

**Consolidated Financial Results
for the Three-Month Period Ended June 30, 2011 (Japan GAAP)**

August 5, 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
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Financial report submission: August 12, 2011 (planned)
Cash dividend payment commencement: -
Supplementary quarterly materials prepared: Yes
Quarterly results presentation held: No

(Amounts under one million yen are rounded down)

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

(1) Consolidated Financial Results

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

	Net sales	Operating income	Ordinary income	Net income
Three months ended	%	%	%	%
June 30, 2011	24,529 (24.6)	2,178 (59.9)	1,487 (56.6)	690 (61.9)
June 30, 2010	32,540 10.7	5,434 814.4	3,426 124.1	1,812 -

Note: Three months ended June 30, 2011 Comprehensive loss: 270 million yen (- %)
 Three months ended June 30, 2010 Comprehensive income: 116 million yen (- %)

	Earnings per share, basic	Earnings per share, diluted
Three months ended	yen	yen
June 30, 2011	6.00	5.99
June 30, 2010	15.75	15.74

(2) Consolidated Financial Position

(Millions of yen and ratios in percents)

	Total assets	Net assets	Equity ratio
As of			%
June 30, 2011	200,141	132,557	65.4
March 31, 2011	206,336	135,143	64.7

Note: Total equity As of June 30, 2011: 130,987 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	-				
Fiscal year ending March 31, 2012 (projection)		10.00	-	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
Six months ending September 30, 2011	56,000	(17.7)	3,500	(38.7)	3,500	(0.6)	1,500	(13.0)	13.04
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
- (4) Outstanding shares (common stock)
 1. Number of shares issued and outstanding (including treasury stock):

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

As of June 30, 2011	299,969
As of March 31, 2011	299,594
 3. Average number of shares during the period (cumulative):

Three-month period ended June 30, 2011	115,070,785
Three-month period ended June 30, 2010	115,072,637

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 Three-Month Period Ended June 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 three-month period ended June 30, 2011 totaled ¥24,529 million (a decrease of 24.6% from the same period of the prior fiscal year), operating income amounted to ¥2,178 million (a decrease of 59.9% from the same period of the prior fiscal year), ordinary income amounted to ¥1,487 million (a decrease of 56.6% from the same period of the prior fiscal year) and net income amounted to ¥690 million (a decrease of 61.9% from the same period of the prior fiscal year).

A discussion of results by segment for the three-month period ended June 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 three-month period ended June 30, 2011, a lack of major releases was the primary factor causing weakness in sales of console games. However, robust growth continued in content for other platforms such as PCs and smartphones including the Group's virtual community portal site called "Nicotto Town" and an online simulation game called "SENGOKU IXA" in partnership with Yahoo! Japan.

Net sales and operating income in the Digital Entertainment segment totaled ¥11,793 million (a decrease of 29.1% from the same period of the prior fiscal year) and ¥2,834 million (a decrease of 51.9% 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 three-month period ended June 30, 2011, while lower earnings resulted 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 ¥9,675 million (a decrease of 11.9% from the same period of the prior fiscal year) and ¥582 million (a decrease of 14.8% 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 three-month period ended June 30, 2011, the Group had favorable results supported by continued strong comic book sales accelerated by TV broadcasting animation programs of popular titles.

Further, the Group has been dedicated to developing network-based businesses such as distribution of special applications for iPhone, iPod touch and iPad 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 ¥2,551 million (a decrease of 36.8% from the same period of the prior fiscal year) and ¥633 million (a decrease of 49.4% 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 three-month period ended June 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 strengthening its character goods lineup with additional products based on third party content.

Net sales and operating income in the Merchandising segment totaled ¥508 million (a decrease of 43.4% from the same period of the prior fiscal year) and ¥91 million (a decrease of 58.9% from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- Assets

As of June 30, 2011, total current assets were ¥158,821 million, a decrease of ¥5,479 million compared to March 31, 2011. The change was mainly due to decreases in cash and deposits and notes and accounts receivable of ¥3,918 million and ¥3,084 million, respectively, while the content production account increased by ¥3,051 million. As of June 30, 2011, total non-current assets were ¥41,319 million, a decrease of ¥715 million compared to March 31, 2011. As a result, total assets were ¥200,141 million, a decrease of ¥6,194 million compared to March 31, 2011.

- Liabilities

As of June 30, 2011, total current liabilities were ¥24,691 million, a decrease of ¥ 3,813 million compared to March 31, 2011. The decrease was mainly due to the decreases in notes and accounts payable and accrued income taxes of ¥1,939 million and ¥1,189 million, respectively. As of June 30, 2011, total non-current liabilities were ¥42,892 million, an increase of ¥204 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 ¥192 million.

As a result, total liabilities were ¥67,583 million, a decrease of ¥3,609 million compared to March 31, 2011.

- Net assets

As of June 30, 2011, net assets were ¥132,557 million, a decrease of ¥2,585 million compared to March 31, 2011. The main factors affecting net assets during the three-month period ended June 30, 2011 were net income of ¥690 million, payments for dividends from retained earnings totaling ¥2,301 million and a negative foreign currency translation adjustment of ¥956 million.

