital reserves") etc., and "Accumulated deficit" consists of the earned reserve pursuant to the Japanese Commercial Code, voluntary reserves, and unappropriated retained earnings (undisposed accumulated deficit), etc.

13. APPROPRIATION OF UNAPPROPRIATED RETAINED EARNINGS OR OTHER CAPITAL RESERVES AND LEGAL RESERVE:

The Japanese Commercial Code requires that all appropriations of unappropriated retained earnings, except for interim cash dividends, be approved at an ordinary general meeting of shareholders. In accordance with customary practice in Japan, the appropriation of unappropriated retained earnings is not accrued in the financial statements for the year to which it relates, but is recorded in the subsequent accounting year after shareholder approval has been obtained.

The Japanese Commercial Code provides that an amount equal to at least 10% of cash dividends and directors bonuses etc. paid be appropriated and set aside as the earned reserve. No further appropriation is required when the sum of the earned reserve and the capital reserve pursuant to the Japanese Commercial Code (collectively, the "legal reserves") equals 25% of common stock. The legal reserves may be used to eliminate or reduce a deficit by resolution of the shareholders or may be capitalized by resolution of the Board of Directors.

The maximum amount that the Company can distribute as dividends is calculated based on the unconsolidated financial statements of the Company in accordance with the Japanese Commercial Code. In addition, unrealized holding gains on available-for-sale securities, net of related taxes, are not available for distribution as cash dividends or bonuses to directors and/or statutory auditors. Under the amended Japanese Commercial Code, amounts transferred from common stock and/or the capital reserve are available for distribution as cash dividends.

The following appropriations of retained earnings of the Company were proposed by the board of directors and approved at the general meeting of shareholders held on June 21, 2005.

	Millions of yen	Thousands of U.S. dollars
Balance of retained earnings at March 31, 2005	¥ 2,192	\$ 20,486
Appropriations -		
Cash dividends (¥10 per share outstanding at March 31, 2005)	(549)	(5,131)
Bonuses to directors and statutory auditors	(60)	(561)
Balance of retained earnings after appropriations	¥ 1,583	\$ 14,794

14. TREASURY STOCK:

Under the amended Japanese Commercial Code, the Company is allowed to acquire its own shares to the extent that the aggregate cost of treasury stock does not exceed the maximum amount available for dividends. Treasury stock is stated at cost within "Shareholders' equity" on the accompanying consolidated balance sheets. Net gains on the resale of treasury stock are included in "Additional paid-in capital" on the accompanying consolidated balance sheets.

3,466,387 of the Company's common stock shares were outstanding at March 31, 2005.

15. BALANCES AND TRANSACTIONS WITH RELATED PARTIES:

Balances due to and transactions of the Company with related parties other than consolidated subsidiaries for the years ended March 31, 2005 and 2004 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
An affiliated company:			
KOKO CAPCOM CO., LTD.			
Accounts receivable-trade	¥ 54	¥ 98	\$ 505
Net sales	¥ 59	¥ 104	\$ 551

16. SEGMENT INFORMATION:

(1) Business segments

The Companies have four business segments. The "Home video games" segment develops and distributes home video game software. The "Arcade operations" segment operates amusement facilities. The "Arcade games" segment develops, manufactures and distributes arcade game software and hardware to amusement facility operators. The segment titled "Other" includes the licensing out of the game characters and the distribution of contents for mobile phones.

The following tables present certain information regarding the business segments for the years ended March 31, 2005 and 2004.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Net sales:			
Home video games:			
Customers	¥ 39,985	¥ 33,950	\$ 373,692
Arcade operations:			
Customers	10,935	9,831	102,196
Arcade games:			
Customers	7,412	4,441	69,271
Inter-segment	38	70	355
	7,450	4,511	69,626
Other:			
Customers	7,564	4,447	70,692
Sub-total	65,934	52,739	616,206
Eliminations and corporate	(38)	(70)	(356)
Consolidated	¥ 65,896	¥ 52,669	\$ 615,850

Cost of sales and direct expenses:

Home video games	¥ 36,077	¥ 34,922	\$ 337,168
Arcade operations	8,638	7,504	80,729
Arcade games	5,505	3,087	51,449
Other	5,587	3,507	52,215
Sub-total	55,807	49,020	521,561
Eliminations and corporate	2,336	2,246	21,831
Consolidated	¥ 58,143	¥ 51,266	\$ 543,392

Operating income (loss):

