

**CONSOLIDATED FINANCIAL RESULTS
FOR FISCAL YEAR ENDED MARCH 31, 2008 (JPNGAAP)**

Company Name: Square Enix Co., Ltd.
Code: 9684

Market: Tokyo Stock Exchange, First Section
URL: <http://www.square-enix.com/>

Representative: Yoichi Wada, President and Representative Director

Contact: Yosuke Matsuda, Director and Executive Officer

Annual general meeting of shareholders: June 21, 2008

Date of dividend payout: June 23, 2008

Presentation of Financial Report (Yuka-Shoken-Hokokusho): June 23, 2008

1. FY2007 Consolidated Financial Results (April 1, 2007 to March 31, 2008)

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

	Net Sales		Operating Income		Recurring Income		Net Income	
Fiscal Years Ended		%		%		%		%
March 31, 2008	147,516	(9.8)	21,520	(17.0)	18,864	(28.1)	9,196	(20.9)
March 31, 2007	163,472	31.3	25,916	67.5	26,241	68.8	11,619	(32.0)

	Earnings Per Share	Earnings Per Share (fully-diluted basis)	Return on Equity	Recurring Income to Total Assets	Operating Margin
Fiscal Year Ended	Yen	Yen	%	%	%
March 31, 2008	81.85	81.41	6.7	8.8	14.6
March 31, 2007	105.06	104.71	9.3	12.2	15.9

Note: Equity in gain or loss of affiliated companies (Millions of yen)

Fiscal year ended March 31, 2008 (FY 2007)	23
Fiscal year ended March 31, 2007 (FY 2006)	29

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

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
Fiscal Year Ended			%	Yen
March 31, 2008	212,134	148,193	69.3	1,280.50
March 31, 2007	215,679	130,639	60.0	1,168.91

Note: Total Equity (Millions of yen)

Fiscal year ended March 31, 2008 (FY 2007)	147,034
Fiscal year ended March 31, 2007 (FY 2006)	129,461

3) Consolidated Statements of Cash Flows (Millions of yen)

	From Operating Activities	From Investing Activities	From Financing Activities	Closing Cash and Cash Equivalents
Fiscal Year Ended				
March 31, 2008	23,655	(5,805)	(3,404)	111,479
March 31, 2007	32,809	(5,671)	(2,912)	99,847

2. Dividends

	Dividend Per Share					Total Annual Dividends Payment	Dividend Payout Ratio (consolidated)	Dividend on Equity Ratio
	1Q	Interim	3Q	Year-end	Annual			
Fiscal Year Ended					yen	million yen	%	%
March 31, 2007	—	10.00	—	25.00	35.00	3,874	33.3	3.1
March 31, 2008	—	10.00	—	20.00	30.00	3,412	36.7	2.4
March 31, 2009 (projection)	—	10.00	—	20.00	30.00	—	28.7	—

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

	Net Sales		Operating Income		Recurring Income		Net Income		Earnings Per Share
		%		%		%		%	yen
6 months ending Sept. 2008	70,000	(3.1)	4,000	(59.0)	4,000	(57.0)	2,500	(52.0)	21.77
Full Year	160,000	8.5	21,000	(2.4)	20,000	6.0	12,000	30.5	104.51

4. Others

1) Change in Scope of Consolidation and Application of the Equity Method
Not applicable

2) Change in policies of consolidated financial statements preparation
1. Related to changes in accounting standard Applicable
2. Other changes Not applicable

3) Outstanding shares (common stock)
1. Number of shares issued and outstanding (including treasury stock) at year-end
Fiscal year ended March 31, 2008 (FY 2007) 115,117,896
Fiscal year ended March 31, 2007 (FY 2006) 110,947,818
2. Number of treasury stock at year-end
Fiscal year ended March 31, 2008 (FY 2007) 291,928
Fiscal year ended March 31, 2007 (FY 2006) 193,882

