

2007 PROFILE

SQUARE ENIX

Network is the Game.



The SQUARE ENIX Group has set the goal of becoming the world's leading content and community management provider in the entertainment area.

The Advent of a New Entertainment Era

Video games first appeared in amusement centers more than 30 years ago, and the breakthrough of the Space Invaders, a game developed by TAITO in Japan gave the infant industry strong momentum. Console games arrived a few years later, and in no time a wave of popularity that had started in Japan had swept over the world. Nowadays, there isn't a corner of the world where people are unaware of video games. Moving into the 2000s, different multi-functional platforms, such as mobile phones and personal digital assistants (PDAs), developed the capability to accommodate games. In line with the growing range of platforms for playing games, the game-player segment itself grew more diverse.

At the same time, cross-penetration with other entertainment media, such as movies based on games and games based on movies, have added depth to the video game market. In a short period of time the video game industry has grown to be a globally recognized industry, but I wonder how many people in the industry truly recognize this fact.

The shift in media from masked read-only memory and optical discs to networks is transforming marketing and distribution. We are seeing a dramatic increase in opportunities for companies in other industries to enter the video game industry with totally different business models.

There are immense opportunities before us. At the same time, we face competitive pressures like we have never before experienced.

As a result, there is no future for those of us who have staked our future on the game business unless we are willing to break free of tradition and make conscious decisions to change our strategies.

Everything plays Games.

Aiming to Become the World's Leading Content and Community Management Provider in the Entertainment Area

At present, our basic policy is to be diverse.

As not only customers but also the ways they interact with content diversify, content and services naturally should also become more varied. By this, I mean that we should not seek the middle ground or become more decentralized. Rather, I mean that we must identify a few groups of customers that share tastes and preferences, understand each group deeply, and deliver a range of selected content and services that truly cater specifically to each group. We should seek to cultivate customer groups that are as diverse as possible.

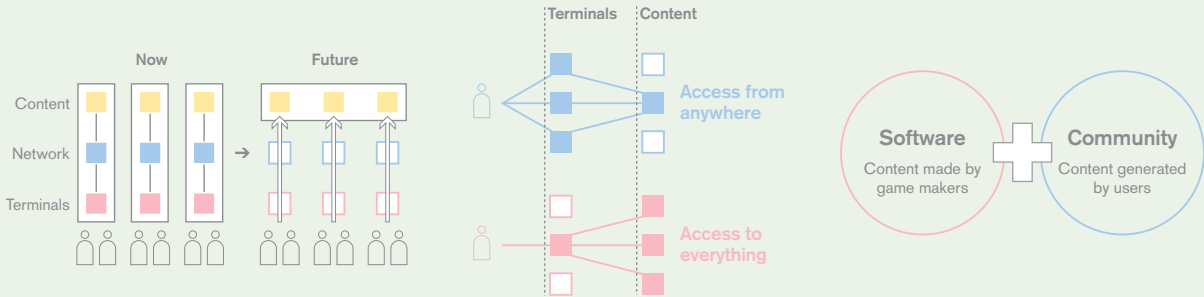
A detailed explanation is provided on the next few pages of the following three approaches that we are taking.

- 1. Bolstering the performance of existing communities
- 2. Developing new communities
- 3. Defining new platforms

In closing, as a medium-term target, the Group announced its goal to achieve ¥50 billion in consolidated recurring income in the fiscal year ending March 31, 2011. With the merger between ENIX and SQUARE, followed by the acquisition of TAITO, we have created a core structure that can consistently generate ¥20±5 billion in recurring income. In order to accelerate the achievement of this goal, our next step is to achieve ¥50 billion in income in a single fiscal year, and we will put in place the corporate structures to deliver ¥50±10 billion on a regular basis.

By taking these steps, the SQUARE ENIX Group shall sustain its growth as the world's leading content and community management provider in the entertainment area, and contribute to the creation of a society where dreams and excitement flourish.

Yoichi Wada
President and Representative Director
SQUARE ENIX CO., LTD.



