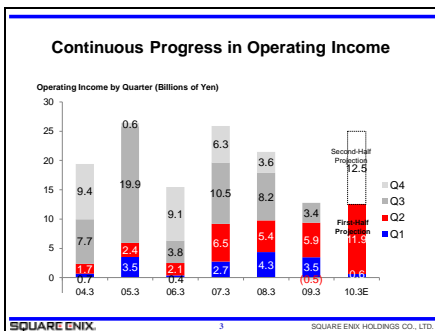
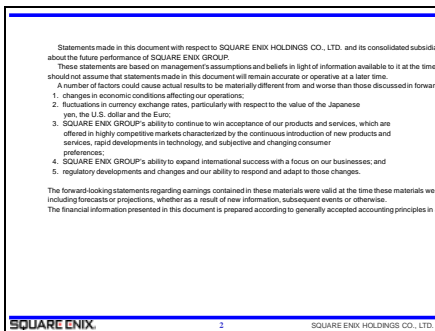


I'd like to provide you now with our briefing on the results achieved by Square Enix Holdings for the first quarter of the fiscal year ending March 31, 2010.



My name is Yoichi Wada, and I am the president of Square Enix Holdings.

In the first quarter, we posted:

Net sales of 29,399 million yen,
 Operating income of 594 million yen,
 Ordinary income of 1,529 million yen, and
 A net loss of 1,672 million yen.

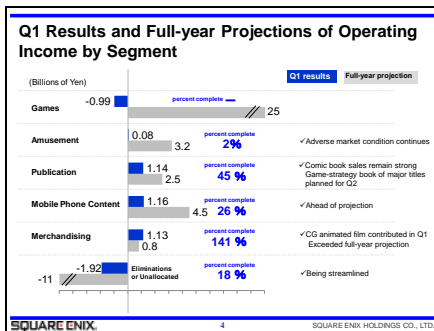
The slide you can see here shows changes in operating income since the first fiscal year following the merger of Square and Enix.

In the previous results briefing session, we said that we

forecasted to post operating income of 25 billion yen in the fiscal year ending March 31, 2010, distributed equally over the first half and second half.

Operating income at the end of the first quarter was almost on a par with our plan. Operating income was a little less than 600 million yen, and ordinary income was slightly more than 1.5 billion yen. In fact, we expected to post an operating loss in the first quarter, given that the release of most of the titles in the Games segment during the first half will be in the second quarter. However, the Company outperformed expectations in other segments, which explains the results above.

We are now already one month into the second quarter, and results are almost in line with expectations.



This slide shows full-year projections for operating income by segment, and the progress of each at the end of the first quarter.

In the Games segment, we posted an operating loss of 990 million yen, compared with planned full-year operating income of 25.0 billion yen. This loss was offset by results in other segments.

The Amusement segment includes the facility operation business and arcade machine business of TAITO Corporation and the arcade machine business of Square Enix. This segment continued to face a difficult market environment.

In the Publication segment, we posted operating income of 1.14 billion yen in the first quarter, compared to a full-year plan of 2.5 billion yen. This means we have already achieved 45% of our plan.

In the previous results briefing, we told you that the Publication segment was growing steadily. This is mostly attributable to our comics, which are benefiting from the creation of associated TV animations. We did feel, however, that it would be unreasonable to assume in the planning phase at the outset of the fiscal year that these animations would be a hit every time, so we moderated our forecasts using a probability of the animations succeeding.

As it turned out, all comic book series that were turned into animations posted growth and significant profitability in the first quarter.

We hope that this trend will continue into the second and subsequent quarters. Incidentally, in the second quarter, we plan to publish a strategy guide for *DRAGON QUEST IX*.

The Mobile Phone Content segment, which posted record profits in the preceding fiscal year, made a fairly good start to the current term.

In the Merchandising segment, *FINAL FANTASY VII ADVENT CHILDREN COMPLETE* was launched on Blu-ray Disc in the first quarter, along with character goods and other products. Our initial plan wasn't particularly aggressive, but the Blu-Ray sold well, and this bolstered profits. As a result, we exceeded our plan for the fiscal year by 40%.

