
SQUARE ENIX™

July 28, 2003 - July 30, 2003

Statements made in this document with respect to SQUARE ENIX CO., LTD. and consolidated subsidiaries' (together, "SQUARE ENIX") plans, estimates, strategies and beliefs, including any forecasts or projections, are forward-looking statements about the future performance of SQUARE ENIX.

These statements are based on management's assumptions and beliefs in light of information available to it at the time these material were drafted and, therefore, the reader should not place undue reliance on them. Also, the reader should not assume that statements made in this document will remain accurate or operative at a later time.

A number of factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Such factors include, but are not limited to:

1. changes in economic conditions affecting our operations;
2. fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro;
3. our ability to continue to win acceptance of our products and services, which are offered in highly competitive markets characterized by the continuous introduction of new products and services, rapid developments in technology, and subjective and changing consumer preferences;
4. our ability to expand internationally successfully with a focus on our digital content business, online business and mobile business; and
5. regulatory developments and changes and our ability to respond and adapt to those changes.

The forward-looking statements regarding earnings contained in these materials were valid at the time these material were drafted. SQUARE ENIX assumes no obligation to update or revise any forward-looking statements, including forecasts or projections, whether as a result of new information, subsequent events or otherwise.

These statements are included pro-forma for historical data reflect the aggregation of former two companies' operating results (former ENIX and former SQUARE).

Table of Contents

1. Who is SQUARE ENIX?
2. Where are we playing?
3. Our business strategy

Appendices

Who is SQUARE ENIX?

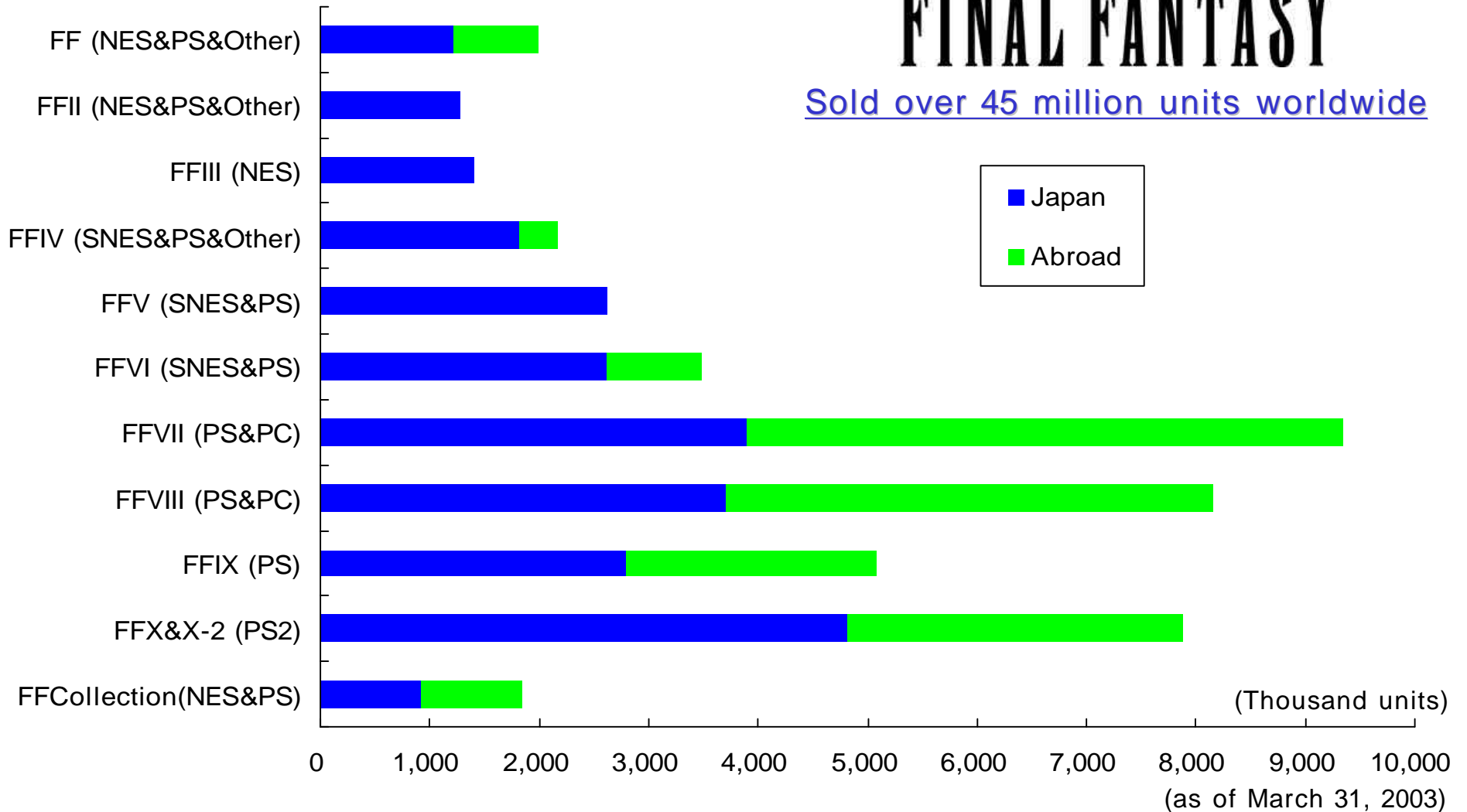
We are the leading digital content company.

Our original, quality products generate high profitability.

