

**Consolidated Financial Results
for the Six-Month Period Ended September 30, 2012 (Japan GAAP)**

November 6, 2012

Company name: SQUARE ENIX HOLDINGS CO., LTD.
Shares traded: Tokyo Stock Exchange, First Section
Company code: 9684
Company URL: <http://www.hd.square-enix.com/eng/>
Representative: Yoichi Wada, President and Representative Director
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Financial report submission: November 13, 2012 (planned)
Cash dividend payment commencement: December 5, 2012 (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, 2012 to September 30, 2012)

(1) Consolidated Financial Results

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

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
Six months ended	%		%		%		%	
September 30, 2012	61,055	6.2	(5,240)	—	(6,266)	—	(5,480)	—
September 30, 2011	57,516	(15.5)	7,391	29.4	5,386	53.0	3,704	114.9

Note: Six months ended September 30, 2012 Comprehensive income: (6,714) million yen (- %)
 Six months ended September 30, 2011 Comprehensive income: 1,032 million yen (- %)

	Earnings (loss) per share, basic	Earnings (loss) per share, diluted
Six months ended	yen	yen
September 30, 2012	(47.63)	—
September 30, 2011	32.19	32.13

(2) Consolidated Financial Position

(Millions of yen and ratios in percents)

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
September 30, 2012	204,825	128,352	61.8	1,099.63
March 31, 2012	213,981	137,297	63.3	1,177.87

Note: Total equity As of September 30, 2012: 126,533 million yen
 As of March 31, 2012: 135,536 million yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	yen	Yen	yen	yen	yen
Fiscal year ended March 31, 2012	-	10.00	-	20.00	30.00
Fiscal year ending March 31, 2013	-	10.00			
Fiscal year ending March 31, 2013 (projection)			-	20.00	30.00

Note: No change in dividend projection from previous announcement.

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

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

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
		%		%		%		%	yen
Fiscal year ending March 31, 2013	150,000	17.3	7,500	(30.0)	6,500	(36.9)	3,500	(42.2)	30.42

Note: No change in consolidated forecasts from previous announcement.

4. Other

- (1) Significant changes among major subsidiaries during the period : No
- (2) Adoption of special accounting treatment for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatements
 1. Changes associated with revision in accounting standards: Yes
 2. Other changes: No
 3. Changes in accounting estimates: Yes
 4. Restatements: No
- (4) Outstanding shares (common stock)
 1. Number of shares issued and outstanding (including treasury stock):

As of September 30, 2012	115,370,596
As of March 31, 2012	115,370,596
 2. Number of treasury stock:

As of September 30, 2012	301,373
As of March 31, 2012	301,247
 3. Average number of shares during the period (cumulative):

Six-month period ended September 30, 2012	115,069,305
Six-month period ended September 30, 2011	115,070,580

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 consolidated 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. The achievement is not promised. Actual results may differ from the forward-looking statements in this document. (4) For additional information about forecasts, please refer to "1.Consolidated Results for the Six-Month Period Ended September 30, 2012 (3) 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, 2012

(1) Analysis of consolidated business results

The Square Enix Group (the "Group") is continuing determined efforts to strengthen the competitiveness and profitability of its business segments of Digital Entertainment, Amusement, Publication and Merchandising.

Net sales for the six-month period ended September 30, 2012 totaled ¥61,055 million (an increase of 6.2% from the same period of the prior fiscal year), operating losses amounted to ¥5,240 million (operating income of ¥7,391 million in the same period of the prior fiscal year), ordinary losses amounted to ¥6,266 million (ordinary income of ¥5,386 million in the same period of the prior fiscal year) and net losses amounted to ¥5,480 million (net income of ¥3,704 million in the same period of the prior fiscal year).

A discussion of results by segment for the six-month period ended September 30, 2012 follows.

- Digital Entertainment

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

During the six-month period ended September 30, 2012, sales of console games as a whole fell short of the target for the six-month period, while the sales of "DRAGON QUEST MONSTERS TERRY NO WONDERLAND 3D" were favorable.

Content for other platforms such as PCs and smartphones such as "SENGOKU IXA," a browser game, and "FINAL FANTASY BRIGADE," a social networking game for Mobage, continue to post favorable results, maintaining a revenue growth trend on a quarterly basis. However, development periods for such content have been increasing in length, and the expense of development costs tended to precede recording sales, which has stagnated profitability.

On the other hand, the operation of "DRAGON QUEST X," a major MMORPG, started on August, 2012, and the number of registered paying users has been growing steadily.

