



Financial Section

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Net Cash Strategy for Supporting Investments in Online Game Development

Capcom has set a financial goal of improving net cash to build a lean financial foundation without waste while at the same time securing funding to invest in growth and increasing shareholder returns.

The reason behind the goal is the significant evolution underway in the game software market due to the incorporation of mobile and social games in addition to home games and PC online games, which represents a business opportunity for Capcom. We have therefore formulated growth strategies for our online and mobile businesses in addition to our basic strategy of developing high-quality content, and have sought to reinforce our investments in development.

We will seek stable growth over the medium- and long-term by raising profitability through our growth strategies and generating high level of cash flows.

Tamio Oda

Director and Executive
Vice President and
Chief Financial Officer (CFO)



1. Securing Funding to Invest in Growth

Capcom believes now is the right time for investing in growth. We are therefore aiming to increase our net cash position further by maximizing our free cash flows and making investments in development.

In order to fulfill this policy, we will institute two new financial strategies focused on generating cash flows through process management. The first strategy is to take a thorough approach to managing the recovery of investments. In this regard, we will expand current title-by-title investment management system using a comparable category-by-category database based on information covering our brands and producers. The second strategy is to maximize working capital efficiency. Under this strategy, we will expand our business-by-business investor capital management system and establish a framework to manage our investment turnover period and turnover ratio in a more visible manner. Net cash generated in the year ended March 2012 was 11,300 million yen, marking a decrease of 16,300 million yen over the previous fiscal year, due to factors including the lack of major titles.

Nevertheless, analysis of past fiscal years shows that our net cash position, or cash deposits less interest-bearing debt, as of the fiscal year ended March 1996 was negative 66,200 million yen. Considering that our net cash position in the year ended March 2012 was 11,300 million yen, this represents an improvement of nearly 77,500 million yen over the past 15 years.

2. Increasing Shareholder Returns

Capcom believes it is important to provide returns to shareholders and seeks to: (1) enhance corporate value by achieving growth through investments and other means and (2) maintain stable dividend payments

commensurate with business performance.

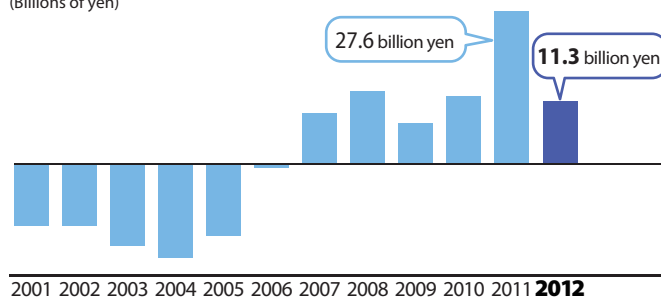
For the year ended March 2012, the total annual dividend was 40 yen, the same as the previous fiscal year. As a result, our payout ratio was 34.5%.

Following analysis of past fiscal years, Capcom paid 20 yen per share from the year ended March 1998 to the year ended March 2006. From the year ended March 2007, we increased dividends to 30 yen per share as the structural reforms enabled us to establish a stable profit base. Since the year ended March 2009, we had been paying 35 yen per share, but as of the year ended March 2011, we are paying a dividend of 40 yen per share.

We have also acquired approximately 13,000 million yen in treasury stock since the year ended March 2004. We will seek further improvement in net cash to continue strengthening investments for growth and to deliver returns to shareholders.

Net Cash on Historical Basis

(Billions of yen)



2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 **2012**

(YEARS ENDED MARCH 31)

11-Year Summary of Consolidated Financial Indicators

	2002	2003	2004	2005	2006
For the Year:					
	Millions of yen				
Net sales	¥ 62,742	¥ 62,036	¥ 52,668	¥ 65,895	¥ 70,253
Operating income	9,727	6,680	1,402	7,752	6,580
Net income (loss) before income taxes	7,420	(30,049)	(6,900)	7,006	6,912
Net income (loss)	4,912	(19,598)	(9,158)	3,622	6,941
Depreciation & amortization	2,172	2,202	2,081	2,101	1,936
Capital expenditures	4,181	2,289	4,678	1,665	1,600
R&D expenses	1,067	1,151	1,124	1,323	1,864
At Year-End:					
	Millions of yen				
Total assets	¥ 128,512	¥ 106,648	¥ 93,096	¥ 106,361	¥ 98,457
Net assets	68,233	42,888	31,854	32,491	39,464
Net cash	(11,132)	(14,894)	(16,957)	(12,948)	(678)
Cash Flows:					
	Millions of yen				
Cash flows from operating activities	¥ 3,315	¥ 3,635	¥ 5,577	¥ 7,977	¥ 13,921
Cash flows from investing activities	(3,066)	(2,329)	(5,011)	(1,099)	(1,779)
Cash flows from financing activities	8,589	(2,000)	(395)	6,251	(18,259)
Net increase (decrease) in cash and cash equivalents	9,519	(1,555)	(1,313)	13,406	(4,885)
Cash and cash equivalents at end of year	35,000	33,444	32,131	45,538	40,652
Per Share Data:					
	Yen				
Net income (loss) per share	¥ 84.21	¥ (338.01)	¥ (160.91)	¥ 63.37	¥ 125.19
cash dividends applicable to the year per share	20.00	20.00	20.00	20.00	20.00
Net assets per share	1,168.51	753.47	559.66	589.99	716.91
Financial Index:					
Operating margin (%)	15.5	10.8	2.7	11.7	9.4
ROE (%)	7.5	—	—	11.3	19.3
ROA (%)	4.1	—	—	3.6	6.8
Net worth ratio (%)	53.1	40.2	34.2	30.5	40.1
Interest coverage ratio (times)	14.2	14.6	20.3	30.0	82.6
Debt-equity ratio (%)	88.3	148.8	192.4	227.9	149.4
Stock Information:					
Price earnings ratio (times)	41.2	—	—	16.5	9.7
Number of outstanding shares (thousands shares)	58,435	58,435	58,435	58,435	58,435
Foreign investors (%)	25.91	16.85	16.59	14.79	23.35

11-Year Summary of Consolidated Business Performance Indicators
 ➔ See page 7

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

2007	2008	2009	2010	2011	2012	2012
Millions of yen					Thousands of U.S. dollars	
¥ 74,542	¥ 83,097	¥ 91,878	¥ 66,837	¥ 97,716	¥ 82,065	\$ 1,000,801
9,602	13,121	14,618	5,587	14,295	12,318	150,226
9,986	11,962	12,448	1,124	10,807	11,425	139,340
5,852	7,807	8,063	2,167	7,750	6,723	81,999
2,774	3,393	4,143	3,368	3,315	3,123	38,091
4,495	4,503	2,906	2,205	2,758	4,153	50,647
1,828	2,972	2,329	2,125	2,924	2,236	27,277
Millions of yen					Thousands of U.S. dollars	
¥ 91,478	¥ 93,606	¥ 106,210	¥ 86,621	¥ 90,408	¥ 98,247	\$ 1,198,141
45,144	53,660	59,349	53,956	58,007	59,352	723,809
9,200	13,061	7,378	12,299	27,655	11,348	138,394
Millions of yen					Thousands of U.S. dollars	
¥ 16,063	¥ 7,452	¥ (551)	¥ 14,320	¥ 22,392	¥ (7,672)	\$ (93,560)
(6,715)	(3,374)	(2,715)	(1,618)	(2,046)	(4,794)	(58,469)
(15,206)	(2,448)	(342)	(10,747)	(12,919)	587	7,169
(5,654)	(2,256)	(4,454)	1,203	5,196	(12,724)	(155,171)
35,020	32,763	28,611	29,815	35,011	22,287	271,796
Yen					U.S. dollars	
¥ 107.52	¥ 132.90	¥ 130.98	¥ 35.71	¥ 131.18	¥ 116.10	\$ 1.42
30.00	30.00	35.00	35.00	40.00	40.00	0.48
799.35	881.31	961.38	913.18	981.76	1,030.70	12.57
12.9	15.8	15.9	8.4	14.6	15.0	
13.8	15.8	14.3	3.8	13.8	11.5	
6.2	8.4	8.1	2.3	8.8	6.8	
49.3	57.3	55.9	62.3	64.2	60.4	
237.3	103.7	—	86.9	155.8	—	
102.8	74.4	79.0	60.5	55.9	65.5	
15.7	25.6	13.3	49.5	12.1	16.3	
62,269	66,719	67,394	67,723	67,723	67,723	
32.60	27.72	33.73	24.22	22.17	27.05	

Financial Review

1. Operating Results

Capcom Co., Ltd. would like to announce that net sales for the current fiscal year stood at 82,065 million yen (down 16.0% from the previous fiscal year). As for profits, operating income amounted to 12,318 million yen (down 13.8% from the previous fiscal year), and ordinary income stood at 11,819 million yen (down 8.1% from the previous fiscal year). Net income for the current fiscal year amounted to 6,723 million yen (down 13.2% from the previous fiscal year).

2. Sales and Profits

(1) Net Sales

Net sales for the current fiscal year were 82,065 million yen (down 16.0% from the previous fiscal year). This was primarily the result of a substantial 23.9% decline in sales from the previous fiscal year in the core Consumer Online Games business. In addition to “Monster Hunter 3 (Tri) G”, which expanded steadily with sales topping 1.6 million copies, “Monster Hunter Frontier Online,” the online exclusive title for PC and Xbox 360, maintained its strong performance supported by its stable popularity. Nevertheless, these factors could not compensate for the impact of the reaction to the successive release of major titles, including “Monster Hunter Freedom 3”, in the previous fiscal year and the postponement of a major title “Dragon’s Dogma”, which had been scheduled to be released in this fiscal year, to the next fiscal year.

Meanwhile, the Mobile Contents business registered substantial growth in sales. This was attributable to the continued success of “Smurfs’ Village” as well as a steady increase in the membership of social games in Japan, such as “Minna to Monhan Card Master” and “Monhan

Tankenki Maboroshi no Shima”, which contributed to earnings.

As a result, net sales were 82,065 million yen (down 16.0% from the previous fiscal year), which failed to break the record high marked in the previous fiscal year.

(2) (Cost of sales, Selling, general and administrative expenses)

Operating Income

Cost of sales was 49,609 million yen (down 17.8% from the previous fiscal year), gross profit was 32,456 million yen (down 13.1% from the previous fiscal year and selling, general and administrative expenses were 20,150 million yen (down 12.4% from the previous fiscal year).

