

CONSOLIDATED FINANCIAL RESULTS
FOR THE FIRST-HALF PERIOD ENDED SEPTEMBER 30, 2006

Company Name: Square Enix Co., Ltd.

Code: 9684

URL : <http://www.square-enix.com/>

Representative: Yoichi Wada, President and Representative Director

Contact: Yosuke Matsuda, Director and Executive Officer

Date of Board Approval: November 17, 2006

U.S. GAAP: Not adopted

Market: Tokyo Stock Exchange, First Section

Headquarters: Tokyo

1. FY2006 First-Half Period Consolidated Financial Results (April 1, 2006 to September 30, 2006)

(1) Consolidated Financial Results (Millions of yen, except percentages and per share data)

	Net Sales		Operating Income		Recurring Income	
First-Half Period Ended						
September 30, 2006	75,959	180.4 %	9,169	269.1 %	9,400	244.3 %
September 30, 2005	27,091	11.1 %	2,484	(58.3) %	2,730	(55.5) %
Fiscal Year 2005	124,473		15,470		15,547	

	Net Income		Earnings Per Share (basic)	Earnings Per Share (diluted)
First-Half Period Ended				
September 30, 2006	3,319	50.7 %	30.03	29.90
September 30, 2005	2,202	(29.7) %	19.96	19.79
Fiscal Year 2005	17,076		154.65	153.44

- 1) Equity in gain or loss of affiliated company (Millions of yen)
 First-half period ended September 30, 2006 (4)
 Fiscal year ended March 31, 2006 (FY 2005) (7)
 First-half period ended September 30, 2005 —
- 2) Mid-term average number of shares issued and outstanding (Consolidated)
 First-half period ended September 30, 2006 110,555,802
 Fiscal year ended March 31, 2006 (FY 2005) 110,419,003
 First-half period ended September 30, 2005 110,340,469
- 3) Change in significant accounting policies Not Applicable
- 4) Percentages in net sales, operating income, recurring income, and net income are percentage changes compared with the same period of the previous fiscal year.

(2) Consolidated Financial Position (Millions of yen, except percentages and per share data)

	Total Assets	Total Shareholders' Equity	Ratio of Shareholders' Equity	Shareholders' Equity Per Share
September 30, 2006	212,130	123,109	57.5 %	1,103.32
September 30, 2005	177,976	106,446	59.8 %	963.77
March 31, 2006	213,348	120,993	56.7	1,094.50

Note: Number of shares issued and outstanding at period-end
 First-half period ended September 30, 2006 110,564,016
 Fiscal year ended March 31, 2006 (FY 2005) 110,547,484
 First-half period ended September 30, 2005 110,448,123

(3) Consolidated Statement of Cash Flows (Millions of yen)

	From Operating Activities	From Investing Activities	From Financing Activities	Closing Cash and Cash Equivalents
First-Half Period Ended				
September 30, 2006	17,323	669	(2,186)	91,144
September 30, 2005	(10,891)	(52,183)	34,939	53,484
Fiscal Year 2005	9,174	(60,039)	44,153	75,252

(4) Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries: 18 and 1 partnership
 Number of equity method non-consolidated subsidiaries: —
 Number of equity method affiliates: 3

(5) Change in Scope of Consolidation and Application of the Equity Method

Consolidated (Added) 1 (Removed) — Equity-Method (Added) — (Removed) —

2. FY2006 Consolidated Forecasts (April 1, 2006 to March 31, 2007) (Millions of yen)

	Net Sales	Recurring Income	Net Income
FY2006	150,000	19,000	11,000

(Reference) Earnings per share (basic) forecasts for FY2006; 99.49 yen

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

Please see page 9 for more details regarding the above forecasts.

1. AFFILIATED COMPANY INFORMATION

SQUARE ENIX Group (“the Group”) is composed of SQUARE ENIX CO., LTD., 18 consolidated subsidiaries, 5 non-consolidated subsidiaries, 5 affiliated companies and 1 partnership. A list of businesses performed by the Group and each company’s positioning in the Group are as follows. Section refers to the Group’s operating segment.

Consolidated Companies

Section	Region	Name of Company	Major Operation
Games (Offline)	Japan	SQUARE ENIX CO., LTD.	Development and distribution of game software
	North America	SQUARE ENIX, INC.	Distribution of game software in North America
		UIEVOLUTION, INC.	Development, distribution and licensing of network applications and middleware
		SQUARE L.L.C.	Business transferred to SQUARE ENIX, INC.
	Europe	SQUARE ENIX LTD.	Distribution of game software in Europe
Games (Online)	Japan	SQUARE ENIX CO., LTD.	Planning, 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, distribution and licensing of network applications and middleware
	Europe	SQUARE ENIX LTD.	Distribution and operation of online games in Europe
	Asia	SQUARE ENIX (China) CO., LTD.	Development, distribution and operation of online games in Asia
		Huang Long Co., Ltd.	Development, distribution and operation of online games in Asia
		SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO., LTD.	In the course of liquidation
		COMMUNITY ENGINE NETWORK SOFTWARE (BEIJING) CO., LTD.	Development and distribution of network applications and middleware
	Mobile Phone Content	Japan	SQUARE ENIX CO., LTD.
North America		SQUARE ENIX, INC.	Planning, development and distribution of mobile phone content in North America
		UIEVOLUTION, INC.	Development, distribution and licensing of network applications and middleware
Japan		UIE Japan, Inc.	Development and provision of internet-related products and services in Japan
Europe		SQUARE ENIX LTD.	Planning, development and distribution of mobile phone content in Europe
Asia		SQUARE ENIX (China) CO., LTD.	Planning, development and distribution of mobile phone content in China
		SQUARE ENIX WEBSTAR NETWORK TECHNOLOGY (BEIJING) CO., LTD.	In the course of liquidation
Publication	Japan	SQUARE ENIX CO., LTD.	Publication and distribution of comic magazines, comic books 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

Section	Region	Name of Company	Major Operation
Amusement	Japan	TAITO CORPORATION	Management and operation of amusement centers; planning, development, production, sale and rental of coin-operated game machines and coin-operated karaoke machines; planning, development and distribution of game software; planning, development and distribution of mobile phone content
		EFFORT CO., LTD.	Development and supply of information content
		TAITO ART CORPORATION	Travel agency and insurance agency
		TAITO TECH CO., LTD.	Inactive
	Asia	TAITO KOREA CORPORATION	Management and operation of amusement centers in South Korea
		BEIJING TAIXIN CULTURAL AMUSEMENT CO., LTD.	Management and operation of amusement centers and rental of coin-operated game machines in China
Others	Japan	SQUARE ENIX CO., LTD.	Planning, production, distribution and licensing of derivative products
		DIGITAL ENTERTAINMENT ACADEMY CO., LTD.	Operation of a game creator training school
		FF FILM PARTNERS (Partnership)	Licensing and management of movie and derivative products
	North America	SQUARE PICTURES, INC.	Management of overseas movie revenues