SQEX holds 2 of most successful game franchises in Japan,

FINAL FANTASY™

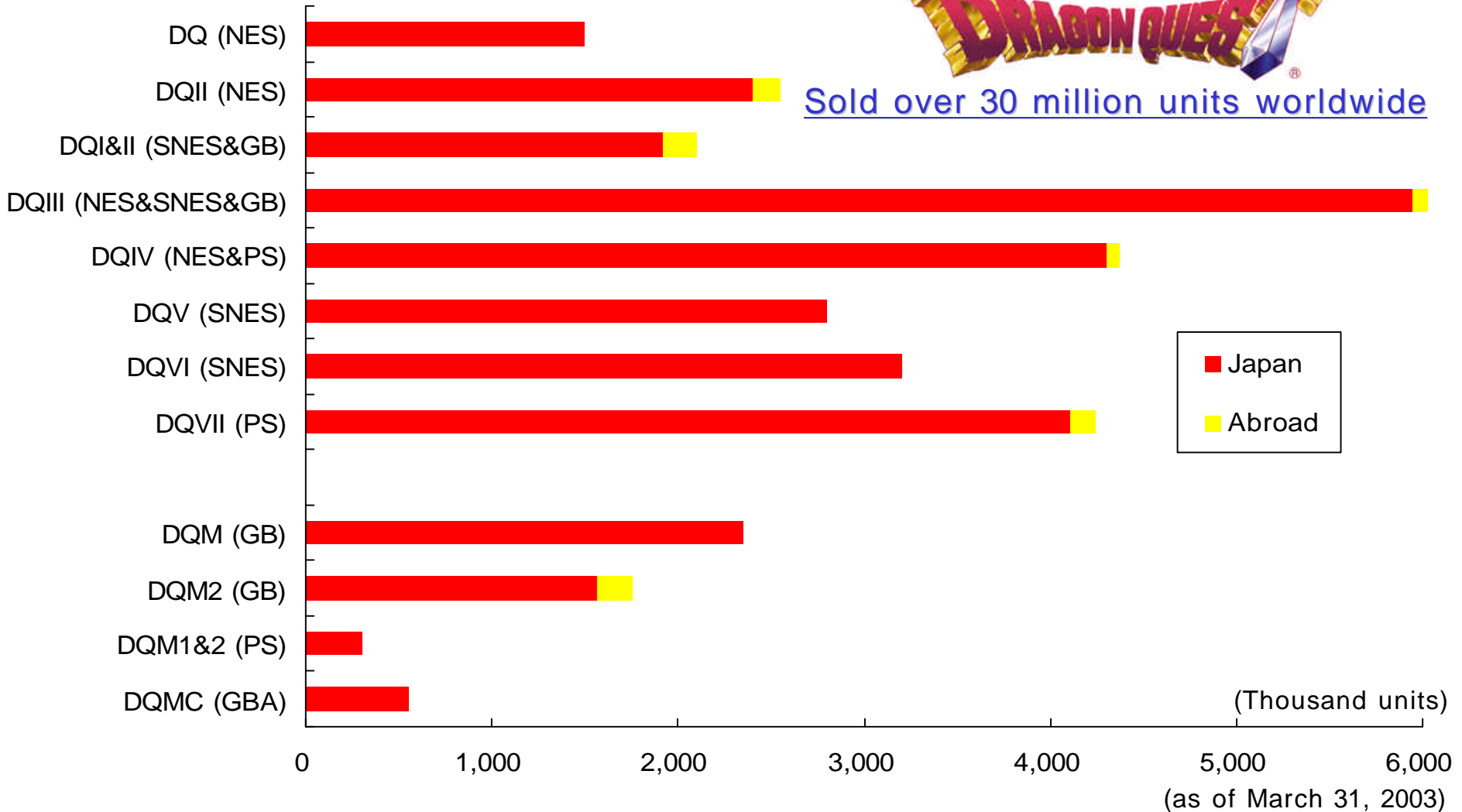
Sold over 45 million units worldwide



SQEX holds 2 of most successful game franchises in Japan,

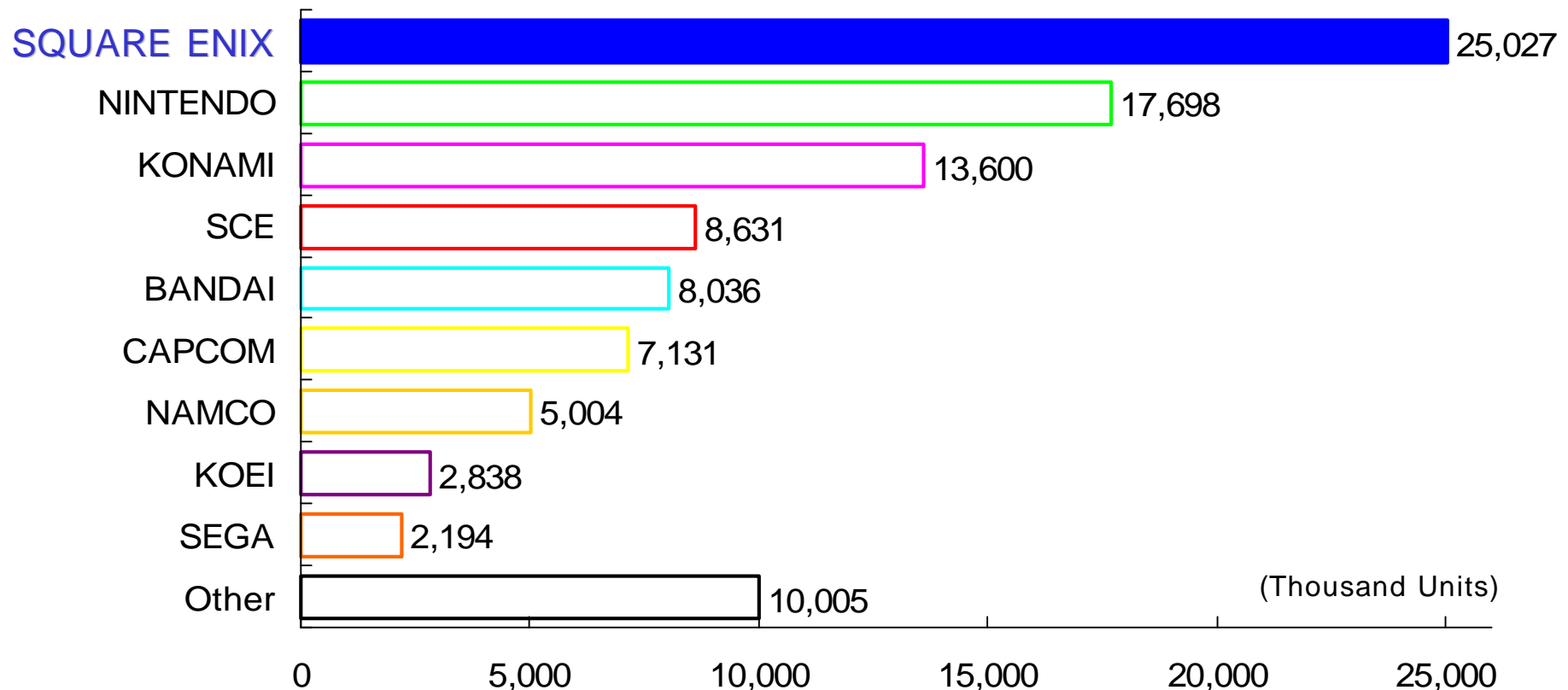


Sold over 30 million units worldwide



...which makes SQEX the No.1 game seller in Japan.

Unit Sales of Game Console Software*

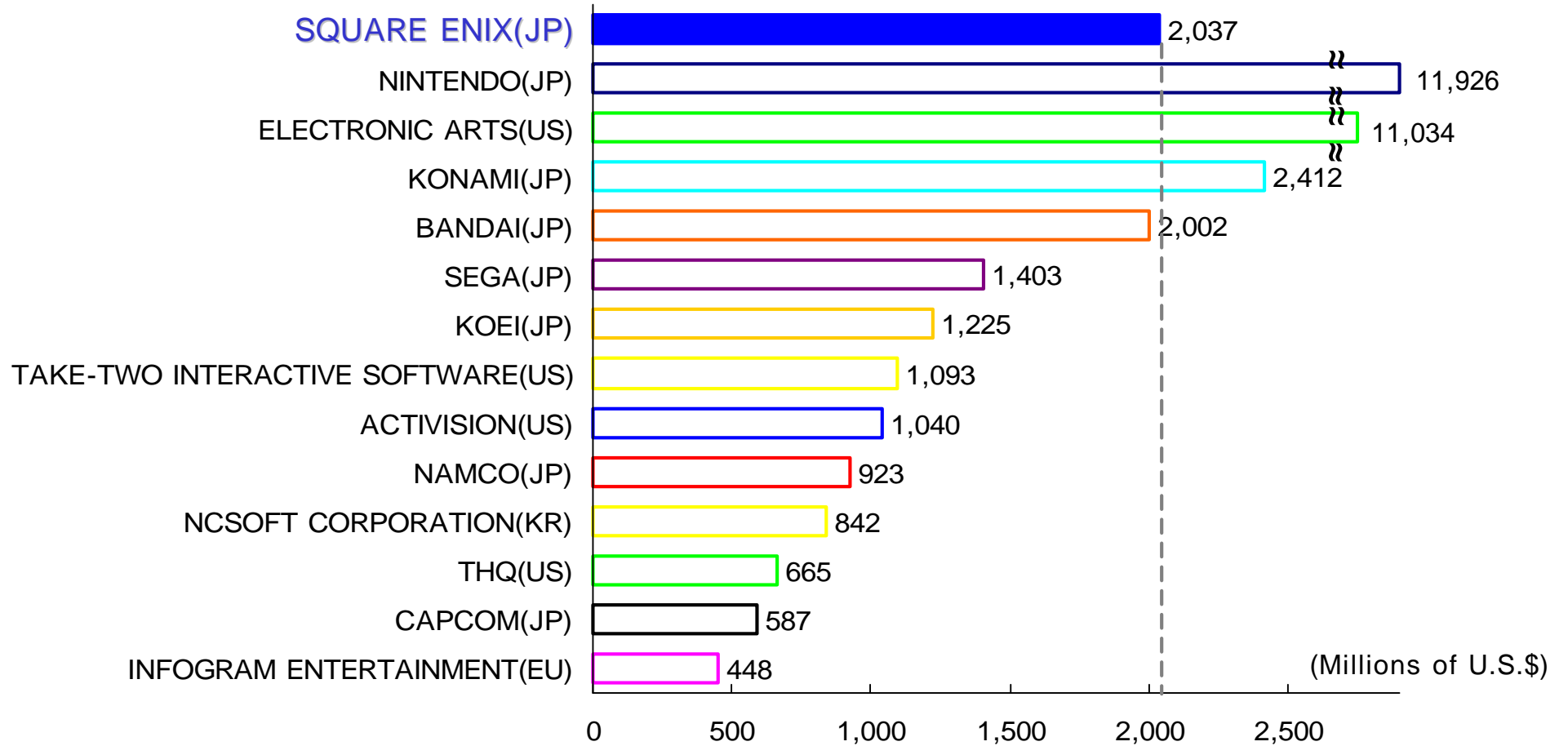


* Ranked by unit sales of top 30 selling console game software (excluding handheld types) in each fiscal year during FY1998 through 2002.

(Source:Media Create Co., Ltd.)

SQEX is the 4th largest digital content company in the world.

Market Cap (as of July 23, 2003)

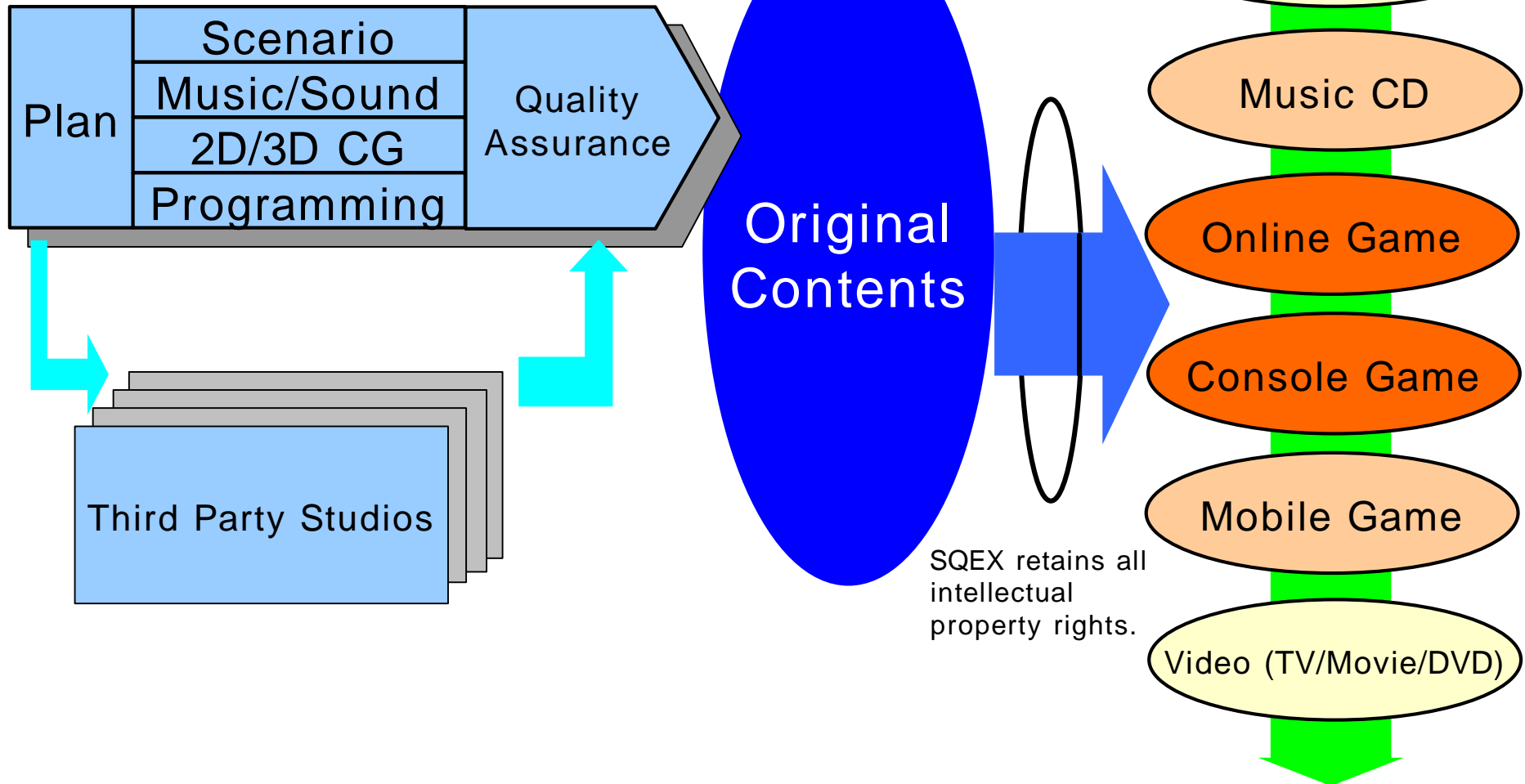


(Exchange Rate:USD1=JPY119/USD1=EUR1.15/USD1=KRW1,180)