[REFERENCE] NON-CONSOLIDATED FINANCIAL RESULTS

1. FY2007 Non-Consolidated Financial Results (April 1, 2007 to March 31, 2008)

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

	Net Sales		Operating Income		Recurring Income		Net Income	
Fiscal Years Ended		%		%		%		%
March 31, 2008	65,719	4.6	14,629	(23.1)	12,357	(37.3)	5,304	(70.8)
March 31, 2007	62,852	(10.6)	19,017	51.0	19,694	44.5	18,164	(12.2)

	Earnings Per Share	Earnings Per Share (fully-diluted basis)
Fiscal Years Ended	Yen	Yen
March 31, 2008	47.21	46.96
March 31, 2007	164.23	163.69

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

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
Fiscal Years Ended			%	Yen
March 31, 2008	195,534	149,407	76.4	1,300.46
March 31, 2007	193,796	134,419	69.4	1,213.67

Note: Total Equity Fiscal year ended March 31, 2008 (FY 2007) 149,331
(Millions of yen) Fiscal year ended March 31, 2007 (FY 2006) 134,419

2. FY2008 Non-Consolidated Forecasts (April 1, 2008 to March 31, 2009)

SQUARE ENIX CO., LTD. (the "Company") plans to become a pure holding company as of October 1, 2008, subject to approval by an extraordinary resolution at the general meeting of shareholders to be held on June 21, 2008.

Therefore, forecasts of non-consolidated financial results for the fiscal year ending March 31, 2009 or later are insignificant for investors, and no longer stated.

Disclaimer

The forward-looking statements in this document are based upon the information currently available, and necessarily include elements that are not entirely predictable. Actual results may differ from the forward-looking statements in this document.

Operation Highlights of Fiscal Year Ended March 31, 2008

The Company has been making determined efforts to strengthen the foundation and profitability of its business segments of Games (Offline), Games (Online), Mobile Phone Content, Amusement, Publication and Others.

The Company has been pursuing fundamental R&D activities to obtain advanced information technologies, which are crucial to promote network-related businesses, and to apply such technologies to our products and services.

Consolidated financial results for the fiscal year ended March 31, 2008 are as follows:

Net sales	¥147,516 million	(down 9.8% from results for the previous fiscal year),
Operating income	¥21,520 million	(down 17.0%, <i>ditto</i>),
Recurring income	¥18,864 million	(down 28.1%, <i>ditto</i>), and
Net income	¥9,196 million	(down 20.9%, <i>ditto</i>).

Operating Results by Business Segment

Games (Offline)

The Company plans, develops and distributes games for game consoles (including handheld game machines) and personal computers. The Company also handles localization of games developed and distributed in Japan to distribute in North America through SQUARE ENIX, INC. and in PAL region through SQUARE ENIX LTD., wholly-owned subsidiaries of the Company.

During this period under review, the Company released a number of titles for Nintendo DS, including "DRAGON QUEST IV" (1.15 million units in Japan as of March 31, 2008), "FINAL FANTASY IV" (590 thousand units in Japan, *ditto*), "FINAL FANTASY XII: REVENANT WINGS" (540 thousand units in Japan, 220 thousand units in North America and 280 thousand units in Europe, *ditto*), "Itadaki Street DS" (430 thousand units in Japan, *ditto*), "FINAL FANTASY CRYSTAL CHRONICLES: Ring of Fates" (380 thousand units in Japan, 160 thousand units in North America and 150 thousand units in Europe, *ditto*) and "FINAL FANTASY III" (480 thousand units in Europe, *ditto*). The Company also released "CRISIS CORE - FINAL FANTASY VII -" (800 thousand units in Japan and 450 thousand units in North America, *ditto*) for PlayStation Portable ("PSP") and "DRAGON QUEST SWORDS: The Masked Queen and the Tower of Mirrors" (490 thousand units in Japan and 110 thousand units in North America, *ditto*) for Wii.

Consequently, sales in the Games (Offline) segment totaled ¥41,588 million (down 19.0% from the previous fiscal year), and operating income amounted to ¥8,882 million (down 45.7%, *ditto*).

