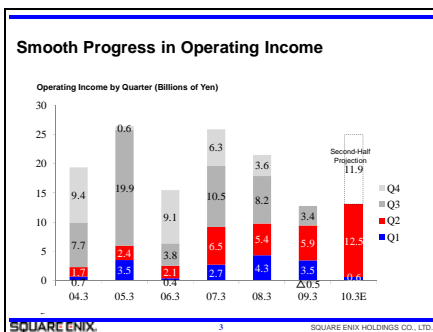
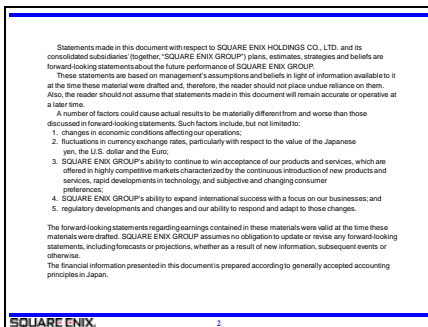


I'd now like to commence our briefing on the results achieved by Square Enix Holdings for the first half of the fiscal year ending March 31, 2010.



Operating income at the end of the first half was almost in line with our initial plan.

Since the results for the first quarter were unfavorable, some people doubted whether results at the end of the first half would reach 50% of the full-year projections. As it turns out, the results were almost on a par with the original numbers.

Although progress varies among segments, there has been no move to change the Group's full-year plan.

In the Games segment, we launched *DRAGON QUEST IX* in the second quarter. Since then, trends in sell-in unit sales and sell-through unit sales have been almost identical. And while this content has already made the greatest contribution to operating income, we expect unit sales to increase as we approach both the year's end and the close of the fiscal year.

BATMAN: ARKHAM ASYLUM from Eidos, which became a Group company after we acquired it in April, sold very well in North America and Europe, contributing to overall income as expected. *KINGDOM HEARTS 358/2 Days* for Nintendo DS also made a noticeable contribution.

In the future, we shall approach Eidos brand titles with the intention of releasing them in Japan, with their sales in this region ultimately contributing to Group profits.

The Amusement segment has continued to face a challenging market environment, and as a result, actual operating income has so far only reached 35% of the full-year forecast. We expect that full-year results will be somewhat short of the original projection.

Performance of the Publication segment has been quite good, with operating income already reaching 93% of the full-year forecast. In this segment, we continue to succeed through the publishing of periodicals, the expansion of our customer base via the creation of TV animation based on our publications, and the recoupment of our investment in animation through a

growth in comic sales driven by the popularity of animation programs based on those comics. Since it would be unreasonable to assume in the planning phase that all animation content would become hits, we anticipated at the outset of the fiscal year that 30 to 50% of the productions would succeed. However, it turned out that over 80% of the content produced proved a success.

In addition to growth in comic sales bolstered by associated animation productions, sales and income from strategy guidebooks for major game titles also contributed to strong results in the second quarter.

Results in the Mobile Phone Content segment were in line with our original forecast and represented almost half of the full-year projection. Unfortunately, contributions from overseas operations were minimal, with almost all sales remaining domestic. Addressing this will be among our challenges for the future.

In the Merchandising segment, *FINAL FANTASY VII ADVENT CHILDREN COMPLETE*, which was launched on Blu-ray Disc in the first quarter, sold well and bolstered profits. As a result, actual operating income has already exceeded the full-year projection.

Finally, the Eliminations and Unallocated figures were less than expected due to the streamlining of several initiatives.

