

**Consolidated Financial Results
for the Fiscal Year Ended March 31, 2012 (Japan GAAP)**

May 14, 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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Annual general meeting of shareholders: June 26, 2012 (planned)
Financial report submission: June 27, 2012 (planned)
Cash dividend payment commencement: June 5, 2012 (planned)
Supplementary annual materials prepared: Yes
Annual results presentation held: Yes (for institutional investors and analysts)

(Amounts under one million yen are rounded down)

1. Consolidated Financial Results (April 1, 2011 to March 31, 2012)

(1) Consolidated Financial Results

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

	Net sales		Operating income		Recurring income		Net income (loss)	
Fiscal year ended	%		%		%		%	
March 31, 2012	127,896	2.1	10,713	46.2	10,297	91.0	6,060	-
March 31, 2011	125,271	(34.8)	7,325	(74.1)	5,390	(80.6)	(12,043)	-

Note: FY ended March 31, 2012 Comprehensive income: 5,451 million yen (- %)
 FY ended March 31, 2011 Comprehensive loss: 15,094 million yen (- %)

	Earnings (loss) per share, basic	Earnings (loss) per share, diluted	Return on equity	Recurring income to total assets	Operating margin
Fiscal year ended	yen	yen	%	%	%
March 31, 2012	52.66	52.55	4.5	4.9	8.4
March 31, 2011	(104.66)	-	(8.4)	2.6	5.8

Note: FY ended March 31, 2012 Equity in gain (loss) of affiliated companies: - million yen
 FY ended March 31, 2011 Equity in gain (loss) of affiliated companies: - million yen

(2) Consolidated Financial Position

(Millions of yen, ratios in percents and per share data)

	Total assets	Net assets	Equity ratio	Net assets per share
As of				yen
March 31, 2012	213,981	137,297	63.3	1,177.87
March 31, 2011	206,336	135,143	64.7	1,160.66

Note: Total equity As of March 31, 2012: 135,536 million yen
 As of March 31, 2011: 133,558 million yen

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	From operating activities	From investing activities	From financing activities	Closing cash and cash equivalents
Fiscal year ended				
March 31, 2012	6,786	(5,778)	299	110,116
March 31, 2011	14,827	30,407	(42,354)	109,751

2. Dividends

	Dividends per share					Total annual dividend payments	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q	2Q	3Q	4Q	Total			
	yen	yen	yen	yen	yen	million yen	%	%
Fiscal year ended March 31, 2011	-	10.00	-	20.00	30.00	3,452	-	2.4
Fiscal year ended March 31, 2012	-	10.00	-	20.00	30.00	3,452	57.0	2.6
Fiscal year ending March 31, 2012 (projection)	-	10.00	-	20.00	30.00		38.4	

3. Consolidated Forecasts (April 1, 2012 to March 31, 2013)

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

	Net sales		Operating income		Recurring income		Net income		Earnings per share
		%		%		%		%	yen
Six months ending September 30, 2012	76,000	32.1	0	(100.0)	0	(100.0)	0	(100.0)	0.00
Fiscal year ending March 31, 2013	165,000	29.0	15,000	40.0	15,000	45.7	9,000	48.5	78.21

4. Other

- (1) Significant changes among major subsidiaries during the period: No
- (2) 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 in accounting standards: No
 3. Change in accounting estimate: Yes
 4. Retrospective restatement: No
- (3) Outstanding shares (common stock)
 1. Number of shares issued and outstanding (including treasury stock):

As of March 31, 2012	115,370,596
As of March 31, 2011	115,370,596
 2. Number of treasury stock:

As of March 31, 2012	301,247
As of March 31, 2011	299,594
 3. Average number of shares during the period (cumulative):

Fiscal year ended March 31, 2012	115,070,185
Fiscal year ended March 31, 2011	115,072,040

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, audit procedures for 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 "Consolidated forecasts" section on page 2.

Supplemental Information – Index

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1. Consolidated Results for the Fiscal Year Ended March 31, 2012

(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 fiscal year ended March 31, 2012 totaled ¥127,896 million (an increase of 2.1% from the prior fiscal year), operating income amounted to ¥10,713 million (an increase of 46.2% from the prior fiscal year) and recurring income amounted to ¥10,297 million (an increase of 91.0% from the prior fiscal year).