Games (Online)

The Company plans, develops, distributes and operates network-compliant online games.

The Company operates "FINAL FANTASY XI" ("FFXI"), a massively multi-player online role-playing game (MMORPG) with approximately 500,000 paying subscribers, and released a new expansion pack "FINAL FANTASY XI: WINGS OF THE GODDESS" in November 2007 in Japan, North America and Europe.

Consequently, sales in the Games (Online) segment totaled ¥12,098 million (down 11.4% from the previous fiscal year), and operating income amounted to ¥5,880 million (down 13.1%, *ditto*).

Mobile Phone Content

The Company plans, develops and provides content for mobile phones, and provides a wide range of mobile content services, including ring tones, wallpapers, game and portals. Led by such portal services as "DRAGON QUEST" and "FINAL FANTASY," the service lineup leverages the Company's strength in original content.

Consequently, sales in the Mobile Phone Content segment totaled ¥6,579 million (down 15.3% from the previous fiscal year), and operating income amounted to ¥1,758 million (down 41.6%, *ditto*).

Publication

The Company publishes game-related books including comic magazines, comic books, and game strategy books.

In this period under review, the Company published monthly magazines "SHONEN GANGAN," "G Fantasy,"

“GANGAN WING” and “YOUNG GANGAN,” as well as comic collections taken from regular monthly magazine serials and various game strategy guide books.

Consequently, sales in the Publications segment totaled ¥11,158 million (down 0.4% from the previous fiscal year), and operating income amounted to ¥3,626 million (up 0.6%, *ditto*).

Amusement

This segment includes results from all businesses of the Taito Group and goodwill amortization incurred from consolidation of the Taito Group.

As a result of increase in revenues on a year-on-year comparison basis in arcade facility operation, as well as the restoration measures promoted in previous fiscal year, this segment has shown remarkable recovery in this period under review.

Consequently, sales in the Amusement segment amounted to ¥69,104 million (down 8.7% from the previous fiscal year), and operating income totaled ¥3,129 million (the segment recorded operating loss of ¥351 million in the previous fiscal year).

Others

The Others segment covers the planning, production, distribution and licensing of SQUARE ENIX titles’ derivative products, and the operation of a game creator training school.

In this period under review, the successful launch in July of a kids’ card game machine, “DRAGON QUEST Monster Battle Road”, has significantly contributed to the earnings of this segment.

Consequently, sales in the Others segment amounted to ¥9,005 million (up 126.4% from the previous fiscal year), and operating income totaled ¥3,324 million (up 153.4%, *ditto*).

Operating Results by Region

Japan

All business segments – Games (Offline), Games (Online), Mobile Phone Content, Publication, Amusement and Others – are operated in Japan.

For Games (Offline), products are shipped to retail stores through the Company’s own distribution channel.

In the Games (Online) segment, the Company provides online game services, and sells software discs for the online games.

In the Mobile Phone Content segment, the Company provides such mobile phone content as games, ring tones and wallpapers for 3 major mobile phone carriers; NTT DoCoMo, KDDI and SoftBank Mobile.

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

The Amusement segment comprises the Taito Group operations, including operation of arcade facilities, sales of arcade game machines and provision of games, music and images through mobile phones.

Sales in Japan totaled ¥133,381 million (down 3.7% from the previous fiscal year), and operating income amounted to ¥18,312 million (down 3.5%, *ditto*).

North America

The Company primarily provides Games (Offline) and Games (Online) in North America. In this region, sales of game content developed by the Company are handled primarily by SQUARE ENIX, INC., a wholly-owned subsidiary of the Company, while the subsidiary provides online game services, and sells software discs for the online games.

Sales in North America totaled ¥12,588 million (down 45.7% from the previous fiscal year), and operating income amounted to ¥2,751 million (down 51.0%, *ditto*).

Europe

The Company primarily provides Games (Offline) and Games (Online) in Europe. In this region, sales of game content developed by the Company are handled primarily by SQUARE ENIX LTD., a wholly-owned subsidiary of the Company, while the subsidiary provides online game services, and sells software discs for the online games.

