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SQUARE ENIX CO., LTD.
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Revision of Forecasts for the First-Half Period ended September 30, 2006

SQUARE ENIX CO., LTD. (the "Company") announced today a revision of its forecasts for the first-half period ended September 30, 2006.

1. Revision to Consolidated Results Forecasts

First-Half Period (April 1, 2006 to September 30, 2006)

		(Millions of Yen)		
		Net Sales	Recurring Income	Net Income
Previous forecast (announced on May 25, 2006)	(A)	68,000	5,200	3,000
Revised forecasts	(B)	75,500	8,800	2,500
Change	(B-A)	7,500	3,600	(500)
Rate of change	(%)	11.0	69.2	(16.7)
[Reference] Same period of previous fiscal year results (ended September 30, 2005)		27,091	2,730	2,202

2. Revision to Non-Consolidated Results Forecasts

First-Half Period (April 1, 2006 to September 30, 2006)

		(Millions of Yen)		
		Net Sales	Recurring Income	Net Income
Previous forecast (announced on May 25, 2006)	(A)	24,000	3,800	2,100
Revised forecasts	(B)	27,000	6,900	4,100
Change	(B-A)	3,000	3,100	2,000
Rate of change	(%)	12.5	81.6	95.2
[Reference] Same period of previous fiscal year results (ended September 30, 2005)		22,445	2,026	2,468

3. Causes of the Revision (Consolidated and Non-Consolidated Results Forecasts)

The Company achieved favorable results from Games (Offline) segment as a whole due to those factors such as advanced release date of *KINGDOM HEARTS II* for PlayStation2, which was initially scheduled to be released in the second-half period in Europe, to September 29, 2006, selling 540 thousand units in Europe as of end of September 2006, and strong sales of *FINAL FANTASY III* (840 thousand units in Japan) released for Nintendo DS in Japan.

Other businesses including Games (Online), Mobile Phone Content, Publication and Others segments remained steady while Amusement segment's facing difficult condition. The Company divested commercial karaoke machines business from Amusement segment in July 2006, and will continue to pursue efficient operations in all businesses in the second-half period.

Expected operating expenses and expected capital investments for development tools for the next generation consoles were partially transferred to the second-half period.

Due to above causes, net sales and recurring income for consolidated and non-consolidated results, and net income for non-consolidated income for the second-half period ended September 30, 2006 exceeded the figures announced in May 2006, and the Company revised the forecast accordingly.

The forecast for net income for consolidated results decreased ¥500 million to ¥2,500 million, mainly due to 1) extraordinary loss recorded as a result of additional provision of allowance for doubtful accounts of ¥1,600 million for store deposits and accounts receivable from affiliates in Amusement segment, and 2) increase in deferred income taxes owing to withdrawal of ¥1,100 million from deferred tax asset as a result of reassessment of estimated deferred tax asset of TAITO.

The Company has not made revision to its consolidated results forecast announced on May 24, 2006, mainly due to advanced release of some titles in the first-half period, which were initially scheduled to be released in the second-half period, and the transfer of a part of expenses from the first-half to the second-half period.

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