SQUARE ENIX.

November 18, 2004

CONSOLIDATED FINANCIAL RESULTS
for the Six Months Ended September 30, 2004

Company Name: Square Enix Co., Ltd
Code: 9684
(URL http://www.square-enix.co.jp/)
Representative: Yoichi Wada, President and Representative Director
Contact: Yosuke Matsuda, Director and Executive Officer
Date of Board Approval: November 18, 2004
U.S. GAAP: Not adopted

Market: Tokyo Stock Exchange, First Section
Headquarters: Tokyo
Phone: 03-5333-1555

1. FY2004 Interim Consolidated Financial Results (April 1, 2004 - September 30, 2004)

(1) Consolidated Financial Results (in millions of yen except percentages and per share data)

	Net Sales		Operating Income		Recurring Income	
Six Months Ended						
Sep. 30, 2004	24,395	23.6 %	5,952	155.3 %	6,133	222.8 %
Sep. 30, 2003	19,730	―	2,331	―	1,899	―
Fiscal Year 2003	63,202		19,398		18,248	

	Net Income		Earnings Per Share (basic)	Earnings Per Share (diluted)
Six Months Ended				
Sep. 30, 2004	3,133	162.8 %	28.47	28.24
Sep. 30, 2003	1,192	―	10.85	10.85
Fiscal Year 2003	10,993		100.04	99.76

①Equity in gain or loss of affiliated company (Millions of Yen)	Six months ended Sep. 30, 2004	―
	Fiscal year ended Mar. 31, 2004 (FY 2003)	(760)
	Six months ended Sep. 30, 2003	(275)
②Mid-term average of numbers of shares issued and outstanding	Six months ended Sep. 30, 2004	110,066,955
	Fiscal year ended Mar. 31, 2004 (FY 2003)	109,884,947
	Six months ended Sep. 30, 2003	109,884,045
③Change of significant accounting policy	n/a	

④Percentages in Net Sales, Operating Income, Recurring Income, and Net Income are the percent change vs. the previous six months.
⑤Since the merger of Enix Corporation and Square Co., Ltd took place on April 1, 2003, there are no prior figures with which to compare results for the six months ended September 30, 2003.

(2) Conslidated Financial Position (in millions of yen except percentages and per share data)

	Total Assets	Total Shareholders' Equity	Ratio of Shreholders' Equity	Shareholders' Equity Per Share
Six Months Ended				
Sep. 30, 2004	111,267	98,067	88.1 %	890.69
Sep. 30, 2003	100,863	87,938	87.2 %	800.42
Fiscal Year 2003	110,633	96,700	87.4	878.85

Note: Number of shares issued and outstanding at year end (Consolidated)	Six months ended Sep. 30, 2004	110,102,426
	Year ended Mar. 31, 2004 (FY 2003)	110,030,879
	Six months ended Sep. 30, 2003	109,864,830

(3) Consolidated Statement of Cash Flows (in millions of yen)

	From Operating Activities	From Investing Activities	From Financing Activities	Closing Cash and Cash Equivalents
Six Months Ended				
Sep. 30, 2004	1,513	1,276	(2,072)	59,624
Sep. 30, 2003	3,926	(3,911)	(5,750)	56,465
Fiscal Year 2003	14,139	(10,579)	(6,739)	58,676

(4) Scope of Consolidation and Application of the Equity Method
Number of consolidated subsidiaries: 10 and 1 partnership
Number of equity-method non-consolidated subsidiaries: ―
Number of equity-method affiliates: ―

(5) Change in Scope of Consolidation and Application of the Equity Method
Consolidated (Added) ― (Removed) ― Equity-Method (Added) ― (Removed) ―

2. FY2004 Consolidated Forecasts (April 1, 2004 - March 31, 2005) (in millions of yen)

	Net Sales	Recurring Income	Net Income
FY2004	73,000	25,000	13,500

(Reference) Earnings per share (basic) forecasts (FY2004) 122.61 yen

※ The above forecasts are based on information available at the time these material were prepared. A number of indefinite factors are inherent in, and could cause actual results to be materially different from, these forecasts.

1. AFFILIATED COMPANY INFORMATION

The Group is composed of SQUARE ENIX CO., LTD., ten consolidated subsidiaries, three non-consolidated subsidiaries, two affiliated companies, and one partnership. A list of businesses performed by the Group and the companies that compose it are as follows. Section refers to operating segment.

【Consolidated Companies】

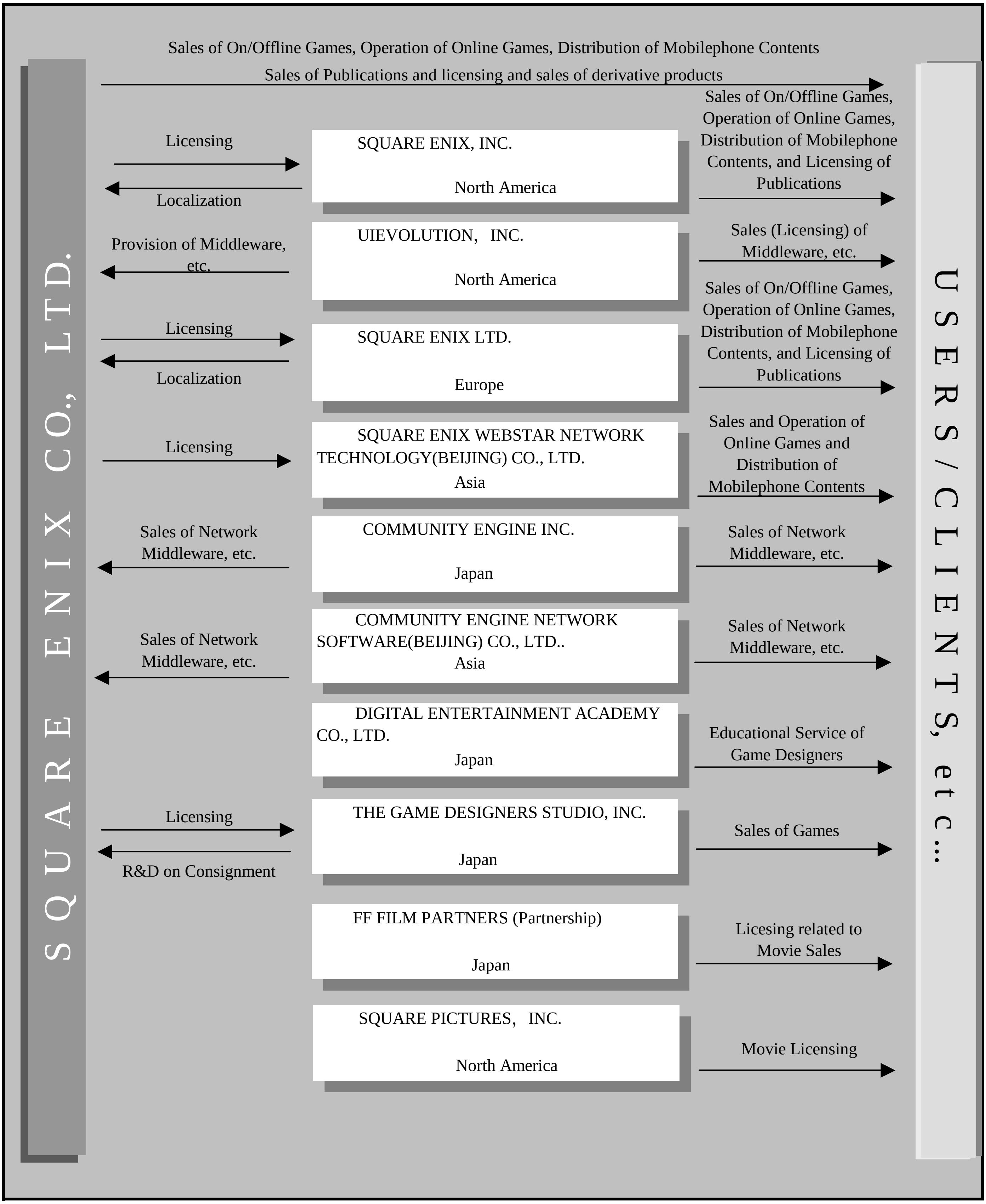
Section	Region	Name of Company	Major Operation
Games (Offline)	Japan	SQUARE ENIX CO., LTD	Game software development and distribution
		THE GAME DESIGNERS STUDIO, INC.	Game software development and distribution
	North America	SQUARE ENIX, INC. *	Game software distribution in North America
		UIEVOLUTION, INC.	Development and licensing of network applications and middleware
		SQUARE L.L.C.	Goodwill transferred to SQUARE ENIX, INC.
	Europe	SQUARE ENIX LTD. *	Distribution of games in Europe
Games (Online)	Japan	SQUARE ENIX CO., LTD.	Game software development, distribution, and operation of online games
		COMMUNITY ENGINE INC.	Development and distribution of network applications and middleware
	North America	SQUARE ENIX, INC. *	Distribution and operation of online games in North America
		UIEVOLUTION, INC.	Development and licensing of network applications and middleware
	Europe	SQUARE ENIX LTD. *	Distribution and operation of online games in Europe
	Asia	SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO., LTD.	Distribution and operation of online games in China
		COMMUNITY ENGINE NETWORK SOFTWARE (BEIJING) CO., LTD.	Development and distribution of network applications and middleware
Mobilephone Content	Japan	SQUARE ENIX CO., LTD.	Development and distribution of mobile phone content
	North America	SQUARE ENIX, INC. *	Development and distribution of mobile phone content in North America
		UIEVOLUTION, INC.	Development and licensing of network applications and middleware
	Europe	SQUARE ENIX LTD. *	Development and distribution of mobile phone content in Europe
	Asia	SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO., LTD.	Development and distribution of mobile phone content in China
Publication	Japan	SQUARE ENIX CO., LTD.	Publication and distribution of magazines, serial comics, and game-related books
	North America	SQUARE ENIX, INC. *	Licensing of game-related books in North America
	Europe	SQUARE ENIX LTD. *	Licensing of game-related books in Europe
Other	Japan	SQUARE ENIX CO., LTD.	Planning, Production, Sales, and Licensing of derivative products.
		DIGITAL ENTERTAINMENT ACADEMY CO., LTD.	Operation of schools for game designers
		FF FILM PARTNERS (Partnership)	Licensing and management of movies and derivative products
	North America	SQUARE PICTURES, INC.	Management of overseas movie revenues

【Non-Consolidated Subsidiaries】
BMF CORP.
SOLID CO., LTD
SQUARE U.S.A., INC.

【Affiliates not accounted for using the Equity-Method】
MAG GAREN CORP. (listed on Tokyo Stock Exchange Mothers market)
KUSANAGI INC.

Changed company name as of July 1, 2004

The following chart outlines transactions within the Group.



Note: The above chart only shows transactions of consolidated companies.

2. Management Policy

The management policy of SQUARE ENIX CO., LTD. (“the Company”) and its enterprise group consisting of the Company, consolidated companies, and partnership (the “Group”) is as follows.

(1) Basic Policy

The Group’s basic policy is to provide various consumers with dreams and excitement through creating and distributing advanced content of high quality.

For sustainable growth and expansion of the Group to reward our shareholders, we seek to bring the Group the greatest value with an efficient operation that effectively combines management resources.

(2) Basic Policy of Distribution of Profit

It is one of the Company’s most important management policies to return profit to our shareholders.

With regard to dividend, we maintain continuous and stable dividend payouts through achieving more profitability and stronger financial positioning.

Retained earnings are reinvested for effective purposes for future growth of corporate value, such as enhancement and expansion of existing business operations, capital investments for new business development, and R&D activities.

(3) Views and Policy of Stock Trading Unit Reduction

The Company perceives that long-term investment from a wide range of investors and investor base expansion are important to the Company’s capital strategy. We set our stock trading unit to 100 shares per unit, and have established an environment facilitating investments by various investors.

(4) Targeting Management Benchmark

The Company perceives that realization of growth based upon profitability is a fundamental management task. We set the target operation profit ratio at a range between 25% and 30% as we sustain the investments necessary for growth.

(5) Medium and Long-Term Management Strategy and Task

It is the management’s main task to grow the Company in the medium and long term, maintaining profitability with the creation of advanced, high-quality content.

As the development and popularization of IT and network environments are rapidly advancing, new digital entertainment will transform the industry structure in the near future; customer needs for network-compliant entertainment will increase, and multi-functional terminals will enable users to have easy access to various types of content.

It is the Company’s medium- and long-term strategy to respond to such changes and to open a new era of digital entertainment.

In such a period of transformation as stated above, the Company will continue to deal with the strategic tasks such as an appropriate management of network communities, the deployment of “Polymorphic Content” based on diversified methods of expression, and the formation of new platforms for various content.

(6) Corporate Governance

①Basic Perspective on Corporate Governance

The Company adopts the Statutory Auditors system for its corporate governance system. The monitoring function is strengthened by having half of the auditors from outside. The Board of Directors, which focuses on enterprise-level management decision, delegates a part of its powers to the Executive Committee consisting of Executive Officers, in order to facilitate operations.

②Implemented Measures

A) Management system and any other corporate governance system regarding decision-making, conduct of affairs, and monitoring of business operations;

The Company has six Directors (one from outside) and four Statutory Auditors (two from outside and one standing statutory auditor). The term for directors is set at one year, and half of the Statutory Auditors come from outside.

There is no staff dedicated solely to the outside directors and auditors; however, the internal audit staffs (directly reporting to the president) are supporting their smooth execution of duties.

The Board of Directors’ meeting is held once a month as a general rule, and enhances mutual checking by vigorous discussions among the directors including one from outside.

The Board of Auditors' meeting is held once a month as a general rule, and performs operation auditing based on the audit policies. The auditors also attend the Board of Directors' meeting and the standing statutory auditor attends the Executive Committee for monitoring business operations by the directors and officers.

Significant legal issues and events are consulted with several outside counsels as needed. Accounting issues are reviewed by an external independent audit corporation.

B) Personal, financial, or business relationships and any other conflict of interest between the Company and outside directors/auditors.

Nothing to be specified.

C) Implemented strategy for enhancement of corporate governance for the last one year (from the end of latest fiscal year)

Immediately after the merger on April 1, 2003, the Company established internal rules and decision-making systems, clarified authorities and functions of the Board of Directors, and delegated some powers to entrust Executive Officers in accordance with the objective standard. In the result, the Company has succeeded in establishing an executive system that facilitates speedy and efficient business operations.

Additionally, the Company has included an outside director and two outside statutory auditors in the Board of Directors in order to assess the legitimacy of its decision-making from an external point of view, and vitalized discussions at the Board of Directors' meetings.

Furthermore, the Company has strengthened an internal check-and-balance system through auditing activities from time to time by an internal auditor to assess the legitimacy and efficiency of operations in each division.

3. Operating Results and Financial Conditions

(1) Operating Performance Highlights of the First Half Year Ended September 30, 2004

The Company has been making determined efforts to strengthen the foundation and profitability of its business segments, which comprise Games, Online Games, Mobile Phone Content, Publications, and Others.