Sales in Europe amounted to ¥7,674 million (down 35.3% from the previous fiscal year), and operating income totaled ¥1,081 million (down 44.9%, *ditto*).

Asia

In Asia, the Company provides primarily Games (Online) and Amusement services.

In the Games (Online) business, the Company primarily operates online game service for the PC platform in China. In this business, the Company has begun conducting a restructuring to cope with changes in market environment. The Company will continue to pursue business opportunities in Chinese market by taking more flexible approach including collaboration with local companies.

In the Amusement business, Taito operates arcade facilities in Korea and China.

Sales in Asia totaled ¥628 million (down 41.1% from the previous fiscal year), and operating loss amounted to ¥594 million (the previous fiscal year recorded operating loss of ¥645 million).

Forecasts for FY2008

The business environment for the Company has been in a period of transition, which is driven by rapid penetration of broadband into general households and expansion of user segment led by the diversification of game platforms. The Company takes those changes as an opportunity to develop new earnings stream and is determined to serve untapped customers through provision of the Company's content and promotion of network related businesses, which have already established a stable financial base.

Consolidated forecasts for FY2008 (ending March 31, 2009) are as follows;

Net sales	¥160 billion,
Operating income	¥21 billion,
Recurring income	¥20 billion, and
Net income	¥12 billion,

(Estimated exchange rates: USD1=JPY105.00, EUR1=JPY150.00)

Consolidated Financial Statements for Fiscal Year Ended March 31, 2008

Consolidated Balance Sheet

(Millions of yen)

Account	FY2006 (As of March 31, 2007)		FY2007 (As of March 31, 2008)		Change
	Amount	Rate	Amount	Rate	
(Assets)		%		%	
I Current assets					
1. Cash and deposits	99,852		111,515		
2. Notes and accounts receivable	21,206		17,738		
3. Inventories	4,188		4,268		
4. Content production account	11,903		14,793		
5. Deferred tax assets	5,634		4,158		
6. Other	4,656		3,642		
Allowance for doubtful accounts	(832)		(385)		
Total current assets	146,608	68.0	155,730	73.4	9,122
II Non-current assets					
1. Property and equipment					
1) Buildings and structures	17,316		17,024		
Accumulated depreciation	11,354	5,962	11,641	5,382	
2) Tools and fixtures	11,365		11,357		
Accumulated depreciation	7,963	3,401	8,124	3,233	
3) Amusement equipment	41,577		31,393		
Accumulated depreciation	30,778	10,798	25,486	5,906	
4) Other	24		19		
Accumulated depreciation	19	5	15	3	
5) Land	5,404		5,404		
6) Construction in progress	91		8		
Total property and equipment	25,664	11.9	19,939	9.4	(5,725)
2. Intangible assets					
1) Goodwill	20,276		18,883		
2) Other	1,381		1,140		
Total intangible assets	21,657	10.0	20,024	9.4	(1,633)
3. Investments and other assets					
1) Investment securities	455		656		
2) Long-term loans	176		171		
3) Rental deposits	14,198		13,235		
4) Construction cooperation fund	1,886		1,524		
5) Claim in bankruptcy	5,065		327		
6) Deferred tax assets	4,939		852		
7) Other	541		621		
Allowance for doubtful accounts	(5,515)		(948)		
Total investment and other assets	21,748	10.1	16,440	7.8	(5,308)
Total non-current assets	69,071	32.0	56,404	26.6	(12,667)
Total assets	215,679	100.0	212,134	100.0	(3,544)

(Millions of yen)