Home video games	¥ 3,908	(¥ 972)	\$ 36,523
Arcade operations	2,296	2,327	21,458
Arcade games	1,945	1,424	18,178
Other	1,978	940	18,486
Sub-total	10,127	3,719	94,645
Eliminations and corporate	(2,374)	(2,316)	(22,187)
Consolidated	¥ 7,753	¥ 1,403	\$ 72,458

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Total assets:			
Home video games	¥ 28,931	¥ 28,418	\$ 270,383
Arcade operations	7,814	7,794	73,028
Arcade games	7,056	3,801	65,944
Other	6,238	8,657	58,299
Sub-total	50,039	48,670	467,654
Eliminations and corporate	56,322	44,426	526,374
Consolidated	¥106,361	¥ 93,096	\$ 994,028

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Depreciation:			
Home video games	¥ 410	¥ 456	\$ 3,832
Arcade operations	855	820	7,991
Arcade games	47	63	439
Other	495	501	4,626
Sub-total	1,807	1,840	16,888
Eliminations and corporate	294	241	2,748
Consolidated	¥ 2,101	¥ 2,081	\$ 19,636

Capital expenditure:

Home video games	¥ 224	¥ 1,800	\$ 2,093
Arcade operations	1,218	1,280	11,383
Arcade games	58	405	542
Other	32	934	300
Sub-total	1,532	4,419	14,318
Eliminations and corporate	134	259	1,252
Consolidated	¥ 1,666	¥ 4,678	\$ 15,570

(2) Geographic areas

The following tables present certain geographic area information for the years ended March 31, 2005 and 2004.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Net sales:			
Japan:			
Customers	¥ 42,359	¥ 39,150	\$ 395,879
Inter-segment	5,928	6,366	55,401
	48,287	45,516	451,280
North America:			
Customers	14,721	7,861	137,579
Inter-segment	236	7	2,206
	14,957	7,868	139,785
Europe:			
Customers	8,389	5,099	78,402
Other:			
Sub-total	72,060	59,042	673,458
Eliminations and corporate	(6,164)	(6,373)	(57,608)
Consolidated	¥ 65,896	¥ 52,669	\$ 615,850

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Cost of sales and direct expenses:			
Japan	¥ 39,989	¥ 37,503	\$ 373,729
North America	13,523	12,495	126,383
Europe	8,003	4,768	74,794
Other	443	545	4,140
Sub-total	61,958	55,311	579,046
Eliminations and corporate	(3,815)	(4,045)	(35,654)
Consolidated	¥ 58,143	¥ 51,266	\$ 543,392

Operating income (loss):			
Japan	¥ 8,298	¥ 8,013	\$ 77,551
North America	1,434	(4,627)	13,402
Europe	386	331	3,607
Other	(16)	14	(149)
Sub-total	10,102	3,731	94,411
Eliminations and corporate	(2,349)	(2,328)	(21,953)
Consolidated	¥ 7,753	¥ 1,403	\$ 72,458

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Total assets:			
Japan	¥ 42,269	¥ 43,031	\$ 395,037
North America	5,952	4,917	55,626
Europe	5,408	2,830	50,542
Other	201	376	1,879
Sub-total	53,830	51,154	503,084
Eliminations and corporate	52,531	41,942	490,944
Consolidated	¥106,361	¥ 93,096	\$ 994,028

(3) Foreign sales

The following table presents certain information regarding sales of the Companies outside Japan for the years ended March 31, 2005 and 2004.

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Net sales:			
North America	¥ 15,526	¥ 8,470	\$ 145,103
Europe	8,697	5,172	81,280
Other	506	681	4,729
	¥ 24,729	¥ 14,323	\$ 231,112

	Percentage	
	2005	2004
Percentage of such sales included in consolidated net sales	37.5%	27.2%

17. LEASES:

(1) Financing leases

Lease transactions as a lessee

Payments in respect of financing leases that do not transfer ownership of the leased assets to the lessee, for the years ended March 31, 2005 and 2004 were ¥ 1,287 million (\$12,028 thousand) and ¥ 1,130 million, respectively.

The future lease payments at March 31, 2005 and 2004, excluding amounts representing interest, are as shown below:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Due within one year	¥ 1,094	¥ 988	\$ 10,224
Due after more than one year	1,106	1,048	10,337
	¥ 2,200	¥ 2,036	\$ 20,561

(2) Operating leases

Future lease payments under non-cancelable operating leases at March 31, 2005 and 2004 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2005	2004	2005
Due within one year	¥ 1	¥ 1	\$ 9
Due after more than one year	1	0	10
	¥ 2	¥ 1	\$ 19

To the Board of Directors and
Shareholders of
CAPCOM CO., LTD.