A discussion of results by segment for the fiscal year ended March 31, 2012 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 (including smartphones).

During the fiscal year ended March 31, 2012, the Group released major titles on consumer game consoles ("FINAL FANTASY XIII-2" [Japan, North America, Europe]; "DEUS EX: HUMAN REVOLUTION" [North America, Europe, Japan]), which favorably grew sales of packaged software. Regarding content on platforms such as browser and smartphone, an online simulation game called "SENGOKU IXA" in partnership with Yahoo! Japan, launched in August 2010 continues to post favorable results. Further, starting January 2012, services for a Mobage-based social game called "FINAL FANTASY BRIGADE" whose total registered users exceeded 2 million in March 2012 enjoys robust growth.

Net sales and operating income in the Digital Entertainment segment totaled ¥71,871 million (an increase of 11.9% from the prior fiscal year) and ¥12,602 million (an increase of 11.7% from 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 fiscal year ended March 31, 2012, due to the softening market conditions, amusement facilities operations stagnated on sales during the second half of the fiscal year. However, the Group showed steady increase on operating income compared to the prior fiscal year from the efficiency in operations of amusement facilities and investment in machinery.

Net sales and operating income in the Amusement segment totaled ¥41,921 million (a decrease of 6.9% from the prior fiscal year) and ¥2,552 million (an increase of 17.2% from the prior fiscal year), respectively.

- Publication

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

During the fiscal year ended March 31, 2012, due to the completion of larger serial manga titles, monthly magazines and comic books stagnated on sales. On the other hand, the Group has been dedicated to developing network-based publication businesses including the Group's GANGAN ONLINE, a web-based comic magazine.

Net sales and operating income in the Publication segment totaled ¥11,335 million (a decrease of 13.1% from the prior fiscal year) and ¥2,575 million (a decrease of 19.6% from 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 fiscal year ended March 31, 2012, the Group continued to distribute and license items such as character goods and soundtracks based on the Group's own IPs while diversifying new opportunities for profit by strengthening its character goods lineup with additional products based on third party content and overseas expansions.

Net sales and operating income in the Merchandising segment totaled ¥2,767 million (a decrease of 8.3% over the prior fiscal year) and ¥742 million (an increase of 9.1% over the prior fiscal year), respectively.

(Consolidated forecasts)

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

In the current fiscal year ending March 31, 2013, the Group is focusing all efforts on a substantial earnings improvement.

(2) Analysis of consolidated financial position

(i) Assets, liabilities and net assets

- Assets

As of March 31, 2012, total current assets were ¥172,161 million, increasing by 4.8% compared to the prior fiscal year. This was mainly due to increases in content production account of ¥5,157 million and notes and accounts receivable of ¥2,957 million, respectively.

Fixed assets were ¥41,819 million, decreasing by 0.5% compared to the prior fiscal year. This was mainly due to a decrease in deferred tax assets by ¥621 million, offset by an increase in rental deposits of ¥469 million.

As a result, total assets increased by 3.7% to ¥213,981 million.

- Liabilities

As of March 31, 2012, total current liabilities were ¥33,778 million, an increase of 18.5% compared to the end of the prior fiscal year. This was mainly due to increases in short-term loans of ¥3,914 million and accrued income taxes of ¥1,765 million.

Non-current liabilities increased by 0.5% to ¥42,906 million. The increase was mainly due to an increase in allowance for employees' retirement benefits of ¥747 million, offset by a decrease of ¥508 million in asset retirement obligation.

As a result, total liabilities increased by 7.7% to ¥76,684 million.

- Net assets

As of March 31, 2012, net assets were ¥137,297 million (an increase of 1.6% compared to March 31, 2011). This was mainly due to net income of ¥6,060 million, dividend payments of ¥3,452 million, and a decrease in foreign currency translation adjustments of ¥767 million.

(ii) Consolidated Cash Flow

As of March 31, 2012, cash and cash equivalents totaled ¥110,116 million, an increase of ¥364 million compared to March 31, 2011. Cash flows during the fiscal year ended March 31, 2012 as well as the principal factors behind these cash flows are described below.