Account	FY2006 (As of March 31, 2007)		FY2007 (As of March 31, 2008)		Change
	Amount	Rate	Amount	Rate	
(Liabilities)		%		%	
I Current liabilities					
1. Notes and accounts payable	13,275		10,704		
2. Short-term loans	—		26		
3. Other accounts payable	4,773		3,912		
4. Accrued expenses	3,379		1,859		
5. Accrued corporate taxes	994		763		
6. Accrued consumption taxes	895		699		
7. Advance payments received	1,188		1,145		
8. Deposits received	490		551		
9. Reserve for bonuses	1,872		1,802		
10. Allowance for sales returns	2,271		1,135		
11. Allowance for game arcade closings	2,973		226		
12. Other	289		257		
Total current liabilities	32,404	15.0	23,082	10.9	(9,321)
II Non-current liabilities					
1. Corporate bond	50,000		37,000		
2. Allowance for retirement benefits	2,169		1,528		
3. Allowance for directors' retirement benefits	262		215		
4. Allowance for game arcade closings	—		796		
5. Other	204		1,318		
Total non-current liabilities	52,635	24.4	40,858	19.3	(11,777)
Total liabilities	85,040	39.4	63,940	30.2	(21,099)
(Net assets)					
I Shareholders' equity					
1. Common stock	8,038	3.7	14,928	7.0	6,890
2. Capital surplus reserve	37,279	17.3	44,169	20.8	6,890
3. Retained earnings	84,315	39.1	90,295	42.6	5,979
4. Treasury stock	(540)	(0.3)	(841)	(0.4)	(300)
Total shareholders' equity	129,092	59.8	148,552	70.0	19,459
II Valuation and translation adjustment					
1. Unrealized gains on revaluation of other investment securities	(8)	(0.0)	(12)	(0.0)	(4)
2. Foreign currency translation adjustment	377	0.2	(1,504)	(0.7)	(1,881)
Total Valuation and translation adjustment	368	0.2	(1,517)	(0.7)	(1,886)
III Stock acquisition rights	—	—	81	0.0	81
IV Minority interests in consolidated subsidiaries	1,178	0.6	1,077	0.5	(100)
Total net assets	130,639	60.6	148,193	69.8	17,554
Total liabilities and net assets	215,679	100.0	212,134	100.0	(3,544)

Consolidated Statements of Income

(Millions of yen)

Account	FY2006		FY2007		Change
	〔 April 1, 2006 to March 31, 2007 〕		〔 April 1, 2007 to March 31, 2008 〕		
	Amount	Rate	Amount	Rate	Amount
I Net sales	163,472	100.0	147,516	100.0	(15,955)
II Cost of sales	87,262	53.4	81,201	55.0	(6,060)
Gross profit	76,210	46.6	66,314	45.0	(9,895)
Reversal of allowance for sales returns	1,186	0.8	2,271	1.5	1,084
Provision for allowance for sales returns	2,271	1.4	1,135	0.8	(1,135)
Net gross profit	75,125	46.0	67,450	45.7	(7,675)
III Selling, general and administrative expenses					
1. Packaging freight charge	2,493		2,421		
2. Advertising expense	6,331		5,892		
3. Sales promotion expense	1,060		642		
4. Provision for doubtful accounts	—		8		
5. Compensation for directors	682		567		
6. Salary	15,482		15,889		
7. Provision to reserve for bonuses	2,237		1,403		
8. Net periodic pension costs	446		36		
9. Provision to reserve for directors' retirement benefits	42		47		
10. Welfare expense	2,046		2,024		
11. Rental expense	2,325		2,483		
12. Commissions paid	3,357		3,209		
13. Depreciation and amortization	1,464		1,463		
14. Other	11,238	49,209	9,839	45,929	31.1
Operating income		25,916		21,520	14.6
IV Non-operating income					
1. Interest income	467		959		
2. Dividends received	3		2		
3. Foreign exchange gain	147		—		
4. Rental income	69		70		
5. Facilities installation cooperation fees	51		52		
6. Investment profit on equity method	29		23		
7. Miscellaneous income	407	1,176	258	1,367	0.9
V Non-operating expenses					
1. Interest expenses	2		0		
2. Foreign exchange loss	—		1,858		
3. Loss on disposal of inventories	119		119		
4. Loss on write-off of content production account	—		1,799		
5. Loss on inventory evaluation	281		170		
6. Stock issuance expenses	31		—		
7. Loss on write-off of advance license payment	244		—		
8. Miscellaneous loss	172	852	75	4,023	2.7
Recurring income		26,241		18,864	12.8
					(7,377)