We have audited the accompanying consolidated balance sheets of CAPCOM CO., LTD. and its consolidated subsidiaries as of March 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended, all expressed in Japanese Yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CAPCOM CO., LTD. and its consolidated subsidiaries as of March 31, 2005 and 2004, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

Chuo Aoyama *PricewaterhouseCoopers*

Osaka, Japan
June 21, 2005

Research & Development

Development system pursuing content quality and cost control at the same time

A software development system that provides high-quality products on a global scale

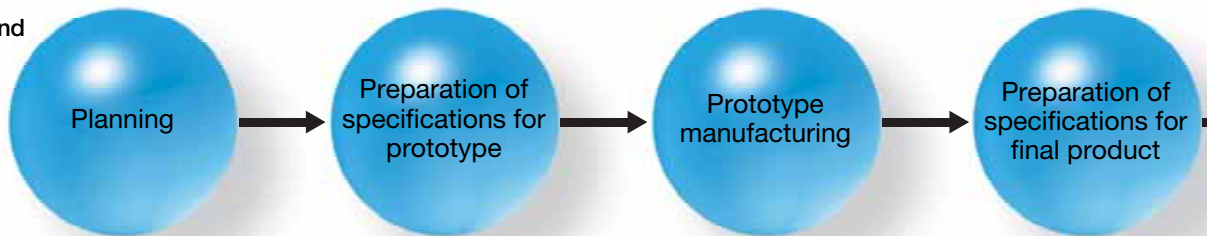
The characteristics of Capcom's research and development division is that all of the staff are united under the direction of the producer who is responsible for the total development of the project. This includes building a plan, developing a scenario, designing characters, and creating programs and sounds. Each staff member is not only responsible for the quality of the game software, but must adhere to the schedule and cost management being monitored by each responsible producer. To do this, a progress management system is used to strictly manage the development process through multiple stages

of examination and verification. A development approval system is also in place to determine the game console platform for each new title, while management examines the profitability and the overall quality of the game.

The company supports its software strategy based on the medium- and long-term goals to strengthen market structure, analyze competitive product and consumer buying habits, and report the findings to the research and development division.

In addition to our own internal development, some of our overseas subsidiaries have formed partnerships with independent game development studios to publish titles that appeal to their market. Capcom has also enjoyed success in localizing and selling games developed by publishers outside of the Japanese market.

Game development and inspection process



Creation of music materials Development of pachislo slot machines A planning meeting where a discussion heats up
The R&D office is divided into several individual workstations Creation of game characters Making sound effects Reviewing game scenes and expressions
Development of arcade games Adjustment of 3D sound environment 孺Game localization by native speakers 孺Mobile content development



Clover Studios established to focus on the development of original software

In July 2004, part of the home video game software development division was spun off to establish Clover Studio Co., Ltd., to maximize the group's profit through the creation of new titles. Clover Studios will enhance its original brand's value by developing highly creative titles with the highest level of quality.

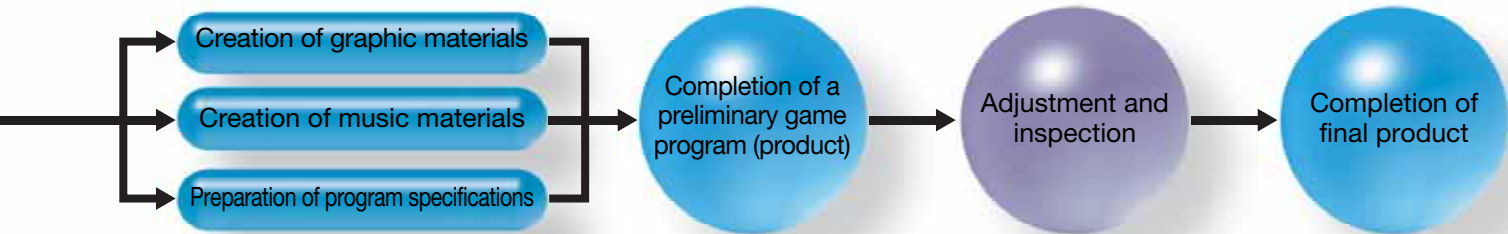
The self-supporting accounting system, as a result of the spin-off, clarifies where management responsibility resides and strengthens the revenue base.



"Okami", a title created by Clover Studio Co., Ltd.



