

Consolidated Financial Results
for the Six-Month Period Ended September 30, 2011 (Japan GAAP)

November 4, 2011

Company name: SQUARE ENIX HOLDINGS CO., LTD.
Shares traded: Tokyo Stock Exchange, First Section
Company code: 9684
Company URL: <http://www.square-enix.com/eng>
Representative: Yoichi Wada, President and Representative Director
Contact: Yosuke Matsuda, Director and Chief Financial Officer, tel (03) 5333-1144
Financial report submission: November 11, 2011 (planned)
Cash dividend payment commencement: December 5, 2011 (planned)
Supplementary quarterly materials prepared: Yes
Quarterly results presentation held: Yes (for institutional investors and analysts)

(Amounts under one million yen are rounded down)

1. Consolidated Financial Results (April 1, 2011 to September 30, 2011)

(1) Consolidated Financial Results (cumulative)

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

	Net sales	Operating income	Ordinary income	Net income
Six months ended	%	%	%	%
September 30, 2011	57,516 (15.5)	7,391 29.4	5,386 53.0	3,704 114.9
September 30, 2010	68,056 (24.8)	5,712 (56.4)	3,520 (71.1)	1,723 (35.8)

Note: Six months ended September 30, 2011 Comprehensive income: 1,032 million yen (- %)
 Six months ended September 30, 2010 Comprehensive loss: 1,184 million yen (- %)

	Earnings per share, basic	Earnings per share, diluted
Six months ended	yen	yen
September 30, 2011	32.19	32.13
September 30, 2010	14.98	14.96

(2) Consolidated Financial Position

(Millions of yen and ratios in percents)

	Total assets	Net assets	Equity ratio
As of			%
September 30, 2011	210,302	133,997	62.9
March 31, 2011	206,336	135,143	64.7

Note: Total equity As of September 30, 2011: 132,306 million yen
 As of March 31, 2011: 133,558 million yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2011	-	10.00	-	20.00	30.00
Fiscal year ending March 31, 2012	-	10.00			
Fiscal year ending March 31, 2012 (projection)			-	20.00	30.00

Note: No change in dividend projection from previous announcement.

3. Consolidated Forecasts (April 1, 2011 to March 31, 2012)

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	%		%		%		%		yen
Fiscal year ending March 31, 2012	130,000	3.8	10,000	36.5	10,000	85.5	5,000	-	43.45

Note: No change in consolidated forecasts from previous announcement.

4. Other

- (1) Significant changes among major subsidiaries during the period (changes resulting in change in scope of consolidation): No
- (2) Adoption of special accounting treatment for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, procedures, and methods of presentation for consolidated financial statements
 1. Changes associated with revision in accounting standards: Yes
 2. Other changes: No
 3. Changes in accounting estimates: No
 4. Restatements: No

Note: For details, refer to page 3, section 2. Other Information in Summary, item (1) Changes in accounting principles, changes in accounting estimates and retrospective restatements.

- (4) Outstanding shares (common stock)
 1. Number of shares issued and outstanding (including treasury stock):

As of September 30, 2011	115,370,596
As of March 31, 2011	115,370,596
 2. Number of treasury stock:

As of September 30, 2011	300,420
As of March 31, 2011	299,594
 3. Average number of shares during the period (cumulative):

Six-month period ended September 30, 2011	115,070,580
Six-month period ended September 30, 2010	115,072,443

Disclaimer: (1) This document is a translation of the Japanese language "Kessan Tanshin" prepared in accordance with the guidelines of the Tokyo Stock Exchange. The Japanese language document shall prevail in the event any differences or discrepancies exist between this English translation and the original. (2) At the time of disclosure of this report, review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Law had not been completed. (3) The forward-looking statements in this document are based upon the information currently available and necessarily include elements that are not entirely predictable. Actual results may differ from the forward-looking statements in this document. (4) For additional information about forecasts, please refer to "Qualitative information on consolidated business forecasts" section on page 3 of Supplemental Information.