- Cash flows from operating activities

Net cash provided by operating activities during the fiscal year ended March 31, 2012 totaled ¥6,786 million (a decrease of 54.2% compared to the prior fiscal year).

Income before income taxes and minority interests of ¥9,866 million, increases in inventories of ¥5,137 million and notes and accounts receivable-trade of ¥3,008 million, and depreciation and amortization of ¥5,039 million led to the overall provision of cash from operating activities.

- Cash flows from investing activities

Net cash used in investing activities totaled ¥5,778 million (compared to net cash provided by investing activities of ¥30,407 million in the prior fiscal year).

Main factors are proceeds from collection of rental deposits of ¥1,084 million, payments for rental deposits of ¥1,492 million, and purchase of property and equipment of ¥4,620 million.

- Cash flows from financing activities

Net cash provided by financing activities totaled ¥299 million (compared to net cash used in financing activities of ¥42,354 million in the prior fiscal year). The main factors are an increase in short-term loans payable of ¥3,791 million and cash dividends paid of ¥3,446 million.

(3) Basic policy for profit distribution and dividends

The Group recognizes the return of profits to shareholders as one of its most important management tasks. The Group maintains internal reserves to enable priority to be given to investments that will enhance the value of the Group. Such investments may include capital investments and M&A for the purpose of expanding existing businesses and developing new businesses. The retention of internal reserves is done while also taking into account return to shareholders, operating performance and the optimal balance for stable dividends. The Group therefore strives to maintain stable and continuous dividends. The portion of dividends linked to operating results is determined by setting a consolidated payout ratio target of approximately 30%.

Regarding dividend payments for the fiscal year ended March 31, 2012, the Group projects annual dividends of 30 yen per share, including 20 yen per share to be submitted for resolution at the Board of Directors' Meeting planned for May 18, 2012.

2. The Group's Outline of Operations

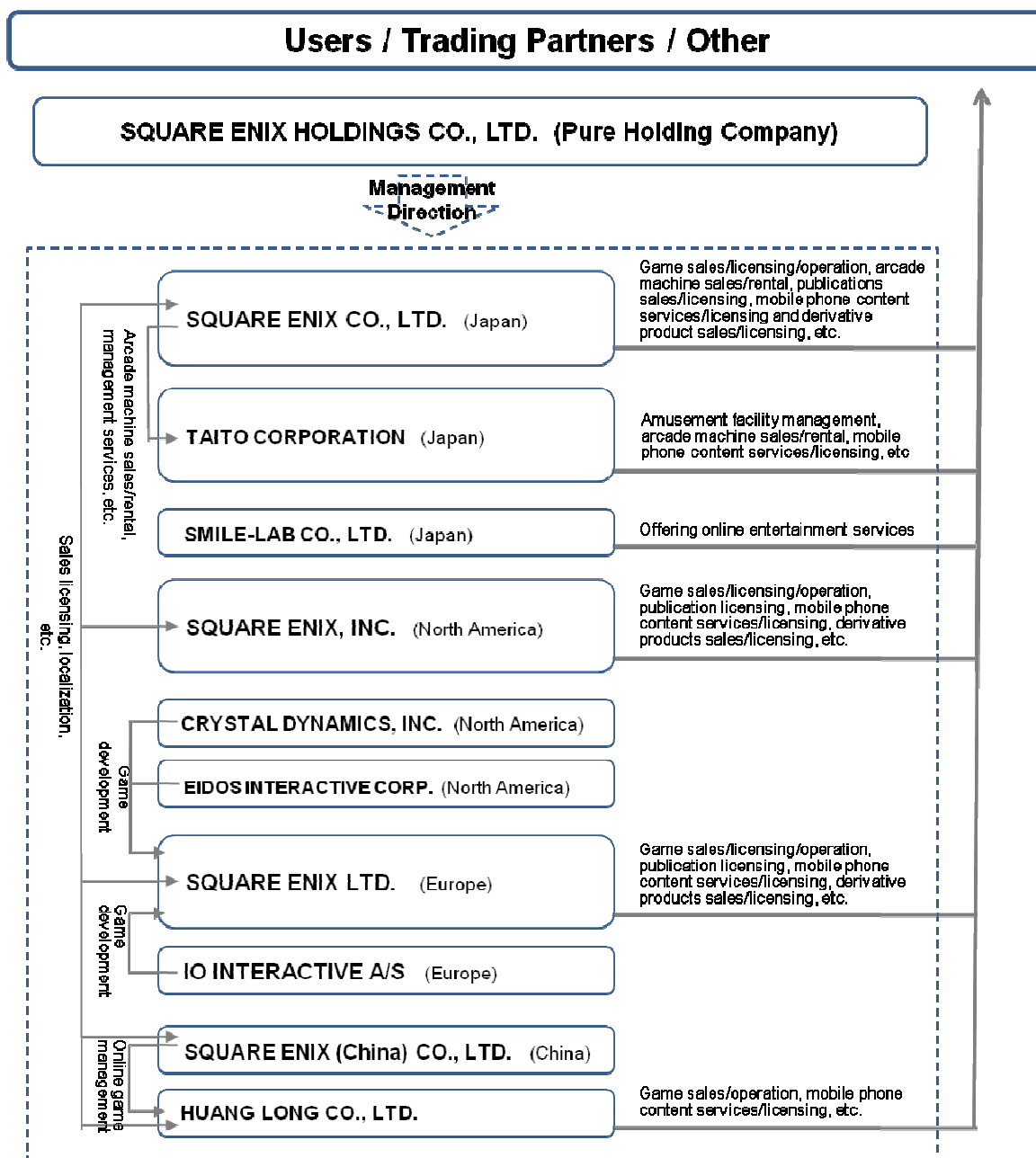
The following outline of operations lists the Group's primary business segments and major subsidiaries.