"Monster Hunter" winning the Grand Award in the Game Awards 2003-2004



Directors, Corporate Auditors and Corporate Officers

Directors and Corporate Auditors



President and Chief Executive Officer (CEO)

Kenzo Tsujimoto

- 1983 Representative Director of the former CAPCOM Co., Ltd.
- 1985 President and Representative Director of the Company (to present)
- 2001 Chief Executive Officer (CEO) of the Company (to present)

Director and Executive Corporate Officer
Chief Operating Officer (COO)

Haruhiro Tsujimoto

- 1987 Entered into the Company
- 1997 Director of the Company
- 1999 Managing Director of the Company
- 2001 Senior Managing Director and Chief Operating Officer (COO) of Sales of the Company
- 2004 Director and Executive Corporate Officer, COO and Head of Sales and Marketing of the Company
- 2005 Director and Executive Corporate Officer, COO and Head of Development, Home Video Games Business Strategies, Character Contents Business of the Company (to present)

Director and Executive Corporate Officer
Chief Financing Officer (CFO)

Tamio Oda

- 1969 Entered into The Sanwa Bank Limited (currently UFJ Bank, Limited)
- 1997 Branch Manager of Nakanoshima Branch of the Bank
- 2001 Advisor of the Company
- 2001 Director of the Company
- 2003 Managing Director of the Company
- 2004 Director, Executive Corporate Officer, Chief Financial Officer (CFO) and Head of Corporate Strategies, Administration, President Office, Affiliated Companies' Management of the Company (to present)

Corporate Officers

Director and Senior Corporate Officer

Hiroshi Tobisawa

- 1997 Entered into the Company
- 1998 General Manager of Corporate Planning Dept. of the Company
- 1999 Officer & General Manager of Home Video Games Domestic Sales Division of the Company
- 2001 Managing Corporate Officer of the Company (to present)
- 2004 President of CAPCOM U.S.A. Inc. and CE EUROPE Ltd. (to present)
- 2005 Director of the Company (to present)

Director and Senior Corporate Officer

Sumitaka Hatsuno

- 1989 Entered into the Company
- 1993 General Manager of Arcade Operations Dept. of the Company
- 1999 Officer & General Manager of Arcade Operations Dept. of the Company
- 2004 Managing Corporate Officer of the Company (to present)
- 2005 Head of Domestic Businesses Operation of the Company (to present)
- 2005 Director of the Company (to present)

Director

Kyouji Kitamura

- 1956 Entered into Ministry of Finance
- 1973 Director-General of Research Dept. of Osaka Regional Taxation Bureau
- 1983 Director-General of Inspection Dept. of Banking Bureau
- 1986 Director-General of Securities Bureau
- 1994 President & CEO of The Osaka Securities Exchange
- 2001 Advisor of the Company
- 2001 Director of the Company (to present)

Director

Kouichi Hori

- 1989 President and Representative Director of Boston Consulting Group
- 2000 President and Chief Executive Officer of Dream Incubator Inc. (to present)
- 2001 Director of the Company (to present)

Director

Masanao Iechika

- 1962 Lawyer (to present)
- 1981 Vice President of Osaka Bar Association
- 1981 Director of Japan Federation of Bar Association
- 1988 Member of Commercial Law Committee of Judicial System and Research Dept. of Ministry of Justice
- 2002 Director of the Company (to present)

Corporate Auditor (full-time)

Shoji Yamaguchi

- 1962 Entered into National Tax Administration Agency
- 1990 Nagoya Regional Tax Tribunal Chief Appeals Judge
- 1992 Councilor of Business Promotion Dept. of The Sumitomo Trust & Banking Co., Ltd.
- 2001 Corporate Auditor of the Company (full-time) (to present)

Corporate Auditor (full-time)

Kazushi Hirao

- 1975 Entered into Hitachi Zosen Corporation
- 1987 Assistant Manager of the said company
- 1988 Entered into the Company
- 1997 General Manager of Overseas Business Dept. of the Company
- 1999 Corporate Officer, General Manager of Overseas Business Dept. of the Company
- 2002 General Manager of General Affairs Dept. of the Company
- 2004 General Manager of Investor Relations Dept. of the Company (to present)
- 2004 Corporate Auditor of the Company (full-time) (to present)

Corporate Auditor

Morio Kuroda

- 1954 Entered into National Tax Administration Agency
- 1980 Kumamoto Regional Tax Tribunal Chief Appeals Judge
- 1982 Entered into KYOCERA Co., Ltd.
- 1989 Advisor of the Company
- 1990 Corporate Auditor of the Company (full-time)
- 2001 Corporate Auditor of the Company (to present)
- 2002 Corporate Auditor (full-time) of CAPTRON Co., Ltd. (to present)