(Millions of yen)

Account	FY2006			FY2007			Change
	〔 April 1, 2006 to March 31, 2007 〕			〔 April 1, 2007 to March 31, 2008 〕			
	Amount		Rate	Amount		Rate	Amount
VI Extraordinary gain							
1. Gain on sale of investment securities	410			64			
2. Gain on divesture of business	2,697			47			
3. Reversal of allowance for doubtful account	2			204			
4. Reversal of allowance for retirement benefits	465			—			
5. Reversal of allowance for game arcade closings	—			1,098			
6. Other	203	3,778	2.3	24	1,439	1.0	(2,339)
VII Extraordinary loss							
1. Loss on sale of property and equipment	17			145			
2. Loss on disposal of property and equipment	1,085			950			
3. Impairment loss	368			9			
4. Loss on write-off of bad debts	—			170			
5. Loss on evaluation of investment securities	194			55			
6. Loss on disposal and write-down of assets associated with business restructuring	2,275			1,302			
7. Severance payments associated with business restructuring	925			45			
8. Accelerated amortization of goodwill	1,831			136			
9. Provision of allowance for doubtful accounts	2,086			452			
10. Provision of allowance for game arcade closings	2,784			54			
11. Legal settlement payment	—			156			
12. Other	60	11,629	7.2	140	3,618	2.5	(8,011)
Income before income taxes and distribution of loss in partnership (<i>tokumei-kumiai</i>)		18,390	11.2		16,685	11.3	(1,705)
Distribution of loss in partnership (<i>tokumei-kumiai</i>)		16	0.0		4	0.0	(12)
Income before income taxes		18,374	11.2		16,681	11.3	(1,693)
Corporate, resident and enterprise taxes	2,915			1,865			
Refunded income taxes	(127)			(424)			
Deferred income taxes	3,941	6,730	4.1	6,116	7,558	5.1	827
Minority interest in consolidated subsidiaries		24	0.0		(73)	(0.0)	(97)
Net income		11,619	7.1		9,196	6.2	(2,423)

Consolidated Statements of Cash Flows

(Millions of yen)