【Equity-Method Affiliates】

Baltec Co., Ltd.
Kaaku LTD.
Kaasa Solution GmbH

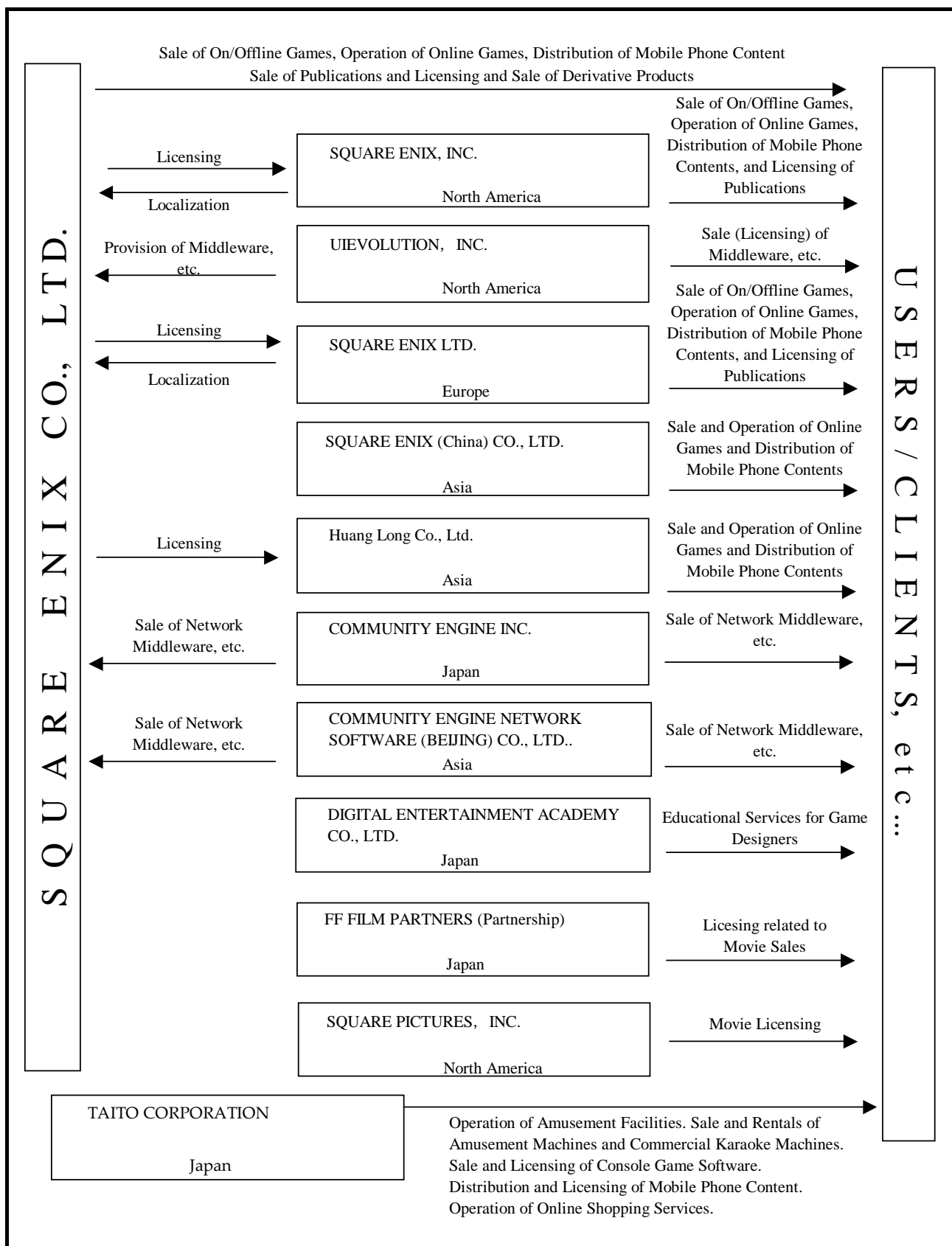
【Non-Consolidated Subsidiaries】

SOLID CO., LTD.
SG Lab, Inc.
Stylewalker, Inc.
PlayOnline, Inc.
ZERO RESEARCH LTD.

【Affiliates not Accounted for Using the Equity Method】

Kusanagi, Inc.
Brave, Inc.

The following chart outlines transactions within the Group.



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

2. Management Policy

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

(1) Basic Policy

The Group’s basic policy is to provide various consumers with dreams and excitement through the creation and provision of advanced, high-quality content and services.

For sustainable growth and expansion of the Group to reward shareholders of the Company, the Group is making every effort to maximize its value through efficient operations that effectively combine management resources.

(2) Basic Policy on Profit Distribution

One of the Company’s most important management policies to return profit to shareholders.

The Company will reserve retained earnings as it puts a high priority to investments for effective purposes for future growth of corporate value, such as, capital investments and mergers and acquisitions activities for purposes of enhancement and expansion of existing business operations, new business development, and so forth.

The Company regards returning profit to shareholders as important, thus it will maintain continuous and stable dividend payouts from the retained earnings.

(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 that is facilitating investments by various investors.

(4) Targeting Management Benchmark

Realization of growth while maintaining profitability is a fundamental management task of the Company. Taito Corporation (“TAITO”) became a consolidated subsidiary of the Company at the end of September 2005, and its consolidated operating results are reflected in the Company’s consolidated operating results from the second half of the fiscal year ended March 31, 2006.

Subsequent to the consolidation of TAITO, the Group’s consolidated financial targets are set at 10% or more annual growth in net income per share and an operating income ratio of at least 20%.

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

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

As the development and spread of information technology 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 multifunctional terminals will enable users to have easy access to various types of content.

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

(6) Parent Company

Not applicable.

3. Operating Results and Financial Conditions

(1) Operation Highlights of First-Half Period Ended September 30, 2006

The Company has been making determined efforts to strengthen the foundation and profitability of its business segments of Games (Offline), Games (Online), Mobile Phone Content, Amusement, Publication and Others.

The Company has been pursuing fundamental R&D activities to obtain advanced information technologies, which are crucial to promote network-related businesses, and to apply such technologies to our products and services.