The Company has been pursuing R&D activities in order to obtain advanced information technologies, which is fundamental to promote network-related businesses, and to apply such technologies to the practical use of products and services.

The Company is making steady growth, as the financial result of this period shows.

Net Sales	¥24,395 million (23.6%up)	Operation Income	¥5,952 million (155.3%up)
Recurring Income	¥6,133 million (222.8%up)	Net Income	¥3,133 million (162.8%up)

(% is the rate of change in comparison to the previous half year result)

The numbers of new game titles released during this period are as follows.

Japan 5 titles North America 3 titles Europe 3 titles Asia 1 title

The unit sales including repeat-orders are as follows.

Japan 1.34 million units North America 1.48 million units Europe 0.51 million units Asia 0.04 million units

Total 3.37 million units

Overview of results by business segments is as follows.

(2) Operating Result by Business-Segment

① Games (Offline)

The Company plans, develops, and distributes games for game consoles and mobile game terminals. We also handle localization of games developed and distributed in Japan to distribute in North America through our consolidated subsidiary, SQUARE ENIX, INC., and the distributions in Europe and Asia are handled by leading publishers through license arrangements.

The new game titles released during this period are "FULLMETAL ALCHEMIST 2 Akaki-Erikusiru-no-Akumu" (0.16 million units sold in Japan), "FRONT MISSION 4" (0.14 million units sold in North America), "STAR OCEAN - Till the End of Time" (0.31 million units sold in North America, 0.09 million units sold in Europe), and "DRAKENGARD" (0.11 million units sold in Europe) for PlayStation2, and "Toruneko-no-Daibouken 3 Advance Fushigi-no-Dungeon" (0.14 million units sold in Japan) and "FINAL FANTASY I・II Advance" (0.28 million units sold in Japan) for Game Boy Advance.

In addition, repeated sales such as "DragonQuest V Tenku-no-Hanayome" (for PS2) released at the end of the previous fiscal year shifted upward in Japan and overseas.

In comparison to the previous first half year, the number of new titles released in Japan during this first half year period decreased, the net sales of Games segment was ¥8,099 million (down 13.4%); however, since the repeated sales increased, the operation income was ¥1,549 million (up 7.0%).

② Games (Online)

The Company plans, develops, distributes, and operates online games connected to a network.

In September, the expansion pack "FINAL FANTASY XI: Chains of Promathia" was released in Japan and North America, and online game service for "FINAL FANTASY XI" was launched in Europe. The number of subscribers has been increasing at a steady pace in Japan and North America, and PlayOnline and the MMORPG (Massively Multi-player Online RPG) "FINAL FANTASY XI" (FFXI) have built on solid growth. Game servers for the service are concentrated in Japan, and since access peak times differ from one service area to another, the operation efficiency makes significant increases as service areas expand. Furthermore, sales are steadily growing for Cross Gate, an MMORPG developed specifically for the Asian market, and the title has acquired a top-tier position in terms of membership in the Chinese online gaming market. Consequently, sales in the Online Games segment totaled ¥7,684 million (up 101.0%), and operation income was ¥3,252 million (up 230.9%).

③ Mobilephone Content

The Company plans, develops and provides content for mobile phones.

We provided mobile phone content such as ring tones, wallpaper, games, and portals during this period. The number of subscribers to "DRAGON QUEST" and "FINAL FANTASY" provided for i-mode and Ezweb are on a steady increase in particular, and the game "BEFORE CRISIS-FINAL FANTASY VII," which uses network and digital camera functions, was launched in September. This content attracts attentions as the first title in the "COMPILATION of FINAL FANTASY VII," which is based on "FINAL FANTASY VII" first released in 1997, and has sold over 9 million copies worldwide. As stated above, the Company has been growing the Mobilephone Content segment by making the best use of its strength of having original content, and expanding overseas in North America, Europe, and Asia.

Consequently, sales in the Mobilephone Content segment were ¥1,977 million (up 54.8%), and operation income was ¥633 million (up 12.5%).

④ Publication

The Company publishes magazines, comics, serial comics, and game strategy books.

During this period, we have published monthly magazines, "SHONEN GANGAN," "G FANTASY," and "GANGAN WING," as well as serial comics featured in the monthly magazines and game strategy books.

The circulation of comic magazines such as "SHONEN GANGAN" has grown due to the hit of the animated show "FULLMETAL ALCHEMIST."

In addition, we have published game strategy books for "DRAGON QUEST V" (for PS2), which was released at the end of previous fiscal year.

Consequently, sales in the Publications segment totaled ¥5,157 million (up 44.5%), and operation income was ¥1,752 million (up 64.5%).

⑤ Other

The Other segment covers the planning, production, distribution, and licensing of Square Enix titles' derivative products, and the operation of a training school for computer game designers.

The Company has primarily sold merchandise related to "DRAGON QUEST," pencils named "BATO-EN G," and trading figures related to "FINAL FANTASY" and "FULLMETAL ALCHEMIST" in this period. In addition, the soundtracks of "FINAL FANTASY," which had been discontinued, have come back on sale. The net sales in this segment was ¥1,476 million (down 13.8%), and operation income was ¥370 million (down 27.3%).

(3) Operating Results by Region

① Japan

All business segments, which comprise Games (Offline), Games (Online), Mobile Phone Content, Publication, and Other are operated in Japan.

The games are shipped to retail stores through the Company's own distribution channel. Since the Company licenses for the sale of game content in some parts of the PAL region (Europe) and in Asia, sales from such licenses are included in the regional results of Japan.

In the Games (Online) segment, the Company provides and sells online game discs such as “PlayOnline,” of which “FINAL FANTASY” takes a leading part.

In the Mobile Phone Content segment, the Company provides mobile phone content such as games, ring tones, and wallpaper for NTT Docomo, au, and vodafone.

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

Net sales in Japan was ¥19,435 million (up 11.7%), and operating income was ¥4,623 million (up 144.8%).

② North America

The Company operates Games (Offline), Games (Online), and Mobile Phone Content services in North America, and licenses sales of game content developed by the Company, primarily to SQUARE ENIX, INC. (SEI). “FRONT MISSION 4” and “STAR OCEAN - Till the End of Time,” both for PS2, were released during this period. In addition, the expansion pack “FINAL FANTASY XI: Chains of Promathia” was released for “PlayOnline” in September, 2004, and the service has made rapid growth to the level of its in Japan during this period.

Net sales in North America was ¥6,007 million (up 137.7%), and operating income was ¥1,297 million (up 560.2%).

③ Europe

The Company primarily provides Games (Offline), Games (Online), and Mobilephone Content services in Europe. Sales of game content are generally licensed to leading publishers in this region. Furthermore, the Company succeeded in entering into the online gaming market in Europe by launching “FINAL FANTASY XI” in September, 2004 with SQUARE ENIX LTD. as the publisher of disk sales.

Net sales in Europe was ¥487 million (up 268.6%), and operating income was ¥2 million (down 88.3%).

④ Asia

In Asia, the Company provides primarily Games (Online) and Mobile Content services. Regarding the online game service in Asia, SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO., LTD. (SEW), a subsidiary of the Company, provides “Cross Gate”, the online game service for PC in China.

Net sales in Asia was ¥428 million (up 27.8%), and operating income was ¥28 million (down 87.3%).

(4) Financial Conditions

Cash and cash equivalents at the end of this period were ¥59,624 million.

The cash flow status and the explanations are as follows.

① Cash flows from operating activities

Since the development of upcoming game titles is in progress, the content production account has increased, however, good outcome of operating activities resulted in the cash and cash equivalents to be ¥1,513 million.

② Cash flows from investing activities

Mainly due to maturity of government bond, the cash and cash equivalents from investing activities are ¥1,276 million.

③ Cash flows from financial activities

Due to dividend payouts, the cash and cash equivalents from financial activities are negative ¥2,072 million.

A trend of Solvency Indices of the Group:

	Fiscal Year 2003		Fiscal Year 2004
	First Half Year	End of Year	First Half Year
Shareholders’ Equity Ratio (%)	87.2	87.4	88.1
Shareholders’ Equity Ratio on Market Value basis (%)	303.0	309.6	299.2
Term of Repayment of interest bearing liabilities	0.3	0.0	0.0
Interest Coverage Ratio (times)	10,227.7	1,203.4	7,336.1

Notes: Shareholders’ Equity Ratio: Shareholders’ Equity / Total assets

Shareholders’ Equity Ratio on Market Value basis (%): Market capitalization of outstanding stock / Total Assets

Term of repayment of interest leaning liabilities: Interest bearing liabilities / Cash Flows from operating activities

Interest Coverage Ratio: Cash Flows from operating activities / Interest payment *determined from consolidated financial results

*Interest bearing liabilities include all the liabilities on which the Company are paying interests.

*Cash flows from operating activities and interest payment are "Cash flows from operating activities" and "Interest paid" in consolidated statements of cash flows respectively.

(5) Forecast for Fiscal Year 2004

New game titles following "DRAGON QUEST VIII Sora-to-Umi-to-Daichi-to-Norowareshi Himegimi" are to be released in the second half year. In addition, we will focus our efforts on the further expansion of network-related operations comprised of Games (Online) and Mobile Phone Content segments, which have been making satisfying growth. In the Publications segment, a new monthly magazine, "YOUNG GANGAN" is to be introduced.

Consolidated forecasts for the full Fiscal Year ending March 31, 2005 are as follows.

Net Sales	¥73,000 million
Operating Income	¥25,000 million
Recurring Income	¥25,000 million
Net Income	¥13,500 million

4. Consolidated Financial Statements for the Sixth Months Ended September 30, 2004

(1)Consolidated Balance Sheet

(Millions of Yen)

Term / Account	Note	FY2003 Interim Results (As of Sep. 30, 2003) Amount		Rate	FY2004 Interim Results (As of Sep. 30, 2004) Amount		Rate	Change Amount	Summary of Previous Fiscal Year Consolidated Balance Sheet (As of Mar. 31, 2004) Amount		Rate
				%			%				%
(Assets)											
I Current Assets											
1. Cash and deposits			56,465			59,624		3,159		58,676	
2. Notes and accounts receivable			8,093			9,795		1,701		12,046	
3. Inventories			846			884		37		809	
4. Content production account			6,583			14,474		7,890		10,128	
5. Deferred tax assets			4,984			1,970		(3,013)		1,850	
6. Other current assets	*2		1,260			1,310		49		1,157	
Allowance for doubtful accounts			(22)			(363)		(340)		(227)	
Total current assets			78,211	77.5		87,696	78.8	9,484		84,441	76.4
II Fixed assets											
1. Property, plant and equipment											
(1) Buildings and structures		4,952			3,505				3,445		
Accumulated depreciation		2,170	2,781		1,379	2,125		(656)	1,250	2,195	
(2) Tools and fixtures		8,904			8,727				8,445		
Accumulated depreciation		5,399	3,504		5,658	3,068		(435)	5,367	3,077	
(3) Other		7			7				7		
Accumulated depreciation		7	0		7	0		-	7	0	
(4) Land			3,813			3,813		-		3,813	
(5) Construction in progress			137			4		(133)		-	
Total property, plant and equipment			10,237	10.2		9,012	8.1	(1,225)		9,087	8.2
2. Intangible assets											
(1) Consolidated adjustment account			-			5,958		5,958		6,361	
(2) Other			1,485			1,114		(371)		1,189	
Total intangible assets			1,485	1.5		7,072	6.4	5,587		7,550	6.8
3. Investments and other assets											
(1) Investment securities	*1		4,642			1,221		(3,421)		3,516	
(2) Long-term loans			6			11		5		4	
(3) Rental deposits			3,223			2,801		(422)		2,864	
(4) Deferred tax assets			2,517			2,745		227		2,665	
(5) Other	*1		538			707		168		502	
Allowance for doubtful accounts			-			(0)		(0)		-	
Total investments and other assets			10,928	10.8		7,486	6.7	(3,442)		9,554	8.6
Total fixed assets			22,652	22.5		23,571	21.2	918		26,192	23.6
Total assets			100,863	100.0		111,267	100.0	10,403		110,633	100.0

(Millions of Yen)

Account \ Term	Note	FY2003 Interim Results (As of Sep. 30, 2003) Amount		Rate	FY2004 Interim Results (As of Sep. 30, 2004) Amount		Rate	Change Amount	Summary of Previous Fiscal Year Consolidated Balance Sheet (As of Mar. 31, 2004) Amount		Rate
				%			%				%
(Liabilities)											
I Current liabilities											
1. Notes and accounts payable			2,005			1,840		(164)		3,205	
2. Short-term borrowings			1,000			-		(1,000)		-	
3. Long-term borrowings due within one year			22			7		(15)		18	
4. Other accounts payable			1,994			1,426		(567)		1,020	
5. Accrued expenses			1,043			1,455		411		1,551	
6. Accrued income taxes			280			2,890		2,610		1,313	
8. Advance payments received			1,693			236		(1,457)		697	
9. Deposits received			376			347		(28)		354	
10. Reserve for bonuses			574			595		20		1,239	
11. Allowance for sales returns			1,481			1,366		(114)		1,569	
12. Reserve for office relocation costs and price protection			850			-		(850)		-	
13. Other	*2		112			1,240		1,128		1,215	
Total current liabilities			11,433	11.3		11,407	10.3	(26)		12,185	11.1
II Fixed liabilities											
1. Long-term debt			7			-		(7)		-	
2. Accrued pension costs			490			1,075		584		978	
3. Allowance for directors' retirement benefits			106			51		(55)		110	
4. Other			52			75		22		63	
Total fixed liabilities			656	0.7		1,201	1.1	544		1,152	1.0
Total liabilities			12,090	12.0		12,609	11.4	518		13,338	12.1
(Minority interests)											
Minority interests in consolidated subsidiaries			834	0.8		591	0.5	(243)		594	0.5
(Shareholders' equity)											
I Common stock			6,940	6.9		7,262	6.5	322		7,154	6.5
II Capital surplus reserve			36,175	35.8		36,503	32.8	327		36,393	32.9
III Retained earnings			45,358	45.0		54,864	49.3	9,505		53,931	48.7
IV Unrealized gain on revaluation of marketable securities			196	0.2		334	0.3	138		363	0.3
V Foreign currency translation adjustment			(553)	(0.5)		(576)	(0.5)	(23)		(898)	(0.8)
VI Treasury stock			(180)	(0.2)		(321)	(0.3)	(141)		(245)	(0.2)
Total shareholders' equity			87,938	87.2		98,067	88.1	10,128		96,700	87.4
Total liabilities, minority interests and shareholders' equity			100,863	100.0		111,267	100.0	10,403		110,633	100.0

(2)Consolidated Statements of Income

(Millions of Yen)