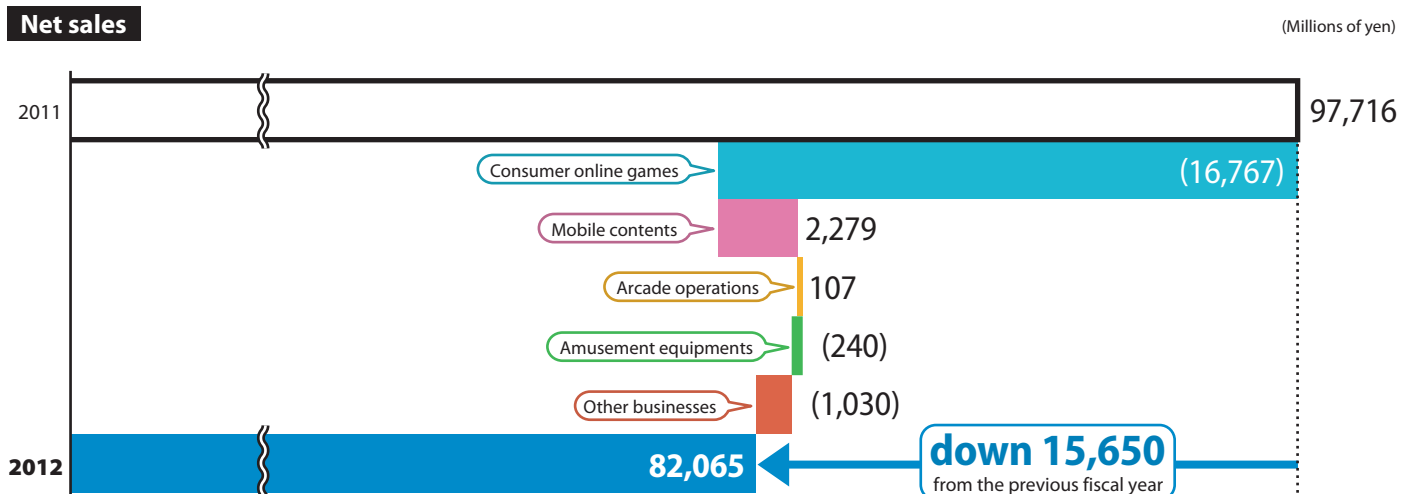
In the current fiscal year, development costs reduced significantly with fewer major titles for the Consumer Online business, resulting in decrease in cost of sales of 10,700 million yen from the previous fiscal year. The ratio of cost of sales stood at 60.5%, roughly the same as that for the previous fiscal year.

Also, factors such as decrease in advertising expenses related to major titles for the Consumer Online Business as well as thorough cost-cutting efforts resulted in decrease in selling, general and administrative expenses of 2,858 million yen from the previous fiscal year.

As a result, operating income was 12,318 million yen (down 13.8% from the previous fiscal year), and operating margin was 15.0%, improving by 0.4% from the previous fiscal year.

(3) Other Earnings (expenses), Net Income

Non-operating income for the current fiscal year totaled 289 million yen (up 25.1% from the previous fiscal year), and non-operating expenses were 788 million (down 52.6% from the previous fiscal year) as a result of decrease in exchange loss on assets denominated in foreign currencies. As a result, ordinary income totaled 11,819 million yen (down 8.1% from the previous fiscal year), and ordinary



income ratio was 14.4%, improving by 1.2% from the previous fiscal year.

Also in the current fiscal year, there was a major decrease in special losses to 402 million yen (down 82.4% from the previous fiscal year) due to no loss on restructuring and no loss on disaster, which Capcom recorded in the previous fiscal year.

As a result, Capcom recorded net income of 6,723 million yen (down 13.2% from the previous fiscal year), and profit margin improved by 0.3 points.

3. Status of Each Operational Department

(1) Consumer Online Games

In this business segment, in addition to steady growth in sales of "Monster Hunter 3 (Tri) G", a feature title for Nintendo 3DS, topping 1.6 million copies, "Resident Evil: Operation Raccoon City" another flagship title launched around the end of the fiscal year for PlayStation 3 and Xbox 360 also got off to a good start. However, sales of "Street Fighter X Tekken" (for PlayStation 3 and Xbox 360) were sluggish.

Nevertheless, as each title sold more than 1 million copies, Capcom successfully launched three million-seller titles.

Moreover, in addition to an array of unique titles such as "Asura's Wrath" (for PlayStation 3 and Xbox 360), "Resident Evil: Revelations" (for Nintendo 3DS) and "Ultimate Marvel vs. Capcom 3" (for PlayStation 3, Xbox 360 and PlayStation Vita), the Consumer Online Games Business also released a number of distribution titles developed in cooperation with third parties as part of its product diversification efforts.

As for online game titles "Monster Hunter Frontier Online" (PC, Xbox 360) has been constantly popular.

As a result, net sales amounted to 53,501 million yen (down

23.9% from the previous fiscal year), and operating income was 10,502 million yen (down 16.0% from the previous fiscal year), due in part to the reaction to the release of multiple major titles in the previous fiscal year and to the postponement of the launch of a major title "Dragon's Dogma" (for PlayStation 3 and Xbox 360) to the next fiscal year.

(2) Mobile Contents

The Mobile Contents business showed its underlying strength through the strong performance of "Snoopy's Street Fair" in Japan and Asia and the steady increase in membership for "Monhan Tankenki Maboroshi no Shima," which is part of the "Monster Hunter" series for GREE, and "Minna to Monhan Card Master" distributed through Mobage. The number of the membership for these game titles recorded one million or more for the respective titles.

Moreover, "Smurf's Village" distributed in partnership with Facebook, the world's biggest SNS, continued to enjoy success. As a result, Capcom's strategic brand Beeline recorded domestic and overseas downloads totaling more than 56 million, both of which contributed significantly to improving profitability for this business segment.

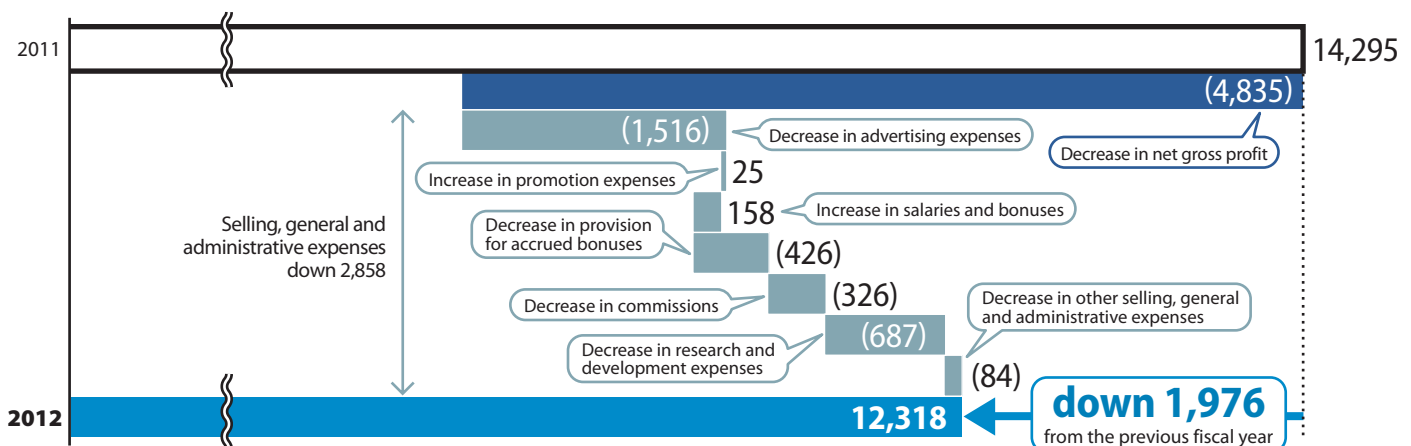
As a result, net sales increased to 6,308 million yen (up 56.6% from the previous fiscal year), and operating income was 2,385 million yen (up 74.6% from the previous fiscal year).

(3) Arcade Operations

Despite a slowdown in customer traffic due to the effects of the mood of voluntary restraint in the wake of the Great East Japan Earthquake, which occurred in March 2011, and diversification in entertainment preferences and consumer spending patterns, arcades have been regaining ground as they are re-evaluated as readily accessible entertainment that is inexpensive, nearby and short-duration and are also supported by budget-minded consumers.

Operating income

(Millions of yen)



Under these circumstances, Capcom held various events, updated existing facilities and implemented a "service day" in an attempt to create new demand, establishing customer-oriented community-based facilities.

Despite a slowdown in customer traffic and intensification of competition with other game consoles including smartphones, with which there is an overlap of the customer base, sales per customer increased as a result of these measures, along with the contribution mainly of proprietary coin-operated games.

As no arcades were closed or opened during the current fiscal year, the total number of arcades remained the same as the end of the previous fiscal year at 37.

As a result, net sales increased to 11,729 million yen (up 0.9% from the previous fiscal year), and operating income was 1,787 million yen (up 58.0% from the previous fiscal year).