Account	FY2006	FY2007	Change
	April 1, 2006 March 31, 2007	April 1, 2007 March 31, 2008	
	Amount	Amount	Amount
I Cash flows from operating activities			
Income before income taxes	18,374	16,681	
Depreciation and amortization	11,115	9,933	
Impairment loss	368	9	
Increase (decrease) in allowance for doubtful accounts	734	(4,949)	
(Decrease) in reserve for bonuses	(775)	(69)	
Increase (decrease) in allowance for sales returns	1,077	(1,136)	
(Decrease) in allowance for retirement benefits	(832)	(640)	
Increase (decrease) in allowance for directors' retirement benefits	72	(46)	
Increase (decrease) in allowance for game arcade closings	2,773	(1,795)	
Interest and dividends received	(470)	(962)	
Interest expenses	2	0	
Foreign exchange gain	(76)	1,670	
Gain on sale of investment securities	(410)	(64)	
Losses on investments in securities	194	55	
Losses on disposal of property and equipment	1,085	950	
Losses on sale of property and equipment	17	145	
Gain on divestiture of business	(2,697)	(47)	
Amortization of goodwill	1,386	1,230	
Accelerated amortization of goodwill	1,831	136	
Losses on disposal and write-down of assets associated with business restructuring	—	789	
Other losses	693	—	
Decrease in accounts receivable	11,090	2,940	
(Increase) in inventories	(2,780)	(2,365)	
Increase (decrease) in purchase liabilities	1,671	(3,095)	
(Decrease) in accrued consumption taxes	(320)	(249)	
Decrease (increase) in other current assets	800	(206)	
(Increase) decrease in other non-current assets	(158)	4,827	
(Decrease) in other current liabilities	(5,432)	(1,809)	
Other	243	1,416	
Subtotal	39,577	23,345	(16,232)
Interest and dividends received	487	974	
Interest paid	(5)	(0)	
Income taxes paid	(7,249)	(663)	
Net cash provided by operating activities	32,809	23,655	(9,154)
II Cash flows from investing activities			
Payments for acquiring time deposits	—	(62)	
Proceeds from withdrawal from time deposits	—	31	
Payments for acquiring short-term securities	—	(4,014)	
Proceeds from sale of short-term securities	—	4,014	
Payments for acquiring investment securities	—	(347)	
Proceeds from sale of investment securities	443	155	
Payments for acquiring property and equipment	(10,733)	(6,597)	
Proceeds from sale of property and equipment	—	59	
Payments for acquiring intangible assets	(413)	(259)	
Proceeds from sale of intangible assets	—	0	
Payments for acquisition of shares in consolidated subsidiary	(63)	(90)	
Proceeds from sale of shares in consolidated subsidiary	—	113	
Proceeds from divestiture of business	4,514	47	
Proceeds from return of guarantee money deposited	1,113	1,903	
Payments for provision of guarantee money	(398)	(591)	
Other	(134)	(168)	
Net cash (used in) by investing activities	(5,671)	(5,805)	(134)
III Cash flows from financing activities			
Proceeds from exercise of stock options	438	780	
Payments for acquisition of treasury stock	(37)	(301)	
Payments for dividends	(3,314)	(3,882)	
Payments for dividends for minority interests	(2)	(2)	
Other	2	1	
Net cash (used in) by financing activities	(2,912)	(3,404)	(491)
IV Effect of exchange rate changes on cash and cash equivalents	356	(2,756)	(3,113)
V Net increase in cash and cash equivalents	24,582	11,689	(12,892)
VI Cash and cash equivalents at beginning of year	75,252	99,847	24,595
VII Increase in cash and cash equivalents due to increase in consolidated subsidiaries	13	12	(0)
VIII Decrease in cash and cash equivalents due to exclusion of consolidated subsidiaries	—	(70)	(70)
IX Cash and cash equivalents at end of year	99,847	111,479	11,631

Segment Information

1. Consolidated Business Segment Information

FY2006 (April 1, 2006 to March 31, 2007)

	(Millions of Yen)								
	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Amusement	Others	Total	Eliminations or unallocated	Consolidated total
Sales and operating income									
Net Sales									
(1) Sales to outside customers	51,316	13,660	7,759	11,208	75,610	3,915	163,472	—	163,472
(2) Intersegment sales	—	—	7	—	91	62	161	(161)	—
Total	51,316	13,660	7,767	11,208	75,702	3,978	163,634	(161)	163,472
Operating expenses	34,968	6,893	4,753	7,604	76,054	2,666	132,941	4,614	137,555
Operating income	16,348	6,767	3,013	3,603	(351)	1,311	30,693	(4,776)	25,916
Assets, depreciation and capital expenditures									
Assets	60,153	18,062	8,695	9,544	74,491	7,865	178,812	36,866	215,679
Depreciation	402	593	246	12	9,134	82	10,471	643	11,115
Impairment loss	—	—	—	—	368	—	368	—	368
Capital expenditures	428	411	79	22	9,477	108	10,528	832	11,360

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

2. Major products offered by each business segment

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

3. Unallocated operating expenses included in "Eliminations or unallocated" totaled ¥4,614 million.

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

4. Unallocated assets included in "Eliminations or Unallocated" totaled ¥36,866 million. These assets are mainly comprised of cash and cash deposits, deferred tax assets and property and equipment related to administrative department.