During the previous fiscal year, the Company made TAITO a wholly-owned subsidiary. TAITO and its consolidated subsidiaries (collectively, the "Taito Group") were included in the Company's scope of consolidation from the end of September 2005. For the fiscal year ended March 31, 2006, Taito Group was included in the Group's consolidated balance sheet as of March 31, 2006, and the business results of the Taito Group for the second-half period ended March 31, 2006 are included in the consolidated statements of income of the Group, and for the first-half period of the previous fiscal year, Taito Group was included only in the Company's consolidated balance sheet as of September 30, 2005.

Consolidated financial results for the first-half period ended September 30, 2006

Net sales	¥75,959 million	(up 180.4% from results for the same period of the previous fiscal year)
Operating income	¥9,169 million	(up 269.1%, <i>ditto</i>)
Recurring income	¥9,400 million	(up 244.3%, <i>ditto</i>)
Net income	¥3,319 million	(up 50.7%, <i>ditto</i>)

Unit sales, including repeat orders, for the first-half period ended September 30, 2006

Japan	2.8 million units
North America	2.13 million units
PAL (Europe)	1.23 million units
Asia	0.05 million units
Total	6.21 million units

(2) Operating Results by Business Segment

1) Games (Offline)

The Company plans, develops and distributes games for game consoles (including handheld game machines). The Company also handles localization of games developed and distributed in Japan to distribute in North America through SQUARE ENIX, INC., a wholly-owned subsidiary of the Company. While distribution in Europe and Asia was handled by leading publishers through license arrangements until the previous fiscal year, the Company began self-publishing through SQUARE ENIX LTD., a wholly-owned subsidiary of the Company, from this period under review.

During this period under review, the Company released "FINAL FANTASY III" (840 thousand units in Japan as of September 30, 2006) for Nintendo DS, and several PlayStation2 ("PS2") titles – "KINGDOM HEARTS II" (540 thousand units in Europe, *ditto*), "ValkyrieProfile2 Silmeria" (420 thousand units in Japan and 140 thousand units in North America, *ditto*), "DRAGON QUEST: The Journey of the Cursed King" (410 thousand units in Europe, *ditto*) and "DIRGE OF CERBERUS – FINAL FANTASY VII –" (390 thousand units in North America, *ditto*). In addition, value-priced titles achieved strong sales in Japan and overseas.

Consequently, sales in the Games (Offline) segment totaled ¥19,186 million (up 122.9% from the same period of the previous fiscal year), and operating income amounted to ¥4,311 million (the same period of the previous fiscal year recorded operating loss of ¥842 million).

2) Games (Online)

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

The Company released "FINAL FANTASY XI Treasures of Aht Urhgan", a new expansion pack for "FINAL FANTASY XI" ("FFXI"), a massively multi-player online role-playing game (MMORPG) with 500,000 paying subscribers, in Japan, North America and Europe. The Company, at the same time, started the support for the Xbox 360 platform.

Consequently, sales in the Games (Online) segment totaled ¥7,678 million (up 10.8% from the same period of the previous fiscal year), and operating income amounted to ¥3,311 million (up 25.9%, *ditto*).

3) Mobile Phone Content

The Company plans, develops and provides content for mobile phones, and provides a wide range of mobile content services, including ring tones, wallpapers, game and portals. Led by such portal services as "DRAGON QUEST" and "FINAL FANTASY," the service lineup leveraged the Company's strength in original content.

Consequently, sales in the Mobile Phone Content segment totaled ¥2,907 million (up 31.0% from the same period of the previous fiscal year), and operating income amounted to ¥703 million (up 122.0%, *ditto*).

4) Publication

The Company publishes game-related books including comic magazines, comic books, and game strategy books.

In this period under review, the Company published monthly magazines "SHONEN GANGAN," "GANGAN POWERED," "G Fantasy," "GANGAN WING" and "YOUNG GANGAN," as well as comic collections taken from regular monthly magazine serials and various game strategy guide books. In addition, the Company published a major game strategy book for "FINAL FANTASY XII," which was released in March 2006 in Japan.

Consequently, sales in the Publications segment totaled ¥5,426 million (up 21.4% from the same period of the previous fiscal year), and operating income amounted to ¥1,767 million (up 78.4%, *ditto*).

5) Amusement

This segment includes results from all the businesses of the Taito Group, which was included in the Company's scope of consolidation from the end of September 2005, and goodwill amortization incurred from consolidation of Taito Group. Taito Group's operating results are included in the Company's consolidated statement of income from October 2005, and are not included in that of the same period of the previous fiscal year. During this period under review, the Company divested commercial karaoke machines business in July as part of efforts to promote more cost effective operations and proceed with drastic restoration in business structure. However, amusement operation business, a major operation in this segment, was unsuccessful to offset unfavorable results of commercial karaoke machines and home game software businesses.

Consequently, sales in the Amusement segment amounted to ¥38,144 million, and operating loss totaled ¥328 million.

6) Others

The Others segment covers the planning, production, distribution and licensing of SQUARE ENIX titles' derivative products, and the operation of a game creator training school.

During this period under review, a CG-animated film "FINAL FANTASY VII: Advent Children," which was released in the same period of the previous fiscal year and achieved remarkable hits in Japan, was released in North America, and has been recording brisk sales more than those in Japan. The licensing income is included in this segment.

Consequently, sales in the Others segment amounted to ¥2,615 million (up 46.2 from the same period of the previous fiscal year), and operating income totaled ¥1,511 million (up 13.5%, *ditto*).

(3) Operating Results by Region

1) Japan

All business segments – Games (Offline), Games (Online), Mobile Phone Content, Publication, Amusement and Others – are operated in Japan.

For Games (Offline), products are shipped to retail stores through the Company's own distribution channel. Since the Company directly licenses the sales of game content in Asia as well as some parts of the PAL region (Europe), sales from such licenses are included in the regional results of Japan.

In the Games (Online) segment, the Company provides services and sales on its online service platform, "PlayOnline," of such games as "FFXI," and sells software discs for these online games.

In the Mobile Phone Content segment, the Company provides such mobile phone content as games, ring tones and wallpapers for NTT DoCoMo, KDDI and SoftBank Mobile.

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

The Amusement segment comprises Taito Group operations, including the operation of amusement centers, the sale of coin-operated game machines and coin-operated karaoke machines, the sale of game software to retail stores via the Company's own marketing channel and the provision of games, music and images through mobile phones.

Sales in Japan totaled ¥65,917 million (up 188.6% from the same period of the previous fiscal year), and operating income amounted to ¥7,076 million (up 594.6%, *ditto*).

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.