Unit Sales in the First-Half of the Fiscal Year 2009
(April 1, 2009 through September 30, 2009)

Year Ended March 31

Region	2004	2005	2006	2007	2008	2009	2010 F.	2009 H1
Japan	4.93	6.30	7.86	7.21	7.52	5.19	13.00	5.57
North America	5.85	3.76	3.51	6.15	3.79	3.96	6.00	3.47
Europe	2.74	0.92	0.82	3.50	3.02	2.38	7.00	3.02
Asia, incl.	0.10	0.07	0.04	0.07	0.08	0.08		0.01
Total	13.62	11.05	12.23	16.93	14.41	11.61	26.00	12.07

■ DQIII: 4 million units (Japan)
 ■ Kingdom Hearts 358/2 Days: 2.65 million units (North America: 1.54 million, Europe: 1.09 million units)
 ■ Kingdom Hearts II: 2.22 million units (Japan: 2.13 million, North America: 0.28 million, Europe: 0.1 million units)
 ■ Dissidia Final Fantasy: 0.72 million units (North America: 0.36 million, Europe: 0.36 million units)
 ■ Final Fantasy XIII: 2.1 million units (North America: 0.5 million, Europe: 0.3 million units)

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This slide shows unit sales of games by region. The figures are full-year unit totals starting with the fiscal year ended March 2004, when Square Enix was established.

Full-year unit sales are projected to rise substantially in North America and Europe in the fiscal year ending March 2010, reflecting the acquisition of Eidos in addition to the Japanese launch of the key title *Dragon Quest IX*. Up through the previous fiscal year, our global sales capability had been approximately 15 million units. However, as can be seen, the full-year forecast for the current fiscal year is 26 million units, with actual unit sales in the first half already totaling 12,070,000 units.

With current market conditions proving quite severe, and continuing pressure to cut product prices, we must first work towards increasing unit sales numbers. Comparing current unit sales numbers with those prior to the acquisition of Eidos, we believe that our capability has stabilized.

Major Title Lineup from Oct. through Dec. 2009
(As of November 5, 2009)

Title	Regions	Platforms	Release Date (Scheduled)
FINAL FANTASY CRYSTAL CHRONICLES THE CRYSTAL BEARERS	Japan North America	Wii	Nov. 12 (JPN) Dec. 26 (N.A.)
ASSASSIN'S CREED II	Japan	PS3/X360	Dec. 3
CALL OF DUTY MODERN WARFARE 2	Japan	PS3/X360	Dec. 10
FINAL FANTASY XIII	Japan	PS3	Dec. 17
KINGDOM HEARTS 358/2 Days	Europe	DS	Oct. 9
HIKARI NO 4 SENSEI FINAL FANTASY GARDEN	Japan	DS	Oct. 29
DISSIDIA FINAL FANTASY UNIVERSAL TUNING	Japan	PSP	Nov. 1

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This slide shows the lineup of major titles to be released from October to December. During this period, *FINAL FANTASY CRYSTAL CHRONICLES THE CRYSTAL BEARERS* will be released in Japan and the United States, while the Japanese version of *FINAL FANTASY XIII* is scheduled for launch on December 17.

Also, as has been mentioned since last year, we are continuing to sell titles from large overseas publishers, tapping our sales capabilities in Japan. We have begun releasing several major titles, and plan to release *ASSASSIN'S CREED II* from Ubisoft Entertainment and

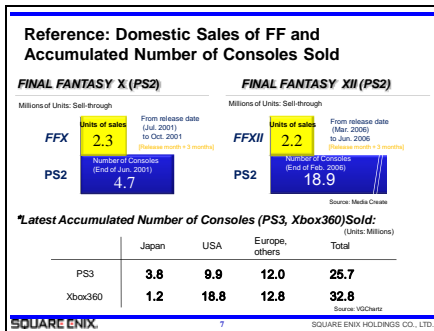
CALL OF DUTY MODERN WARFARE 2 from Activision Blizzard in December. We believe the quality of these titles is very high, and intend to focus our efforts on re-inspiring hard-core gamers in Japan through our promotion.

These are the four major game console titles scheduled for release in October through December.