Account / Term	Note	FY2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003) Amount		Rate	FY2004 Interim Results (Apr. 1, 2004 to Sep. 30, 2004) Amount		Rate	Change Amount	Summary of Previous Fiscal Year Consolidated Statements of Income (Apr. 1, 2003 to Mar. 31, 2004) Amount		Rate
				%			%				%
I Net sales			19,730	100.0		24,395	100.0	4,664		63,202	100.0
II Cost of sales	*1		8,001	40.5		8,557	35.1	556		22,084	34.9
Gross profit			11,729	59.4		15,838	64.9	4,108		41,117	65.1
Reversal of allowance for sales returns and price protection			1,420	7.2		1,569	6.4	149		1,420	2.2
Provision for allowance for sales returns and price protection			1,481	7.5		1,366	5.6	(114)		1,569	2.5
Net gross profit			11,668	59.1		16,041	65.7	4,372		40,968	64.8
III Selling, general and administrative expenses	*1										
1. Packaging freight charge		78			293				545		
2. Advertising expenses		2,035			2,490				5,119		
3. Sales promotion expenses		304			86				660		
4. Provision for doubtful accounts		22			145				332		
5. Compensation for directors		113			110				231		
6. Salary		1,305			1,690				3,887		
7. Provision to reserve for bonuses		252			214				1,130		
8. Net predict pension costs		55			51				491		
9. Provision to reserve for directors' retirement benefits		2			117				6		
10. Welfare expenses		116			317				698		
11. Rental expenses		439			507				955		
12. Commissions paid		994			1,072				3,023		
13. Depreciation and amortization		633			530				1,179		
14. Other		2,985	9,337	47.3	2,459	10,088	41.4	751	3,307	21,569	34.2
Operating income			2,331	11.8		5,952	24.3	3,621		19,398	30.7
IV Non-operating income											
1. Interest income		32			42				67		
2. Interest from securities		73			2				78		
3. Foreign exchange gain		-			428				-		
4. Rental income		12			16				0		
5. Miscellaneous income		111	230	1.2	88	579	2.4	348	294	440	0.7
V Non-operating expenses											
1. Interest expenses		3			0				7		
2. Foreign exchange loss		356			-				788		
3. Loss on disposal of inventories		-			0				-		
4. Loss on write-off of content development account		-			381				-		
5. Stock issuance expense		8			-				8		
6. Equity on losses of non-consolidated subsidiaries and affiliates		275			-				760		
7. Miscellaneous losses		17	662	3.4	16	398	1.6	(263)	25	1,590	2.5
Recurring income			1,899	9.6		6,133	25.1	4,233		18,248	28.9
VI Extraordinary gain											
1. Reversal of allowance for doubtful accounts		10			-				-		
2. Gain on sale of property, plant and equipment	*2	-			0				-		
3. Gain on sale of investment securities		-			-				59		
4. Gain on sale of shares in affiliates		240	250	1.3	-	0	0.0	(250)	240	300	0.5
VII Extraordinary loss											
1. Loss on sale of property, plant and equipment	*4	51			0				123		
2. Loss on disposal of property, plant and equipment	*3	41			37				198		
3. Evaluation loss on shares in affiliates		-			128				125		
4. Loss on evaluation of investment securities		-			2				84		
5. Loss on sale of investment securities	*5	150			79				375		
6. Other losses		-	243	1.2	11	261	1.1	18	-	907	1.4
Income before income taxes and distribution of loss in partnership (Tokumei-kumiai)			1,907	9.7		5,872	24.0	3,964		17,640	28.0
Distribution of loss in partnership			12	0.1		11	0.0	(1)		24	0.0
Income before income taxes and distribution of loss in partnership (Tokumei-kumiai)			1,894	9.6		5,860	24.0	3,966		17,616	28.0
Income taxes:		255			2,829				3,600		
Current deferred		320	575	2.9	(140)	2,688	11.0	2,112	2,962	6,563	10.4
Minority interest in consolidated subsidiaries			126	0.6		38	0.2	(87)		59	0.1
Net income			1,192	6.1		3,133	12.8	1,941		10,993	17.5

(3)Consolidated Statements of Capital Surplus and Retained Earnings

(Millions of Yen)

Term / Account	Note	FY2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003)		FY2004 Interim Results (Apr. 1, 2004 to Sep. 30, 2004)		Change	Summary of Previous Fiscal Year Consolidated Statements of Capital Surplus and Retained Earnings (Apr. 1, 2003 to Mar. 31, 2004)	
		Amount		Amount		Amount	Amount	
(Capital surplus)								
Ⅰ Capital surplus at beginning of year			9,383		36,393	27,010		9,383
Ⅱ Increases in capital surplus								
1. Increase due to merger		26,792		-			26,792	
2. Gain on disposal of treasury stock		0		5			4	
3. Shares issued through stock options		-	26,792	103	109	(26,683)	213	27,010
Ⅲ Capital surplus at period end			36,175		36,503	327		36,393
(Retained earnings)								
Ⅰ Retained earnings at beginning of year			33,341		53,931	20,590		33,341
Ⅱ Increase in retained earnings								
1. Net income		1,192		3,133			10,993	
2. Transferred from merged company		11,524		-			11,524	
3. Increase due to increase in consolidated subsidiaries		145		-			16	
4. Increase due to decrease in consolidated subsidiaries		36	12,898	-	3,133	(9,764)	36	22,569
Ⅲ Decreases in retained earnings								
1. Dividends		881		2,200		-	1,979	
2. Bonus for directors		-	881	0	2,201	1,320	-	1,979
Ⅳ Retained earnings at period end			45,358		54,864	9,505		53,931

(4)Consolidated Statements of Cash Flows

(Millions of Yen)

Account \ Term	Note	FY2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003) Amount	FY2004Interim Results (Apr. 1, 2004 to Sep. 30, 2004) Amount	Change Amount	Summary of Previous Fiscal Year Consolidated Statements of Cash Flows (Apr. 1, 2003 Mar. 31, 2004) Amount
I Cash flows from operating activities					
Income before income taxes		1,894	5,860	3,966	17,616
Depreciation and amortization		970	850	(120)	1,974
Increase (decrease) in allowance for doubtful accounts		6	125	118	224
Increase (decrease) in reserve for bonuses		23	(644)	(668)	688
(Decrease) in allowance for sales returns and price protection		(249)	(240)	8	(105)
Increase (decrease) in accrued pension costs		89	96	7	576
(Decrease) increase in allowance for directors' retirement benefits		(29)	(58)	(28)	(26)
(Decrease) increase in reserve for office relocation costs		(161)	-	161	(589)
Interest and dividends received		(106)	(44)	61	(145)
Interest expenses		3	(0)	(3)	7
Loss on sales of property and equipment		93	38	(54)	321
Loss on disposal of property and equipment		-	-	-	(59)
Gain on sale of investment securities		-	2	2	84
Loss on sale of investment securities		150	79	(70)	375
Losses on investments in securities		(240)	-	240	(240)
Gain on sale of shares held in affiliates		-	128	128	125
Evaluation loss on shares held in affiliates		8,940	2,284	(6,656)	4,852
Decrease (increase) in accounts receivable		(3,249)	(4,345)	(1,095)	(6,745)
(Increase) decrease in inventories		(1,690)	(1,382)	308	(507)
(Decrease) increase in purchase liabilities		(416)	(181)	235	(104)
(Decrease) increase in accrued consumption taxes		-	54	54	250
Decrease in other current assets		-	(213)	(213)	299
Decrease (increase) in other fixed assets		-	(144)	(144)	(2,014)
(Decrease) increase in other current liabilities		-	(0)	(0)	-
Other		552	613	60	1,958
Subtotal		6,580	2,877	(3,703)	18,818
Interest and dividends received		88	46	(41)	126
Interest paid		(0)	(0)	0	(11)
Income taxes paid		(2,741)	(1,410)	1,331	(4,794)
Net cash provided by operating activities		3,926	1,513	(2,413)	14,139
II Cash flows from investing activities					
Payments for acquiring property, plant and equipment		(2,126)	(618)	1,508	(2,709)
Payments for acquiring intangible assets		(165)	(120)	44	(416)
Proceeds from sales of investment securities	*2	-	2,001	2,001	-
Payments for acquisition of shares in affiliates		-	(20)	(20)	(6,461)
Proceeds from sale of shares in affiliates		266	-	(266)	423
Proceeds from clearance of shares in affiliates		-	34	34	-
Proceeds from return of guarantee money paid		160	33	(127)	407
Payments for provision of guarantee money paid		(1,839)	(8)	1,831	(1,843)
Other		(207)	(24)	182	20
Net cash used in investing activities		(3,911)	1,276	5,188	(10,579)
III Cash flows from financing activities					
Decrease (increase) in short-term borrowings		-	-	-	(1,000)
Payments for acquisition of treasury stock		(86)	(76)	10	(147)
Payments for dividends		(889)	(2,202)	(1,312)	(1,955)
Payments for dividends for minority interests		(2)	-	2	(2)
Payments of cash lien of dividend to retiree shareholders of merged company		(4,117)	-	4,117	(4,153)
Payments for partnership distributions		(643)	-	643	(616)
Other		(11)	206	217	1,135
Net cash (used in) provided by financing activities		(5,750)	(2,072)	3,678	(6,739)
IV Effect of exchange rate changes on cash and cash equivalents		(640)	229	870	(984)
V Net (decrease) increase in cash and cash equivalents		(6,375)	947	7,323	(4,164)
VI Cash and cash equivalent at beginning of year		39,847	58,676	18,829	39,847
VII Increase in cash and cash equivalent due to merger		22,632	-	(22,632)	22,632
VIII Increase in cash and cash equivalent due to increase in consolidated subsidiaries		484	-	(484)	484
IX Decrease in cash and cash equivalent due to increase in consolidated subsidiaries		(123)	-	123	(123)
X Cash and cash equivalents at period end	*1	56,465	59,624	3,159	58,676

Summary of Significant Accounting Policies used in the Preparation of Consolidated Financial Statements for the Fiscal Year 2004 First Half Year

	Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
1.Scope of Consolidation	(1)Number of consolidated subsidiaries: 8 and one partnership DIGITAL ENTERTAINMENT ACADEMY CO., LTD. COMMUNITY ENGINE INC. THE GAME DESIGNERS STUDIO, INC. SQUARE ENIX U.S.A.,INC. SQUARE L.L.C. SQUARE PICTURES,INC. SQUARE ENIX EUROPE LTD. SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO.,LTD. FF・FILM PARTNERS (partnership) Due to the increasing materiality of their business activities, COMMUNITY ENGINE INC. and SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO.,LTD. have been included in the Company's scope of consolidation from the first half year ended Sep. 30, 2003. THE GAME DESIGNERS STUDIO, INC., SQUARE L.L.C., SQUARE PINTURES, INC., SQUARE ENIX EUROPE LTD., and FF FILM PARTNERS (partnership) have been included in the Company's scope of consolidation from the first half year ended Sep. 30, 2003 due to the merger with SQUARE CO., LTD. In addition, proceedings to liquidate ENIX AMERICA INC. were completed during the first half year ended Sep. 30, 2003. (2)Non- consolidated subsidiaries BMF CORPORATION SPORTS BB CORPORATION SOLID CO., LTD. SQUARE U.S.A.,INC. (Rationale for the exclusion of subsidiary companies from the scope of consolidation) The non-consolidated subsidiaries conduct operations that are relatively small in scale. The total of non-consolidated subsidiaries' assets, sales, equity in net income (loss), and equity in retained earnings (deficit) are deemed to have an immaterial effect on the Company's financial performance and consolidated financial statements.	(1)Number of Consolidated subsidiaries: 10 and one partnership DIGITAL ENTERTAINMENT ACADEMY CO., LTD. COMMUNITY ENGINE INC. THE GAME DESIGNERS STUDIO, INC. SQUARE ENIX INC. SQUARE L.L.C. SQUARE PICTURES,INC. SQUARE ENIX LTD. SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING)CO.,LTD. COMMUNITY ENGINE NETWORK SOFTWARE(BEJIN)CO.,LTD UIEVOLUTION,INC. FF・FILM PARTNERS (partnership) SQUARE ENIX U.S.A., INC. and SQUARE ENIX EUROPE LTD. changed company names to SQUARE ENIX, INC. and SQUARE ENIX LTD. (2)Non- consolidated subsidiaries BMF CORPORATION SOLID CO., LTD. SPORTS BB CORPORATION was liquidated during this period. (Rationale for the exclusion of subsidiary companies from the scope of consolidation) The non-consolidated subsidiaries conduct operations that are relatively small in scale. The total of non-consolidated subsidiaries' assets, sales, equity in net income (loss), and equity in retained earnings (deficit) are deemed to have an immaterial effect on the Company's financial performance and consolidated financial statements	(1)Number of Consolidated subsidiaries: 10 and one partnership DIGITAL ENTERTAINMENT ACADEMY CO., LTD. COMMUNITY ENGINE INC. THE GAME DESIGNERS STUDIO, INC. SQUARE ENIX U.S.A.,INC. SQUARE L.L.C. SQUARE PICTURES,INC. SQUARE ENIX EUROPE LTD. SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING)CO.,LTD. COMMUNITY ENGINE NETWORK SOFTWARE(BEJIN)CO.,LTD UIEVOLUTION,INC. FF・FILM PARTNERS (partnership) COMMUNITY ENGINE NETWORK SOFTWARE (BEIJING)CO., LTD.及び UIEVOLUTION. INC. were newly acquired during fiscal year 2004. Due to the increasing importance of their business activities, COMMUNITY ENGINE INC. and SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO.,LTD. have been included in the Company's scope of consolidation from the first half year ended Sep. 30, 2003. THE GAME DESIGNERS STUDIO, INC., SQUARE L.L.C., SQUARE PINTURES, INC., SQUARE ENIX EUROPE LTD., and FF FILM PARTNERS (partnership) have been included in the Company's scope of consolidation from the first half year ended Sep. 30, 2003 due to the merger with SQUARE CO., LTD. In addition, proceedings to liquidate ENIX AMERICA INC. were completed during the first half year ended Sep. 30, 2003. (2)Non- consolidated subsidiaries BMF CORPORATION SPORTS BB CORPORATION SOLID CO., LTD. Proceedings are currently in progress to liquidate SPORTS BB CORP. following a resolution at the shareholders meeting held on March 15, 2004. (Rationale for the exclusion of subsidiary companies from the scope of consolidation) The non-consolidated subsidiaries conduct operations that are relatively small in scale. The total of non-consolidated subsidiaries' assets, sales, equity in net income (loss), and equity in retained earnings (deficit) are deemed to have an immaterial effect on the Company's financial performance and consolidated financial statements.

	Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
2.Application of the Equity Method of accounting	Number of equity-method affiliates: 1 DIGICUBE CO., LTD. DIGICUBE CO., LTD is now accounted for under the equity method as a result of the merger with SQUARE CO., LTD. from the first half year ended Sep. 30, 2003. Principal non-consolidated subsidiaries not accounted for under the equity method (BMF CORPORATION, SPORTS BB CORPORATION, SOLID CO., LTD., SQUARE U.S.A.,INC.) and an affiliated company (KUSANAGI INC.) are excluded from the scope of consolidation as equity-method affiliates, as the Company's equity in net income (loss) and equity in retained earnings (deficit) in these companies are deemed to have immaterial effect on the Company's consolidated financial statements. In addition, as the Company's investment in MAG GARDEN CORP. is deemed to be temporary, it has been excluded from the scope of consolidation as an equity-method affiliate.	Number of equity-method non-consolidated subsidiaries and affiliates: 0 Principal non-consolidated subsidiaries not accounted for under the equity method (BMF CORPORATION, SOLID CO., LTD., SQUARE U.S.A.,INC.) and an affiliated company (KUSANAGI INC.) are excluded from the scope of consolidation as equity-method affiliates, as the Company's equity in net income (loss) and equity in retained earnings (deficit) in these companies are deemed to have immaterial effect on the Company's consolidated financial statements. In addition, as the Company's investment in MAG GARDEN CORP. is deemed to be temporary, it has been excluded from the scope of consolidation as an equity-method of accounting affiliate.	Number of equity-method non-consolidated subsidiaries: 1 DIGICUBE CO., LTD On November 26, 2003, the Company's affiliate, DIGICUBE CO., LTD. filed for bankruptcy with the Tokyo District Court. As a result of the declaration of bankruptcy, the firm was delisted from the Hercules Nippon New Market of the Osaka Securities Exchange on December 13, 2003. Principal non-consolidated subsidiaries not accounted for by the equity method (BMF CORPORATION, SPORTS BB CORPORATION, SOLID CO., LTD., SQUARE U.S.A.,INC.) and an affiliated company (KUSANAGI INC.) are excluded from the scope of consolidation as equity-method affiliates, as the Company's equity in net income (loss) and equity in retained earnings (deficit) in these companies are deemed to have immaterial effect on the Company's consolidated financial statements. In addition, as the Company's investment in MAG GARDEN CORP. is deemed to be temporary, it has been excluded from the scope of consolidation as an equity-method affiliate.
3.Fiscal Year-End and First Half Year-End of Consolidated Subsidiaries	The First Half Year of SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY(BEIJING) CO., LTD., SQUARE PICTURES, INC., and FF・FILM PARTNERS (partnership) ends June 30. In the preparation of consolidated financial statements, their financial statements for the June 30 first half year-end are used. Important transactions between their first half year-end and the consolidated balance date of September 30 are reconciled for consolidation.	The First Half Year of SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY(BEIJING) CO., LTD., SQUARE PICTURES, INC., COMMUNITY ENGINE NETWORK SOFTWARE(BEJIN)CO.,LTD, and FF・FILM PARTNERS (partnership) ends June 30. In the preparation of consolidated financial statements, their financial statements for the June 30 first half year-end are used. Important transactions between their first half year-end and the consolidated balance date of September 30 are reconciled for consolidation.	The Fiscal Year of SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY(BEIJING) CO., LTD., SQUARE PICTURES, INC., and FF・FILM PARTNERS (partnership) ends December 31. In the preparation of consolidated financial statements, their financial statements for the December 31 fiscal year-end are used. Important transactions between their fiscal year-end and the consolidated balance date of March 31 are reconciled for consolidation.
4.Summary of Significant Accounting Policies (1) Standards and valuation methods for major assets	A) Investment securities Held-to-maturity securities: Amortized cost method, amortized on a straight-line basis Other investment securities Securities for which fair values are available: Market value, determined by the quoted market price as of the balance sheet date, with unrealized gains and losses reported as a separate component of shareholders' equity at a net-of-tax amount, and the cost of sales determined by the moving-average method Securities for which fair values are unavailable: Stated at cost determined by the average method B) Inventories Manufactured goods and merchandise: Stated at cost, determined by the monthly average method in principal	A) Investment securities Held-to-maturity securities: Amortized cost method, amortized on a straight-line basis Other investment securities Securities for which fair values are available: Market value, determined by the quoted market price as of the balance sheet date, with unrealized gains and losses reported as a separate component of shareholders' equity at a net-of-tax amount, and the cost of sales determined by the moving-average method B) Inventories Manufactured goods, merchandise: Stated at cost, determined by the monthly average method	A) Investment securities Held-to-maturity securities: amortized cost method, amortized on a straight-line basis Other investment securities Securities for which fair values are available: Market value, determined by the quoted market price as of the balance sheet date, with unrealized gains and losses reported as a separate component of shareholders' equity at a net-of-tax amount, and the cost of sales determined by the moving-average method Securities for which fair values are unavailable: Stated at cost determined by the average method C) Inventories Manufactured goods and merchandise: Stated at cost, determined by the monthly average method

	Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
	Content production account: Stated at cost, determined by the identified cost method Unfinished publications: Stated at cost, determined by the monthly average method in principal Unfinished goods: ―――― Supplies: Stated at last purchase price	Content production account: Stated at cost, determined by the identified cost method Unfinished publications: ―――― Unfinished goods: Stated at cost, determined by the monthly average method in principal Supplies: Stated at last purchase price C) Derivatives Determined by quoted market price	Content production account: Stated at cost, determined by the identified cost method Unfinished publications: ―――― Unfinished goods: Stated at cost, determined by the monthly average method in principal Supplies: Stated at last purchase price
(2) Method for depreciation and amortizion of major assets	A) Property, plant, and equipment Property, plant, and equipment are depreciated using the declining-balance method in principal. However, buildings excluding structures purchased after April 1, 1998 are depreciated using the straight-line method. Estimated useful lives of major assets are as follows: Buildings and structures 3～50year Machinery and equipment 3～20years (Change in accounting policy) Previously, assets with a purchase price greater than or equal to ¥100,000 and less than ¥200,000 were depreciated on a straight-line basis over a period of three years. In order to unify the accounting policy as a result of the merger and to further strengthen the financial position, from the first half year ended Sep. 30, 2003, acquired assets that are deemed to have an immaterial impact on the Company's consolidated financial position are expensed at the time of purchase. The result of this change on the Company's consolidated operating income, recurring profit, and income before taxes for the first half year under review is considered immaterial. The impact on business segment information is indicated in 5. Segment Information.	A) Property, plant, and equipment Property, plant, and equipment are depreciated using the declining-balance method. Estimated useful lives of major assets are as follows: Buildings and structures 3～50years Machinery and equipment 3～20years	A) Property, plant, and equipment Property, plant, and equipment are depreciated using the declining-balance method. Estimated useful lives of major assets are as follows: Buildings and structures 3～50year Machinery and equipment 3～20years (Change in accounting policy) Previously, assets with a purchase price greater than or equal to ¥100,000 and less than ¥200,000 were depreciated on a straight-line basis over a period of three years. In order to unify the accounting policy as a result of the merger and to further strengthen the financial position, from fiscal year 2004, acquired assets that are deemed to have an immaterial impact on the Company's consolidated financial position are expensed at the time of purchase. The result of this change on the Company's consolidated operating income, recurring profit, and income before taxes for the fiscal year under review is considered immaterial.
	B) Intangible assets In-house software used by the Company and its domestic consolidated subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized using the straight-line method over a period of five years.	B) Intangible assets In-house software used by the Company and its domestic consolidated subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized using the straight-line method over a period of five years.	B) Intangible assets In-house software used by the Company and its domestic consolidated subsidiaries is amortized using the straight-line method based on an estimated useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized using the straight-line method over a period of five years.

	Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
(3) Accounting for allowances and reserves	A) Allowance for doubtful accounts An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.	A) Allowance for doubtful accounts An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.	A) Allowance for doubtful account An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.
	B) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company and its consolidated subsidiaries at the amount expected to be paid in respect of the calculation period ended on the balance sheet date. C) Accrued pension costs The Company and its domestic consolidated subsidiaries provide a reserve for retirement benefits equal to 100 percent of such benefits the Company and its subsidiaries would be required to pay under the lump-sum retirement plan if all eligible employees were to voluntarily terminate their employment at the balance sheet date.	B) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company and its consolidated subsidiaries at the amount expected to be paid in respect of the calculation period ended on the balance sheet date. C) Accrued pension costs An allowance for retirement benefits is provided at the amount incurred during this period, which is based on the estimated present value of the projected benefit obligation. Unrecognized actuarial differences are fully amortized in the next year in which they arise. In addition, the Company and its domestic consolidated subsidiaries provide a reserve for retirement benefits equal to 100 percent of such benefits the Company and its subsidiaries would be required to pay under the lump-sum retirement plan if all eligible employees were to voluntarily terminate their employment at the balance sheet date. （Additional Information） Previously, the Company had provided a reserve for retirement benefits equal to 100 percent of such benefits the Company would be required to pay if all eligible employees were to voluntarily terminate their employment at the balance sheet date. Effective from the previous second half year, the Company changed its accounting policy for reserve for retirement benefits to the method described above. As a result of this change, recurring profit and income before income taxes each increased by ¥393 million.	B) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company and its consolidated subsidiaries at the amount expected to be paid in respect of the calculation period ended on the balance sheet date. C) Accrued pension costs An allowance for retirement benefits is provided at the amount incurred during the fiscal year, which is based on the estimated present value of the projected benefit obligation. Unrecognized actuarial differences are fully amortized in the next year in which they arise. In addition, the Company and its domestic consolidated subsidiaries provide a reserve for retirement benefits equal to 100 percent of such benefits the Company and its subsidiaries would be required to pay under the lump-sum retirement plan if all eligible employees were to voluntarily terminate their employment at the balance sheet date. （Additional Information） Until the previous fiscal year, the Company had provided a reserve for retirement benefits equal to 100 percent of such benefits the Company would be required to pay if all eligible employees were to voluntarily terminate their employment at the balance sheet date. Effective from the current fiscal year, as the number of Company employees exceeded 300 due to the merger with SQUARE, the Company changed its accounting policy for reserve for retirement benefits to the method described above. As a result of this change, retirement expense increased by ¥437 million, and recurring profit and income before income taxes each decreased by ¥416 million. Moreover, this change in accounting method was adopted in the second half of the fiscal year under review due to the merger with SQUARE and the increase in the Company's number of employees above 300. Reserve for retirement benefits for the first half were calculated using the previous method. Adjusting first-half accounts to reflect the change in accounting method, recurring profit and income before income taxes would increase by ¥393 million.

	Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
	D) Allowance for sales returns An allowance is provided for losses due to the return of published materials, at an amount calculated based on historic experience, prior to the first half year ended Sep. 30, 2003. In addition, allowance is provided for losses due to the return of game software, at an estimated amount of future losses assessed by each game title. E) Allowance for directors' retirement benefits An allowance for directors' retirement benefits is provided to adequately cover the costs of directors' retirement benefits, which are accounted for on an accrual basis in accordance with internal policy.	D) Allowance for sales returns An allowance is provided for losses due to the return of published materials, at an amount calculated based on historic experience, prior to the first half year ended Sep. 30, 2003. In addition, allowance is provided for losses due to the return of game software, at an estimated amount of future losses assessed by each game title. E) Allowance for directors' retirement benefits An allowance for directors' retirement benefits is provided to adequately cover the costs of directors' retirement benefits, which are accounted for on an accrual basis in accordance with internal policy.	D) Allowance for sales returns An allowance is provided for losses due to the return of published materials, at an amount calculated based on historic experience, prior to the fiscal year ended Mar. 31, 2004. In addition, allowance is provided for losses due to the return of game software, at an estimated amount of future losses assessed by each game title. E) Allowance for directors' retirement benefits An allowance for directors' retirement benefits is provided to adequately cover the costs of directors' retirement benefits, which are accounted for on an accrual basis in accordance with internal policy.
	F) Reserve for office relocation costs Reserve for office relocation costs is provided for losses due to the relocation of the Company following the merger at the amount expected to be paid.	F) ――――――	F) ――――――
(4) Translation of foreign currency transactions and accounts	All monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated at the balance sheet date at the first half year-end rate. The resulting translation gains or losses are charged or credited to income. All monetary assets and liabilities of overseas subsidiaries are translated as of the balance sheet first half year-end rate and all income and expense accounts are translated at rates for their respective periods. The resulting translation adjustments are recorded in minority interests in consolidated subsidiaries and shareholders' equity as "Foreign Currency translation adjustment".	All monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated at the balance sheet date at the first half year-end rate. The resulting translation gains or losses are charged or credited to income. All monetary assets and liabilities of overseas subsidiaries are translated as of the balance sheet first half year-end rate and all income and expense accounts are translated at rates for their respective periods. The resulting translation adjustments are recorded in minority interests in consolidated subsidiaries and shareholders' equity as "Foreign Currency translation adjustment".	All monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated at the balance sheet date at the year-end rate. The resulting translation gains or losses are charged or credited to income. All monetary assets and liabilities of overseas subsidiaries are translated as of the balance sheet year-end rate and all income and expense accounts are translated at rates for their respective periods. The resulting translation adjustments are recorded in minority interests in consolidated subsidiaries and shareholders' equity as "Foreign Currency translation adjustment".
(5) Accounting for leases	Finance leases, other than those for which the ownership of the leased assets are considered to be transferred to the lessees are accounted for as operating leases.	Finance leases, other than those for which the ownership of the leased assets are considered to be transferred to the lessees are accounted for as operating leases.	Finance leases, other than those for which the ownership of the leased assets are considered to be transferred to the lessees are accounted for as operating leases.
(6) Accounting for differed assets	――――――	――――――	A) Common share issuance expenses Costs associated with issuance of common shares are expensed as incurred.
(7) Additional accounting policies used to prepare consolidated financial statements	A) Accounting treatment of consumption tax Income statement items are presented exclusive of consumption tax. B) Accounting treatment of overseas subsidiaries The accounts and records of overseas subsidiaries are maintained in conformity with accounting principles and practices generally accepted in their respective countries. C) Amortization of Goodwill Goodwill is amortized over a period of three years on a straight-line basis.	A) Accounting treatment of consumption tax Income statement items are presented exclusive of consumption tax. B) Accounting treatment of overseas subsidiaries The accounts and records of overseas subsidiaries are maintained in conformity with accounting principles and practices generally accepted in their respective countries. C) Amortization of Goodwill Goodwill is amortized over a period of between three and five years on a straight-line basis.	A) Accounting treatment of consumption tax Income statement items are presented exclusive of consumption tax. B) Accounting treatment of overseas subsidiaries The accounts and records of overseas subsidiaries are maintained in conformity with accounting principles and practices generally accepted in their respective countries. C) Amortization of Goodwill Goodwill is amortized over a period of three years on a straight-line basis.
5. Scope of Cash and Cash Equivalents in the Statements of Cash Flows	Cash and cash equivalents in the consolidated statements of cash flows is comprised of cash on hand, bank deposits which are able to be withdrawn on demand and highly liquid short-term investments with an original maturity of three months or less and with minor risk of significant fluctuations in value.	Cash and cash equivalents in the consolidated statements of cash flows is comprised of cash on hand, bank deposits which are able to be withdrawn on demand and highly liquid short-term investments with an original maturity of three months or less and with minor risk of significant fluctuations in value.	Cash and cash equivalents in the consolidated statements of cash flows is comprised of cash on hand, bank deposits which are able to be withdrawn on demand and highly liquid short-term investments with an original maturity of three months or less and with minor risk of significant fluctuations in value.