During this period under review, several titles were released, including "DIRGE OF CERBERUS – FINAL FANTASY VII" for PS2. "PlayOnline," focused on "FFXI," the Company's online service platform, which has grown to the same level as Japan, performed well.

Sales in North America totaled ¥9,326 million (up 143.8% from the same period of the previous fiscal year), and operating income amounted to ¥1,727 million (up 168.1%, *ditto*).

3) Europe

The Company primarily provides Games (Offline), Games (Online) and Mobile Phone Content services in Europe. In this region, sales of the Company's game content had been licensed to leading publishers in Europe until the previous fiscal year, but the Company began sales of game content as its own publication through SQUARE ENIX LTD., a wholly-owned subsidiary of the Company. The Company released "KINGDOM HEARTS II" and "DRAGON QUEST: The Journey of the Cursed King" for PS2 during this period under review.

Sales in Europe amounted to ¥4,394 million (up 1,011.8% from the same period of the previous fiscal year), and operating income totaled ¥781 million (up 1,214.7%, *ditto*).

4) Asia

In Asia, the Company provides primarily Games (Online) and Amusement services.

In the Games (Online) business, the Company primarily operates the "CROSS GATE" online game service for the PC platform in China. In the Amusement business, TAITO operates amusement centers in Korea and China.

Sales in Asia totaled ¥443 million (down 73.3% from the same period of the previous fiscal year), and operating loss amounted to ¥ 414 million (down 154.4%, *ditto*).

(4) Financial Conditions

Cash and cash equivalents at the end of this period under review amounted to ¥91,144 million.

Cash flows during the period are summarized as follows.

1) Cash flows from operating activities

Income before income taxes amounted to ¥8,427 million, and net cash provided by operating activities totaled ¥17,323 million, mainly due to recovery of accounts receivable for major title released in March 2006.

2) Cash flows from investing activities

Net cash used in investing activities totaled ¥669 million, mainly due to income from divesting TAITO's commercial karaoke machines business, and payments for acquiring non-current assets.

3) Cash flows from financing activities

Net cash used in financing activities amounted to ¥2,186 million, mainly due to payment of dividend.

Solvency Indicators

	Fiscal year ended March 31, 2004	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2006	Six months ended September 30, 2006
Shareholders' Equity Ratio	87.41%	82.72%	56.71%	57.51%
Shareholders' Equity Ratio on Market Value Basis	309.59%	275.76%	157.78%	149.58%
Term of Repayment of Interest-Bearing Liabilities (years)	0.0013	—	—	—
Interest Coverage Ratio (times)	1,203.36	85,196.65	300.93	110,701.78

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-bearing liabilities:

Interest-bearing liabilities / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest paid

* Calculated by consolidated financial results

* Interest-bearing liabilities include all the liabilities on which the Company is paying interest.

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

(5) Forecasts for FY2006

Consolidated forecasts for FY2006 (ending March 31, 2007)

Net sales	¥150 billion
Operating income	¥19 billion
Recurring income	¥19 billion
Net income	¥11 billion

Games (Offline) segment sales were robust, driven by advanced release date of "KINGDOM HEARTS II" (540 thousand units in Europe as of September 30, 2006) for PS2, which was initially scheduled to be released in the second-half period, to September 29, and strong sales of "FINAL FANTASY III" (840 thousand units in Japan, *ditto*) for Nintendo DS. Despite Amusement segment remained in a difficult situation, other segments – Games (Online), Mobile Phone Content, Publication and Others, performed well as of the end of this period under review.

The Company divested commercial karaoke machines business, which was included in Amusement segment, and continues to promote more cost effective operations in the second-half period. Expected operating expenses and expected capital investments for development tools for the next generation consoles, which were initially to be recorded in the first-half period, were partially transferred to the second-half year.

Risk Factors

The forecasts for the consolidated operating results stated above have been prepared based on the current business environment as of November 17, 2006.

Risks that may affect the Group's financial condition include:

- 1) Changes in the economic environment
In the event of an exceptionally harsh downturn in the economy, causing consumer expenditure to fall, demand for the Group's products and services in the entertainment field may decline. Such circumstances may lead to an adverse impact on the Group's business performance.
- 2) Changes in consumer preferences in the digital content market and the Group's ability to respond to rapid progress of innovative technology
In such a period of transitions as stated in the medium- and long-term strategy and tasks, it is probable such change may affect the Group's business performance if it is unable to deal with the transitions properly and promptly.
- 3) Changes in game platforms and the Group's response
The Group's core business predominantly involves the sale of software for use on home-use video game consoles. Consequently, the Company's business may be subject to the impact of transition to next generation console platforms and changes in console manufacturers' strategies. During platform generation transition periods, there is a tendency for consumers to reduce their game software purchases, which may lead to stagnation in the Company's sales growth. Such circumstances may lead to an adverse impact on the Group's business performance.
- 4) Securing human resources to execute the Group's growth strategies concentrating on creation of new content services and business development overseas
The Group has been making rapid growth in expanding its business operations globally. Delay in developing human resources may adversely affect the Group's business performance.
- 5) Expansion in the Group's international business operations
In the Games (Offline), Games (Online) and Mobile Phone Content segments, the Group is pursuing expansion of its international business operations. A variety of factors present in the countries and regions in which the Group operates overseas may affect the Group's business performance. Such factors include market trends, political situation, economic climate, laws and regulations, culture, religions, customs and other factors.
- 6) Fluctuation of exchange rates
The Group includes consolidated subsidiaries located in North America, Europe and Asia. The risks of foreign exchange loss have been reduced as foreign currency gained by subsidiaries is expended for settlement or reinvestment in each country. However, sales, expenses and assets of the overseas subsidiaries are converted into Japanese yen amounts in the consolidated financial statements. Consequently, the exchange rate may effect the Group's financial results as it fluctuates beyond forecast.
- 7) Entertainment industry laws
The operation of game centers is subject to government control under the Law for Proper Control of Entertainment and Amusement Business and other related laws and regulations. These laws and regulations include an approval and licensing system for the opening and operation of amusement centers, regulations on business hours (ordinances vary, but operation is generally prohibited from midnight to 10 a.m.), age restrictions (ordinances vary, but the admittance of persons under 16 years old after 6 p.m. and persons under 18 years old after 10 p.m. is generally prohibited), area restrictions on outlet opening, and regulations concerning facility structure, interior, lighting and noise. While complying with the laws, the Group has actively pursued the establishment of new amusement centers. However, if regulations were to change owing to the establishment of new laws or other reasons, the Group's business performance may be affected.
- 8) Management of personal information
In conjunction with the enactment of the Personal Information Protection Law, the Group has bolstered employee training with the aim of increasing awareness about the handling of personal information. The Group has also improved the timeliness of its personal information management systems and identified all personal information obtained by the Group. The Group has undertaken a full range of measures to strengthen its

internal control systems, including ongoing improvements to technology controlling access to its customer database and to its data security systems, restrictions on personnel permitted to access information and establishment of a system to deal with customer inquiries regarding personal information. To this point, no leakage of personal information has occurred from the Group. The Group intends to maintain its stringent management systems for personal information by reviewing current systems and enhancing employee training. However, if a leak of personal information were to occur from the Group, the Group's business performance may be affected.