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1. Consolidated Results for the Six-Month Period Ended September 30, 2011

(1) Analysis of consolidated business results

The Square Enix Group (the "Group") is continuing determined efforts to strengthen the competitiveness and profitability of its business segments of Digital Entertainment, Amusement, Publication and Merchandising. Net sales for the six-month period ended September 30, 2011 totaled ¥57,516 million (a decrease of 15.5% from the same period of the prior fiscal year), operating income amounted to ¥7,391 million (an increase of 29.4% from the same period of the prior fiscal year), ordinary income amounted to ¥5,386 million (an increase of 53.0% from the same period of the prior fiscal year) and net income amounted to ¥3,704 million (an increase of 114.9% from the same period of the prior fiscal year).

A discussion of results by segment for the six-month period ended September 30, 2011 follows.

- Digital Entertainment

The Digital Entertainment segment plans, develops, distributes and operates digital entertainment content primarily in the form of games. Digital entertainment content is offered to meet customer lifestyles across a variety of usage environments such as consumer game consoles (including handheld game machines), personal computers and mobile phones.

During the six-month period ended September 30, 2011, favorable results included the major title release DEUS EX: HUMAN REVOLUTION, launched in August in Europe and North America with shipments surpassing two million units, as well as increased billing revenue from growth areas including content for the web, smartphones and social networking services.

Net sales and operating income in the Digital Entertainment segment totaled ¥29,470 million (a decrease of 16.2% from the same period of the prior fiscal year) and ¥7,781 million (an increase of 20.0% from the same period of the prior fiscal year), respectively.

- Amusement

The Amusement segment consists of the operation of amusement facilities and the planning, development and distribution of arcade game machines and related products for amusement facilities.

During the six-month period ended September 30, 2011, while lower earnings resulted mainly from the conclusion of an arcade-based collectible card game in August of the prior fiscal year, the operation of amusement facilities business experienced year-on-year growth in existing store sales with signs of improving industry conditions.

Net sales and operating income in the Amusement segment totaled ¥21,091 million (a decrease of 10.4% from the same period of the prior fiscal year) and ¥1,881 million (a decrease of 4.8% from the same period of the prior fiscal year), respectively.

- Publication

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

During the six-month period ended September 30, 2011, the Group had favorable results benefitting from cross media initiatives based on popular titles that generated continued strong sales of comic books.

Further, the Group has been dedicated to developing network-based businesses including applications by which the Group's GANGAN ONLINE, a web-based comic magazine, can be browsed.

Net sales and operating income in the Publication segment totaled ¥5,822 million (a decrease of 23.0% from the same period of the prior fiscal year) and ¥1,477 million (a decrease of 28.1% from the same period of the prior fiscal year), respectively.

- Merchandising

The Merchandising segment includes the planning, production, distribution and licensing of derivative products of titles owned by the Group.

During the six-month period ended September 30, 2011, the Group continued to distribute and license items such as character goods and soundtracks based on the Group's own IPs while also diversifying its profit-earning opportunities through accelerating global operations and strengthening its character goods lineup with additional products based on renowned third party content.

Net sales and operating income in the Merchandising segment totaled ¥1,134 million (a decrease of 36.3% from the same period of the prior fiscal year) and ¥212 million (a decrease of 51.8% from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- Assets

As of September 30, 2011, total current assets were ¥170,244 million, an increase of ¥5,943 million compared to March 31, 2011. The change was mainly due to a ¥4,173 million decrease in cash and deposits and increases in notes and accounts receivable and the content production account of ¥5,956 million and ¥6,475 million, respectively. As of September 30, 2011, total non-current assets were ¥40,057 million, a decrease of ¥1,977 million compared to March 31, 2011.

As a result, total assets were ¥210,302 million, an increase of ¥3,966 million compared to March 31, 2011.

- Liabilities

As of September 30, 2011, total current liabilities were ¥33,275 million, an increase of ¥4,770 million compared to March 31, 2011. The decrease was mainly due to increases in notes and accounts payable and short term loans payable of ¥894 million and ¥2,853 million, respectively. As of September 30, 2011, total non-current liabilities were ¥43,029 million, an increase of ¥341 million compared to March 31, 2011. The increase was mainly due to an increase in allowances for employees' retirement benefits and asset retirement obligations of ¥381 million.