Corporate Auditor

Yoshio Nakayama

- 1956 Entered into National Police Agency
- 1980 Chief of Ehime Police Headquarters
- 1983 Councilor of Security Bureau of National Police Agency
- 1985 Chief of Kanagawa Police Headquarters
- 2001 Corporate Auditor of the Company (to present)

- Notes 1 .Kyouji Kitamura, Kouichi Hori and Masanao Iechika are external directors prescribed under Paragraph 7-2, Section 2, Article 188 of the Commercial Code of Japan.
2. Each of Shoji Yamaguchi, Morio Kuroda and Yoshio Nakayama is an external auditor prescribed in Article 18, Section 1 of the Special Law of the Commercial Code Concerning the Audit of Corporation ("Kabusiki-Kaisha")



Senior Corporate Officer
(R&D Administrative Division)
Yoshifumi Yamashita



Corporate Officer (Home Video Games Strategy Division)
Katsuhiko Ichii



Senior Corporate Officer
(R&D Division)
Keiji Inafune



Corporate Officer
(Contents Expansion Division)
Yoichi Egawa



Corporate Officer (Home Video Games Domestic Sales Division)
Shuichi Motoda



Corporate Officer
(Character Contents Division)
Toshihiro Tokumaru



Corporate Officer
(Secretary Division)
Setsuo Yamada



Corporate Officer
(Arcade Operations Division)
Motohide Imaizumi



Corporate Officer
(Corporate Strategy Division)
Kazuhiko Abe



Corporate Officer
(Arcade Games Division)
Osamu Izumi



Head Office



Tokyo Branch



R&D Building

Corporate Profile

Name of Company	Capcom Co., Ltd.
Date of Establishment	May 30, 1979
Date of Initiation	June 11, 1983
Business Segments	Planning, development, and sale of software Management of amusement arcades
Paid-in Capital	¥ 27,581 million
End of Term	March 31
Number of Employees	971 (Capcom Co., Ltd.) 1,175 (including consolidated subsidiaries)

Capcom's Subsidiaries

CAPCOM U.S.A., Inc. (U.S.A.)
475 Oakmead Parkway, Sunnyvale, California 94085 U.S.A.
PHONE: 1-408-774-0500 FAX: 1-408-774-3994
<http://www.capcom.com/>
Paid-in Capital: US\$ 159,949 thousand
Business Segment: Holding company and administration of subsidiary in U.S.

CAPCOM ENTERTAINMENT, Inc. (U.S.A.)
475 Oakmead Parkway, Sunnyvale, California 94085 U.S.A.
PHONE: 1-408-774-0500 FAX: 1-408-774-3995
Paid-in Capital: US\$ 1 million
Business Segment: Sale of home video games

CAPCOM STUDIO 8, Inc. (U.S.A.)
475 Oakmead Parkway, Sunnyvale, California 94085 U.S.A.
PHONE: 1-408-774-0500 FAX: 1-408-774-3955
Paid-in Capital: US\$ 1 million
Business Segment: Development of game software

CAPCOM EUROSOFT Ltd. (U.K.)
9th Floor, 26-28 Hammersmith Grove, Hammersmith, London W6 7HA, U.K.
PHONE: 44-20-8846-2550 FAX: 44-20-8741-4176
Paid-in Capital: £ 5 million
Business Segment: Sale of home video games

STATUS Co., Ltd.
3-1-3 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
PHONE: 81-6-6920-3655 FAX: 81-6-6920-5154
Paid-in Capital: ¥ 32 million
Business Segment: Nonlife insurance agency and financial businesses

CAPTRON Co., Ltd.
3-1-3 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
PHONE: 81-6-6920-3626 FAX: 81-6-6920-5126
Paid-in Capital: ¥ 1,640 million
Business Segment: Rent, lease and operation of real estate properties

Major Offices

Head Office	PHONE: 81-6-6920-3600 FAX: 81-6-6920-5100 3-1-3 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
R&D Building	PHONE: 81-6-6920-7600 FAX: 81-6-6920-7698 3-2-8 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
Tokyo Branch	PHONE: 81-3-3340-0710 FAX: 81-3-3340-0711 Shinjuku Mitsui Building 2-1-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, 163-0425, Japan

