

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2016	
For the Year:	Millions of yen					Millions of yen							Thousands of U.S. dollars
Net sales	¥ 70,253	¥ 74,542	¥ 83,097	¥ 91,878	¥ 66,837	¥ 97,716	¥ 82,065	¥ 94,075	¥ 102,200	¥ 64,277	¥ 77,021	\$ 687,695	
Operating income	6,580	9,602	13,121	14,618	5,587	14,295	12,318	10,151	10,299	10,582	12,029	107,408	
Net income (loss) before income taxes	6,912	9,986	11,962	12,448	1,124	10,807	11,425	3,719	5,315	10,701	11,150		
Net income attributable to owners of the parent	6,941	5,852	7,807	8,063	2,167	7,750	6,723	2,973	3,444	6,616	7,745	69,156	
Depreciation & amortization	1,936	2,774	3,393	4,143	3,368	3,315	3,123	3,406	4,638	3,535	5,712	51,003	
Capital expenditures	1,600	4,495	4,503	2,906	2,205	2,758	4,153	8,724	8,064	10,177		73,879	
R&D expenses	1,864	1,828	2,972	2,329	2,125	2,924	2,236	1,982	2,002	823	1,073	9,588	
At Year-End:	Millions of yen					Millions of yen							Thousands of U.S. dollars
Total assets	¥ 98,457	¥ 91,478	¥ 93,606	¥ 106,210	¥ 86,621	¥ 90,408	¥ 98,247	¥ 104,365	¥ 96,611	¥ 100,773	¥ 113,057	\$ 1,009,441	
Net assets	39,464	45,144	53,660	59,349	53,956	58,007	59,352	62,828	63,875	71,331	75,168	671,150	
Net cash	(678)	9,200	13,061	7,378	12,299	27,655	11,348	14,327	22,670	21,212	15,821	141,259	
Developer numbers	705	728	809	1,047	1,132	1,339	1,455	1,623	1,808	1,902			
Cash Flows:	Millions of yen					Millions of yen							Thousands of U.S. dollars
Cash flows from operating activities	¥ 13,921	¥ 16,063	¥ 7,452	¥ (551)	¥ 14,320	¥ 22,392	¥ (7,672)	¥ 6,647	¥ 13,201	¥ 4,286	¥ 4,347	\$ 38,812	
Cash flows from investing activities	(1,779)	(6,715)	(3,374)	(2,715)	(1,618)	(2,046)	(4,794)	(1,375)	(6,155)	(5,496)	(1,639)	(14,641)	
Cash flows from financing activities	(18,259)	(15,206)	(2,448)	(342)	(10,747)	(12,919)	587	1,162	(15,099)	1,278	(1,115)	(9,956)	
Net increase (decrease) in cash and cash equivalents	(4,885)	(5,654)	(2,256)	(4,454)	1,203	5,196	(12,724)	9,235	(5,404)	1,879	431	3,852	
Cash and cash equivalents at end of year	40,652	35,020	32,763	28,611	29,815	35,011	22,287	31,522	26,118	27,998	28,429	253,836	
Per Share Data:	yen					yen							U.S. dollars
Net income (loss) per share	¥ 125.19	¥ 107.52	¥ 132.90	¥ 130.98	¥ 35.71	¥ 131.18	¥ 116.10	¥ 51.64	¥ 61.11	¥ 117.67	¥ 137.75	\$ 1.23	
Dividend per share	20.00	30.00	30.00	35.00	35.00	40.00	40.00	40.00	40.00	40.00	40.00	0.36	
Net assets per share	716.91	799.35	881.13	961.38	913.18	981.76	1,030.70	1,091.08	1,135.91	1,268.56	1,336.86	11.94	
Financial Index:	%					%							
Operating margin	9.4	12.9	15.8	15.9	8.4	14.6	15.0	10.8	10.1	16.5	15.6		
ROE	19.3	13.8	15.8	14.3	3.8	13.8	11.5	4.9	5.4	9.8	10.6		
ROA	6.8	6.2	8.4	8.1	2.3	8.8	7.1	2.9	3.4	6.7	7.2		
Net worth ratio	40.1	49.3	57.3	55.9	62.3	64.2	60.4	60.2	66.1	70.8	66.5		
Interest coverage ratio (times)	82.6	237.3	103.7	-	86.9	155.8	-	62.4	136.8	50.2	36.5		
Debt-equity ratio	149.4	102.8	74.4	79.0	60.5	55.9	65.5	66.1	51.2	41.3	50.4		
Stock Information:													
Price earnings ratio (times)	9.7	15.7	25.6	13.3	49.5	12.1	16.3	28.6	32.0	20.3	19.9		
Number of outstanding shares (thousands shares)	58,435	62,269	66,719	67,394	67,723	67,723	67,723	67,723	67,723	67,723	67,723	67,723	
Foreign investors (%)	23.35	32.60	27.72	33.73	24.22	22.17	27.05	32.37	37.29	36.87	39.35		
Digital Contents Business:	Billions of yen					Billions of yen							
Consumer business net sales	¥ 42.7	¥ 43.8	¥ 51.6	¥ 60.0	¥ 38.7	¥ 63.6	¥ 46.9	¥ 45.9	¥ 53.0	¥ 35.2	¥ 42.1		
Online business net sales	1.5	2.7	4.1	6.6	8.5	10.5	12.9	17.7	12.8	10.1	10.4		
Consumer Game Sales (Package Software and Full-game Digital Content)	Thousands					Thousands							
Total number of units	13,400	12,200	15,750	18,100	13,900	21,700	17,000	16,700	17,500	13,000	15,000		
Sales of major titles	Resident Evil 4 (PS2) 1,810	Lost Planet Extreme Condition 1,370	Devil May Cry 4 2,320	Resident Evil 5 4,400	Monster Hunter Freedom Unite (Best Price included) 1,350	Monster Hunter Freedom 3 4,600	Resident Evil: Operation Raccoon City 1,700	Resident Evil 6 5,000	Monster Hunter 4 4,100	Monster Hunter 4 Ultimate 3,400	Monster Hunter X (Cross) 3,300		
	Onimusha DAWN of DREAMS 640	Dead Rising 1,220	Resident Evil 4 Wii edition 1,300	Street Fighter IV 2,500	Monster Hunter Tri 1,150	Dead Rising 2 2,300	Monster Hunter 3 (Tri) G 1,600	Dragon's Dogma 1,300	Dead Rising 3 1,200	Resident Evil Revelations 2 1,100	Street Fighter V 1,400		
	Monster Hunter Freedom 610	Monster Hunter Freedom 2 1,220	Resident Evil: The Umbrella Chronicles 1,060	Monster Hunter Freedom Unite (Best Price included) 2,200	Resident Evil 5 950	MARVEL VS. CAPCOM 3 Fate of Two Worlds 2,000	Street Fighter X Tekken 1,400	DmC Devil May Cry 1,200	Resident Evil Revelations 1,200	Resident Evil (HD Remastered) 900	Resident Evil Revelations 2 850		

1. Operating Results

Capcom announced that in the fiscal year ended March 31, 2016 net sales increased to 77,021 million yen (up 19.8% from the previous year), operating income increased to 12,029 million yen (up 13.7% from the previous year), and ordinary income increased to 11,348 million yen (up 4.6% from the previous year). Net income attributable to owners of the parent for the year increased to 7,745 million yen (up 17.1% from the previous year).