For handheld consoles, *KINGDOM HEARTS 358/2 Days*, released in Japan and the United States during the first half, will be available in Europe in October. *HIKARI NO 4 SENSHI-FINAL FANTASY GAIDEN-* and *DISSIDIA FINAL FANTASY UNIVERSAL TUNING* are also due for release in Japan later this year.

While other titles are also planned, the previously mentioned seven form the main constituents of our lineup.

As for our lineup for January through March, we are currently finalizing release dates, and therefore cannot yet provide any definite announcements at this time. The adjustments we are implementing at the moment mainly involve North American and European releases. Regardless of possible changes in the lineup, we believe we are on track to fulfill our full-year income plan.



FINAL FANTASY XIII (FFXIII) is scheduled for release on the PS3 and Xbox 360 in North America and Europe, while only on the PS3 in Japan. For this reason, some people have predicted that unit sales for the title will be lower than those for previous titles in the series.

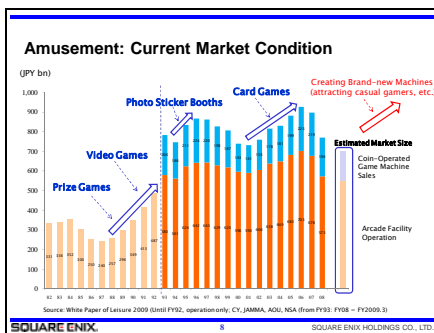
Records tell us that cumulative sales for the PlayStation2 console numbered 4.7 million units when *FINAL FANTASY X (FFX)* was released in 2002. *FFX* went on to sell 2.3 million units in the three months following its release. Comparatively, cumulative sales of PlayStation2 consoles numbered 18.9 million units when *FINAL FANTASY XII (FFXII)* was released in 2006. When disseminating these figures, we must take into account the launch of a thin PlayStation2 console in 2004, in addition to several significant price cuts during this four year period. From this we can devise that this number of 18.9 million did not represent the number of unique users, since certain users—myself included—had already purchased two or even three consoles.

Currently, cumulative sales of PS3 consoles in Japan are said to be 3.8 million--well below the figure for PlayStation2 consoles at the time *FFX* was released. However, since PS3 unit sales are on the rise, we are looking forward to seeing how many units will be sold by the time *FFXIII* is released in December. Additionally, we are planning hardware/software bundles and other sales strategies to coincide with the game's launch.

Conversely, in North America and Europe, where *FFXIII* is scheduled for release on both the PS3 and Xbox360, the cumulative sales figures for the two

consoles is already sizable, estimated at somewhere between 20 and 30 million. And, since the hardware in both regions has only experienced one major price cut, it is safe to assume that the number of PS3 and Xbox consoles is comparable to the number of unique users. Please note, however, that this simply a rough overview of current sales trends.

At the time of the console's release, some said that it would be difficult to sell *FFX* on the PlayStation2, but fortunately, we were able to succeed in our endeavors. I believe that the current situation with *FFXIII* is similar, and I am pleased to report that the present number of orders received for the game is anything but disappointing.



I understand that trends in the Amusement segment are cyclical, with each ten-year cycle consisting of an upward trend and a downward trend both lasting five years. In this chart, the orange portion shows sales from arcade facility operations, while the blue indicates sales of coin-operated game machines.

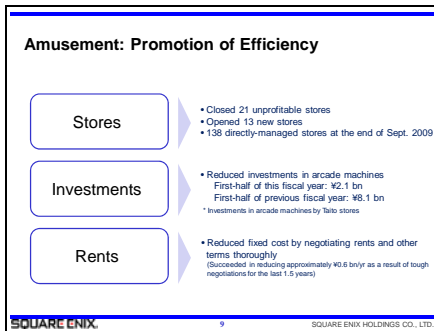
When the percentage of sales from facility operations used for the purchase of amusement game machines exceeds 30%, the market enters a cautionary zone. From here, market size gradually declines until it bottoms out when the percentage falls close to the 20% range, and then, the next cycle begins.

