

CONSOLIDATED FINANCIAL RESULTS for the Six Months Ended September 30, 2004

Company Name: Square Enix Co., Ltd Code: 9684	Market: Headquarters:	Tokyo Stock Exchange, First Section Tokyo
(URL <u>http://www.square-enix.co.jp/</u>)		
Representative: Yoichi Wada, President and Representative Dir	rector	
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Date of Board Approval: November 18, 2004		
U.S. GAAP: Not adopted		

1. FY2004 Interim Consolidated Financial Results (April 1, 2004 - September 30, 2004)

(1) Consolidated Financial Resu	· •	,r		millions of yen e	except percentages an	d per share data)
	Net Sales		Operating In	ncome	Recurring 1	Income
Six Months Ended						
Sep. 30, 2004	24,395	23.6 %	5,952	155.3 %	6,133	222.8 %
Sep. 30, 2003	19,730	-	2,331	-	1,899	-
Fiscal Year 2003	63,202		19,398		18,248	

	Net Income	Earnings Per Share (basic)	Earnings Per Share (diluted)
Six Months Ended			
Sep. 30, 2004	3,133 162.8 %	28.47	28.24
Sep. 30, 2003	1,192 -	10.85	10.85
Fiscal Year 2003	10,993	100.04	99.76
Equity in gain or loss of	Six months ended Sep. 30, 2004		-
affiliated company	Fiscal year ended Mar. 31, 2004 (H	FY 2003) (70	50)
(Millions of Yen)	Six months ended Sep. 30, 2003	(2'	75)
Mid-term average of	Six months ended Sep. 30, 2004	110,066,9	955
numbers of shares issued	Fiscal year ended Mar. 31, 2004 (H	FY 2003) 109,884,9	947
and outstanding	Six months ended Sep. 30, 2003	109,884,0)45
Change of significant	n/a		

accounting policy

Percentages in Net Sales, Operating Income, Recurring Income, and Net Income are the percent change vs. the previous six months. Since the merger of Enix Corporation and Square Co., Ltd took place on April 1, 2003, there are no prior figures with which to compare

results for the six months ended September 30, 2003.

(2) Conslidated Financial Position

(2) Constituated T material T Ositi	011	(in minoris of yen except per	centages and per share data)
	Total Assets	Total Shareholders' Equity	Ratio of Shreholders' Equity	Shareholders' Equity Per Share
Six Months Ended				
Sep. 30, 2004	111,267	98,067	88.1 %	890.69
Sep. 30, 2003	100,863	87,938	87.2 %	800.42
Fiscal Year 2003	110,633	96,700	87.4	878.85
Note: Number of shares issued	Six months ended Sep. 30, 2	110,102,426		
and outstanding at year end	Year ended Mar. 31, 2004 (1	FY 2003) 110,030,879		
(Consolidated)	Six months ended Sep. 30, 2	109,864,830		

(3) Consolidated Statement of Cash Flows

(3) Consolidated Statement of	f Cash Flows			(in millions of yen)
	From Operating Activities	From Investing Activities	From Financing Activities	Closing Cash and Cash Equivalents
Six Months Ended				
Sep. 30, 2004	1,513	1,276	(2,072)	59,624
Sep. 30, 2003	3,926	(3,911)	(5,750)	56,465
Fiscal Year 2003	14,139	(10,579)	(6,739)	58,676

(4) Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries: 10 and 1 partnership

Number of equity-method non-consolidated subsidiaries:

Number of equity-method affiliates:

(5) Change in Scope of Consolidation and Application of the Equity Method

Consolidated (Added) - (Removed) - Equity-Method (Added) - (Removed) -

2. FY2004 Consolidated Forecasts (April 1, 2004 - March 31, 2005)

	Net Sales	Recurring Income	Net Income	
FY2004	73,000	25,000	13,500	

(Reference) Earnings per share (basic) forecasts (FY2004) 122.61 yen

The above forecasts are based on information available at the time these material were prepared. A number of indefinite factors are inherent in, and could cause actual results to be materially different from, these forecasts.

(in millions of yen)

(in millions of ven except percentages and per share data)

1. AFFILIATED COMPANY INFORMATION

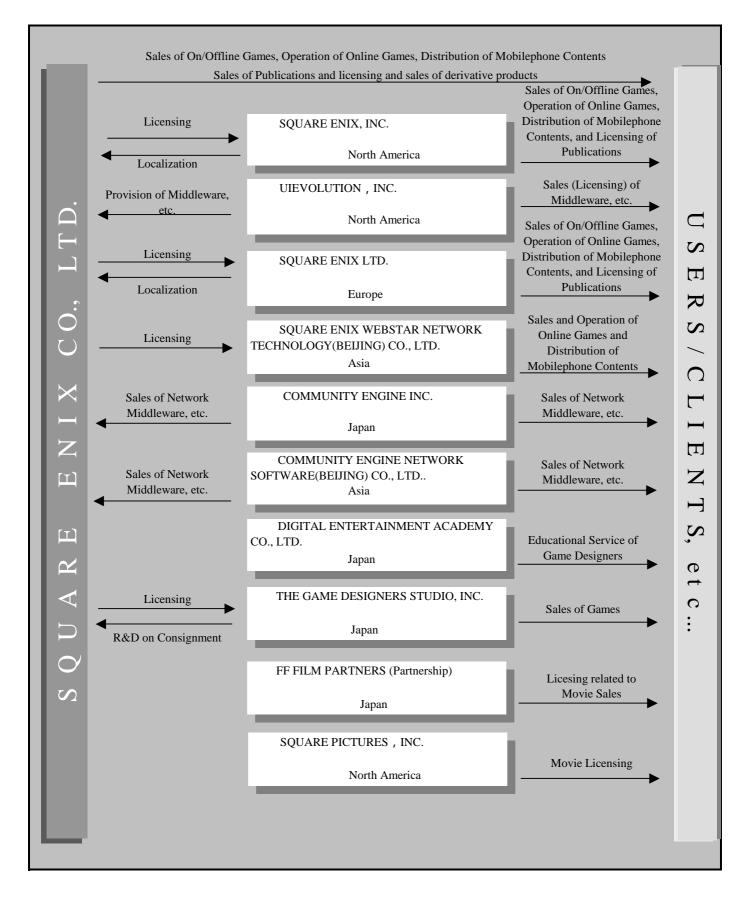
The Group is composed of SQUARE ENIX CO., LTD., ten consolidated subsidiaries, three non-consolidated subsidiaries, two affiliated companies, and one partnership. A list of businesses performed by the Group and the companies that compose it are as follows. Section refers to operating segment.

		C	• •	
Conso	Indated	Com	panies	

Section	Region	Name of Company	Major Operation
		SQUARE ENIX CO., LTD	Game software development and distribution
	Japan	THE GAME DESIGNERS STUDIO, INC.	Game software development and distribution
		SQUARE ENIX, INC. *	Game software distribution in North America
Games (Offline)	North America	UIEVOLUTION, INC.	Development and licensing of network applications and middleware
		SQUARE L.L.C.	Goodwill transferred to SQUARE ENIX, INC.
	Europe	SQUARE ENIX LTD. *	Distribution of games in Europe
	T	SQUARE ENIX CO., LTD.	Game software development, distribution, and operation of online games
	Japan	COMMUNITY ENGINE INC.	Development and distribution of network applications and middleware
	North	SQUARE ENIX, INC. *	Distribution and operation of online games in North America
Games (Online)	America	UIEVOLUTION, INC.	Development and licensing of network applications and middleware
	Europe	SQUARE ENIX LTD. *	Distribution and operation of online games in Europe
	Asia	SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO., LTD.	Distribution and operation of online games in China
		COMMUNITY ENGINE NETWORK SOFTWARE (BEIJING) CO., LTD.	Development and distribution of network applications and middleware
	Japan	SQUARE ENIX CO., LTD.	Development and distribution of mobile phone content
	North America	SQUARE ENIX, INC. *	Development and distribution of mobile phone content in North America
Mobilephone Content		UIEVOLUTION, INC.	Development and licensing of network applications and middleware
	Europe	SQUARE ENIX LTD. *	Development and distribution of mobile phone content in Europe
	Asia	SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO., LTD.	Development and distribution of mobile phone content in China
	Japan	SQUARE ENIX CO., LTD.	Publication and distribution of magazines, serial comics, and game-related books
Publication	North America	SQUARE ENIX, INC. *	Licensing of game-related books in North America
	Europe	SQUARE ENIX LTD. *	Licensing of game-related books in Europe
		SQUARE ENIX CO., LTD.	Planning, Production, Sales, and Licensing of derivative products.
	Japan	DIGITAL ENTERTAINMENT ACADEMY CO., LTD.	Operation of schools for game designers
Other		FF FILM PARTNERS (Partnership)	Licensing and management of movies and derivative products
	North America	SQUARE PICTURES, INC.	Management of overseas movie revenues
	1		·

【Non-Consolidated Subsidiaries】 BMF CORP. SOLID CO., LTD SQUARE U.S.A., INC. Changed company name as of July 1, 2004 [Affiliates not accounted for using the Equity-Method]

MAG GAREN CORP. (listed on Tokyo Stock Exchange Mothers market) KUSANAGI INC.



Note: The above chart only shows transactions of consolidated companies.

2. Management Policy

The management policy of SQUARE ENIX CO., LTD. ("the Company") and its enterprise group consisting of the Company, consolidated companies, and partnership (the "Group") is as follows.

(1) Basic Policy

The Group's basic policy is to provide various consumers with dreams and excitement through creating and distributing advanced content of high quality.

For sustainable growth and expansion of the Group to reward our shareholders, we seek to bring the Group the greatest value with an efficient operation that effectively combines management resources.

(2) Basic Policy of Distribution of Profit

It is one of the Company's most important management policies to return profit to our shareholders.

With regard to dividend, we maintain continuous and stable dividend payouts through achieving more profitability and stronger financial positioning.

Retained earnings are reinvested for effective purposes for future growth of corporate value, such as enhancement and expansion of existing business operations, capital investments for new business development, and R&D activities.

(3) Views and Policy of Stock Trading Unit Reduction

The Company perceives that long-term investment from a wide range of investors and investor base expansion are important to the Company's capital strategy. We set our stock trading unit to 100 shares per unit, and have established an environment facilitating investments by various investors.

(4) Targeting Management Benchmark

The Company perceives that realization of growth based upon profitability is a fundamental management task. We set the target operation profit ratio at a range between 25% and 30% as we sustain the investments necessary for growth.

(5) Medium and Long-Term Management Strategy and Task

It is the management's main task to grow the Company in the medium and long term, maintaining profitability with the creation of advanced, high-quality content.

As the development and popularization of IT and network environments are rapidly advancing, new digital entertainment will transform the industry structure in the near future; customer needs for network-compliant entertainment will increase, and multi-functional terminals will enable users to have easy access to various types of content.

It is the Company's medium- and long-term strategy to respond to such changes and to open a new era of digital entertainment.

In such a period of transformation as stated above, the Company will continue to deal with the strategic tasks such as an appropriate management of network communities, the deployment of "Polymorphic Content" based on diversified methods of expression, and the formation of new platforms for various content.

(6) Corporate Governance

Basic Perspective on Corporate Governance

The Company adopts the Statutory Auditors system for its corporate governance system. The monitoring function is strengthened by having half of the auditors from outside. The Board of Directors, which focuses on enterprise-level management decision, delegates a part of its powers to the Executive Committee consisting of Executive Officers, in order to facilitate operations.

Implemented Measures

A) Management system and any other corporate governance system regarding decision-making, conduct of affairs, and monitoring of business operations;

The Company has six Directors (one from outside) and four Statutory Auditors (two from outside and one standing statutory auditor). The term for directors is set at one year, and half of the Statutory Auditors come from outside.

There is no staff dedicated solely to the outside directors and auditors; however, the internal audit staffs (directly reporting to the president) are supporting their smooth execution of duties.

The Board of Directors' meeting is held once a month as a general rule, and enhances mutual checking by vigorous

discussions among the directors including one from outside.

The Board of Auditors' meeting is held once a month as a general rule, and performs operation auditing based on the audit policies. The auditors also attend the Board of Directors' meeting and the standing statutory auditor attends the Executive Committee for monitoring business operations by the directors and officers.

Significant legal issues and events are consulted with several outside counsels as needed. Accounting issues are reviewed by an external independent audit corporation.

B) Personal, financial, or business relationships and any other conflict of interest between the Company and outside directors/auditors.

Nothing to be specified.

C) Implemented strategy for enhancement of corporate governance for the last one year (from the end of latest fiscal year)

Immediately after the merger on April 1, 2003, the Company established internal rules and decision-making systems, clarified authorities and functions of the Board of Directors, and delegated some powers to entrust Executive Officers in accordance with the objective standard. In the result, the Company has succeeded in establishing an executive system that facilitates speedy and efficient business operations.

Additionally, the Company has included an outside director and two outside statutory auditors in the Board of Directors in order to assess the legitimacy of its decision-making from an external point of view, and vitalized discussions at the Board of Directors' meetings.

Furthermore, the Company has strengthened an internal check-and-balance system through auditing activities from time to time by an internal auditor to assess the legitimacy and efficiency of operations in each division.

3. Operating Results and Financial Conditions

(1) Operating Performance Highlights of the First Half Year Ended September 30, 2004

The Company has been making determined efforts to strengthen the foundation and profitability of its business segments, which comprise Games, Online Games, Mobile Phone Content, Publications, and Others.

The Company has been pursuing R&D activities in order to obtain advanced information technologies, which is fundamental to promote network-related businesses, and to apply such technologies to the practical use of products and services.

The Company is making steady growth, as the financial result of this period shows.

	Net Sal	les ¥2	4,395 millio	n (23.6%uj)	Operation In	come	¥5,952	2 million	(155.3%)	ıp)
L	Recurri	ng Income ¥	6,133 millio	n (222.8%)	up)	Net Income		¥3,133	3 million	(162.8%)	ıp)
			(% is	the rate of	f change	in comparis	son to the	e previous	half ye	ar result)	
	The nut	mbers of new	game titles 1	released dur	ing this p	eriod are as f	ollows.				
	Japan	5 titles	North An	nerica	3 titles	Europe	3 title	s A	sia	l title	
	The uni	it sales includi	ing repeat-or	rders are as	follows.						
	Japan	1.34 million	units Not	rth America	1.48 mil	lion units	Europe	0.51 mill	ion units	Asia	0.04 million units
	Total	3.37 million	units								

Overview of results by business segments is as follows.

(2) Operating Result by Business-Segment

Games (Offline)

The Company plans, develops, and distributes games for game consoles and mobile game terminals. We also handle localization of games developed and distributed in Japan to distribute in North America through our consolidated subsidiary, SQUARE ENIX, INC., and the distributions in Europe and Asia are handled by leading publishers through license arrangements.

The new game titles released during this period are "FULLMETAL ALCHEMIST 2 Akaki-Erikusiru-no-Akumu" (0.16 million units sold in Japan), "FRONT MISSION 4" (0.14 million units sold in North America), "STAR OCEAN - Till the End of Time" (0.31 million units sold in North America, 0.09 million units sold in Europe), and "DRAKENGARD" (0.11 million units sold in Europe) for PlayStation2, and "Toruneko-no-Daibouken 3 Advance Fushigi-no-Dungeon" (0.14 million units sold in Japan) and "FINAL FANTASY I• II Advance" (0.28 million units sold in Japan) for Game Boy Advance.

In addition, repeated sales such as "DragonQuest V Tenku-no-Hanayome" (for PS2) released at the end of the previous fiscal year shifted upward in Japan and overseas.