(Source:Bloomberg Data compiled by SQUARE ENIX)

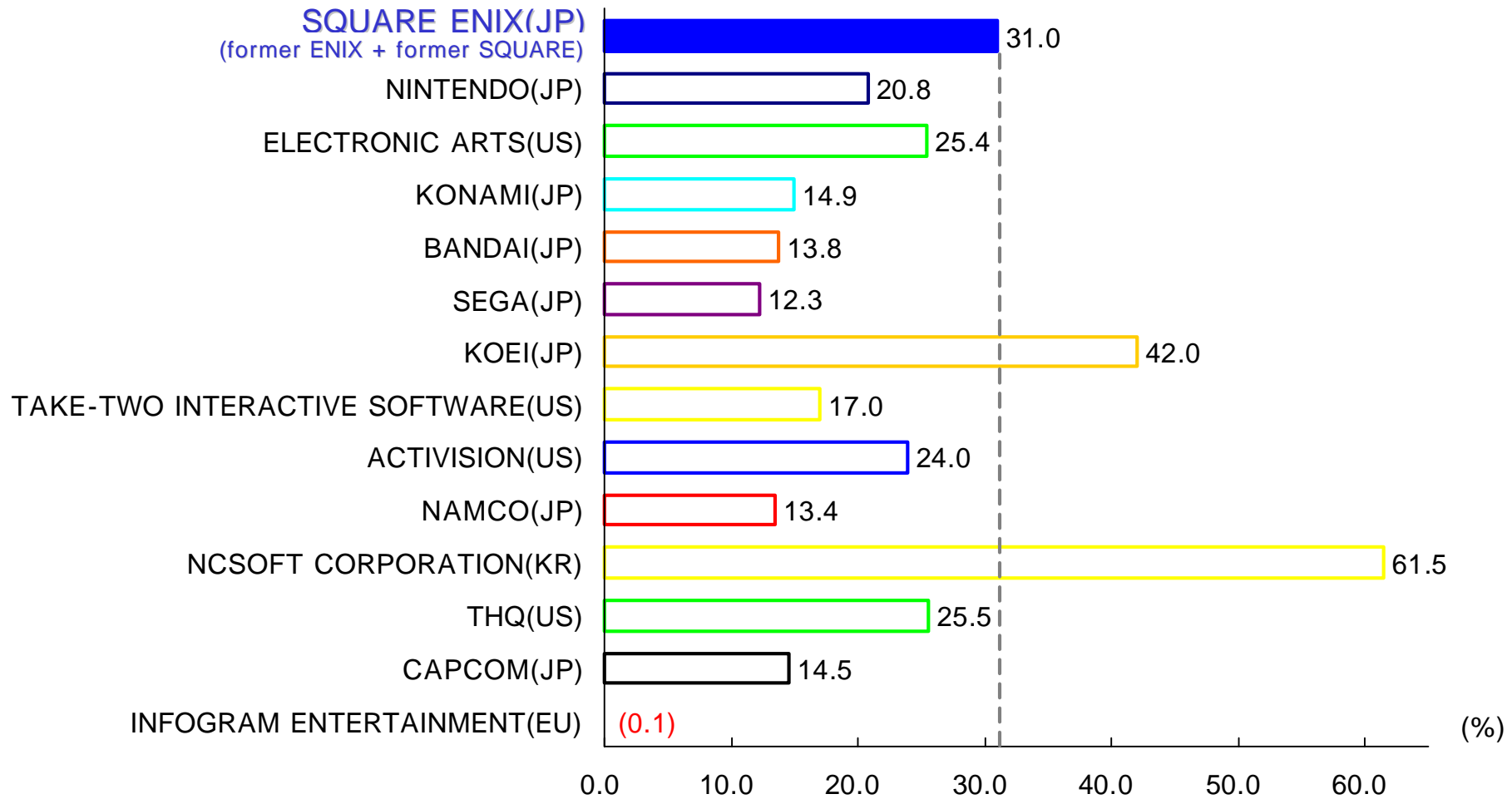
SQEX single-mindedly focuses on creating original products,

SQEX internally holds all functions necessary to create original products of the highest quality.



...which contributes to SQEX's high profitability,

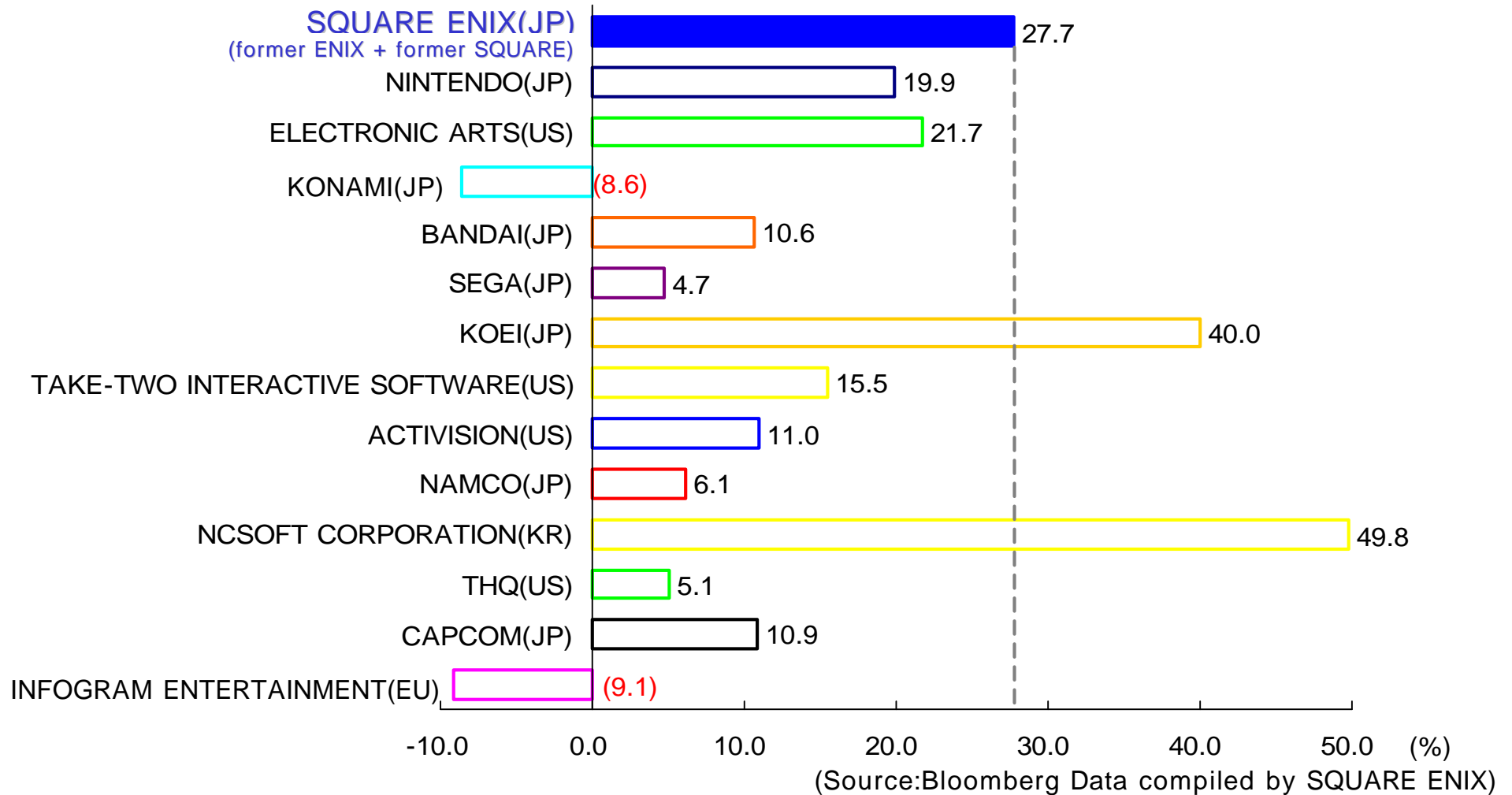
EBITDA Margin (in Current Fiscal Year)



(Source: Bloomberg Data compiled by SQUARE ENIX)