9) Accidents and disasters

The Group periodically carries out accident prevention checks, facility checks and emergency drills to minimize accidents and the impacts of disasters, including terrorist attacks, infectious diseases, food poisoning, fires, electrical blackouts, computer system/server malfunctions, earthquakes, and typhoon and flood damage. However, in the event of accidents or disasters it may not be possible to avoid or alleviate all adverse impacts. If a major earthquake or disaster occurs, which could impede the continuation of business, the Group's business performance may be affected.

10) Litigation

The Group is being managed strictly in compliance with laws and regulations and with full respect for third parties' rights while carrying out its operations. However, in the course of its business activities in Japan and abroad the risk of the Group becoming the defendant of litigation cannot be discounted. If such litigation were to occur, the Group's business performance may be affected.

4. Consolidated Financial Statements for the First-Half Period Ended September 30, 2006

Consolidated Balance Sheet

(Millions of yen)

Account	Notes	FY2005 First-Half Period (As of September 30, 2005)		FY2006 First-Half Period (As of September 30, 2006)		Change	FY2005 (As of March 31, 2005)			
		Amount		Amount			Amount		Rate	
			Rate		Rate				Rate	
(Assets)			%		%				%	
I Current assets										
1. Cash and deposits		53,489		91,149				75,257		
2. Notes and accounts receivable		18,267		23,013				33,215		
3. Inventories		6,182		6,677				5,489		
4. Content production account		16,173		9,301				7,312		
5. Deferred tax assets		3,959		3,060				7,877		
6. Other current assets		3,457		4,297				3,968		
Allowance for doubtful accounts		(584)		(576)				(868)		
Total current assets		100,945	56.7	136,924	64.5	35,978		132,251	62.0	
II Non-current assets										
1. Property and equipment										
(1) Buildings and structures		18,896		18,518				18,694		
Accumulated depreciation		11,141	7,754	11,844	6,673			11,546	7,148	
(2) Tools and fixtures		11,401		12,705				12,481		
Accumulated depreciation		8,282	3,118	8,984	3,721			8,761	3,719	
(3) Amusement equipment		57,176		47,133				58,733		
Accumulated depreciation		43,726	13,449	35,476	11,657			45,292	13,440	
(4) Land			5,518		5,437				5,516	
(5) Construction in progress			261		74				159	
(6) Other		33		26				26		
Accumulated depreciation		20	12	18	8			15	10	
Total property and equipment			30,116	16.9	27,574	13.0	(2,542)		29,995	14.1
2. Intangible assets										
(1) Consolidation adjustments account		20,526		—				23,446		
(2) Goodwill		—		21,043				—		
(3) Other		2,297	22,823	1,534	22,578	10.6	(245)	1,942	25,389	11.9
3. Investments and other assets										
(1) Investment securities		1,116		1,187				1,459		
(2) Long-term loans		11		169				173		
(3) Rental deposits		18,087		17,103				17,361		
(4) Construction cooperation fund		2,325		2,054				2,158		
(5) Claim in bankruptcy		2,308		2,211				2,240		
(6) Deferred tax assets		3,328		7,167				6,523		
(7) Other		1,212		546				533		
Allowance for doubtful accounts		(4,299)	24,090	(5,386)	25,053	11.8	963	(4,738)	25,712	12.0
Total non-current assets			77,030	43.3	75,206	35.5	(1,824)		81,097	38.0
Total assets			177,976	100.0	212,130	100.0	34,153		213,348	100.0

(Millions of Yen)

Account	Notes	FY2005 First-Half Period		FY2006 First-Half Period		Change	FY2005	
		(As of September 30, 2005)		(As of September 30, 2006)			(As of March 31, 2005)	
		Amount	Rate	Amount	Rate		Amount	Rate
(Liabilities)			%		%			%
I Current liabilities								
1. Notes and accounts payable		10,121		11,241			12,124	
2. Short-term borrowings		40,000		—			—	
3. Other accounts payable		2,375		10,609			6,509	
4. Accrued expenses		5,544		6,131			6,413	
5. Accrued corporate taxes		534		898			4,848	
6. Advance payments received		832		726			991	
7. Deposits received		403		496			421	
8. Reserve for bonuses		1,698		1,598			2,648	
9. Allowance for sales returns		1,118		1,624			1,186	
10. Allowance for losses due to closure of outlets		139		229			292	
11. Other		972		2,207			2,405	
Total current liabilities		63,739	35.8	35,762	16.9	(27,977)	37,840	17.8
II Non-current liabilities								
1. Corporate bond		—		50,000			50,000	
2. Allowance for retirement benefits		3,239		2,851			3,001	
3. Allowance for directors' retirement benefits		174		205			189	
4. Other		164		201			202	
Total non-current liabilities		3,578	2.0	53,259	25.0	49,680	53,394	25.0
Total liabilities		67,318	37.8	89,021	42.0	21,703	91,234	42.8
(Minority interests)								
Minority interests in consolidated subsidiaries		4,211	2.4	—	—		1,120	0.5
(Shareholders' equity)								
I Common stock		7,684	4.3	—	—		7,803	3.7
II Capital surplus reserve		36,925	20.7	—	—		37,044	17.4
III Retained earnings		62,252	35.0	—	—		76,022	35.6
IV Unrealized gain on revaluation of other investment securities		380	0.2	—	—		531	0.2
V Foreign currency translation adjustment		(327)	(0.2)	—	—		97	0.0
VI Treasury stock		(468)	(0.3)	—	—		(506)	(0.2)
Total shareholders' equity		106,446	59.8	—	—		120,993	56.7
Total liabilities, minority interests and shareholders' equity		177,976	100.0	—	—		213,348	100.0

(Millions of Yen)