(Consolidated subsidiaries)

Domain	Primary Business Description	Region	Company Name
Digital Entertainment	Plans, develops, distributes, and operates games digital entertainment primarily in the form of computer games	Japan	SQUARE ENIX CO., LTD. TAITO CORPORATION SMILE-LAB CO., LTD.
		North America	SQUARE ENIX, INC. CRYSTAL DYNAMICS, INC. EIDOS INTERACTIVE CORP.
		Europe	SQUARE ENIX LTD. IO INTERACTIVE A/S
		Asia	SQUARE ENIX (China) CO., LTD. HUANG LONG CO., LTD.
Amusement	Operation of amusement facilities and planning, development and distribution of arcade game machines for amusement facilities and related products	Japan	TAITO CORPORATION SQUARE ENIX CO., LTD.
Publication	Comic books, game strategy books, comic magazines, etc.	Japan	SQUARE ENIX CO., LTD.
		North America	SQUARE ENIX, INC.
		Europe	SQUARE ENIX LTD.
Merchandising	Planning, production, distribution and licensing of derivative products of titles owned by the Group	Japan	SQUARE ENIX CO., LTD. TAITO CORPORATION
		North America	SQUARE ENIX, INC.
		Europe	SQUARE ENIX LTD.

(Note) The above table lists major consolidated subsidiaries only.

The Group's Business Diagram:



Note: Above business diagram only includes key consolidated subsidiaries.

3. Management Policy

(1) Management philosophy

With a philosophy "to spread happiness across the globe by providing unforgettable experiences," the Group offers advanced, high-quality content and services. The Group strives to reward shareholders by maximizing profit based on efficient use of resources in the generation of sustained business development and growth.

(2) Management targets

The Group recognizes the utmost importance of achieving growth underpinned by profitability. The Group pursues targets of generating an earnings per share growth rate of over 10% and a recurring income to sales ratio of above 20%.

(3) Medium- and long-term management strategy

Management's key task is to create advanced, high-quality content and services that allow the Group to grow in the medium- and long-term while maintaining profitability. As the development and popularization of information technology (IT) and network environments rapidly advance, the Group anticipates a major transformation in the structure of the digital entertainment industry. The Group believes that this will be driven by factors such as increased consumer needs in the area of network-compliant entertainment and growing access to a diverse range of content by users of multi-function devices. The Group strives to respond to these changes, and has adopted a medium- to long-term management strategy that focuses on pioneering a new era in digital entertainment.