2. Sales and Profits

(1) Net sales

In this fiscal year, net sales were 77,021 million yen (up 19.8% from the previous fiscal year). This increase was driven by our core business, Digital Contents, in which *Monster Hunter X (Cross)* performed favorably, selling 3.3 million units to exceed initial projections of 2.5 million units. Digital download sales of *Resident Evil Revelations 2* and other previously developed catalog titles also strongly contributed to results. In addition, the launch of *Dragon's Dogma Online*, a new service in the PC Online business was solidly on track. Furthermore, in the Amusement Equipments business, Capcom pachislo frame *Resident Evil 6* sold 37,000 units, surpassing unit sales in the previous fiscal year. The increase in net sales was driven primarily by the Digital Contents and Amusement Equipments businesses.

(2) Operating income

Cost of sales increased to 47,175 million yen (up 22.9% from the previous fiscal year) and the cost of sales ratio was 61.2%, up 1.5 percentage points from the previous fiscal year. This was mainly due to (1) increased general costs associated with Capcom pachislo machines in the Amusement Equipments business and (2) increased development costs associated with the expansion of new titles in the Digital Contents business. With regard to (1), this was mainly due to the rebound effect of attempting to lower costs by reusing certain components used in *Sengoku BASARA 3* machines sold in the previous fiscal year. This fiscal year, the cost ratio is expected to return to normal levels.

Selling, general and administrative expenses were 17,816 million yen (up 15.7% from the previous fiscal year) and SG&A as a percentage of sales was 23.1%, down 0.9 percentage points compared to the previous fiscal year. As increased sales caused the fixed overhead rate to decline, the SG&A expenses ratio on a consolidated basis fell adequately within Capcom's assumed 25% range.

As a result, operating income was 12,029 million yen (up 13.7% from the previous fiscal year). Despite this increase, lower profitability in the Amusement Equipments business dampened overall earnings, resulting in an operating margin of 15.6% (down 0.9 percentage points from the previous fiscal year).

(3) Net income attributable to owners of the parent

This fiscal year, regarding non-operating expenses, price adjustments in line with an Advanced Pricing Agreement (an APA is a contract between Capcom and tax authorities in Japan and overseas specifying the pricing method Capcom will apply to its related-company transactions) resulted in the recognition of an exchange loss related to transactions with overseas subsidiaries amounting to 752 million yen. However, operating income growth offset this loss, resulting in ordinary income of 11,348 million yen (up 4.6% from the previous fiscal year).

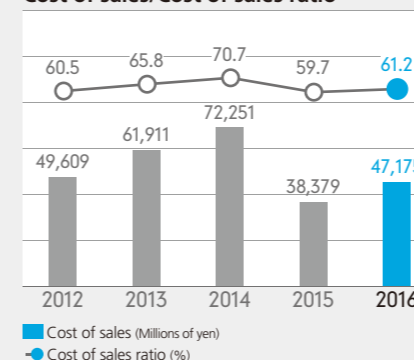
Special losses amounting to 197 million yen were also recognized, resulting in net income attributable to owners of the parent of 7,745 million yen (up 17.1% from the previous fiscal year) and the net margin was 10.1% (down 0.2 percentage points from the previous fiscal year).

3. Status of Each Operational Department

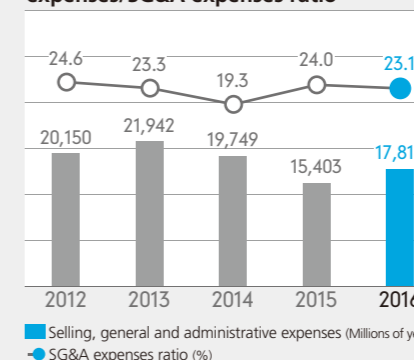
(1) Digital Contents business

In the Digital Contents business, the latest title in the flagship series, *Monster Hunter X (Cross)* (for the Nintendo 3DS system), was a major hit, with sales of more than 3 million units, surpassing the initially-planned 2.5 million units, which contributed significantly to both sales and profits. Additionally, *Resident Evil 0 (HD Remastered)* (for PlayStation 4, PlayStation 3, Xbox One, Xbox 360 and PC) steadily increased unit sales, while *Street Fighter V* (for PlayStation 4 and PC) remained a perennial favorite and maintained steady sales

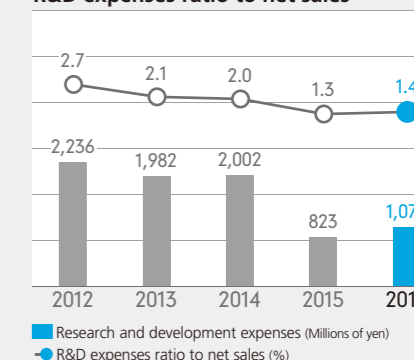
Cost of sales/Cost of sales ratio



Selling, general and administrative expenses/SG&A expenses ratio



Research and development expenses/R&D expenses ratio to net sales



mainly overseas. Moreover, sales of catalog titles grew, while digital downloads also became a stable source of revenue from a solid performance thanks to the synergistic effects from package sales.

Meanwhile with regard to online games, *Dragon's Dogma Online* (for PlayStation 4, PlayStation 3 and PC), an online open-world action game where players can freely experience a host of adventures, performed favorably. At the same time, mobile contents sales improved as downloads of *Monster Hunter Explore* (for Android and iOS) surpassed 3 million, indicating signs of a breakthrough in the current situation of the mobile contents segment.

The resulting net sales were 52,577 million yen (up 15.9% from the previous fiscal year), and operating income was 12,167 million yen (up 19.2% from the previous fiscal year).