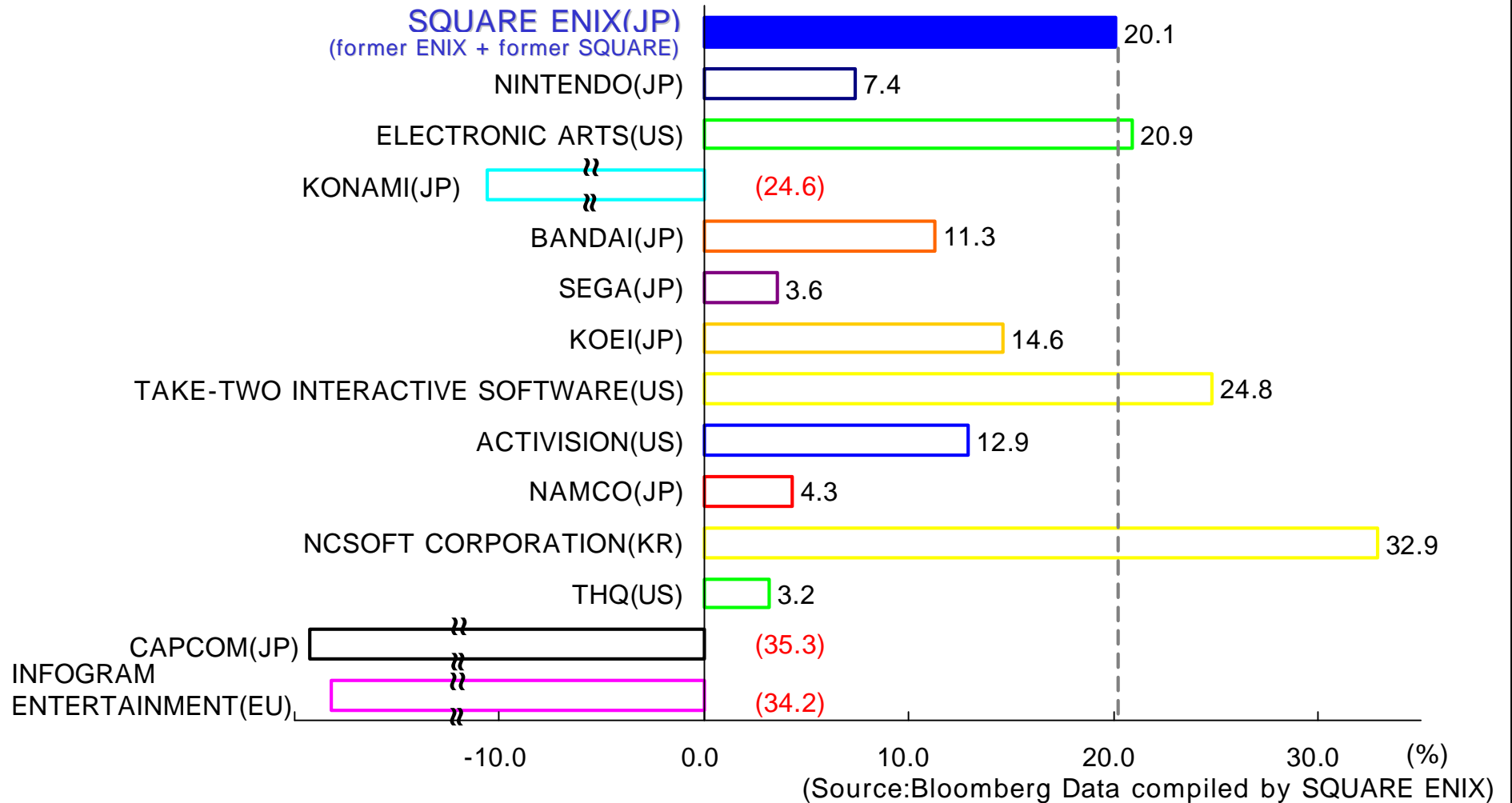
more,

Operating Margin (in Current Fiscal Year)



and further more.

ROE (in Current Fiscal Year)



Where are playing?

Online/Mobile will become an integral part of the digital content business

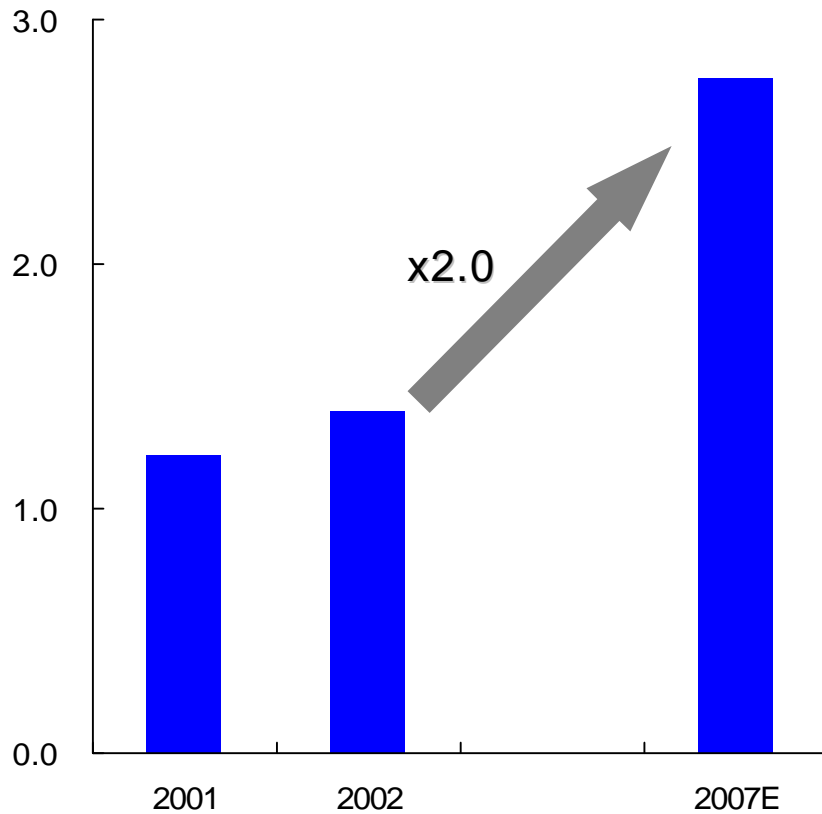
Fundamental Shift in Customer Ownership

US/European console-based game markets are growing, while Japanese market saturates.

Online/Mobile as an integral part of the digital content business

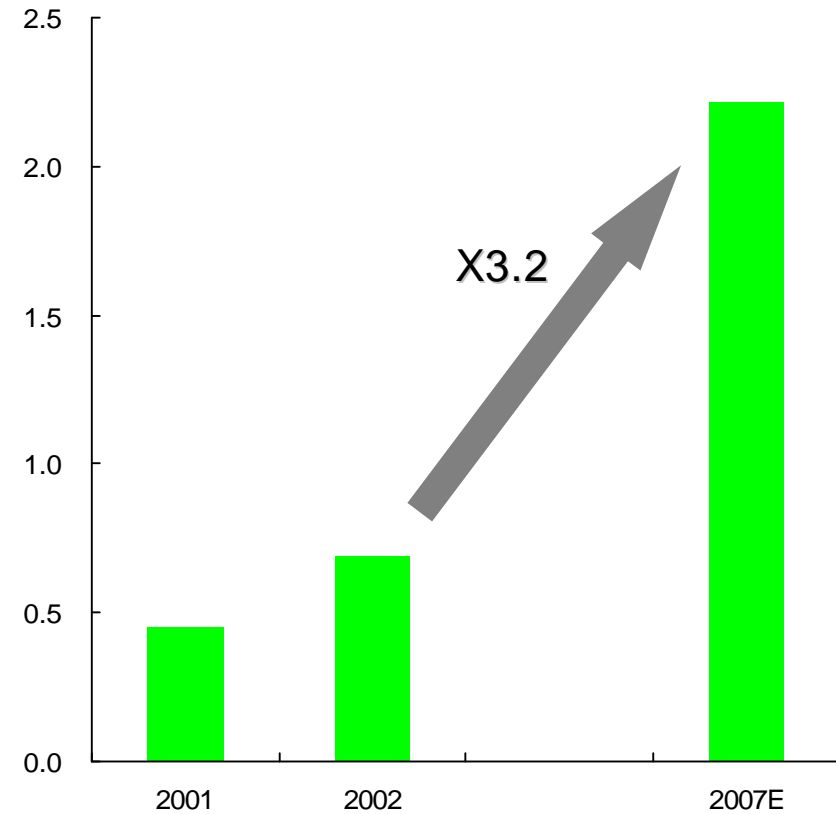
Japanese PC Online Content Market

(Billions of USD)



Japanese Mobile Content Market

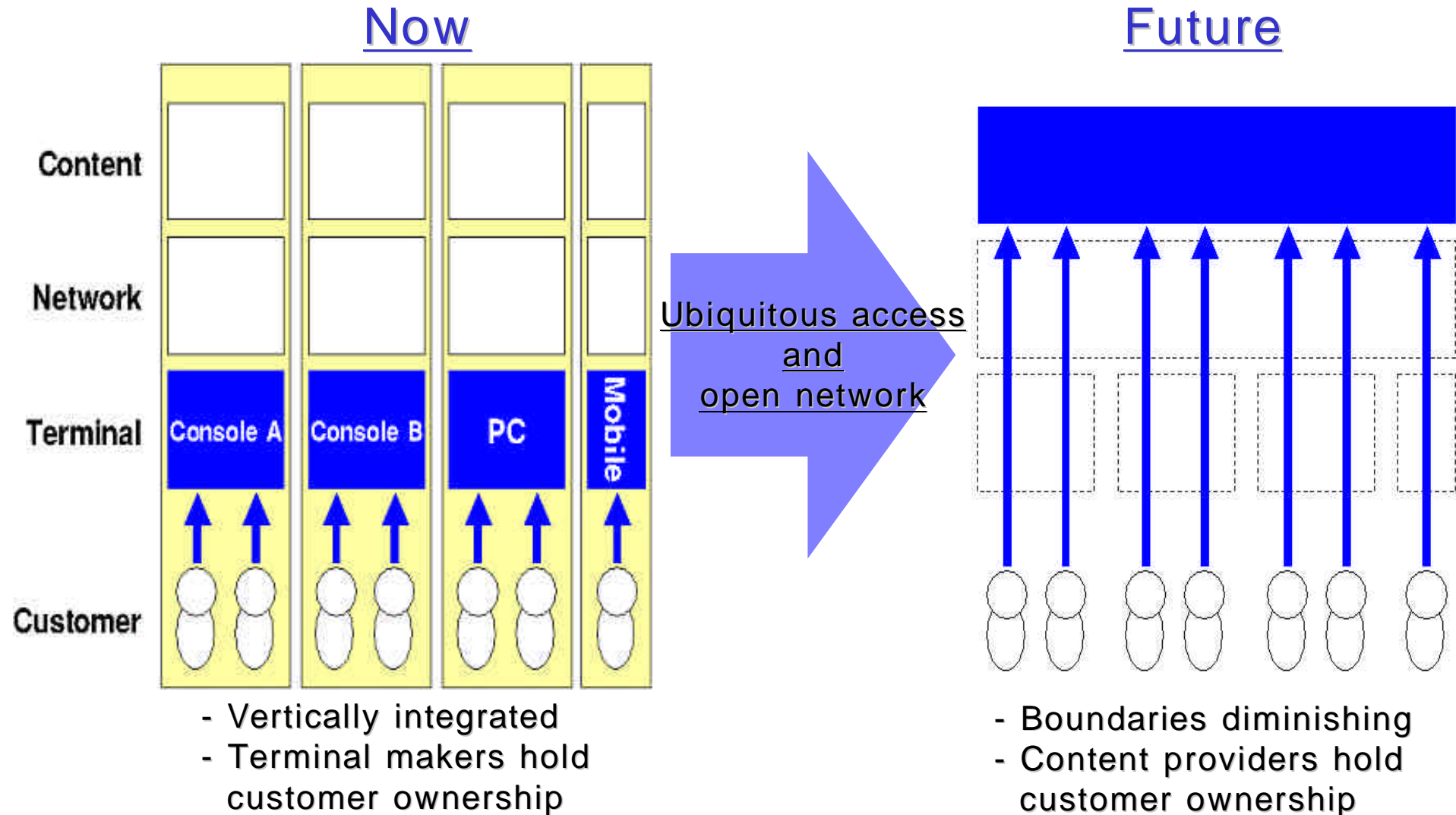
(Billions of USD)