(4) Issues facing management

In order to achieve the Group's medium- to long-term strategy, it is imperative to expand its global business and meet customers' diverse content needs. To do so, it is critically important that the Group acquires and develops ideally suited human resources.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	111,495	111,126
Notes and accounts receivable	18,431	15,474
Merchandise and finished goods	2,343	2,992
Work in progress	738	287
Raw materials and supplies	573	427
Content production account	25,047	19,890
Deferred tax assets	5,022	4,493
Income taxes receivable	6,396	6,907
Other	2,236	2,821
Allowance for doubtful accounts	(124)	(120)
Total current assets	172,161	164,301
Non-current assets		
Property and equipment		
Buildings and structures	16,645	17,617
Accumulated depreciation	(12,414)	(12,771)
Buildings and structures (net)	4,231	4,846
Tools and fixtures	11,147	10,840
Accumulated depreciation	(9,245)	(9,031)
Tools and fixtures (net)	1,902	1,808
Amusement equipment	19,601	19,948
Accumulated depreciation	(17,008)	(17,643)
Amusement equipment (net)	2,593	2,304
Other	193	188
Accumulated depreciation	(127)	(99)
Other (net)	65	89
Land	8,102	8,277
Construction in progress	288	2
Total property and equipment	17,183	17,328
Intangible assets		
Other	10,121	10,324
Total intangible assets	10,121	10,324
Investments and other assets		
Investment securities	598	386
Rental deposits	12,785	12,316
Deferred tax assets	460	1,082
Other	1,341	1,280
Allowance for doubtful accounts	(672)	(683)
Total investments and other assets	14,514	14,382
Total non-current assets	41,819	42,034
Total assets	213,981	206,336

(Millions of yen)

	As of March 31, 2012	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable	9,220	7,777
Short-term loans	5,253	1,338
Accrued income taxes	4,034	2,269
Reserve for bonuses	1,200	1,453
Allowance for sales returns	1,545	1,780
Allowance for game arcade closings	260	487
Asset retirement obligation	2	63
Other	12,258	13,332
Total current liabilities	33,778	28,504
Non-current liabilities		
Corporate bonds	35,000	35,000
Allowance for employees' retirement benefits	3,808	3,061
Allowance for directors' retirement benefits	234	266
Allowance for game arcade closings	584	590
Deferred tax liabilities	2,605	2,577
Asset retirement obligation	149	657
Other	523	534
Total non-current liabilities	42,906	42,687
Total liabilities	76,684	71,192
Net assets		
Shareholders' equity		
Common stock	15,204	15,204
Capital surplus	44,444	44,444
Retained earnings	85,320	82,711
Treasury stock	(861)	(859)
Total shareholders' equity	144,108	141,501
Accumulated other comprehensive income		
Unrealized loss on revaluation of other investment securities	124	(14)
Foreign currency translation adjustments	(8,696)	(7,929)
Total accumulated other comprehensive income	(8,572)	(7,943)
Stock acquisition rights	977	814
Minority interests in consolidated subsidiaries	783	771
Total net assets	137,297	135,143
Total liabilities and net assets	213,981	206,336

(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income
Consolidated Income Statement

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Net sales	127,896	125,271
Cost of sales	76,268	75,846
Gross profit	51,627	49,424
Reversal of allowance for sales returns	1,706	4,046
Provision for allowance for sales returns	1,502	1,779
Net gross profit	51,831	51,691
Selling, general and administrative expenses		
Packaging freight charge	1,812	2,336
Advertising expense	7,258	7,935
Sales promotion expense	63	67
Provision for allowance for doubtful accounts	67	-
Compensation for directors	541	596
Salaries	12,195	12,534
Provision of reserve for bonuses	1,814	1,408
Net periodic pension costs	1,288	1,135
Provision to reserve for directors' retirement benefits	13	15
Welfare expense	1,523	1,463
Rental expense	1,616	1,782
Commissions paid	4,621	4,228
Depreciation and amortization	1,000	1,903
Other	7,298	8,956
Total selling, general and administrative expenses	41,118	44,365
Operating income	10,713	7,325
Non-operating income		
Interest income	136	95
Dividends received	4	36
Rental income	17	24
Miscellaneous income	127	190
Total non-operating income	286	347
Non-operating expenses		
Interest expenses	61	59
Commissions paid	100	44
Foreign exchange loss	536	2,149
Miscellaneous loss	3	28
Total non-operating expenses	701	2,282
Recurring income	10,297	5,390