(4) Amusement Equipments

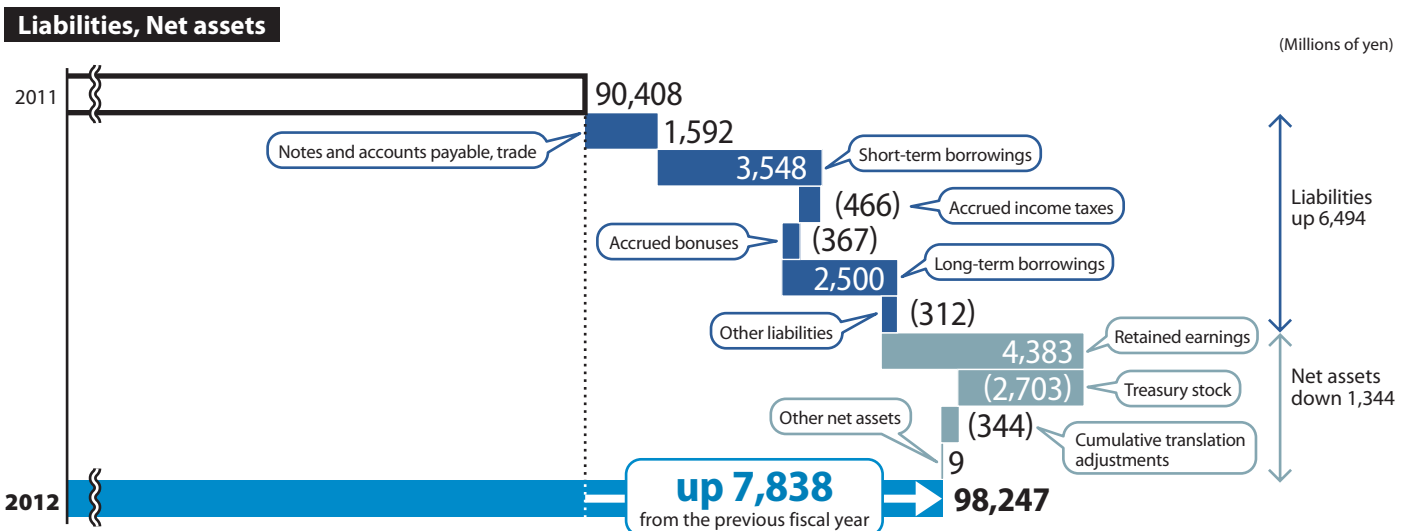
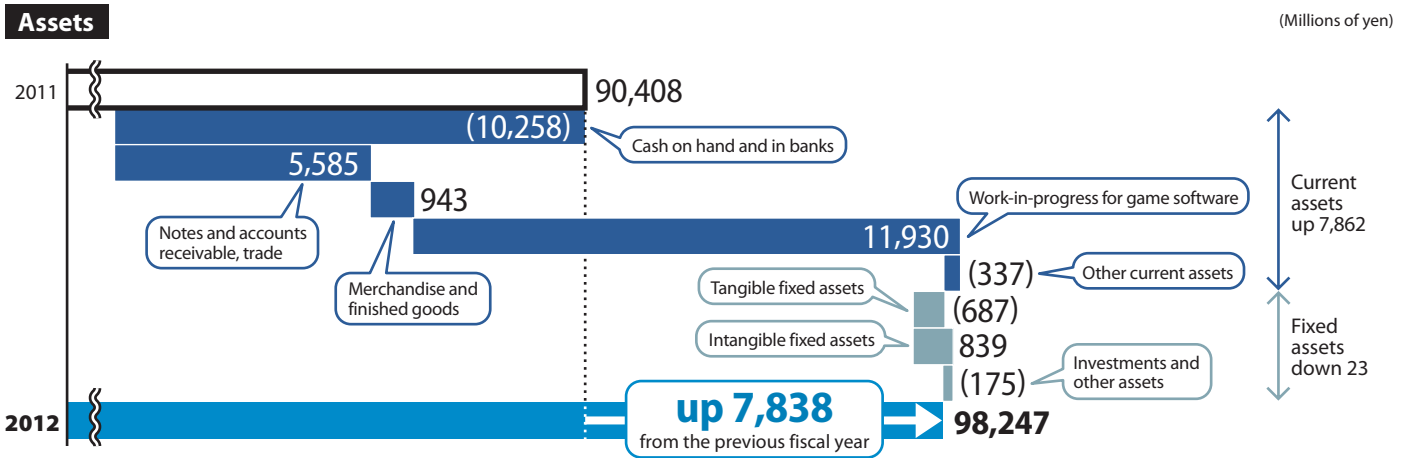
In this business segment, coin-operated games "Monster Hunting: Medal Hunting" and "MONHAN NIKKI SUGOROKU AIRU MURA" were released.

In the Pachislo machine business, "Street Fighter IV" remained steady, and Capcom also took part in contracted development.

As a result, net sales were 7,663 million yen (down 3.0% from the previous fiscal year), and operating income was 890 million yen (down 66.2% from the previous fiscal year).

(5) Other Businesses

Net sales from other businesses, mainly character-related licensing business were 2,862 million yen (down 26.5% from the previous fiscal year), and operating income was 877 million yen (down 20.1% from the previous fiscal year).



4. Analysis of Assets, Liabilities and Net Assets

(1) Assets

Total assets increased by 7,838 million yen from the previous fiscal year to 98,247 million yen.

The primary components of the change were increase in work-in-progress for game software of 11,930 million yen, in notes and accounts receivable, trade of 5,585 million yen and in merchandise and finished goods of 943 million yen, and decrease in cash on hand and in banks of 10,258 million yen.

(2) Liabilities

Liabilities increased by 6,494 million yen from the previous fiscal year to 38,895 million yen.

The primary components of the change were increase in short-term borrowings of 3,548 million yen, in long-term borrowings of 2,500 million yen and in notes and accounts payable, trade of 1,592 million yen, and decrease in accrued income taxes of 466 million yen and in accrued bonuses of 367 million yen.

(3) Net assets

Net assets increased by 1,344 million yen from the previous fiscal year to 59,352 million yen.

The primary components of the change were net income of 6,723 million yen, increase in treasury stock of 2,703 million yen, cash dividends of 2,340 million yen, and decrease in cumulative translation adjustments of 344 million yen (which arises from translating foreign currency financial statements for foreign subsidiaries).

5. Analysis of Cash Flow

Cash and cash equivalents (hereinafter referred to as "Cash") as of the end of the current fiscal year decreased by 12,724 million yen from the previous fiscal year to 22,287 million yen. The analysis of cash flows from respective activities is as follows.

(1) Cash flows from operating activities

Net cash used in operating activities was 7,672 million yen (22,392 million yen provided in the previous fiscal year).

The increase was mainly attributable to net income before income taxes of 11,425 million yen (10,807 million yen in the previous fiscal year), depreciation and amortization of 3,123 million yen (3,315 million yen in the previous fiscal year) and increase in notes and accounts payable, trade of 1,720 million yen (2,264 million yen in the previous fiscal year). The decrease was mainly attributable to increase in work-in-progress for game software of 11,899 million yen (decrease of 3,246 million yen in the previous fiscal year); increase in notes and accounts receivable, trade of 5,550 million yen (5,531 million yen in the previous fiscal year); and income tax paid of 4,195 million yen.

(2) Cash flows from investing activities

Net cash used in investing activities increased to 4,794 million yen (2,046 million yen in the previous fiscal year).

The primary components of the change were purchase of time deposits of 2,465 million yen (no purchase in the previous fiscal year) and payment for acquisition of tangible fixed assets of 2,153 million yen (1,734 million yen in the previous fiscal year).

(3) Cash flows from financing activities

Net cash provided by financing activities was 587 million yen (12,919 million yen used in the previous fiscal year).

The increase was mainly attributable to net increase in short-term borrowings of 6,760 million yen (net decrease of 12,500 million yen in the previous fiscal year) and proceeds from long-term borrowings of 3,000 million yen (3,000 million yen in the previous fiscal year). The decrease was mainly attributable to repayment of long-term borrowings of 3,711 million yen (711 million yen in the previous fiscal year), payment for repurchase of treasury stock of 2,703 million yen (2 million yen in the previous fiscal year) and dividends paid by parent company of 2,339 million yen (2,064 million yen in the previous fiscal year).

Trends of Cash Flow Indicators

	Year ended March 2010	Year ended March 2011	Year ended March 2012
Shareholders' equity ratio to total assets (%)	62.3	64.2	60.4
Shareholders' equity ratio to total assets based on fair market value (%)	120.5	103.9	110.8
Debt amortization ratio to cash flows from operating activities (%)	122.7	32.8	—
Interest coverage ratio (times)	86.9	155.8	—

Shareholders' equity ratio to total assets: Shareholders' equity / Total assets

Shareholders' equity ratio to total assets based on fair market value: Total of the capital stock at market price / Total assets

Debt amortization ratio to cash flows: Interest-bearing debt / Cash flows from operating activities

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

(Note 1) Total market value of shares is calculated based on the number of shares as of the end of the fiscal year excluding treasury stock.

(Note 2) The interest-bearing debt refers to the debts posted in the consolidated balance sheets for which we are paying interests.

(Note 3) As the cash flows from operating activities fell into red in fiscal year ended March 2012, debt amortization ratio to cash flows from operating activities and interest coverage ratio have been omitted.

Consolidated Balance Sheets

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES. MARCH 31, 2012 AND 2011

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
(Assets)			
Current assets :			
Cash on hand and in banks [Notes 9 (1) and 11]	35,011	24,752	301,865
Notes and accounts receivable, trade [Notes 5 (4) and 11]	11,700	17,285	210,799
Merchandise and finished goods	849	1,793	21,868
Work-in-progress	340	443	5,403
Raw materials and supplies	1,075	1,417	17,289
Work-in-progress for game software	10,443	22,373	272,852
Deferred tax assets [Note 14]	5,210	4,239	51,702
Other	2,582	2,791	34,039
Allowance for doubtful accounts	(37)	(58)	(711)
Total current assets	67,176	75,038	915,109
Fixed assets :			
Tangible fixed assets, net of accumulated depreciation [Note 5 (1)]			
Buildings and structures, net [Note 5 (2)]	5,455	5,125	62,509
Machinery and vehicles, net	28	21	263
Tools, fixtures and furniture, net	894	1,052	12,835
Rental equipment, net	0	—	—
Equipment for amusement facilities, net	1,815	1,637	19,966
Land [Note 5 (2)]	4,408	4,298	52,424
Leased assets, net [Note 10 (2)]	924	709	8,647
Construction-in-progress	5	—	—
Total tangible fixed assets	13,532	12,844	156,645
Intangible assets			
Goodwill	412	291	3,553
Other	2,658	3,619	44,142
Total intangible assets	3,071	3,911	47,696
Investments and other assets			
Investments in securities [Notes 5 (3) and 12]	390	368	4,496
Deferred tax assets [Note 14]	1,150	908	11,073
Claim in bankruptcy and reorganization	922	265	3,231
Lease deposits [Note 11]	4,741	4,522	55,156
Other	392	663	8,094
Allowance for doubtful accounts	(968)	(275)	(3,363)
Total investments and other assets	6,628	6,452	78,690
Total fixed assets	23,232	23,208	283,032
Total assets	90,408	98,247	1,198,141

The accompanying notes are an integral part of these financial statements.