However, the market does not automatically return to an uptrend without some initiatives being taken, and over the years, there have always been innovations that help continue to draw customers into amusement arcades.

In the 1980s, a time when home game consoles were first introduced, it was said that amusement arcades were doomed to extinction. As it turned out, the advent of home game consoles had quite the opposite effect, with console video games ultimately contributing to arcade growth in Japan. The number of customers for both home game consoles and game machines in arcades increased, and both markets expanded. It was also during this period that skill crane games won recognition as arcade games, and the number of what we now refer to as “gamers” sharply increased.

When the market entered a temporary lull in the early 1990s, photo sticker booths provided a boost. The booths attracted junior high and high school girls, who had not previously been customers of amusement arcades, and helped sustain the market. After 2000, the market expanded as the average amount of money spent by core users of satellite-type card games and children’s card games rose. It was also influenced by game machines being installed in shopping malls, which ultimately led to an increase in family and child customers. However, the market began to decline again from around 2007, reflecting excess investment.

We expect that over the next 12 to 18 months, the market will contract and some of its participants will withdraw from the fray. However, we believe that we will be able to move towards recovery if we can correctly identify new customer types which can be effectively attracted to amusement arcades.



Based on our understanding of the operating environment just described, our Amusement segment will continue to focus on streamlining. We are currently pursuing a scrap-and-build strategy, and have already closed 21 arcades, while opening 13 more. We will continue to close arcades, but have not ruled out opening new ones if the situation is deemed advantageous. As we have mentioned previously, we are also increasing the number of arcades using the TAITO name, including not only our own but also franchise and rental outlets.

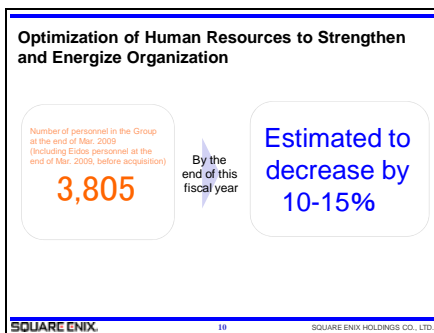
Currently, we are experiencing unusual circumstances in which investments in arcade machines account for 30% or more of sales, thus causing the need to ease the pace of investment. Though this situation poses a challenge for our machine manufacturing segment, we are forced to put a limit on the amount of money spent here.

We are also continuing low-key efforts to cut rent, and we are prepared to close arcades if negotiations break down. After annualizing reductions in rent for the previous fiscal year and for the first half under review, it can be seen that we have achieved savings of about 0.6 billion yen. In the future, we will continue to seek further cuts.

And naturally, while we continue making preparations for future innovations, we believe we need to focus on streamlining to ensure that we are still a player in the market after 12 or 18 months, or however long it takes this severe business environment to recover.

As I said earlier, our performance was very good in the

Mobile Phone Content, Publication, and Merchandising segments, and thus I have no additional topics to discuss regarding these fields.



Given the solid progress shown in our earnings plan for the current fiscal year, we are taking steps to maximize workforce efficiency to strengthen our organization.

The combined number of regular and contract employees in the Square Enix Group and the Eidos Group prior to the Eidos acquisition at the end of March 2009 was 3,805.

We expect to reduce the Group headcount by 10 to 15%, with similar percentage reductions within Square Enix in Japan, TAITO, and Eidos' North American and European locations.

Since we are continuing to hire new employees, including experienced workers, a net decrease of 10 to 15% ultimately represents a significant change in the current workforce of the Group.

The allowance for additional retirement benefits granted in conjunction with early retirement only pertains to regular employees in Japan. Due to this, the total Group workforce reduction cannot be calculated

simply by looking at the allowance total.

Please note that we are not in a position to reveal the number of employees to be reduced by area or by job type. What I can tell you is that we expect to downsize the Group's workforce by 10 to 15%, as an initiative to energize the organization.