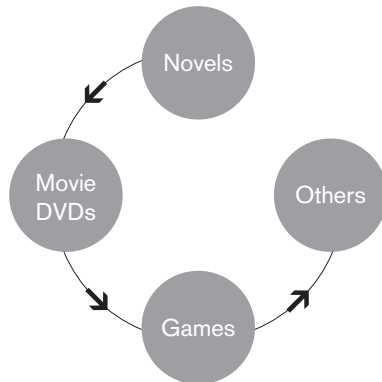
Becoming the World's Leading Content and Community Management Provider in the Entertainment Area: Three Key Approaches

1. Bolstering the performance of existing communities

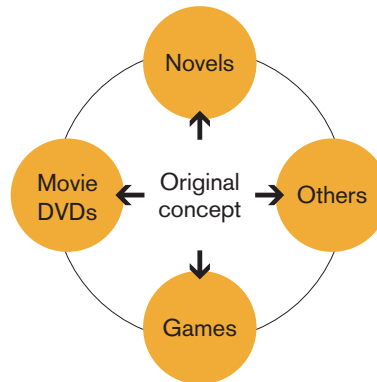
The Company's basic strategy does not focus on raising its share of the markets for individual devices and media but on increasing average revenue per user (ARPU) by precisely identifying user community segments that share a common set of tastes and interests and bolstering touch points with customers belonging to those communities.

For this reason, the Company is deploying the Polymorphic Content strategy, which entails the creation of original concepts with the intent of multiple deployments across various platforms while leveraging the unique features of individual devices and media type.

Traditional Model of Secondary Use of Content

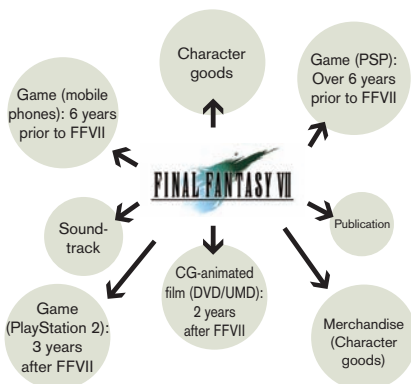


Polymorphic Content

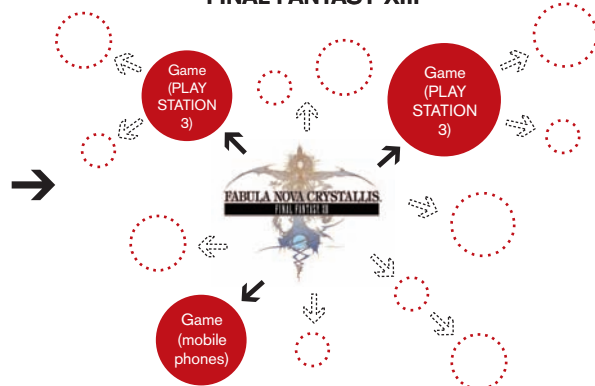


The Company launched an experimental project called "COMPILATION OF FINAL FANTASY® VII," in which the realm of "FINAL FANTASY VII" released in 1997 for the PlayStation® was morphed into a diverse range of content such as CG-animated films (on DVD and UMD) and games for mobile phones, PlayStation 2 and PSP (PlayStation Portable). The Company is planning to further intensify such Polymorphic Content deployment in the currently developing project named "FABULA NOVA CRYSTALLIS™ - FINAL FANTASY XIII."

COMPILATION OF FINAL FANTASY VII



FABULA NOVA CRYSTALLIS FINAL FANTASY XIII



2. Developing New Communities

In addition to developing its own user communities through the creation of new original content and services, the Company is actively approaching outside communities. Added value is provided through community management, user interface design and other professional services to third parties who have already developed communities with strong attractive power, while accumulating know-how in the development and commercialization of diverse communities by helping to vitalize them.

As part of its approach to outside communities, the Company has established Stylewalker, Inc., a joint-venture with Xavel, Inc., to operate "StyleWalker," a fashion community that focuses on the F1 segment (comprising 20 to 34 year-old women). In the area of "Serious Games," which utilizes games as a method of expression for non-entertainment purposes—i.e., training, education and welfare—the Company and Gakken Co., Ltd. jointly established SG Lab Inc., Japan's only specialized provider of serious game solutions.