As a result, total liabilities were ¥76,304 million, an increase of ¥5,112 million compared to March 31, 2011.

- Net assets

As of September 30, 2011, net assets were ¥133,997 million, a decrease of ¥1,145 million compared to March 31, 2011. The main factors affecting net assets during the six-month period ended September 30, 2011 were net income of ¥3,704 million, payments for dividends from retained earnings totaling ¥2,301 million and a negative foreign

currency translation adjustment of ¥2,680 million.

As a result, the consolidated equity ratio stood at 62.9%, compared to 64.7% at March 31, 2011.

(3) Qualitative information on consolidated business forecasts

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

Forecasts for the current fiscal year ending March 31, 2012 are unchanged from forecasts at the beginning of the fiscal year.

In the current fiscal year, the Group is focusing all efforts on rebuilding the Group businesses toward a substantial earnings recovery from next fiscal year ending March 31, 2013 and beyond.

2. Other Information in Summary

(1) Changes in accounting principles, changes in accounting estimates and retrospective restatements

(Change in accounting principle)

Effective from the fiscal first quarter, the Company has adopted the Accounting Standards Board of Japan's revised Accounting Standard for Earnings Per Share (ASBJ Statement No. 2, issued June 30, 2010) and revised Guidance on Accounting Standard for Earnings Per Share (ASBJ Guidance No. 4, issued June 30, 2010).

The Company has changed the method by which it calculates quarterly diluted EPS as follows. For employee stock options that vest after a stipulated period of service, the Company now includes the portion of stock options' fair value attributable to future service when calculating the cash proceeds assumed to be receivable upon execution of the stock options. This change will have no impact on reported EPS.

(2) Additional information

The Company has adopted the Accounting Standards Board of Japan's Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, issued December 4, 2009) and Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, issued December 4, 2009) for accounting changes and error corrections made from April 1, 2011, onward.

3. Consolidated Financial Statements for the Six-Month Period Ended September 30, 2011

(1) Consolidated balance sheets

	<i>(Millions of yen)</i>	
	As of September 30, 2011	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	106,953	111,126
Notes and accounts receivable	21,430	15,474
Merchandise and finished goods	2,339	2,992
Work in progress	314	287
Raw materials and supplies	405	427
Content production account	26,366	19,890
Other	12,567	14,222
Allowance for doubtful accounts	(133)	(120)
Total current assets	<u>170,244</u>	<u>164,301</u>
Non-current assets		
Property and equipment	16,869	17,328
Intangible assets	9,338	10,324
Investments and other assets	13,849	14,382
Total non-current assets	<u>40,057</u>	<u>42,034</u>
Total assets	<u>210,302</u>	<u>206,336</u>

(Millions of yen)

	As of September 30, 2011	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,672	7,777
Short-term loans payable	4,191	1,338
Income taxes payable	1,872	2,269
Reserve for bonuses	1,146	1,453
Provision for sales returns	2,047	1,780
Provision for game arcade closings	327	487
Asset retirement obligations	5	63
Other	15,012	13,332
Total current liabilities	<u>33,275</u>	<u>28,504</u>
Non-current liabilities		
Bonds payable	35,000	35,000
Provision for retirement benefits	3,442	3,061
Provision for directors' retirement benefits	230	266
Provision for game arcade closings	553	590
Asset retirement obligation	660	657
Other	3,142	3,111
Total non-current liabilities	<u>43,029</u>	<u>42,687</u>
Total liabilities	<u>76,304</u>	<u>71,192</u>
Net assets		
Shareholders' equity		
Capital stock	15,204	15,204
Capital surplus	44,444	44,444
Retained earnings	84,116	82,711
Treasury stock	(860)	(859)
Total shareholders' equity	<u>142,904</u>	<u>141,501</u>
Accumulated other comprehensive income loss		
Valuation difference on available-for-sale securities	11	(14)
Foreign currency translation adjustments	(10,609)	(7,929)
Total accumulated other comprehensive loss	<u>(10,598)</u>	<u>(7,943)</u>
Subscription rights to shares	944	814
Minority interests	745	771
Total net assets	<u>133,997</u>	<u>135,143</u>
Total liabilities and net assets	<u>210,302</u>	<u>206,336</u>

