

Consolidated Financial Results
for the Nine-Month Period Ended December 31, 2011 (Japan GAAP)

February 3, 2012

Company name: SQUARE ENIX HOLDINGS CO., LTD.
Shares traded: Tokyo Stock Exchange, First Section
Company code: 9684
Company URL: <http://www.square-enix.com/eng>
Representative: Yoichi Wada, President and Representative Director
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Financial report submission: February 10, 2012 (planned)
Cash dividend payment commencement: -
Supplementary quarterly materials prepared: Yes
Quarterly results presentation held: No

(Amounts under one million yen are rounded down)

1. Consolidated Financial Results (April 1, 2011 to December 31, 2011)

(1) Consolidated Financial Results (cumulative)

(Millions of yen and year-on-year changes in percents)

	Net sales		Operating income		Ordinary income		Net income	
Nine months ended	%		%		%		%	
December 31, 2011	95,738	(2.5)	11,220	24.6	9,566	56.3	5,013	175.2
December 31, 2010	98,183	(27.5)	9,004	(58.0)	6,119	(70.9)	1,821	(76.6)

Note: Nine months ended December 31, 2011 Comprehensive income: 2,511 million yen (- %)
 Nine months ended December 31, 2010 Comprehensive loss: 2,513 million yen (- %)

	Earnings per share, basic	Earnings per share, diluted
Nine months ended	yen	yen
December 31, 2011	43.57	43.48
December 31, 2010	15.83	15.81

(2) Consolidated Financial Position

(Millions of yen and ratios in percents)

	Total assets	Net assets	Equity ratio
As of			%
December 31, 2011	210,139	134,352	63.1
March 31, 2011	206,336	135,143	64.7

Note: Total equity As of December 31, 2011: 132,628 million yen
 As of March 31, 2011: 133,558 million yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2011	-	10.00	-	20.00	30.00
Fiscal year ending March 31, 2012	-	10.00	-		
Fiscal year ending March 31, 2012 (projection)				20.00	30.00

Note: No change in dividend projection from previous announcement.

3. Consolidated Forecasts (April 1, 2011 to March 31, 2012)

(Millions of yen, year-on-year changes in percents and per share data)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	%		%		%		%		yen
Fiscal year ending March 31, 2012	130,000	3.8	10,000	36.5	10,000	85.5	5,000	-	43.45

Note: No change in consolidated forecasts from previous announcement.

4. Other

- (1) Significant changes among major subsidiaries during the period (changes resulting in change in scope of consolidation): No
- (2) Adoption of special accounting treatment for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, procedures, and methods of presentation for consolidated financial statements
 1. Changes associated with revision in accounting standards: Yes
 2. Other changes: No
 3. Changes in accounting estimates: No
 4. Restatements: No

Note: For details, refer to page 3, section 2. Other Information in Summary, item (1) Changes in accounting principles, changes in accounting estimates and retrospective restatements.

- (4) Outstanding shares (common stock)
 1. Number of shares issued and outstanding (including treasury stock):

As of December 31, 2011	115,370,596
As of March 31, 2011	115,370,596
 2. Number of treasury stock:

As of December 31, 2011	300,776
As of March 31, 2011	299,594
 3. Average number of shares during the period (cumulative):

Nine-month period ended December 31, 2011	115,070,395
Nine-month period ended December 31, 2010	115,072,268

Disclaimer: (1) This document is a translation of the Japanese language "Kessan Tanshin" prepared in accordance with the guidelines of the Tokyo Stock Exchange. The Japanese language document shall prevail in the event any differences or discrepancies exist between this English translation and the original. (2) At the time of disclosure of this report, review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Law had not been completed. (3) The forward-looking statements in this document are based upon the information currently available and necessarily include elements that are not entirely predictable. Actual results may differ from the forward-looking statements in this document. (4) For additional information about forecasts, please refer to "Qualitative information on consolidated business forecasts" section on page 3 of Supplemental Information.

