

**CONSOLIDATED FINANCIAL RESULTS
FOR THE THREE MONTHS PERIOD ENDED JUNE 30, 2008 (JPNGAAP)**

Company Name: Square Enix Co., Ltd.

Market: Tokyo Stock Exchange, First Section

Code: 9684 URL: <http://www.square-enix.com/>

Representative: Yoichi Wada, President and Representative Director

Contact: Yosuke Matsuda, Director and Executive Officer

Presentation of Financial Report (*Shihanki-Hokokusho*): August 8, 2008

1. Consolidated Financial Results (April 1, 2008 to June 30, 2008)

1) Consolidated Financial Results (Millions of yen, except percentages and per share data)

	Net Sales		Operating Income		Recurring Income		Net Income	
Three Months Ended		%		%		%		%
June 30, 2008	29,770	—	3,463	—	4,535	—	2,883	—
June 30, 2007	33,749	(9.3)	4,335	59.5	5,308	115.4	2,739	208.3

	Earnings Per Share (basic)		Earnings Per Share (diluted)	
Three Months Ended	Yen		Yen	
June 30, 2008	25.10		25.01	
June 30, 2007	24.78		24.68	

2) Consolidated Financial Position (Millions of yen, except percentages and per share data)

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
Three Months Ended			%	Yen
June 30, 2008	211,529	149,471	70.1	1,290.34
Fiscal Year Ended				
March 31, 2008	212,134	148,193	69.3	1,280.50

Note: Total Equity Three months ended June 30, 2008 148,235
(Millions of yen) Fiscal year ended March 31, 2008 147,034

2. Dividends

	Dividend Per Share				
	1Q	2Q	3Q	Year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2007	—	10.00	—	20.00	30.00
Fiscal year ending March 31, 2008	—	—	—	—	—
Fiscal year ending March 31, 2008 (Projection)	—	10.00	—	20.00	30.00

Note: Revision for forecasts : None

3. FY2008 Consolidated Forecasts (April 1, 2008 to March 31, 2009) (Millions of yen, except percentages)

	Net Sales		Operating Income		Recurring Income		Net Income		Earnings Per Share
6 months ending Sept. 2008		%		%		%		%	yen
Full Year	160,000	8.5	21,000	(2.4)	20,000	6.0	12,000	30.5	104.46

Note: Revision for consolidated forecasts : None

4. Others

- 1) Change in Scope of Consolidation and Application of the Equity Method: Not applicable
- 2) Application of simplified accounting as well as specific accounting for preparing the quarterly consolidated financial statements: Not applicable
- 3) Change in policies of consolidated financial statements preparation
 1. Related to changes in accounting standard: Applicable
 2. Other changes: Not Applicable
- 4) Outstanding shares (common stock)
 1. Number of shares issued and outstanding (including treasury stock) at end of period

Three months ended June 30, 2008	115,173,296
Fiscal year ended March 31, 2008	115,117,896
 2. Number of treasury stock at end of period

Three months ended June 30, 2008	292,537
Fiscal year ended March 31, 2008	291,928
 3. Average number of shares during the period

Three months ended June 30, 2008	114,854,298
Three months ended June 30, 2007	110,756,681

Disclaimer

* 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.
* Effective from the current fiscal year ending March 31, 2009, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied. Also, the quarterly consolidated financial report is prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements."

Consolidated Balance Sheet for the Three Months Ended June 30, 2008

(Millions of yen)

	As of June 30, 2008	As of March 31, 2007
Assets		
Current assets		
Cash and deposits	76,182	111,515
Notes and accounts receivable	14,859	17,738
Short-term securities	36,000	—
Merchandises	758	723
Finished goods	2,408	1,905
Raw materials	894	878
Work in progress	1,267	639
Supplies	51	120
Content production account	16,841	14,793
Other current assets	7,608	7,800
Allowance for doubtful accounts	(212)	(385)
Total current assets	<u>156,660</u>	<u>155,730</u>
Non-current assets		
Property and equipment	18,810	19,939
Intangible assets		
Goodwill	18,608	18,883
Other	1,081	1,140
Total intangible assets	<u>19,689</u>	<u>20,024</u>
Investments and other assets	<u>16,369</u>	<u>16,440</u>
Total non-current assets	<u>54,869</u>	<u>56,404</u>
Total assets	<u>211,529</u>	<u>212,134</u>