(2) Arcade Operations business

In the Arcade Operations business, with the slow pace of market recovery, the Company strived to expand its customer base by means of community-based store strategies. For example, measures were taken to attract customers including women and families by holding various events and conducting service days for the middle-aged and seniors by offering "free game experience tours" and setting up additional "Asobi Oukoku Peekaboo" sites and "Kids' Corner" sections targeting younger children. Nonetheless, the segment results were soft, partly because of

the lack of a high-performance product as well as sluggish demand due to the dispersion of entertainment, resulting from the overlapping of arcade game players with smartphone users.

During the period under review, the Company developed its arcade operations through its scrap and build strategy, and opened four arcades including the Amuse Factory Tokoname (Aichi Prefecture) and the innovative Capcom Café (Saitama Prefecture), while closing three arcades, bringing the total number of arcades to 34.

The resulting net sales were 9,056 million yen (down 2.0% from the previous fiscal year), and operating income was 699 million yen (down 25.6% from the previous fiscal year).

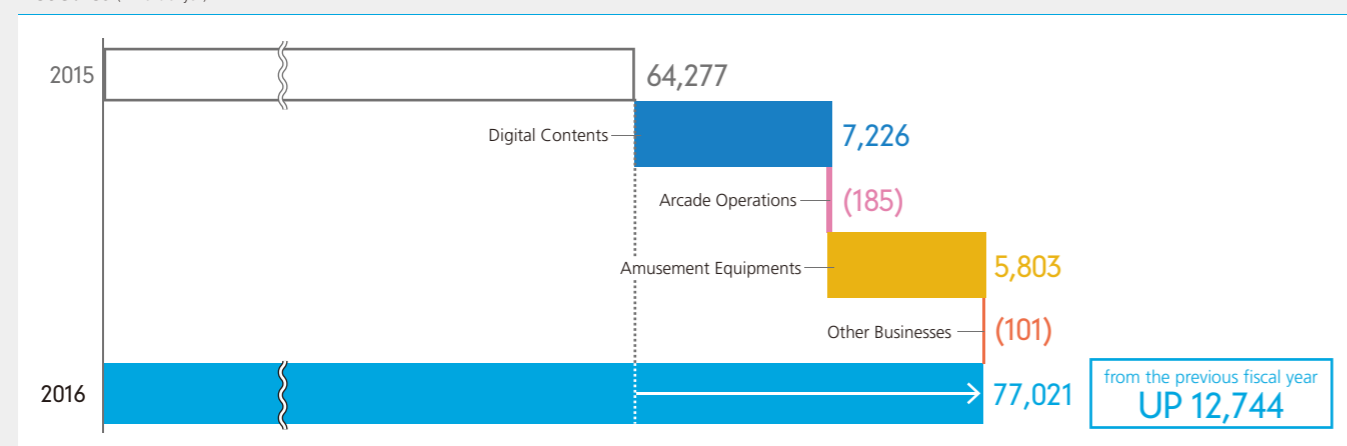
(3) Amusement Equipments business

In the Pachinko & Pachislo sub-segment, *Resident Evil 6* demonstrated its strengths as a major brand by strongly increasing unit sales, backing the improvement in revenue as it contributed to the increase in sales. However, sales of *Asura's Wrath* remained weak.

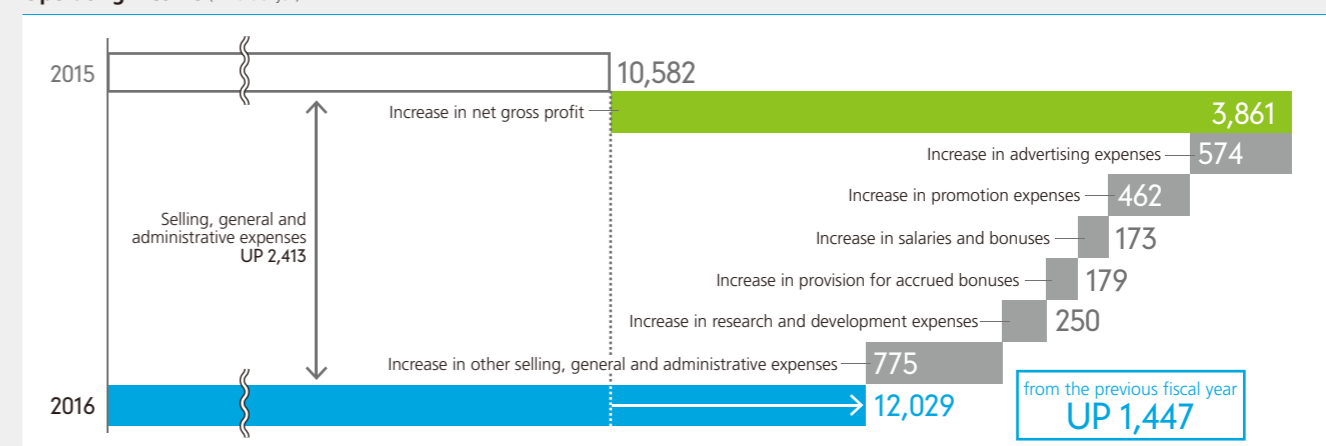
Meanwhile, in the Arcade Games Sales sub-segment, sales of *Luigi Mansion Arcade* were weak reflecting the sluggish market, while *crossbeats REV.* for arcades also struggled.

The resulting net sales were 13,343 million yen (up 77.0% from the previous fiscal year), and operating income was 2,812 million yen (up 2.8% from the previous fiscal year).

Net Sales (Millions of yen)



Operating Income (Millions of yen)



(4) Other Businesses

The net sales from Other Businesses, mainly consisting of the publication of game guidebooks and sale of character merchandise, were 2,043 million yen (down 4.7% from the previous fiscal year), and operating income was 511 million yen (down 22.7% from the previous fiscal year).

4. Analysis of Assets, Liabilities and Net Assets

(1) Assets

Total assets as of the end of the fiscal year ended March 31, 2016 increased by 12,284 million yen from the end of the previous fiscal year to 113,057 million yen.

Primary increases were as follows: 7,991 million yen in work-in-progress for game software, 5,161 million yen in buildings and structures.

(2) Liabilities

Total liabilities as of the end of the fiscal year ended March 31, 2016 increased by 8,446 million yen from the end of the previous fiscal year to 37,888 million yen.