Reclassifications

Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
(Consolidated Balance Sheet) "Rental deposits, " which was included in "Other" until the previous first half year ended Sep. 30, 2002, is stated separately as the amount became material due to the merger. In the previous first half year, "Rental deposits" included in "Other" was ¥103 million. In addition, "Accrued expenses," which was included in "Other" until the previous first half year, is stated separately as the amount became material due to the merger. In the previous first half year, "Accrued expenses" included in "Other" was ¥12 million.	(Consolidated Balance Sheet) "Consolidated adjustment account," which was included in intangible assets until the previous first half year ended Sep. 30, 2003, is stated separately as the amount became material. In the previous first half year, "Consolidated adjustment account" included in intangible assets was ¥365 million.	―――
(Consolidated Statements of Cash Flows) "Interest income," "Dividends received," "Loss on disposal of property, plant, and equipment," "Decrease in other current assets," "Decrease (increase) in other fixed assets," and "(Decrease) increase in other fixed liabilities" are included in "Interest dividend received," "Gain (loss) on disposal of property, plant, and equipment," and "Other" from this period. "Interest received" and "Dividends received" included in "Interest and dividends received" in this period were ¥32 million and ¥73 million, respectively. "Loss on disposal of property, plant, and equipment" included in "Gain (loss) on disposal of property, plant, and equipment" was ¥41 million. ""Decrease in other current assets," "Decrease (increase) in other fixed assets," and "(Decrease) increase in other fixed liabilities" included in "Other" were ¥223 million, ¥350 million, and negative-¥693 million, respectively.	―――	―――

Additional Information

Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
(Accounting treatment for costs related to the planning and development of game content paid to third parties) Until the first half year ended Sep. 30, 2002, the Company had expensed the costs related to the planning and development of game content when paid to a third party. Effective from the year ended Sep. 30, 2003, as a result of an effort to strengthen the decision-making process in connection to the development of game software and to implement more stringent selection criteria, such costs incurred during the development stage are capitalized as "Content production account" and charged to cost of sales at the time of sale of related game products. For the first half year ended Sep. 30, 2003, "Content production account" includes such capitalized costs in the amount of ¥1,595 million. In addition, "Inventories" in the previous first half year consolidated result of SQUARE CO., LTD. includes "Content production account," the amount of which was ¥3,092 million. (Accounting for business combination) On April 1, 2003, ENIX CORP. and SQUARE CO., LTD. merged and formed SQUARE ENIX CO., LTD. The merger was effected through the issue of 51,167,293 common shares and allocated on the basis of one SQUARE CO. LTD., common share for every0.85 ENIX CORP. common shares. The merger was consummated on an equal footing by combining the entire control over net assets and management activities prior to the merger, and sharing both the post-merger benefits and risks equally. In addition, it was not possible to determine which entity was the	―――	(Accounting treatment for costs related to the planning and development of game content paid to third parties) Until the year ended March 31, 2003, the Company had expensed the costs related to the planning and development of game content when paid to a third party. Effective from the year ended March 31, 2004, as a result of an effort to strengthen the decision-making process in connection to the development of game software and to implement more stringent selection criteria, such costs incurred during the development stage are capitalized as "Content production account" and charged to cost of sales at the time of sale of related game products. For the year ended March 31, 2004, "Content production account" includes such capitalized costs in the amount of ¥3,763 million. (Accounting for business combination) On April 1, 2003, ENIX CORP. and SQUARE CO., LTD. merged and formed SQUARE ENIX CO., LTD. The merger was effected through the issue of 51,167,293 common shares and allocated on the basis of one SQUARE CO. LTD., common share for every 0.85 ENIX CORP. common shares. The merger was consummated on an equal footing by combining the entire control over net assets and management activities prior to the merger, and sharing both the post-merger benefits and risks equally. In addition, it was not possible to determine which entity was the acquirer. Therefore, this business combination was accounted for under the pooling-of interests method. Details of post-merger assets and liabilities are provided on the following page.

Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
acquirer. Therefore, this business combination was accounted for under the pooling-of interests method. Details of post-merger assets and liabilities are provided on the following page.		

※ Assets and Liabilities Transferred due to the Merger

(Millions of Yen)

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	36,490	Current liabilities	13,489
Cash and deposits	16,931	Accounts payable-trade	1,717
Accounts receivable-trade	11,438	Current portion of long-term debt	22
Finished goods	45	Accounts payable-other	2,808
Merchandise	11	Payables arising due to merger	4,153
Content production account	3,402	Income taxes payable	4
Suppliers	77	Consumption tax payable	422
Prepaid expenses	375	Accrued expenses	1,248
Accounts receivable-other	483	Advances received	594
Income taxes receivable	537	Deposits received	83
Deferred tax assets	2,980	Reserve for bonuses	463
Other current assets	217	Allowance for sales returns	893
Allowance for doubtful accounts	(-10)	Reserve for office relocation costs	1,074
		Other current liabilities	3
Fixed Assets	14,370		
Property, plant, and equipment	3,759	Fixed liabilities	359
Buildings and structures	621	Long-term debt	18
Machinery and equipment	2,663	Long-term deposits received	39
Land	421	Reserve for retirement benefits	301
Construction in progress	53		
Intangible assets	1,027	Total liabilities	13,848
Goodwill	250		
Trademarks	45		
Telephone rights	6		
Software	636		
Software production account	88		
Investments and other assets	9,584		
Investment securities	1,345		
Investment in subsidiaries	3,376		
Long-term loans receivable	4		
Long-term prepaid expenses	5		
Investment in consortiums	560		
Leasehold deposits	590		
Deferred tax assets	3,383		
Other investments	316		
Allowance for doubtful accounts	(-0)		
Total assets	50,860	Net worth	37,012

Notes to Consolidated Balance Sheet

Previous First Half Year (ended September 30, 2003)	Fiscal Year 2004 First Half Year (ended September 30, 2004)	Previous Fiscal Year (ended March 31, 2004)
※1 Investment in non-consolidated subsidiaries and affiliates Investment securities in affiliates ¥1,343 million Investment in affiliates ¥4 million ※2 Accounting for consumption tax Accrued consumption tax is included in other current liabilities. ※3 ※4	※1 Investment in non-consolidated subsidiaries and affiliates Investment securities ¥179 million Investments and other assets ¥4 million ※2 Accounting for consumption tax Accrued consumption tax is included in other current liabilities.	※1 Investment in non-consolidated subsidiaries and affiliates Investment securities ¥341 million Investments and other assets ¥4 million ※2 ――― ※3 Number of shares of common stock outstanding: 110,130,418 ※4 Number of shares of treasury stock: 99.539
6 Contingent liabilities for guarantees (1) SQUARE has issued a joint-and-several guarantee for transactions undertaken by affiliated company DIGICUBE CO., LTD., listed on the Hercules market of the Osaka Securities Exchange, with 7-Eleven Japan Co., Ltd. As of September 30, 2003 there were no claims made under the subject guarantee. On November 26, 2003, the Company's affiliate, DIGICUBE CO., LTD. filed for bankruptcy with the Tokyo District Court. As a result of the declaration of bankruptcy, the firm was delisted from the Hercules Nippon New Market of the Osaka Securities Exchange on December 13, 2003. Details are provided in "Subsequent Events". (2) ―――	6 Contingent liabilities for guarantees (1) ――― (2) The Company has issued a revolving guarantee to a maximum limit of U.S.$15 million on behalf of a consolidated subsidiary, SQUARE ENIX U.S.A. INC., in favor of SONY COMPUTER ENTERTAINMENT AMERICA INC. As of September 30, 2004 the liability outstanding under the guarantee was U.S.$ 1,124,000 (¥124 million).	6 Contingent liabilities for guarantees (1) ――― (2) The Company has issued a revolving guarantee to a maximum limit of U.S.$15 million on behalf of a consolidated subsidiary, SQUARE ENIX U.S.A. INC., in favor of SONY COMPUTER ENTERTAINMENT AMERICA INC. As of March 31, 2004 the liability outstanding under the guarantee was U.S.$ 432,000 (¥45 million).

Notes to Consolidated Statements of Income

Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
※1 Selling, general and administrative expense includes research and development costs of ¥3 million.	―――	※1 Selling, general and administrative expense includes research and development costs of ¥7 million.
※2 Breakdown of loss on sale of property and equipment Machinery and equipment ¥51 million	※2 Breakdown of loss on sale of property and equipment Machinery and equipment ¥0 Total ¥0	※2 Breakdown of loss on sale of property and equipment Machinery and equipment ¥123 million Total ¥123 million
※3 Breakdown of loss on disposal of property and equipment Machinery and equipment ¥41 million	※3 Breakdown of loss on disposal of property and equipment Machinery and equipment ¥36 million Software ¥1 million Total ¥37 million	※3 Breakdown of loss on disposal of property and equipment Machinery and equipment ¥159 million Software ¥39 million Total ¥198 million
※4 Loss on of investment securities is due to the significant decline in market prices of marketable securities.	※4 Loss on of investment securities is due to the significant decline in market prices of marketable securities.	※4 Loss on of investment securities is due to the significant decline in market prices of marketable securities.

Notes to Consolidated Statements of Cash Flows

<table>
<tr><th>Previous First Half Year
(April 1, 2003 to
September 30, 2003)</th><th>Fiscal Year 2004 First Half Year
(April 1, 2004 to
September 30, 2004)</th><th>Previous Fiscal Year
(April 1, 2003 to
March 31, 2004)</th></tr>
<tr>
<td>※1 Reconciliation of cash and cash equivalents on consolidated statements of cash flows to the amounts disclosed in the consolidated balance sheet is as follows.
(As of September 30, 2003)
(Millions of Yen)
Cash and deposits ¥56,465
Cash and cash equivalents ¥56,465</td>
<td>※1 Reconciliation of cash and cash equivalents on consolidated statements of cash flows to the amounts disclosed in the consolidated balance sheet is as follows.
(Millions of Yen)
Cash and deposits ¥59,624
Cash and cash equivalents 59,624</td>
<td>※1 Reconciliation of cash and cash equivalents on consolidated statements of cash flows to the amounts disclosed in the consolidated balance sheet is as follows.
(Millions of Yen)
Cash and deposits ¥58,676
Cash and cash equivalents 58,676</td>
</tr>
<tr>
<td></td>
<td>※2 “Gain on sale of investment securities” includes income from redemption of held-to-maturity national bond, ¥2,000 million.</td>
<td></td>
</tr>
</table>

Lease Transactions

<table>
<tr><th></th><th>Previous First Half Year
(April 1, 2003 to
September 30, 2003)</th><th>Fiscal Year 2004 First Half Year
(April 1, 2004 to
September 30, 2004)</th><th>Previous Fiscal Year
(April 1, 2003 to
March 31, 2004)</th></tr>
<tr>
<td>Information related to finance leases other than those that transfer ownership to the lessee.</td>
<td>1. Acquisition cost, accumulated depreciation and net book value of leased assets
(Millions of Yen)
<table>
<tr><th></th><th>Acquisition cost</th><th>Accumulated</th><th>Net book value</th></tr>
<tr><td>Machinary Equipment</td><td>90</td><td>39</td><td>50</td></tr>
<tr><td>Total</td><td>90</td><td>39</td><td>50</td></tr>
</table>
Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.
2. Ending balance of future lease payments
Due within one year ¥18 million
Due after one year ¥32 million
Total ¥50 million
Note: The total future lease payment at the end of the period is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease payment includes the interest portion.
3. Lease payment and depreciation
Lease expenses payment ¥9 million
Depreciation expense ¥9 million
4. Method of calculation for depreciation
Straight-line method over the useful life with no residual value is used to calculate depreciation.</td>
<td>1. Acquisition cost, accumulated depreciation and net book value of leased assets
(Millions of Yen)
<table>
<tr><th></th><th>Acquisition cost</th><th>Accumulated</th><th>Net book value</th></tr>
<tr><td>Machinary Equipment</td><td>90</td><td>57</td><td>32</td></tr>
<tr><td>Total</td><td>90</td><td>57</td><td>32</td></tr>
</table>
Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.
3. Ending balance of future lease payments
Due within one year ¥15 million
Due after one year ¥17 million
Total ¥32 million
Note: The total future lease payment at the end of the period is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease payment includes the interest portion.
3. Lease payment and depreciation
Lease expenses payment ¥9 million
Depreciation expense ¥9 million
4. Method of calculation for depreciation
Straight-line method over the useful life with no residual value is used to calculate depreciation.</td>
<td>1. Acquisition cost, accumulated depreciation and net book value of leased assets
(Millions of Yen)
<table>
<tr><th></th><th>Acquisition cost</th><th>Accumulated</th><th>Net book value</th></tr>
<tr><td>Machinary Equipment</td><td>90</td><td>48</td><td>41</td></tr>
<tr><td>Total</td><td>90</td><td>48</td><td>41</td></tr>
</table>
Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.
2. Ending balance of future lease payments
Due within one year ¥16 million
Due after one year ¥24 million
Total ¥41 million
Note: The total future lease payment at the end of the period is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease payment includes the interest portion.
3. Lease payment and depreciation
Lease expenses payment ¥18 million
Depreciation expense ¥18 million
4. Method of calculation for depreciation
Straight-line method over the useful life with no residual value is used to calculate depreciation.</td>
</tr>
</table>

(Securities)

First Half of Previous Year (ended September 30, 2003)

1. Held-to-maturity securities with market value (Millions of Yen)

	Type	Book Value	Market Value	Unrealized Gain (Loss)
Securities with market value exceeding book value	(1) Government/ local bonds	2,000	2,001	0
	Subtotal	2,000	2,001	0
Total		2,000	2,001	0

2. Other investment securities with market value (Millions of Yen)

	Type	Acquisition Cost	Book Value	Unrealized Gain (Loss)
Securities with book value exceeding acquisition cost	(1) Stocks	799	1,130	331
	Subtotal	799	1,130	331
Securities with acquisition cost exceeding book value	(1) Stocks	0	0	(0)
	Subtotal	0	0	(0)
Total		799	1,130	331

3. Investment securities whose fair values are not readily determined as of September 30, 2003 (Millions of Yen)

	Book Value
(1) Other marketable securities Unlisted securities (excluding OTC securities)	168
(2) Investments in affiliates	1,343

Note: An impairment loss of ¥150 million was incurred in the first half of the 2003 fiscal year (ended September 30, 2003).

First Half of 2004 Fiscal Year (ended September 30, 2004)

1. Other investment securities with market value (Millions of Yen)

	Type	Acquisition Cost	Book Value	Unrealized Gain (Loss)
Securities with book value exceeding acquisition cost	(1) Stocks	319	921	602
	Subtotal	319	921	602
Securities with acquisition cost exceeding book value	(1) Stocks	76	39	(37)
	Subtotal	76	39	(37)
Total		396	960	564

2. Investment securities whose fair values are not readily determined as of September 30, 2004 (Millions of Yen)

	Book Value
(1) Other marketable securities Unlisted securities (excluding OTC securities)	81
(2) Investments in affiliates	179

Note: An impairment loss of ¥79 million was incurred in the first half of the 2004 fiscal year (ended September 30, 2004).