(Exchange Rate:USD1=JPY120)

(Source:Ministry of Public Management, Home Affairs, Posts and Telecommunications, Japan
"WHITE PAPER 2003 Information and Communications in Japan")

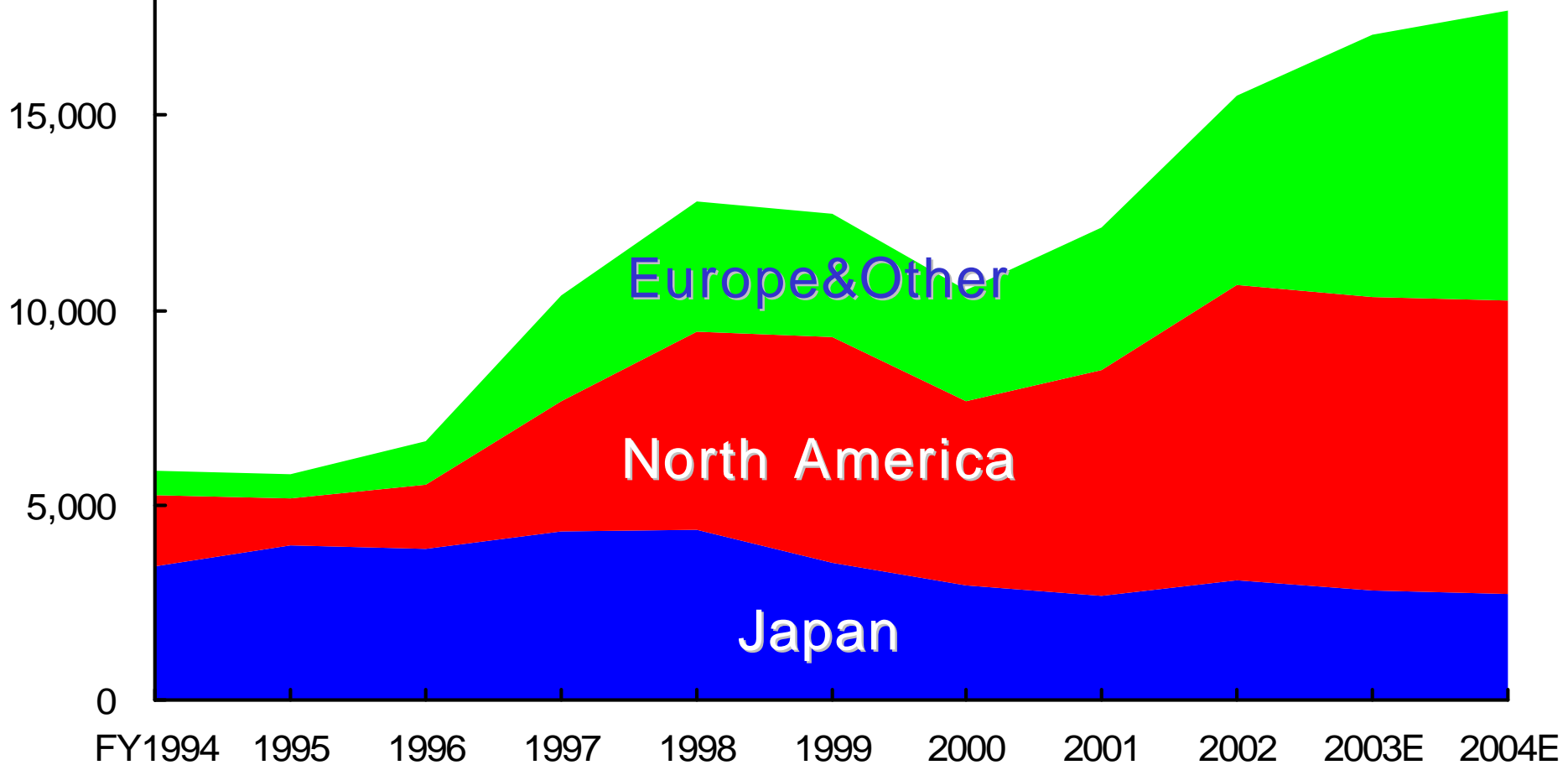
Fundamental Shift in Customer Ownership



US/European markets growing, while Japanese market saturates

World Game Console Software Market

(Millions of USD)



*FY2002 = Fiscal Year Ended March 31, 2003

(Source: Company data collated by SQUARE ENIX)

Our Business Strategy

Continue to exploit current franchise in cost-efficient manner

Enhancement of Global Business

Expansion into Online/Mobile Segments

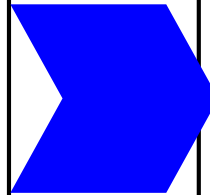
Strategic Initiative

In summary, SQEX's goal is to become an innovative and creative leader in the global digital content industry. In this promising market, SQEX will be able to capture growth and profitable opportunities.

Our Business Strategy

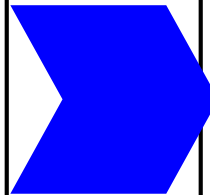
Continue to exploit current franchise in cost-efficient manner

SQEX continues to exploit its current franchise, among others, FINAL FANTASY and DRAGON QUEST.



FINAL FANTASY XII, DRAGON QUEST VIII and other multi million-seller series are in the pipeline for the next two years.

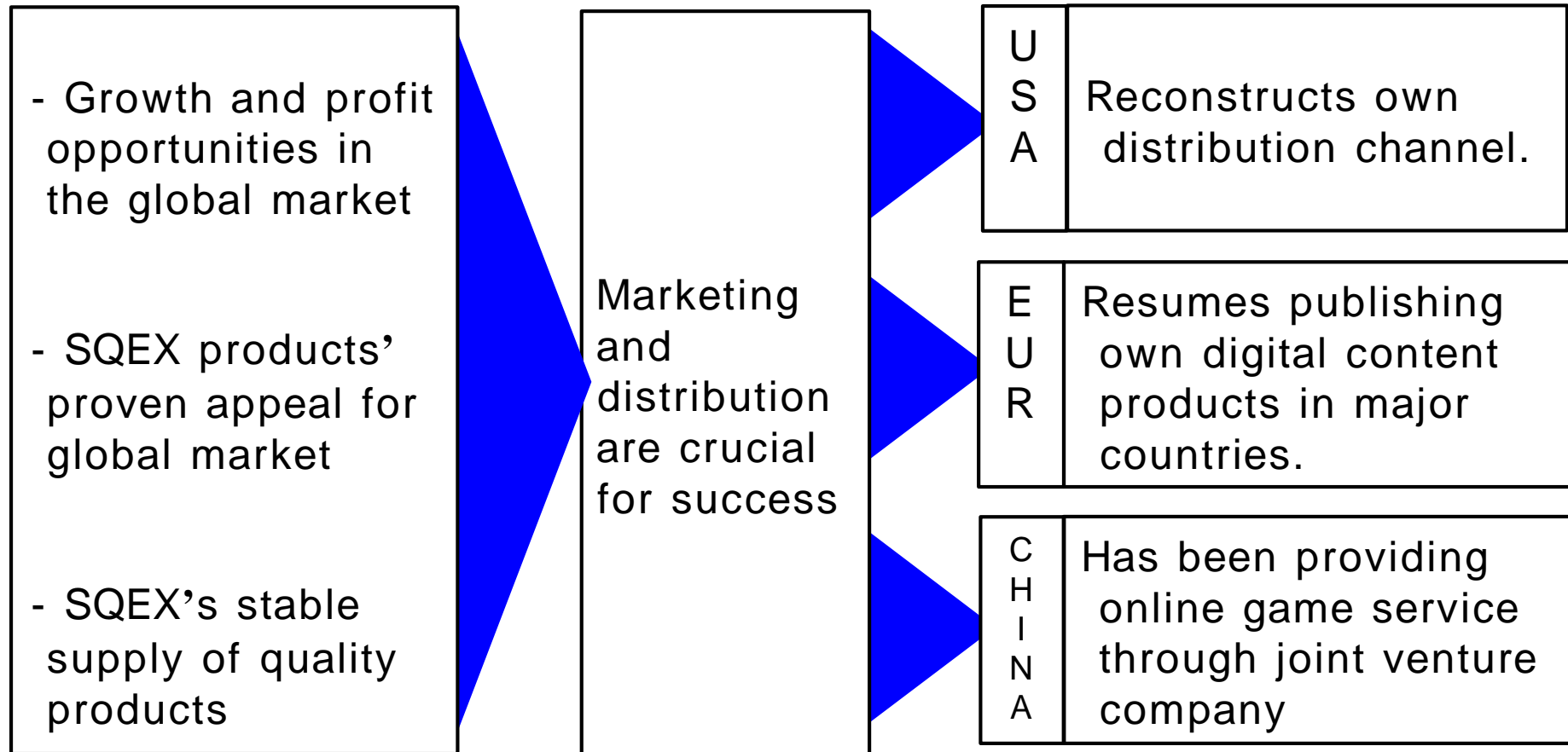
SQEX employs cost-efficient development methodologies, such as reusing existing digital content assets.



FINAL FANTASY X-2, the first sequel to FINAL FANTASY X in the FINAL FANTASY series, has been extremely profitable, proving the advantage of such methodology.