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
(Liabilities)			
Current liabilities :			
Notes and accounts payable, trade [Notes 5 (4) and 11]	5,665	7,257	88,505
Short-term borrowings [Notes 5 (2) (5), 11 and 23]	3,711	7,259	88,528
Lease obligations [Note 23]	507	322	3,937
Accrued income taxes	3,443	2,977	36,307
Deferred tax liabilities [Note 14]	30	7	95
Accrued bonuses	2,478	2,111	25,745
Allowance for sales returns	130	118	1,441
Asset retirement obligations [Notes 16 and 24]	—	19	232
Other	8,982	9,254	112,862
Total current liabilities	24,950	29,327	357,656
Long-term liabilities :			
Long-term borrowings [Notes 5 (2) (5), 11 and 23]	3,644	6,145	74,943
Lease obligations [Note 23]	461	429	5,235
Deferred tax liabilities [Note 14]	232	225	2,746
Accrued retirement benefits for employees [Note 13 (2)]	1,383	1,509	18,412
Asset retirement obligations [Notes 16 and 24]	340	325	3,971
Other	1,387	932	11,367
Total long-term liabilities	7,450	9,567	116,676
Total liabilities	32,400	38,895	474,332
(Net assets)			
Shareholders' equity :			
Common stock	33,239	33,239	405,356
Capital surplus	21,328	21,328	260,108
Retained earnings	22,945	27,328	333,271
Treasury stock	(13,143)	(15,846)	(193,253)
Total shareholders' equity	64,370	66,049	805,483
Accumulated other comprehensive income :			
Net unrealized gain or loss on securities, net of tax	(56)	(46)	(572)
Cumulative translation adjustments	(6,305)	(6,650)	(81,102)
Total accumulated other comprehensive income	(6,362)	(6,697)	(81,674)
Total net assets	58,007	59,352	723,809
Total liabilities and net assets	90,408	98,247	1,198,141

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income / Consolidated Statements of Comprehensive Income

Consolidated statements of income

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

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Net sales	97,716	82,065	1,000,801
Cost of sales	60,371	49,609	604,991
Gross profit	37,344	32,456	395,809
Reversal of allowance for sales returns	—	12	154
Provision of allowance for sales returns	40	—	—
Net gross profit	37,304	32,469	395,963
Selling, general and administrative expenses [Notes 6 (1) and (3)]	23,009	20,150	245,737
Operating income	14,295	12,318	150,226
Non-operating income :			
Interest income	122	85	1,037
Dividend income	19	10	122
Settlement received	—	67	821
Other	89	126	1,547
Total	231	289	3,529
Non-operating expenses :			
Interest expense	143	115	1,409
Exchange loss, net	1,102	456	5,561
Commissions	60	66	807
Contributions	141	—	—
Other	217	151	1,841
Total	1,664	788	9,620
Ordinary income	12,861	11,819	144,135
Special gains :			
Reversal of allowance for doubtful accounts	38	—	—
Gain on sales of investments in securities	45	8	109
Net gain on the change of the retirement benefits plans [Note 13 (2)]	139	—	—
Other	4	—	—
Total	226	8	109
Special losses :			
Loss on sales and/or disposal of fixed assets [Note 6 (2)]	95	321	3,926
Loss on revaluation of investments in securities [Note 12 (3)]	259	—	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	204	—	—
Impairment loss [Note 6 (4)]	149	80	978
Loss on restructuring [Note 6 (5)]	1,453	—	—
Loss on disaster	105	—	—
Other	13	—	—
Total	2,281	402	4,904
Net income before income taxes	10,807	11,425	139,340
Income taxes-current [Note 14]	4,654	3,513	42,852
Income taxes-deferred [Note 14]	(1,598)	1,188	14,488
Total	3,056	4,701	57,341
Net income before minority interests	7,750	6,723	81,999
Net income	7,750	6,723	81,999

Consolidated statements of comprehensive income

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

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Net income before minority interests	7,750	6,723	81,999
Other comprehensive income [Note 7 (1)]			
Net unrealized gain or loss on securities, net of tax	(76)	9	119
Cumulative translation adjustments	(1,553)	(344)	(4,201)
Total other comprehensive income	(1,629)	(334)	(4,082)
Comprehensive income	6,121	6,389	77,917
Comprehensive income attributable to:			
Owners of the parent	6,121	6,389	77,917
Minority interests	—	—	—

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Shareholders' equity			
Common stock			
Opening balance	33,239	33,239	405,356
Change of items during the fiscal year			
Total changes of items during the fiscal year	—	—	—
Ending balance	33,239	33,239	405,356
Capital surplus			
Opening balance	21,328	21,328	260,108
Change of items during the fiscal year			
Disposition of treasury stock	(0)	0	0
Total changes of items during the fiscal year	(0)	0	0
Ending balance	21,328	21,328	260,108
Retained earnings			
Opening balance	17,262	22,945	279,819
Change of items during the fiscal year			
Cash dividends [Note 8 (3)]	(2,068)	(2,340)	(28,547)
Net income	7,750	6,723	81,999
Total changes of items during the fiscal year	5,682	4,383	53,451
Ending balance	22,945	27,328	333,271
Treasury stock			
Opening balance	(13,141)	(13,143)	(160,281)
Change of items during the fiscal year			
Repurchase of treasury stock	(2)	(2,703)	(32,972)
Disposition of treasury stock	0	0	0
Total changes of items during the fiscal year	(2)	(2,703)	(32,971)
Ending balance	(13,143)	(15,846)	(193,253)
Total shareholders' equity			
Opening balance	58,689	64,370	785,003
Change of items during the fiscal year			
Cash dividends	(2,068)	(2,340)	(28,547)
Net income	7,750	6,723	81,999
Repurchase of treasury stock	(2)	(2,703)	(32,972)
Disposition of treasury stock	0	0	0
Total changes of items during the fiscal year	5,680	1,679	20,480
Ending balance	64,370	66,049	805,483

The accompanying notes are an integral part of these financial statements.

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

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Accumulated other comprehensive income			
Net unrealized gain or loss on securities, net of tax			
Opening balance	19	(56)	(691)
Change of items during the fiscal year			
Net changes of items other than shareholders' equity	(76)	9	119
Total changes of items during the fiscal year	(76)	9	119
Ending balance	(56)	(46)	(572)
Cumulative translation adjustments			
Opening balance	(4,752)	(6,305)	(76,901)
Change of items during the fiscal year			
Net changes of items other than shareholders' equity	(1,553)	(344)	(4,201)
Total changes of items during the fiscal year	(1,553)	(344)	(4,201)
Ending balance	(6,305)	(6,650)	(81,102)
Total accumulated other comprehensive income			
Opening balance	(4,732)	(6,362)	(77,592)
Change of items during the fiscal year			
Net changes of items other than shareholders' equity	(1,629)	(334)	(4,082)
Total changes of items during the fiscal year	(1,629)	(334)	(4,082)
Ending balance	(6,362)	(6,697)	(81,674)
Total net assets			
Opening balance	53,956	58,007	707,410
Change of items during the fiscal year			
Cash dividends	(2,068)	(2,340)	(28,547)
Net income	7,750	6,723	81,999
Repurchase of treasury stock	(2)	(2,703)	(32,972)
Disposition of treasury stock	0	0	0
Net changes of items other than shareholders' equity	(1,629)	(334)	(4,082)
Total changes of items during the fiscal year	4,050	1,344	16,398
Ending balance	58,007	59,352	723,809

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

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

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities :			
Net income before income taxes	10,807	11,425	139,340
Depreciation and amortization	3,315	3,123	38,090
Impairment loss	149	80	978
Amortization of goodwill	239	112	1,366
Increase (decrease) in allowance for doubtful accounts	(56)	9	119
(Decrease) increase in accrued bonuses	1,180	(362)	(4,417)
(Decrease) increase in allowance for sales returns	40	(12)	(154)
Increase (decrease) in accrued retirement benefits for employees	(4)	126	1,541
Interest and dividend income	(142)	(95)	(1,159)
Interest expense	143	115	1,409
Exchange loss, net	1,039	424	5,171
Loss on sales and/or disposal of fixed assets	95	321	3,926
Gain on sales of investment in securities	(45)	(8)	(109)
Loss on revaluation of investments in securities	259	—	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	204	—	—
Loss on restructuring	1,453	—	—
Loss on disaster	105	—	—
Increase in accounts receivable, trade	(5,531)	(5,550)	(67,684)
(Increase) decrease in inventories	409	(1,450)	(17,694)
(Increase) decrease in work-in-progress for game software	3,246	(11,899)	(145,118)
Increase in notes and accounts payable, trade	2,264	1,720	20,978
(Increase) decrease in other current assets	57	(309)	(3,772)
Increase in other current liabilities	3,186	202	2,464
Other	913	(1,419)	(17,315)
Sub total	23,331	(3,447)	(42,038)
Interest and dividends received	141	86	1,055
Interest paid	(144)	(115)	(1,413)
Payment for settlement of litigation	(161)	—	—
Income taxes paid	(774)	(4,195)	(51,164)
Net cash (used in) provided by operating activities	22,392	(7,672)	(93,560)
Cash flows from investing activities :			
Payments into time deposits [Note 9 (1)]	—	(2,465)	(30,069)
Payment for acquisition of tangible fixed assets	(1,734)	(2,153)	(26,260)
Proceeds from sales of tangible fixed assets	1	434	5,303
Payment for acquisition of intangible assets	(429)	(527)	(6,435)
Payment for purchase of investments in securities	(12)	(12)	(152)
Proceeds from sales of investments in securities	290	47	581
Collection of loans receivable	1	0	10
Purchase of investments in subsidiaries	(482)	—	—
Payment for other investing activities	(166)	(379)	(4,624)
Proceeds from other investing activities	485	260	3,177
Net cash used in investing activities	(2,046)	(4,794)	(58,469)
Cash flows from financing activities :			
Net increase (decrease) in short - term borrowings	(12,500)	6,760	82,439
Proceeds from long-term borrowings	3,000	3,000	36,585
Repayments of long-term borrowings	(711)	(3,711)	(45,256)
Repayments of lease obligations	(640)	(418)	(5,098)
Payment for repurchase of treasury stock	(2)	(2,703)	(32,972)
Proceeds from sales of treasury stock	0	0	0
Dividends paid by parent company	(2,064)	(2,339)	(28,528)
Net cash provided by (used in) financing activities	(12,919)	587	7,169
Effect of exchange rate changes on cash and cash equivalents	(2,230)	(845)	(10,310)
Net (decrease) increase in cash and cash equivalents	5,196	(12,724)	(155,171)
Cash and cash equivalents at beginning of year	29,815	35,011	426,968
Cash and cash equivalents at end of year [Note 9 (1)]	35,011	22,287	271,796

The accompanying notes are an integral part of these financial 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 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 Financial Instruments and Exchange Act.

Each amount in the consolidated financial statements and notes is rounded down to the nearest 1 million yen (in the case of translation into U.S. dollar, it is rounded down to the nearest 1 thousand dollars).

The rate of ¥82=U.S.\$1, the approximate current rate of exchange prevailing on March 31, 2012, 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 14 majority-owned subsidiaries (all 15 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, with minor exceptions, accounted for under the equity method.

The 14 subsidiaries are as follows:

CAPCOM U.S.A., INC. (U.S.A.)
 CAPCOM GAME STUDIO VANCOUVER, INC. (Canada)
 BEELINE INTERACTIVE, INC. (U.S.A.)
 BEELINE INTERACTIVE CANADA, INC. (Canada)
 BEELINE INTERACTIVE JAPAN, INC. (Japan)
 BEELINE INTERACTIVE EUROPE LTD. (U.K.)
 CE EUROPE LTD. (U.K.)
 CEG INTERACTIVE ENTERTAINMENT GmbH (Germany)
 CAPCOM ENTERTAINMENT FRANCE SAS (France)
 CAPCOM ASIA CO., LTD. (Hong Kong)
 CAPCOM ENTERTAINMENT KOREA CO., LTD. (South Korea)
 CAPTRON CO., LTD. (Japan)
 K2 CO., LTD. (Japan)
 ENTERRISE CO., LTD. (Japan)

An affiliated company accounted for under the equity method is as follows:

STREET FIGHTER FILM, LLC (U.S.A.)