Consolidated Income Statement

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Extraordinary gain		
Gain on sale of property and equipment	-	1
Gain on sale of investment securities	48	0
Gain on sale of stocks of subsidiaries and affiliates	192	-
Reversal of allowance for doubtful accounts	-	94
Gain on reversal of subscription rights to shares	46	125
Gain on disposition of foreign currency translation adjustment	-	317
Other	18	94
Total extraordinary gain	305	633
Extraordinary loss		
Loss on sale of property and equipment	30	1
Loss on disposal of property and equipment	352	621
Loss on liquidation of subsidiaries and affiliates	-	136
Loss on evaluation of investment securities	0	175
Impairment loss	130	8,853
Provision of allowance for game arcade closings	78	311
Loss on adjustment for changes of accounting standard for asset retirement obligation	-	462
Loss on content	-	2,074
Loss on disposal of content	93	2,398
Other	55	969
Total extraordinary loss	741	16,007
Income (loss) before dividends distribution from silent partnership, income taxes (tokumei-kumiai)	9,862	(9,983)
Dividends distribution from silent partnership (tokumei-kumiai)	(4)	(12)
Income (loss) before income taxes and minority interests	9,866	(9,970)
Income taxes-current	3,763	1,738
Refunded income taxes	(50)	(2,249)
Deferred income taxes	79	2,594
Total income taxes	3,792	2,083
Income (loss) before net income or minority interests	6,074	(12,054)
Minority interests income (loss)	13	(11)
Net income (loss)	6,060	(12,043)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Income (loss) before net income or minority interests	6,074	(12,054)
Other comprehensive income		
Valuation difference on available-for-sale securities	139	(5)
Foreign currency translation adjustment	(761)	(3,034)
Other comprehensive income	(622)	(3,040)
Comprehensive income	5,451	(15,094)
(Breakdown)		
Comprehensive income attributable to owners of the parent	5,431	(15,026)
Comprehensive income attributable to minority interests	19	(67)

(3) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Shareholders' equity		
Common stock		
Balance at the end of previous period	15,204	15,204
Changes during the period		
Total changes of items during the period	-	-
Balance at the end of current period	15,204	15,204
Capital surplus		
Balance at the end of previous period	44,444	44,444
Changes during the period		
Disposal of treasury stock	(0)	(0)
Total changes during the period	(0)	(0)
Balance at the end of current period	44,444	44,444
Retained earnings		
Balance at the end of previous period	82,711	98,848
Changes during the period		
Dividends from retained earnings	(3,452)	(4,027)
Net income (loss)	6,060	(12,043)
Change of scope of consolidation	1	(22)
Change of scope of equity method	-	(42)
Total changes during the period	2,609	(16,136)
Balance at the end of current period	85,320	82,711
Treasury stock		
Balance at the end of previous period	(859)	(856)
Changes during the period		
Purchase of treasury stock	(2)	(3)
Disposal of treasury stock	0	0
Total changes during the period	(2)	(2)
Balance at the end of current period	(861)	(859)
Total shareholders' equity		
Balance at the end of previous period	141,501	157,641
Changes of items during the period		
Dividends from retained earnings	(3,452)	(4,027)
Net income (loss)	6,060	(12,043)
Purchase of treasury stock	(2)	(3)
Disposal of treasury stock	0	0
Change of scope of consolidation	1	(22)
Change of scope of equity method	-	(42)
Total changes during the period	2,606	(16,139)
Balance at the end of current period	144,108	141,501