Our Business Strategy

Enhancement of Global Business



Our Business Strategy

Expansion into Online Segments

Title	Provider	Since	# of Subscribers	Service Areas
Final Fantasy XI	SQUARE ENIX	2002/5	282K *1 105K *2 617K *3	Japan only (soon U.S.)
EverQuest	Sony Online Entertainment	1999/3	118K *2 430K *5	U.S., Europe, Korea, Japan, etc.
UltimaOnline	Electronic Arts	1997/10	250K *5	U.S., Europe, Korea, Japan, etc.
Cross Gate	SQUARE ENIX	2001/7	10M *4	Japan, China & Taiwan
Lineage	NC Soft	1998/9	300K *2 3.2M *5	Korea, Taiwan, U.S. & Japan
RAGNAROK Online	Gravity	2001/11	2.5M *4	Korea, Taiwan, China & Japan
The Regend of Mir2	Wemade Entertainment	2001/3	280K *2	Korea, China &Taiwan

- *1: Registered Subscribers
- *2: Concurrent Users
- *3: Subscribed Characters
- *4: Cumulative Subscribers
- *5: Active Subscribers

Our Business Strategy

Expansion into Mobile Segments

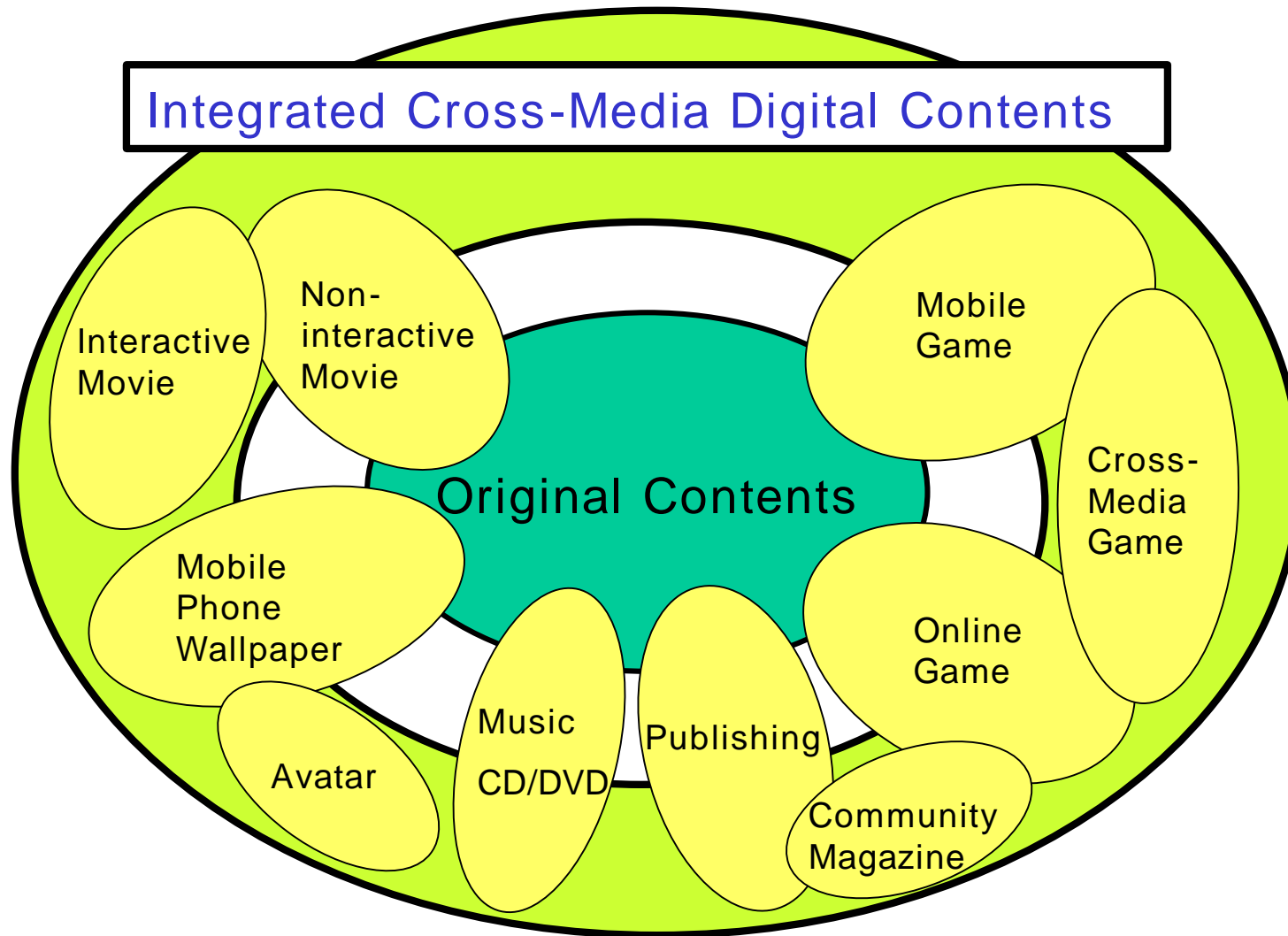
Tactical Quest



Choco-Mate



Our Business Strategy



Mid-term Segment Image

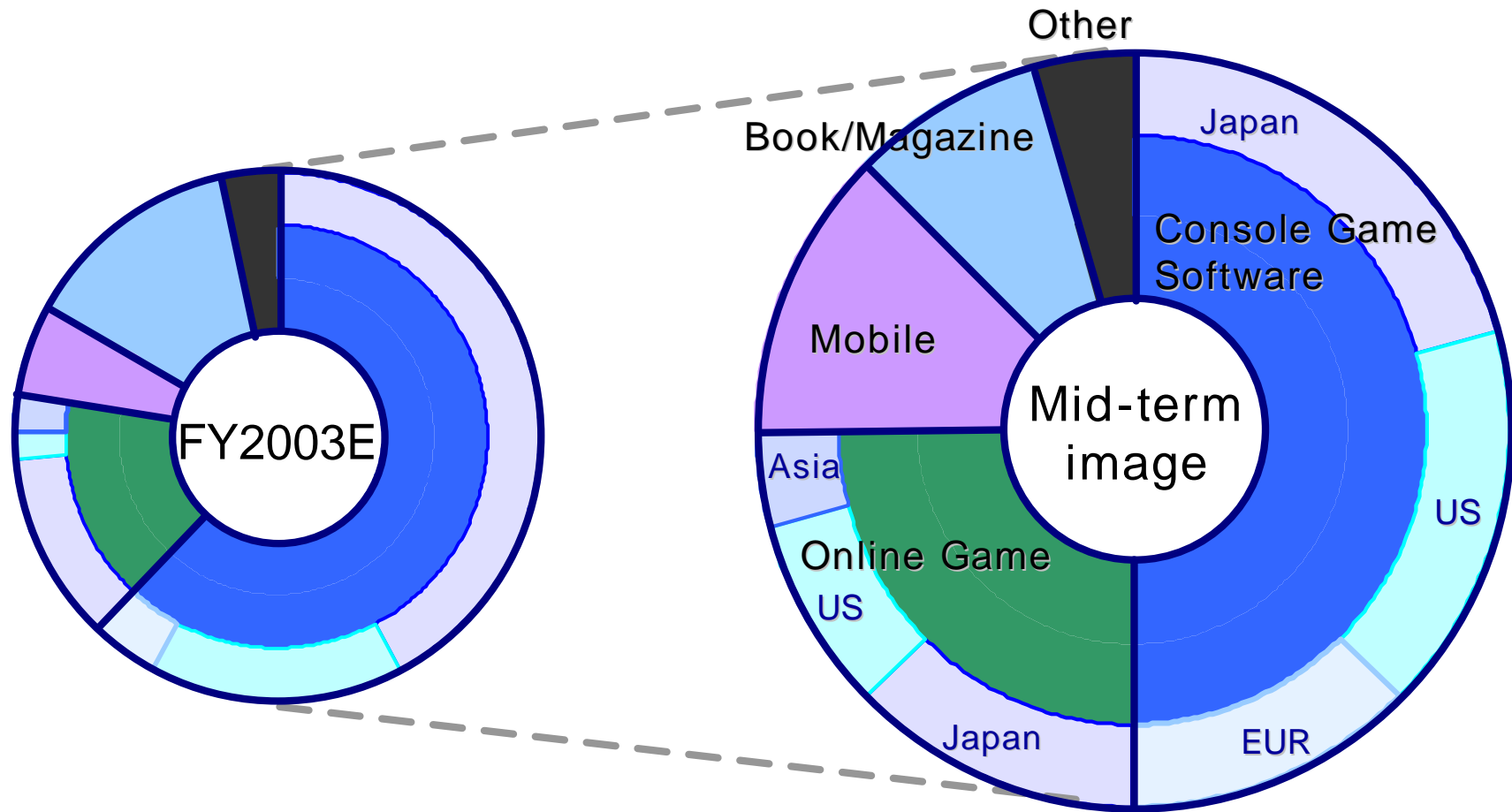
Estimated Revenue and Operating Income (FY2003*)

(Million of USD: 1USD=¥120)

Segment	Area	Revenue	Sub-total (a)	Operating Income (b)	% (b/a)
Console Game Software	Japan	217	321	131	41%
	North America	83			
	Europe	21			
Online Game	Japan	63	84	23	28%
	North America	8			
	Asia	13			
Mobile			29	12	43%
Publishing (Book & Magazine)			72	23	31%
Other			16	4	26%
Eliminations			-	(41)	-
Total			522	152	29%

* Fiscal Year to be ended on March 31, 2004

Mid-term Segment Image



SQUARE ENIX™

< Appendices >

Corporate Profile

Name: SQUARE ENIX CO., LTD.
Headquartered in: Shibuya-ku, Tokyo, Japan
Date of closing accounts: March 31
Listed on: The First Section of the
Tokyo Stock Exchange
Market Capitalization: ¥242,430 million (as of July 23, 2003)
Common Stock: ¥6,940 million (as of July 23, 2003)
Number of Shares issued: 109,945,618 (as of July 23, 2003)
Number of employees: 1,293 (as of June 30, 2003)
Directors: Yasuhiro Fukushima
(Rep. Director & Chairman)
Yoichi Wada
(Rep. Director & President)
Keiji Honda
(Rep. Director & Vice President)
Yukinobu Chida
Hisashi Suzuki
Makoto Naruke
(President and CEO of Inspire
Corporation, former President of
Microsoft Japan)
URL: <http://www.square-enix.co.jp/>

SQUARE ENIX™

Two of the digital content industry's leading companies, ENIX CORPORATION (ENIX) and SQUARE CO., LTD. (SQUARE), merged on April 1, 2003 to form a new company, SQUARE ENIX CO., LTD. (SQUARE ENIX).

Headquartered in Tokyo, Japan, SQUARE ENIX develops, publishes and distributes advanced digital contents including interactive entertainment software and publications in Japan, North America, Europe and Asia.

SQUARE ENIX brings two of Japan's best-selling franchises - FINAL FANTASY, which has sold over 45 million units worldwide, and DRAGON QUEST (DRAGON WARRIOR in North America), which has sold over 30 million units worldwide - under one roof. SQUARE ENIX is now the fourth largest digital content company in the world in terms of market capitalization, going after two big players in the industry, Electronic Arts and Nintendo.

SQUARE ENIX's commitment to creating original products of the highest quality makes it one of the top 3 digital content companies in the world in terms of profitability.

SQUARE ENIX is broadening its business horizons to online/mobile and other promising areas.