(2) Investments in securities

Available-for-sale securities whose fair values are readily determinable 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 "Net assets", 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 whose fair values are not readily determinable are stated at cost, cost being determined by the average cost method.

(3) Inventories ("Merchandise and finished goods", "Work-in-progress", "Raw materials and supplies") and "Work-in-progress for game software"

Inventories are stated at the acquisition cost, cost being principally determined by the moving average cost method.

(Inventories are stated at cost with the book value reduction method based on a decline in profitability for balance sheet carrying amounts.)

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

(Work-in-progress for game software are stated at cost with the book value reduction method based on a decline in profitability for balance sheet carrying amounts.)

(4) Tangible fixed assets, except for leased assets

Tangible fixed assets are 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, except for some subsidiaries, compute depreciation on a straight-line basis.

The primary useful lives are as follows:

Buildings and structures	3-50 years
Equipment for amusement facilities	3-20 years

(5) Intangible assets, except for leased assets

Amortization of intangible assets is computed by the straight-line method.

The amortization period, except for computer software and online game contents, is based upon the individual estimated useful lives of the assets.

The amortization period for computer software and online game contents is based upon the estimated period of internal use (3 to 5 years) and the estimated period of online game services (2 to 3 years), respectively.

(6) Leased assets

Leases that do not transfer ownership of the leased assets to the lessee. Depreciation of such leased assets is computed by the straight-line method with lease term regarded as useful lives and residual value at zero.

In the case there is any contract on guaranteed residual value for the lease, such guaranteed residual value is used as accounting residual one.

Leases that do not transfer ownership of the leased assets to the lessee as part of the lease, the contracts of which were made on or before March 31, 2008, are accounted for in a similar manner with ordinary rental transactions.

Leases that transfer ownership of the leased assets to the lessee. Depreciation methods for such leased assets are the same with those applied to the Companies-owned tangible fixed assets.

(7) Allowance for doubtful accounts

The allowance for doubtful accounts is calculated based on the prior loss experience and the estimated amount of probable individual bad debts at the fiscal year end.

This amount is considered sufficient to cover possible losses on collection.

(8) Accrued bonuses

Accrued bonuses are stated at the estimated amount of the bonus to be paid to employees based on their services provided during the fiscal year.

(9) Accrued retirement benefits for employees

The accrual for retirement benefits for employees is calculated based on the estimated amount of projected benefit obligations at the year-end.

The unrecognized net transition obligation (¥552 million (\$6,737 thousand)) is amortized over 15 years.

Unrecognized prior service liabilities are amortized over 8 years, the average remaining service period, commencing from the date on which they are incurred.

Unrecognized actuarial net gains or losses are amortized over 8 to 9 years, the average remaining service period, commencing from the following year in which they arise.

(10) Allowance for sales returns

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

(11) Amortization of goodwill

Goodwill is amortized by the straight-line method over 4 years.

In the case its amount is minor, it is amortized at one time.

(12) Cash and cash equivalents in the consolidated statements of cash flows

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.

(13) Other

Accounting for consumption taxes

Consumption taxes on goods and services are not included in the revenue and expense amounts in the accompanying consolidated statements of income.

3. Changes in presentation

(1) Consolidated statements of cash flows

Effective from the fiscal year ended March 31, 2012, cash flow relating to short-term borrowings for "Cash flows from investing activities", which was presented gross for the previous fiscal year has been presented net in order to disclose consolidated statements of cash flows more appropriately.

As a result, "Repayments of short-term borrowings" for the previous fiscal year has been presented as "Net decrease in short-term borrowings" of ¥12,500 million.

4. Additional information

Effective from the fiscal year ended March 31, 2012, the Companies have adopted "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standard Board of Japan (ASBJ) Statement No.24 issued on December 4, 2009) and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24 issued on December 4, 2009) for accounting changes and past error corrections.

5. Notes to consolidated balance sheets**(1) Accumulated depreciation of tangible fixed assets**

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Accumulated depreciation of tangible fixed assets	16,688	16,712	203,814

(Note) The above balances include the accumulated impairment loss of tangible fixed assets.

(2) Pledged assets and secured debts

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
① Pledged assets			
Buildings	4,285	3,817	46,558
Land	3,902	3,314	40,415
Total	8,187	7,131	86,973
② Secured debts			
Short-term borrowings	—	260	3,170
Long-term borrowings due within one year	700	490	5,975
Long-term borrowings	630	140	1,707
Total	1,330	890	10,853

(3) Investments in affiliated companies

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Investments in securities	0	—	—

(4) Notes that matured on the balance sheet day of the fiscal year

Although the balance sheet day for the current fiscal year was not a business day, the notes that matured on this day were treated as if they were settled on the date.

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Notes receivable	—	1	12
Notes payable	—	41	511

(5) Credit line

The Company has entered into a line of credit agreement with some banks by syndicate financing for the purpose of efficient and sustainable financing, and improvement of efficiency of funds operations and the company's financial flexibility.

The credit line under this contract and the unexercised balance at the end of the fiscal year are shown below:

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total credit line	26,500	26,500	323,170
Borrowings	—	6,500	79,268
Unexercised balance	26,500	20,000	243,902

6. Notes to consolidated statements of income

(1) Major items and the amounts under "Selling, general and administrative expenses"

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Advertising expenses	5,622	4,105	50,069
Promotion expenses	1,576	1,601	19,531
Salaries and bonuses	4,431	4,589	55,970
Depreciation and amortization	867	795	9,706
Provision for accrued bonuses	1,275	848	10,350
Commissions	1,382	1,055	12,874
Research and development expenses	2,924	2,236	27,277

(2) The breakdown of "Loss on sales and / or disposal of fixed assets"

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Buildings and structures	4	33	413
Tools, fixtures and furniture	13	11	137
Equipment for amusement facilities	71	5	66
Land	—	117	1,431
Other	4	153	1,876
Total	95	321	3,926

(3) Research and development expenses included in general and administrative expenses

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Research and development expenses	2,924	2,236	27,277

(4) Impairment loss

The assets, for which the impairment losses were recognized, are as follows.

Usage	Account	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
		Millions of yen	Millions of yen	Thousands of U.S. dollars
Assets to be disposed of	Equipment for amusement facilities	149	18	224
Assets to be disposed of	Buildings and structures	—	23	291
Assets to be disposed of	Land	—	37	462

(Previous fiscal year)

To measure an impairment, assets are principally grouped based on business segments such as "Consumer online games", "Arcade operations", etc. Whereas, rental assets, idle assets and online game contents are evaluated as separate groups. The Companies made a decision on changing some business policies to a few stores in the "Arcade operations" business. As a result of the decision, the Companies did not make sure of recoverabilities of the book value of the assets to be disposed of and recognized the impairment loss as shown above. The recoverable value for the assets to be disposed of was estimated at zero.

(Current fiscal year)

To measure an impairment, assets are principally grouped based on business segments such as "Consumer online games", "Arcade operations", etc. Whereas, rental assets, idle assets, assets to be disposed and online game contents are evaluated as separate groups. The Companies made a decision on changing some business policies and disposing of some assets. As a result of the decision, the Companies did not make sure of recoverabilities of the book value of the assets to be disposed of and recognized the impairment loss as shown above. The recoverable value for the assets to be sold was computed based on their net realizable value, which was appraised by a real estate appraiser, and that for those to be otherwise disposed of was estimated at zero.

(5) Loss on restructuring

① Previous fiscal year (From April 1, 2010 to March 31, 2011)

The Companies examined profitability for each business segment, and restructured the developmental organization of the online game business etc. As a result, the Companies wrote down some of the assets and booked ¥1,453 million of loss on restructuring.

② Current fiscal year (From April 1, 2011 to March 31, 2012)

Not applicable

7. Notes to consolidated statements of comprehensive income**Current fiscal year (From April 1, 2011 to March 31, 2012)**

(1) Amount of recycling and income tax effect associated with other comprehensive income

	Millions of yen	Thousands of U.S. dollars
Net unrealized gain or loss on securities		
Amount arising during the current fiscal year	18	227
Amount of recycling	(8)	(108)
Net gain before income tax effect	9	119
Income tax effect	—	—
Net unrealized gain or loss on securities, net of tax	9	119
Cumulative translation adjustment		
Amount arising during the current fiscal year	(344)	(4,201)
Total other comprehensive income	(334)	(4,082)

8. Notes to consolidated statements of changes in net assets

Previous fiscal year (From April 1, 2010 to March 31, 2011)

(1) Number of outstanding shares

Type of share	Number of shares as of April 1, 2010	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2011
Common stock (thousand shares)	67,723	—	—	67,723

(Note) No change in the number of shares during the previous fiscal year

(2) Number of treasury stocks

Type of share	Number of shares as of April 1, 2010	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2011
Common stock (thousand shares)	8,636	1	0	8,637

(Note) The reason for the increase in the number of shares is as follows.

Increase due to purchase of less-than-one-unit shares 1 thousands shares

(3) Dividend

① Amount of dividends paid

Resolution	Type of share	Amount of dividends	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 18, 2010	Common stock	¥1,181 million	20	March 31, 2010	June 21, 2010 (Effective after the meeting)
Board of directors' meeting held on October 28, 2010	Common stock	¥886 million	15	September 30, 2010	November 19, 2010

② Dividends whose effective date was to be after the end of previous fiscal year and record date was included in the previous fiscal year.

Resolution	Type of share	Amount of dividends	Source of dividends	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 17, 2011	Common stock	¥1,477 million	Retained earnings	25	March 31, 2011	June 20, 2011

Current fiscal year (From April 1, 2011 to March 31, 2012)

(1) Number of outstanding shares

Type of share	Number of shares as of April 1, 2011	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2012
Common stock (thousand shares)	67,723	—	—	67,723

(Note) No change in the number of shares during the current fiscal year

(2) Number of treasury stocks

Type of share	Number of shares as of April 1, 2011	Increase in the number of shares	Decrease in the number of shares	Number of shares as of March 31, 2012
Common stock (thousand shares)	8,637	1,501	0	10,138

(Note) The reasons for the increase in the number of shares are as follows.

Increase due to purchase of treasury stocks	1,500 thousand shares
Increase due to purchase of less-than-one-unit shares	1 thousand shares

(3) Dividend

① Amount of dividends paid

Resolution	Type of share	Amount of dividends	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 17, 2011	Common stock	¥1,477 million	25	March 31, 2011	June 20, 2011
Board of directors' meeting held on October 26, 2011	Common stock	¥863 million	15	September 30, 2011	November 17, 2011

Resolution	Type of share	Amount of dividends	Dividend per share (U.S. dollars)	Record date	Effective date
General shareholders' meeting held on June 17, 2011	Common stock	\$18,013 thousand	0.30	March 31, 2011	June 20, 2011
Board of directors' meeting held on October 26, 2011	Common stock	\$10,533 thousand	0.18	September 30, 2011	November 17, 2011

② Dividends whose effective date was to be after the end of current fiscal year and record date was included in the current fiscal year.

