
FY2006 First-Half Period Results Briefing Session

SQUARE ENIX®

November 20, 2006

Statements made in this document with respect to SQUARE ENIX CO., LTD. and consolidated subsidiaries' (together, "SQUARE ENIX") plans, estimates, strategies and beliefs, including any forecasts or projections, are forward-looking statements about the future performance of SQUARE ENIX.

These statements are based on management's assumptions and beliefs in light of information available to it at the time these material were drafted and, therefore, the reader should not place undue reliance on them. Also, the reader should not assume that statements made in this document will remain accurate or operative at a later time.

A number of factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Such factors include, but not limited to:

1. changes in economic conditions affecting our operations;
2. fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro;
3. our ability to continue to win acceptance of our products and services, which are offered in highly competitive markets characterized by the continuous introduction of new products and services, rapid developments in technology, and subjective and changing consumer preferences;
4. our ability to expand internationally successfully with a focus on our digital content business, online game business and mobilephone content business; and
5. regulatory developments and changes and our ability to respond and adapt to those changes.

The forward-looking statements regarding earnings contained in these materials were valid at the time these materials were drafted. SQUARE ENIX assumes no obligation to update or revise any forward-looking statements, including forecasts or projections, whether as a result of new information, subsequent events or otherwise.

The financial information presented in this document is prepared according to generally accepted accounting principles in Japan.

1. FY2006* First-Half Period Financial Results

*FY2006 = Fiscal Year Ending March 31, 2007

FY2006 First-Half Period Results - Consolidated

Millions of Yen

	As of September 30, 2005		As of March 31, 2006		As of September 30, 2006	
		%		%		%
Current Assets	100,945	57%	132,251	62%	136,924	65%
Non-current Assets	77,030	43%	81,097	38%	75,206	35%
Total	177,976	100%	213,348	100%	212,130	100%
Current Liabilities	63,739	36%	37,840	18%	35,762	17%
Non-current Liabilities	3,578	2%	53,394	25%	53,259	25%
Total Liabilities	67,318	38%	91,234	43%	89,021	42%
Minority Interests in Consolidated Subsidiaries	4,211	2%	1,120	1%	*	*
Total Shareholders' Equity / Net Asset	106,446	60%	120,993	57%	123,109	58%
Total	177,976	100%	213,348	100%	212,130	100%
Number of Employees	2,952	-	3,050	-	3,130	-

The Company's consolidated balance sheet as of September 30, 2005 consolidates TAITO CORPORATION's ("TAITO") balance sheet as of September 30, 2005.

* Minority Interests in Consolidated Subsidiaries of ¥1,121 million is included in Net Asset

Millions of Yen

	April - September 2005		October 2005 - March 2006		April 2006 - September 2006	
		%		%		%
Net Sales	27,091	100%	97,382	100%	75,959	100%
Operating Income	2,484	9%	12,986	13%	9,169	12%
Recurring Income	2,730	10%	12,817	13%	9,400	12%
Net Income	2,202	8%	14,874	15%	3,319	4%
Depreciation and Amortization	850	-	7,569	-	5,247	-
Capital Expenditure	561	-	8,608	-	5,014	-

The Company's consolidated statement of income consolidate TAITO's statement of income from October 2005

Depreciation and amortization does not include amortization of goodwill

FY2006 First-Half Period Results by Segment - Consolidated

1. First-Half Period ended September 30, 2006

Millions of Yen

	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	19,186	7,678	2,907	5,426	38,144	2,615	–	75,959
Operating Expenses	14,875	4,367	2,204	3,658	38,472	1,104	2,106	66,790
Operating Income	4,311	3,311	703	1,767	(328)	1,511	(2,106)	9,169
Operating Margin	22.5%	43.1%	24.2%	32.6%	(0.9)%	57.8%	–	12.1%

