

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

August 7, 2012

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
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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, 2012 to June 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)	
Three months ended	%		%		%		%	
June 30, 2012	24,914	1.6	(1,163)	-	(2,049)	-	(2,077)	-
June 30, 2011	24,529	(24.6)	2,178	(59.9)	1,487	(56.6)	690	(61.9)

Note: Three months ended June 30, 2012 Comprehensive income: (3,203) million yen (- %)
 Three months ended June 30, 2011 Comprehensive income: (270) million yen (- %)

	Earnings (loss) per share, basic	Earnings (loss) per share, diluted
Three months ended	yen	yen
June 30, 2012	(18.05)	-
June 30, 2011	6.00	5.99

(2) Consolidated Financial Position

(Millions of yen and ratios in percents)

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
June 30, 2012	205,283	131,809	63.3	1,130.05
March 31, 2012	213,981	137,297	63.3	1,177.87

Note: Total equity As of June 30, 2012: 130,033 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	-				
Fiscal year ending March 31, 2013 (projection)		10.00	-	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
Six months ending September 30, 2012	%	%	%	%	%	yen
	76,000	32.1	0	(100.0)	0	(100.0)
Fiscal year ending March 31, 2013	165,000	29.0	15,000	40.0	15,000	45.7
					9,000	48.5
						78.21

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

As of June 30, 2012	301,279
As of March 31, 2012	301,247
 3. Average number of shares during the period (cumulative):

Three-month period ended June 30, 2012	115,069,323
Three-month period ended June 30, 2011	115,070,785

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. 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 Three-Month Period Ended June 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 Three-Month Period Ended June 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 three-month period ended June 30, 2012 totaled ¥24,914 million (an increase of 1.6% from the same period of the prior fiscal year), operating loss amounted to ¥1,163 million (operating income of ¥2,178 million in the same period of the prior fiscal year), ordinary loss amounted to ¥2,049 million (ordinary income of ¥1,487 million in the same period of the prior fiscal year) and net loss amounted to ¥2,077 million (net income of ¥690 million in the same period of the prior fiscal year).

A discussion of results by segment for the three-month period ended June 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 three-month period ended June 30, 2012, sales of console games were weak, while the sales of “DRAGON QUEST MONSTERS TERRY NO WONDERLAND 3D” were favorable. On the other hand, content for other platforms such as PCs and smartphones such as “SENGOKU IXA,” a browser game, and

“FINAL FATANSY BRIGADE,” a social networking game for Mobage continues to post favorable results.

Net sales and operating loss in the Digital Entertainment segment totaled ¥11,336 million (a decrease of 3.9% from the same period of the prior fiscal year) and ¥111 million (operating income of ¥2,834 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 three-month period ended June 30, 2012, the operation of amusement facilities business did not experience growth due to stagnant market conditions.

Net sales and operating loss in the Amusement segment totaled ¥9,981 million (an increase of 3.2% from the same period of the prior fiscal year) and ¥50 million (operating income of ¥582 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 three-month period ended June 30, 2012, the Group had favorable results supported by continued strong

comic book sales accelerated by TV broadcasting animation programs of popular titles.

Net sales and operating income in the Publication segment totaled ¥3,012 million (an increase of 18.1% from the same period of the prior fiscal year) and ¥738 million (an increase of 16.6% 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, 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 ¥586 million (an increase of 15.3% from the same period of the prior fiscal year) and ¥81 million (a decrease of 11.5% from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- Assets

As of June 30, 2012, total current assets were ¥161,735 million, a decrease of ¥10,426 million compared to March 31, 2012. This was mainly due to decreases in cash and deposits and notes and accounts receivable of ¥12,841 million and ¥2,372 million, respectively, while the content production account increased by ¥2,822 million. As of June 30, 2012, total non-current assets were ¥43,548 million, an increase of ¥1,728 million compared to March 31, 2012. As a result, total assets were ¥205,283 million, a decrease of ¥8,698 million compared to March 31, 2012.

- Liabilities

As of June 30, 2012, total current liabilities were ¥30,418 million, a decrease of ¥3,360 million compared to March 31, 2012. This was mainly due to a decrease in income taxes payable of ¥3,396 million. As of June 30, 2012, total non-current liabilities were ¥43,056 million, an increase of ¥150 million compared to March 31, 2012. This was mainly due to an increase in provision for retirement benefits of ¥239 million.

As a result, total liabilities were ¥73,474 million, a decrease of ¥3,210 million compared to March 31, 2012.

- Net assets

As of June 30, 2012, net assets were ¥131,809 million, a decrease of ¥5,487 million compared to March 31, 2012. This was mainly due to net loss of ¥2,077 million, dividend payments of ¥2,301 million and a decrease in foreign currency translation adjustments of ¥1,049 million.

As a result, the consolidated equity ratio stood at 63.3%, 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.

Forecasts for the current fiscal year ending March 31, 2013 are unchanged from those issued on May 14, 2012.

In the current fiscal year, 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 three months ended June 30, 2012.