Resolution	Type of share	Amount of dividends	Source of dividends	Dividend per share (yen)	Record date	Effective date
General shareholders' meeting held on June 15, 2012	Common stock	¥1,439 million	Retained earnings	25	March 31, 2012	June 18, 2012

Resolution	Type of share	Amount of dividends	Source of dividends	Dividend per share (U.S. dollars)	Record date	Effective date
General shareholders' meeting held on June 15, 2012	Common stock	\$17,556 thousand	Retained earnings	0.30	March 31, 2012	June 18, 2012

9. Notes to consolidated statements of cash flows

(1) Cash and cash equivalents at end of year

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash on hand and in banks	35,011	24,752	301,865
Time deposits with maturities over three months	—	(2,465)	(30,069)
Cash and cash equivalents	35,011	22,287	271,796

(2) Significant non-cash transactions during the fiscal year

	Previous fiscal year (From April 1, 2010 to March 31, 2011) Millions of yen	Current fiscal year (From April 1, 2011 to March 31, 2012) Millions of yen	Current fiscal year (From April 1, 2011 to March 31, 2012) Thousands of U.S. dollars
Acquisition of leased assets	590	321	3,917

10. Accounting for leases

(1) Capital leases that do not transfer ownership of the leased assets to lessees, the contracts of which were made on or before March 31, 2008.

The note is omitted due to the minor of the total amount.

(2) Capital leases, the contracts of which were made on or after April 1, 2008.

① Capital leases that transfer ownership of the leased assets to lessees

• Leased assets:

Intangible assets

Major assets are software for the business segment of "Amusement equipments".

• Depreciation method:

See "(6) Leased assets of 2. Significant accounting policies".

② Capital leases that do not transfer ownership of the leased assets to lessees

• Leased assets:

Tangible fixed assets

Major assets are equipment for amusement facilities for the business segment of "Arcade operations".

• Depreciation method:

See "(6) Leased assets of 2. Significant accounting policies".

(3) Operating leases

① Future lease payments

	Previous fiscal year (From April 1, 2010 to March 31, 2011) Millions of yen	Current fiscal year (From April 1, 2011 to March 31, 2012) Millions of yen	Current fiscal year (From April 1, 2011 to March 31, 2012) Thousands of U.S. dollars
Due within one year	212	272	3,317
Due over one year	410	876	10,683
Total	622	1,148	14,001

(For impairment loss)

No impairment losses were recognized for leased assets.

11. Financial instruments

① Conditions of financial instruments

(1) Management policy

The Companies' fund management policy is to invest in financial instruments that have high levels of safety concerning the repayment of the principal and the receipt of the interest, taking safety, liquidity (negotiability, marketability) and profitability into consideration.

The Companies raise funds through borrowings from financial institutions, such as banks etc.

The Companies also utilize derivative financial instruments in order to hedge foreign currency exchange risk and interest fluctuation rate risk, and do not enter into derivative financial instruments for speculative purposes.

(2) Financial instruments, risks, and risk management

Notes and accounts receivable, trade are exposed to credit risk of customers. To minimize such risk, the Companies regularly monitor credit status of major customers as well as perform due date control and balance control for each customer according to importance of business in accordance with credit exposure management rules.

The investments in securities the Company holds mainly consist of listed equity securities of its business partners. These securities are exposed to stock price volatility risk. To minimize such risk, the Company states the fair value of these securities on a quarterly basis to report it to the board of directors' meeting.

As for notes and accounts payable, trade, due date of payment is within one year.

Short-term borrowings are mainly for fund raising related to normal operating activities, and long-term borrowings are mainly for fund raising related to capital investments.

Notes and accounts payable, trade and borrowings are exposed to liquidity risk. The Companies minimize such risk by forecasting cash flows on a monthly basis.

(3) Supplemental information on fair value of financial instruments

Not applicable

② Fair value of financial instruments

The carrying value on the consolidated balance sheets, fair value, and differences are as follows.

(1) Previous fiscal year (As of March 31, 2011)

	Millions of yen		
	Carrying value	Fair value	Difference
(1) Cash on hand and in banks	35,011	35,011	—
(2) Notes and accounts receivable, trade	11,700	11,700	—
(3) Lease deposits	4,741	4,637	(104)
Total	51,453	51,349	(104)
(1) Notes and accounts payable, trade	5,665	5,665	—
(2) Short-term borrowings	3,711	3,711	—
(3) Long-term borrowings	3,644	3,619	(24)
Total	13,021	12,996	(24)

(2) Current fiscal year (As of March 31, 2012)

	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Fair value	Difference	Carrying value	Fair value	Difference
(1) Cash on hand and in banks	24,752	24,752	—	301,865	301,865	—
(2) Notes and accounts receivable, trade	17,285	17,285	—	210,799	210,799	—
(3) Lease deposits	4,522	4,470	(52)	55,156	54,516	(640)
Total	46,561	46,508	(52)	567,822	567,182	(640)
(1) Notes and accounts payable, trade	7,257	7,257	—	88,505	88,505	—
(2) Short-term borrowings	7,259	7,259	—	88,528	88,528	—
(3) Long-term borrowings	6,145	6,151	6	74,943	75,018	75
Total	20,662	20,668	6	251,977	252,052	75

(Note 1) Fair value measurement of financial instruments

Assets

(1) Cash on hand and in banks and (2) Notes and accounts receivable, trade
The fair value is assumed to be the same with carrying value, as it approximates fair value because of the short maturity of these instruments.

(3) Lease deposits
The fair value is measured at the present value of future cash flows discounted using the yield of a national government bond according to periods until repayments.

Liabilities

(1) Notes and accounts payable, trade and (2) Short-term borrowings
The fair value is assumed to be the same with carrying value, as it approximates fair value because of the short maturity of these instruments.

(3) Long-term borrowings

The fair value of long-term borrowings with variable interest rates is measured at carrying value, as it approximates fair value. (The market interest rate fluctuation is reflected in the variable interest rate in short term and the credit status of the Company does not change remarkably after raising funds through long-term borrowings with variable interest rate.)

The fair value of long-term borrowings with fixed rate is measured at the present value of future cash flow (principal plus interest) discounted using the assumed interest rate of similar type of new borrowings.

(Note 2) Redemption schedule for monetary assets with maturity date subsequent to the consolidated balance sheets date

(1) Previous fiscal year (As of March 31, 2011)

	Millions of yen			
	April 1, 2011 to March 31, 2012	April 1, 2012 to March 31, 2016	April 1, 2016 to March 31, 2021	April 1, 2021 and thereafter
(1) Cash on hand and in banks	35,011	—	—	—
(2) Notes and accounts receivable, trade	11,700	—	—	—
(3) Lease deposits	671	3,247	530	291
Total	47,383	3,247	530	291

(2) Current fiscal year (As of March 31, 2012)

	Millions of yen				Thousands of U.S. dollars			
	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2017	April 1, 2017 to March 31, 2022	April 1, 2022 and thereafter	April 1, 2012 to March 31, 2013	April 1, 2013 to March 31, 2017	April 1, 2017 to March 31, 2022	April 1, 2022 and thereafter
(1) Cash on hand and in banks	24,752	—	—	—	301,865	—	—	—
(2) Notes and accounts receivable, trade	17,285	—	—	—	210,799	—	—	—
(3) Lease deposits	1,552	2,531	434	4	18,932	30,871	5,303	49
Total	43,591	2,531	434	4	531,598	30,871	5,303	49

12. Investments in securities

(1) Available-for-sale securities with a readily determinable fair value

① Previous fiscal year (As of March 31, 2011)

Classification	Millions of yen		
	Carrying value	Acquisition cost	Difference
Securities with book value exceeding their acquisition cost			
(1) Equity securities	102	78	24
(2) Bonds	—	—	—
(3) Others	—	—	—
Sub - total	102	78	24
Securities with book value not exceeding their acquisition cost			
(1) Equity securities	240	321	(80)
(2) Bonds	—	—	—
(3) Others	—	—	—
Sub - total	240	321	(80)
Total	343	399	(56)

② Current fiscal year (As of March 31, 2012)

Classification	Millions of yen			Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Difference	Carrying value	Acquisition cost	Difference
Securities with book value exceeding their acquisition cost						
(1) Equity securities	55	39	15	672	482	190
(2) Bonds	—	—	—	—	—	—
(3) Others	—	—	—	—	—	—
Sub - total	55	39	15	672	482	190
Securities with book value not exceeding their acquisition cost						
(1) Equity securities	271	334	(62)	3,311	4,073	(762)
(2) Bonds	—	—	—	—	—	—
(3) Others	—	—	—	—	—	—
Sub - total	271	334	(62)	3,311	4,073	(762)
Total	326	373	(46)	3,984	4,556	(572)

(2) Investments in securities sold during the fiscal year

① Previous fiscal year (From April 1, 2010 to March 31, 2011)

Classification	Millions of yen		
	Amount of sales	Total gain on sales	Total loss on sales
(1) Equity securities	290	45	—
(2) Bonds	—	—	—
(3) Others	—	—	—
Total	290	45	—

② Current fiscal year (From April 1, 2011 to March 31, 2012)

Classification	Millions of yen			Thousands of U.S. dollars		
	Amount of sales	Total gain on sales	Total loss on sales	Amount of sales	Total gain on sales	Total loss on sales
(1) Equity securities	47	8	—	580	108	—
(2) Bonds	—	—	—	—	—	—
(3) Others	—	—	—	—	—	—
Total	47	8	—	580	108	—

(3) Investments in securities impaired during the fiscal year

The acquisition cost on the “(1) Available-for-sale securities with a readily determinable fair value” is the book value after impairment.

① Previous fiscal year (From April 1, 2010 to March 31, 2011)

During the previous fiscal year, the Companies booked “Loss on revaluation of investments in securities” of ¥259 million.

② Current fiscal year (From April 1, 2011 to March 31, 2012)

Not applicable

In regards to the impairment of stocks, impairment is recorded when the fair value of the stock falls below 50% of its cost at the end of the fiscal year.

In addition, unless the stock is recognized to have the potential for recovery, impairment is recorded when the rate of stock price decline is between 30% and 50% at the end of the fiscal year.

The recognition of impairment is determined after investigating related factors comprehensively.

Among those factors are the comparison of the gap between market prices for a certain period and acquired prices, understanding of average market value of securities, and examination of various financial analysis data of listed companies.

13. Retirement benefits for employees

(1) Summary of retirement benefit plan

The Company and its domestic subsidiaries have unfunded lump-sum benefit plans and defined contribution pension plans, which have replaced the conventional funded non-contributory pension plans since 1st January, 2011. Some foreign subsidiaries have defined contribution pension plans.