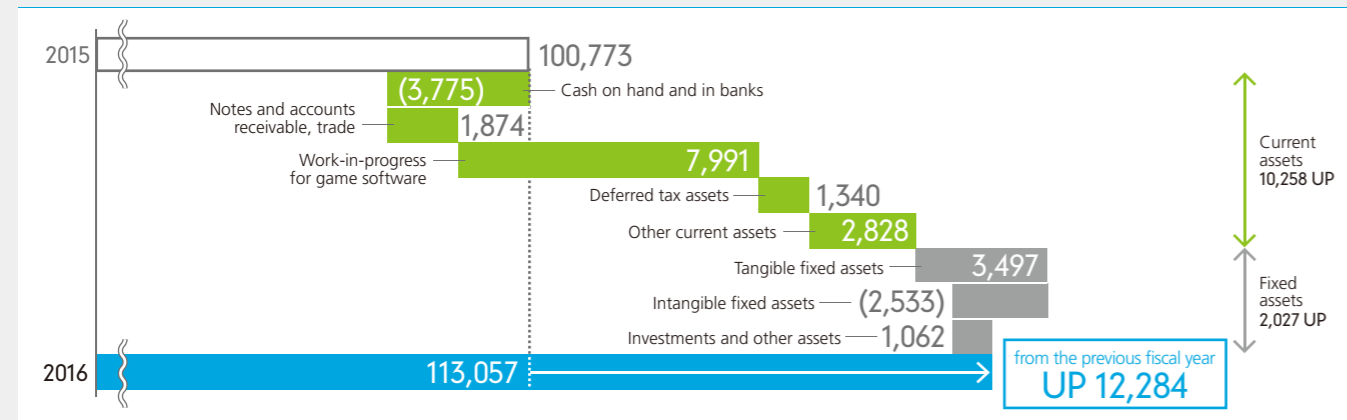
Primary increases were 5,646 million yen in accrued income taxes and 3,571 million yen in long-term borrowings. Primary decrease was 1,955 million yen in short-term borrowings.

(3) Net assets

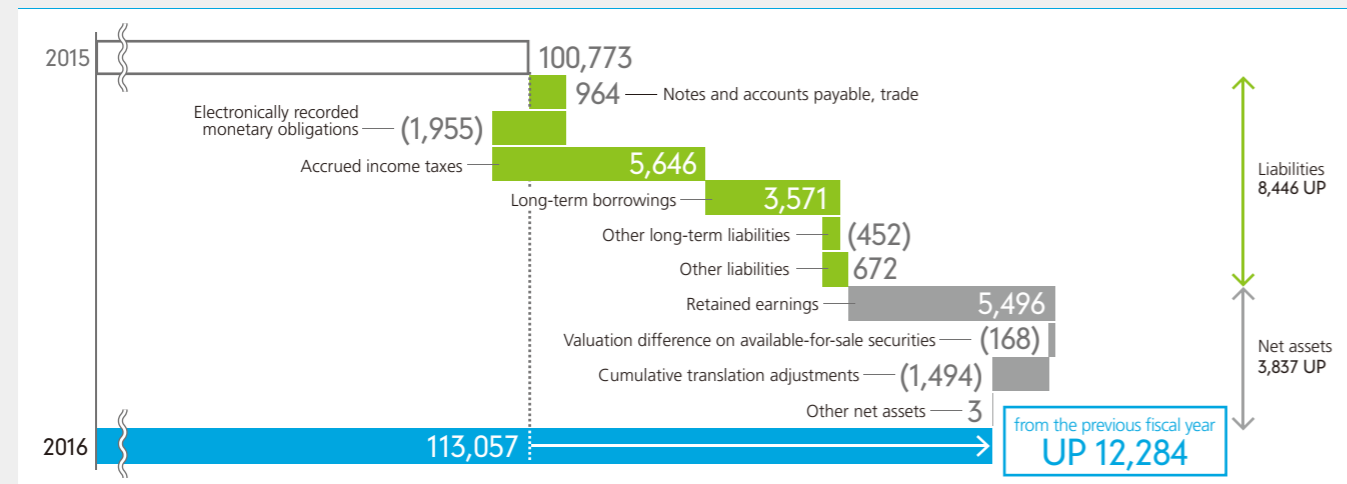
Net assets as of the end of the fiscal year ended March 31, 2016 increased by 3,837 million yen from the previous fiscal year to 75,168 million yen.

The Primary increase was 7,745 million yen in net income attributable to owners of the parent. The Primary decreases were 1,494 million yen in cumulative translation adjustments which related to foreign exchange translation of the net assets of foreign consolidated subsidiaries and 2,249 million yen in cash dividends.

Assets (Millions of yen)



Liabilities, Net Assets (Millions of yen)



5. Analysis of Cash Flow

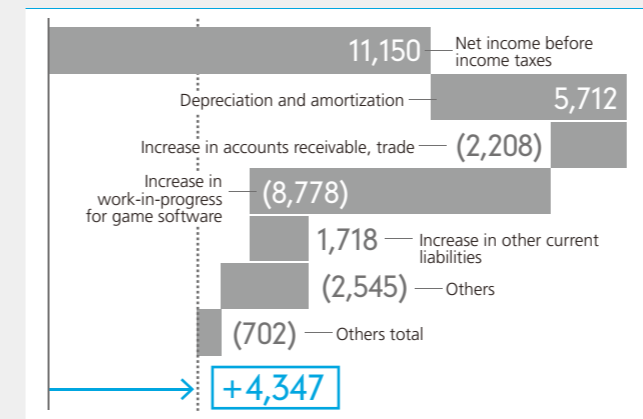
Cash and cash equivalents as of the end of the fiscal year ended March 31, 2016 increased by 431 million yen from the end of the previous fiscal year to 28,429 million yen. Cash flow positions of each activity and their factors are described below.

(1) Cash flows from operating activities

Net cash gained from operating activities was 4,347 million yen (4,286 million yen in the previous fiscal year).

The primary items increasing cash flows were 11,150 million yen in net income before income taxes (10,701 million yen in the previous fiscal year) and 5,712 million yen increase in depreciation and amortization (3,535 million yen in the previous fiscal year). The primary items decreasing cash flows were 8,778 million yen increase in work-in-progress for game software (6,443 million yen in the previous fiscal year) and 2,208 million yen increase in accounts receivable, trade (decrease of 10,382 million yen in the previous fiscal year).

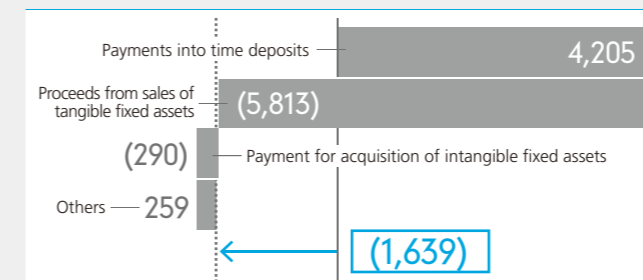
Cash Flows from Operating Activities (Millions of yen)



(2) Cash flows from investing activities

Net cash used in investing activities was 1,639 million yen (5,496 million yen in the previous fiscal year). The Primary item increasing cash flows was 5,813 million yen in payment for acquisition of tangible fixed assets (5,465 million yen in the previous fiscal year). The Primary item decreasing cash flows was 4,205 million yen in withdrawal of time deposit (no withdrawal in the previous fiscal year).