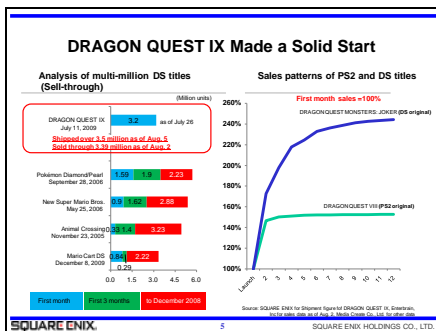
The Eliminations or Unallocated figure shows that streamlining was progressing as planned.

So although we anticipated that we might post an operating loss because of the loss in the Games segment, the result from the Games segment was more than offset by strong progress in other segments during the first quarter.

DRAGON QUEST IX, which was launched in July, has made a very strong start.

As we announced previously, we have shipped 3.5 million units. In comparison, sell-through unit sales were 3.38 million units as of August 2, which means that almost all units shipped have been sold. We will gradually ship units to avoid an inventory buildup at distributors, but anticipate additional shipments in August.

Sales of software for game consoles follow a different pattern, compared to sales of software for handheld consoles. The figure you see here shows sales patterns for Nintendo DS titles. The part in light blue shows the



number of sell-through unit sales in the first month following the launch. The green part shows the number of units sold in the next two months, and the red part denotes the number of units sold subsequently. For game consoles, more than 80% of sales take place in the first two months, so it is the initial pace of sales that is relevant. This does not apply to handheld consoles.

The Nintendo DS is not a household product, but rather a unit owned by individuals. Taking advantage of this feature, we plan to sell DS titles by adding elements that allow users to play both at home and with friends outside the home, using the same unit. We have also devised a system that enables users to download content via a Wi-Fi connection every week for one year after the launch.

As you would know from TV, software for game consoles is heavily advertised prior to their launch. For *DRAGON QUEST IX*, however, we plan to spread the advertising over the period prior the launch, one month after launch, and then two months after, and three months after.

The graph here shows that these patterns also apply to titles that we have launched in the past. Almost all units of *DRAGON QUEST VIII*, which was sold for PlayStation 2, were sold one or two months after the launch, while unit sales of *DRAGON QUEST MONSTERS: JOKER* for Nintendo DS were a gentle curve. We are considering how to create a curve like this for *DRAGON QUEST IX*. Sales have been very good so far. We judge sales growth over the long term based on how many units of used game software are traded in the market. This time the number of used game software traded is very small, a third to half of the usual situation.

Users tend to finish games for game consoles quickly and then sell them to the secondary market. This cycle continues, producing no profits for publishers. This pattern was especially noticeable for *DRAGON QUEST* and *FINAL FANTASY*, and there were drain of profits from publishers to distributors. However, trading of used game software is controlled, which is considered to be a very good sign for future sales.

DRAGON QUEST IX has been gathering momentum through word-of-mouth communication among customers. For example, I understand that customers are enjoying trading treasure map items featured in the game over the internet. We are confident that this game will succeed, when we see customers deriving this kind of enjoyment. Sales of *DRAGON QUEST IX* were posted from July, however, and did not contribute to sales for the first quarter at all. Only advertising expenses were incurred in the first quarter. *DRAGON QUEST IX* was therefore a poor contributor to first quarter results, but it will become a major positive from the second quarter.

Q2 Title Lineup (As of August 7, 2009)			
Title	Region	Platform	Release date
DRAGON QUEST IX	Japan	DS	July 11
BATMAN: ARKHAM ASYLUM	North America, Europe	PS3/Xbox360/PC	Aug. 25 (NA) Aug. 28 (E)
DISSIDIA FINAL FANTASY	North America, Europe	PSP	Aug. 25 (NA) Sep. 4 (E)
<small>Note: CRISIS CORE FINAL FANTASY VII (PSP): 840 thousand units in Japan, 770 thousand units in North America, 500 thousand units in Europe, 2.16 million units shipped in total</small>			
KINGDOM HEARTS 358/2 Days	North America	DS	September 29
<small>Note: KINGDOM HEARTS Chain of Memories (GBA): 410 thousand units in Japan, 940 thousand units in North America, 200 thousand units in Europe, 1.55 million units shipped in total</small>			
MINI NINJAS	North America, Europe	PS3/Xbox360/PC/WiDS	September
⋮			
⋮			

The figures in the notes are as of June 30, 2009.