(2) Accrued retirement benefits

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
A. Projected benefit obligations	(1,459)	(1,798)	(21,931)
B. Fair value of plan assets	—	—	—
C. Unfunded benefit obligations (A+B)	(1,459)	(1,798)	(21,931)
D. Unrecognized transition obligations	63	47	577
E. Unrecognized actuarial differences	106	321	3,925
F. Unrecognized prior service liabilities	(94)	(80)	(982)
G. Accrued pension liabilities recognized in the consolidated balance sheet (C+D+E+F)	(1,383)	(1,509)	(18,412)
H. Prepaid pension expenses	—	—	—
I. Accrued retirement benefits for employees (G - H)	(1,383)	(1,509)	(18,412)

(Note) Some subsidiaries apply a simplified method of computing pension liabilities.
The effect of the change of the retirement benefits plans was as follows.

	Millions of yen
Decrease in projected benefit obligations	1,334
Decrease in plan assets	(955)
Decrease in unrecognized transition obligations	(89)
Decrease in unrecognized actuarial differences	(149)
Decrease in unrecognized prior service liabilities	—
Decrease in accrued retirement benefits for employees	139

The total amount of the plan assets transferred to the defined contribution pension plans was ¥955 million

(3) Retirement and pension cost

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
A. Service costs	221	123	1,503
B. Interest costs	30	16	200
C. Expected return on plan assets	(17)	—	—
D. Amortization of transition obligations	31	15	192
E. Amortization of actuarial differences	44	15	186
F. Amortization of prior service liabilities	(3)	(13)	(163)
G. Net periodic benefit costs (A+B+C+D+E+F)	306	157	1,918
H. Net gain on the change of the retirement benefits plans	(139)	—	—
I. Other	58	193	2,356
J. Total (G+H+I)	225	350	4,275

(Note) 1. Retirement cost for some subsidiaries which have adopted the simplified method are included in the "Service costs".

2. "Other" means the contribution to the defined contribution pension plans.

(4) Assumptions used in calculation of retirement benefits for employees

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)
A. Method of attributing projected benefits to periods of service	Straight-line	Straight-line
B. Discount rate	1.5%	1.5%
C. Long-term rate of return on plan assets	2.5%	—
D. Amortization period for prior service liabilities	8 years (based on the straight-line method over the average estimated service years of employees)	8 years The same method with the previous fiscal year
E. Amortization period for actuarial differences	9 years (based on the straight-line method over the average estimated service years of employees from the next fiscal period of year when the differences are computed)	8 to 9 years The same method with the previous fiscal year
F. Amortization period for transition obligations	15 years	15 years

14. Accounting for income taxes

(1) Significant components of deferred tax assets and liabilities

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
(Deferred tax assets)			
Allowance for doubtful accounts	233	14	179
Accrued bonuses	835	754	9,199
Accrued retirement benefits for employees	559	534	6,516
Accrued retirement benefits for directors	166	141	1,725
Inventories	2,947	2,247	27,405
Prepaid expenses	273	118	1,442
Tax loss carry-forwards in the subsidiaries	416	252	3,081
Investments in subsidiaries and affiliated companies	224	196	2,395
Depreciation	84	117	1,436
Impairment loss	140	108	1,326
Unearned revenue	555	440	5,369
Other	1,612	1,565	19,091
Sub-total	8,051	6,491	79,168
Valuation allowance	(1,262)	(1,200)	(14,634)
Total deferred tax assets	6,789	5,291	64,534
(Deferred tax liabilities)			
Tax-deductible inventories for a foreign subsidiary	(629)	(367)	(4,484)
Other	(62)	(9)	(115)
Total deferred tax liabilities	(692)	(377)	(4,600)
Net deferred tax assets	6,097	4,914	59,933
Net deferred tax assets are reflected in the consolidated balance sheets as follows.			
Current assets—deferred tax assets	5,210	4,239	51,702
Non current assets—deferred tax assets	1,150	908	11,073
Current liabilities—deferred tax liabilities	(30)	(7)	(95)
Non current liabilities—deferred tax liabilities	(232)	(225)	(2,746)
Total	6,097	4,914	59,933

(2) Reconciliation of the difference between the statutory tax rate and the effective income tax rate

	Previous fiscal year	Current fiscal year
	(As of March 31, 2011)	(As of March 31, 2012)
	%	%
Statutory income tax rate	40.6	—
(Reconciliation)		
Change in valuation allowance	(13.1)	—
Tax credit	0.5	—
Amortization of goodwill	0.9	—
Different tax rates applied to foreign subsidiaries	(1.2)	—
Permanent difference (meals and entertainment etc.)	0.7	—
Unappropriated retained earnings of foreign subsidiaries	0.4	—
Tax adjustments resulting from consolidation elimination entries etc.	0.4	—
Others	(0.9)	—
Effective income tax rate	28.3	—

(Note) The note is omitted due to the minor of the difference between the two rates.

(3) Change in deferred tax assets and liabilities due to change of corporate tax rate

The "Amendment to the 2011 Tax Reform" and the "Special Measures to Secure the Financial Resources to Implement the Restoration from the Tohoku Earthquake" were promulgated.

In response to that, the Company and its domestic subsidiaries changed their statutory income tax rate to compute the deferred tax assets and the deferred tax liabilities as of March 31, 2012 which were expected to be realized or settled on and after April 1, 2012 from 40.6% for the previous fiscal year to 37.9% and 35.5% for items expected to be realized or settled between April 1, 2012 and March 31, 2015 and those on or after April 1, 2015, respectively. As a result, the balance of deferred tax assets (net of deferred tax liabilities) decreased by ¥312 million (\$3,814 thousand) and the amount of income tax - deferred increased by ¥312 million (\$3,814 thousand) for the current fiscal year.

15. Business combinations

The note is omitted due to the minor of the total amount.

16. Asset retirement obligations

Asset retirement obligations on the balance sheet.

① Outline of asset retirement obligations

Obligations etc. to restore business offices and amusement facilities in the business of "Arcade operations" to their original state, which are specified in the real estate lease agreements.

② Calculation of asset retirement obligations

Asset retirement obligations are calculated with the future cash flows discounted.

For the business offices, their depreciation periods (mainly 15 years) are regarded as their estimated periods of use and the yields of the national government bonds, which correspond to respective depreciation periods are used as their discount rates (mainly 1.885%).

For the amusement facilities, their lease periods (mainly 6 to 10 years) are regarded as their estimated periods of use and the yields of the national government bonds, which corresponds to respective lease periods are used as their discount rates (mainly 0.723 to 1.395%).

③ Increase or decrease in the asset retirement obligations

	Previous fiscal year	Current fiscal year	Current fiscal year
	(From April 1, 2010 to March 31, 2011)	(From April 1, 2011 to March 31, 2012)	(From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Opening balance (Note)	309	340	4,157
Increase due to purchase of tangible fixed assets	—	—	—
Adjustment due to passage of time	31	4	58
Decrease due to settlement of asset retirement obligations	—	(0)	(11)
Ending balance	340	344	4,203

(Note) The opening balance for the previous fiscal year was booked in accordance with "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18 issued on March 31, 2008) and "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21 issued on March 31, 2008), which the Companies have adopted effective from the fiscal year ended March 31, 2011.

17. Investment and rental property

The note is omitted due to the minor of the total amount.

18. Segment information

1. Outline of reportable segment

The business segments the Company reports are the business units for which the Company is able to obtain individual financial information separately in order for the board of directors to conduct periodic investigation to determine distribution of operational resources and evaluate their business performance.

The Company has several operational headquarters, which plan comprehensive business strategies in domestic and overseas markets for their products and services, and develops its business activities.

Therefore the Company's reportable segments are based on the products and services its operational headquarters deal in and are composed of the following 4 units; "Consumer online games", "Mobile contents", "Arcade operations" and "Amusement equipments".

"Consumer online games" develops and distributes video games for consumers.

"Mobile contents" develops mobile games to be distributed to mobile phone users.

"Arcade operations" operates amusement stores which install amusement equipments.

"Amusement equipments" manufactures arcade game machines and pachinko gambling machines etc. to be distributed to arcade operators and pachinko parlors.

2. Method of calculating sales and income (loss), identifiable assets and liabilities, and other items by reportable segment

The accounting procedure for the reportable segment is based on "Significant accounting policies".

Income by reportable segment is calculated based on operating income on the consolidated statements of income.

3. Information on net sales and operating income (loss), identifiable assets and liabilities, and other items by reportable segment

① Previous fiscal year (From April 1, 2010 to March 31, 2011)

	Millions of yen								
	Reportable segment				Total	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
Consumer online games	Mobile contents	Arcade operations	Amusement equipments						
Net sales									
(1) Customers	70,269	4,028	11,621	7,903	93,823	3,893	97,716	—	97,716
(2) Inter-segment	—	—	—	—	—	—	—	—	—
Total	70,269	4,028	11,621	7,903	93,823	3,893	97,716	—	97,716
Operating income	12,499	1,366	1,131	2,638	17,636	1,098	18,734	(4,439)	14,295
Identifiable assets	30,038	1,936	8,668	9,136	49,779	2,767	52,547	37,861	90,408
Other items									
Depreciation	591	52	1,708	127	2,480	263	2,743	571	3,315
Increase in tangible and intangible fixed assets	1,404	86	926	171	2,588	115	2,703	54	2,758

(Note) 1. "Other" incorporates operations not included in reportable segments, including character contents business etc.

2. Adjustments are as follows.

(1) Adjustments of operating income of (¥4,439) million include unallocated corporate operating expenses of (¥4,439) million. The corporate operating expenses, which do not belong to any reportable segments mainly consist of administrative expenses.

(2) Adjustments of identifiable assets of ¥37,861 million include unallocated corporate identifiable assets of ¥37,966 million.

(3) Adjustments of increase in tangible and intangible fixed assets of ¥54 million are capital investment by headquarters.