Account	Notes	FY2005 First-Half Period		FY2006 First-Half Period		Change	FY2005	
		(As of September 30, 2005)		(As of September 30, 2006)			(As of March 31, 2005)	
		Amount	Rate	Amount	Rate		Amount	Rate
(Net assets)			%		%			%
I Shareholders' equity								
1. Common stock		—	—	7,825	3.7		—	—
2. Capital surplus reserve		—	—	37,066	17.4		—	—
3. Retained earnings		—	—	77,120	36.4		—	—
4. Treasury stock		—	—	(516)	(0.2)		—	—
Total shareholders' equity		—	—	121,496	57.3		—	—
II Valuation and translation adjustment								
1. Unrealized gains on revaluation of other investment securities		—	—	374	0.2		—	—
2. Foreign currency translation adjustment		—	—	116	0.1		—	—
Total Valuation and translation adjustment		—	—	491	0.2		—	—
III Minority interests in consolidated subsidiaries		—	—	1,121	0.5		—	—
Total net assets		—	—	123,109	58.0		—	—
Total liabilities and net assets		—	—	212,130	100.0		—	—

Consolidated Statements of Income

(Millions of yen)

Account	Notes	FY2005 First-Half Period		FY2006 First-Half Period			Change	FY2005			
		〔 April 1, 2005 to September 30, 2005 〕		〔 April 1, 2006 to September 30, 2006 〕				〔 April 1, 2005 to March 31, 2006 〕			
		Amount	Rate	Amount	Rate	Amount	Amount	Rate			
I Net sales		27,091	100.0	75,959	100.0	48,868	124,473	100.0			
II Cost of sales		13,173	48.6	41,095	54.1	27,922	68,105	54.7			
Gross profit		13,918	51.4	34,864	45.9	20,946	56,367	45.3			
Reversal of allowance for sales returns		1,316	4.8	1,186	1.6	(129)	1,316	1.1			
Provision for allowance for sales returns		1,118	4.1	1,624	2.1	505	1,186	1.0			
Net gross profit		14,116	52.1	34,427	45.4	20,310	56,497	45.4			
III Selling, general and administrative expenses											
1. Packaging freight charge		304		1,110			1,623				
2. Advertising expense		2,975		3,426			7,458				
3. Sales promotion expense		126		634			1,177				
4. Provision for doubtful accounts		—		—			101				
5. Compensation for directors		142		338			498				
6. Salary		2,482		7,823			11,604				
7. Provision to reserve for bonuses		256		921			1,350				
8. Net periodic pension costs		(16)		266			251				
9. Provision to reserve for directors' retirement benefits		4		15			19				
10. Welfare expense		341		997			1,511				
11. Rental expense		601		1,272			1,949				
12. Commissions paid		1,087		1,795			3,204				
13. Depreciation and amortization		583		745			1,648				
14. Other		2,741	11,631	42.9	5,909	25,257	33.3	13,625	8,625	41,026	33.0
Operating income			2,484	9.2		9,169	12.1	6,685		15,470	12.4
IV Non-operating income											
1. Interest income		47		143			139				
2. Dividends received		22		2			23				
3. Foreign exchange gain		189		114			508				
4. Rental income		29		31			63				
5. Support fees received		—		—			28				
6. Facilities installation cooperation fees		—		50			79				
7. Miscellaneous income		32	321	1.2	230	572	0.8	251	202	1,046	0.9
V Non-operating expenses											
1. Interest expenses		12		0			29				
2. Commissions paid		62		0			94				
3. Loss on disposal of inventories		—		60			151				
4. Loss on write-off of content production account		—		—			460				
5. Loss on inventory valuation		—		86			190				
6. Corporate bond issuance expenses		—		—			17				
7. Investment loss on equity method		—		4			7				
8. Miscellaneous loss		0	75	0.3	189	341	0.5	266	18	968	0.8
Recurring income			2,730	10.1		9,400	12.4	6,670		15,547	12.5

(Millions of yen)

Account	Notes	FY2005 First-Half Period		FY2006 First-Half Period			Change Amount	FY2005			
		〔 April 1, 2005 to September 30, 2005 〕		〔 April 1, 2006 to September 30, 2006 〕				〔 April 1, 2005 to March 31, 2006 〕			
		Amount	Rate	Amount	Rate	Amount		Amount	Rate		
VI Extraordinary gain											
1. Reversal of allowance for doubtful accounts		63		191				—			
2. Gain on divesting business		—		2,738				—			
3. Gain on sale of investment securities		1,353		—				1,353			
4. Other		5	1,422	5.2	55	2,985	3.9	1,563	8	1,361	1.1
VII Extraordinary loss											
1. Loss on sale of property and equipment		12		0				19			
2. Loss on disposal of property and equipment		130		361				457			
3. Impairment loss		188		166				4,426			
4. Loss on evaluation of investment securities		91		0				91			
5. Loss on reverse split of shares in affiliates		234		—				209			
6. Loss on adjustment in payment process		302		—				302			
7. Extraordinary loss on inventory write-offs		—		—				1,652			
8. Accelerated amortization of goodwill		—		1,831				—			
9. Provision for doubtful accounts		—		1,588				505			
10. Provision to allowance for store closings		—		—				153			
11. Other		23	984	3.6	0	3,948	5.2	2,964	59	7,878	6.3
Income before income taxes and distribution of loss in partnership (tokumei-kumiai)			3,168	11.7		8,437	11.1	5,269		9,031	7.3
Distribution of loss in partnership (tokumei-kumiai)			22	0.1		9	0.0			40	0.1
Income before income taxes			3,145	11.6		8,427	11.1	5,282		8,990	7.2
Corporate, resident and enterprise taxes		416			1,819			1,835			
Refunded income taxes		(906)			(113)			(912)			
Deferred income taxes		1,171	681	2.5	3,404	5,110	6.7	4,428	(9,039)	(8,116)	(6.5)
Minority interest in consolidated subsidiaries			261	1.0		(2)	(0.0)			31	0.0
Net income			2,202	8.1		3,319	4.4	1,117		17,076	13.7

Consolidated Statements of Cash Flows

(Millions of yen)