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1. Consolidated Results for the Nine-Month Period Ended December 31, 2011

(1) Analysis of consolidated business results

The Square Enix Group (the "Group") is continuing determined efforts to strengthen the competitiveness and profitability of its business segments of Digital Entertainment, Amusement, Publication and Merchandising. Net sales for the nine-month period ended December 31, 2011 totaled ¥95,738 million (a decrease of 2.5% from the same period of the prior fiscal year), operating income amounted to ¥11,220 million (an increase of 24.6% from the same period of the prior fiscal year), ordinary income amounted to ¥9,566 million (an increase of 56.3% from the same period of the prior fiscal year) and net income amounted to ¥5,013 million (an increase of 175.2% from the same period of the prior fiscal year).

A discussion of results by segment for the nine-month period ended December 31, 2011 follows.

- Digital Entertainment

The Digital Entertainment segment plans, develops, distributes and operates digital entertainment content primarily in the form of games. Digital entertainment content is offered to meet customer lifestyles across a variety of usage environments such as consumer game consoles (including handheld game machines), personal computers and mobile phones.

During the nine-month period ended December 31, 2011, favorable results included the major title releases of DEUS EX: HUMAN REVOLUTION (Europe, North America and Japan) and FINAL FANTASY XIII-2 (Japan), as well as continued expansion in fee-based service revenues from growth areas including content for the web, smartphones and social networking services.

Net sales and operating income in the Digital Entertainment segment totaled ¥53,701 million (an increase of 6.2% from the same period of the prior fiscal year) and ¥12,451 million (an increase of 11.6% from the same period of the prior fiscal year), respectively.

- Amusement

The Amusement segment consists of the operation of amusement facilities and the planning, development and distribution of arcade game machines and related products for amusement facilities.

During the nine-month period ended December 31, 2011, higher earnings were the result of efficiencies gained in the operation of amusement facilities.

Net sales and operating income in the Amusement segment totaled ¥31,675 million (a decrease of 8.0% from the same period of the prior fiscal year) and ¥2,387 million (an increase of 15.2% from the same period of the prior fiscal year), respectively.

- Publication

The Publication segment includes comic books, game strategy books and comic magazines.

During the nine-month period ended December 31, 2011, the Group had favorable results benefitting from cross media

initiatives based on popular titles that generated continued strong sales of comic books.

Further, the Group has been dedicated to developing network-based businesses including applications by which the Group's GANGAN ONLINE, a web-based comic magazine, can be browsed.

Net sales and operating income in the Publication segment totaled ¥8,440 million (a decrease of 22.4% from the same period of the prior fiscal year) and ¥1,867 million (a decrease of 33.1% from the same period of the prior fiscal year), respectively.

- Merchandising

The Merchandising segment includes the planning, production, distribution and licensing of derivative products of titles owned by the Group.

During the nine-month period ended December 31, 2011, the Group continued to distribute and license items such as character goods and soundtracks based on the Group's own IPs while also diversifying its profit-earning opportunities through accelerating global operations and strengthening its character goods lineup with additional products based on renowned third party content.

Net sales and operating income in the Merchandising segment totaled ¥1,924 million (a decrease of 17.2% from the same period of the prior fiscal year) and ¥459 million (a decrease of 20.8% from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- Assets

As of December 31, 2011, total current assets were ¥170,610 million, an increase of ¥6,309 million compared to March 31, 2011. The change was mainly due to a ¥2,180 million decrease in cash and deposits and increases in notes and accounts receivable and the content production account of ¥6,062 million and ¥4,563 million, respectively. As of December 31, 2011, total non-current assets were ¥39,528 million, a decrease of ¥2,506 million compared to March 31, 2011.

As a result, total assets were ¥210,139 million, an increase of ¥3,803 million compared to March 31, 2011.

- Liabilities

As of December 31, 2011, total current liabilities were ¥32,965 million, an increase of ¥4,460 million compared to March 31, 2011. The increase was mainly due to increases in notes and accounts payable and short term loans payable of ¥1,421 million and ¥3,453 million, respectively. As of December 31, 2011, total non-current liabilities were ¥42,821 million, an increase of ¥133 million compared to March 31, 2011.

As a result, total liabilities were ¥75,786 million, an increase of ¥4,594 million compared to March 31, 2011.