In comparison to the previous first half year, the number of new titles released in Japan during this first half year period decreased, the net sales of Games segment was \$8,099 million (down 13.4%); however, since the repeated sales increased, the operation income was \$1,549 million (up 7.0%).

Games (Online)

The Company plans, develops, distributes, and operates online games connected to a network.

In September, the expansion pack "FINAL FANTASY XI: Chains of Promathia" was released in Japan and North America, and online game service for "FINAL FANTASY XI" was launched in Europe. The number of subscribers has been increasing at a steady pace in Japan and North America, and PlayOnline and the MMORPG (Massively Multi-player Online RPG) "FINAL FANTASY XI" (FFXI) have built on solid growth. Game servers for the service are concentrated in Japan, and since access peak times differ from one service area to another, the operation efficiency makes significant increases as service areas expand. Furthermore, sales are steadily growing for Cross Gate, an MMORPG developed specifically for the Asian market, and the title has acquired a top-tier position in terms of membership in the Chinese online gaming market. Consequently, sales in the Online Games segment totaled ¥7,684 million (up 101.0%), and operation income was ¥3,252 million (up 230.9%).

Mobilephone Content

The Company plans, develops and provides content for mobile phones.

We provided mobile phone content such as ring tones, wallpaper, games, and portals during this period. The number of subscribers to "DRAGON QUEST" and "FINAL FANTASY" provided for i-mode and Ezweb are on a steady increase in particular, and the game "BEFORE CRISIS-FINAL FANTASY VII," which uses network and digital camera functions, was launched in September. This content attracts attentions as the first title in the "COMPILATION of FINAL FANTASY VII," which is based on "FINAL FANTASY VII" first released in 1997, and has sold over 9 million copies worldwide. As stated above, the Company has been growing the Mobilephone Content segment by making the best use of its strength of having original content, and expanding overseas in North America, Europe, and Asia.

Consequently, sales in the Mobilephone Content segment were ¥1,977 million (up 54.8%), and operation income was ¥633 million (up 12.5%).

Publication

The Company publishes magazines, comics, serial comics, and game strategy books.

During this period, we have published monthly magazines, "SHONEN GANGAN," "G FANTASY," and "GANGAN WING," as well as serial comics featured in the monthly magazines and game strategy books.

The circulation of comic magazines such as "SHONEN GANGAN" has grown due to the hit of the animated show "FULLMETAL ALCHEMIST."

In addition, we have published game strategy books for "DRAGON QUEST V" (for PS2), which was released at the end of previous fiscal year.

Consequently, sales in the Publications segment totaled ¥5,157 million (up 44.5%), and operation income was ¥1,752 million (up 64.5%).

Other

The Other segment covers the planning, production, distribution, and licensing of Square Enix titles' derivative products, and the operation of a training school for computer game designers.

The Company has primarily sold merchandise related to "DRAGON QUEST," pencils named "BATO-EN G," and trading figures related to "FINAL FANTASY" and "FULLMETAL ALCHEMIST" in this period. In addition, the soundtracks of "FINAL FANTASY," which had been discontinued, have come back on sale. The net sales in this segment was ¥1,476 million (down 13.8%), and operation income was ¥370 million (down 27.3%).

(3) Operating Results by Region

Japan

All business segments, which comprise Games (Offline), Games (Online), Mobile Phone Content, Publication, and Other are operated in Japan.

The games are shipped to retail stores through the Company's own distribution channel. Since the Company licenses for the sale of game content in some parts of the PAL region (Europe) and in Asia, sales from such licenses are included in the

regional results of Japan.

In the Games (Online) segment, the Company provides and sells online game discs such as "PlayOnline," of which "FINAL FANTASY" takes a leading part.

In the Mobile Phone Content segment, the Company provides mobile phone content such as games, ring tones, and wallpaper for NTT Docomo, au, and vodafone.

Currently, the Publication and Others segment are operated primarily in Japan.

Net sales in Japan was ¥19,435 million (up 11.7%), and operating income was ¥4,623 million (up 144.8%).

North America

The Company operates Games (Offline), Games (Online), and Mobile Phone Content services in North America, and licenses sales of game content developed by the Company, primarily to SQUARE ENIX, INC. (SEI). "FRONT MISSION 4" and "STAR OCEAN - Till the End of Time," both for PS2, were released during this period. In addition, the expansion pack "FINAL FANTASY XI: Chains of Promathia" was released for "PlayOnline" in September, 2004, and the service has made rapid growth to the level of its in Japan during this period.

Net sales in North America was ¥6,007 million (up 137.7%), and operating income was ¥1,297 million (up 560.2%).

Europe

The Company primarily provides Games (Offline), Games (Online), and Mobilephone Content services in Europe. Sales of game content are generally licensed to leading publishers in this region. Furthermore, the Company succeeded in entering into the online gaming market in Europe by launching "FINAL FANTASY XI" in September, 2004 with SQUARE ENIX LTD. as the publisher of disk sales.

Net sales in Europe was ¥487 million (up 268.6%), and operating income was ¥2 million (down 88.3%).

Asia

In Asia, the Company provides primarily Games (Online) and Mobile Content services. Regarding the online game service in Asia, SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO., LTD. (SEW), a subsidiary of the Company, provides "Cross Gate", the online game service for PC in China.

Net sales in Asia was ¥428 million (up 27.8%), and operating income was ¥28 million (down 87.3%).

(4) Financial Conditions

Cash and cash equivalents at the end of this period were ¥59,624 million.

The cash flow status and the explanations are as follows.

Cash flows from operating activities

Since the development of upcoming game titles is in progress, the content production account has increased, however, good outcome of operating activities resulted in the cash and cash equivalents to be \$1,513 million.

Cash flows from investing activities

Mainly due to maturity of government bond, the cash and cash equivalents from investing activities are ¥1,276 million. Cash flows from financial activities

Due to dividend payouts, the cash and cash equivalents from financial activities are negative ¥2,072 million.

A trend of Solvency Indices of the Group:

	Fiscal Y	ear 2003	Fiscal Year 2004
	First Half Year	End of Year	First Half Year
Shareholders' Equity Ratio (%)	87.2	87.4	88.1
Shareholders' Equity Ratio on Market Value basis (%)	303.0	309.6	299.2
Term of Repayment of interest bearing liabilities	0.3	0.0	0.0
Interest Coverage Ratio (times)	10,227.7	1,203.4	7,336.1

Notes: Shareholders' Equity Ratio: Shareholders' Equity / Total assets

Shareholders' Equity Ratio on Market Value basis (%): Market capitalization of outstanding stock / Total Assets Term of repayment of interest leaning liabilities: Interest bearing liabilities / Cash Flows from operating activities

Interest Coverage Ratio: Cash Flows from operating activities / Interest payment

*determined from consolidated financial results

*Interest bearing liabilities include all the liabilities on which the Company are paying interests.

*Cash flows from operating activities and interest payment are "Cash flows from operating activities" and "Interest paid" in consolidated statements of cash flows respectively.

(5) Forecast for Fiscal Year 2004

New game titles following "DRAGON QUEST VIII Sora-to-Umi-to-Daichi-to-Norowareshi Himegimi" are to be released in the second half year. In addition, we will focus our efforts on the further expansion of network-related operations comprised of Games (Online) and Mobile Phone Content segments, which have been making satisfying growth. In the Publications segment, a new monthly magazine, "YOUNG GANGAN" is to be introduced.

Consolidated forecasts for the full Fiscal Year ending March 31, 2005 are as follows.

Net Sales	¥73,000 million
Operating Income	¥25,000 million
Recurring Income	¥25,000 million
Net Income	¥13,500 million

4. Consolidated Financial Statements for the Sixth Months Ended September 30, 2004

(1)Consolidated Balance Sheet

(Millions of Yen) Summary of Previous Fiscal Year Ν Term FY2003 Interim Results FY2004 Interim Results Consolidated Balance Sheet 0 Change t (As of Sep. 30, 2003) (As of Sep. 30, 2004) (As of Mar. 31, 2004) e Account Amount Rate Amount Rate Amount Amount Rate 0/ % % (Assets) Current Assets I 1. Cash and deposits 56,465 59,624 3,159 58,676 2. Notes and accounts receivable 8,093 9,795 1,701 12,046 3. Inventories 884 37 809 846 4. Content production account 6,583 14,474 7,890 10,128 1,850 5. Deferred tax assets 4,984 1,970 (3,013) *2 6. Other current assets 1,260 1,310 49 1,157 Allowance for doubtful accounts (340) (227) (22) (363) 9,484 Total current assets 78,211 77.5 87,696 78.8 84,441 76.4 II Fixed assets 1. Property, plant and equipment (1) Buildings and structures 4,952 3,505 3,445 Accumulated depreciation 2,170 2,781 1,379 2,125 (656) 1,250 2,195 (2) Tools and fixtures 8,904 8,727 8,445 (435) Accumulated depreciation 3,077 5,399 3,504 5,658 3,068 5,367 (3) Other 7 Accumulated depreciation 7 1 0 7 ſ (4) Land 3,813 3,813 3,813 (5) Construction in progress 137 (133) 10,237 Total property, plant and equipment 10.2 9,012 (1,225) 9,087 8.2 8.1 2. Intangible assets (1) Consolidated adjustment account 5,958 5,958 6,361 (2) Other 1,485 1.114 (371) 1.189 Total intangible assets 1,485 1.5 7,072 6.4 5,587 7,550 6.8 3. Investments and other assets (1) Investment securities *1 4,642 1,221 (3,421) 3,516 (2) Long-term loans 11 6 5 (3) Rental deposits 3,223 (422) 2,801 2,864 (4) Deferred tax assets 2,517 2,745 227 2,665 (5) Other *1 538 707 168 502 Allowance for doubtful accounts (0)(0)Total investments and other 10,928 10.8 7,486 6.7 (3,442) 9,554 8.6 assets 26,192 Total fixed assets 22,652 22.5 23,571 918 23.6 21.2 Total assets 10,403 100,863 100.0 111,267 100.0 110,633 100.0

Term	N o	FY20	03 Interim R	esults	FY200	04 Interim F	Results	Change		of Previous l dated Balance	
	t e	(As o	of Sep. 30, 2	003)	(As o	of Sep. 30, 2	2004)		(As o	of Mar. 31, 2	2004)
Account	-	Am	ount	Rate	Am	ount	Rate	Amount	Am	ount	Rate
				%			%				%
(Liabilities)											
I Current liabilities											
1. Notes and accounts payable			2,005			1,840		(164)		3,205	
2. Short-term borrowings			1,000			-		(1,000)		-	
3. Long-term borrowings due within one year			22			7		(15)		18	
4. Other accounts payable			1,994			1,426		(567)		1,020	
5. Accrued expenses			1,043			1,455		411		1,551	
6. Accrued income taxes			280			2,890		2,610		1,313	
8. Advance payments received			1,693			236		(1,457)		697	
9. Deposits received			376			347		(28)		354	
10. Reserve for bonuses			574			595		20		1,239	
11. Allowance for sales returns			1,481			1,366		(114)		1,569	
12. Reserve for office relocation costs and price protection			850			-		(850)		-	
13. Other	*2		112			1,240		1,128		1,215	
Total current liabilities			11,433	11.3		11,407	10.3	(26)		12,185	11.1
II Fixed liabilities											
1. Long-term debt			7			-		(7)		-	
2. Accrued pension costs			490			1,075		584		978	
3. Allowance for directors' retirement benefits			106			51		(55)		110	
4. Other			52			75		22		63	
Total fixed liabilities			656	0.7		1,201	1.1	544		1,152	1.0
Total liabilities			12,090	12.0		12,609	11.4	518		13,338	12.1
(Minority interests)											
Minority interests in consolidated subsidiaries			834	0.8		591	0.5	(243)		594	0.5
(Shareholders' equity)											
I Common stock			6,940	6.9		7,262	6.5	322		7,154	6.5
II Capital surplus reserve			36,175	35.8		36,503	32.8	327		36,393	32.9
III Retained earnings			45,358	45.0		54,864	49.3	9,505		53,931	48.7
IV Unrealized gain on revaluation of marketable securities			196	0.2		334	0.3	138		363	0.3
V Foreign currency translation adjustment			(553)	(0.5)		(576)	(0.5)	(23)		(898)	(0.8)
VI Treasury stock			(180)	(0.2)		(321)	(0.3)	(141)		(245)	(0.2)
Total shareholders' equity			87,938	87.2		98,067	88.1	10,128		96,700	87.4
Total liabilities, minority interests and shareholders' equity			100,863	100.0		111,267	100.0	10,403		110,633	100.0

(2)Consolidated Statements of Income

(Millions of Yen)

<u> </u>											ns of Yen)
Term	Ν	FY200	3 Interim F	Results	FY200	04 Interim F	Results		-	y of Previous Fated Statements	
	o t	(At	or. 1, 2003	to ک	Γ A _l	pr. 1, 2004	to]	Change		pr. 1, 2003	
	e t		ep. 30, 200	3 J	l s	ep. 30, 200	4 J			/lar. 31, 200	4 J
Account	Ŭ	Am	ount	Rate	Am	ount	Rate	Amount	Am	ount	Rate
I Net sales			19,730	% 100.0		24,395	% 100.0	4,664		63,202	% 100.0
II Cost of sales	*1		8,001	40.5		8,557	35.1	556		22,084	34.9
Gross profit			11,729	59.4		15,838	64.9	4,108		41,117	65.1
Reversal of allowance for sales returns and price protection			1,420	7.2		1,569	6.4	149		1,420	2.2
			1 401	7.5		1.044		(114)		1.500	2.5
Provision for allowance for sales returns and price protection			1,481	7.5		1,366	5.6	(114)		1,569	2.5
Net gross profit	* 1		11,668	59.1		16,041	65.7	4,372		40,968	64.8
 Selling, general and administrative expenses Packaging freight charge 	*1	78			293				545		
2. Advertising expenses		2,035			2,490				5,119		
3. Sales promotion expenses		304			86				660		
4. Provision for doubtful accounts		22			145				332		
 Compensation for directors Salary 		113 1,305			110 1,690				231 3,887		
7. Provision to reserve for bonuses		252			214				1,130		
8. Net predict pension costs		55			51				491		
9. Provision to reserve for directors'		2			117				6		
retirement benefits 10. Welfare expenses		116			317				698		
11. Rental expenses		439			507				955		
12. Commissions paid		994			1,072				3,023		
13. Depreciation and amortization		633			530				1,179		
14. Other		2,985	9,337	47.3	2,459	10,088	41.4	751	3,307	21,569	34.2
Operating income IV Non-operating income			2,331	11.8		5,952	24.3	3,621		19,398	30.7
1. Interest income		32			42				67		
2. Interest from securities		73			2				78		
3. Foreign exchange gain		-			428				-		
 Rental income Miscellaneous income 		12	220	1.0	16 88	579	2.4	240	0	440	0.7
V Non-operating expenses		111	230	1.2	88	579	2.4	348	294	440	0.7
1. Interest expenses		3			0				7		
2. Foreign exchange loss		356			-				788		
3. Loss on disposal of inventories		-			0				-		
4. Loss on write-off of content development account		-			381				-		
5. Stock issuance expense		8			-				8		
6. Equity on losses of non-consolidated		275			_				760		
subsidiaries and affiliates					-						
 Miscellaneous losses Recurring income 		17	662 1,899	3.4 9.6	16	398 6,133	1.6 25.1	(263) 4,233	25	1,590 18,248	2.5 28.9
VI Extraordinary gain			1,899	9.0		0,155	23.1	4,235		10,240	28.9
1. Reversal of allowance for doubtful accounts		10			-				-		
2. Gain on sale of property, plant and equipment	*2	-			0				-		
3. Gain on sale of investment securities		-	250	1.2	-	0	0.0	(250)	59		0.5
 Gain on sale of shares in affiliates VI] Extraordinary loss 		240	250	1.3	-	0	0.0	(250)	240	300	0.5
1. Loss on sale of property, plant and equipment	*4	51			0				123		
2. Loss on disposal of property, plant and equipment	*3	41			37				198		
3. Evaluation loss on shares in affiliates		-			128				125		
 Loss on sale of investment securities Loss on evaluation of investment securities 	*5	- 150			2 79				84 375		
6. Other losses	. 5	- 150	243	1.2	11	261	1.1	18		907	1.4
Income before income taxes and								3,964			
distribution of loss in partnership (Tokumei-kumiai)			1,907	9.7		5,872	24.0	5,704		17,640	28.0
Distribution of loss in partnership			12	0.1		11	0.0	(1)		24	0.0
Income before income taxes and											
distribution of loss in partnership			1,894	9.6		5,860	24.0	3,966		17,616	28.0
(Tokumei-kumiai) Income taxes:		255			2,829				3,600		
Current deferred		320	575	2.9	(140)	2,688	11.0	2,112	2,962	6,563	10.4
Minority interest in consolidated			126	0.6	× -/	38	0.2	(87)	/	59	0.1
subsidiaries											
Net income			1,192	6.1		3,133	12.8	1,941		10,993	17.5
		1									1