Management Profile



Yoichi Wada
President

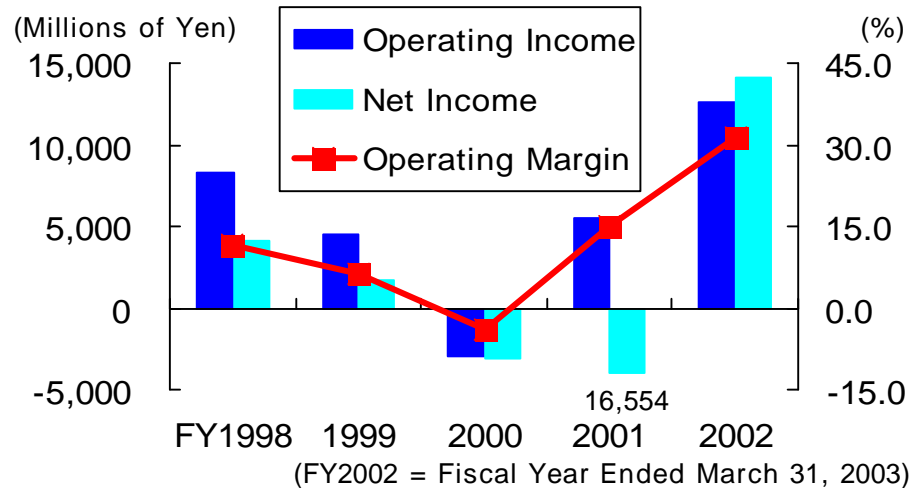
Yoichi Wada, born in 1959, is the president of SQUARE ENIX.

Prior to current role at SQUARE ENIX, Mr. Wada was named positions in SQUARE, as CFO in June 2000, COO in September 2001, and President and CEO in December 2001. Immediately after joining SQUARE, Mr. Wada got to work on reorganization and revitalization of the company. As a result of the reform of the management system, SQUARE's profitability has recovered dramatically for a short period of time, and the company recorded the highest operating margin in its history in fiscal year 2002. In April 2003, under Mr. Wada's leadership, the merger between ENIX and SQUARE was accomplished with a strategic intent to be well prepared for coming changes in the digital content industry.

Prior to joining SQUARE, Mr. Wada had been developing his career with Nomura Securities Co., Ltd. since 1984. He served in Corporate Strategy Division, Investment Banking Division, and Controller Division. He played a key role in introducing of consolidated managerial accounting system and risk management system in Nomura Securities companies worldwide. Mr. Wada received a bachelor's degree in law from The University of Tokyo.

Mr.Wada played a key role in SQUARE's turn-around

Former SQUARE historical results



Game software unit shipments (Thousand units)

FY1998	1999	2000	2001	2002
8,640	9,700	10,320	7,920	10,470

- FY2000 CFO

SQUARE listed on the first section of Tokyo Stock Exchange

----- reformed management system

- FY2001 COO, President and CEO

1. Overhauled Balance Sheet

----- one-time charge of asset impairments in the film making business

----- negotiated investment from Sony Computer Entertainment Inc.

2. Recovery to profitability

----- introduced business unit system to product development

----- reorganized the product development lines

3. Rationalization of group companies

----- partially sold DigiCube share, where DigiCube shares became an investment in associated/affiliated companies

----- closed SQUARE U.S.A. INC.

----- bought back three subsidiaries into SQUARE headquarters

- FY2002

----- reported record profit in history of SQUARE

----- resumed business with Nintendo after 6 year blank

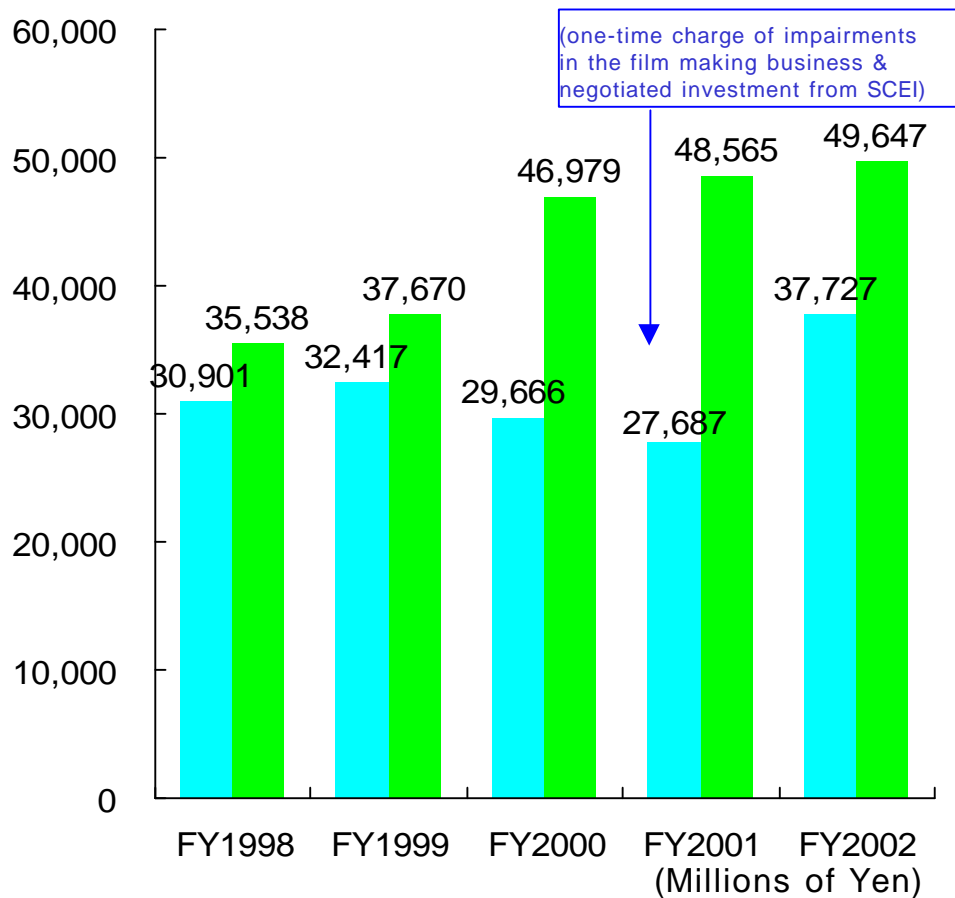
----- announced merger between ENIX and SQUARE

----- dissolved joint venture between ELECTRONIC ARTS and SQUARE

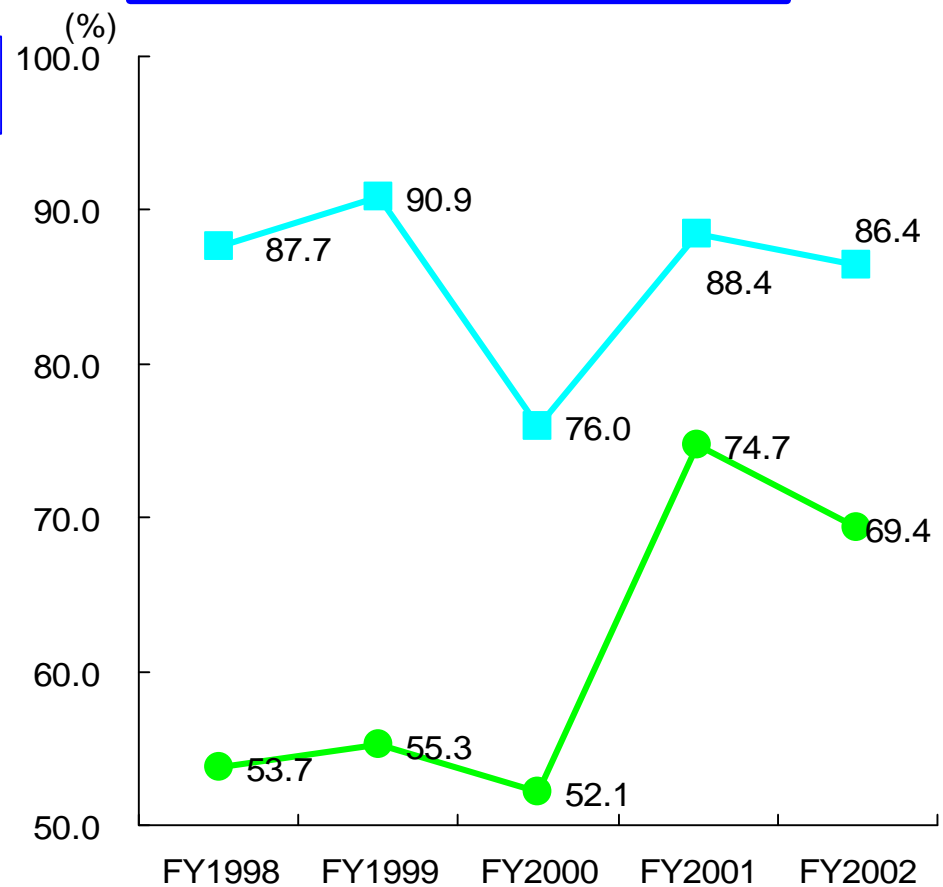
Reference. Financial performance of former companies