3. Consolidated Financial Statements for the Three-Month Period Ended June 30, 2012

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Assets		
Current assets		
Cash and deposits	111,495	98,654
Notes and accounts receivable-trade	18,431	16,058
Merchandise and finished goods	2,343	3,346
Work in progress	738	730
Raw materials and supplies	573	611
Content production account	25,047	27,870
Other	13,655	14,574
Allowance for doubtful accounts	(124)	(111)
Total current assets	<u>172,161</u>	<u>161,735</u>
Non-current assets		
Property and equipment	17,183	19,345
Intangible assets	10,121	9,726
Investments and other assets	<u>14,514</u>	<u>14,476</u>
Total non-current assets	<u>41,819</u>	<u>43,548</u>
Total assets	<u>213,981</u>	<u>205,283</u>

(Millions of yen)

	As of March 31, 2012	As of June 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,220	9,042
Short-term loans payable	5,253	4,924
Income taxes payable	4,034	638
Provision for bonuses	1,200	568
Provision for sales returns	1,545	1,316
Provision for game arcade closings	260	180
Asset retirement obligations	2	1
Other	12,258	13,746
Total current liabilities	<u>33,778</u>	<u>30,418</u>
Non-current liabilities		
Bonds payable	35,000	35,000
Provision for retirement benefits	3,808	4,047
Provision for directors' retirement benefits	234	235
Provision for game arcade closings	584	560
Asset retirement obligations	149	149
Other	3,128	3,062
Total non-current liabilities	<u>42,906</u>	<u>43,056</u>
Total liabilities	<u>76,684</u>	<u>73,474</u>
Net assets		
Shareholders' equity		
Capital stock	15,204	15,204
Capital surplus	44,444	44,444
Retained earnings	85,320	80,941
Treasury stock	(861)	(861)
Total shareholders' equity	<u>144,108</u>	<u>139,729</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124	50
Foreign currency translation adjustments	(8,696)	(9,746)
Total accumulated other comprehensive income	<u>(8,572)</u>	<u>(9,695)</u>
Subscription rights to shares	977	994
Minority interests	783	781
Total net assets	<u>137,297</u>	<u>131,809</u>
Total liabilities and net assets	<u>213,981</u>	<u>205,283</u>

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

	<i>(Millions of yen)</i>	
	Three months ended June 30, 2011	Three months ended June 30, 2012
Net sales	24,529	24,914
Cost of sales	13,028	15,059
Gross profit	11,501	9,854
Reversal of provision for sales returns	1,752	1,503
Provision for sales returns	1,614	1,325
Gross profit-net	11,639	10,032
Selling, general and administrative expenses	9,461	11,196
Operating income (loss)	2,178	(1,163)
Non-operating income		
Interest income	25	32
Dividends received	2	5
Reversal of allowance for doubtful accounts	—	8
Miscellaneous income	24	20
Total non-operating income	52	67
Non-operating expenses		
Interest expenses	6	26
Commission fee	11	13
Foreign exchange losses	724	911
Miscellaneous loss	1	1
Total non-operating expenses	743	952
Ordinary income (loss)	1,487	(2,049)
Extraordinary income		
Gain on sales of investment securities	47	—
Gain on sales of subsidiaries and affiliates' stocks	203	—
Gain on reversal of subscription rights to shares	28	—
Other	5	—
Total extraordinary income	284	—
Extraordinary loss		
Loss on sales of non-current assets	18	19
Loss on retirement of non-current assets	73	24
Other	13	8
Total extraordinary loss	105	52
Income (loss) before income dividends distribution from silent partnership, income taxes (tokumei-kumiai)	1,666	(2,101)
Dividends distribution from silent partnership (tokumei-kumiai)	1	4
Income (loss) before income taxes	1,665	(2,105)
Income taxes-current	135	(132)
Income taxes-deferred	838	99
Total income taxes	973	(33)
Income (loss) before minority interests	691	(2,072)
Minority interests in income	0	5
Net income (loss)	690	(2,077)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Income (loss) before minority interests	691	(2,072)
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	(74)
Foreign currency translation adjustment	(958)	(1,056)
Other comprehensive income	(961)	(1,130)
Comprehensive income	(270)	(3,203)
(Breakdown)		
Comprehensive income attributable to owners of the parent	(269)	(3,201)
Comprehensive income attributable to minority interests	(0)	(2)

(3) Note regarding going concern assumptions

None

(4) Material changes in shareholders' equity

None

(5) Segment information

I. Outline of reporting segments for the three-month period ended June 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		
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.

II. Outline of reporting segments for the three-month period ended June 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		
Sales and operating income							
Net sales							
(1) Sales to outside customers	11,336	9,981	3,012	583	24,914	-	24,914
(2) Intersegment sales	-	-	-	2	2	(2)	-
Total	11,336	9,981	3,012	586	24,917	(2)	24,914
Segment operating income (loss)	(111)	(50)	738	81	657	(1,821)	(1,163)

Notes: 1. Segment adjustments (¥1,821 million) include unallocated corporate operating expenses (¥1,830 million).

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