StyleWalker



Fashion Community "StyleWalker"

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sglab



Advergame "The Shochu Bar" provided for Nippon Distillers Association

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3. Defining New Platforms

In the midst of ongoing changes in the industrial structure, it is crucial to identify optimum business models and technologies in a variety of fields, and redefine platforms from view points of business and technology. As a part of such efforts, the Company has been promoting the exchange of technologies with Intel Corporation since 2004 in the area of next-generation LSI. In addition, the Company is actively researching next-generation platforms that utilize various middleware and participating in the NTT Group's field test of the Next-Generation Network.

Main Products and Services

SQUARE ENIX



FINAL FANTASY franchise

Started in 1987, the FINAL FANTASY franchise is one of the most popular video game in the world.

75+ million*

Over 75 million units shipped worldwide since its 1987 launch with FINAL FANTASY for Japan's Family Computer (Famicom)

29 titles*

3 spin-off series and a total of 29 installments released to an expanding fan base

5.2+ million*

5.2 million units shipped worldwide of FINAL FANTASY XII, the latest installment

*As of March 31, 2007



DRAGON QUEST® franchise

Started in 1986, the DRAGON QUEST franchise is one of Japan's most recognized digital entertainment products.

43+ million*

Over 43 million units shipped worldwide since its 1986 launch with DRAGON QUEST for Japan's Family Computer (Famicom)

22 titles*

3 spin-off series and 22 installments released to date.

4.7+ million*

Over 4.7 million units shipped worldwide of DRAGON QUEST VIII: JOURNEY OF THE CURSED KING®, the latest installment

*As of March 31, 2007



KINGDOM HEARTS franchise

The KINGDOM HEARTS franchise, created in collaboration between Square Enix and Disney Interactive Studios in 2002, is attracting players of all ages from around the world.

11+ million*

Over 11 million units shipped worldwide since its 2002 launch with KINGDOM HEARTS for PlayStation 2

4.0+ million*

Over 4 million units shipped of KINGDOM HEARTS II, the latest installment

*As of March 31, 2007



FULLMETAL ALCHEMIST®

This best-selling manga franchise FULLMETAL ALCHEMIST has run in Square Enix's monthly comic magazine, SHONEN GANGAN, since 2001.

27+ million

With 17 volumes, over 27 million issues sold in Japan as of October 1, 2007; Translated for distribution in 18 countries

6.8%

Animated TV series spin-off launched in 2003 to record-breaking viewer ratings in Japan; Released in North America in 2004

1+ million

FULLMETAL ALCHEMIST the Movie: CONQUEROR OF SHAMBALA released in 2005 in Japan to a million plus viewers; Released in North America in 2007



TAITO® STATION

TAITO STATION, arcade facility operated by TAITO, started its long history with the first facility opening in 1960 in Osaka, Japan.

189*

TAITO directly operates 189 arcade facilities throughout Japan.

New entertainment experience

TAITO has continuously provided customers a brand-new entertainment experience at TAITO STATIONS, offering such attractions as online battles between customers in different locations through the use of a network.

*As of September 30, 2007



SPACE INVADERS® franchise

SPACE INVADERS is TAITO's mega-hit computer game franchise that made its debut in 1978 as a coin-operated game machine in Japan.

30

New projects, including a game for Nintendo DS™, planned to mark the franchise's 30th anniversary in 2008

60

Entries in the franchise have been released on such platforms as game consoles and mobile phones; Widely popular in over 60 countries

Left: SPACE INVADERS (original)

Right: SPACE INVADERS EXTREME (Planned to be released in February 2008 for Nintendo DS)

* The game is currently under development, and images may vary from the final version.

TAITO Arcade Machines

TAITO has provided family-friendly arcade machines since 1956.

1956

In 1956, TAITO developed its first Japanese jukebox and started its arcade machine business.

Wide range of products

TAITO's development capability has enabled it to produce a wide variety of products ranging from prize and medal arcade machines to video games and trading card game machines featuring such as high-quality graphics and online battle capability.



FINAL FANTASY XII: ©2006, 2007 SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: Akihiko Yoshida

DRAGON QUEST VIII: JOURNEY OF THE CURSED KING: ©2004-2006 ARMOR PROJECT/BIRD STUDIO/LEVEL-5/SQUARE ENIX All Rights Reserved.