As a result, the consolidated equity ratio stood at 65.4%, 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 financially well-established network related businesses 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 issued on May 13, 2011. 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 Three-Month Period Ended June 30, 2011

(1) Consolidated balance sheets

	<i>(Millions of yen)</i>	
	As of June 30, 2011	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	107,208	111,126
Notes and accounts receivable	12,390	15,474
Merchandise and finished goods	2,664	2,992
Work in progress	262	287
Raw materials and supplies	359	427
Content production account	22,942	19,890
Other	13,102	14,222
Allowance for doubtful accounts	(107)	(120)
Total current assets	<u>158,821</u>	<u>164,301</u>
Non-current assets		
Property and equipment	17,112	17,328
Intangible assets	10,089	10,324
Investments and other assets	14,117	14,382
Total non-current assets	<u>41,319</u>	<u>42,034</u>
Total assets	<u>200,141</u>	<u>206,336</u>

(Millions of yen)

	As of June 30, 2011	As of March 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	5,838	7,777
Short-term loans payable	2,336	1,338
Income taxes payable	1,079	2,269
Reserve for bonuses	553	1,453
Provision for sales returns	1,601	1,780
Provision for game arcade closings	470	487
Asset retirement obligations	7	63
Other	12,802	13,332
Total current liabilities	<u>24,691</u>	<u>28,504</u>
Non-current liabilities		
Bonds payable	35,000	35,000
Provision for retirement benefits	3,253	3,061
Provision for directors' retirement benefits	226	266
Provision for game arcade closings	571	590
Asset retirement obligation	657	657
Other	3,182	3,111
Total non-current liabilities	<u>42,892</u>	<u>42,687</u>
Total liabilities	<u>67,583</u>	<u>71,192</u>
Net assets		
Shareholders' equity		
Capital stock	15,204	15,204
Capital surplus	44,444	44,444
Retained earnings	81,102	82,711
Treasury stock	(859)	(859)
Total shareholders' equity	<u>139,891</u>	<u>141,501</u>
Accumulated other comprehensive income loss		
Valuation difference on available-for-sale securities	(18)	(14)
Foreign currency translation adjustments	(8,885)	(7,929)
Total accumulated other comprehensive loss	<u>(8,903)</u>	<u>(7,943)</u>
Subscription rights to shares	807	814
Minority interests	762	771
Total net assets	<u>132,557</u>	<u>135,143</u>
Total liabilities and net assets	<u>200,141</u>	<u>206,336</u>

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

	Three months ended June 30, 2011	<i>(Millions of yen)</i> Three months ended June 30, 2010
Net sales	24,529	32,540
Cost of sales	13,028	16,448
Gross profit	11,501	16,091
Reversal of provision for sales returns	1,752	4,046
Provision for sales returns	1,614	3,620
Gross profit-net	11,639	16,517
Selling, general and administrative expenses	9,461	11,083
Operating income	2,178	5,434
Non-operating income		
Interest income	25	55
Dividends received	2	13
Miscellaneous income	24	44
Total non-operating income	52	114
Non-operating expenses		
Interest expenses	6	17
Commission fee	11	11
Foreign exchange losses	724	2,088
Miscellaneous loss	1	4
Total non-operating expenses	743	2,122
Ordinary income	1,487	3,426
Extraordinary income		
Gain on sales of non-current assets	-	0
Gain on sales of investment securities	47	-
Gain on sales of subsidiaries and affiliates' stocks	203	-
Reversal of allowance for doubtful accounts	-	182
Gain on reversal of subscription rights to shares	28	96
Gain on disposition of foreign currency translation adjustment	-	317
Other	5	102
Total extraordinary income	284	699
Extraordinary loss		
Loss on retirement of non-current assets	73	23
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	462
Other	32	29
Total extraordinary loss	105	516
Income before income dividends distribution from silent partnership, income taxes (tokumei-kumiai)	1,666	3,609
Dividends distribution from silent partnership (tokumei-kumiai)	1	(0)
Income before income taxes	1,665	3,609
Income taxes-current	135	249
Income taxes-deferred	838	1,546
Total income taxes	973	1,795
Income before minority interests	691	1,813
Minority interests in income	0	1
Net income	690	1,812

Consolidated statement of comprehensive income

	Three months ended June 30, 2011	<i>(Millions of yen)</i> Three months ended June 30, 2010
Income before minority interests	691	1,813
Other comprehensive income (loss)		
Valuation difference on available-for-sale securities	(3)	(45)
Foreign currency translation adjustment	(958)	(1,651)
Other comprehensive loss	(961)	(1,697)
Comprehensive income	(270)	116
(Breakdown)		
Comprehensive income (loss) attributable to owners of the parent	(269)	131
Comprehensive income (loss) attributable to minority interests	(0)	(14)

(3) Note regarding going concern assumptions

None

(4) Segment information

I. Outline of reporting segments for the three-month period ended June 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	16,626	10,978	4,038	896	32,540	-	32,540
(2) Intersegment sales	-	-	-	1	1	(1)	-
Total	16,626	10,978	4,038	898	32,541	(1)	32,540
Segment operating income	5,891	683	1,251	223	8,050	(2,616)	5,434

Notes: 1. Segment adjustments (¥2,616 million) include amortization of goodwill (¥377 million) and unallocated corporate operating expenses (¥2,242 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 three-month period ended June 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	11,793	9,675	2,551	508	24,529	-	24,529
(2) Intersegment sales	-	-	-	0	0	(0)	-
Total	11,793	9,675	2,551	508	24,530	(0)	24,529
Segment operating income	2,834	582	633	91	4,142	(1,963)	2,178

Notes: 1. Segment adjustments (¥1,963 million) include unallocated corporate operating expenses (¥1,968 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