- Net assets

As of December 31, 2011, net assets were ¥134,352 million, a decrease of ¥790 million compared to March 31, 2011. The main factors affecting net assets during the nine-month period ended December 31, 2011 were net income of ¥5,013 million, payments for dividends from retained earnings totaling ¥3,452 million and a negative foreign currency translation adjustment of ¥2,526 million.

As a result, the consolidated equity ratio stood at 63.1%, compared to 64.7% at March 31, 2011.

(3) Qualitative information on consolidated business forecasts

The Group is prepared to meet the new business environment that is expanding its customer base through the proliferation of broadband networks to homes and a wider selection of digital entertainment platforms. The Group views this change as an opportunity to capture new profit sources and is making every effort to expand its network related businesses providing a well-established revenue base to have the Group's attractive content enjoyed by an ever-growing number of customers.

As a result of expected costs including up-front expenditures in content development for growth areas during the three-month period ending March 31, 2012, forecasts for the fiscal year ending March 31, 2012 issued at the start of the fiscal year are unchanged.

In the current fiscal year, the Group is focusing all efforts on rebuilding the Group businesses toward a substantial earnings recovery from next fiscal year ending March 31, 2013 and beyond.

2. Other Information in Summary

(1) Changes in accounting principles, changes in accounting estimates and retrospective restatements

(Change in accounting principle)

Effective from the fiscal first quarter, the Company has adopted the Accounting Standards Board of Japan's revised Accounting Standard for Earnings Per Share (ASBJ Statement No. 2, issued June 30, 2010) and revised Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, issued June 30, 2010).

The Company has changed the method by which it calculates quarterly diluted EPS as follows. For employee stock options that vest after a stipulated period of service, the Company now includes the portion of stock options' fair value attributable to future service when calculating the cash proceeds assumed to be receivable upon execution of the stock options. This change will have no impact on reported EPS.

(2) Additional information

The Company has adopted the Accounting Standards Board of Japan's Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, issued December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, issued December 4, 2009) for accounting changes and error corrections made from April 1, 2011, onward.

3. Consolidated Financial Statements for the Nine-Month Period Ended December 31, 2011

(1) Consolidated balance sheets

(Millions of yen)

	As of December 31, 2011	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	108,945	111,126
Notes and accounts receivable	21,536	15,474
Merchandise and finished goods	2,526	2,992
Work in progress	383	287
Raw materials and supplies	448	427
Content production account	24,453	19,890
Other	12,455	14,222
Allowance for doubtful accounts	(139)	(120)
Total current assets	170,610	164,301
Non-current assets		
Property and equipment	16,945	17,328
Intangible assets	9,309	10,324
Investments and other assets	13,273	14,382
Total non-current assets	39,528	42,034
Total assets	210,139	206,336

(Millions of yen)

	As of December 31, 2011	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,199	7,777
Short-term loans payable	4,792	1,338
Income taxes payable	2,937	2,269
Reserve for bonuses	554	1,453
Provision for sales returns	1,391	1,780
Provision for game arcade closings	281	487
Asset retirement obligations	515	63
Other	13,291	13,332
Total current liabilities	<u>32,965</u>	<u>28,504</u>
Non-current liabilities		
Bonds payable	35,000	35,000
Provision for retirement benefits	3,625	3,061
Provision for directors' retirement benefits	231	266
Provision for game arcade closings	529	590
Asset retirement obligation	155	657
Other	3,279	3,111
Total non-current liabilities	<u>42,821</u>	<u>42,687</u>
Total liabilities	<u>75,786</u>	<u>71,192</u>
Net assets		
Shareholders' equity		
Capital stock	15,204	15,204
Capital surplus	44,444	44,444
Retained earnings	84,274	82,711
Treasury stock	(860)	(859)
Total shareholders' equity	<u>143,062</u>	<u>141,501</u>
Accumulated other comprehensive income loss		
Valuation difference on available-for-sale securities	21	(14)
Foreign currency translation adjustments	(10,455)	(7,929)
Total accumulated other comprehensive loss	<u>(10,434)</u>	<u>(7,943)</u>
Subscription rights to shares	972	814
Minority interests	751	771
Total net assets	<u>134,352</u>	<u>135,143</u>
Total liabilities and net assets	<u>210,139</u>	<u>206,336</u>