Let me introduce the lineup of major titles to be released in the second quarter. As a reference for estimated sales overseas, we also include past examples. In addition to *DRAGON QUEST IX*, *BATMAN: ARKHAM ASYLUM* from Eidos will be released for all platforms in North America and Europe in late August. Localization for the Japanese market will come subsequently. This game has been very popular at GDC and E3 trade shows, as well as on creators' forums. We are confident it will do well.

DISSIDIA FINAL FANTASY, which was released in Japan recently, will be launched in North America and Europe in the second quarter. *CRISIS CORE FINAL FANTASY VII*, which is shown for reference, was released for PSP and sold 840,000 units in Japan, 770,000 units in North America, and 550,000 units in Europe, giving total sales of 2.16 million units. Unit sales of *DISSIDIA FINAL FANTASY* are currently 910,000 in Japan. You can use these figures to estimate sales in North America and Europe.

KINGDOM HEARTS 358/2 Days for Nintendo DS will be released only in North America in the second quarter. It will be available in Europe in the third quarter. The reference case for this game is *KINGDOM HEARTS Chain of Memories* for GBA, which sold 410,000 units in Japan, 940,000 units in North America, 200,000 units, in Europe, and 1.55 million units in total. We expect similar numbers for *KINGDOM HEARTS 358/2*

Days, given unit sales in Japan of 490,000 to date.

In short, we anticipate that *DISSIDIA FINAL FANTASY* will sell like *CRISIS CORE FINAL FANTASY VII* and that *KINGDOM HEARTS 358/2 Days* will sell like *KINGDOM HEARTS Chain of Memories*.

MINI NINJAS, an Eidos title, will be launched in North America and Europe in September.

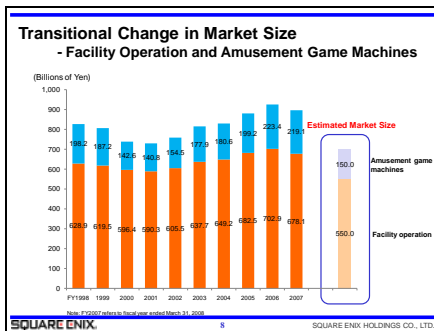
Although there are other titles, these are the major releases. Results for the second quarter will be determined by sales of these major titles. *DRAGON QUEST IX* will have a significant impact. The other main point for the second quarter is that we will release *BATMAN:ARKHAM ASYLUM*, which has the potential to emerge as a flagship title, in North America and Europe. We will also release *DISSIDIA FINAL FANTASY* and *KINGDOM HEARTS 358/2 Days*, both of which have already gone on sale in Japan.

Unit Sales - Three-months Ended June 30, 2009				
(Thousand units)	2008.3 Q1	2009.3 Q1	2010.3 Q1	(reference) 2010.3 full-year projections
Japan	1,590	370	920	13,000
North America	670	570	400	6,000
Europe	980	760	580	7,000

* KINGDOM HEARTS 358/2 has been contributing to sales with +490 thousand units shipped since the release in May in Japan.
 * Stable and favorable results for repeated orders of SQUARE ENIX titles
 * Other titles have been performing as planned

This slide shows unit sales during the first quarter. Their utility as a reference is limited, since the Games segment posted an operating loss for the quarter.

This concludes our overview of the Games segment.



Let me now move on to the Amusement segment.

In this segment, we are taking the action that is required, but the market environment is severe and achieving profitability is a challenge.

On this slide, the orange parts show industry sales from facility operations, while the blue indicates sales of amusement game machines. The graph shows sales for the past ten years only, but sales have been on an upward trend with similar ups and downs for the past 30 years. We are currently starting into one of the temporary dips.

The ratio of sales of amusement game machines to revenue from facility operation has steadily increased over the past several years. We can say that excess investment is reaching its limit. As in previous contractions, the acquisition of machines accounts for more than 30% of the sales of facility operators, which squeezes earnings. Amusement game machine manufacturers need to curtail production during this downturn.

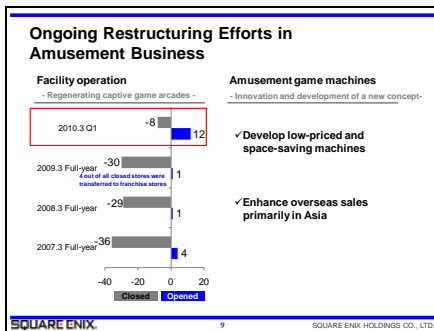
We are estimating that at the bottom of the current cycle, industry revenue from facility operation will decline to 550 billion yen, which is below the low of the past ten years. We also anticipate that sales of amusement game machines will fall to 150 billion yen, representing a 26% or 27% ratio of the market size.