Net sales and operating losses in the Digital Entertainment segment totaled ¥30,749 million (an increase of 4.3% from the same period of the prior fiscal year) and ¥2,088 million (operating income of ¥7,781 million in 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, 2012, the operation of amusement facilities was stable in that comparable-store sales were down 1% over the same period last year.

On the other hand, the performance of arcade game machines that were released during the six-month period ended

September 30, 2012 was sluggish in terms of sales of machines and revenues from operations, which leads to unfavorable sales and earnings.

Net sales and operating losses in the Amusement segment totaled ¥23,115 million (an increase of 9.6% from the same period of the prior fiscal year) and ¥209 million (operating income of ¥1,881 million in 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, 2012, the Group had favorable results supported by continued steady sales of popular comic book titles.

Net sales and operating income in the Publication segment totaled ¥5,530 million (a decrease of 5.0% from the same period of the prior fiscal year) and ¥1,227 million (a decrease of 16.9% 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, 2012, the Group continued to distribute and license items such as character goods and soundtracks based on the Group's own IPs while also strengthening its character goods lineup with additional products based on third party content.

Net sales and operating income in the Merchandising segment totaled ¥1,673 million (an increase of 47.5% from the same period of the prior fiscal year) and ¥352 million (an increase of 66.0% from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- Assets

As of September 30, 2012, total current assets were ¥159,203 million, a decrease of ¥12,957 million compared to March 31, 2012. This was mainly due to a decrease in cash and deposits of ¥16,359 million, while the content production account and other on current assets increased by ¥1,450 million and ¥1,967 million, respectively. As of September 30, 2012, total non-current assets were ¥45,622 million, an increase of ¥3,802 million compared to March 31, 2012. This was mainly due to an increase in property and equipment of ¥4,459 million.

As a result, total assets were ¥204,825 million, a decrease of ¥9,155 million compared to March 31, 2012.

- Liabilities

As of September 30, 2012, total current liabilities were ¥32,446 million, a decrease of ¥ 1,332 million compared to March 31, 2012. This was mainly due to decreases in notes and accounts payable-trade and income taxes payable of ¥1,778 million and ¥3,254 million, respectively, while other on current liabilities increased by ¥3,789 million. As of September 30, 2012, total non-current liabilities were ¥44,027 million, an increase of ¥1,121 million compared to March 31, 2012. This was mainly due to increases in provision for retirement benefits and asset retirement obligations

of ¥467 million and ¥648 million, respectively.

As a result, total liabilities were ¥76,473 million, a decrease of ¥210 million compared to March 31, 2012.

- Net assets

As of September 30, 2012, net assets were ¥128,352 million, a decrease of ¥8,944 million compared to March 31, 2012. This was mainly due to net loss of ¥5,480 million, dividend payments of ¥2,301 million and a decrease in foreign currency translation adjustments of ¥1,099 million.

As a result, the consolidated equity ratio stood at 61.8%, compared to 63.3% as of March 31, 2012.

(3) Qualitative information on consolidated business forecasts

The advancement of networking and digitalization, and the diffusion of smartphones have triggered a fundamental change in the business environment surrounding the Group, where content delivery measures to customers and business models are increasingly diversified. The Group views this change as an opportunity to capture new profit sources, and is making every effort to establish its profit base through expansion of content and services that conform to emerging customer needs, and launch of full-scale commercial services for major MMO titles.

The Group is focusing all efforts on a substantial earnings recovery from this fiscal year ending March 31, 2013 and beyond.

2. Other Information in Summary

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

(Change in accounting policy that is difficult to distinguish between a change in accounting policy and a change in an accounting estimate)

According to Japan's revised Corporation Tax Act, SQUARE ENIX HOLDINGS CO., LTD. and the Japan's consolidated subsidiaries have changed to the depreciation method based on the Japan's revised Corporation Tax Act for the tangible fixed assets acquired since April 1, 2012.

This change will have minor impact on profit and loss for six months ended September 30, 2012.