(Millions of yen)

	As of June 30, 2008	As of March 31, 2007
Liabilities		
Current liabilities		
Notes and accounts payable	10,743	10,704
Short-term loans	26	26
Accrued income taxes	438	763
Reserve for bonuses	764	1,802
Allowance for sales returns	1,155	1,135
Allowance for game arcade closings	213	226
Other	7,857	8,423
Total current liabilities	<u>21,199</u>	<u>23,082</u>
Non-current liabilities		
Corporate bond	37,000	37,000
Allowances for retirement benefits	1,537	1,528
Allowances for directors' retirement benefits	224	215
Allowance for game arcade closings	777	796
Other	1,318	1,318
Total non-current liabilities	<u>40,858</u>	<u>40,858</u>
Total liabilities	<u>62,058</u>	<u>63,940</u>
Net assets		
Shareholders' equity		
Common stock	14,990	14,928
Capital surplus reserve	44,231	44,169
Retained earnings	90,904	90,295
Treasury stock	(843)	(841)
Total shareholders' equity	<u>149,284</u>	<u>148,552</u>
Valuation and translation adjustment		
Unrealized gain on revaluation of other investment securities	(11)	(12)
Foreign currency translation adjustment	(1,036)	(1,504)
Total valuation and translation adjustment	<u>(1,048)</u>	<u>(1,517)</u>
Stock acquisition rights	152	81
Minority interests in consolidated subsidiaries	1,083	1,077
Total net assets	<u>149,471</u>	<u>148,193</u>
Total liabilities and net assets	<u>211,529</u>	<u>212,134</u>

Consolidated Statements of Income for Three Months Ended June 30, 2008

	(Millions of yen) Three months ended June 30, 2008
Net sales	29,770
Cost of sales	16,401
Gross profit	13,368
Reversal of allowance for sales returns	1,135
Provision for allowance for sales returns	1,155
Net gross profit	13,348
Selling, general and administrative expenses	9,885
Operating income	3,463
Non-operating income	
Interest income	112
Dividends received	1
Foreign exchange gain	917
Miscellaneous income	57
Total non-operating income	1,089
Non-operating expenses	
Interest expenses	0
Investment loss on equity method	12
Miscellaneous loss	5
Total non-operating expenses	17
Recurring income	4,535
Extraordinary gain	
Reversal of allowance for doubtful account	158
Other	0
Total extraordinary gain	158
Extraordinary loss	
Loss on disposal of property and equipment	43
Loss on sale of investment securities	20
Other	9
Total extraordinary loss	72
Income before income taxes and distribution of loss in partnership (<i>tokumei-kumiai</i>)	4,621
Distribution of loss in partnership (<i>tokumei-kumiai</i>)	(15)
Income before income taxes	4,636
Corporate, resident and enterprise taxes	480
Deferred income taxes	1,271
Total income taxes	1,751
Minority interest in consolidated subsidiaries	1
Net income	2,883

Consolidated Statements of Cash Flows for Three Months Ended June 30, 2008

(Millions of yen)

Three months ended

June 30, 2008

Cash flows from operating activities	
Income before income taxes	4,636
Depreciation and amortization	1,588
Amorization of gooldwill	273
(Decrease) in allowance for doubtful accounts	(231)
(Decrease) in reserve for bonuses	(1,037)
Increase in allowance for sales returns	55
Increase in allowance for retirement benefits	9
Increase in allowance for directors' retirement benefits	9
(Ddecrease) in allowance for game arcade closings	(27)
Interest and dividends received	(114)
Interest expenses	0
Foreign exchange (gain)	(857)
Investmennt loss on equity method	12
Decrease in accounts receivable	2,926
(Increase) in inventories	(2,926)
Increase in purchase liabilities	238
Other	(1,446)
Subtotal	3,107
Interest and dividends received	116
Interest paid	(2)
Income taxes paid	(746)
Net cash provided by operating activities	2,475
Cash flows from investing activities	
Payments for acquiring property and equipment	(849)
Proceeds from sale of property and equipment	1
Payments for acquiring intangible assets	(44)
Proceeds from sale of investment securities	2
Payments for loans	(62)
Proceeds from recovery of loans	3
Other	104
Net cash used in investing activities	(843)
Cash flows from financing activities	
Proceeds from exercise of stock oprions	124
Payments for acquisition of treasury stock	(2)
Payments for dividends	(2,205)
Payments for dividends for minority interests	(2)
Other	(0)
Net cash used in financing activities	(2,086)
Effect of exchange rate changes on cash and cash equivalents	1,190
Net increase in cash and cash equivalents	736
Cash and cash equivalents at beginning of period	111,479
Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries	(66)
Cash and cash equivalent at end of period	112,148

Effective from the current fiscal year ending March 31, 2009, the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12) and the "Guidance on Accounting Standard for Quarterly Financial Reporting" (ASBJ Guidance No. 14) have been applied.
Also, the quarterly consolidated financial report is prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements."