The ratio of rents to revenues from facility operation is about 20% to 24%. Since there is a limit to their ability to negotiate rent reductions, some facility operators will close when the industry contracts to the levels described above. When the number of operators decreases and the market contracts, we expect the business to return to profitability. In the short term, we are developing a strategy that assumes that the market, which remains quite weak, will decline further.

Although the industry faces difficulties, the long-term trend is positive. The main reason for this is innovation in machines. Each time the cycle enters an upswing, companies that have innovated do very well. We are gearing up to generate profits through innovation.

We want to convey the point that we are executing a

plan that will enable us to survive the troughs in the short-term cycles and that we have our focus on innovation, even though the business environment is difficult.



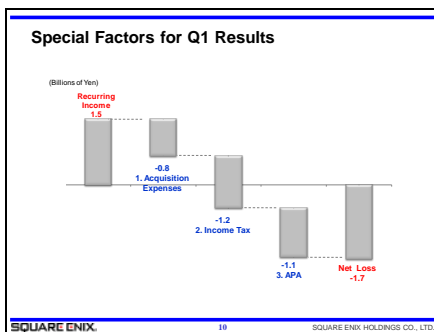
Restructuring means structural reform. In facility operation, we have significantly reduced the number of unprofitable game arcades. About 100 arcades have been closed since TAITO became a subsidiary. We continued to close underperforming arcades during the first quarter, and will close unprofitable arcades in the future to increase business efficiency. We make decisions on new arcades based on whether the locations are good and whether the rents are appropriate. As real estate market prices have declined, we are able to adopt a more positive strategy. Openings of new arcades were in the double digits in the first quarter under review, a record number for a single quarter. Since the days when we had 200 arcades, the business seems to have shrunk. However, as underperforming arcades close and arcades with better conditions open, the business will emerge from the state in which the depreciation of amusement game machines is more limited, as discussed.

Restructuring will take a year or two, and is our main goal in facility operation.

The right side of the slide touches on amusement game machines from the perspective of a manufacturer. The manufacturing of amusement game machines is a 200 billion yen industry, with high margins. In pursuing high margins, manufacturers tend to make huge

machines that generate high income and raise the depreciation burden. Operators do not want these machines. If game machines are huge and expensive, engineers work hard to end up with needlessly large, expensive, and complicated games. We are going in precisely the opposite direction: developing compact, inexpensive, simple machines. Amusement game machine markets are beginning to emerge in certain parts of Asia, and we are considering expanding sales channels to take advantage of this.

Results in the Publication and Mobile Phone Content segments were strong. Since I have already covered this, I will not be showing figures or providing a detailed breakdown here.



In the first quarter under review, there was a difference of about 3 billion yen between recurring income of 1,529 million yen and the net loss of 1,672 million yen. Let me explain the special factors underlying the difference.

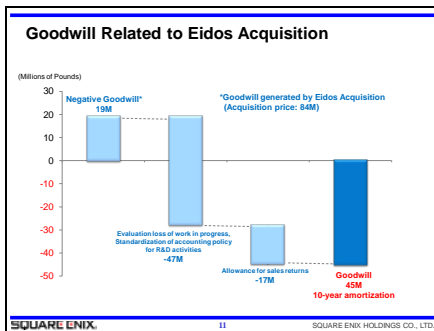
There were three major factors. The first was acquisition expenses. The effect in the first quarter was about 800 million yen.

The second was income tax. While companies with taxable income, including Square Enix, pay tax separately, the consolidated results are the sum of the results of the profitable and unprofitable companies. This causes a difference between consolidated recurring income and net income in the first quarter. We will correct this discrepancy in the full-year results.

The third factor was the advance pricing agreement (or APA) between the tax authorities of the United States

and Japan, which covers transfer pricing. Under the agreement, our taxes are adjusted for three years retroactively. We receive tax refunds from the United States and pay additional tax in Japan.