Cash Flows from Investing Activities (Millions of yen)

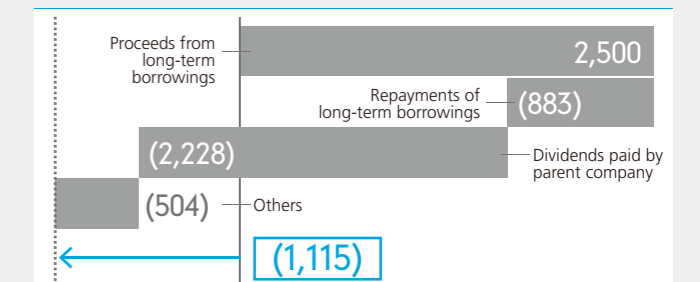


(3) Cash flows from financing activities

Net cash used in financing activities was 1,115 million yen (1,278 million yen gained in the previous fiscal year).

The Primary increases used were as follows: 2,228 million yen in dividends paid by parent company (2,251 million yen in the previous fiscal year), 883 million yen in repayment for long-term borrowings (3,169 million yen in the previous fiscal year) and 496 million yen in repayment for lease obligations (406 million yen in the previous fiscal year). The Primary decrease was 2,500 million yen provided from long-term borrowings (8,162 million yen in the previous fiscal year).

Cash Flows from Financing Activities (Millions of yen)



Trends of Cash Flow Indicators

	Year ended March 2014	Year ended March 2015	Year ended March 2016
Shareholders' equity ratio to total assets (%)	66.1	70.8	66.5
Shareholders' equity ratio to total assets based on fair market value (%)	114.0	133.3	136.5
Debt amortization ratio to cash flows (%)	53.4	256.5	290.1
Interest coverage ratio (times)	136.8	50.2	36.5

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: Percentage figures are calculated on a consolidated basis.
 Note 2: 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 3: Cash flows used are for cash flows from operating activities.
 Note 4: The interest-bearing debt refers to the debts posted in the consolidated balance sheets for which we are paying interest.
 Note 5: As the cash flows from operating activities fell into the red in the fiscal year ended March 2012, we have omitted the debt amortization ratio to cash flows from operating activities and interest coverage ratio.

Consolidated balance sheets

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES. MARCH 31, 2016 AND 2015

	Previous fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2016)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
(Assets)			
Current assets:			
Cash on hand and in banks	¥ 32,204	¥ 28,429	\$ 253,836
Notes and accounts receivable, trade	8,005	9,879	88,213
Merchandise and finished goods	1,225	1,704	15,221
Work in progress	1,672	2,085	18,621
Raw materials and supplies	1,020	1,954	17,452
Work in progress for game software	16,833	24,825	221,653
Deferred tax assets	2,042	3,382	30,200
Other	2,712	3,673	32,797
Allowance for doubtful accounts	(56)	(18)	(163)
Total current assets	65,659	75,917	677,833
Fixed assets:			
Tangible fixed assets, net of accumulated depreciation			
Buildings and structures, net	6,136	11,297	100,869
Machinery and vehicles, net	22	23	211
Tools, fixtures and furniture, net	1,578	1,875	16,744
Equipment for amusement facilities, net	1,101	1,342	11,989
Land	4,953	5,234	46,738
Leased assets, net	995	1,042	9,303
Construction in progress	2,541	8	80
Total tangible fixed assets	17,328	20,825	185,937
Intangible assets			
Online contents in progress	7,895	2,395	21,388
Other	2,772	5,740	51,253
Total intangible assets	10,668	8,135	72,641
Investments and other assets			
Investments in securities	621	454	4,062
Claims in bankruptcy and reorganization	66	65	584
Lease deposits	4,036	3,867	34,535
Deferred tax assets	1,595	2,952	26,359
Other	876	916	8,184
Allowance for doubtful accounts	(78)	(78)	(696)
Total investments and other assets	7,117	8,179	73,028
Total fixed assets	35,113	37,140	331,608
Total assets	¥ 100,773	¥ 113,057	\$ 1,009,441

Please refer to Notes to Consolidated Financial Statements of our website at: <http://www.capcom.co.jp/ir/english/data/annual.html>

CAPCOM CO., LTD. AND ITS CONSOLIDATED SUBSIDIARIES. MARCH 31, 2016 AND 2015

	Previous fiscal year (As of March 31, 2015)	Current fiscal year (As of March 31, 2016)	Current fiscal year (As of March 31, 2016)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
(Liabilities)			
Current liabilities:			
Notes and accounts payable, trade	¥ 3,089	¥ 4,053	\$ 36,189
Electronically recorded monetary obligations	988	888	7,932
Short-term borrowings	3,452	1,497	13,367
Lease obligations	483	525	4,693
Accrued income taxes	823	6,470	57,770
Deferred tax liabilities	147	40	364
Accrued bonuses	1,832	2,080	18,575
Asset retirement obligations	6	-	-
Other	6,421	6,799	60,712
Total current liabilities	17,246	22,355	199,604
Long-term liabilities:			
Long-term borrowings	7,540	11,111	99,209
Lease obligations	589	601	5,366
Deferred tax liabilities	48	18	168
Liabilities for retirement benefits for employees	2,101	2,323	20,741
Asset retirement obligations	489	502	4,487
Other	1,427	975	8,713
Total long-term liabilities	12,195	15,532	138,686
Total liabilities	29,442	37,888	338,291
(Net assets)			
Shareholders' equity:			
Common stock	33,239	33,239	296,779
Capital surplus	21,328	21,328	190,436
Retained earnings	33,801	39,297	350,870
Treasury stock	(18,140)	(18,145)	(162,016)
Total shareholders' equity	70,228	75,719	676,069
Accumulated other comprehensive income:			
Net unrealized gain or loss on securities, net of tax	170	2	20
Cumulative translation adjustments	1,215	(278)	(2,485)
Accumulated adjustments for retirement benefits	(283)	(274)	(2,453)
Total accumulated other comprehensive income	1,102	(550)	(4,918)
Total net assets	71,331	75,168	671,150
Total liabilities and net assets	¥ 100,773	¥ 113,057	\$ 1,009,441