Segment Information

1. Consolidated Business Segment Information

Three months ended June 30, 2008								(Millions of yen)	
	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Amusement	Other	Total	Eliminations or Unallocated	Consolidated Total
Sales and operating income									
Net sales									
(1) Sales to outside customers	5,082	2,684	1,605	2,975	13,886	3,536	29,770	—	29,770
(2) Intersegment sales	—	10	8	—	364	70	453	(453)	—
Total	5,082	2,694	1,614	2,975	14,250	3,606	30,224	(453)	29,770
Operating expenses	5,006	1,125	727	2,092	14,051	2,536	25,539	767	26,306
Operating income	76	1,569	886	882	198	1,070	4,684	(1,221)	3,463

Notes: 1. The classification of business segments is made according to the types of products and services.

2. Major products offered by each business segment

Segment	Major Products
Games (Offline)	Games
Games (Online)	Online games
Mobile Phone Content	Content for mobile phones
Publication	Magazine comics, serial comics, game-related books
Amusement	All the businesses of the TAITO Group including Amusement operation and Rental, Sales of Goods and Merchandise and Content Services
Other	Derivative products such as character merchandise, school for game designers

3. Changes in accounting procedures

Effective from the current fiscal year ending March 31, 2009, the "Accounting Standard for Measurement for Inventories" (ASBJ Statement No. 9; July 5, 2006) has been applied. In conjunction with application of the accounting standard, operating income declined 2 million yen for Games (Offline), 24 million yen for Games (Online) and 116 million yen for Amusement compared to the figures in accordance with prior accounting standard.

2. Consolidated Geographic Segment Information

Three months ended June 30, 2008							(Millions of yen)	
	Japan	North America	Europe	Asia	Total	Eliminations or Unallocated	Consolidated Total	
Sales and operating income								
Net sales								
(1) Sales to outside customers	24,558	2,605	2,469	136	29,770	—	29,770	
(2) Intersegment sales	1,366	33	81	—	1,482	(1,482)	—	
Total	25,925	2,639	2,551	136	31,252	(1,482)	29,770	
Operating expenses	23,900	1,726	2,051	109	27,787	(1,480)	26,306	
Operating income	2,025	913	500	26	3,465	(1)	3,463	

Notes: 1. The classification of geographic segments is made according to geographical distances.

2. Main countries included in each segment:

(1) North America.....the United States of America

(2) Europe.....United Kingdom

(3) Asia.....China, South Korea

3. Changes in accounting procedures

Effective from the current fiscal year ending March 31, 2009, the "Accounting Standard for Measurement for Inventories" (ASBJ Statement No. 9; July 5, 2006) has been applied. In conjunction with application of the accounting standard, operating income declined 143 million yen for "Japan" compared to the figures in accordance with prior accounting standard.

3. Consolidated Oversea Sales

Three months ended June 30, 2008					(Millions of yen)
	North America	Europe	Asia	Total	
Overseas sales	2,767	2,595	181	5,544	
Consolidated sales	—	—	—	29,770	
Percentage of overseas sales to consolidated sales	9.3%	8.7%	0.6%	18.6%	

Notes: 1. The classification of geographic segments is made according to geographical distances.

2. Main countries included in each segment:

(1) North America.....the United States of America, Canada

(2) Europe.....United Kingdom, France, Germany, others

(3) Asia.....China, South Korea, Taiwan, others

3. Overseas sales represent sales of the Company and its consolidated subsidiaries to countries and areas outside of Japan.