3. Consolidated Financial Statements for the Six-Month Period Ended September 30, 2012

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of September 30, 2012
Assets		
Current assets		
Cash and deposits	111,495	95,136
Notes and accounts receivable-trade	18,431	18,633
Merchandise and finished goods	2,343	2,843
Work in progress	738	172
Raw materials and supplies	573	425
Content production account	25,047	26,498
Other	13,655	15,623
Allowance for doubtful accounts	(124)	(129)
Total current assets	172,161	159,203
Non-current assets		
Property and equipment	17,183	21,643
Intangible assets	10,121	10,128
Investments and other assets	14,514	13,850
Total non-current assets	41,819	45,622
Total assets	213,981	204,825

(Millions of yen)

	As of March 31, 2012	As of September 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,220	7,442
Short-term loans payable	5,253	5,039
Income taxes payable	4,034	780
Provision for bonuses	1,200	1,116
Provision for sales returns	1,545	1,840
Provision for game arcade closings	260	177
Asset retirement obligations	2	1
Other	12,258	16,048
Total current liabilities	<u>33,778</u>	<u>32,446</u>
Non-current liabilities		
Bonds payable	35,000	35,000
Provision for retirement benefits	3,808	4,276
Provision for directors' retirement benefits	234	238
Provision for game arcade closings	584	536
Asset retirement obligations	149	797
Other	3,128	3,178
Total non-current liabilities	<u>42,906</u>	<u>44,027</u>
Total liabilities	<u>76,684</u>	<u>76,473</u>
Net assets		
Shareholders' equity		
Capital stock	15,204	15,204
Capital surplus	44,444	44,444
Retained earnings	85,320	77,539
Treasury stock	(861)	(861)
Total shareholders' equity	<u>144,108</u>	<u>136,326</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124	3
Foreign currency translation adjustments	(8,696)	(9,796)
Total accumulated other comprehensive income	<u>(8,572)</u>	<u>(9,793)</u>
Subscription rights to shares	977	1,048
Minority interests	783	770
Total net assets	<u>137,297</u>	<u>128,352</u>
Total liabilities and net assets	<u>213,981</u>	<u>204,825</u>

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

(Millions of yen)

	Six months ended September 30, 2011	Six months ended September 30, 2012
Net sales	57,516	61,055
Cost of sales	29,549	39,988
Gross profit	27,967	21,066
Reversal of provision for sales returns	1,721	1,495
Provision for sales returns	2,138	1,852
Gross profit-net	27,550	20,710
Selling, general and administrative expenses	20,158	25,950
Operating income (loss)	7,391	(5,240)
Non-operating income		
Interest income	66	57
Dividends received	2	5
Miscellaneous income	56	46
Total non-operating income	125	108
Non-operating expenses		
Interest expenses	15	52
Commission fee	22	26
Foreign exchange losses	2,086	1,025
Miscellaneous loss	5	31
Total non-operating expenses	2,130	1,135
Ordinary income (loss)	5,386	(6,266)
Extraordinary income		
Gain on sales of investment securities	48	—
Gain on sales of subsidiaries and affiliates' stocks	195	—
Gain on reversal of subscription rights to shares	34	23
Other	4	3
Total extraordinary income	283	26
Extraordinary loss		
Loss on retirement of non-current assets	265	57
Other	61	77
Total extraordinary loss	327	135
Income (loss) before income dividends distribution from silent partnership, income taxes (tokumei-kumiai)	5,342	(6,375)
Dividends distribution from silent partnership (tokumei-kumiai)	(2)	0
Income (loss) before income taxes	5,345	(6,375)
Income taxes-current	1,243	(366)
Income taxes-deferred	393	(535)
Total income taxes	1,636	(902)
Income (loss) before minority interests	3,708	(5,472)
Minority interests in income	3	7
Net income (loss)	3,704	(5,480)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2011	Six months ended September 30, 2012
Income (loss) before minority interests	3,708	(5,472)
Other comprehensive income		
Valuation difference on available-for-sale securities	26	(121)
Foreign currency translation adjustment	(2,701)	(1,119)
Other comprehensive income	(2,675)	(1,241)
Comprehensive income	1,032	(6,714)
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,050	(6,701)
Comprehensive income attributable to minority interests	(17)	(12)

(3) Note regarding going concern assumptions

None

(4) Material changes in shareholders' equity

None

(5) Segment information

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

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		
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.

II. Outline of reporting segments for the six-month period ended September 30, 2012

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		
Net sales							
(1) Sales to outside customers	30,749	23,115	5,530	1,660	61,055	-	61,055
(2) Intersegment sales	-	-	-	13	13	(13)	-
Total	30,749	23,115	5,530	1,673	61,068	(13)	61,055
Segment operating income (loss)	(2,088)	(209)	1,227	352	(718)	(4,521)	(5,240)

Notes: 1. Segment adjustments (¥4,521 million) include unallocated corporate operating expenses (¥4,541 million).

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