(3)Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of Yen) Summary of Previous Fiscal Year N FY2004 Interim Results Term FY2003 Interim Results Consolidated Statements of Capital 0 Surplus and Retained Earnings t Change Apr. 1, 2003 to Apr. 1, 2004 to Apr. 1, 2003 to e Sep. 30, 2003 Sep. 30, 2004 Mar. 31, 2004 Amount Account Amount Amount Amount (Capital surplus) Capital surplus at beginning of year 9,383 36,393 27,010 9,383 Increases in capital surplus 26,792 26,792 1. Increase due to merger 2. Gain on disposal of treasury stock 5 (4 3. Shares issued through stock options 26,792 103 109 (26,683) 213 27,010 Capital surplus at period end 36,175 36,503 327 36,393 (Retained earnings) Retained earnings at beginning of year 33,341 53,931 20,590 33,341 Increase in retained earnings 1. Net income 1,192 3,133 10,993 2. Transferred from merged company 11,524 11,524 3. Increase due to increase in consolidated subsidiaries 145 16 4. Increase due to decrease in consolidated subsidiaries 36 12,898 3,133 (9,764)36 22,569 Decreases in retained earnings 1. Dividends 881 2,200 1,979 2. Bonus for directors 881 0 2,201 1,320 1,979 54,864 53,931 Retained earnings at period end 45,358 9,505

(4)Consolidated Statements of Cash Flows

(Millions	s of	Yen
	winnons	5 01	I CII

						(Millions of Yen)
Term	Ν					Summary of Previous
	0	FY2003 Interim Resul	lts	FY2004Interim Results		Fiscal Year Consolidated
	t				Change	Statements of Cash Flows
		Apr. 1, 2003 to		Apr. 1, 2004 to	e	Apr. 1, 2003
	e	Sep. 30, 2003				11 ^ I
Account		C Sep. 30, 2003	,	Sep. 30, 2004		L Mar. 31, 2004
		Amount		Amount	Amount	Amount
I Cash flows from operating activities						
Income before income taxes		1,8	94	5,860	3,966	17,616
Depreciation and amortization			70	850	(120)	1,974
Increase (decrease) in allowance for doubtful accounts		-	6	125	118	224
Increase (decrease) in reserve for bonuses			23	(644)	(668)	688
(Decrease) in allowance for sales returns and price protection			49)	(240)	(000)	(105)
Increase (decrease) in accrued pension costs			89	96	7	576
(Decrease) increase in allowance for directors' retirement benefits			29)	(58)	(28)	(26)
(Decrease) increase in reserve for office relocation costs			(51)	(50)	161	(589)
Interest and dividends received			06)	(44)	61	(145)
Interest expenses		(1	3	(44)	(3)	(145)
Loss on sales of property and equipment			93	38	(54)	321
Gain on sale of investment securities			,5	58	(54)	(59)
Loss on sale of investment securities			-	2	2	84
Losses on investments in securities		1	-	79		375
Gain on sale of shares held in affiliates			50	/9	(70)	
		(2	40)	-	240	(240)
Evaluation loss on shares held in affiliates			-	128	128	125
Decrease (increase) in accounts receivable		8,9		2,284	(6,656)	4,852
(Increase) decrease in inventories		(3,2		(4,345)	(1,095)	(6,745)
(Decrease) increase in purchase liabilities		(1,6		(1,382)	308	(507)
(Decrease) increase in accrued consumption taxes		(4	16)	(181)		(104)
Decrease in other current assets			-	54	54	250
Decrease (increase) in other fixed assets			-	(213)	(213)	299
(Decrease) increase in other current liabilities			-	(144)	(144)	(2,014)
Directors' bonuses paid			-	(0)	(0)	-
Other			52	613	60	1,958
Subtotal		6,5	80	2,877	(3,703)	18,818
Interest and dividends received			88	46	(41)	126
Interest paid			(0)	(0)	0	(11)
Income taxes paid		(2,7	41)	(1,410)	1,331	(4,794)
Net cash provided by operating activities		3,9	26	1,513	(2,413)	14,139
II Cash flows from investing activities						
Payments for acquiring property, plant and equipment		(2,1	26)	(618)	1,508	(2,709)
Payments for acquiring intangible assets		(1	65)	(120)	44	(416)
Proceeds from sales of investment securities	*2		-	2,001	2,001	-
Payments for acquisition of shares in affiliates			-	(20)	(20)	(6,461)
Proceeds from sale of shares in affiliates		2	66	- ´	(266)	423
Proceeds from clearance of shares in affiliates			-	34	34	-
Proceeds from return of guarantee money paid		1	60	33	(127)	407
Payments for provision of guarantee money paid		(1,8		(8)	1,831	(1,843)
Other			(07)	(24)	182	20
Net cash used in investing activities		(3,9		1,276	5,188	(10,579)
III Cash flows from financing activities		(0,5	1	-,270	2,230	(,0/))
Decrease (increase) in short-term borrowings			-	-	-	(1,000)
Payments for acquisition of treasury stock		(86)	(76)	10	(1,000)
Payments for dividends			89)	(2,202)	(1,312)	(1,955)
Payments for dividends for minority interests			(2)	(2,202)	(1,512)	(1,555)
Payments of cash lien of dividend to retiree						
shareholders of merged company		(4,1	17)	-	4,117	(4,153)
Payments for partnership distributions		(6	43)		643	(616)
Other			43) 11)	206	217	1,135
Net cash (used in) provided by financing activities		(5,7		(2,072)	3,678	(6,739)
IV Effect of exchange rate changes on cash and cash equivalents				,		
V Net (decrease) increase in cash and cash equivalents			40)	<u>229</u> 947	870 7,323	(984)
		(6,3				(4,164)
VI Cash and cash equivalent at beginning of year		39,84 22,67		58,676	18,829	39,847
VII Increase in cash and cash equivalent due to merger		22,63		-	(22,632)	22,632
Increase in cash and cash equivalent due to increase in consolidated subsidiaries			34	-	(484)	484
IX Decrease in cash and cash equivalent due to increase in consolidated subsidiaries Cash and cash equivalents at period end	41		23)	-	123	(123)
I ach and each administrate of named and	*1	56,4	55	59,624	3,159	58,676

Summary of Significant Accounting Policies used in the Preparation of Consolidated Financial Statements for the Fiscal Year 2004 First Half Year

for the Histori fear 200 Hinst Hun			
	Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
	April 1, 2003 to	April 1, 2004 to	April 1, 2003 to
	September 30, 2003	September 30, 2004	March 31, 2004
1.Scope of Consolidation	(1)Number of consolidated subsidiaries:	(1)Number of Consolidated subsidiaries:	(1)Number of Consolidated subsidiaries:
	8 and one partnership	10 and one partnership	10 and one partnership
	DIGITAL ENTERTAINMENT	DIGITAL ENTERTAINMENT	DIGITAL ENTERTAINMENT
	ACADEMY CO., LTD.	ACADEMY CO., LTD.	ACADEMY CO., LTD.
	COMMUNITY ENGINE INC.	COMMUNITY ENGINE INC.	COMMUNITY ENGINE INC.
	THE GAME DESIGNERS STUDIO,	THE GAME DESIGNERS STUDIO,	THE GAME DESIGNERS STUDIO,
	INC.	INC.	INC.
	SQUARE ENIX U.S.A.,INC.	SQUARE ENIX INC.	SQUARE ENIX U.S.A.,INC.
	SQUARE L.L.C.	SQUARE L.L.C.	SQUARE L.L.C.
		-	
	SQUARE PICTURES, INC.	SQUARE PICTURES, INC.	SQUARE PICTURES, INC.
	SQUARE ENIX EUROPE LTD.	SQUARE ENIX LTD.	SQUARE ENIX EUROPE LTD.
	SQUARE ENIX WEBSTAR	SQUARE ENIX WEBSTAR	SQUARE ENIX WEBSTAR
	NETWORK TECHNOLOGY	NETWORK TECHNOLOGY	NETWORK TECHNOLOGY
	(BEIJING) CO.,LTD.	(BEIJING)CO.,LTD.	(BEIJING)CO.,LTD.
	FF • FILM PARTNERS (partnership)	COMMUNITY ENGINE NETWORK	COMMUNITY ENGINE NETWORK
	Due to the increasing materiality of their	SOFTWARE(BEJIN)CO.,LTD	SOFTWARE(BEJIN)CO.,LTD
	business activities, COMMUNITY	UIEVOLUTION,INC.	UIEVOLUTION, INC.
	ENGINE INC. and SQUARE ENIX	FF • FILM PARTNERS (partnership)	FF • FILM PARTNERS (partnership)
	WEBSTAR NETWORK	SQUARE ENIX U.S.A., INC. and	COMMUNITY ENGINE NETWORK
	TECHNOLOGY (BEIJING) CO.,LTD.	SQUARE ENIX EUROPE LTD. changed	SOFTWARE (BEIJING)CO., LTD.
	have been included in the Company's	company names to SQUARE ENIX,	UIEVOLUTION. INC. were newly
	scope of consolidation from the first half	INC. and SQUARE ENIX LTD.	acquired during fiscal year 2003.
	year ended Sep. 30, 2003.	(2)Non-consolidated subsidiaries	Due to the increasing importance of their
	THE GAME DESIGNERS STUDIO,	BMF CORPORATION	business activities, COMMUNITY
	INC., SQUARE L.L.C., SQUARE	SOLID CO., LTD.	ENGINE INC. and SQUARE ENIX
	PINTURES, INC., SQUARE ENIX	SPORTS BB CORPORATION was	WEBSTAR NETWORK
	EUROPE LTD., and FF FILM	liquidated during this period.	TECHNOLOGY (BEIJING) CO.,LTD.
	PARTNERS (partnership) have been		have been included in the Company's
	included in the Company's scope of	(Rationale for the exclusion of subsidiary	scope of consolidation from the first half
	consolidation from the first half year	companies from the scope of	year ended Sep. 30, 2003.
	ended Sep. 30, 2003 due to the merger	consolidation)	THE GAME DESIGNERS STUDIO,
	with SQUARE CO., LTD. In addition,	The non-consolidated subsidiaries	INC., SQUARE L.L.C., SQUARE
	proceedings to liquidate ENIX	conduct operations that are relatively	PINTURES, INC., SQUARE ENIX
	AMERICA INC. were completed during	small in scale. The total of	EUROPE LTD., and FF FILM
	the first half year ended Sep. 30, 2003.	non-consolidated subsidiaries' assets,	PARTNERS (partnership) have been
	(2)Non- consolidated subsidiaries	sales, equity in net income (loss), and	included in the Company's scope of
	BMF CORPORATION	equity in retained earnings (deficit) are	consolidation from the first half year
	SPORTS BB CORPORATION	deemed to have an immaterial effect on	ended Sep. 30, 2003 due to the merger
	SOLID CO., LTD.	the Company's financial performance	with SQUARE CO., LTD. In addition,
	SQUARE U.S.A., INC.	and consolidated financial statements	proceedings to liquidate ENIX
			AMERICA INC. were completed during
	(Rationale for the exclusion of subsidiary		the first half year ended Sep. 30, 2003.
	companies from the scope of		(2)Non- consolidated subsidiaries
	1 1		
	consolidation)		BMF CORPORATION
	The non-consolidated subsidiaries		SPORTS BB CORPORATION
	conduct operations that are relatively		SOLID CO., LTD.
	small in scale. The total of		Proceedings are currently in progress to
	non-consolidated subsidiaries' assets,		liquidate SPORTS BB CORP. following
	sales, equity in net income (loss), and		a resolution at the shareholders meeting
	equity in retained earnings (deficit) are		held on March 15, 2004.
	deemed to have an immaterial effect on		
	the Company's financial performance		(Rationale for the exclusion of subsidiary
	and consolidated financial statements.		companies from the scope of
			consolidation)
			The non-consolidated subsidiaries
			conduct operations that are relatively
			small in scale. The total of
			non-consolidated subsidiaries' assets,
			sales, equity in net income (loss), and
			equity in retained earnings (deficit) are
			deemed to have an immedation offect on
			deemed to have an immaterial effect on
			the Company's financial performance and

	Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
	(April 1, 2003 to September 30, 2003)	(April 1, 2004 to September 30, 2004)	April 1, 2003 to March 31, 2004
2.Application of the Equity Method of accounting	Number of equity-method affiliates: 1 DIGICUBE CO., LTD. DIGICUBE CO., LTD is now accounted for under the equity method as a result of the merger with SQUARE CO., LTD. from the first half year ended Sep. 30, 2003. Principal non-consolidated subsidiaries not accounted for under the equity method (BMF CORPORATION, SPORTS BB CORPORATION, SOLID CO., LTD., SQUARE U.S.A.,INC.) and an affiliated company (KUSANAGI INC.) are excluded from the scope of consolidation as equity-method affiliates, as the Company's equity in net income (loss) and equity in retained earnings (deficit) in these companies are deemed to have immaterial effect on the Company's consolidated financial statements. In addition, as the Company's investment in MAG GARDEN CORP. is deemed to be temporary, it has been excluded from the scope of consolidation as an equity-method affiliate.	Number of equity-method non- consolidated subsidiaries and affiliates: 0 Principal non-consolidated subsidiaries not accounted for under the equity method (BMF CORPORATION, SOLID CO., LTD., SQUARE U.S.A.,INC.) and an affiliated company (KUSANAGI INC.) are excluded from the scope of consolidation as equity-method affiliates, as the Company's equity in net income (loss) and equity in retained earnings (deficit) in these companies are deemed to have immaterial effect on the Company's consolidated financial statements. In addition, as the Company's investment in MAG GARDEN CORP. is deemed to be temporary, it has been excluded from the scope of consolidation as an equity-method of accounting affiliate.	Number of equity-method non- consolidated subsidiaries: 1 DIGICUBE CO., LTD On November 26, 2003, the Company's affiliate, DIGICUBE CO., LTD. filed for bankruptcy with the Tokyo District Court As a result of the declaration of bankruptcy, the firm was delisted from the Hercules Nippon New Market of the Osaka Securities Exchange on December 13, 2003. Principal non-consolidated subsidiaries not accounted for by the equity method (BMF CORPORATION, SPORTS BB CORPORATION, SOLID CO., LTD., SQUARE U.S.A.,INC.) and an affiliated company (KUSANAGI INC.) are excluded from the scope of consolidation as equity-method affiliates, as the Company's equity in net income (loss) and equity in retained earnings (deficit) in these companies are deemed to have immaterial effect on the Company's consolidated financial statements. In addition, as the Company's investment in MAG GARDEN CORP. is deemed to be temporary, it has been excluded from the scope of consolidation as an
3.Fiscal Year-End and First Half Year-End of Consolidated Subsidiaries	The First Half Year of SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY(BEIJING) CO., LTD., SQUARE PICTURES, INC., and FF • FILM PARTNERS (partnership) ends June 30. In the preparation of consolidated financial statements, their financial statements for the June 30 first half year-end are used. Important transactions between their first half year-end and the consolidated balance date of September 30 are reconciled for consolidation.	The First Half Year of SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY(BEIJING) CO., LTD., SQUARE PICTURES, INC., COMMUNITY ENGINE NETWORK SOFTWARE(BEJIN)CO.,LTD, and FF • FILM PARTNERS (partnership) ends June 30. In the preparation of consolidated financial statements, their financial statements for the June 30 first half year-end are used. Important transactions between their first half year-end and the consolidated balance date of September 30 are reconciled for consolidation.	equity-method affiliate. The Fiscal Year of SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY(BEIJING) CO., LTD., SQUARE PICTURES, INC., and FF • FILM PARTNERS (partnership) ends December 31. In the preparation of consolidated financial statements, their financial statements for the December 31 fiscal year-end are used. Important transactions between their fiscal year-end and the consolidated balance date of March 31 are reconciled for consolidation.
 4.Summary of Significant Accounting Policies (1) Standards and valuation methods for major assets 	 A) Investment securities Held-to-maturity securities: Amortized cost method, amortized on a straight-line basis Other investment securities Securities for which fair values are available: Market value, determined by the quoted market price as of the balance sheet date, with unrealized gains and losses reported as a separate component of shareholders' equity at a net-of-tax amount, and the cost of sales determined by the moving-average method Securities for which fair values are unavailable: Stated at cost determined by the average method B) Inventories Manufactured goods and merchandise: Stated at cost, determined by the monthly average method in principal 	 A) Investment securities Held-to-maturity securities: Amortized cost method, amortized on a straight-line basis Other investment securities Securities for which fair values are available: Market value, determined by the quoted market price as of the balance sheet date, with unrealized gains and losses reported as a separate component of shareholders' equity at a net-of-tax amount, and the cost of sales determined by the moving-average method B) Inventories Manufactured goods, merchandise: Stated at cost, determined by the monthly average method 	 A) Investment securities Held-to-maturity securities: amortized cost method, amortized on a straight-line basis Other investment securities Securities for which fair values are available: Market value, determined by the quoted market price as of the balance sheet date, with unrealized gains and losses reported as a separate component of shareholders' equity at a net-of-tax amount, and the cost of sales determined by the moving-average method Securities for which fair values are unavailable: Stated at cost determined by the average method C) Inventories Manufactured goods, merchandise: Stated at cost, determined by the mothly average method

	Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
	April 1, 2003 to	(April 1, 2004 to	April 1, 2003 to
	September 30, 2003	September 30, 2004	[March 31, 2004]
	Content production account:	Content production account:	Content production account:
	Stated at cost, determined by the	Stated at cost, determined by the	Stated at cost, determined by the
	identified cost method	identified cost method	identified cost method
	Unfinished publications:	Unfinished publications:	Unfinished publications:
	Stated at cost, determined by the		
	monthly average method in principal		
	Unfinished goods:	Unfinished goods:	Unfinished goods:
		Stated at cost, determined by the	Stated at cost, determined by the
		monthly average method in principal	monthly average method in principal
	Supplies:	Supplies:	Supplies:
	Stated at last purchase price	Stated at last purchase price	Stated at last purchase price
		~	
		 Derivatives Determined by quoted market price 	
(2) Mathed for depressiation and	A) Property plant and equipment	A) Property plant and equipment	A) P roperty plant and equipment
(2) Method for depreciation and amortizion of major assets	A) Property, plant, and equipment Property, plant, and equipment are	A) Property, plant, and equipment Property, plant, and equipment are	A) Property, plant, and equipment Property, plant, and equipment are
amortizion or major assets	depreciated using the declining-balance	depreciated using the declining-balance	depreciated using the declining-balance
	method in principal.	method.	method.
	However, buildings excluding structures	Estimated useful lives of major assets are	Estimated useful lives of major assets are
	purchased after April 1, 1998 are	as follows:	as follows:
	depreciated using the straight-line	Buildings and structures	Buildings and structures
	method.	3 ~ 50years	3 ~ 50year
	Estimated useful lives of major assets are	Machinery and equipment	Machinery and equipment
	as follows:	3 ~ 20years	3 ~ 20years
	Buildings and structures		
	3 ~ 50year		(Change in accounting policy)
	Machinery and equipment		Previously, assets with a purchase price
	3 ~ 20years		greater than or equal to ¥100,000 and les
			than ¥200,000 were depreciated on a
	(Change in accounting policy)		straight-line basis over a period of three
	Previously, assets with a purchase price		years. In order to unify the accounting
	greater than or equal to ¥100,000 and less		policy as a result of the merger and to
	than $\$200,000$ were depreciated on a		further strengthen the financial position,
	straight-line basis over a period of three		from fiscal year 2003, acquired assets
	years. In order to unify the accounting		that are deemed to have an immaterial
	policy as a result of the merger and to		impact on the Company's consolidated
	further strengthen the financial position,		financial position are expensed at the
	from the first half year ended Sep. 30,		time of purchase. The result of this
	2003, acquired assets that are deemed to		change on the Company's consolidated
	have an immaterial impact on the		operating income, recurring profit, and
	Company's consolidated financial		income before taxes for the fiscal year
	position are expensed at the time of		under review is considered immaterial.
	purchase. The result of this change on the		
	Company's consolidated operating		
	income, recurring profit, and income		
	before taxes for the first half year under		
	review is considered immaterial.		
	The impact on business segment		
	information is indicated in 5. Segment		
	Information.		
	B) Intangible assets	B) Intangible assets	B) Intangible assets
	In-house software used by the Company	In-house software used by the Company	In-house software used by the Company
		and its domestic consolidated	and its domestic consolidated
	and its domestic consolidated		
	subsidiaries is amortized using the	subsidiaries is amortized using the	subsidiaries is amortized using the
	subsidiaries is amortized using the straight-line method based on an	subsidiaries is amortized using the straight-line method based on an	straight-line method based on an
	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all	straight-line method based on an estimated useful life of five years. For al
	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks	straight-line method based on an estimated useful life of five years. For al other intangible fixed assets, trademarks
	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all	straight-line method based on an estimated useful life of five years. For al
	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life	straight-line method based on an estimated useful life of five years. For al other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life
	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized	straight-line method based on an estimated useful life of five years. For al other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized
	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life	subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life	straight-line method based on an estimated useful life of five years. For al other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life

(3) Accounting for allowances and reserves	Previous First Half Year April 1, 2003 to September 30, 2003 A) Allowance for doubtful accounts An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.	Fiscal Year 2004 First Half Year April 1, 2004 to September 30, 2004 A) Allowance for doubtful accounts An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.	Previous Fiscal Year April 1, 2003 to March 31, 2004 A) Allowance for doubtful account An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.
	B) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company and its consolidated subsidiaries at the amount expected to be paid in respect of the calculation period ended on the balance sheet date. C) Accrued pension costs The Company and its domestic consolidated subsidiaries provide a reserve for retirement benefits equal to 100 percent of such benefits the Company and its subsidiaries would be required to pay under the lump-sum retirement plan if all eligible employees were to voluntarily terminate their employment at the balance sheet date.	 B) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company and its consolidated subsidiaries at the amount expected to be paid in respect of the calculation period ended on the balance sheet date. C) Accrued pension costs An allowance for retirement benefits is provided at the amount incurred during this period, which is based on the estimated present value of the projected benefit obligation. Unrecognized actuarial differences are fully amortized in the next year in which they arise. In addition, the Company and its domestic consolidated subsidiaries provide a reserve for retirement benefits equal to 100 percent of such benefits the Company and its subsidiaries would be required to pay under the lump-sum retirement plan if all eligible employees were to voluntarily terminate their employment at the balance sheet date. (Additional Information) Previously, the Company had provided a reserve for retirement benefits equal to 100 percent of such benefits the Company would be required to pay if all eligible employees were to voluntarily terminate their employment at the balance sheet date. Effective from the previous second half year, the Company changed its accounting policy for reserve for retirement benefits to the method described above. As a result of this change, recurring profit and income before income taxes each increased by ¥393 million. 	 B) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company and its consolidated subsidiaries at the amount expected to be paid in respect of the calculation period ended on the balance sheet date. C) Accrued pension costs An allowance for retirement benefits is provided at the amount incurred during the fiscal year, which is based on the estimated present value of the projected benefit obligation. Unrecognized actuarial differences are fully amortized in the next year in which they arise. In addition, the Company and its domestic consolidated subsidiaries provide a reserve for retirement benefits equal to 100 percent of such benefits the Company and its subsidiaries would be required to pay under the lump-sum retirement plan if all eligible employees were to voluntarily terminate their employment at the balance sheet date. (Additional Information) Until the previous fiscal year, the Company had provided a reserve for retirement benefits equal to 100 percent of such benefits the Company would be required to pay if all eligible employees were to voluntarily terminate their employment at the balance sheet date. Effective from the current fiscal year, as the number of Company employees exceeded 300 due to the merger with SQUARE, the Company changed its accounting policy for reserve for retirement benefits to the method described above. As a result of this change, retirement expense increased by ¥437 million, and recurring profit and income before income taxes each decreased by ¥416 million. Moreover, this change in accounting method was adopted in the second half of the fiscal year under review due to the merger with SQUARE and the increase in the Company's number of employees above 300. Reserve for retirement benefits for the first half were calculated using the previous method. Adjusting first-half accounts to reflect the change in accounting method, recurring profit and income before income taxes would increase by ¥393 million.

	Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
	April 1, 2003 to	April 1, 2004 to	April 1, 2003 to
	September 30, 2003	September 30, 2004	March 31, 2004
	D) Allowance for sales returns	D) Allowance for sales returns	D) Allowance for sales returns
	An allowance is provided for losses due to the return of published materials, at an	An allowance is provided for losses due	An allowance is provided for losses due to the return of published materials, at an
	amount calculated based on historic	to the return of published materials, at an amount calculated based on historic	amount calculated based on historic
	experience, prior to the first half year	experience, prior to the first half year	experience, prior to the fiscal year ended
	ended Sep. 30, 2003. In addition,	ended Sep. 30, 2003. In addition,	Mar. 31, 2004. In addition, allowance is
	allowance is provided for losses due to the return of game software, at an	allowance is provided for losses due to	provided for losses due to the return of game software, at an estimated amount
	estimated amount of future losses	the return of game software, at an	of future losses assessed by each game
	assessed by each game title.	estimated amount of future losses	title.
	E) Allowance for directors' retirement	assessed by each game title.E) Allowance for directors' retirement	E) Allowance for directors' retirement
	benefits	benefits	benefits
	An allowance for directors' retirement	An allowance for directors' retirement	An allowance for directors' retirement
	benefits is provided to adequately cover	benefits is provided to adequately cover	benefits is provided to adequately cover
	the costs of directors' retirement benefits,	the costs of directors' retirement benefits,	the costs of directors' retirement benefits,
	which are accounted for on an accrual basis in accordance with internal policy.	which are accounted for on an accrual basis in accordance with internal policy.	which are accounted for on an accrual basis in accordance with internal policy.
	F) Reserve for office relocation costs	F)	F)
	Reserve for office relocation costs is	-)	-)
	provided for losses due to the relocation		
	of the Company following the merger at		
	the amount expected to be paid.		
 (4) Translation of foreign currency transactions and accounts 	All monetary assets and liabilities of the Company and its domestic consolidated	All monetary assets and liabilities of the Company and its domestic consolidated	All monetary assets and liabilities of the Company and its domestic consolidated
transactions and accounts	subsidiaries denominated in foreign	subsidiaries denominated in foreign	subsidiaries denominated in foreign
	currencies are translated at the balance	currencies are translated at the balance	currencies are translated at the balance
	sheet date at the first half year-end rate.	sheet date at the first half year-end rate.	sheet date at the year-end rate. The
	The resulting translation gains or losses	The resulting translation gains or losses	resulting translation gains or losses are charged or credited to income. All
	are charged or credited to income. All monetary assets and liabilities of	are charged or credited to income. All monetary assets and liabilities of	monetary assets and liabilities of
	overseas subsidiaries are translated as of	overseas subsidiaries are translated as of	overseas subsidiaries are translated as of
	the balance sheet first half year-end rate	the balance sheet first half year-end rate	the balance sheet year-end rate and all income and expense accounts are
	and all income and expense accounts are	and all income and expense accounts are	translated at rates for their respective
	translated at rates for their respective	translated at rates for their respective	periods. The resulting translation
	periods. The resulting translation	periods. The resulting translation	adjustments are recorded in minority
	adjustments are recorded in minority interests in consolidated subsidiaries and	adjustments are recorded in minority interests in consolidated subsidiaries and	interests in consolidated subsidiaries and shareholders' equity as "Foreign
	shareholders' equity as "Foreign	shareholders' equity as "Foreign	Currency translation adjustment".
	Currency translation adjustment".	Currency translation adjustment".	, , , , , , , , , , , , , , , , , , ,
(5) Accounting for leases	Finance leases, other than those for	Finance leases, other than those for	Finance leases, other than those for
	which the ownership of the leased	which the ownership of the leased	which the ownership of the leased assets are considered to be transferred to
	assets are considered to be transferred to the lessees are accounted for as	assets are considered to be transferred to the lessees are accounted for as	the lessees are accounted for as
	operating leases.	operating leases.	operating leases.
(6) Accounting for differed assets			A) Common share issuance expenses
			Costs associated with issuance of
			common shares are expensed as incurred.
(7) Additional accounting policies used to prepare consolidated financial	A) Accounting treatment of consumption tax	A) Accounting treatment of consumption tax	A) Accounting treatment of consumption tax
statements	Income statement items are presented	Income statement items are presented	Income statement items are presented
	exclusive of consumption tax.	exclusive of consumption tax.	exclusive of consumption tax.
	B) Accounting treatment of overseas	B) Accounting treatment of overseas	B) Accounting treatment of overseas
	subsidiaries	subsidiaries	subsidiaries
	The accounts and records of overseas	The accounts and records of overseas	The accounts and records of overseas
	subsidiaries are maintained in conformity with accounting principles and practices	subsidiaries are maintained in conformity with accounting principles and practices	subsidiaries are maintained in conformity with accounting principles and practices
	generally accepted in their respective	generally accepted in their respective	generally accepted in their respective
	countries.	countries.	countries.
	C) Amortization of Goodwill	C) Amortization of Goodwill	C) Amortization of Goodwill
	Goodwill is amortized over a period of	Goodwill is amortized over a period of	Goodwill is amortized over a period of
	three years on a straight-line basis.	between three and five years on a	three years on a straight-line basis.
5. Scope of Cash and Cash Equivalents in	Cash and cash equivalents in the	straight-line basis. Cash and cash equivalents in the	Cash and cash equivalents in the
5. Scope of Cash and Cash Equivalents in the Statements of Cash Flows	consolidated statements of cash flows is	consolidated statements of cash flows is	consolidated statements of cash flows is
	comprised of cash on hand, bank deposits	comprised of cash on hand, bank deposits	comprised of cash on hand, bank deposits
	which are able to be withdrawn on	which are able to be withdrawn on	which are able to be withdrawn on
	which are able to be withdrawn on demand and highly liquid short-term	demand and highly liquid short-term	demand and highly liquid short-term
	which are able to be withdrawn on demand and highly liquid short-term investments with an original maturity of	demand and highly liquid short-term investments with an original maturity of	demand and highly liquid short-term investments with an original maturity of
	which are able to be withdrawn on demand and highly liquid short-term	demand and highly liquid short-term	demand and highly liquid short-term

Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
(April 1, 2003 to)	(April 1, 2004 to)	(April 1, 2003 to)
September 30, 2003	September 30, 2004	March 31, 2004
Consolidated Balance Sheet)	(Consolidated Balance Sheet)	
"Rental deposits," which was included in "Other"	"Consolidated adjustment account," which was	
until the previous first half year ended Sep. 30, 2002,	included in intangible assets until the previous first	
is stated separately as the amount became material	half year ended Sep. 30, 2003, is stated separately	
due to the merger. In the previous first half year,	as the amount became material.	
"Rental deposits" included in "Other" was ¥103	In the previous first half year, "Consolidated	
million. In addition, "Accrued expenses," which was	adjustment account" included in intangible assets	
included in "Other" until the previous first half year,	was ¥365 million.	
is stated separately as the amount became material		
due to the merger. In the previous first half year,		
"Accrued expenses" included in "Other" was ¥12		
million.		
(Consolidated Statements of Cash Flows)		
"Interest income," "Dividends received," "Loss on		
disposal of property, plant, and equipment,"		
"Decrease in other current assets," "Decrease		
(increase) in other fixed assets," and "(Decrease)		
increase in other fixed liabilities" are included in		
"Interest dividend received," "Gain (loss) on disposal		
of property, plant, and equipment," and "Other" from		
this period.		
"Interest received" and "Dividends received"		
included in "Interest and dividends received" in this		
period were ¥32 million and ¥73 million,		
respectively. "Loss on disposal of property, plant,		
and equipment" included in "Gain (loss) on disposal		
of property, plant, and equipment" was ¥41 million.		
"Decrease in other current assets," "Decrease		
(increase) in other fixed assets," and "(Decrease)		
increase in other fixed liabilities" included in		
"Other" were ¥223 million, ¥350 million, and		
negative-¥693 million, respectively.		

Additional Information

Additional information		
Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
April 1, 2003 to	April 1, 2004 to	April 1, 2003 to
September 30, 2003	September 30, 2004	March 31, 2004
(Accounting treatment for costs related to the planning		(Accounting treatment for costs related to the planning
and development of game content paid to third parties)		and development of game content paid to third parties)
Until the first half year ended Sep. 30, 2002, the		Until the year ended March 31, 2003, the Company
Company had expensed the costs related to the		had expensed the costs related to the planning and
planning and development of game content when		development of game content when paid to a third
paid to a third party. Effective from the year ended		party. Effective from the year ended March 31, 2004,
Sep. 30, 2003, as a result of an effort to strengthen		as a result of an effort to strengthen the
the decision-making process in connection to the		decision-making process in connection to the
development of game software and to implement		development of game software and to implement
more stringent selection criteria, such costs incurred		more stringent selection criteria, such costs incurred
during the development stage are capitalized		during the development stage are capitalized
as "Content production account" and charged to cost		as "Content production account" and charged to cost
of sales at the time of sale of related game products.		of sales at the time of sale of related game products.
For the first half year ended Sep. 30, 2003, "Content		For the year ended March 31, 2004, "Content
production account" includes such capitalized costs		production account" includes such capitalized costs
in the amount of ¥1,595 million.		in the amount of ¥3,763 million.
In addition, "Inventories" in the previous first half		(Accounting for business combination)
year consolidated result of SQUARE CO., LTD.		On April 1, 2003, ENIX CORP. and SQUARE CO.,
includes "Content production account," the amount		LTD. merged and formed SQUARE ENIX CO., LTD.
of which was ¥3,092 million.		The merger was effected through the issue of
(Accounting for business combination)		51,167,293 common shares and allocated on the basis
On April 1, 2003, ENIX CORP. and SQUARE CO.,		of one SQUARE CO. LTD., common share for every
LTD. merged and formed SQUARE ENIX CO.,		0.85 ENIX CORP. common shares. The merger was
LTD. The merger was effected through the issue of		consummated on an equal footing by combining the
51,167,293 common shares and allocated on the		entire control over net assets and management
basis of one SQUARE CO. LTD., common share for		activities prior to the merger, and sharing both the
every0.85 ENIX CORP. common shares. The merger		post-merger benefits and risks equally. In addition, it
was consummated on an equal footing by combining		was not possible to determine which entity was the
the entire control over net assets and management		acquirer. Therefore, this business combination was
activities prior to the merger, and sharing both the		accounted for under the pooling-of interests method.
post-merger benefits and risks equally. In addition, it		Details of post-merger assets and liabilities are
was not possible to determine which entity was the		provided on the following page.

Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
(April 1, 2003 to	April 1, 2004 to	April 1, 2003 to
September 30, 2003)	September 30, 2004	March 31, 2004
acquirer. Therefore, this business combination was accounted for under the pooling-of interests method. Details of post-merger assets and liabilities are provided on the following page.		

Assets and Liabilities Transferred due to the Merger

Category	Amount	Category	(Millions of Yen) Amount
Assets		Liabilities	
Current assets	36,490	Current liabilities	13,489
Cash and deposits	16,931	Accounts payable-trade	1,717
Accounts receivable-trade			22
Finished goods	45	Current portion of long-term debt Accounts payable-other	2,808
Merchandise	11	Payables arising due to merger	4,153
Content production account	3,402	Income taxes payable	4
Suppliers	77	Consumption tax payable	422
Prepaid expenses	375	Accrued expenses	1,248
Accounts receivable-other	483	Advances received	594
Income taxes receivable	537	Deposits received	83
Deferred tax assets	2,980	Reserve for bonuses	463
Other current assets	217	Allowance for sales returns	893
Allowance for doubtful accounts	(-10)	Reserve for office relocation costs	1,074
		Other current liabilities	3
Fixed Assets	14,370		
Property, plant, and equipment	3,759	Fixed liabilities	359
Buildings and structures	621	Long-term debt	18
Machinery and equipment	2,663	Long-term deposits received	39
Land	421	Reserve for retirement benefits	301
Construction in progress	53		
Intangible assets	1,027	Total liabilities	13,848
Goodwill	250		
Trademarks	45		
Telephone rights	6		
Software	636		
Software production account	88		
Investments and other assets	9,584		
Investment securities	1,345		
Investment in subsidiaries	3,376		
Long-term loans receivable	4		
Long-term prepaid expenses	5		
Investment in consortiums	560		
Leasehold deposits	590		
Deferred tax assets	3,383		
Other investments	316		
Allowance for doubtful accounts	(-0)		
Total assets	50,860	Net worth	37,012

Notes to Consolidated Balance Sheet

Notes to Consolidated Balance Sheet		
Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
(ended September 30, 2003)	(ended September 30, 2004)	(ended March 31, 2004)
 Investment in non-consolidated subsidiaries and affiliates Investment securities in affiliates ¥1,343 million Investment in affiliates ¥1,343 million Accounting for consumption tax Accrued consumption tax is included in other current liabilities. 	 Investment in non-consolidated subsidiaries and affiliates Investment securities ¥179 million Investments and other assets ¥4 million Accounting for consumption tax Accrued consumption tax is included in other current liabilities. 	 Investment in non-consolidated subsidiaries and affiliates Investment securities ¥341 million Investments and other assets ¥4 million 2 3 Number of shares of common stock outstanding: 110,130,418
4		4 Number of shares of treasury stock: 99.539
 6 Contingent liabilities for guarantees (1) SQUARE has issued a joint-and-several guarantee for transactions undertaken by affiliated company DIGICUBE CO., LTD., listed on the Hercules market of the Osaka Securities Exchange, with 7-Eleven Japan Co., Ltd. As of September 30, 2003 there were no claims made under the subject guarantee. On November 26, 2003, the Company's affiliate, DIGICUBE CO., LTD. filed for bankruptcy with the Tokyo District Court. As a result of the declaration of bankruptcy, the firm was delisted from the Hercules Nippon New Market of the Osaka Securities Exchange on December 13, 2003. Details are provided in "Subsequent Events". 	 6 Contingent liabilities for guarantees (1) (2) The Company has issued a revolving guarantee to a maximum limit of U.S.\$15 million on behalf of a consolidated subsidiary, SQUARE ENIX U.S.A. INC., in favor of SONY COMPUTER ENTERTAINMENT AMERICA INC. As of September 30, 2004 the liability outstanding under the guarantee was U.S.\$ 1,124,000 (¥124 million). 	 6 Contingent liabilities for guarantees (1) (2) The Company has issued a revolving guarantee to a maximum limit of U.S.\$15 million on behalf of a consolidated subsidiary, SQUARE ENIX U.S.A. INC., in favor of SONY COMPUTER ENTERTAINMENT AMERICA INC. As of March 31, 2004 the liability outstanding under the

Notes to Consolidated Statements of Income

Notes to Consolidated Statements of Income					
Previous First Half Year	Fiscal Year 2004 First	Half Year	Previous Fiscal Year		
April 1, 2003 to	April 1, 2004	to	April 1, 2003	to	
September 30, 2003	September 30, 2	2004	March 31, 20	₀₄ J	
1 Selling, general and administrative expense includes			1 Selling, general and administ	ative expense includes	
research and development costs of ¥3 million.			research and development cos	sts of ¥7 million.	
2 Breakdown of loss on sale of property and	2 Breakdown of loss on sale of	property and	2 Breakdown of loss on sale of property and		
equipment	equipment		equipment		
Machinery and equipment ¥51 million	Machinery and equipment	¥0	Machinery and equipment	¥123 million	
	Total	¥0	Total	¥123 million	
3 Breakdown of loss on disposal of property and equipment	3 Breakdown of loss on disposa equipment	l of property and	3 Breakdown of loss on dispose equipment	l of property and	
Machinery and equipment ¥41 million	Machinery and equipment	¥36 million	Machinery and equipment	¥159 million	
	Software	¥1 million	Software	¥39 million	
	Total	¥37 million	Total	¥198 million	
4 Loss on of investment securities is due to the	4 Loss on of investment securities is due to the		4 Loss on of investment securities is due to the		
significant decline in market prices of marketable	significant decline in market prices of marketable		significant decline in market	prices of marketable	
securities.	securities.	securities.			

Notes to Consolidated Statements of Cash Flows

Notes to Consolidated Statements of Casil I I				
Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year		
April 1, 2003 to	April 1, 2004 to	April 1, 2003 to		
September 30, 2003	September 30, 2004	March 31, 2004		
1 Reconciliation of cash and cash equivalents on	1 Reconciliation of cash and cash equivalents on	1 Reconciliation of cash and cash equivalents on		
consolidated statements of cash flows to the	consolidated statements of cash flows to the	consolidated statements of cash flows to the		
amounts disclosed in the consolidated balance	amounts disclosed in the consolidated balance	amounts disclosed in the consolidated balance		
sheet is as follows.	sheet is as follows.	sheet is as follows.		
(As of September 30, 2003)	(Millions of Yen)	(Millions of Yen)		
(Millions of Yen)	Cash and deposits ¥59,624	Cash and deposits ¥58,676		
Cash and deposits ¥56,465	Cash and cash equivalents 59,624	Cash and cash equivalents 58,676		
Cash and cash equivalents ¥56,465				
	2 "Gain on sale of investment securities" includes			
	income from redemption of held-to-maturity			
	national bond, ¥2,000 million.			

Lease Transactions

than those that transfer ownership to the lessee. depreciation and net book value of leased assets Machinery book and leased assets Machinery book and leased assets depreciation and net book value of leased assets depreciation and net book value of leased assets depreciation and net book value of leased assets Machinery book and leased assets Machinery book and leased assets depreciation and net book value of leased assets depreciation and net book value of leased assets Machinery book and leased assets Machinery book and leased assets depreciation and net book value of leased assets depreciation and net book value of leased assets Machinery book and leased assets Machinery book and leased assets depreciation and net book and leased assets depreciation and net book and leased assets Machinery book and leased assets depreciation and net book and leased assets depreciation and net book and leased assets depreciation and net book and leased assets Machinery book and leased assets depreciation and net book and leased		Previous First Half YearFiscal Year 2004 First Half Year(April 1, 2003 to September 30, 2003)(April 1, 2004 to September 30, 2004)				Previous Fiscal Year (April 1, 2003 to March 31, 2004)									
Image: transmission of the period condition of the period con	than those that transfer ownership to the	depreciation and net book value of leased assetsdepreciation and net book value of leased assets				 Acquisition cost, accumulated depreciation and net book value of leased assets (Millions of Yen) 									
Equipment903950Total903950Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.Note: The acquisition cost payment is an acquisition cost includes the interest portion.Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease paymentsNote: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease payment includes the interest portion.Note: The total future lease payment acquipment at the end of the period.Note: The total			Acquisition cost	Accumulated	Net book value			Acquisition cost	Accumulated	Net book value			Acquisition cost	Accumulated	Net book value
Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease payment at the end of the period. Accordingly, the total future lease payment at the end of the period. Accordingly, the total future lease payment at the end of the period. Accordingly, the total future lease payment at the end of the period. Accordingly, the total future lease payment includes the interest portion.Note: The total future lease payment at the end of the period. Accordingly, the total future lease payment includes the interest portion.Note: The total future lease payment at the end of the period. Accordingly, the total future lease payment includes the interest portion.Note: The total future lease payment at the end of the period. Accordingly, the total future lease payment includes the interest portion.Note: The total future lease payment at the end of the period. Accordingly, the total future lease payment includes the interest portion.Note: The total future lease payment at the end of the period. Accordingly, the total future lease payment includes the interest portion.Note: The total future lease payment includes the interest portion.Note: The total future lease payment includes the interest portion.Note: The total future lease payment includes the interest portion.Note			90	39	5 0			9 0	5 7	3 2			90	4 8	4 1
insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.insignificant portion of total property and equipment at the end cluster to exert within one year wi		T o t a l	90	39	50		T o t a l	90	57	32		Total	90	48	4 1
4. Method of calculation for depreciation 4. Method of calculation for depreciation 4. Method of calculation for depreciation Straight-line method over the useful life Straight-line method over the useful life 4. Method of calculation for depreciation with no residual value is used to		 insignific property the perio acquisiti- portion. 2. Ending bala Due within <u>Due after or</u> Total Note: The total end of th portion c equipme Accordir payment portion. 3. Lease paym Lease expen Depreciation 4. Method of c Straight-line 	eant porti and equi d. Accorr on cost in nee of fu one year future le e period f total pr nt at the includes ent and c ses payn a expense alculatio	ion of to pment a dingly, t heludes ture lease $\frac{1}{2}$ ture lease $\frac{1}{2}$ to ease pay is an ins- coperty a end of the total futto the inte hent $\frac{1}{2}$ $\frac{1}{2$	tal t the end o he total the interest se payment million million ment at the significant und he period. ure lease rest tion million million preciation e useful life	f :: :s 3. : : : : : : : : : : : : : : : : : : :	 insignifica property a the period acquisitio portion. Ending balan Due within o Due after one Total Jote: The total end of the portion of equipmen According payment i portion. Lease payme Lease expense Depreciation Method of ca Straight-line with no resid 	ant porti and equi and equi an	ture lease 4 ingly, t heludes to ture lease 4 15 4 17 4 32 ease pay is an ins- roperty a end of the total future the inter 4 9 4	tal t the end of he total the interes e paymen million million ment at the significant and he period. are lease rest tion million million preciation e useful lif	of tts 2 e N 3	 insignific property a the period acquisitio portion. Ending balan Due within o <u>Due after one</u> Total fote: The total end of the portion of equipmen According payment i portion. Lease payme Lease expense Depreciation Method of ca Straight-line 	ant porti and equi and equi and equi and equi and equi and equi and and expense and and data and data and data and data and data and data and data and data and data	ion of to pment a dingly, t heludes ture lease $\frac{1}{24}$ $\frac{24}{41}$ ease pay is an ins- coperty a end of the total futh the inte $\frac{1}{218}$ $\frac{1}{$	tal t the end of he total the interest e payments million million ment at the significant und he period. ure lease rest ion million million preciation e useful life

(Securities)

First Half of Previous Year (ended September 30, 2003) 1.