At the End of the Previous Fiscal Year (ended March 31, 2003)

1. Held-to-maturity securities with market value (Millions of Yen)

	Type	Book Value	Market Value	Unrealized Gain (Loss)
Securities with market value exceeding book value	(1) Government bonds	2,000	2,000	0
	Subtotal	2,000	2,000	0
Total		2,000	2,000	0

2. Other investment securities with market value (Millions of Yen)

	Type	Acquisition cost	Market Value	Unrealized Gain (Loss)
Securities with book value exceeding acquisition cost	(1) Stocks	179	797	617
	Subtotal	179	797	617
Securities with acquisition cost exceeding book value	(1) Stocks	76	71	(4)
	Subtotal	76	71	(4)
Total		256	869	613

Note: An impairment loss of ¥222 million was incurred in the fiscal year ended March 31, 2004, in connection with the Company's other marketable securities with market value. Impairment loss on securities is charged to income when the market price at the end of the fiscal year falls not less than 50% of the acquisition cost. Impairment loss on securities is charged to income when the market price at the end of the fiscal year falls between 30% and 50% of the acquisition cost after considering such factors as the significance and amount of securities and the potential for recovery.

3. Investment securities whose fair values are not readily determined as of March 31, 2003 (Millions of Yen)

	Book Value
(1) Other marketable securities Unlisted securities (excluding OTC securities)	165

(Derivative Transactions)

First Half of Previous Year (April 1, 2003 to September 30, 2003)

The Group does not engage in derivative transactions.

First Half of 2004 Fiscal Year (April 1, 2004 to September 30, 2004)

Amount of derivative transactions, market value, and evaluation loss (gain) (Millions of Yen)

Type of Subject	Type of Transaction	Amount	Market Value	Evaluation Loss (Gain)
Currency	Exchange reservation	2,767	2,776	(8)

Notes: 1. Market value is determined by forward rate.
2. No accounts over a period of one year.

Previous Fiscal Year (April 1, 2003 to March 31, 2004)

The Group does not engage in derivative transactions.

5. Segment Information

1. Consolidated Business Segment Information

Fiscal Year 2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003) (Millions of Yen)

	Games (Offline)	Games (Online)	Mobilephone Content	Publishing	Other	Total	Eliminations or unallocated	Consolidated total
Sales and operating income								
Net sales								
(1) Sales to outside customers	9,349	3,822	1,277	3,569	1,712	19,730	-	19,730
(2) Intersegment sales	-	-	-	-	-	-	-	-
Total	9,349	3,822	1,277	3,569	1,712	19,730	-	19,730
Operating expenses	7,900	2,839	713	2,504	1,203	15,160	2,238	17,399
Operating income (loss)	1,448	983	563	1,065	509	4,570	(2,238)	2,331

Note: 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
Mobilephone Content	Content for mobile phones
Publishing	Magazine comics, serial comics, game-related books
Other	Derivative products such as character merchandise, school for game designers

3. Unallocated operating expenses included in the "elimination or unallocated" column totaled ¥2,238 million. These expenses are related to administrative departments, such as accounting and general affairs, of the Company, which provide services and operational support that are not allocable to specific business segments.

Fiscal Year 2004 Interim Results (April 1, 2004 to September 30, 2004) (Millions of Yen)

	Games (Offline)	Games (Online)	Mobilephone Content	Publishing	Other	Total	Eliminations or unallocated	Consolidated total
Sales and operating income								
Net sales								
(1) Sales to outside customers	8,099	7,684	1,977	5,157	1,476	24,395	-	24,395
(2) Intersegment sales	-	-	-	-	-	-	-	-
Total	8,099	7,684	1,977	5,157	1,476	24,395	-	24,395
Operating expenses	6,549	4,431	1,343	3,405	1,106	16,836	1,606	18,442
Operating income (loss)	1,549	3,252	633	1,752	370	7,559	(1,606)	5,952

Note: 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
Mobilephone Content	Content for mobile phones
Publishing	Magazine comics, serial comics, game-related books
Other	Derivative products such as character merchandise, school for game designers

3. Unallocated operating expenses included in the "elimination or unallocated" column totaled ¥1,606 million. These expenses are related to administrative departments of the Company, which provide services and operational support that are not allocable to specific business segments.

Previous Fiscal Year (April 1, 2003 to March 31, 2004) （Millions of Yen）

	Games (Offline)	Games (Online)	Mobilephone Content	Publishing	Other	Total	Eliminations or unallocated	Consolidated total
Sales and operating income								
Net sales								
(1) Sales to outside customers	37,988	8,924	2,793	9,671	3,824	63,202	-	63,202
(2) Intersegment sales	-	-	-	-	-	-	-	-
Total	37,988	8,924	2,793	9,671	3,824	63,202	-	63,202
Operating expenses	21,583	6,575	1,633	6,491	2,797	39,081	4,722	43,803
Operating income (loss)	16,404	2,348	1,159	3,180	1,027	24,120	(4,722)	19,398

Note: 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
Mobilephone Content	Content for mobile phones
Publishing	Magazine comics, serial comics, game-related books
Other	Derivative products such as character merchandise, school for game designers

3. Unallocated operating expenses included in the "elimination or unallocated" column totaled ¥4,722 million. These expenses are related to administrative departments, such as accounting and general affairs, of the Company, which provide services and operational support that are not allocable to specific business segments.

2. Consolidated Geographic Segment Information

Fiscal Year 2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003) (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	16,645	2,401	89	593	19,730	-	19,730
(2) Intersegment sales	758	125	42	-	926	(926)	-
Total	17,404	2,527	132	593	20,657	(926)	19,730
Operating expenses	15,515	2,330	109	370	18,325	(926)	17,399
Operating income (loss)	1,888	196	23	222	2,331	-	2,331

Note: 1. The classification of geographic area 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. There are no unallocated operating expenses included in the "elimination or unallocated" column.

Fiscal Year 2004 Interim Results (April 1, 2004 to September 30, 2004) (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	17,792	5,854	319	428	24,395	-	24,395
(2) Intersegment sales	1,643	153	167	-	1,964	(1,964)	-
Total	19,435	6,007	487	428	26,359	(1,964)	24,395
Operating expenses	14,812	4,709	485	400	20,407	(1,964)	18,442
Operating income (loss)	4,623	1,297	2	28	5,952	-	5,952

Note: 1. The classification of geographic area 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. There are no unallocated operating expenses included in the "elimination or unallocated" column.

Previous Fiscal Year (April 1, 2003 to March 31, 2004) (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	49,354	12,981	148	717	63,202	-	63,202
(2) Intersegment sales	3,718	389	279	-	4,387	(4,387)	-
Total	53,073	13,371	428	717	67,589	(4,387)	63,202
Operating expenses	36,880	10,178	336	796	48,191	(4,387)	43,803
Operating income (loss)	16,192	3,192	91	(79)	19,398	-	19,398

Note: 1. The classification of geographic area 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

3. There are no unallocated operating expenses included in the "elimination or unallocated" column.

4. There are no unallocated assets included in the "elimination or unallocated" column.

3. Consolidated Overseas Sales

Fiscal Year 2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003) (Millions of Yen)

	North America	Europe	Asia	Total
Ⅰ Overseas sales	2,721	358	789	3,869
Ⅱ Consolidated sales				19,730
Ⅲ Percentage of overseas sales to consolidated sales	13.8%	1.8%	4.0%	19.6%

Note: 1. The classification of geographic area 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, and others

(3)Asia………China and others

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

Fiscal Year 2004 Interim Results (April 1, 2004 to September 30, 2004) (Millions of Yen)

	North America	Europe	Asia	Total
Ⅰ Overseas sales	5,925	945	628	7,500
Ⅱ Consolidated sales				24,395
Ⅲ Percentage of overseas sales to consolidated sales	24.3%	3.9%	2.6%	30.7%

Note: 1. The classification of geographic area 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, and others

(3)Asia………China and others

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

Previous Fiscal Year (April 1, 2003 to March 31, 2004) (Millions of Yen)

	North America	Europe	Asia	Total
Ⅰ Overseas sales	15,618	2,121	972	18,712
Ⅱ Consolidated sales				63,202
Ⅲ Percentage of overseas sales to consolidated sales	24.7%	3.4%	1.5%	29.6%

Note: 1. The classification of geographic area 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, and others

(3)Asia………China and others

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

5. Production, Order, and Sales Information

(1) Production

Because a production process of one product/merchandise differs from that of another despite being under the same segment, the production scale by segment is not indicated in monetary accounts or quantity of units.

(2) Purchasing

Interim consolidated purchasing results by segment for FY2004, six months ended September 30, 2004 (Millions of Yen, %)

Segment	FY2003 Interim Consolidated Results (Apr. 1, 2003 to Sep. 30, 2003)		FY2004 Interim Consolidated Results (Apr. 1, 2004 to Sep. 30, 2004)		Change (negative)		Previous Fiscal Year Results (Apr. 1, 2003 to Mar. 31, 2004)	
	Amount	Rate	Amount	Rate	Amount	Change	Amount	Rate
Games (Offline)	1,578	46.7	1,577	36.0	(0)	(0.1)	5,123	52.4
Games (Online)	151	4.5	355	8.1	204	135.1	380	3.9
Publication	944	27.9	1,987	45.3	1,043	110.5	2,534	25.9
Other	705	20.9	466	10.6	(238)	(33.8)	1,742	17.8
Total	3,379	100.0	4,387	100.0	1,008	29.8	9,780	100.0

Note: The above amounts do not contain consumption taxes.

(3) Orders received

The Group does not manufacture products by order.

(4) Sales

Interim consolidated sales results by segment for FY2004, six months ended September 30, 2004 (Millions of Yen, %)

Segment	FY2003 Interim Consolidated Results (Apr. 1, 2003 to Sep. 30, 2003)		FY2004 Interim Consolidated Results (Apr. 1, 2004 to Sep. 30, 2004)		Change (negative)		Previous Fiscal Year Results (Apr. 1, 2003 to Mar. 31, 2004)	
	Amount	Rate	Amount	Rate	Amount	Change	Amount	Rate
Games (Offline)	9,349	47.4	8,099	33.2	(1,249)	(13.4)	37,988	60.1
Games (Online)	3,822	19.4	7,684	31.5	3,861	101.0	8,924	14.1
Mobilephone Content	1,277	6.5	1,977	8.1	700	54.8	2,793	4.4
Publication	3,569	18.1	5,157	21.1	1,588	44.5	9,671	15.3
Other	1,712	8.6	1,476	6.1	(235)	(13.8)	3,824	6.1
Total	19,730	100.0	24,395	100.0	4,664	23.6	63,202	100.0

Note: The above amounts do not contain consumption taxes.

(Subsequent Events)

First Half of Previous Year (Consolidated) (April 1, 2003 to September 30, 2003)	First Half of 2004 Fiscal Year (Consolidated) (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
(Bankruptcy of DIGICUBE CO., LTD.) On November 26, 2003, the Company's affiliate, DIGICUBE CO., LTD., filed for bankruptcy with the Tokyo District Court. As a result of the declaration of bankruptcy, the firm was delisted from the Hercules Nippon New Market of the Osaka Securities Exchange on December 13, 2003. The credit for DIGICUBE CO., LTD. is ¥33 million, and shares in DIGICUBE CO., LTD. and reserve for sales returns totaled ¥484 million and ¥546 million.	―――	―――

SQUARE ENIX

November 18, 2004

NON-CONSOLIDATED FINANCIAL RESULTS
for the Six Months Ended September 30, 2004

Company Name:	Square Enix Co., Ltd	Market:	Tokyo Stock Exchange, First Section
Code:	9684	Headquarters:	Tokyo
(URL http://www.square-enix.co.jp/)			
Representative:	Yoichi Wada, President and Representative Director		
Contact:	Yosuke Matsuda, Director and Executive Officer	Phone:	03-5333-1555
Date of Board Approval:	November 18, 2004	First Six-Month Dividend Payout:	paid not paid
Date of Dividend Payment:	December 9, 2004	Stock Trading Unit:	100 shares

1. FY2004 Interim Non-Consolidated Financial Results (April 1, 2004 - September 30, 2004)

(1) Non-Consolidated Financial Result (in millions of yen except percentages and per share data)

	Net Sales		Operating Income		Recurring Income	
Six Months Ended						
Sep. 30, 2004	19,170	19.5 %	4,711	159.3 %	4,878	195.2 %
Sep. 30, 2003	16,045	—	1,817	—	1,652	—
Fiscal Year 2003	51,429		15,991		15,618	

	Net Income		Earings Per Share (basic)
Six Months Ended			
Sep. 30, 2004	2,758	189.4 %	25.06
Sep. 30, 2003	952	—	8.67
Fiscal Year 2003	9,342		85.02

①Mid-term average of numbers of shares issued and outstanding	Six months ended Sep. 30, 2004	110,066,955
	Fiscal year ended Mar. 31, 2004 (FY 2003)	109,884,947
	Six months ended Sep. 30, 2003	109,884,045
②Change of significant accounting policy	n/a	

③Percentages in Net Sales, Operating Income, Recurring Income, and Net Income are the percent change vs. the previous six months.

④Since the merger of Enix Corporation and Square Co., Ltd took place on April 1, 2003, there are no prior figures with which to compare results for the six months ended September 30, 2003.

(2) Dividends

	Semi-Annual Dividend Per Share	Annual Dividend Per Share
Six Months Ended	Yen	Yen
Sep. 30, 2004	10.00	—————
Sep. 30, 2003	10.00	—————
Fiscal Year 2003	—————	30.00

(3) Non-Consolidated Financial Position (in millions of yen except percentages and per share data)

	Total Assets	Total Shareholders' Equity	Ratio of Shareholders' Equity	Shareholders' Equity Per Share
Six Months Ended				Yen
Sep. 30, 2004	103,388	94,807	91.7 %	861.08
Sep. 30, 2003	95,456	86,312	90.4 %	785.62
Fiscal Year 2003	104,623	94,137	89.9	855.55

①Number of shares issued and outstanding at period end	Six months ended Sep. 30, 2004	110,102,426
	Fiscal year ended Mar. 31, 2004 (FY 2003)	110,030,879
	Six months ended Sep. 30, 2003	109,864,830
②Amount of treasury stock	Six months ended Sep. 30, 2004	124,592
	Fiscal year ended Mar. 31, 2004 (FY 2003)	99,539
	Six months ended Sep. 30, 2003	80,788

2. FY2004 Forecasts (April 1, 2004 - March 31, 2005) (in millions of yen except per share data)

	Net Sales	Recurring Income	Net Income	Annual Dividend Per Share	
				at the end of year	
				Yen	Yen
FY2004	62,000	23,300	13,000	20.00	30.00

(Reference) Earnings per share (basic) forecasts (FY2004) 0.0 Yen

※ The above forecasts are based on information available at the time these material were prepared. A number of indefinite factors are inherent in, and could cause actual results to be materially different from, these forecasts.