CAPCOM ASIA Co., Ltd. (Hong Kong)
Units 1205-6, 12/F, New East Ocean Centre, 9 Science Museum Rd., T.S.T. East, Kowloon, Hong Kong
PHONE: 852-2366-1001 FAX: 852-2366-1985
<http://www.capcomasia.com.hk/>
Paid-in Capital: HK\$ 21,500 thousand
Business Segment: Sale of home video games and arcade games

FLAGSHIP Co., Ltd.
3-2-8 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
PHONE: 81-6-6966-0973 FAX: 81-6-6920-7695
Paid-in Capital: ¥ 70 million
Business Segment: Planning and development of game software

CAPCOM CHARBO Co., Ltd.
3-1-3 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
PHONE: 81-6-6920-3616 FAX: 81-6-6920-5170
<http://www.juden.net/>
Paid-in Capital: ¥ 300 million
Business Segment: Rental, maintenance and lease of electronic game machines

CE EUROPE Ltd. (U.K.)
9th Floor, 26-28 Hammersmith Grove, Hammersmith, London W6 7HA, U.K.
PHONE: 44-20-8846-2550 FAX: 44-20-8741-4176
<http://www.capcom-europe.com/>
Paid-in Capital: £ 1 million
Business Segment: Sale of home video games

CEG INTERACTIVE ENTERTAINMENT GmbH
Barmbeker Str. 4b 22303 Hamburg Germany
PHONE: 49-40-6965-620 FAX: 49-40-6965-6222
Paid-in Capital: 25 thousand
Business Segment: Sale of home video games

CLOVER STUDIO Co., Ltd.
3-2-8 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
PHONE: 81-6-6920-7855 FAX: 81-6-6920-7670
Paid-in Capital: ¥ 90 million
Business Segment: Planning and development of game software

As of March 31, 2005

Stock Data

Stock Exchange Listings	Tokyo, Osaka
Number of Shares Authorized	150,000,000 shares
Number of Shares Issued	58,435,819 shares
Number of Shareholders	26,200 shareholders

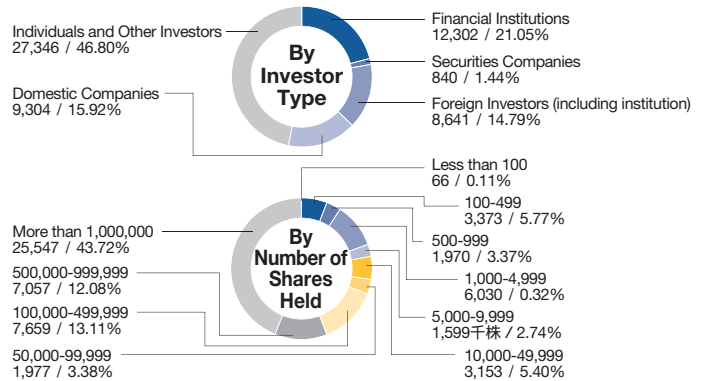
Major Shareholders

Major Shareholders	Number of Shares Held (in thousands)	Investment Ratio (%)
Crossroad Limited	6,771	11.59
Japan Trustee Services Bank, Ltd. (Trust Account)	3,818	6.53
Kenzo Tsujimoto	2,900	4.96
Master Trust Bank of Japan, Ltd. (Trust Account)	2,658	4.55
Yoshiyuki Tsujimoto	1,669	2.86
Ryozo Tsujimoto	1,545	2.65
Haruhiro Tsujimoto	1,545	2.64
KENZO Limited.	1,170	2.00
Misako Tsujimoto	895	1.53
Morgan Stanley and Company, Inc.	797	1.36

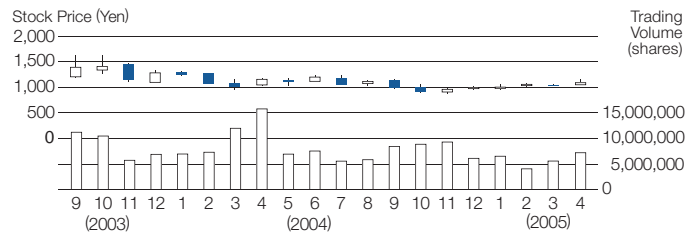
Note: Capcom owns 3,466,000 stocks as treasury stocks.
The stocks owned by the company are excluded from the above list.

Shareholders' Breakdown

Number of shares held / (%)
(in thousands)



Stock Price Range / Trading Volume



Please Visit Our IR Website

Top Page ▶▶▶ <http://www.capcom.co.jp/>



CLICK!