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Accumulated other comprehensive income		
Unrealized gain on revaluation of other investment securities		
Balance at the end of previous period	(14)	(9)
Changes during the period		
Net changes in items other than shareholders' equity	139	(5)
Total changes during the period	139	(5)
Balance at the end of current period	124	(14)
Foreign currency translation adjustments		
Balance at the end of previous period	(7,929)	(4,951)
Changes during the period		
Net changes in items other than shareholders' equity	(767)	(2,977)
Total changes during the period	(767)	(2,977)
Balance at the end of current period	(8,696)	(7,929)
Total accumulated other comprehensive income		
Balance at the end of previous period	(7,943)	(4,960)
Changes during the period		
Net changes in items other than shareholders' equity	(628)	(2,983)
Total changes during the period	(628)	(2,983)
Balance at the end of the current period	(8,572)	(7,943)
Stock acquisition rights		
Balance at the end of previous period	814	715
Changes during the period		
Net changes in items other than shareholders' equity	163	98
Total changes during the period	163	98
Balance at the end of current period	977	814
Minority interests in consolidated subsidiaries		
Balance at the end of previous period	771	861
Changes during the period		
Net changes in items other than shareholders' equity	12	(90)
Total changes during the period	12	(90)
Balance at the end of current period	783	771
Total net assets		
Balance at the end of previous period	135,143	154,258
Changes during the period		
Dividends from retained earnings	(3,452)	(4,027)
Net income (loss)	6,060	(12,043)
Purchase of treasury stock	(2)	(3)
Disposal of treasury stock	0	0
Change of scope of consolidation	1	(22)
Change of scope of equity method	-	(42)
Net changes in items other than shareholders' equity	(453)	(2,975)
Total changes during the period	2,153	(19,115)
Balance at the end of current period	137,297	135,143

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Cash flows from operating activities		
Income (loss) before income taxes and minority interest	9,866	(9,970)
Depreciation and amortization	5,039	6,608
Amortization of goodwill	-	1,492
Impairment loss	130	8,853
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	462
Loss on content	-	1,174
Loss on disposal of content	-	731
Loss on disaster	-	48
Increase (decrease) in allowance for doubtful accounts	(1)	(394)
Increase (decrease) in provision for bonuses	(232)	(121)
Increase (decrease) in provision for sales returns	(203)	(2,026)
Increase (decrease) in provision for retirement benefits	747	891
Increase (decrease) in provision for directors' retirement benefits	(31)	15
Increase (decrease) in provision for loss on store closing	(186)	166
Interest and dividends income	(141)	(131)
Interest expenses paid	61	59
Foreign exchange losses (gains)	399	2,206
Loss (gain) on sales of investment securities	(48)	(0)
Loss (gain) on sales of stocks of subsidiaries and affiliates	(192)	-
Loss (gain) on valuation of investment securities	0	175
Loss on retirement of noncurrent assets	352	621
Loss on sales of noncurrent assets	30	1
Decrease (increase) in notes and accounts receivable-trade	(3,008)	13,800
Decrease (increase) in inventories	(5,137)	(4,827)
Increase (decrease) in notes and accounts payable-trade	1,102	(2,007)
Decrease (increase) in other current assets	547	2,218
Decrease (increase) in other noncurrent assets	56	67
Increase (decrease) in other current liabilities	(1,078)	(2,447)
Other, net	(26)	258
Subtotal	8,048	17,927
Interest and dividends income received	108	198
Interest expenses paid	(39)	(54)
Income taxes paid	(1,842)	(1,994)
Income taxes refund	961	1,226
Income taxes paid for prior periods	(450)	(2,475)
Net cash provided by operating activities	6,786	14,827

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2011
Cash flows from investing activities		
Payments into time deposits	(748)	(1,062)
Proceeds from withdrawal of time deposits	747	1,052
Proceeds from redemption of securities	-	35,000
Proceeds from sales of investment securities	49	0
Purchase of property and equipment	(4,620)	(4,700)
Proceeds from sales of property and equipment	180	45
Purchase of intangible assets	(842)	(931)
Proceeds from sales of intangible assets	-	0
Purchase of investments in subsidiaries	(9)	(20)
Proceeds from the sale of stocks of subsidiaries and affiliates	192	-
Payments for rental deposits	(1,492)	(143)
Proceeds from collection of rental deposits	1,084	1,482
Other, net	(319)	(314)
Net cash provided by (used in) investing activities	(5,778)	30,407
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	3,791	(1,325)
Redemption of bonds	-	(37,000)
Purchase of treasury stock	(2)	(3)
Cash dividends paid	(3,446)	(4,026)
Other, net	(42)	0
Net cash provided by (used in) financing activities	299	(42,354)
Effect of exchange rate change on cash and cash equivalents	(879)	(2,744)
Net increase (decrease) in cash and cash equivalents	428	135
Cash and cash equivalents at the beginning of the year	109,751	109,717
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(64)	(101)
Cash and cash equivalents at end of the year	110,116	109,751

5. Segment Information

1. Outline of reporting segments

The Group's reporting segments are business units for which discrete financial data is available and periodically reviewed by the Board of Directors in the determination of resource allocation as well as the evaluation of business performance.