Please refer to Notes to Consolidated Financial Statements of our website at: <http://www.capcom.co.jp/ir/english/data/annual.html>

Consolidated statements of income

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

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2015 to March 31, 2016)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Net sales	¥ 64,277	¥ 77,021	\$ 687,695
Cost of sales	38,379	47,175	421,209
Gross profit	25,898	29,846	266,486
Reversal of allowance for sales returns	87	-	-
Net gross profit	25,985	29,846	266,486
Selling, general and administrative expenses	15,403	17,816	159,078
Operating income	10,582	12,029	107,408
Non-operating income:			
Interest income	98	95	855
Dividend income	13	13	120
Settlement received	92	-	-
Exchange gains, net	292	-	-
Other	168	195	1,742
Total	664	304	2,718
Non-operating expenses:			
Interest expense	85	119	1,067
Exchange losses, net	-	752	6,714
Commission fees	83	59	528
Other	226	55	491
Total	396	985	8,802
Ordinary income	10,851	11,348	101,323
Special losses:			
Loss on sales and/or disposal of fixed assets	100	92	826
Impairment loss	49	105	938
Total	150	197	1,764
Net income before income taxes	10,701	11,150	99,559
Income taxes-current	1,146	6,377	56,944
Income taxes -deferred	2,937	(2,972)	(26,541)
Total	4,084	3,405	30,403
Net income	6,616	7,745	69,156
Net income attributable to owners of the parent	¥ 6,616	¥ 7,745	\$ 69,156

Consolidated statements of comprehensive income

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

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2015 to March 31, 2016)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Net income	¥ 6,616	¥ 7,745	\$ 69,156
Other comprehensive income			
Net unrealized gain or loss on securities, net of tax	71	(168)	(1,503)
Cumulative translation adjustments	2,863	(1,494)	(13,339)
Adjustments for retirement benefits	(114)	9	80
Total other comprehensive income	2,820	(1,653)	(14,762)
Comprehensive income	¥ 9,436	¥ 6,092	\$ 54,393
Comprehensive income attributable to:			
Owners of the parent	¥ 9,436	¥ 6,092	\$ 54,393
Non-controlling interests	-	-	-

Please refer to Notes to Consolidated Financial Statements of our website at: <http://www.capcom.com.co.jp/ir/english/data/annual.html>

Consolidated statements of changes in net assets

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

Millions of yen	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of March 31, 2014	¥ 33,239	¥ 21,328	¥ 29,160	¥ (18,134)	¥ 65,593
Cumulative effect due to changes in accounting policies			273		273
Balance as of April 1, 2014	33,239	21,328	29,433	(18,134)	65,866
Changes of items during the fiscal year					
Cash dividends			(2,249)		(2,249)
Net income attributable to owners of the parent			6,616		6,616
Repurchase of treasury stock				(5)	(5)
Disposal of treasury stock		0		0	0
Net changes of items other than shareholders' equity		0	4,367	(5)	4,361
Total changes of items during the fiscal year	-	0	4,367	(5)	4,361
Balance as of March 31, 2015	¥ 33,239	¥ 21,328	¥ 33,801	¥ (18,140)	¥ 70,228

Millions of yen	Accumulated other comprehensive income				Total net assets
	Net unrealized gain or loss on securities, net of tax	Cumulative translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance as of March 31, 2014	¥ 99	¥ (1,647)	¥ (169)	¥ (1,717)	¥ 63,875
Cumulative effect due to changes in accounting policies					273
Balance as of April 1, 2014	99	(1,647)	(169)	(1,717)	64,149
Changes of items during the fiscal year					
Cash dividends					(2,249)
Net income attributable to owners of the parent					6,616
Repurchase of treasury stock					(5)
Disposal of treasury stock					0
Net changes of items other than shareholders' equity	71	2,863	(114)	2,820	2,820
Total changes of items during the fiscal year	71	2,863	(114)	2,820	7,181
Balance as of March 31, 2015	¥ 170	¥ 1,215	¥ (283)	¥ 1,102	¥ 71,331

Millions of yen	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of April 1, 2015	¥ 33,239	¥ 21,328	¥ 33,801	¥ (18,140)	¥ 70,228
Cumulative effect due to changes in accounting policies					-
Balance as of April 1, 2015	33,239	21,328	33,801	(18,140)	70,228
Changes of items during the fiscal year					
Cash dividends			(2,249)		(2,249)
Net income attributable to owners of the parent			7,745		7,745
Repurchase of treasury stock				(5)	(5)
Disposal of treasury stock					-
Net changes of items other than shareholders' equity			5,496	(5)	5,491
Total changes of items during the fiscal year	-	-	5,496	(5)	5,491
Balance as of March 31, 2016	¥ 33,239	¥ 21,328	¥ 39,297	¥ (18,145)	¥ 75,719

Millions of yen	Accumulated other comprehensive income				Total net assets
	Net unrealized gain or loss on securities, net of tax	Cumulative translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance as of April 1, 2015	¥ 170	¥ 1,215	¥ (283)	¥ 1,102	¥ 71,331
Cumulative effect due to changes in accounting policies					-
Balance as of April 1, 2015	170	1,215	(283)	1,102	71,331
Changes of items during the fiscal year					
Cash dividends					(2,249)
Net income attributable to owners of the parent					7,745
Repurchase of treasury stock					(5)
Disposal of treasury stock					-
Net changes of items other than shareholders' equity	(168)	(1,494)	9	(1,653)	(1,653)
Total changes of items during the fiscal year	(168)	(1,494)	9	(1,653)	3,857
Balance as of March 31, 2016	¥ 2	¥ (278)	¥ (274)	¥ (550)	¥ 75,168

Thousands of U.S. dollars	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of April 1, 2015	\$ 296,779	\$ 190,436	\$ 301,796	\$ (161,970)	\$ 627,041
Cumulative effect due to changes in accounting policies					-
Balance as of April 1, 2015	296,779	190,436	301,796	(161,970)	627,041
Changes of items during the fiscal year					
Cash dividends			(20,082)		(20,082)
Net income attributable to owners of the parent			69,156		69,156
Repurchase of treasury stock				(45)	(45)
Disposal of treasury stock					-
Net changes of items other than shareholders' equity			49,074	(45)	49,028
Total changes of items during the fiscal year	-	-	49,074	(45)	49,028
Balance as of March 31, 2016	\$ 296,779	\$ 190,436	\$ 350,870	\$ (162,016)	\$ 676,069