The tax refunds and additional tax payments should add up to zero, but we posted a temporary negative figure of 1.1 billion yen. One reason is that Japan and the United States have different fiscal year-ends. Because of this difference, the period for calculating tax is one quarter shorter in the United States than in Japan at the closing of the first quarter. Since the period for calculating tax refunds in the United States is shorter than the period for calculating additional tax payments in Japan, the amounts are different. The difference will be corrected in a subsequent period. The other reason is that tax payments are directly affected by the appreciation of the yen over the past three years, since we receive tax refunds in dollars and pay tax in yen. For these reasons, the APA-related expense was large, at 1.1 billion yen. Our actual performance was reflected in recurring income of 1.5 billion yen, and the net loss represents temporary and special factors. We would like to emphasize that we did not actually fall into the red.



There was yet another factor. With the acquisition of Eidos, we will be posting goodwill of 45 million pounds.

First, we have modified the accounting policy of Eidos to match that of the Square Enix Group. According to the accounting policy of the Group, expenses for preproduction are accounted for as a period expense. Once preproduction is approved through a title review, and the release of the title from Square Enix has been determined, expenses for production incurred thereafter are recognized as an asset. On the other hand, the accounting policy of Eidos stipulated that preproduction expenses be recognized as an asset at an earlier stage. In matching the Eidos standard to the standard of the Group, we need to post a substantial expense.

We have also decided to adopt a more strict assessment of work in progress. For these two reasons, we added a total of 47 million pounds to goodwill.

The amount relates to the development process. We also posted an additional allowance for sales returns as a result of a review of inventory and the distribution of what was sold.

Overall, goodwill of 45 million pounds arose, which will be amortized in ten years.

In addition to the above, which is relating to the development process, we also posted an additional allowance for sales returns as a result of a review of inventory in the distribution of what was sold.

Overall, goodwill of 45 million pounds arose, which will be amortized in ten years.

Significant Progress in Eidos Integration
(Acquisition concluded on April 22, 2009)

- ✓ **Structural integration completes within 2009**
 - Sales and marketing units in North America and Europe have been fully integrated.
 - Headquarters in UK will be integrated.

- ✓ **Intercommunications between creators have started.**

SQUARE ENIX 12 SQUARE ENIX HOLDINGS CO., LTD.

When we discussed the acquisition of Eidos previously, we noted that the Eidos brand and studios will remain unchanged. However, the publisher and head office functions are being merged into Square Enix. The integration of Eidos will have structural, physical, and human aspects. For human resources, much of the work was done in July, and the integration will be completed by the end of this year. As a result of integration of Eidos and Square Enix organizations, we will have two major pillars such as Square Enix Europe in Europe and Square Enix America in North America.

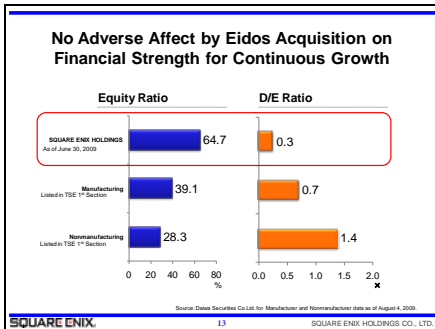
Each Eidos studio will remain, keeping the Eidos brand. Phil Rogers, the former head of Eidos, will be head in Europe. John Yamamoto will remain as head in North America. With Japan, we will have three centers forming an international framework.

These developments will give us large economies of scale in sales and marketing. There will be a balanced geographical distribution of titles to be released, and titles will be launched in a variety of genres. We think this will help us establish a stronger presence. We will compare certain benchmarks of both companies and will choose those that are superior. The benchmarks include those relating to allowance levels, shipments, and price protection. Since we are integrating companies with different methods, we expect not only quantitative economies of scale but also synergies from experience.

The positive aspect of Eidos is that it regularly creates exceptionally good titles. The negative aspect is that after putting hard work into creating these games, it does not earn revenue other than that from the packaged software itself. We will apply a multi-faceted approach—a feature of our Group—to the assets of Eidos. We will consider ways to develop figures, goods, strategy guides, fan books, movies, and animations in relation to titles. It will take one or two years to produce results.

Communication among our creators has picked up. Members of Square Enix have begun to participate in Creator Summits, which Eidos organizes once a quarter, to encourage greater exchange of technical knowledge. These discussions are proving very positive.