7. Non-Consolidated Financial Statements for the Six Months Ended September 30, 2004

(1)Non-Consolidated Balance Sheet

(Millions of Yen)

Term / Account	Note	FY2003 Interim Results (As of Sep. 30, 2003)		FY2004 Interim Results (As of Sep. 30, 2004)		Change	Summary of Previous Fiscal Year Non-Consolidated Balance Sheet (As of Mar. 31, 2004)	
		Amount	Rate	Amount	Rate	Amount	Amount	Rate
			%		%			%
(Assets)								
I Current Assets								
1. Cash and deposits		50,516		51,524		1,008	52,158	
2. Notes receivable		44		2		(41)	1	
3. Time deposits		5,986		8,099		2,112	10,819	
4. Inventories		525		571		46	559	
5. Content production account		6,604		14,469		7,865	10,126	
6. Loans to affiliates		-		5,379		5,379	5,073	
7. Deferred tax assets		4,756		727		(4,029)	1,112	
8. Other current assets	*2	956		727		(229)	601	
Allowance for doubtful accounts		(2)		(8)		(5)	(17)	
Total current assets		69,388	72.7	81,494	78.8	12,105	80,435	76.9
II Fixed assets								
1. Property, plant and equipment								
(1) Buildings and structures	*1	2,727		2,076		(650)	2,143	
(2) Tools and fixtures	*1	3,162		2,756		(406)	2,767	
(3) Land		3,813		3,813		-	3,813	
(4) Construction in progress	*1	137		-		(137)	-	
(5) Other		4		4		(0)	4	
Total property, plant and equipment		9,845	10.3	8,650	8.4	(1,195)	8,729	8.3
2. Intangible assets		1,066	1.1	1,051	1.0	(14)	1,112	1.1
3. Investments and other assets								
(1) Investment securities		3,299		1,042		(2,257)	3,175	
(2) Shares held in affiliates		4,852		4,001		(850)	4,143	
(3) Long-term advanced payment expenses		501		437		(64)	468	
(4) Guarantee money		3,130		2,736		(394)	2,774	
(5) Deferred tax assets		2,551		2,727		175	2,712	
(6) Other		820		1,248		427	1,073	
Allowance for doubtful accounts		-		(0)		(0)	-	
Total investments and other assets		15,156	15.9	12,192	11.8	(2,963)	14,347	13.7
Total fixed assets		26,068	27.3	21,894	21.2	(4,173)	24,188	23.1
Total assets		95,456	100.0	103,388	100.0	7,932	104,623	100.0

(Millions of Yen)

Term / Account	Note	FY2003 Interim Results (As of Sep. 30, 2003)		FY2004 Interim Results (As of Sep. 30, 2004)		Change	Summary of Previous Fiscal Year Non-Consolidated Balance Sheet (As of Mar. 31, 2004)	
		Amount	Rate	Amount	Rate	Amount	Amount	Rate
			%		%			%
(Liabilities)								
I Current liabilities								
1. Account payable		1,731		1,678		(52)	3,300	
2. Long-term borrowings due within one year		22		7		(15)	18	
3. Accrued expenses		1,539		1,627		88	1,114	
4. Accrued income taxes		136		1,522		1,386	984	
5. Advance payments received		1,429		5		(1,423)	151	
6. Reserve for bonuses		564		583		19	1,229	
7. Allowance for sales returns		1,113		814		(298)	814	
8. Reserve for price protection and office relocation costs		850		-		(850)	-	
9. Other		1,104		1,145		41	1,724	
Total current liabilities		8,491	8.9	7,385	7.1	(1,105)	9,338	9.0
II Fixed liabilities								
1. Long-term debt		7		-		(7)	-	
2. Accrued pension costs		486		1,069		583	973	
3. Allowance for directors' retirement benefits		106		51		(55)	110	
4. Other		52		75		22	63	
Total fixed liabilities		652	0.7	1,195	1.2	543	1,147	1.1
Total liabilities		9,144	9.6	8,581	8.3	(562)	10,486	10.1
(Shareholders' equity)								
I Common stock		6,940	7.3	7,262	7.0	322	7,154	6.8
II Capital surplus reserve								
1. Reserved common stock		36,175		36,497		321	36,389	
2. Other capital surplus reserves		0		5		5	4	
Total capital surplus reserve		36,175	37.9	36,503	35.3	327	36,393	34.8
III Retained earnings								
1. Reserved retained earnings		885		885		-	885	
2. Optional reserve fund		29,522		29,522		-	29,522	
3. Unappropriate earnings		12,771		20,620		7,848	20,062	
Total retained earnings		43,179	45.2	51,027	49.4	7,848	50,469	48.2
IV Unrealized gain on revaluation of marketable securities		196	0.2	334	0.3	138	363	0.3
V Treasury stock		(180)	(0.2)	(321)	(0.3)	(141)	(245)	(0.2)
Total shareholders' equity		86,312	90.4	94,807	91.7	8,494	94,137	89.9
Total liabilities and shareholders' equity		95,456	100.0	103,388	100.0	7,932	104,623	100.0

(2)Non-Consolidated Statements of Income

(Millions of Yen)

Term / Account	Note	FY2003 Interim Results (Apr. 1, 2003 to Sep. 30, 2003)			FY2004 Interim Results (Apr. 1, 2004 to Sep. 30, 2004)			Change	Summary of Previous Fiscal Year Non-Consolidated Statements of Income (Apr. 1, 2003 to Mar. 31, 2004)		
		Amount		Rate	Amount		Rate	Amount	Amount		Rate
				%			%				%
I Net sales			16,045	100.0		19,170	100.0	3,125		51,429	100.0
II Cost of sales			7,039	43.9		7,160	37.4	121		19,144	37.2
Gross profit			9,006	56.1		12,009	62.6	3,003		32,285	62.8
Reversal of allowance for sales returns and price protection			1,420	8.9		814	4.2	(605)		1,420	2.8
Provision for allowance for sales returns and price protection			1,113	7.0		814	4.2	(298)		814	1.6
Net gross profit			9,313	58.0		12,009	62.6	2,696		32,890	64.0
III Selling, general and administrative expenses			7,496	46.7		7,298	38.0	(197)		16,899	32.9
Operating income			1,817	11.3		4,711	24.6	2,894		15,991	31.1
IV Non-operating income	*1		197	1.2		568	3.0	370		376	0.7
V Non-operating expenses	*2		362	2.2		401	2.1	38		748	1.5
Recurring income			1,652	10.3		4,878	25.5	3,226		15,618	30.3
VI Extraordinary gain	*3		250	1.6		8	0.0	(241)		300	0.6
VII Extraordinary loss	*4		242	1.6		261	1.3	18		1,095	2.1
Income before income taxes and distribution of loss in partnership (Tokumei-kumiai)			1,660	10.3		4,626	24.2	2,966		14,823	28.8
Distribution of loss in partnership			12	0.0		11	0.1	(1)		24	0.0
Income before income taxes			1,647	10.3		4,614	24.1	2,967		14,799	28.8
Income taxes		13			1,465				1,600		
Current deferred		681	694	4.4	390	1,856	9.7	1,162	3,856	5,457	10.6
Net Income			952	5.9		2,758	14.4	1,805		9,342	18.2
Retained earnings brought forward from the previous period			1,814			17,861		16,047		1,814	
Retained earnings brought from merged company			10,004			-		(10,004)		10,004	
Cash dividends paid			-			-		-		1,098	
Retained earnings at period end			12,771			20,620		7,848		20,062	

Summary of Significant Accounting Policies used in the Preparation of Non-Consolidated Financial Statements for the Fiscal Year 2004 First Half Year

	Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
1. Standards and valuation methods for assets	(1) Investment securities Held-to-maturity securities: Amortized cost method, amortized on a straight-line basis Investment in consolidated subsidiaries and affiliates Stated at cost, determined using the moving-average method Other investment securities Securities for which fair values are available: Market value, determined by the quoted market price as of the balance sheet date, with unrealized gains and losses reported as a separate component of shareholders' equity at a net-of-tax amount, and the cost of sales determined by the moving-average method Securities for which fair values are unavailable: Stated at cost determined using the average method (2) Inventories Manufactured goods and merchandise: Stated at cost, determined using the monthly average method ――― Content production account Stated at cost, determined using the identified cost method Unfinished publications: Stated at cost, determined by the monthly average method in principal ――― Supplies: Stated at last purchase price	(2) Inventories Manufactured goods and merchandise: ――― Manufactured goods, merchandise: Stated at cost, determined using the monthly average method Content production account Stated at cost, determined using the identified cost method ――― Unfinished goods: Stated at cost, determined using the monthly average method in principal Supplies: Stated at last purchase price	(1) Investment securities Held-to-maturity securities: Amortized cost method, amortized on a straight-line basis Investment in consolidated subsidiaries and affiliates Stated at cost, determined using the moving-average method Other investment securities Securities for which fair values are available: Market value, determined by the quoted market price as of the balance sheet date, with unrealized gains and losses reported as a separate component of shareholders' equity at a net-of-tax amount, and the cost of sales determined by the moving-average method Securities for which fair values are unavailable: Stated at cost determined using the average method (2) Inventories ――― Manufactured goods, merchandise: Stated at cost, determined using the monthly average method Content production account Stated at cost, determined using the identified cost method ――― Unfinished goods: Stated at cost, determined using the monthly average method in principal Supplies: Stated at last purchase price
		(3) Derivative Determined by quoted market price	
2. Method for depreciation and amortizion of current assets	(1) Property, plant, and equipment Property, plant, and equipment are depreciated using the declining-balance method in principal. However, buildings excluding structures purchased after April 1, 1998 are depreciated using the straight-line method. Estimated useful lives of major assets are as follows: Building 50 years Structures 3～18 years Machinery and equipment 3～20 years (Change in accounting policy) Previously, assets with a purchase price greater than or equal to ¥100,000 and less than ¥200,000 were depreciated on a straight-line basis over a period of three years. In order to unify the accounting policy as a result of the merger and to further strengthen the financial position, from the first half year ended Sep. 30, 2003, assets acquired that are deemed to	(1) Property, plant, and equipment Property, plant, and equipment are depreciated using the declining-balance method. Estimated useful lives of major assets are as follows: Building 50 years Structures 3～18 years Machinery and equipment 3～15 years	(1) Property, plant, and equipment Property, plant, and equipment are depreciated using the declining-balance method. Estimated useful lives of major assets are as follows: Building 50 years Structures 3～18 years Machinery and equipment 3～20 years (Change in accounting policy) Previously, assets with a purchase price greater than or equal to ¥100,000 and less than ¥200,000 were depreciated on a straight-line basis over a period of three years. In order to unify the accounting policy as a result of the merger and to further strengthen the financial position, from fiscal year 2004, acquired assets deemed to have and immaterial impact on the Company's consolidated financial position are expensed at the time of purchase. The result of this change on the Company's consolidated

	Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
2. Method for depreciation and amortizion of current assets	have an immaterial impact on the Company's consolidated financial position are expensed at the time of purchase. The result of this change on the Company's consolidated operating income, recurring profit, and income before taxes for the first half year under review is considered immaterial.		operating income, recurring profit, and income before taxes for the fiscal year under review is considered immaterial.
	(2) Intangible assets In-house software used by the Company and its domestic consolidated subsidiaries is amortized using the straight-line method based on an estimate useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized using the straight-line method over a period of five years.	(2) Intangible assets In-house software used by the Company and its domestic consolidated subsidiaries is amortized using the straight-line method based on an estimate useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized using the straight-line method over a period of five years.	(2) Intangible assets In-house software used by the Company and its domestic consolidated subsidiaries is amortized using the straight-line method based on an estimate useful life of five years. For all other intangible fixed assets, trademarks are amortized using the straight-line method based on an estimated useful life of ten years, and goodwill is amortized using the straight-line method over a period of five years.
3. Accounting for deferred assets	———	———	(1) Common share issuance expenses Costs associated with issuance of common shares are expensed as incurred.
4. Accounting for allowances and reserves	(1) Allowance for doubtful accounts An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.	(1) Allowance for doubtful accounts An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.	(1) Allowance for doubtful accounts An allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. The allowance is made up of two components: the estimated credit loss for doubtful receivables based on an individual assessment of each account, and a general reserve calculated based on historical default rates.
	(2) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.	(2) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.	(2) Reserve for bonuses A reserve for bonuses provided for payments to employees of the Company at the amount expected to be paid in respect of the calculation period ended on the balance sheet date.
	(3) Allowance for sales returns An allowance is provided for losses due to the return of published materials, at an amount calculated based on historic experience, prior to the first half year ended Sep. 30, 2003. In addition, allowance is provided for losses due to the return of game software, at an estimated amount of future losses assessed by each game title.	(3) Allowance for sales returns An allowance is provided for losses due to the return of published materials, at an amount calculated based on historic experience, prior to the first half year ended Sep. 30, 2003. In addition, allowance is provided for losses due to the return of game software, at an estimated amount of future losses assessed by each game title.	(3) Allowance for sales returns An allowance is provided for losses due to the return of published materials, at an amount calculated based on historic experience, prior to the fiscal year ended Mar. 31, 2004. In addition, allowance is provided for losses due to the return of game software, at an estimated amount of future losses assessed by each game title.
	(4) Allowance for retirement benefits The Company and its domestic consolidated subsidiaries provide a reserve for retirement benefits equal to 100 percent of such benefits the Company and its subsidiaries would be required to pay under the lump-sum retirement plan if all eligible employees were to voluntarily terminate their employment at the balance sheet date	(4) Allowance for retirement benefits An allowance for retirement benefits is provided at the amount incurred during the fiscal year, which is based on the estimated present value of the projected benefit obligation. Unrecognized actuarial differences are fully amortized in the next year in which they arise. （Additional Information） Previously, the Company had provided a reserve for retirement benefits equal to 100 percent of such benefits the Company would be required to pay if all eligible employees were to voluntarily terminate their employment at the balance sheet date. Effective from the previous second half year, the Company changed its accounting policy for reserve for retirement benefits to the method described above. As a result of this change, recurring profit and income before income taxes each increased by ¥393 million.	(4) Allowance for retirement benefits An allowance for retirement benefits is provided at the amount incurred during the fiscal year, which is based on the estimated present value of the projected benefit obligation. Unrecognized actuarial differences are fully amortized in the next year in which they arise. （Additional Information） Until the previous fiscal year, the Company had provided a reserve for retirement benefits equal to 100 percent of such benefits the Company would be required to pay if all eligible employees were to voluntarily terminate their employment at the balance sheet date. Effective from the current fiscal year, as the number of Company employees exceeded 300 due to the merger with SQUARE, the Company changed its accounting policy for reserve for retirement benefits to the method

	Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
			described above. As a result of this change, retirement expense increased by ¥437 million, and recurring profit and income before income taxes each decreased by ¥416 million. Moreover, this change in accounting method was adopted in the second half of the fiscal year under review due to the merger with SQUARE and the increase in the Company's number of employee above 300.Reserve for retirement benefits for the first half was calculated using the previous method. Adjusting first-half accounts to reflect the change in accounting method, recurring profit and income before income taxes would increase by ¥393 million.
	(5) Allowance for directors' retirement benefits An allowance for directors' retirement benefits is provided to adequately cover the costs of directors' retirement benefits, which are accounted for on an accrual basis in accordance with internal policy.	(5) Allowance for directors' retirement benefits An allowance for directors' retirement benefits is provided to adequately cover the costs of directors' retirement benefits, which are accounted for on an accrual basis in accordance with internal policy.	(5) Allowance for directors' retirement benefits An allowance for directors' retirement benefits is provided to adequately cover the costs of directors' retirement benefits, which are accounted for on an accrual basis in accordance with internal policy.
	(6) Reserve for relocation-related costs Reserve for relocation-related costs is provided for losses due to the relocation of the Company following the merger at the amount expected to be paid.	(6) ―――	(6) ―――
5. Accounting for leases	Finance leases, other than those for which the ownership of the leased assets are considered to be transferred to the lessees are accounted for as operating leases.	Finance leases, other than those for which the ownership of the leased assets are considered to be transferred to the lessees are accounted for as operating leases.	Finance leases, other than those for which the ownership of the leased assets are considered to be transferred to the lessees are accounted for as operating leases.
6. Additional accounting policies used to prepare consolidated financial statements	(1) Accounting treatment of consumption tax Income statement items are presented exclusive of consumption tax.	(1) Accounting treatment of consumption tax Income statement items are presented exclusive of consumption tax.	(1) Accounting treatment of consumption tax Income statement items are presented exclusive of consumption tax.