(2) Consolidated income statement and consolidated statement of comprehensive income
 Consolidated income statement

	<i>(Millions of yen)</i>	
	Nine months ended December 31, 2011	Nine months ended December 31, 2010
Net sales	95,738	98,183
Cost of sales	54,299	57,130
Gross profit	41,439	41,052
Reversal of provision for sales returns	1,703	4,046
Provision for sales returns	1,422	2,407
Gross profit-net	41,719	42,691
Selling, general and administrative expenses	30,499	33,687
Operating income	11,220	9,004
Non-operating income		
Interest income	99	151
Dividends received	3	14
Miscellaneous income	102	86
Total non-operating income	205	252
Non-operating expenses		
Interest expenses	36	70
Commission fee	33	33
Foreign exchange losses	1,787	3,011
Miscellaneous loss	2	21
Total non-operating expenses	1,859	3,136
Ordinary income	9,566	6,119
Extraordinary income		
Gain on sales of non-current assets	-	1
Gain on sales of investment securities	48	-
Gain on sales of subsidiaries and affiliates' stocks	192	-
Reversal of allowance for doubtful accounts	-	47
Gain on disposition of foreign currency translation adjustment	-	317
Other	39	244
Total extraordinary income	279	610
Extraordinary loss		
Loss on retirement of non-current assets	326	441
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	462
Loss on content	-	443
Other	166	339
Total extraordinary loss	492	1,686
Income before income dividends distribution from silent partnership, income taxes (tokumei-kumiai)	9,353	5,043
Dividends distribution from silent partnership (tokumei-kumiai)	(6)	(11)
Income before income taxes	9,359	5,055
Income taxes-current	2,471	189
Income taxes-deferred	1,864	3,035
Total income taxes	4,336	3,224
Income before minority interests	5,023	1,830
Minority interests in income	10	9
Net income	5,013	1,821

Consolidated statement of comprehensive income

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2010
Income before minority interests	5,023	1,830
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	35	(57)
Foreign currency translation adjustment	(2,548)	(4,286)
Other comprehensive loss	(2,512)	(4,344)
Comprehensive income	2,511	(2,513)
(Breakdown)		
Comprehensive income (loss) attributable to owners of the parent	2,522	(2,457)
Comprehensive income (loss) attributable to minority interests	(11)	(55)

(3) Note regarding going concern assumptions

None

(4) Segment information

I. Outline of reporting segments for the nine-month period ended December 31, 2010

1. Information on sales and income by reporting segment

(Millions of yen)

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Net sales							
(1) Sales to outside customers	50,574	34,416	10,871	2,322	98,183	-	98,183
(2) Intersegment sales	0	0	-	2	2	(2)	-
Total	50,574	34,416	10,871	2,324	98,186	(2)	98,183
Segment operating income	11,161	2,072	2,791	580	16,604	(7,600)	9,004

Notes: 1. Segment adjustments (¥7,600 million) include amortization of goodwill (¥1,120 million) and unallocated corporate operating expenses (¥6,513 million).

2. Segment operating income is adjusted in operating income on the consolidated income statement.

2. Report by segment of noncurrent assets impairment, goodwill or other

None

II. Outline of reporting segments for the nine-month period ended December 31, 2011

1. Information on sales and income by reporting segment

(Millions of yen)

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Net sales							
(1) Sales to outside customers	53,701	31,675	8,440	1,922	95,738	-	95,738
(2) Intersegment sales	-	-	-	2	2	(2)	-
Total	53,701	31,675	8,440	1,924	95,740	(2)	95,738
Segment operating income	12,451	2,387	1,867	459	17,166	(5,946)	11,220

Notes: 1. Segment adjustments (¥5,946 million) include unallocated corporate operating expenses (¥5,964 million).

2. Segment operating income is adjusted in operating income on the consolidated income statement.

2. Report by segment of noncurrent assets impairment, goodwill or other

None

(5) Material changes in shareholders' equity

None