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SQUARE ENIX CO., LTD.  
Yoichi Wada  
President and Representative Director  
(Code: 9684, Tokyo Stock Exchange, First Section)  
Contact: Michihiro Sasaki  
General Manager, Corporate Strategy Division  
(Phone: 03-5333-1555)

## Revision of Forecasts for Fiscal Year ended March 31, 2006

SQUARE ENIX CO., LTD. (the "Company") announced today a revision of its forecasts for the fiscal year ended March 31, 2006 (April 1, 2005 through March 31, 2006) (the "Forecasts") from those announced on November 18, 2005 as follows.

### 1. Revision to Consolidated Results Forecasts

FY2005 (April 1, 2005 through March 31, 2006)

(Millions of Yen)

		Net Sales	Recurring Income	Net Income
Previous forecast (announced on Nov. 18, 2005)	(A)	136,000	28,500	17,500
Revised forecasts	(B)	125,000	15,000	10,000
Change	(B-A)	(11,000)	(13,500)	(7,500)
Rate of change	(%)	(8.1)	(47.4)	(42.9)
[Reference] Previous fiscal year results (ended March 31, 2005)		73,864	25,901	14,932

### 2. Revision to Non-Consolidated Results Forecasts

FY2005 (April 1, 2005 through March 31, 2006)

(Millions of Yen)

		Net Sales	Recurring Income	Net Income
Previous forecast (announced on Nov. 18, 2005)	(A)	75,000	21,000	13,000
Revised forecasts	(B)	70,000	13,000	8,000
Change	(B-A)	(5,000)	(8,000)	(5,000)
Rate of change	(%)	(6.7)	(38.1)	(38.5)
[Reference] Previous fiscal year results (ended March 31, 2005)		63,950	23,533	13,562

### 3. Causes of the Revision (Consolidated and Non-Consolidated Results Forecasts)

The Company has decided to revise the Forecasts at this point, since net sales and recurring income of FY 2005 are expected to be lower than the Forecasts given that results of some business segments will not achieve their business plan as described below.

Despite the continuing adverse condition in the domestic market, the Games (Offline) segment is expected to have exceeded results of the preceding fiscal year in terms of sales and profit due to major titles such as *Kingdom Hearts II* and *FINAL FANTASY XII* recording strong sales in the second half of FY2005. However, the segment was not successful in fully covering the decline experienced in the first-half year, and therefore overall results are expected to be below the Forecasts.

As a result of steady performance of subscription revenues from *FINAL FANTASY XI*, the Company's flagship online game title, the Games (Online) segment is expected to have exceeded the results of the preceding fiscal year in terms of sales and profit. However, the results of the Games (Online) segment are expected to be below the Forecasts due to unsatisfactory performance of subscription revenues of new online game titles released this fiscal year.

The Mobile Phone Content segment's sales are expected to have exceeded results of the preceding fiscal year. The Company had expected further growth of the segment in the second-half year as a result of overseas businesses' contribution to earnings, and return on prior investments in the domestic market development. However, the results of this segment are expected to be below the Forecasts due to the delays in the above-mentioned efforts, which resulted in increasing costs.

The Publication segment has been showing steady performance of revenues from the success of new popular comic titles following *FULLMETAL ALCHEMIST*, which led to the segment's results to exceed the Forecasts.

The Company had expected contribution of the AM segment (consisting of all business segments of Taito Corporation, a fully consolidated subsidiary as of September 30, 2005) to consolidated operating income. However, the forecasted income has turned out to be an expected operating loss due to factors such as disappointing results of trading card game business, which started during this second-half year, and game arcade operations' failure to accomplish the annual business plans for both new and existing outlets.

In the Others segment, the blockbuster hit of *FINAL FANTASY VII ADVENT CHILDREN*, a CG-animated content, contributed to sales and profit, and therefore the results are expected to have exceeded results of the preceding fiscal year and the Forecasts.

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