FY2007 (April 1, 2007 to March 31, 2008)

(Millions of Yen)

	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Amusement	Others	Total	Eliminations or unallocated	Consolidated total
Sales and operating income									
Net Sales									
(1) Sales to outside customers	41,588	12,098	6,474	11,158	67,632	8,564	147,516	—	147,516
(2) Intersegment sales	—	—	104	—	1,471	440	2,017	(2,017)	—
Total	41,588	12,098	6,579	11,158	69,104	9,005	149,533	(2,017)	147,516
Operating expenses	32,705	6,218	4,820	7,532	65,974	5,681	122,931	3,064	125,996
Operating income	8,882	5,880	1,758	3,626	3,129	3,324	26,602	(5,082)	21,520
Assets, depreciation and capital expenditures									
Assets	64,345	18,118	7,697	10,588	68,380	13,266	182,397	29,736	212,134
Depreciation	375	428	43	5	7,544	730	9,127	805	9,933
Impairment loss	—	—	—	—	9	—	9	—	9
Capital expenditures	426	234	10	1	4,768	1,142	6,584	368	6,952

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

2. Major products offered by each business segment

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

3. Unallocated operating expenses included in "Eliminations or unallocated" totaled ¥5,082 million.

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

4. Unallocated assets included in "Eliminations or Unallocated" totaled ¥30,558 million. These assets are mainly comprised of cash and cash deposits, deferred tax assets and property and equipment related to administrative department.

2. Consolidated Geographic Segment Information

FY2006 (April 1, 2006 to March 31, 2007)

(Millions of Yen)

	Japan	North America	Europe	Asia	Total	Eliminations or unallocated	Consolidated Total
Sales and operating income							
Net Sales							
(1) Sales to outside customers	128,665	22,341	11,409	1,056	163,472	—	163,472
(2) Intersegment sales	9,776	833	457	11	11,078	(11,078)	—
Total	138,441	23,174	11,867	1,067	174,551	(11,078)	163,472
Operating expenses	119,465	17,552	9,901	1,713	148,633	(11,077)	137,555
Operating income	18,976	5,621	1,965	(645)	25,917	(0)	25,916
Assets	203,303	11,881	7,585	2,747	225,517	(9,838)	215,679

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

2. Main countries included in each segment:

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

2) Europe.....United Kingdom

3) Asia.....China, Korea

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

4. There are no unallocated assets included in "Eliminations or Unallocated."

FY2007 (April 1, 2007 to March 31, 2008)

(Millions of Yen)

	Japan	North America	Europe	Asia	Total	Eliminations or unallocated	Consolidated Total
Sales and operating income							
Net Sales							
(1) Sales to outside customers	127,643	12,035	7,217	620	147,516	—	147,516
(2) Intersegment sales	5,738	552	457	7	6,756	(6,756)	—
Total	133,381	12,588	7,674	628	154,273	(6,756)	147,516
Operating expenses	115,069	9,836	6,592	1,222	132,721	(6,725)	125,996
Operating income	18,312	2,751	1,081	(594)	21,551	(31)	21,520
Assets	202,922	12,387	4,804	1,825	221,939	(9,804)	212,134

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

2. Main countries included in each segment:

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

2) Europe.....United Kingdom

3) Asia.....China, Korea

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

4. There are no unallocated assets included in "Eliminations or Unallocated."

3. Consolidated Overseas Sales

FY2006 (April 1, 2006 to March 31, 2007)

(Millions of Yen)

	North America	Europe	Asia	Total
I Overseas sales	23,801	12,271	1,551	37,624
II Consolidated sales	—	—	—	163,472
III Percentage of overseas sales to consolidated sales	14.6%	7.5%	1.0%	23.0%

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

2. Main countries included in each segment:

- 1) North America.....the United States of America, Canada
- 2) Europe.....United Kingdom, France, Germany, others
- 3) Asia.....China, Korea, others

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

FY2007 (April 1, 2007 to March 31, 2008)

(Millions of Yen)

	North America	Europe	Asia	Total
I Overseas sales	13,358	7,896	1,118	22,373
II Consolidated sales	—	—	—	147,516
III Percentage of overseas sales to consolidated sales	9.1%	5.4%	0.8%	15.2%

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

2. Main countries included in each segment:

- 1) North America.....the United States of America, Canada
- 2) Europe.....United Kingdom, France, Germany, others
- 3) Asia.....China, Korea, others

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