For the purpose of providing its shareholders and investors with the latest information of Capcom, we are committed to the IR activities utilizing the website. Our IR website provides various information including financial data, stock-related information and management strategies.

According to the issue of "The Reuters Institutional Investor: The Japan Equities Investment Report 2003", most prestigious financial magazines in the world, Capcom was ranked 1st in terms of "Overall sell-side ranking: Best Company IR" in all the Japanese listed companies of software industry.

IR Website ▶▶▶ <http://www.capcom.co.jp/ir/english/>



Financial Information

This section provides financial results, indices and other data with easy-to-understand graphs, etc.

IR Materials

This section provides documents of financial results presentation to supply latest information including management strategy.

Capcom IR Newsletter

By registering your e-mail address, you are able to receive press releases, financial statements and other latest information by e-mail.

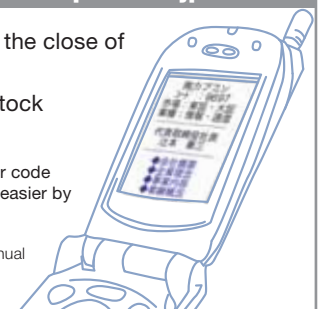
Mobile users can enjoy following benefits; ▶▶▶ <http://m-ir.jp/c/9697>

- Distribution of stock price at the close of the market every day.
- Access to brief results and stock information.



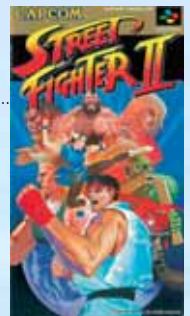
A mobile phone with QR bar code reader would make access easier by reading the left image.

*Refer to your cell phone's manual for a method to use it.



Corporate & Products History

Capcom was founded in 1983 with origins as a developer and distributor of electronic applied game machines. We entered into the development and sales of coin-operated game software and expanded the size of our business through synergies in the home video game business and had unexpected rapid growth. To date, we have released many hits including the blockbuster franchises of "Street Fighter", "Megaman", "Resident Evil" and "Onimusha". We have constantly pushed frontiers in developing new fields and solidifying our status in the amusement industry. We will continue to be a creator of entertainment culture that excites people and stimulates their senses.



Jul. 1983.....
Released our first originally developed coin-op "Little League".



Oct. 1983.....
Released the coin-op "Fever Chance".



Dec. 1983
Opened "Acty 24", a video arcade under the direct management of Capcom.

May. 1984.....
Released our first arcade video game "Vulgus".



Dec. 1984.....
Released the arcade video game "1942".



May. 1985
Released the arcade video game "Commando".

Sep. 1985.....
Released the arcade video game "Ghosts'n Goblins".



Dec. 1985
Released our first home video game "1942" for Nintendo Entertainment System (NES).

Jun. 1986
Released "Ghosts'n Goblins" for NES.

Sep. 1986.....
Released "Commando" for NES.



Aug. 1987.....
Released the arcade video game "Street Fighter".



Dec. 1987
Released "Megaman" for NES.



Dec. 1989
Released the arcade video game "Final Fight".

Dec. 1990.....
Released "Final Fight" for Super Nintendo Entertainment System (Super NES).

Mar. 1991.....
Released the arcade video game "Street Fighter" and it triggered the "Street Fighter" boom.

Jun. 1992.....
Released "Street Fighter" for Super NES, and it was a mega-hit.

Apr. 1993
Released "Breath of Fire" for Super NES.

Jur. 1993.....
Opened "CapcoCircus Nigata East", the largest arcade in Nigata.

Aug. 1994
Premiere of the animated movie "Street Fighter".

Dec. 1994.....
Premiere of the Hollywood movie "Street Fighter".

1979 ~

- May. 1979**
Established I.R.M Corporation (capital of 10 million yen) with objectives of developing and selling electric applied game machines in Matsubara, Osaka.
- May. 1981**
Established the subsidiary JAPAN CAPSULE COMPUTER Co., Ltd.
- Sep. 1981**
Corporate name was changed to SANBI Co., Ltd., and the head office was moved to Habikino, Osaka.
- Jun. 1983**
Established old CAPCOM Co., Ltd., (capital of 10 million yen) in Hirano, Osaka for the purpose of selling software.
- Oct. 1983**
Established Tokyo Branch in Shinjuku, Tokyo.

1985 ~

- Aug. 1985**
Established CAPCOM U.S.A., Inc., in California for distribution of Capcom's products in the U.S.A.
- Jan. 1989**
Old CAPCOM Co., Ltd., was merged with SANBI. Corporate name was changed to CAPCOM Co., Ltd., and the head office was moved to Higashi-ku, Osaka.
- Aug. 1989**
Established a resident office in U.K.