(For Reference)

A Summary of Consolidated Statements of Income for Three Months Ended June 30, 2007

(Millions of yen)

Account	Three months ended
	June 30, 2007
	Amount
I Net Sales	33,749
II Cost of sales	18,527
Gross profit	15,221
Reversal of allowance for sales returns	2,271
Provision for allowance for sales returns	1,838
Net gross profit	15,654
III Selling, general and administrative expenses	11,319
Operating income	4,335
IV Non-operating income	1,049
V Non-operating expenses	76
Recurring income	5,308
VI Extraordinary gain	501
VII Extraordinary loss	883
Income before income taxes and distribution of loss in partnership (<i>tokumei-kumiai</i>)	4,926
Distribution of loss in partnership (<i>tokumei-kumiai</i>)	0
Income before income taxes	4,926
Corporate, resident and enterprise taxes	630
Current deferred	1,548
Minority interest in consolidated subsidiaries	8
Net income	2,739

A Summary of Consolidated Statements of Cash Flows for Three Months Ended June 30, 2007

(Millions of yen)

Account	Three months ended
	June 30, 2007
	Amount
I Cash flows from operating activities	
Income before income taxes	4,926
Depreciation and amortization	2,174
Increase in accounts receivable	4,551
(Increase) in inventories	(3,397)
(Decrease) increase in purchase liabilities	(2,595)
(Decrease) in accrued consumption taxes	(315)
Income taxes paid	(579)
Other	(3,241)
Net cash provided by operating activities	1,523
II Cash flows from investing activities	
Payments for acquiring property and equipment	(1,289)
Payments for acquiring intangible assets	(102)
Proceeds from return of guarantee money paid	245
Payments for provision of guarantee money paid	(479)
Payments for acquiring securities	(1,009)
Other	(97)
Net cash used in investing activities	(2,732)
III Cash flows from financing activities	
Payments for dividends	(2,610)
Other	17
Net cash used in financing activities	(2,593)
IV Effect of exchange rate changes on cash and cash equivalents	515
V Net (decrease) in cash and cash equivalents	(3,286)
VI Cash and cash equivalents at beginning of period	99,847
VII Cash and cash equivalent at end of period	96,561

(For Reference)

Segment Information

1. Consolidated Business Segment Information

Three months ended June 30, 2007

(Millions of yen)

	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Amusement	Other	Total	Eliminations or Unallocated	Consolidated Total
Sales and operating income									
Net sales									
(1) Sales to outside customers	9,416	2,778	1,802	2,222	16,718	811	33,749	—	33,749
(2) Inter-segment sales	—	—	0	—	167	99	268	(268)	—
Total	9,416	2,778	1,802	2,222	16,886	910	34,017	(268)	33,749
Operating expenses	6,967	1,134	1,517	1,510	16,483	982	28,595	818	29,413
Operating income	2,448	1,643	285	711	403	(71)	5,422	(1,086)	4,335

Notes: 1. The classification of business segments is made according to the types of products and services.

2. Major products offered by each business segment

Segment	Major Products
Games (Offline)	Games
Games (Online)	Online games
Mobile Phone Content	Content for mobile phones
Publication	Magazine comics, serial comics, game-related books
Amusement	All businesses of Taito Group such as Amusement Operation and Rental, Sales of Goods and Merchandise, and Content Services
Other	Derivative products such as character merchandise, creator training school

3. Unallocated operating expenses included in "Eliminations or Unallocated" totaled ¥1,086 million.

These expenses are related to administrative departments, such as accounting and general affairs, of the Company, which provide services and operational support that are not allocable to specific business segments.

2. Consolidated Geographic Segment Information

Three months ended June 30, 2007

(Millions of yen)

	Japan	North America	Europe	Asia	Total	Eliminations or Unallocated	Consolidated Total
Sales and operating income							
Net sales							
(1) Sales to outside customers	28,501	2,567	2,499	181	33,749	—	33,749
(2) Inter-segment sales	1,483	4	66	7	1,562	(1,562)	—
Total	29,984	2,571	2,565	189	35,311	(1,562)	33,749
Operating expenses	26,491	1,951	2,203	329	30,976	(1,562)	29,413
Operating income	3,493	620	361	(140)	4,335	—	4,335

Notes: 1. The classification of geographic segments is made according to geographical distances.

2. Main countries included in each segment:

(1) North America.....the United States of America

(2) Europe.....United Kingdom

(3) Asia.....China, Korea

3. There are no unallocated operating expenses included in "Eliminations or Unallocated."

* The financial statements in this material have been reflected the changes disclosed on August 8, 2008.