KINGDOM HEARTS II: ©Disney Enterprises, Inc. Developed by SQUARE ENIX

FULLMETAL ALCHEMIST: ©2007 Hiromu Arakawa

TAITO STATION: ©1978 TAITO CORPORATION. All Rights Reserved.

SPACE INVADERS and SPACE INVADERS EXTREME: ©1978, 2007 TAITO CORPORATION. All Rights Reserved.

DAINOMAX: ©2006, 2007 TAITO CORPORATION. All Rights Reserved.

Overview by Business Segment

Games (Offline)

The Company plans, develops and distributes games for game consoles (including handheld game devices). The Company also handles the localization of games developed and distributed in Japan for distribution overseas, mainly through its subsidiaries SQUARE ENIX, INC. in North America and SQUARE ENIX LTD. in Europe and the rest of the PAL region.

In the domestic market, the Company has been deploying its dedicated shelf spaces "SQUARE ENIX Corners" in over 900 retail stores and has boosted sales making the most of its strong brand even in an increasingly competitive environment. In overseas markets, the Company successfully started publishing game titles under its own brand name in Europe in fiscal 2006, and established a sound business foundation to seize all market opportunities.



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©1990, 2006, 2007 SQUARE ENIX CO., LTD. All Rights Reserved.
CHARACTER DESIGN: Akihiko Yoshida

Games (Online)

The Company plans, develops, distributes and operates network-compliant online games.

The Company's online game business centers on FINAL FANTASY XI, a massively multi-player online role-playing game (MMORPG) with about 500,000 paying subscribers in Japan, North America and Europe.



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Mobile Phone Content

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

Led by its portal services for "DRAGON QUEST" and "FINAL FANTASY," the Company continues to build on its service lineup such as ringtones, wallpaper graphics and games.



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CHARACTER DESIGN:
TETSUYA NOMURA



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Publication

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

The Company publishes the periodicals, "SHONEN GANGAN," "G Fantasy," "GANGAN WING," and "YOUNG GANGAN," as well as putting efforts into sales of comic collections taken from these periodicals and game strategy guidebooks.



FINAL FANTASY XII Official Guidebook
©2006 SQUARE ENIX CO., LTD. All Rights Reserved.
CHARACTER DESIGN: Akihiko Yoshida

DRAGONQUEST MONSTERS: Joker Official Guidebook
©2006 ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX All Rights Reserved.

FULLMETAL ALCHEMIST, Volume 16
©2007 Hiromu Arakawa

Shonen Gangan, April edition
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Others

The Others segment covers the planning, production, distribution and licensing of derivative products from the Company's titles.

In June 2007, the Company released "DRAGON QUEST MONSTER BATTLE ROAD," the first trading card-based game machine in the "DRAGON QUEST" franchise. Distributed to shopping centers and game arcades across Japan, the machine has proven very popular since it was launched.



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CHARACTER DESIGN: AKIHIKO YOSHIDA

Amusement

This segment reflects all the businesses operated by TAITO, which became fully consolidated in fiscal 2006. The Company plans, develops and sells arcade machines and operates TAITO STATION arcade facilities.

The SQUARE ENIX Group has positioned the Amusement segment as a key to the execution of its strategy of ensuring multiple touch points with customers. In addition to the Company's expertise in virtual space, TAITO's arcade facilities will enhance the ability to take advantage of physical space and to thereby create new sensory entertainment.

The Company will aggressively promote the amusement business by focusing on arcade facility operations and create a new business model in a responsive manner.



Arcade Facilities



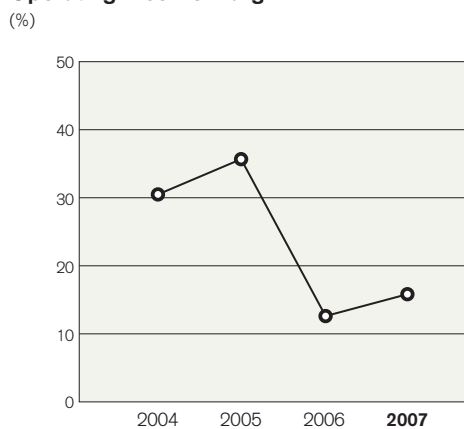
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Financial Highlights