1990 ~

- Oct. 1990**
Stocks registered as OTC securities with the Japan Securities Dealers Association.
- Feb. 1991**
Purchased YUNIKA Co., Ltd., and turned it into a 100% subsidiary.
- Dec. 1991**
Changed the name of YUNIKA Co., Ltd., to CAPTRON Co., Ltd.
- Jul. 1993**
Established CAPCOM ASIA Co., Ltd. in Hong Kong for distribution of Capcom's products in Southeast Asia.
- Oct. 1993**
Stock was listed on the Second Section of the Osaka Securities Exchange.
- May. 1994**
Constructed Ueno facility in Mie.
- Jul. 1994**
Constructed head office, which was relocated to Uchihirano-machi, Chuo-ku, Osaka.



Apr. 1995
Began broadcasting the TV animation "Street Fighter".

Mar. 1996
Released "Resident Evil" for PlayStation, a long selling title which had record breaking sales, and established the genre of survival horror.



Jur. 1999
Released "Dino Crisis" for PlayStation, and it was a mega-hit.



Jan 2001
Released "Onimusha" for PlayStation 2, and it sold over a million copies, a first for a PlayStation 2 title.



Mar. 2001
Released "Megaman Battle Network" for Game Boy Advance.



Aug. 2001
Released "Devil May CRY" for PlayStation 2, and it was a mega-hit.



Oct. 2001
Released "Phoenix Wright: Ace Attorney" for Game Boy Advance, and it drew public attention as a courtroom battle title.



Mar. 2002
Began broadcasting the TV animation based on the hit title "Megaman Battle Network".

Mar. 2002
Premiere of the Hollywood movie "Resident Evil" which recorded sales of 102 million dollars worldwide.



Jun. 2003
Released "Viewtiful Joe" for Nintendo Game Cube.

Feb. 2004
Entered the publishing business and released the first strategy guidebook for "Onimusha 3".



Mar. 2004
Released "Monster Hunter" for PlayStation 2.

Aug. 2004
Opened "Plaza Capcom Shitoro", an amusement facility at one of the largest commercial complexes in Fukuoka.



Sep. 2004
Premiere of the Hollywood movie "Resident Evil: Apocalypse", and it grossed 100 million dollars worldwide.

Oct. 2004
"Monster Hunter" won the grand award at the 8th annual CESA GAME AWARDS.

Oct. 2004
Began broadcasting the TV animation based on the hit title "Viewtiful Joe".



Mar. 2005
Premiere of the animated movie "Megaman".

Mar. 2005
Started selling video game software through publishing distribution channels beginning with "Capcom Classics Collection".

Apr. 2005
Opened the amusement facility "Plaza Capcom Nogata" in Fukuoka.



1995 ~



2000 ~



2005 ~



Jun. 1995
Established CAPCOM COIN-OP, Inc., CAPCOM ENTERTAINMENT, Inc., and CAPCOM DIGITAL STUDIOS, Inc. (currently CAPCOM STUDIO 8, Inc.), which CAPCOM U.S.A., Inc., holds for the purposes of enhancing and maximizing functions such as management, distribution, and R&D in U.S.A.

Apr. 1997
Established FLAGSHIP Co., Ltd., with a view of game scenario creation.

Jul. 1998
Established CAPCOM EUROSOFT Ltd. in U.K.

Sep. 1999
Stock changed listing to the First Section of the Osaka Securities Exchange.

Oct. 2000
Stock was listed on the First Section of the Tokyo Stock Exchange.

Sep. 2001
Established 100% subsidiary CAPCOM CHARBO Co., Ltd., for the purpose of offering support services for communication tools such as mobile phones.

Nov. 2002
Established CE EUROPE LTD. in U.K.

Feb. 2003
Established CEG INTERACTIVE ENTERTAINMENT GmbH in Germany.

Jul. 2004
Established CLOVER STUDIO Co., Ltd., for the purpose of software R&D.

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Composed by ©Mamoru Samuragouchi.
Character Samanosuke Akechi by ©Amuse/Fu Long Production.
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Guest Creator: Takeshi Kaneshiro



CAPCOM CO., LTD.

3-1-3 Uchihirano-machi, Chuo-ku, Osaka 540-0037, Japan

PHONE : 81-6-6920-3600 FAX : 81-6-6920-5100

<http://www.capcom.co.jp/>

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