Thousands of U.S. dollars	Accumulated other comprehensive income				Total net assets
	Net unrealized gain or loss on securities, net of tax	Cumulative translation adjustments	Accumulated adjustments for retirement benefits	Total accumulated other comprehensive income	
Balance as of April 1, 2015	\$ 1,524	\$ 10,854	\$ (2,534)	\$ 9,843	\$ 636,885
Cumulative effect due to changes in accounting policies					-
Balance as of April 1, 2015	1,524	10,854	(2,534)	9,843	636,885
Changes of items during the fiscal year					
Cash dividends					(20,082)
Net income attributable to owners of the parent					69,156
Repurchase of treasury stock					(45)
Disposal of treasury stock					-
Net changes of items other than shareholders' equity	(1,503)	(13,339)	80	(14,762)	(14,762)
Total changes of items during the fiscal year	(1,503)	(13,339)	80	(14,762)	34,265
Balance as of March 31, 2016	\$ 20	\$ (2,485)	\$ (2,453)	\$ (4,918)	\$ 671,150

Please refer to Notes to Consolidated Financial Statements of our website at: <http://www.capcom.com.co.jp/ir/english/data/annual.html>

Consolidated statements of cash flows

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

	Previous fiscal year (From April 1, 2014 to March 31, 2015)	Current fiscal year (From April 1, 2015 to March 31, 2016)	Current fiscal year (From April 1, 2015 to March 31, 2016)
	Millions of yen	Millions of yen	Thousands of U.S. dollars
Cash flows from operating activities:			
Net income before income taxes	¥ 10,701	¥ 11,150	\$ 99,559
Depreciation and amortization	3,535	5,712	51,003
Impairment loss	49	105	938
Amortization of goodwill	63	—	—
Decrease in allowance for doubtful accounts	(1)	(38)	(345)
(Decrease) increase in accrued bonuses	(3)	263	2,348
Decrease in allowance for sales returns	(87)	—	—
Increase in liabilities for retirement benefits for employees	207	264	2,362
Interest and dividend income	(111)	(109)	(976)
Interest expense	85	119	1,066
Exchange (gains) losses, net	(188)	60	537
Loss on sales and/or disposal of fixed assets	100	92	826
Decrease (increase) in accounts receivable, trade	10,382	(2,208)	(19,714)
(Increase) decrease in inventories	(764)	(1,651)	(14,749)
(Increase) decrease in work in progress for game software	(6,443)	(8,778)	(78,377)
Increase in online contents in progress	(3,347)	1,479	13,207
(Decrease) increase in notes and accounts payable, trade	(7,856)	935	8,357
(Increase) decrease in other current assets	(239)	(1,260)	(11,253)
Decrease in other current liabilities	(497)	1,718	15,340
Other	(393)	(2,545)	(22,723)
Subtotal	5,187	5,309	47,405
Interest and dividends received	118	130	1,167
Interest paid	(85)	(120)	(1,076)
Income taxes paid	(934)	(972)	(8,683)
Net cash provided by operating activities	4,286	4,347	38,812
Cash flows from investing activities:			
Proceeds from time deposits	—	4,205	37,550
Payment for acquisition of tangible fixed assets	(5,465)	(5,813)	(51,907)
Proceeds from sales of tangible fixed assets	206	4	42
Payment for acquisition of intangible assets	(195)	(290)	(2,598)
Payment for purchase of investments in securities	(12)	(13)	(116)
Payment for other investing activities	(141)	(113)	(1,009)
Proceeds from other investing activities	111	380	3,397
Net cash used in investing activities	(5,496)	(1,639)	(14,641)
Cash flows from financing activities:			
Net (decrease) increase in short-term borrowings	(1,050)	—	—
Proceeds from long-term borrowings	8,162	2,500	22,321
Repayments of long-term borrowings	(3,169)	(883)	(7,892)
Repayments of lease obligations	(406)	(496)	(4,437)
Payment for repurchase of treasury stock	(5)	(5)	(45)
Proceeds from sales of treasury stock	0	—	—
Dividends paid by parent company	(2,251)	(2,228)	(19,901)
Net cash provided by (used in) financing activities	1,278	(1,115)	(9,956)
Effect of exchange rate changes on cash and cash equivalents	1,811	(1,160)	(10,362)
Net increase (decrease) in cash and cash equivalents	1,879	431	3,852
Cash and cash equivalents at beginning of year	26,118	27,998	249,983
Cash and cash equivalents at end of year	¥ 27,998	¥ 28,429	\$ 253,836

 Please refer to Notes to Consolidated Financial Statements of our website at:
<http://www.capcom.co.jp/ir/english/data/annual.html>

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, 2016 and 2015, and the consolidated statements of income and 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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 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 our judgement, 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, we consider 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 objective of the financial statement audit is not for the purpose of expressing 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, 2016 and 2015, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollars amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2016 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollars amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

 July 27, 2016
 Osaka, Japan

Stock Data

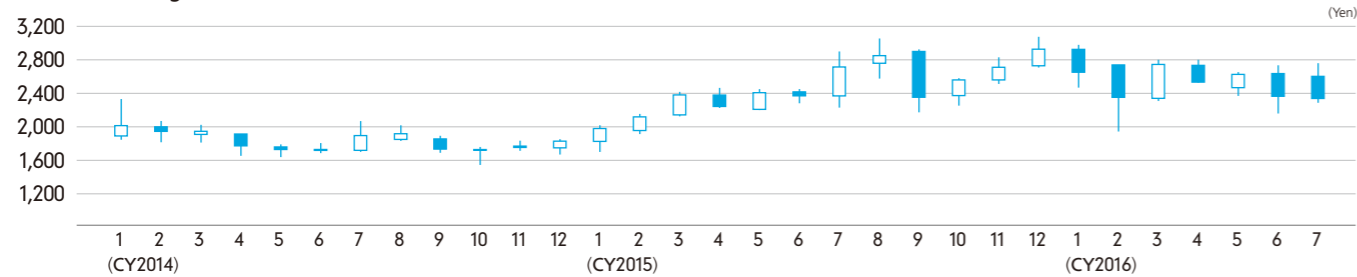
Number of Shares Authorized 150,000,000 shares
 Number of Shares Issued 67,723,244 shares
 Number of Shareholders 11,564

Major Shareholders (Top 10)