Account	Notes	FY2005	FY2006	Change	FY2005
		First-Half Period	First-Half Period		(April 1, 2005)
		(April 1, 2005 to) (September 30, 2005)	(April 1, 2006 to) (September 30, 2006)		(March 31, 2006)
		Amount	Amount	Amount	Amount
I Cash flows from operating activities					
Income before income taxes		3,145	8,427	5,282	8,990
Depreciation and amortization		850	5,247	4,397	8,419
Impairment loss		—	166	166	4,426
Increase (decrease) in allowance for doubtful accounts		(97)	352	449	611
(Decrease) increase in reserve for bonuses		(305)	(1,049)	(743)	643
Increase (decrease) in allowance for sales returns		(208)	433	642	(155)
(Decrease) in allowance for retirement benefits		(59)	(150)	(90)	(1,213)
Increase in allowance for directors' retirement benefits		4	15	11	19
(Decrease) increase in other allowances		—	(62)	(62)	153
Interest and dividends received		(70)	(145)	(74)	(163)
Interest expenses		12	0	(12)	29
Gain on sale and disposal of property and equipment		142	359	217	476
Gain on divestment of business		—	(2,738)	(2,738)	—
Accelerated amortization of goodwill		—	1,831	1,831	—
Gain on sale of investment securities		(1,353)	—	1,353	(1,353)
Losses on investments in securities		91	0	(90)	91
Decrease (increase) in accounts receivable		(1,740)	9,863	11,603	(16,330)
(Increase) in inventories		(631)	(3,244)	(2,613)	9,140
(Decrease) increase in purchase liabilities		120	(510)	(630)	1,797
(Decrease) increase in accrued consumption taxes		(979)	(701)	277	102
(Increase) decrease in other current assets		(52)	(335)	(282)	57
Decrease (increase) in other non-current assets		(304)	77	382	358
Increase (decrease) in other current liabilities		(1,349)	3,587	4,937	391
Other		904	395	(508)	2,643
Subtotal		(1,882)	21,822	23,705	19,138
Interest and dividends received		24	155	130	121
Interest paid		(9)	(0)	9	(30)
Income taxes paid		(9,024)	(4,654)	4,370	(10,054)
Net cash provided by (used in) operating activities		(10,891)	17,323	28,215	9,174
II Cash flows from investing activities					
Payments for acquiring property and equipment		(508)	(4,187)	(3,678)	(8,258)
Payments for acquiring intangible assets		(27)	(155)	(128)	(340)
Proceeds from sale of investment securities		1,504	—	(1,504)	1,504
Proceeds from divestment of business		—	4,645	4,645	—
Payments for acquisition of shares in consolidated subsidiary		(53,143)	(63)	53,080	(53,747)
Proceeds from return of guarantee money deposited		22	432	410	1,160
Payments for provision of guarantee money		(47)	(94)	(47)	(234)
Other		16	94	77	(122)
Net cash provided by (used in) investing activities		(52,183)	669	52,853	(60,039)
III Cash flows from financing activities					
Increase in short-term borrowings		40,000	—	(40,000)	—
Proceeds from short-term loans		—	—	—	40,000
Payment of short-term loans		—	—	—	(40,000)
Proceeds from issuance of corporate bonds		—	—	—	50,000
Payments for acquisition of treasury stock		(67)	(12)	55	(104)
Payments for dividends		(5,493)	(2,217)	3,275	(6,617)
Payments for dividends for minority interests		(2)	(2)	0	—
Other		502	45	(456)	876
Net cash (used in) provided by financing activities		34,939	(2,186)	(37,126)	44,153
IV Effect of exchange rate changes on cash and cash equivalents		376	72	(304)	719
V Net (decrease) increase in cash and cash equivalents		(27,759)	15,879	43,638	(5,991)
VI Cash and cash equivalents at beginning of period		81,243	75,252	(5,991)	81,243
VII Increase in cash and cash equivalents due to increase in consolidated subsidiaries		—	13	13	—
VIII Cash and cash equivalents at end of period		53,484	91,144	37,660	75,252

5. Segment Information

1. Consolidated Business Segment Information

The First-Half Period Ended September 30, 2005

(Millions of Yen)

	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Others	Total	Eliminations or unallocated	Consolidated total
Sales and operating income								
Net Sales								
(1) Sales to outside customers	8,607	6,928	2,219	4,471	4,863	27,091	—	27,091
(2) Intersegment sales	—	—	—	—	—	—	—	—
Total	8,607	6,928	2,219	4,471	4,863	27,091	—	27,091
Operating expenses	9,449	4,297	1,903	3,480	3,532	22,664	1,942	24,606
Operating income (loss)	(842)	2,631	316	991	1,330	4,427	(1,942)	2,484

Notes: 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
Mobile Phone Content	Content for mobile phones
Publication	Magazine comics, serial comics, game-related books
Others	Derivative products such as character merchandise, school for game designers

3. Unallocated operating expenses included in the "elimination or unallocated" column totaled ¥1,942 million. These expenses are related to administrative departments of the Company, which provide services and support that cannot be allocated to specific business segments.

The First-Half Period Ended September 30, 2006

(Millions of Yen)

	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Amusement	Others	Total	Eliminations or unallocated	Consolidated total
Sales and operating income									
Net Sales									
(1) Sales to outside customers	19,186	7,678	2,907	5,426	38,144	2,615	75,959	—	75,959
(2) Intersegment sales	—	—	—	—	—	—	—	—	—
Total	19,186	7,678	2,907	5,426	38,144	2,615	75,959	—	75,959
Operating expenses	14,875	4,367	2,204	3,658	38,472	1,104	64,683	2,106	66,790
Operating income (loss)	4,311	3,311	703	1,767	(328)	1,511	11,276	(2,106)	9,169

Notes: 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
Mobile Phone Content	Content for mobile phones
Publication	Magazine comics, serial comics, game-related books
Amusement	All the businesses of the Taito group including Amusement operation and Rental, Sales of Goods and Merchandise and Content Services
Others	Derivative products such as character merchandise, school for game designers

3. Unallocated operating expenses included in the "elimination or unallocated" column totaled ¥2,106 million. These expenses are related to administrative departments of the Company, which provide services and support that cannot be allocated to specific business segments.

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

(Millions of Yen)

	Games (Offline)	Games (Online)	Mobile Phone Content	Publication	Amusement	Others	Total	Eliminations or unallocated	Consolidated total
Sales and operating income									
Net Sales									
(1) Sales to outside customers	45,916	15,720	5,067	9,742	41,069	6,957	124,473	—	124,473
(2) Intersegment sales	—	—	—	—	—	—	—	—	—
Total	45,916	15,720	5,067	9,742	41,069	6,957	124,473	—	124,473
Operating expenses	36,326	9,812	4,341	6,875	42,240	4,949	104,545	4,457	109,003
Operating income	9,590	5,907	726	2,866	(1,170)	2,007	19,927	(4,457)	15,470

Notes: 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
Mobile Phone Content	Content for mobile phones
Publication	Magazine comics, serial comics, game-related books
Amusement	All the businesses of the Taito group including Amusement Operation and Rental, Sales of Goods and Merchandise and Content Services
Others	Derivative products such as character merchandise, school for game designers

3. Unallocated operating expenses included in "Eliminations or unallocated" totaled ¥4,457 million.

These expenses are related to administrative departments, such as accounting and general affairs, of the Company, which provide services and operational support that cannot be allocated to specific business

2. Consolidated Geographic Segment Information

The First-Half Period Ended September 30, 2005

(Millions of Yen)

	Japan	North America	Europe	Asia	Total	Eliminations or unallocated	Consolidated Total
Sales and operating income							
Net Sales							
(1) Sales to outside customer	21,847	3,393	189	1,661	27,091	—	27,091
(2) Intersegment sales	995	432	205	2	1,636	(1,636)	—
Total	22,842	3,825	395	1,664	28,728	(1,636)	27,091
Operating expenses	21,823	3,181	335	902	26,243	(1,636)	24,606
Operating income	1,018	644	59	762	2,484	—	2,484

- Notes: 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.