Held-to-maturity securities with market value (Millions of Y									
	Туре	Book Value	Market Value	Unrealized Gain (Loss)					
Securities with market value exceeding book value	(1) Government/ local bonds	2,000	2,001	0					
exceeding book value	Subtotal	2,000	2,001	0					
Total		2,000	2,001	0					

2. O	ther investment securities with mark	(Millions of Yen)			
		Tuna	Acquisition Cost	Dools Volue	Unrealized Gain
		Туре	Acquisition Cost Book Value		(Loss)
	Securities with book value	(1) Stocks	799	1,130	331
	exceeding acquisition cost	Subtotal	799	1,130	331
	Securities with acquisition cost	(1) Stocks	0	0	(0)
	exceeding book value	Subtotal	0	0	(0)
	Total		799	1,130	331

3. Investment securities whose fair values are not readily determined as of September 30, 2003

	Book Value
(1) Other marketable securities	
Unlisted securities (excluding OTC securities)	168
(2) Investments in affiliates	1,343

(Millions of Yen)

Note: An impairment loss of ¥150 million was incurred in the first half of the 2003 fiscal year (ended September 30, 2003).

First Half of 2004 Fiscal Year (ended September 30, 2004) 1. Other investment securities with market valu

her investment securities with market value (Millions of Ye								
	Туре	Acquisition Cost	Book Value	Unrealized Gain (Loss)				
Securities with book value	(1) Stocks	319	921	602				
exceeding acquisition cost	Subtotal	319	921	602				
Securities with acquisition cost	(1) Stocks	76	39	(37)				
exceeding book value	Subtotal	76	39	(37)				
Total		396	960	564				

2. Investment securities whose fair values are not readily determined as of September 30, 2004

nvestment securities whose fair values are not readily determined as of	September 30, 2004 (Millions of Yen)
	Book Value
(1) Other marketable securities	
Unlisted securities (excluding OTC securities)	81
(2) Investments in affiliates	179

Note: An impairment loss of ¥79 million was incurred in the first half of the 2004 fiscal year (ended September 30, 2004).

At the End of the Previous Fiscal Year (ended March 31, 2003)

1.	Held-to-maturity	securities	with	market value	

Н	Held-to-maturity securities with market value								
		Туре	Book Value	Market Value	Unrealized Gain (Loss)				
	Securities with market value	(1) Government bonds	2,000	2,000	0				
	exceeding book value	Subtotal		2,000	0				
Ī	Total		2,000	2,000	0				

2. Other investment securities with market value (Millions of Yen) Unrealized Gain Acquisition cost Market Value Type (Loss) 179 Securities with book value Stocks 797 617 (1)179 797 exceeding acquisition cost Subtotal 617 Securities with acquisition cost 76 71 (4) (1)Stocks exceeding book value 76 71 Subtotal (4) Total 256 869 613

Note: An impairment loss of ¥222 million was incurred in the fiscal year ended March 31, 2004, in connection with the Company's other marketable securities with market value. Impairment loss on securities is charged to income when the market price at the end of the fiscal year falls not less than 50% of the acquisition cost. Impairment loss on securities is charged to income when the market price at the end of the fiscal year falls between 30% and 50% of the acquisition cost after considering such factors as the significance and amount of securities and the potential for recovery.

3. Investment securities whose fair values are not readily determined as of March 31, 2003

(Millions of Yen) Book Value (1) Other marketable securities Unlisted securities (excluding OTC securities) 165

(Derivative Transactions)

First Half of Previous Year (April 1, 2003 to September 30, 2003)

The Group does not engage in derivative transactions.

First Half of 2004 Fiscal Year (April 1, 2004 to September 30, 2004)

Amount of derivative transactions, market value, and evaluation loss (g	gain)
---	-------

A	Amount of derivative transactions, market value, and evaluation loss (gain) (Millions of Y										
	Type of Subject	Type of Transaction	Market Value	Evaluation Loss (Gain)							
	Currency	Exchange reservation	2,767	2,776	(8)						

Notes:1. Market value is determined by forward rate.2. No accounts over a period of one year.

Previous Fiscal Year (April 1, 2003 to March 31, 2004)

The Group does not engage in derivative transactions.

5 . Segment Information

1. Consolidated Business Segment Information

Fiscal Year 2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003)

Fiscal Year 2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003)								ons of ren)
	Games (Offline)	Games (Online)	Mobilephone Content	Publishing	Other	Total	Eliminations or unallocated	Consolidated total
Sales and operating income Net sales								
(1) Sales to outside customers(2) Intersegment sales	9,349 -	3,822	1,277	3,569	1,712	19,730 -	-	19,730
Total	9,349	3,822	1,277	3,569	1,712	19,730	-	19,730
Operating expenses	7,900	2,839	713	2,504	1,203	15,160	2,238	17,399
Operating income (loss)	1,448	983	563	1,065	509	4,570	(2,238)	2,331
				C 1				

(Millions of Van)

Note:

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										
Mobilephone Content	Content for mobile phones										
Publishing	Magazine comics, serial comics, game-related books										
Other	Derivative products such as character merchandise, school for game designers										

3. Unallocated operating expenses included in the "elimination or unallocated" column totale #2,238 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.

Fiscal Year 2004 Interim Results (Ap		(Millions of Yen)						
	Games	Games	Mobilephone	Publishing	Other	Total	Eliminations	Consolidated
	(Offline)	(Online)	Content	Tuonsning	Oulei	Totai	or unallocated	total
Sales and operating income								
Net sales								
(1) Sales to outside customers	8,099	7,684	1,977	5,157	1,476	24,395	-	24,395
(2) Intersegment sales	-	-	-	-	-	-	-	-
Total	8,099	7,684	1,977	5,157	1,476	24,395	-	24,395
Operating expenses	6,549	4,431	1,343	3,405	1,106	16,836	1,606	18,442
Operating income (loss)	1,549	3,252	633	1,752	370	7,559	(1,606)	5,952
Note: 1. The classification of busine	Note: 1. The classification of business segments is made according to the types of products and services.							

2. Major products offered by each business segment

hajor products officied by cach business segment								
Segment	Major products							
Games (Offline) Games								
Games (Online) Online games								
Mobilephone Content	Content for mobile phones							
Publishing	Magazine comics, serial comics, game-related books							
Other	Derivative products such as character merchandise, school for game designers							

3. Unallocated operating expenses included in the "elimination or unallocated" column totaled 1,606 million. These expenses are related to administrative departments of the Company, which provide services and operational support that are not allocable to specific business segments.

Previous Fiscal Year (April 1, 2003 to March 31, 2004)

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(Millions of Yen)
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	Games	Games	Mobilephone	Publishing	Other	ther Total	Eliminations	Consolidated
	(Offline)	(Online)	Content	e			or unallocated	total
Sales and operating income								
Net sales								
(1) Sales to outside customers	37,988	8,924	2,793	9,671	3,824	63,202	-	63,202
(2) Intersegment sales	-	-	-	-	-	-	-	-
Total	37,988	8,924	2,793	9,671	3,824	63,202	-	63,202
Operating expenses	21,583	6,575	1,633	6,491	2,797	39,081	4,722	43,803
Operating income (loss)	16,404	2,348	1,159	3,180	1,027	24,120	(4,722)	19,398

Note: 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					
Mobilephone Content	Content for mobile phones					
Publishing	Magazine comics, serial comics, game-related books					
Other	Derivative products such as character merchandise, school for game designers					

3. Unallocated operating expenses included in the "elimination or unallocated" column totaled 4,722 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 Fiscal Year 2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003)

(Millions of Yen)

Tiscar Tear 2005 Internit Results (Apr. 1, 2005 to Sep. 50, 2005)						(winno	is of ten j
	Japan	North America	Europe	Asia	Total	Eliminations or unallocated	Consolidated Total
Sales and operating income							
Net sales							
(1) Sales to outside customers	16,645	2,401	89	593	19,730	-	19,730
(2) Intersegment sales	758	125	42	-	926	(926)	-
Total	17,404	2,527	132	593	20,657	(926)	19,730
Operating expenses	15,515	2,330	109	370	18,325	(926)	17,399
Operating income (loss)	1,888	196	23	222	2,331	-	2,331

Note: 1. The classification of geographic area 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. There are no unallocated operating expenses included in the "elimination or unallocated" column.

Fiscal Year 2004 Interim Results (Ag	(Millions of Yen)						
	Japan North America Europe Asia Total						
Sales and operating income							
Net sales							
(1) Sales to outside customers	17,792	5,854	319	428	24,395	-	24,395
(2) Intersegment sales	1,643	153	167	-	1,964	(1,964)	-
Total	19,435	6,007	487	428	26,359	(1,964)	24,395
Operating expenses	14,812	4,709	485	400	20,407	(1,964)	18,442
Operating income (loss)	4,623	1,297	2	28	5,952	-	5,952

Note: 1. The classification of geographic area 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. There are no unallocated operating expenses included in the "elimination or unallocated" column.

Previous Fiscal Year (April 1, 2003 t	(Millions of Yen)							
	Japan North America Europe Asia Total							
Sales and operating income								
Net sales								
(1) Sales to outside customers	49,354	12,981	148	717	63,202	-	63,202	
(2) Intersegment sales	3,718	389	279	-	4,387	(4,387)	-	
Total	53,073	13,371	428	717	67,589	(4,387)	63,202	
Operating expenses	36,880	10,178	336	796	48,191	(4,387)	43,803	
Operating income (loss)	16,192	3,192	91	(79)	19,398	-	19,398	

Note: 1. The classification of geographic area 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

3. There are no unallocated operating expenses included in the "elimination or unallocated" column.

4. There are no unallocated assets included in the "elimination or unallocated" column.

3. Consolidated Overseas Sales

Fiscal Year 2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003)

		(
		North America	Europe	Asia	Total
	Overseas sales	2,721	358	789	3,869
ľ	Consolidated sales				19,730
	Percentage of overseas sales to consolidated sales	13.8%	1.8%	4.0%	19.6%

Note: 1. The classification of geographic area 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, and others

(3)Asia.....China and others

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

(Millions of Yen)

Fiscal Year 2004 Interim Results (Apr	ril 1, 2004 to September 30, 2004)	(Millions of Yen)

	North America	Europe	Asia	Total
Overseas sales	5,925	945	628	7,500
Consolidated sales				24,395
Percentage of overseas sales to consolidated sales	24.3%	3.9%	2.6%	30.7%

Note: 1. The classification of geographic area 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, and others

(3)Asia.....China and others

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

Previous Fiscal Year (April 1, 2003 to March 31, 2004)

Previous Fiscal Year (April 1, 2003	Previous Fiscal Year (April 1, 2003 to March 31, 2004)					
	North America Europe Asia					
Overseas sales	15,618	2,121	972	18,712		
Consolidated sales				63,202		
Percentage of overseas sales to consolidated sales	24.7%	3.4%	1.5%	29.6%		

1. The classification of geographic area 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, and others

(3)Asia.....China and others

Note:

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

5. Production, Order, and Sales Information

(1) Production

Because a production process of one product/merchandise differs from that of another despite being under the same segment, the production scale by segment is not indicated in monetary accounts or quantity of units.

(2) Purchasing

Interim consolidated purc	Interim consolidated purchasing results by segment for FY2004, six months ended September 30, 2004 (Millions of Yen, %)								
Segment	Consolida	$\begin{array}{c} \text{Interim} \\ \text{ted Results} \\ 2003 \text{ to} \\ 0, 2003 \end{array}$	Consolida	Interim ted Results 2004 to 0, 2004	Change (negative)		Previous Fiscal Year Results (Apr. 1, 2003 to Mar. 31, 2004)		
	Amount	Rate	Amount	Rate	Amount	Change	Amount	Rate	
Games (Offline)	1,578	46.7	1,577	36.0	(0)	(0.1)	5,123	52.4	
Games (Online)	151	4.5	355	8.1	204	135.1	380	3.9	
Publication	944	27.9	1,987	45.3	1,043	110.5	2,534	25.9	
Other	705	20.9	466	10.6	(238)	(33.8)	1,742	17.8	
Total	3,379	100.0	4,387	100.0	1,008	29.8	9,780	100.0	

Note: The above amounts do not contain consumption taxes.

(3) Orders received

The Group does not manufacture products by order.

(4) Sales

Interim consolidated sales results by segment for FY2004, six months ended September 30, 2004 (Millions of Yen, %)								
Segment	Consolida Apr. 1,	B Interim ted Results 2003 to 0, 2003	FY2004 Interim Consolidated Results Change (Apr. 1, 2004 to Sep. 30, 2004		U	Previous Fiscal Year Resul Apr. 1, 2003 to Mar. 31, 2004		
	Amount	Rate	Amount	Rate	Amount	Change	Amount	Rate
Games (Offline)	9,349	47.4	8,099	33.2	(1,249)	(13.4)	37,988	60.1
Games (Online)	3,822	19.4	7,684	31.5	3,861	101.0	8,924	14.1
Mobilephone Content	1,277	6.5	1,977	8.1	700	54.8	2,793	4.4
Publication	3,569	18.1	5,157	21.1	1,588	44.5	9,671	15.3
Other	1,712	8.6	1,476	6.1	(235)	(13.8)	3,824	6.1
Total	19,730	100.0	24,395	100.0	4,664	23.6	63,202	100.0

Note: The above amounts do not contain consumption taxes.

(Subsequent Events)

(Buebequent Events)		
First Half of Previous Year (Consolidated) (April 1, 2003 to September 30, 2003	First Half of 2004 Fiscal Year (Consolidated) (April 1, 2004 to September 30, 2004	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
(Bankruptcy of DIGICUBE CO., LTD.) On November 26, 2003, the Company's affiliate, DIGICUBE CO., LTD., filed for bankruptcy with the Tokyo District Court. As a result of the declaration of bankruptcy, the firm was delisted from the Hercules Nippon New Market of the Osaka Securities Exchange on December 13, 2003. The credit for DIGICUBE CO., LTD. is ¥33 million, and shares in DIGICUBE CO., LTD. and reserve for sales returns totaled ¥484 million and ¥546 million.		