2. First-Half Period ended September 30, 2005

Millions of Yen

	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	8,607	6,928	2,219	4,471	–	4,863	–	27,091
Operating Expenses	9,449	4,297	1,903	3,480	–	3,532	1,942	24,606
Operating Income	(842)	2,631	316	991	–	1,330	(1,942)	2,484
Operating Margin	(9.8)%	38.0%	14.2%	22.2%	–	27.3%	–	9.2%

3. Change (from the first-half period ended Sep. 30, 2005 to the first-half period ended Sep. 30, 2006)

Millions of Yen

	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	10,579	750	688	955	38,144	(2,248)	–	48,868
Operating Expenses	5,426	70	301	178	38,472	(2,428)	164	42,184
Operating Income	5,153	680	387	776	(328)	181	(164)	6,685

FY2006 First-Half Period Results – Unit Sales

Title	Release Date	Platform	Thousand Units	Change	
				Apr – Sep 2005	
DRAGON QUEST: Young Yangus and the Mysterious Dungeon	April 2006	PS2	340		
DRAGON QUEST & FINAL FANTASY in Itadaki Street Portable	May 2006	PSP	120		
VALKYRIE PROFILE 2: SILMERIA	June 2006	PS2	420		
FINAL FANTASY III	August 2006	DS	840		
FINAL FANTASY XI	—	PC, PS2, Xbox360	250		
Ultimate Hits	—	PS, PS2, GBA	320		
Others	—	—	510		
Japan	—	—	2,800	1,520	1,280
VALKYRIE PROFILE: LENNETH	July 2006	PSP	130		
DIRGE OF CERBERUS -FINAL FANTASY VII-	August 2006	PS2	390		
DRAGON QUEST HEROES: ROCKET SLIME	September 2006	DS	110		
VALKYRIE PROFILE 2: SILMERIA	September 2006	PS2	140		
FINAL FANTASY XI	—	PC, PS2, Xbox360	430		
Others	—	—	930		
(including KINGDOM HEARTS II released in March 2006)	—	—	(330)		
North America	—	—	2,130	730	1,400
DRAGON QUEST: the Journey of the Cursed King	April 2006	PS2	410		
KINGDOM HEARTS II	September 2006	PS2	540		
FINAL FANTASY XI	—	PC, Xbox360	100		
Others	—	—	180		
Europe (PAL)	—	—	1,230	480	750
Asia, etc.	—	—	50	30	20
TOTAL	—	—	6,210	2,760	3,450

FY2006 First-Half Period Results – Sales by Region

Millions of Yen

Region	April - September 2005		April - September 2006		Change
		%		%	
Japan	21,493	79%	60,409	79%	38,916
North America	3,462	13%	10,419	14%	6,957
Europe (PAL)	375	1%	4,466	6%	4,091
Asia, etc.	1,759	7%	664	1%	(1,095)
Total	27,091	100%	75,959	100%	48,868

2. FY2006* Projections

*FY2006 = Fiscal Year Ending March 31, 2007

FY2006 Projections – Consolidated

Millions of Yen

	FY2005		FY2006 projections		Change
		%		%	
Net Sales	124,473	100%	150,000	100%	25,527
Operating Income	15,470	12%	19,000	13%	3,530
Ordinary Income	15,547	12%	19,000	13%	3,453
Net Income	17,076	14%	11,000	7%	(6,076)
Depreciation and Amortization	8,419	-	11,400	-	2,981
Capital Expenditure	9,169	-	11,000	-	1,831

The Company's consolidated statement of income consolidate TAITO's statement of income from October 2005

FY2006 Projections – Unit Sales

Thousand Units

	Japan	North America	Europe (PAL)	Asia, etc.	Total
FY2006 Projections	5,000	5,400	2,600	50	13,050
%	38%	41%	20%	0%	100%
FY2005	7,860	3,510	820	40	12,230
%	64%	29%	7%	0%	100%
Change	(2,860)	1,890	1,780	10	820

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