The First-Half Period Ended September 30, 2006

(Millions of Yen)

	Japan	North America	Europe	Asia	Total	Eliminations or unallocated	Consolidated Total
Sales and operating income							
Net Sales							
(1) Sales to outside customer	62,368	9,043	4,109	438	75,959	—	75,959
(2) Intersegment sales	3,548	282	285	5	4,121	(4,121)	—
Total	65,917	9,326	4,394	443	80,081	(4,121)	75,959
Operating expenses	58,840	7,599	3,613	858	70,911	(4,121)	66,790
Operating income	7,076	1,727	781	(414)	9,169	—	9,169

- Notes: 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, Korea

FY2005 (April 1, 2004 to March 31, 2006)

(Millions of Yen)

	Japan	North America	Europe	Asia	Total	Eliminations or unallocated	Consolidated Total
Sales and operating income							
Net Sales							
(1) Sales to outside customer	107,354	14,670	413	2,035	124,473	—	124,473
(2) Intersegment sales	4,316	837	364	5	5,523	(5,523)	—
Total	111,670	15,507	778	2,040	129,997	(5,523)	124,473
Operating expenses	99,910	12,109	728	1,778	114,526	(5,523)	109,003
Operating income	11,760	3,398	49	262	15,470	—	15,470

- Notes: 1. The classification of geographic 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, Korea
 3. There are no unallocated operating expenses included in "Eliminations or unallocated."

3. Consolidated Overseas Sales

The First-Half Period Ended September 30, 2005

(Millions of Yen)

	North America	Europe	Asia	Total
I Overseas sales	3,462	375	1,759	5,597
II Consolidated sales	—	—	—	27,091
III Percentage of overseas sales to consolidated sales	12.8%	1.4%	6.5%	20.7%

Notes: 1. The classification of geographic 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, others

(3) Asia.....China, others

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

The First-Half Period Ended September 30, 2006

(Millions of Yen)

	North America	Europe	Asia	Total
I Overseas sales	10,419	4,466	664	15,550
II Consolidated sales	—	—	—	78,959
III Percentage of overseas sales to consolidated sales	13.7%	5.9%	0.9%	20.5%

Notes: 1. The classification of geographic 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, others

(3) Asia.....China, Korea, Taiwan, others

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

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

(Millions of Yen)

	North America	Europe	Asia	Total
I Overseas sales	15,635	1,378	3,025	20,039
II Consolidated sales	—	—	—	124,473
III Percentage of overseas sales to consolidated sales	12.6%	1.1%	2.4%	16.1%

Notes: 1. The classification of geographic 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, others

(3) Asia.....China, Korea, Taiwan, others

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

**NON-CONSOLIDATED FINANCIAL RESULTS
FOR THE FIRST-HALF PERIOD ENDED SEPTEMBER 30, 2006**

Company Name: Square Enix Co., Ltd.	Market: Tokyo Stock Exchange,
Code: 9684	First Section
URL : http://www.square-enix.com/	Headquarters: Tokyo
Representative: Yoichi Wada, President and Representative Director	
Contact: Yosuke Matsuda, Director and Executive Officer	
Date of Board Approval: November 17, 2006	Stock Trading Unit: 100 shares
Date of Dividend Payout: December 8, 2006	

1. FY2005 First-Half Period Non-Consolidated Financial Results (April 1, 2005 - September 30, 2005)

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

	Net Sales		Operating Income		Recurring Income	
First-Half Period						
September 30, 2006	27,764	23.7 %	7,241	728.5 %	7,453	267.8 %
September 30, 2005	22,445	17.1 %	874	(81.4) %	2,026	(58.5) %
Fiscal Year 2005	70,283		12,597		13,633	

	Net Income		Earnings Per Share (basic)
First-Half Period			
September 30, 2006	4,508	82.7 %	40.78
September 30, 2005	2,468	(10.5) %	22.37
Fiscal Year 2005	20,691		187.39

- | | | |
|---|--|-------------|
| 1) Mid-term average | First-half period ended September 30, 2006 | 110,555,802 |
| number of shares issued | Fiscal year ended March 31, 2006 (FY 2005) | 110,419,003 |
| and outstanding | First-half period ended September 30, 2005 | 110,340,469 |
| 2) Change in significant | | |
| accounting policies | Not Applicable | |
| 3) Percentages in net sales, operating income, recurring income, and net income are the percentage changes compared with the same period of the previous fiscal year. | | |

(2) Non-Consolidated Financial Position (Millions of yen, except percentages and per share data)

	Total Assets	Total Shareholders' Equity	Ratio of Shareholders' Equity	Shareholders' Equity Per Share
September 30, 2006	181,219	121,898	67.3 %	1,102.51
September 30, 2005	150,501	102,209	67.9 %	925.41
March 31, 2006	181,840	119,681	65.8	1,082.62

- | | | |
|------------------------|--|-------------|
| 1) Number of shares | First-half period ended September 30, 2006 | 110,564,016 |
| issued and outstanding | Fiscal year ended March 31, 2006 (FY 2005) | 110,547,484 |
| at period-end | First-half period ended September 30, 2005 | 110,448,123 |
| 2) Amount of treasury | First-half period ended September 30, 2006 | 186,092 |
| stock | Fiscal year ended March 31, 2006 (FY 2005) | 182,139 |
| | First-half period ended September 30, 2005 | 170,745 |

2. FY2006 Forecasts (April 1, 2006 to March 31, 2007)

(Millions of yen)

	Net Sales	Recurring Income	Net Income
FY2006	53,000	10,000	5,500

(Reference) Earnings per share (basic) forecasts for FY2006; 49.74 Yen

3. Dividends

Cash dividends	Annual Dividend Per Share		
	Interim dividend	At the end of year	
First-Half Period	Yen	Yen	Yen
September 30, 2005	10.00	20.00	30.00
September 30, 2006	10.00	—	
Fiscal Year 2006 projection	—	20.00	30.00

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