3. Operating income for segment is adjusted on operating income on the consolidated statements of income.

② Current fiscal year (From April 1, 2011 to March 31, 2012)

	Millions of yen								
	Reportable segment				Total	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Consumer online games	Mobile contents	Arcade operations	Amusement equipments					
Net sales									
(1) Customers	53,501	6,308	11,729	7,663	79,202	2,862	82,065	—	82,065
(2) Inter-segment	—	—	—	—	—	—	—	—	—
Total	53,501	6,308	11,729	7,663	79,202	2,862	82,065	—	82,065
Operating income	10,502	2,385	1,787	890	15,566	877	16,444	(4,125)	12,318
Identifiable assets	48,559	2,983	8,006	8,294	67,844	2,931	70,776	27,471	98,247
Other items									
Depreciation	696	50	1,380	114	2,242	276	2,518	605	3,123
Increase in tangible and intangible fixed assets	1,830	501	936	232	3,500	509	4,009	143	4,153

	Thousands of U.S. dollars								
	Reportable segment				Total	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated total (Note 3)
	Consumer online games	Mobile contents	Arcade operations	Amusement equipments					
Net sales									
(1) Customers	652,461	76,930	143,040	93,456	965,888	34,912	1,000,801	—	1,000,801
(2) Inter-segment	—	—	—	—	—	—	—	—	—
Total	652,461	76,930	143,040	93,456	965,888	34,912	1,000,801	—	1,000,801
Operating income	128,081	29,096	21,797	10,861	189,837	10,704	200,541	(50,315)	150,226
Identifiable assets	592,191	36,387	97,641	101,153	827,373	35,750	863,123	335,017	1,198,141
Other items									
Depreciation	8,491	618	16,837	1,395	27,342	3,367	30,710	7,380	38,090
Increase in tangible and intangible fixed assets	22,324	6,112	11,420	2,829	42,687	6,209	48,896	1,750	50,647

(Note) 1. "Other" incorporates operations not included in reportable segments, including character contents business etc.

2. Adjustments are as follows.

(1) Adjustments of operating income of (¥4,125) million ((\$50,315) thousand) include unallocated corporate operating expenses of (¥4,125) million ((\$50,315) thousand). The corporate operating expenses, which do not belong to any reportable segments mainly consist of administrative expenses.

(2) Adjustments of identifiable assets of ¥27,471 million (\$335,017 thousand) include unallocated corporate identifiable assets of ¥27,471 million (\$335,017 thousand).

(3) Adjustments of increase in tangible and intangible fixed assets of ¥143 million (\$1,750 thousand) are capital investment by headquarters.

3. Operating income for segment is adjusted on operating income on the consolidated statements of income.

[Related information]

1. Information by product and service line

The Company's reportable segments are based on the products and services its operational headquarters deal in, and the details are as shown on "Sales (1) Customers" of "3. Information on net sales and operating income (loss), identifiable assets, and other items by reportable segment".

2. Information by country or region

(1) Net sales

① Previous fiscal year (From April 1, 2010 to March 31, 2011)

	Millions of yen				
	Japan	North America	Europe	Other regions	Total
Net sales	65,017	20,986	9,106	2,606	97,716

② Current fiscal year (From April 1, 2011 to March 31, 2012)

	Millions of yen					Thousands of U.S. dollars				
	Japan	North America	Europe	Other regions	Total	Japan	North America	Europe	Other regions	Total
Net sales	56,311	17,334	5,623	2,796	82,065	686,727	211,396	68,575	34,102	1,000,801

(Note) 1. The sales amounts are classified by country or region where customers are located.

2. Countries or regions that are not in Japan.

(1) North America.....United States of America

(2) Europe.....European countries

(3) Other regions.....Asia and others

(2) Tangible fixed assets

The information is omitted as the balance of tangible fixed assets in Japan exceeded 90% or more of the total balance of tangible fixed assets of the consolidated balance sheet.

3. Information by major customer

The information is omitted as the Companies did not have any major customers the sales amount of which accounted for 10% or more of the total sales amount of the consolidated statement of income.

[Impairment loss by reportable segment]

(1) Previous fiscal year (From April 1, 2010 to March 31, 2011)

	Millions of yen				
	Reportable segment		Other	Corporate or elimination	Total
	Arcade operations	Sub-total			
Impairment loss	149	149	—	—	149

(2) Current fiscal year (From April 1, 2011 to March 31, 2012)

	Millions of yen					Thousands of U.S. dollars				
	Reportable segment		Other	Corporate or elimination	Total	Reportable segment		Other	Corporate or elimination	Total
	Arcade operations	Sub-total				Arcade operations	Sub-total			
Impairment loss	80	80	—	—	80	978	978	—	—	978

[Amortization and balance of goodwill by reportable segment]

(1) Previous fiscal year (From April 1, 2010 to March 31, 2011)

	Millions of yen				Total
	Reportable segment		Other	Corporate or elimination	
	Consumer online games	Sub-total			
Amortization	239	239	—	—	239
Balance	412	412	—	—	412

(2) Current fiscal year (From April 1, 2011 to March 31, 2012)

	Millions of yen					Thousands of U.S. dollars				
	Reportable segment		Other	Corporate or elimination	Total	Reportable segment		Other	Corporate or elimination	Total
	Consumer online games	Sub-total				Consumer online games	Sub-total			
Amortization	112	112	—	—	112	1,366	1,366	—	—	1,366
Balance	291	291	—	—	291	3,553	3,553	—	—	3,553

[Negative goodwill by reportable segment](1) Previous fiscal year (From April 1, 2010 to March 31, 2011)
Not applicable**(2) Current fiscal year (From April 1, 2011 to March 31, 2012)**
Not applicable**19. Related party transactions**(1) Previous fiscal year (From April 1, 2010 to March 31, 2011)
Not applicable**(2) Current fiscal year (From April 1, 2011 to March 31, 2012)**
Not applicable**20 . Per share information**

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Yen	Yen	U.S. dollars
Net assets per share	981.76	1,030.70	12.57
Net income per share	131.18	116.10	1.42

(Note) 1. The diluted net income per share for the current fiscal year is omitted as the Companies have no residual securities.

2. The basis for computation of net assets per share is as follows.

	Previous fiscal year (As of March 31, 2011)	Current fiscal year (As of March 31, 2012)	Current fiscal year (As of March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Total amount of net assets	58,007	59,352	723,809
Amounts to be deducted from total amount of net assets	—	—	—
Ending balance of net assets attributable to common stock	58,007	59,352	723,809
Number of common stocks used for computation of net assets per share (thousand shares)	59,085	57,584	57,584

3. The basis for computation of net income per share is as follows.

	Previous fiscal year (From April 1, 2010 to March 31, 2011)	Current fiscal year (From April 1, 2011 to March 31, 2012)	Current fiscal year (From April 1, 2011 to March 31, 2012)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Net income	7,750	6,723	81,999
Amount not allocated to common stock	—	—	—
Net income allocated to common stock	7,750	6,723	81,999
Average number of common stock outstanding during the fiscal year (thousand shares)	59,086	57,913	57,913

21. Significant subsequent events

Not applicable

22. Supplemental schedule of bonds

Not applicable

23. Supplemental schedule of borrowings

Category	Balance as of April 1, 2011 (¥ million)	Balance as of March 31, 2012 (¥ million)	Average interest rate (%)	Date of maturity
Short-term borrowings	—	6,760	0.5	—
Current portion of long-term borrowings due within one year	3,711	499	1.2	—
Current portion of lease obligations	507	322	1.5	—
Long-term borrowings (Excluding current portion)	3,644	6,145	0.7	From 2013 to 2015
Lease obligations (Excluding current portion)	461	429	1.5	From 2013 to 2017
Other interest-bearing debt	—	—	—	—
Total	8,324	14,156	—	—

Category	Balance as of April 1, 2011 (\$ thousand)	Balance as of March 31, 2012 (\$ thousand)	Average interest rate (%)	Date of maturity
Short-term borrowings	—	82,439	0.5	—
Current portion of long-term borrowings due within one year	45,256	6,089	1.2	—
Current portion of lease obligations	6,188	3,937	1.5	—
Long-term borrowings (Excluding current portion)	44,447	74,943	0.7	From 2013 to 2015
Lease obligations (Excluding current portion)	5,625	5,235	1.5	From 2013 to 2017
Other interest-bearing debt	—	—	—	—
Total	101,518	172,644	—	—

(Note) 1. The average interest rate represents the weighted-average rate applicable to the ending balance.

2. The following table shows the aggregate annual maturities of Long-term borrowings and lease obligation for 5 years subsequent to March 31, 2013 (excluding the current portion).

	Due after 1 year but within 2 years (¥ million)	Due after 2 years but within 3 years (¥ million)	Due after 3 years but within 4 years (¥ million)	Due after 4 years but within 5 years (¥ million)
Long-term borrowings	144	3,000	3,000	—
Lease obligations	230	128	48	21

	Due after 1 year but within 2 years (\$ thousand)	Due after 2 years but within 3 years (\$ thousand)	Due after 3 years but within 4 years (\$ thousand)	Due after 4 years but within 5 years (\$ thousand)
Long-term borrowings	1,763	36,594	36,585	—
Lease obligations	2,814	1,572	585	263

24. Supplemental schedule of asset retirement obligations

The note is omitted because the balance of the asset retirement obligations as of the beginning and that as of the end of the current fiscal year were 1 % or less than the total balance of the liabilities and the net assets as of the beginning and that as of the end of the current fiscal year, respectively.

25. Supplemental schedule of other

Quarterly sales etc. for the current fiscal year

	1st quarter (From April 1, 2011 to June 30, 2011)	2nd quarter (From April 1, 2011 to September 30, 2011)	3rd quarter (From April 1, 2011 to December 31, 2011)	4th quarter (From April 1, 2011 to March 31, 2012)
Net sales (¥ million)	11,963	29,252	50,270	82,065
Net income before income taxes (¥ million)	540	1,796	5,707	11,425
Net income (¥ million)	338	906	3,242	6,723
Net income per share (yen)	5.75	15.56	55.88	116.10

	1st quarter (From April 1, 2011 to June 30, 2011)	2nd quarter (From April 1, 2011 to September 30, 2011)	3rd quarter (From April 1, 2011 to December 31, 2011)	4th quarter (From April 1, 2011 to March 31, 2012)
Net sales (\$ thousand)	145,776	356,736	613,052	1,000,801
Net income before income taxes (\$ thousand)	6,586	21,903	69,605	139,340
Net income (\$ thousand)	4,126	11,054	39,541	81,999
Net income per share (U.S. dollars)	0.07	0.19	0.68	1.42

	1st quarter (From April 1, 2011 to June 30, 2011)	2nd quarter (From July 1, 2011 to September 30, 2011)	3rd quarter (From October 1, 2011 to December 31, 2011)	4th quarter (From January 1, 2012 to March 31, 2012)
Net income per share (yen)	5.75	9.86	40.57	60.46

	1st quarter (From April 1, 2011 to June 30, 2011)	2nd quarter (From July 1, 2011 to September 30, 2011)	3rd quarter (From October 1, 2011 to December 31, 2011)	4th quarter (From January 1, 2012 to March 31, 2012)
Net income per share (U.S. dollars)	0.07	0.12	0.49	0.74

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of CAPCOM CO., LTD. ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2012, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2012, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2012 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.



July 30, 2012

PricewaterhouseCoopers Aarata

BREEZE TOWER 24th Floor, 2-4-9 Umeda, Kita-ku, Osaka-shi, Osaka 530-0001, Japan
T: +81(6)6442 3150, F: +81(6)6442 3151, www.pwc.com/jp/assurance