Reference: Consolidated Projections

Full-Year	Fiscal Year Ended March 31, 2008		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
Recurring Income	11,261	8%	25,000	14%	13,739
Net Income	6,333	5%	10,000	6%	3,667
Depreciation and Amortization	6,978	-	11,000	-	4,022
Capital Expenditure	13,131	-	10,500	-	a. 2,631

Fiscal Half-Year ended September 30, 2009	Fiscal Year Ended March 31, 2009		Fiscal Year Ending March 31, 2010		Change
	Millions of Yen	%	Millions of Yen	%	
Net Sales	67,874	100%	90,581	100%	22,587
Operating Income	9,396	14%	13,693	14%	4,295
Recurring Income	9,704	14%	12,181	13%	2,477
Net Income	6,054	9%	7,683	9%	a. 1,629

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This slide shows projections for the current fiscal year.

The major factor for changes in the balance sheet from the end of the previous fiscal year was the consolidation of Eidos, as explained in the results briefing for the first quarter. Thus I shall omit my explanation of the individual items listed here.

二重連結決算公告表

項目	2008年3月31日		2009年3月31日		2010年3月31日	
	金額	前年比	金額	前年比	金額	前年比
現金	11,000	100%	12,000	109%	13,000	118%
短期有価証券	10,000	100%	11,000	110%	12,000	120%
固定資産	100,000	100%	105,000	105%	110,000	110%
負債	10,000	100%	10,000	100%	10,000	100%
純資産	110,000	100%	115,000	105%	120,000	109%

Current results are in line with those numbers forecasted at the beginning of the fiscal year. We expect that results for the full year will be largely in line with that plan. By making the decision to begin the streamlining of our organization while results are favorable, we expect success in reducing our workforce by 10 to 15% by the end of the current fiscal year.

The plans, forecasts, strategies and ideas described in this material are descriptions of forecasts of future results. These descriptions rely on information available as of the date of production of this material and are based on assumptions and judgment made by the Company's management. Readers are advised not to rely solely on these forecasts. Readers should also not assume that these forecasts are accurate or valid information, even after the date of public release. There are many factors that may cause actual results to vary considerably from the forecasts, and in some cases actual results may be inferior to forecasts.

The information on the future forecasts described in this material is current as of November 5, 2009. The company is not obliged to update or correct forecasts concerning the Company's future results, including forecasts or outlook, if new information becomes available and/or events occur after November 5, 2009.

Reference: Consolidated Full-Year Projections by Segment

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

	Games	Amusement	Publication	Mobile Phone Content	Merchandising	Eliminations or unallocated	Total
Net Sales	93.0	60.0	12.0	11.0	4.0	-	199.9
Operating Income	36.0	3.2	2.6	4.5	0.8	(11.0)	36.8
Operating Margin	38.9%	5.3%	21.7%	40.9%	20.0%	-	18.4%

Exchange rate: USD/JPY=96.84 (2009/10/31)

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

	Games	Amusement	Publication	Mobile Phone Content	Merchandising	Eliminations or unallocated	Total
Net Sales	48.9	69.9	13.0	11.0	3.8	(0.0)	136.7
Operating Income	4.3	3.7	3.4	4.0	2.8	(4.0)	14.2
Operating Margin	8.8%	5.3%	26.2%	36.4%	22.0%	-	10.4%

3. Change (1 - 2)

	Games	Amusement	Publication	Mobile Phone Content	Merchandising	Eliminations or unallocated	Total
Net Sales	44.1	0.9	(1.0)	-	0.2	0.0	44.2
Operating Income	19.2	0.5	(1.0)	0.5	-	(0.0)	19.2

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This concludes my explanation of the results for the first half of the fiscal year.

Results Briefing Session
The First-Half of the Fiscal Year
ending March 31, 2010

SQUARE ENIX
November 5, 2009

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