(2) Consolidated income statement and consolidated statement of comprehensive income
 Consolidated income statement

	<i>(Millions of yen)</i>	
	Six months ended September 30, 2011	Six months ended September 30, 2010
Net sales	57,516	68,056
Cost of sales	29,549	39,112
Gross profit	27,967	28,944
Reversal of provision for sales returns	1,721	4,046
Provision for sales returns	2,138	4,164
Gross profit-net	27,550	28,826
Selling, general and administrative expenses	20,158	23,113
Operating income	7,391	5,712
Non-operating income		
Interest income	66	128
Dividends received	2	13
Miscellaneous income	56	55
Total non-operating income	125	197
Non-operating expenses		
Interest expenses	15	50
Commission fee	22	22
Foreign exchange losses	2,086	2,298
Miscellaneous loss	5	18
Total non-operating expenses	2,130	2,389
Ordinary income	5,386	3,520
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on sales of investment securities	48	-
Gain on sales of subsidiaries and affiliates' stocks	195	-
Reversal of allowance for doubtful accounts	-	162
Gain on reversal of subscription rights to shares	34	96
Gain on disposition of foreign currency translation adjustment	-	317
Other	4	104
Total extraordinary income	283	681
Extraordinary loss		
Loss on retirement of non-current assets	265	290
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	462
Other	61	243
Total extraordinary loss	327	996
Income before income dividends distribution from silent partnership, income taxes (tokumei-kumiai)	5,342	3,205
Dividends distribution from silent partnership (tokumei-kumiai)	(2)	(5)
Income before income taxes	5,345	3,211
Income taxes-current	1,243	49
Income taxes-deferred	393	1,431
Total income taxes	1,636	1,481
Income before minority interests	3,708	1,730
Minority interests in income	3	6
Net income	3,704	1,723

Consolidated statement of comprehensive income

	Six months ended September 30, 2011	<i>(Millions of yen)</i> Six months ended September 30, 2010
Income before minority interests	3,708	1,730
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	26	(68)
Foreign currency translation adjustment	(2,701)	(2,846)
Other comprehensive loss	(2,675)	(2,914)
Comprehensive income	1,032	(1,184)
(Breakdown)		
Comprehensive income (loss) attributable to owners of the parent	1,050	(1,145)
Comprehensive income (loss) attributable to minority interests	(17)	(38)

(3) Note regarding going concern assumptions

None

(4) Segment information

I. Outline of reporting segments for the six-month period ended September 30, 2010

1. Information on sales and income by reporting segment

(Millions of yen)

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Sales and operating income							
Net sales							
(1) Sales to outside customers	35,178	23,540	7,559	1,777	68,056	-	68,056
(2) Intersegment sales	0	-	-	2	2	(2)	-
Total	35,178	23,540	7,559	1,780	68,059	(2)	68,056
Segment operating income	6,482	1,976	2,055	440	10,955	(5,242)	5,712

Notes: 1. Segment adjustments (¥5,242 million) include amortization of goodwill (¥751 million) and unallocated corporate operating expenses (¥4,498 million).

2. Segment operating income is adjusted in operating income on the consolidated income statement.

2. Report by segment of noncurrent assets impairment, goodwill or other

None

II. Outline of reporting segments for the six-month period ended September 30, 2011

1. Information on sales and income by reporting segment

(Millions of yen)

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Sales and operating income							
Net sales							
(1) Sales to outside customers	29,470	21,091	5,822	1,133	57,516	-	57,516
(2) Intersegment sales	-	-	-	0	0	(0)	-
Total	29,470	21,091	5,822	1,134	57,517	(0)	57,516
Segment operating income	7,781	1,881	1,477	212	11,352	(3,960)	7,391

Notes: 1. Segment adjustments (¥3,960 million) include unallocated corporate operating expenses (¥3,972 million).

2. Segment operating income is adjusted in operating income on the consolidated income statement.

2. Report by segment of noncurrent assets impairment, goodwill or other

None

(5) Material changes in shareholders' equity

None