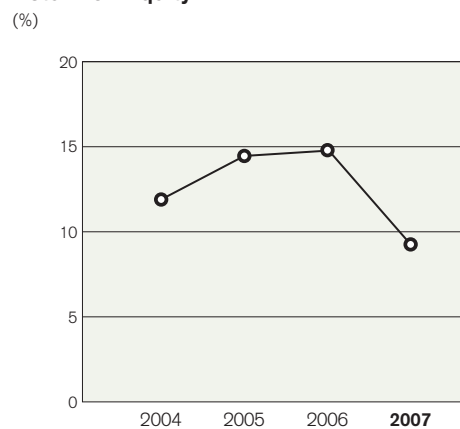
	2004	2005	2006	2007
				(Millions of Yen)
For the Year				
Net sales	¥63,202	¥73,864	¥124,473	¥163,472
Operating income	19,398	26,438	15,470	25,916
Net income	10,993	14,932	17,076	11,619
At year-end				
Total assets	¥110,633	¥131,695	¥213,348	¥215,679
Total equity	96,700	108,933	120,993	129,461
				(Yen)
Per Share of Common Stock				
Net income	¥100.04	¥135.63	¥154.65	¥105.06
Total equity	878.85	988.19	1,094.50	1,168.91
				(%)
Key Ratios				
Operating income margin	30.7%	35.8%	12.4%	15.9%
Return on equity	11.9	14.5	14.9	9.3
Equity ratio	87.4	82.7	56.7	60.0

Notes: 1. Total equity = Common stock + Capital surplus reserve + Retained earnings + Treasury stock + Valuation and translation adjustments
 2. 2007=Fiscal year ended March 31, 2007

Operating Income Margin



Return on Equity



Notes: 1. Return on equity = Net income / Average equity
 2. Return on equity for fiscal 2004 has been calculated using the simple addition of the former ENIX and the former SQUARE's equity as of the end of the previous period.
 3. 2007=Fiscal year ended March 31, 2007

Business Segment Information (Fiscal year ended March 31, 2007)

	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Amusement	Others	Elimination or corporate	Consolidated total
Net sales	51,316	13,660	7,767	11,208	75,702	3,978	(161)	163,472
Operating income	16,348	6,767	3,013	3,603	(351)	1,311	(4,776)	25,916
Operating income margin	31.9%	49.5%	38.8%	32.1%	(0.5%)	33.0%	—	15.9%

Directors, Auditors and Executive Officers

Board of Directors

President and
Representative Director
Yoichi Wada

Executive Vice President
and Representative Director
Keiji Honda

Director
Yosuke Matsuda

Director
Yukinobu Chida

Director *1
Makoto Naruke

Corporate Auditors

Standing Auditor *2
Ryoichi Kobayashi

Auditor *2
Tamotsu Iba

Auditor *2
Norikazu Yahagi

Auditor *2
Ryuji Matsuda

Corporate Executives/ Executive Producers

Yoichi Wada
Keiji Honda

Yosuke Matsuda
(CFO)

Akitoshi Kawazu

Yoshinori Kitase

Yosuke Saito

Michihiro Sasaki

Koji Taguchi

Hiromichi Tanaka

Tatsuo Tomiyama

Ken Narita

Shinji Hashimoto

Yoichi Haraguchi

Masashi Hiramatsu

Yu Miyake

Koji Yamashita

John Yamamoto
(President and CEO,
North American and
European subsidiary)

Honorary Chairman

Yasuhiro Fukushima

*1: Outside Director

*2: Outside Auditor

(As of October 1, 2007)

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Corporate Data

Company Name	SQUARE ENIX CO., LTD.
Established	September 22, 1975
Stock Ticker Information	The First Section of Tokyo Stock Exchange (9684)
Common Stock	9,290,127,600 yen (As of September 30, 2007)
Net Sales (Consolidated)	163.4 billion yen (FY 2007)
Number of Employees (Consolidated)	3,164 (As of March 31, 2007)

SQUARE ENIX CO., LTD.

www.square-enix.com/

Japan

Headquarters

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Phone: +44-207-324-5200

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Phone: +86-10-5872-2200

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