Under internationally renowned brands such as SQUARE ENIX, TAITO and EIDOS, the Square Enix Group strives to offer high quality entertainment content and services through a variety of usage environments to match customer lifestyles.

To this end, the Group offers entertainment content and services in a variety of forms including: (1) interactive digital content for game consoles (including handheld game machines), personal computers and mobile phones (including smartphones) in the "Digital Entertainment" segment; (2) amusement facility operation as well as the sales and rental of arcade game machines in the "Amusement" segment; (3) publication of comic books, game strategy books and comic magazines in the "Publication" segment; and (4) planning, production, distribution and licensing of derivative products in the "Merchandising" segment. These four classifications serve as the Group's reporting segments.

2. Information on sales and income by reporting segment

Fiscal Year Ended March 31, 2011

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
<i>(Millions of yen)</i>							
Sales and operating income							
Net sales							
(1) Sales to outside customers	64,203	45,012	13,045	3,009	125,271	-	125,271
(2) Intersegment sales	0	0	-	8	9	(9)	-
Total	64,204	45,012	13,045	3,018	125,280	(9)	125,271
Segment operating income	11,283	2,178	3,204	680	17,346	(10,021)	7,325
Segment assets	44,471	23,241	5,252	2,803	75,768	130,568	206,336
Other items							
Depreciation and amortization	1,855	3,987	22	18	5,884	724	6,608
Increases in property, plant and equipment and intangible assets	874	3,779	11	12	4,677	685	5,363

- Notes:
- (1) Segment adjustments (10,021 million yen) include amortization of goodwill (1,492 million yen) and unallocated corporate operating expenses (8,573 million yen).
 - (2) Segment assets adjustment of ¥130,568 million includes unallocated assets of ¥130,440 million. These assets mainly consist of surplus funds (including cash and deposits).
 - (3) Depreciation and amortization adjustment of ¥724 million relates to unallocated corporate assets.
 - (4) The adjustment increase of ¥685 million in property, plant and equipment and intangible assets relates to unallocated corporate assets.
2. Segment operating income is adjusted in operating income on the consolidated income statement.

3. Information on sales and income by reporting segment

Fiscal Year Ended March 31, 2012

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
<i>(Millions of yen)</i>							
Sales and operating income							
Net sales							
(1) Sales to outside customers	71,871	41,921	11,335	2,767	127,896	-	127,896
(2) Intersegment sales	-	-	-	0	0	0	-
Total	71,871	41,921	11,335	2,767	127,896	0	127,896
Segment operating income	12,602	2,552	2,575	742	18,472	(7,759)	10,713
Segment assets	49,401	23,916	5,492	2,957	81,767	132,213	213,981
Other items							
Depreciation and amortization	1,589	3,363	22	16	4,991	48	5,039
Increases in property, plant and equipment and intangible assets	936	3,932	1	-	4,870	339	5,209

- Notes:
- (1) Segment adjustments (7,759 million yen) include unallocated corporate general and administrative expenses (7,784 million yen).
 - (2) Segment assets adjustment of ¥132,213 million includes unallocated assets of ¥132,329 million. These assets mainly consist of surplus funds (including cash and deposits).
 - (3) Depreciation and amortization adjustment of ¥48 million relates to unallocated corporate assets.
 - (4) The adjustment increase of ¥339 million in property, plant and equipment and intangible assets relates to unallocated corporate assets.
2. Segment operating income is adjusted in operating income on the consolidated income statement.

4. Information on sales by region

Fiscal Year Ended March 31, 2012

	Reporting Segments				Total
	Japan	North America	Europe	Asia	
<i>(Millions of yen)</i>					
Consolidated sales	101,686	10,614	13,180	2,415	127,896

Note: The classification of geographic segments is based on location of customer.