We are discussing the possibility of having a Square Enix team create computer-generated movie scenes for major Eidos titles. Although Eidos excels at designing games and real-time rendering, the costs and capabilities it allocates for creating movie scenes are not sufficient. We expect that we will be able to quickly achieve results in this field. This is just an example of the exchanges that are taking place on different levels.



We see no cause for concern about any adverse effect that the Eidos acquisition will have on our financial strength.

Reference: Consolidated Projections

Full-Year	Fiscal Year ended March 31, 2009		Fiscal Year ending March 31, 2010		Change
	Millions of Yen	%	Millions of Yen	%	
Net Sales	135,693	100%	180,000	100%	44,307
Operating Income	12,277	9%	25,000	14%	12,723
Ordinary Income	11,251	8%	25,000	14%	13,739
Net Income	6,333	5%	15,000	8%	8,667
Depreciation and Amortization	6,919	-	11,000	-	4,082
Capital Expenditure	13,131	-	16,000	-	(2,831)

First-Half Year ending September 30, 2009	Fiscal Year ended March 31, 2009		Fiscal Year ending March 31, 2010		Change
	Millions of Yen	%	Millions of Yen	%	
Net Sales	67,974	100%	90,000	100%	22,026
Operating Income	6,396	9%	12,500	14%	3,154
Ordinary Income	5,704	8%	12,500	14%	2,796
Net Income	3,054	5%	7,500	8%	1,446

For reference, this slide shows consolidated full-year projections, which are also included in our brief announcement of consolidated financial results.

Reference: Consolidated Full-Year Projections by Segment

1. Projections for the Fiscal Year ending March 31, 2010

	Billions of Yen						
	Games	Amusement	Publication	Mobile Phone Content	Merchandising	Eliminations or unallocated	Total
Net Sales	93.8	66.8	13.0	91.0	4.0	-	188.6
Operating Income	26.9	3.2	2.6	4.8	0.8	(11.8)	26.5
Operating Margin	28.8%	5.2%	20.8%	48.9%	20.0%	-	13.9%

Exchange rate: USD=JPY106.00, EUR=JPY120.00

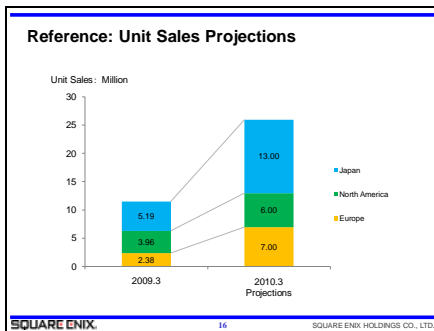
2. Results for the Fiscal Year ended March 31, 2009 (unaudited proforma calculation)

	Billions of Yen						
	Games	Amusement	Publication	Mobile Phone Content	Merchandising	Eliminations or unallocated	Total
Net Sales	48.9	59.5	13.0	91.0	2.8	(0.2)	135.7
Operating Income	6.7	2.7	2.6	4.2	0.8	(0.7)	12.3
Operating Margin	13.7%	4.6%	27.3%	38.1%	23.0%	-	9.0%

3. Change (1 - 2)

	Billions of Yen						
	Games	Amusement	Publication	Mobile Phone Content	Merchandising	Eliminations or unallocated	Total
Net Sales	44.1	6.6	(1.0)	-	0.6	0.0	44.7
Operating Income	18.2	0.5	(1.0)	0.2	-	(0.3)	12.7

This page shows consolidated projections by segment.



The figure here shows unit sales projections for the fiscal year ending March 31, 2010. Unit sales in the first quarter were so distorted that they do not serve as a useful reference. We therefore present our full-year projections here. In the past, when *DRAGON QUEST* was released, the units sold in Japan accounted for most of total game sales. However, in the current fiscal year, even though *DRAGON QUEST* will contribute to sales in Japan, total game sales will be well balanced across Japan, Europe, and North America. With a *FINAL FANTASY* release, the ratio of overseas sales will rise.

We posted recurring income of 1.5 billion yen for the first quarter. This is still short of what we want to achieve. But since our forecast was for no income or even a loss, this result is better than expected. I hope I have conveyed two points today. First, our performance will gather momentum in the second quarter, as we have anticipated. Second, there were special factors that caused a large difference between recurring income and the net loss.

I would be pleased now to take your questions.