Reclassifications

Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
(Balance Sheet) "Accrued expenses" and "Advance payments received," which was included in "Other" until the previous first half year, is stated separately as the amount became material due to the merger. In the previous first half year, "Accrued expenses" and "Advance payments received" included in "Other" were ¥271 million and ¥6 million, respectively.	―――	(Balance Sheet) "Manufactured goods" and "Merchandise," which was stated separately until the previous fiscal year, is presented as "Manufactured goods and merchandise" in order to unify the accounting policy as a result of the merger. "Prepaid expenses," which was stated separately in current assets until the previous fiscal year, is included in "Other" because of its small amount. "Account receivable-other," which was included in "Other" until the previous fiscal year, is stated separately as the amount became material due to the merger. In the previous fiscal year, "Accounts receivable-other" included in "Other" was ¥0 million. (Statements of Income) "Merchandise sales," "Manufactured goods sales," "Merchandise in inventory at beginning of period," "Manufactured goods in inventory at beginning of period," "Merchandise purchased," "Merchandise in inventory at the end of period," and "Manufactured goods in inventory at the end of period," which was stated separately until the previous fiscal year, are presented as "Manufactured goods and merchandise net sales," "Manufactured goods and merchandise in inventory at beginning of period," "Manufactured good and Merchandise purchased," and "Manufactured goods

Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
		and merchandise in inventory at the end of period" in order to unify the accounting policy as a result of the merger. "R&D expenses," which was presented in Selling, general, and administrative expenses, is included in "Other" due to its small amount (¥7 million at the end of this period).

Additional Information

Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
(Accounting treatment for costs related to the planning and development of game content paid to third parties) Until the first half year ended Sep. 30, 2002, the Company had expensed the costs related to the planning and development of game content when paid to a third party. Effective from the year ended Sep. 30, 2003, as a result of an effort to strengthen the decision-making process in connection to the development of game software and to implement more stringent selection criteria, such costs incurred during the development stage are capitalized as "Content production account" and charged to cost of sales at the time of sale of related game products. For the first half year ended Sep. 30, 2003, "Content production account" includes such capitalized costs in the amount of ¥1,595 million. In addition, "Inventories" in the previous first half year result of SQUARE CO., LTD. includes "Content production account", and the amount was ¥2,815 million. (Accounting for business combination) On April 1, 2003, ENIX CORP. and SQUARE CO., LTD. merged and formed SQUARE ENIX CO., LTD. The merger was effected through the issue of 51,167,293 common shares and allocated on the basis of one SQUARE CO. LTD., common share for every 0.85 ENIX CORP. common shares. The merger was consummated on an equal footing by combining the entire control over net assets and management activities prior to the merger, and sharing both the post-merger benefits and risks equally. In addition, it was not possible to determine which entity was the acquirer. Therefore, this business combination was accounted for under the pooling-of interests method. Details of post-merger assets and liabilities are provided on the following page.	―――	(Accounting treatment for costs related to the planning and development of game content paid to third parties) Until the year ended March 31, 2003, the Company had expensed the costs related to the planning and development of game content when paid to a third party. Effective from the year ended March 31, 2004, as a result of an effort to strengthen the decision-making process in connection to the development of game software and to implement more stringent selection criteria, such costs incurred during the development stage are capitalized as "Content production account" and charged to cost of sales at the time of sale of related game products. For the year ended March 31, 2004, "Content production account" includes such capitalized costs in the amount of ¥3,763 million. (Accounting for business combination) On April 1, 2003, ENIX CORP. and SQUARE CO., LTD. merged and formed SQUARE ENIX CO., LTD. The merger was effected through the issue of 51,167,293 common shares and allocated on the basis of one SQUARE CO. LTD., common share for every 0.85 ENIX CORP. common shares. The merger was consummated on an equal footing by combining the entire control over net assets and management activities prior to the merger, and sharing both the post-merger benefits and risks equally. In addition, it was not possible to determine which entity was the acquirer. Therefore, this business combination was accounted for under the pooling-of interests method. Details of post-merger assets and liabilities are provided on the following page.

※ Assets and Liabilities Transferred due to the Merger

(Millions of Yen)

Category	Amount	Category	Amount
Assets		Liabilities	
Current assets	36,490	Current liabilities	13,489
Cash and deposits	16,931	Accounts payable-trade	1,717
Accounts receivable-trade	11,438	Current portion of long-term debt	22
Finished goods	45	Accounts payable-other	2,808
Merchandise	11	Payable due to merger	4,153
Content production account	3,402	Income taxes payable	4
Suppliers	77	Consumption tax payable	422
Prepaid expenses	375	Accrued expenses	1,248
Accounts receivable-other	483	Advances received	594
Income taxes receivable	537	Deposits received	83
Deferred tax assets	2,980	Reserve for bonuses	463
Other current assets	217	Allowance for sales returns	893
Allowance for doubtful accounts	(-10)	Reserve for relocation-related costs	1,074
		Other current liabilities	3
Fixed Assets	14,370		
Property, plant, and equipment	3,759	Fixed liabilities	359
Building and structures	621	Long-term debt	18
Machinery and equipment	2,663	Long-term deposits received	39
Land	421	Reserve for retirement benefits	301
Construction in progress	53		
Intangible assets	1,027	Total liabilities	13,848
Goodwill	250		
Trademarks	45		
Telephone rights	6		
Software	636		
Software production account	88		
Investments and other assets	9,584		
Investment securities	1,345		
Investment in subsidiaries	3,376		
Long-term loans receivable	4		
Long-term prepaid expenses	5		
Investment in consortiums	560		
Leasehold deposits	590		
Deferred tax assets	3,383		
Other investments	316		
Allowance for doubtful accounts	(-0)		
Total assets	50,860	Net worth	37,012

Notes to Balance Sheet

Previous First Half Year (ended September 30, 2003)	Fiscal Year 2004 First Half Year (ended September 30, 2004)	Previous Fiscal Year (ended March 31, 2004)
※1 Accumulated depreciation of Property, plant and equipment ¥7,166 million ※2 Treatment of consumption tax Accrued consumption tax is included in other current liabilities. 3 Incidental liabilities Contingent liabilities for guarantees (1) SQUARE has issued a joint-and-several guarantee for transactions undertaken by affiliated company DIGICUBE CO., LTD., listed on the Hercules market of Osaka Securities Exchange, with 7-Eleven Japan Co., Ltd. As of September 30, 2003 there were no claims made under the subject guarantee. On November 26, 2003, the Company's affiliate, DIGICUBE CO., LTD. filed for bankruptcy with the Tokyo District Court. As a result of the declaration of bankruptcy, the firm was delisted from the Hercules Nippon New Market of the Osaka Securities Exchange. On December 13, 2003. Details are provided in "Subsequent Events". (2) The Company has issued a revolving guarantee to a maximum limit of U.S. $15 million on behalf of a consolidated subsidiary, SQUARE ENIX U.S.A. INC., in favor of SONY COMPUTER ENTERTAINMENT AMERICA INC. As of September 30, 2003, there is no liability outstanding balance.	※1 Accumulated depreciation of Property, plant and equipment ¥6,509 million ※2 Treatment of consumption tax Accrued consumption tax is included in other current liabilities. 3 Incidental liabilities Contingent liabilities for guarantees (1) The Company has issued a revolving guarantee to a maximum limit of U.S.$15 million on behalf of a consolidated subsidiary, SQUARE ENIX U.S.A. INC., in favor of SONY COMPUTER ENTERTAINMENT AMERICA INC. As of September 20, 2004 the liability outstanding under the guarantee was U.S. $1,124,000 (¥124 million).	※1 Accumulated depreciation of Property, plant and equipment ¥6,161 million ※2 Treatment of consumption tax Accrued consumption tax is included in other current liabilities. 3 Incidental liabilities Contingent liabilities for guarantees (2) The Company has issued a revolving guarantee to a maximum limit of U.S.$15 million on behalf of a consolidated subsidiary, SQUARE ENIX U.S.A. INC., in favor of SONY COMPUTER ENTERTAINMENT AMERICA INC. As of March 31, 2004 the liability outstanding under the guarantee was U.S. $432,000 (¥45 million).
4 Overdraft Agreement SQUARE ENIX CO., LTD. has contracted overdraft with five of its principal bankers. Under the agreement the four principal bankers will provide SQUARE ENIX CO., LTD. with an overdraft limit to assist the company in its working capital needs. There was no balance outstanding under the overdraft account. Limit of overdraft: ¥24,800 million	4 ―――	4 ―――

Notes to Statements of Income

※1 Principal non-operating income Interest income ¥4 million Dividends received ¥78 million Rental income ¥12 million ※2 Principal non-operating expenses Foreign exchange loss ¥350 million ※3 Principal extraordinary income Gain on sale on shares in affiliates ¥240 million Reversal of allowance for doubtful account ¥10 million ※4 Principal extraordinary loss Loss on sale of property, plant, and equipment ¥51 million Loss on disposal of property, plant, and equipment ¥41 million Loss on investment securities ¥150 million	※1 Principal non-operating income Interest income ¥47 million Dividends received ¥7 million Rental income ¥16 million Foreign exchange income ¥433 million ※2 Principal non-operating expenses Content disposal loss ¥400 million ※3 Principal extraordinary income Reversal of allowance for doubtful account ¥8 million ※4 Principal extraordinary loss Loss on sale of property, plant, and equipment ¥0 million Loss on disposal of property, plant, and equipment ¥37 million Loss on investment securities ¥79 million Evaluation loss on shares held in affiliates ¥128 million	※1 Principal non-operating income Interest income ¥10 million Dividends received ¥83 million Rental income ¥29 million ※2 Principal non-operating expenses Foreign exchange loss ¥728 million ※3 Principal extraordinary income Gain on sale on shares in affiliates ¥240 million ※4 Principal extraordinary loss Loss on sale of property, plant, and equipment ¥123 million Loss on disposal of property, plant, and equipment ¥193 million Loss on investment securities ¥375 million Evaluation loss on shares held in affiliates ¥317 million

Previous First Half Year (April 1, 2003 to September 30, 2003)	Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)	Previous Fiscal Year (April 1, 2003 to March 31, 2004)
5 Depreciation Property, plant, and equipment ¥734 million Intangible assets ¥153 million	5 Depreciation Property, plant, and equipment ¥610 million Intangible assets ¥169 million	5 Depreciation Property, plant, and equipment ¥1,493 million Intangible assets ¥315 million

Lease Transactions

<table>
<tr><th></th><th>Previous First Half Year (April 1, 2003 to September 30, 2003)</th><th>Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)</th><th>Previous Fiscal Year (April 1, 2003 to March 31, 2004)</th></tr>
<tr><td>Information related to finance leases other than those that transfer ownership to the lessee.</td>
<td>1. Acquisition cost, accumulated depreciation and net book value of leased assets
(Millions of Yen)
<table><tr><th></th><th>Acquisition cost</th><th>Accumulated</th><th>Net book value</th></tr><tr><td>Machinary Equipment</td><td>90</td><td>39</td><td>50</td></tr><tr><td>Total</td><td>90</td><td>39</td><td>50</td></tr></table>
Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.
2. Ending balance of future lease payments
Due within one year ¥18 million
Due after one year ¥32 million
Total ¥50 million
Note: The total future lease payment at the end of the period is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease payment includes the interest portion.
3. Lease payment and depreciation
Lease expenses payment ¥9 million
Depreciation expense ¥9 million
4. Method of calculation for depreciation
Straight-line method over the useful life with no residual value is used to calculate depreciation.</td>
<td>1. Acquisition cost, accumulated depreciation and net book value of leased assets
(Millions of Yen)
<table><tr><th></th><th>Acquisition cost</th><th>Accumulated</th><th>Net book value</th></tr><tr><td>Machinary Equipment</td><td>90</td><td>57</td><td>32</td></tr><tr><td>Total</td><td>90</td><td>57</td><td>32</td></tr></table>
Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.
2. Ending balance of future lease payments
Due within one year ¥15 million
Due after one year ¥17 million
Total ¥32 million
Note: The total future lease payment at the end of the period is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease payment includes the interest portion.
3. Lease payment and depreciation
Lease expenses payment ¥9 million
Depreciation expense ¥9 million
4. Method of calculation for depreciation
Straight-line method over the useful life with no residual value is used to calculate depreciation.</td>
<td>1. Acquisition cost, accumulated depreciation and net book value of leased assets
(Millions of Yen)
<table><tr><th></th><th>Acquisition cost</th><th>Accumulated</th><th>Net book value</th></tr><tr><td>Machinary Equipment</td><td>90</td><td>48</td><td>41</td></tr><tr><td>Total</td><td>90</td><td>48</td><td>41</td></tr></table>
Note: The acquisition cost payment is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total acquisition cost includes the interest portion.
2. Ending balance of future lease payments
Due within one year ¥16 million
Due after one year ¥24 million
Total ¥41 million
Note: The total future lease payment at the end of the period is an insignificant portion of total property and equipment at the end of the period. Accordingly, the total future lease payment includes the interest portion.
3. Lease payment and depreciation
Lease expenses payment ¥18 million
Depreciation expense ¥18 million
4. Method of calculation for depreciation
Straight-line method over the useful life with no residual value is used to calculate depreciation.</td></tr>
</table>

(Securities)

Shares in affiliates with market value

	Previous First Half Year (April 1, 2003 to September 30, 2003)			Fiscal Year 2004 First Half Year (April 1, 2004 to September 30, 2004)			Previous Fiscal Year (April 1, 2003 to March 31, 2004)		
	Book Value	Market Value	Unrealized Gain/Loss	Book Value	Market Value	Unrealized Gain/Loss	Book Value	Market Value	Unrealized Gain/Loss
Shares in affiliates	343	2,457	2,114	151	1,445	1,293	151	1,377	1,226
Total	343	2,457	2,114	151	1,445	1,293	151	1,377	1,226

(Other)

Not applicable