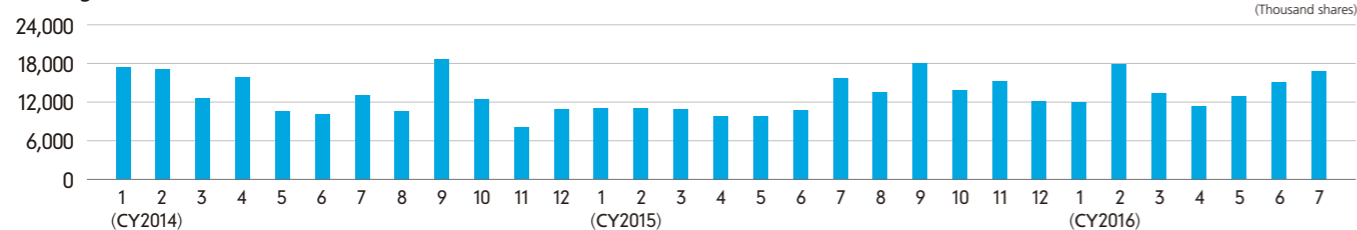
Major Shareholders	Number of Shares Held (in thousands)	Percentage of Shareholding (%)
Crossroad Limited	5,276	9.38
Japan Trustee Services Bank, Ltd. (Trust Account)	2,553	4.54
Yoshiyuki Tsujimoto	2,325	4.14
Haruhiro Tsujimoto	2,202	3.92
Ryozo Tsujimoto	2,199	3.91
Kenzo Tsujimoto	2,009	3.57
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,844	3.28
GOLDMAN,SACHS & CO.REG	1,650	2.94
Pictet and Cie (Europe) S.A.	1,151	2.05
JPMorgan Chase Bank 385174	1,062	1.89

Note: Capcom owns 11,495 thousand shares as treasury stocks.
 The stocks owned by the company are excluded from the above list.

Stock Price Range



Trading Volume

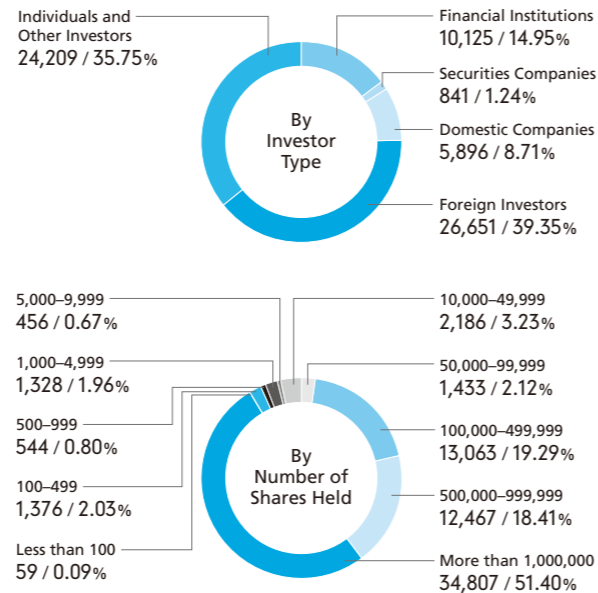


11-Year Trend of Stock Price and Trading Volume

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Stock Price	1,209	1,692	3,400	1,746	1,766	1,590	1,891	1,476	1,958	2,389	2,745
High	1,450	2,445	3,490	3,640	2,010	1,907	2,311	1,959	2,330	2,413	3,075
Low	1,000	1,102	1,660	1,475	1,297	1,145	1,473	1,250	1,396	1,541	1,944
Trading Volume	93,995,100	137,965,900	191,795,000	179,636,900	181,065,800	149,613,900	227,386,800	178,008,200	150,408,300	143,234,700	162,642,100

(Years Ended March 31)

Shareholders' Breakdown Number of shares held (in thousands) / (%)



Corporate Profile

Name of Company CAPCOM CO., LTD.
 Date of Establishment ... May 30, 1979
 Date of Initiation June 11, 1983
 Business Segments Planning, development, manufacture, sale and distribution of home video games, online games, mobile games and arcade games as well as management of amusement arcades.
 Paid-in Capital ¥ 33,239 million
 End of Term March 31
 Number of Employees ... 2,839 (Including consolidated subsidiaries), 2,114 (Capcom CO., LTD.)

Capcom's Subsidiaries (As of June 30, 2016)

CAPTRON CO., LTD. / K2 CO., LTD. / Enterrise CO., LTD. / Capcom Mobile, Inc. / CAPCOM U.S.A., INC. / CAPCOM ASIA CO., LTD. / CE EUROPE LTD. / CAPCOM ENTERTAINMENT GERMANY GmbH / BEELINE INTERACTIVE, INC. / BEELINE INTERACTIVE CANADA, INC. / CAPCOM ENTERTAINMENT KOREA CO., LTD. / CAPCOM ENTERTAINMENT FRANCE, SAS / CAPCOM GAME STUDIO VANCOUVER, INC. / BEELINE INTERACTIVE EUROPE LTD. / CAPCOM TAIWAN CO., LTD.

Major Offices

Head Office 3-1-3 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
 PHONE: 81-6-6920-3600
 R&D Building 3-2-8 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
 PHONE: 81-6-6920-7600
 R&D Building #2 3-1-10 Uchihirano-machi, Chuo-ku, Osaka, 540-0037, Japan
 PHONE: 81-6-6920-7750
 Tokyo Branch Shinjuku Mitsui Building 2-1-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, 163-0448, Japan
 PHONE: 81-3-3340-0710
 Ueno Facility 3902 Hatta, Iga, Mie, 518-1155, Japan
 PHONE: 81-595-20-2030



Head Office



R&D Building

R&D Building #2

Separate Volume The Latest Development Report 2016

SECOND TO NONE



P1 Message from the Head of Consumer Games Development

Second to None: Continuously Rising to the Challenge Without Fear of Change, We Aspire to Be the World's No.1 Game Developer
 Yoichi Egawa Director and Executive Corporate Officer

Developers Discuss Capcom Development

P3 01 RESIDENT EVIL 7 biohazard Delivers a Fresh Taste of Fear to the World

Jun Takeuchi Managing Corporate Officer
 Head of Consumer Games Development Division 1

Technologies Underpinning the Development

- P5 RE ENGINE Tomofumi Ishida
- P6 3D Scanning Makoto Fukui
- P7 Virtual Reality Kazuhiro Takahara
- P8 Localization Miguel E. Corti

P9 02 Wowing U.S. and European Fans with the Most Intense Zombie Action Game Ever!

Joe Nickolls Studio Director
 Capcom Game Studio Vancouver, Inc.

P11 03 Virtual Love in the Palm of Your Hand A Game Developed by Women, for Women

Miwa Hara Senior Manager
 Section 3, Department 1, Consumer Games Development Division 1

P13 04 Diving into a World of Adventure in Online Development

Kento Kinoshita Director
 Section 2, Department 4, Consumer Games Development Division 3

P15 Utilizing Popular Characters for Regional Growth