NON-CONSOLIDATED FINANCIAL RESULTS for the Six Months Ended September 30, 2004

Company Name: Square Enix Co., Ltd Code: 9684	Market: Headquarters:	Tokyo Stock Excha Tokyo	nge, First	Section
(URL <u>http://www.square-enix.co.jp/</u>)				
Representative: Yoichi Wada, President and Representative Director	r			
Contact: Yosuke Matsuda, Director and Executive Officer	Phone:	03-5333-1555		
Date of Board Approval: November 18, 2004	First Six-Mon	th Dividend Payout:	paid	not paid
Date of Dividend Payment: December 9, 2004	Stock Trading	Unit:	100 sha	res

1. FY2004 Interim Non-Consolidated Financial Results (April 1, 2004 - September 30, 2004)

		(in millions of yen except percentages and per share data)					
Net Sales		Operating Income		Recurring Income			
19,170	19.5 %	4,711	159.3 %	4,878	195.2 %		
16,045	-	1,817	-	1,652	-		
51,429		15,991		15,618			
	19,170 16,045	19,170 19.5 % 16,045 -	19,170 19.5 % 4,711 16,045 - 1,817	19,170 19.5 % 4,711 159.3 % 16,045 - 1,817 -	19,170 19.5 % 4,711 159.3 % 4,878 16,045 - 1,817 - 1,652		

	Net Income		Earings Per Share (basic)		
Six Months Ended					
Sep. 30, 2004	2,758	189.4 %	25.06		
Sep. 30, 2003	952	-	8.67		
Fiscal Year 2003	9,342		85.02		
Mid-term average of	Six months ended Sep.	30, 2004	110,066,955		
numbers of shares issued	Fiscal year ended Mar.	Fiscal year ended Mar. 31, 2004 (FY 2003)			
and outstanding	Six months ended Sep.	30, 2003	109,884,045		
Change of significant	n/a				

Change of significant accounting policy

Percentages in Net Sales, Operating Income, Recurring Income, and Net Income are the percent change vs. the previous six months. Since the merger of Enix Corporation and Square Co., Ltd took place on April 1, 2003, there are no prior figures with which to compare results for the six months ended September 30, 2003.

(2) Dividends

	Semi-Annual Dividend Per Share	Annual Dividend Per Share
Six Months Ended	Yen	Yen
Sep. 30, 2004	10.00	
Sep. 30, 2003	10.00	
Fiscal Year 2003		30.00

(3) Non-Consolidated Financial I	Position	((in millions of yen except percentages and per share data)			
	Total Assets	Total Shareholders' Equity	Ratio of Shareholders' Equity	Shareholders' Equity Per Share		
Six Months Ended				Yen		
Sep. 30, 2004	103,388	94,807	91.7 %	861.08		
Sep. 30, 2003	95,456	86,312	90.4 %	785.62		
Fiscal Year 2003	104,623	94,137	89.9	855.55		
Number of shares issued and outstanding	Six months ended Sep. 30 Fiscal year ended Mar. 31	, 2004 110,102,4 , 2004 (FY 2003) 110,030,8				
at period end	Six months ended Sep. 30	0, 2003 109,864,8	30			
Amount of treasury stock	Six months ended Sep. 30), 2004 124,5	92			
Amount of treasury stock	Fiscal year ended Mar. 31 Six months ended Sep. 30					
2. FY2004 Forecasts (April 1, 20	004 - March 31, 2005)		(in millions of	of yen except per share data)		

	Net Sales	Recurring Income	Net Income	Annual Divid	end Per Share
	Iver Sales	Recurring income	Net licolle	at the end of year	
				Yen	Yen
FY2004	62,000	23,300	13,000	20.00	30.00

(Reference) Earnings per share (basic) forecasts (FY2004) 0.0 Yen

The above forecasts are based on information available at the time these material were prepared. A number of indefinite factors are inherent in, and could cause actual results to be materially different from, these forecasts.

7. Non-Consolidated Financial Statements for the Six Months Ended September 30, 2004

(1)Non-Consolidated Balance Sheet

Term	N o t	FY2003 Inte	erim Results	FY2004 Inte	erim Results	Change	Summary of Prev Non-Consolidate	vious Fiscal Year ed Balance Sheet
	e	(As of Sep	. 30, 2003)	(As of Sep	. 30, 2004)	Change	(As of Mar	
Account		Amount	Rate	Amount	Rate	Amount	Amount	Rate
			%		%			%
(Assets)								
Current Assets								
1. Cash and deposits		50,516		51,524		1,008	52,158	
2. Notes receivable		44		2		(41)	1	
3. Time deposits		5,986		8,099		2,112	10,819	
4. Inventories		525		571		46	559	
5. Content production account		6,604		14,469		7,865	10,126	
6. Loans to affiliates		-		5,379		5,379	5,073	
7. Deferred tax assets		4,756		727		(4,029)	1,112	
8. Other current assets	*2	956		727		(229)	601	
Allowance for doubtful accounts		(2)		(8)		(5)	(17)	
Total current assets		69,388	72.7	81,494	78.8	12,105	80,435	76.9
II Fixed assets								
1. Property, plant and equipment								
(1) Buildings and structures	*1	2,727		2,076		(650)	2,143	
(2) Tools and fixtures	*1	3,162		2,756		(406)	2,767	
(3) Land		3,813		3,813		-	3,813	
(4) Construction in progress	*1	137		-		(137)	-	
(5) Other		4		4		(0)	4	
Total property, plant and equipment		9,845	10.3	8,650	8.4	(1,195)	8,729	8.3
2. Intangible assets		1,066	1.1	1,051	1.0	(14)	1,112	1.1
3. Investments and other assets								
(1) Investment securities		3,299		1,042		(2,257)	3,175	
(2) Shares held in affiliates		4,852		4,001		(850)	4,143	
(3) Long-term advanced payment expenses		501		437		(64)	468	
(4) Guarantee money		3,130		2,736		(394)	2,774	
(5) Deferred tax assets		2,551		2,727		175	2,712	
(6) Other		820		1,248		427	1,073	
Allowance for doubtful accounts		-		(0)		(0)	-	
Total investments and other assets		15,156	15.9	12,192	11.8	(2,963)	14,347	13.7
Total fixed assets		26,068	27.3	21,894	21.2	(4,173)	24,188	23.1
Total assets		95,456	100.0	103,388	100.0	7,932	104,623	100.0

	N						r	(Millions of Yen)
Term	N o t	FY2003 Inte	erim Results	FY2004 Inte	erim Results	Change	-	vious Fiscal Year ed Balance Sheet
	e	(As of Sep	. 30, 2003)	(As of Sep	. 30, 2004)		(As of Mar	. 31, 2004)
Account		Amount	Rate	Amount	Rate	Amount	Amount	Rate
			%		%			%
(Liabilities)								
I Current liabilities								
1. Account payable		1,731		1,678		(52)	3,300	
2. Long-term borrowings due within one year		22		7		(15)	18	
3. Accrued expenses		1,539		1,627		88	1,114	
4. Accrued income taxes		136		1,522		1,386	984	
5. Advance payments received		1,429		5		(1,423)	151	
6. Reserve for bonuses		564		583		19	1,229	
7. Allowance for sales returns		1,113		814		(298)	814	
 Reserve for price protection and office relocation costs 		850		-		(850)	-	
9. Other		1,104		1,145		41	1,724	
Total current liabilities		8,491	8.9	7,385	7.1	(1,105)	9,338	9.0
II Fixed liabilities								
1. Long-term debt		7		-		(7)	-	
2. Accrued pension costs		486		1,069		583	973	
3. Allowance for directors' retirement benefits		106		51		(55)	110	
4. Other		52		75		22	63	
Total fixed liabilities		652	0.7	1,195	1.2	543	1,147	1.1
Total liabilities		9,144	9.6	8,581	8.3	(562)	10,486	10.1
(Shareholders' equity)								
I Common stock		6,940	7.3	7,262	7.0	322	7,154	6.8
II Capital surplus reserve								
1. Reserved common stock		36,175		36,497		321	36,389	
2. Other capital surplus reserves		0		5		5	4	
Total capital surplus reserve		36,175	37.9	36,503	35.3	327	36,393	34.8
III Retained earnings								
1. Reserved retained earnings		885		885		-	885	
2. Optional reserve fund		29,522		29,522		-	29,522	
3. Unappropriate earnings		12,771		20,620		7,848	20,062	
Total retained earnings		43,179	45.2	51,027	49.4	7,848	50,469	48.2
IV Unrealized gain on revaluation of marketable securities		196	0.2	334	0.3	138	363	0.3
Treasury stock		(180)	(0.2)	(321)	(0.3)	(141)	(245)	(0.2)
Total shareholders' equity		86,312	90.4	94,807	91.7	8,494	94,137	89.9
Total liabilities and shareholders' equity		95,456	100.0	103,388	100.0	7,932	104,623	100.0

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(2)Non-Consolidated Statements of Income

(Millions of Yen)

	Term	N o	FY20	003 Interim R	esults	FY20	04 Interim R	Results			Previous Fisc	
		t e		pr. 1, 2003 Sep. 30, 200			pr. 1, 2004 ep. 30, 200		Change	م ا	or. 1, 2003 Iar. 31, 200	to ک
А	ccount			ount	Rate		ount	Rate	Amount		ount	Rate
					%			%				%
Ι	Net sales			16,045	100.0		19,170	100.0	3,125		51,429	100.0
II	Cost of sales			7,039	43.9		7,160	37.4	121		19,144	37.2
	Gross profit			9,006	56.1		12,009	62.6	3,003		32,285	62.8
	Reversal of allowance for sales returns and price protection			1,420	8.9		814	4.2	(605)		1,420	2.8
	Provision for allowance for sales returns and price protection			1,113	7.0		814	4.2	(298)		814	1.6
	Net gross profit			9,313	58.0		12,009	62.6	2,696		32,890	64.0
III	Selling, general and administrative expenses			7,496	46.7		7,298	38.0	(197)		16,899	32.9
	Operating income			1,817	11.3		4,711	24.6	2,894		15,991	31.1
IV	Non-operating income	*1		197	1.2		568	3.0	370		376	0.7
v	Non-operating expenses	*2		362	2.2		401	2.1	38		748	1.5
	Recurring income			1,652	10.3		4,878	25.5	3,226		15,618	30.3
VI	Extraordinary gain	*3		250	1.6		8	0.0	(241)		300	0.6
VII	Extraordinary loss	*4		242	1.6		261	1.3	18		1,095	2.1
	Income before income taxes and distribution of loss in partnership (Tokumei-kumiai)			1,660	10.3		4,626	24.2	2,966		14,823	28.8
	Distribution of loss in partnership			12	0.0		11	0.1	(1)		24	0.0
	Income before income taxes			1,647	10.3		4,614	24.1	2,967		14,799	28.8
	Income taxes		13			1,465				1,600		
	Current deferred		681	694	4.4	390	1,856	9.7	1,162	3,856	5,457	10.6
	Net Income			952	5.9		2,758	14.4	1,805		9,342	18.2
	Retained earnings brought forward from the previous period			1,814			17,861		16,047		1,814	
	Retained earnings brought from merged company			10,004			-		(10,004)		10,004	
	Cash dividends paid			-			-		-		1,098	
	Retained earnings at period end			12,771			20,620		7,848		20,062	
								1				

Summary of Significant Accounting Policies used in the Preparation of Non-Consolidated Financial Statements for the Fiscal Year 2004 First Half Year

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		depreciated using the straight-line	Building 50 years	Building 50 years
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as follows: $3 \sim 15$ years $3 \sim 20$ years			3 ~ 15 years	5
Building 50 years (Change in accounting policy)		- ·		
		-		Previously, assets with a purchase price greater than or equal to ¥100,000 and less
				than $\pm 200,000$ were depreciated on a
		-		straight-line basis over a period of three
				years. In order to unify the accounting
				policy as a result of the merger and to
				further strengthen the financial position,
				from fiscal year 2004, acquired assets
				deemed to have and immaterial impact on
				the Company's consolidated financial
further strengthen the financial position, position are expensed at the time of		further strengthen the financial position,		position are expensed at the time of
				purchase. The result of this change on the
2003, assets acquired that are deemed to Company's consolidated		2003, assets acquired that are deemed to		Company's consolidated

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	Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year April 1, 2004 to September 30, 2004	Previous Fiscal Year April 1, 2003 to March 31, 2004
2. Method for depreciation and amortizion of current assets	have an immaterial impact on the Company's consolidated financial position are expensed at the time of purchase. The result of this change on the Company's consolidated operating income, recurring profit, and income before taxes for the first half year under review is considered immaterial.		operating income, recurring profit, and income before taxes for the fiscal year under review is considered immaterial.
 Accounting for deferred assets 	(2) Intangible assets In-house software used by the Company and its domestic consolidated subsidiaries is amortized using the straight-line method based on an estimate useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized using the straight-line method over a period of five years.	(2) Intangible assets In-house software used by the Company and its domestic consolidated subsidiaries is amortized using the straight-line method based on an estimate useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized using the straight-line method over a period of five years.	 (2) Intangible assets In-house software used by the Company and its domestic consolidated subsidiaries is amortized using the straight-line method based on an estimate useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized using the straight-line method over a period of five years. (1) Common share issuance expenses
			Costs associated with issuance of common shares are expensed as incurred.
4. Accounting for allowances and reserves	(1) Allowance for doubtful accounts An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.	(1) Allowance for doubtful accounts An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.	(1) Allowance for doubtful accounts An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.
	(2) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.	(2) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.	(2) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.
	(3) Allowance for sales returns An allowance is provided for losses due to the return of published materials, at an amount calculated based on historic experience, prior to the first half year ended Sep. 30, 2003. In addition, allowance is provided for losses due to the return of game software, at an estimated amount of future losses assessed by each game title.	(3) Allowance for sales returns An allowance is provided for losses due to the return of published materials, at an amount calculated based on historic experience, prior to the first half year ended Sep. 30, 2003. In addition, allowance is provided for losses due to the return of game software, at an estimated amount of future losses assessed by each game title.	(3) Allowance for sales returns An allowance is provided for losses due to the return of published materials, at an amount calculated based on historic experience, prior to the fiscal year ended Mar. 31, 2004. In addition, allowance is provided for losses due to the return of game software, at an estimated amount of future losses assessed by each game title.
	(4) Allowance for retirement benefits The Company and its domestic consolidated subsidiaries provide a reserve for retirement benefits equal to 100 percent of such benefits the Company and its subsidiaries would be required to pay under the lump-sum retirement plan if all eligible employees were to voluntarily terminate their employment at the balance sheet date	(4) Allowance for retirement benefits An allowance for retirement benefits is provided at the amount incurred during the fiscal year, which is based on the estimated present value of the projected benefit obligation. Unrecognized actuarial differences are fully amortized in the next year in which they arise. (Additional Information) Previously, the Company had provided a reserve for retirement benefits equal to 100 percent of such benefits the Company would be required to pay if all eligible employees were to voluntarily terminate their employment at the balance sheet date. Effective from the previous second half year, the Company changed its accounting policy for reserve for retirement benefits to the method described above. As a result of this change, recurring profit and income before income taxes each increased by ¥393 million.	(4) Allowance for retirement benefits An allowance for retirement benefits is provided at the amount incurred during the fiscal year, which is based on the estimated present value of the projected benefit obligation. Unrecognized actuarial differences are fully amortized in the next year in which they arise. (Additional Information) Until the previous fiscal year, the Company had provided a reserve for retirement benefits equal to 100 percent of such benefits the Company would be required to pay if all eligible employees were to voluntarily terminate their employment at the balance sheet date. Effective from the current fiscal year, as the number of Company employees exceeded 300 due to the merger with SQUARE, the Company changed its accounting policy for reserve for retirement benefits to the method

	Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
	April 1, 2003 to	April 1, 2004 to	April 1, 2003 to
	September 30, 2003	September 30, 2004	March 31, 2004
			described above. As a result of this
			change, retirement expense increased by ¥437 million, and recurring profit and
			income before income taxes each
			decreased by ¥416 million.
			Moreover, this change in accounting
			method was adopted in the second half of
			the fiscal year under review due to the
			merger with SQUARE and the increase in
			the Company's number of employee
			above 300. Reserve for retirement benefits
			for the first half was calculated using the
			previous method. Adjusting first-half
			accounts to reflect the change in
			accounting method, recurring profit and
			income before income taxes would
			increase by ¥393 million.
	(5) Allowance for directors' retirement	(5) Allowance for directors' retirement	(5) Allowance for directors' retirement
	benefits	benefits	benefits
	An allowance for directors' retirement	An allowance for directors' retirement	An allowance for directors' retirement
	benefits is provided to adequately cover	benefits is provided to adequately cover	benefits is provided to adequately cover
	the costs of directors' retirement benefits,	the costs of directors' retirement benefits,	the costs of directors' retirement benefits,
	which are accounted for on an accrual	which are accounted for on an accrual	which are accounted for on an accrual
	basis in accordance with internal policy.	basis in accordance with internal policy.	basis in accordance with internal policy.
	(6) Reserve for relocation-related costs	(6)	(6)
	Reserve for relocation-related costs is		
	provided for losses due to the relocation		
	of the Company following the merger at		
	the amount expected to be paid.		
5. Accounting for leases	Finance leases, other than those for which	Finance leases, other than those for which	Finance leases, other than those for which
	the ownership of the leased	the ownership of the leased	the ownership of the leased
	assets are considered to be transferred to	assets are considered to be transferred to	assets are considered to be transferred to
	the lessees are accounted for as	the lessees are accounted for as	the lessees are accounted for as
	operating leases.	operating leases.	operating leases.
6. Additional accounting policies used to	(1) Accounting treatment of consumption	(1) Accounting treatment of consumption	(1) Accounting treatment of consumption
prepare consolidated financial	tax	tax	tax
statements	Income statement items are presented	Income statement items are presented	Income statement items are presented
	exclusive of consumption tax.	exclusive of consumption tax.	exclusive of consumption tax.
	r	r	r

Reclassifications

Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
April 1, 2003 to	April 1, 2004 to	April 1, 2003 to
September 30, 2003	September 30, 2004	March 31, 2004
(Balance Sheet)		(Balance Sheet)
"Accrued expenses" and "Advance payments received,"		"Manufactured goods" and "Merchandise," which was
which was included in "Other" until the previous first		stated separately until the previous fiscal year, is
half year, is stated separately as the amount became		presented as "Manufactured goods and merchandise" in
material due to the merger. In the previous first half year,		order to unify the accounting policy as a result of the
"Accrued expenses" and "Advance payments received"		merger.
included in "Other" were ¥271 million and ¥6 million,		"Prepaid expenses," which was stated separately in
respectively.		current assets until the previous fiscal year, is included
		in "Other" because of its small amount.
		"Account receivable-other," which was included in
		"Other" until the previous fiscal year, is stated
		separately as the amount became material due to the
		merger. In the previous fiscal year, "Accounts
		receivable-other" included in "Other" was ¥0 million.
		(Statements of Income)
		"Merchandise sales," "Manufactured goods sales,"
		"Merchandise in inventory at beginning of period,"
		"Manufactured goods in inventory at beginning of
		period," "Merchandise purchased," "Merchandise in
		inventory at the end of period," and "Manufactured
		goods in inventory at the end of period," which was
		stated separately until the previous fiscal year, are
		presented as "Manufactured goods and merchandise net
		sales," "Manufactured goods and merchandise in
		inventory at beginning of period," "Manufactured good
		and Merchandise purchased," and "Manufactured goods

Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
April 1, 2003 to	April 1, 2004 to	April 1, 2003 to
September 30, 2003	September 30, 2004	March 31, 2004
		and merchandise in inventory at the end of period" in order to unify the accounting policy as a result of the merger. "R&D expenses," which was presented in Selling, general, and administrative expenses, is included in "Other" due to its small amount (¥7 million at the end of this period).

Additional Information

Additional Information		
Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year
April 1, 2003 to	April 1, 2004 to	April 1, 2003 to
September 30, 2003	September 30, 2004	March 31, 2004
(Accounting treatment for costs related to the planning		(Accounting treatment for costs related to the planning
and development of game content paid to third parties)		and development of game content paid to third parties)
Until the first half year ended Sep. 30, 2002, the		Until the year ended March 31, 2003, the Company had
Company had expensed the costs related to the planning		expensed the costs related to the planning and
and development of game content when paid to a third		development of game content when paid to a third
party. Effective from the year ended Sep. 30, 2003, as a		party. Effective from the year ended March 31, 2004, as
result of an effort to strengthen the decision-making		a result of an effort to strengthen the decision-making
process in connection to the development of game		process in connection to the development of game
software and to implement more stringent selection		software and to implement more stringent selection
criteria, such costs incurred during the development		criteria, such costs incurred during the development
stage are capitalized as "Content production account"		stage are capitalized as "Content production account"
and charged to cost of sales at the time of sale of related		and charged to cost of sales at the time of sale of
game products. For the first half year ended Sep. 30,		related game products. For the year ended March 31,
2003, "Content production account" includes such		2004, "Content production account" includes such
capitalized costs in the amount of ¥1,595 million.		capitalized costs in the amount of ¥3,763 million.
In addition, "Inventories" in the previous first half year		(Accounting for business combination)
result of SQUARE CO., LTD. includes "Content		On April 1, 2003, ENIX CORP. and SQUARE CO.,
production account", and the amount was ¥2,815		LTD. merged and formed SQUARE ENIX CO., LTD.
million.		The merger was effected through the issue of
(Accounting for business combination)		51,167,293 common shares and allocated on the basis
On April 1, 2003, ENIX CORP. and SQUARE CO.,		of one SQUARE CO. LTD., common share for every
LTD. merged and formed SQUARE ENIX CO., LTD.		0.85 ENIX CORP. common shares. The merger was
The merger was effected through the issue of		consummated on an equal footing by combining the
51,167,293 common shares and allocated on the basis of		entire control over net assets and management activities
one SQUARE CO. LTD., common share for every 0.85		prior to the merger, and sharing both the post-merger
ENIX CORP. common shares. The merger was		benefits and risks equally. In addition, it was not
consummated on an equal footing by combining the		possible to determine which entity was the acquirer.
entire control over net assets and management activities		Therefore, this business combination was accounted for
prior to the merger, and sharing both the post-merger		under the pooling-of interests method. Details of
benefits and risks equally. In addition, it was not possible to determine which entity was the acquirer.		post-merger assets and liabilities are provided on the
Therefore, this business combination was accounted for		following page.
under the pooling-of interests method. Details of post-merger assets and liabilities are provided on the		
following page.		
ionowing page.		

Assets and Liabilities Transferred due to the Merger

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	36,490	Current liabilities	13,489
Cash and deposits	16,931	Accounts payable-trade	1,717
Accounts receivable-trade	11,438	Current portion of long-term debt	22
Finished goods	45	Accounts payable-other	2,808
Merchandise	11	Payable due to merger	4,153
Content production account	3,402	Income taxes payable	4
Suppliers	77	Consumption tax payable	422
Prepaid expenses	375	Accrued expenses	1,248
Accounts receivable-other	483	Advances received	594
Income taxes receivable	537	Deposits received	83
Deferred tax assets	2,980	Reserve for bonuses	463
Other current assets	217	Allowance for sales returns	893
Allowance for doubtful accounts	(-10)	Reserve for relocation-related costs	1,074
		Other current liabilities	3
Fixed Assets	14,370		
Property, plant, and equipment	3,759	Fixed liabilities	359
Building and structures	621	Long-term debt	18
Machinery and equipment	2,663	Long-term deposits received	39
Land	421	Reserve for retirement benefits	301
Construction in progress	53		
Intangible assets	1,027	Total liabilities	13,848
Goodwill	250		
Trademarks	45		
Telephone rights	6		
Software	636		
Software production account	88		
Investments and other assets	9,584		
Investment securities	1,345		
Investment in subsidiaries	3,376		
Long-term loans receivable	4		
Long-term prepaid expenses	5		
Investment in consortiums	560		
Leasehold deposits	590		
Deferred tax assets	3,383		
Other investments	316		
Allowance for doubtful accounts	(-0)		
Total assets	50,860	Net worth	37,012

Notes to Balance Sheet

Previous First Half Year	Fiscal Year 2004 First Half Year	Previous Fiscal Year (ended March 31, 2004)
 (ended September 30, 2003) 1 Accumulated depreciation of Property, plant and equipment ¥7,166 million 2 Treatment of consumption tax Accrued consumption tax is included in other current liabilities. 3 Incidental liabilities Contingent liabilities for guarantees (1) SQUARE has issued a joint-and-several guarantee for transactions undertaken by affiliated company DIGICUBE CO., LTD., listed on the Hercules market of Osaka Securities Exchange, with 7-Eleven Japan Co., Ltd. As of September 30, 2003 there were no claims made under the subject guarantee. On November 26, 2003, the Company's affiliate, DIGICUBE CO., LTD. filed for bankruptcy with the Tokyo District Court. As a result of the declaration of bankruptcy, the firm was delisted from the Hercules Nippon New Market of the Osaka Securities Exchange. On December 13, 2003. Details are provided in "Subsequent Events". (2) The Company has issued a revolving guarantee to a maximum limit of U.S. \$15 million on behalf of a consolidated subsidiary, SQUARE ENIX U.S.A. INC., in favor of SONY COMPUTER ENTERTAINMENT AMERICA INC. As of September 30, 2003, there is no liability outstanding balance. 	 (ended September 30, 2004) 1 Accumulated depreciation of Property, plant and equipment ¥6,509 million 2 Treatment of consumption tax Accrued consumption tax is included in other current liabilities. 3 Incidental liabilities for guarantees (1) The Company has issued a revolving guarantee to a maximum limit of U.S.\$15 million on behalf of a consolidated subsidiary, SQUARE ENIX U.S.A. INC., in favor of SONY COMPUTER ENTERTAINMENT AMERICA INC. As of September 20, 2004 the liability outstanding under the guarantee was U.S. \$1,124,000 (¥124 million). 	 1 Accumulated depreciation of Property, plant and equipment ¥6,161 million 2 Treatment of consumption tax Accrued consumption tax is included in other current liabilities. 3 Incidental liabilities for guarantees (2) The Company has issued a revolving guarantee to a maximum limit of U.S.\$15 million on behalf of a consolidated subsidiary, SQUARE ENIX U.S.A. INC., in favor of SONY COMPUTER ENTERTAINMENT AMERICA INC. As of March 31, 2004 the liability outstanding under the guarantee was U.S. \$432,000 (¥45 million).
 4 Overdraft Agreement SQUARE ENIX CO., LTD. has contracted overdraft with five of its principal bankers. Under the agreement the four principal bankers will provide SQUARE ENIX CO., LTD. with an overdraft limit to assist the company in its working capital needs. There was no balance outstanding under the overdraft account. Limit of overdraft: 	4	4

Notes to Statements of Income

1 Principal non-operating income	1 Principal non-operating income	1 Principal non-operating income		
Interest income ¥4 million	Interest income ¥47 million	Interest income ¥10 million		
Dividends received ¥78 million	Dividends received ¥7 million	Dividends received ¥83 million		
Rental income ¥12 million	Rental income ¥16 million	Rental income ¥29 million		
	Foreign exchange income ¥433 million			
2 Principal non-operating expenses	2 Principal non-operating expenses	2 Principal non-operating expenses		
Foreign exchange loss ¥350 million	Content disposal loss ¥400 million	Foreign exchange loss ¥728 million		
3 Principal extraordinary income	3 Principal extraordinary income	3 Principal extraordinary income		
Gain on sale on shares in affiliates	Reversal of allowance for doubtful account	Gain on sale on shares in affiliates		
¥240 million	¥8 million	¥240 million		
Reversal of allowance for doubtful account				
¥10 million				
4 Principal extraordinary loss	4 Principal extraordinary loss	4 Principal extraordinary loss		
Loss on sale of property, plant, and equipment	Loss on sale of property, plant, and equipment	Loss on sale of property, plant, and equipment		
¥51 million	¥0 million	¥123 million		
Loss on disposal of property, plant, and equipment	Loss on disposal of property, plant, and equipment	Loss on disposal of property, plant, and equipment		
¥41 million	¥37 million	¥193 million		
Loss on investment securities	Loss on investment securities	Loss on investment securities		
¥150 million	¥79 million	¥375 million		
	Evaluation loss on shares held in affiliates	Evaluation loss on shares held in affiliates		
	¥128 million	¥317 million		

Previous First Half Year April 1, 2003 to September 30, 2003		April	04 First Half Year 1, 2004 to ber 30, 2004	April	Previous Fiscal Year April 1, 2003 to March 31, 2004				
5 Depreciation	5 Depreciation			5 Depreciation	5 Depreciation				
Property, plant, and eq	Property, plant, and equipment		Juipment	Property, plant, and equipment					
	¥734 million		¥610 million		¥1,493 million				
Intangible assets	¥153 million	Intangible assets	¥169 million	Intangible assets	¥315 million				

Lease Transactions

	Previous First Half Year April 1, 2003 to September 30, 2003					Fiscal Year 2004 First Half Year April 1, 2004 to September 30, 2004					Previous Fiscal Year pril 1, 2003 to March 31, 2004			
Information related to finance leases other than those that transfer ownership to the lessee.	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1				1	1. Acquisition cost, accumulated depreciation and net book value of leased assets (Millions of Yen)					1. Acquisition cost, accumulated depreciation and net book value of leased assets (Millions of Yen)			
		Acquisition cost	Accumulated	Net book value			Acquisition cost	Accumulated	Net book value			Acquisition cost	Accumulated	Net book value
	M a c h ina E q u ip m e		3 9	5 0		M a c h ina ry E q u ip m e n t	9 0	5 7	3 2		M a c h i na ry E q u i p m e n t	90	4 8	4 1
	Tota	90	3 9	50		Total	90	5 7	3 2		T otal	90	4 8	4 1
	 insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion. Ending balance of future lease payments Due within one year ¥18 million <u>Due after one year ¥32 million</u> Total ¥50 million Note: The total future lease payment at the end of the period is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease payment includes the interest portion. Lease payment and depreciation Lease expenses payment ¥9 million 			of t ts 2 e N 3 4	 the period. Accordingly, the total acquisition cost includes the interest portion. 2. Ending balance of future lease payments Due within one year ¥15 million Due after one year ¥17 million Total ¥32 million Note: The total future lease payment at the end of the period is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease payment includes the interest portion. 3. Lease payment and depreciation Lease expenses payment ¥9 million Depreciation expense ¥9 million 4. Method of calculation for depreciation 				of st nts 2 ne N t 3	the period. Accordingly, the total acquisition cost includes the interest portion.				

(Securities) Shares in affiliates with market value

Shares in annates with market value												
	Pre	vious First Half Y	lear	Fiscal Y	ear 2004 First H	alf Year	Previous Fiscal Year					
	April 1, 2003 to			ſ	April 1, 2004 to	J	April 1, 2003 to					
	Ls	eptember 30, 200	13 J	Ls	eptember 30, 200	₀₄ J	March 31, 2004					
	Book Value	ook Value Market Value	Unrealized	Book Value	Market Value	Unrealized	Book Value	Market Value	Unrealized			
	DOOK value	warket value	Gain/Loss	DOOK value	Warket value	Gain/Loss	DOOK value	Warket value	Gain/Loss			
Shares in affiliates	343	2,457	2,114	151	1,445	1,293	151	1,377	1,226			
Total	343	2,457	2,114	151	1,445	1,293	151	1,377	1,226			

(Other) Not applicable