Former ENIX
Former SQUARE

Shareholders' Equity



Equity Ratio

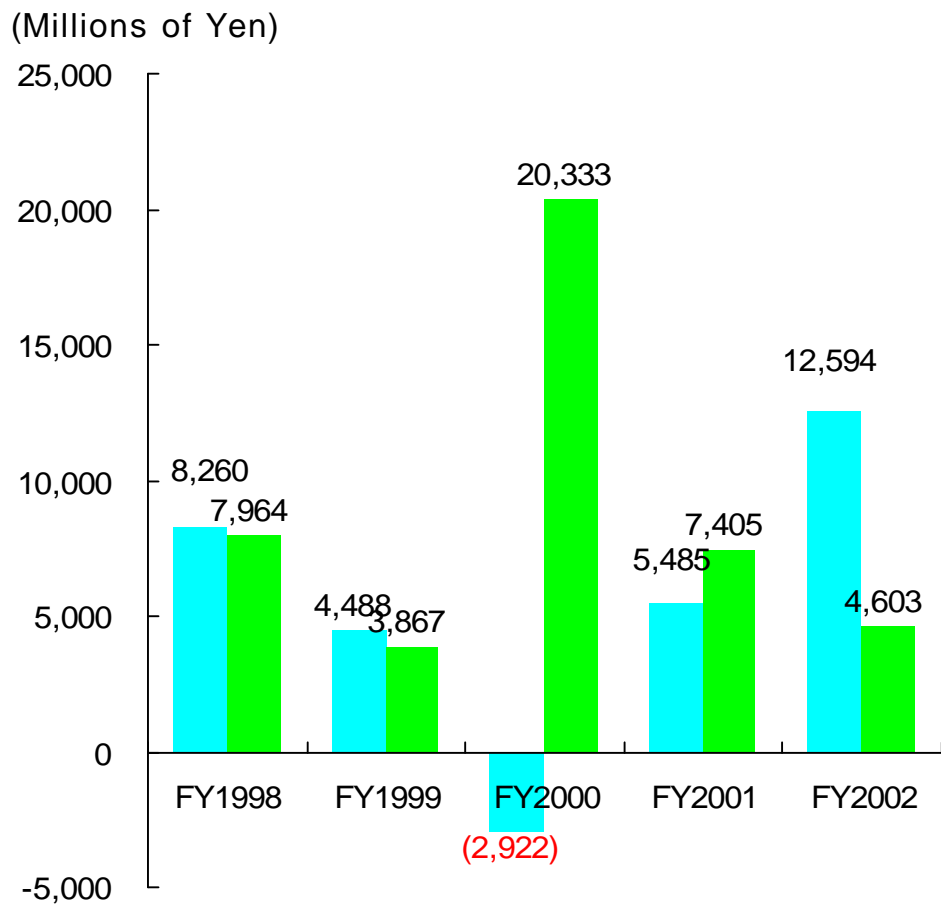


FY1998 2000 data for former ENIX were on parent company basis

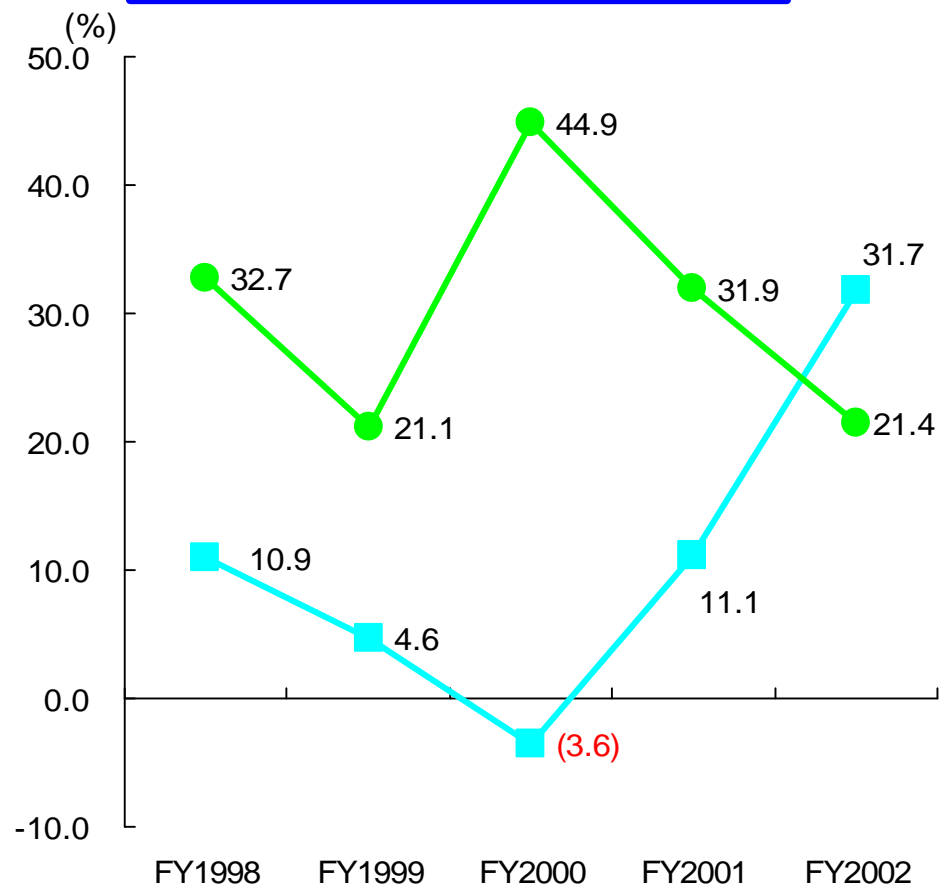
Reference. Financial performance of former companies

Former ENIX
Former SQUARE

Operating Income



Operating Margin



FY1998 2000 data for former ENIX were on parent company basis

Titles of game software with worldwide shipments exceeding 1 million copies

(Thousand Units)

Title (in Japan)	Platform	Japan	Abroad	Total
FINAL FANTASY VII	PS/PC	3,900	5,440	9,340
FINAL FANTASY VIII	PS/PC	3,700	4,450	8,150
DRAGON QUEST III	NES/SNES/GB	5,950	-n.a.-	5,950
FINAL FANTASY X	PS2	2,870	3,020	5,890
FINAL FANTASY IX	PS	2,790	2,290	5,080
DRAGON QUEST IV	NES/PS	4,300	-n.a.-	4,300
DRAGON QUEST VII	PS	4,110	-n.a.-	4,110
FINAL FANTASY VI	SNES/PS	2,620	860	3,480
Kingdom Hearts	PS2	1,250	2,050	3,300
DRAGON QUEST VI	SNES	3,200	-n.a.-	3,200
DRAGON QUEST V	SNES	2,800	-	2,800
Chrono Trigger	SNES/PS	2,360	290	2,650
FINAL FANTASY V	SNES/PS	2,620	-	2,620
DRAGON QUEST II	NES	2,400	-n.a.-	2,400
DRAGON QUEST MONSTERS	GB	2,350	-n.a.-	2,350
FINAL FANTASY TACTICS	PS	1,360	910	2,270
FINAL FANTASY IV	SNES/PS/Other	1,820	340	2,160

Title (in Japan)	Platform	Japan	Abroad	Total
FINAL FANTASY X-2	PS2	2,000	-	2,000
FINAL FANTASY	NES/PS/Other	1,210	780	1,990
Parasite EVE	PS	1,050	890	1,940
DRAGON QUEST I & II	SNES/GB	1,920	-n.a.-	1,920
Seiken Densetsu 2	SNES	1,500	330	1,830
DRAGON QUEST MONSTERS 2	GB	1,570	-n.a.-	1,570
Chrono Cross	PS	850	650	1,500
DRAGON QUEST	NES	1,500	-n.a.-	1,500
Romancing SaGa 2	SNES	1,300	190	1,490
FINAL FANTASY III	NES	1,400	-	1,400
Malaitoushi SaGa	GB	1,150	220	1,370
Romancing SaGa	SNES	1,170	150	1,320
FINAL FANTASY II	NES/PS/Other	1,080	200	1,280
Xenogears	PS	910	280	1,190
Chocobo no Fushigina Dungeon	PS	1,140	-	1,140
Parasite EVE 2	PS	430	660	1,090
SaGa Frontier	PS	1,080	-	1,080

To be released

(As of March 31, 2003)

Financial Data (JPNGAAP)

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Accounting Standards. The consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which ENIX CORPORATION and SQUARE CO., LTD. are incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120.20 to U.S.\$1, the approximate rate of exchange at March 31, 2003. Such translation should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Financial Data (JPNGAAP)

Former ENIX

Balance Sheets

	(Thousands of U.S.\$)		(Millions of Yen)			
ASSETS	FY2002	FY2002	2001	2000	1999	1998
Current Assets:						
Cash and deposits	331,506	39,847	42,280	42,870	29,351	27,879
Notes and account receivable	42,847	5,150	4,994	9,533	3,574	4,602
Inventories	3,099	372	536	1,447	480	592
Deferred tax assets	7,829	941	324	957	503	-
Prepaid expenses and other current assets	922	110	153	136	993	1,705
Allowance for doubtful accounts	(82)	(9)	(25)	(36)	(17)	(29)
Total current assets	386,123	46,412	48,264	54,909	34,886	34,751
Property and Equipment:						
Buildings and leasehold improvements	17,653	2,121	2,103	2,081	2,076	2,076
Machinery and equipment	13,925	1,673	1,679	1,499	1,286	966
Others	65	7	7	7	7	7
Less accumulated depreciation	(16,703)	(2,007)	(1,845)	(1,487)	(1,240)	(975)
Land	28,222	3,392	3,392	3,392	3,392	3,392
Net property and equipment	43,163	5,188	5,337	5,494	5,522	5,467
Intangible Assets	1,655	199	102	27	10	2
Investment and Other Assets:						
Investment securities	20,108	2,416	614	712	422	163
Deferred tax assets	5,260	632	101	23	134	-
Office lease deposits and other	21,768	2,616	761	670	450	148
Total investment and other assets	47,136	5,665	1,477	1,406	1,007	311
TOTAL	478,079	57,465	55,181	61,837	41,427	40,532

	(Thousands of U.S.\$)		(Millions of Yen)			
Liabilities, Minority Interest and Shareholders' Equity	FY2002	FY2002	2001	2000	1999	1998
Current Liabilities:						
Accounts payable - trade	16,802	2,019	1,336	2,832	1,340	1,129
Accounts payable - other	32,708	3,931	2,911	9,219	1,460	2,539
Short-term loans payable	-	-	395	-	-	-
Allowance for sales return	1,772	213	324	554	340	369
Accrued expenses and other	10,432	1,254	1,084	2,010	402	758
Total current liabilities	61,715	7,418	6,053	14,616	3,544	4,796
Long-term Liabilities:						
Retirement allowance	833	100	104	97	73	66
Other non-current liabilities	1,137	136	129	143	139	131
Total non-current liabilities	1,970	236	233	241	212	198
Minority Interests	1,352	162	137	-	-	-
Shareholders' Equity						
Common stock	57,743	6,940	6,940	6,940	6,931	6,845
Additional paid-in capital	78,064	9,383	9,383	9,383	9,373	9,288
Retained earnings	277,383	33,341	32,400	30,487	21,365	19,404
Unrealized gain on securities	194	23	10	168	-	-
Foreign currency translation adjustments	359	43	59	-	-	-
Treasury stock	(704)	(84)	(37)	-	-	-
Total shareholders' equity	413,040	49,647	48,757	46,979	37,670	35,538
TOTAL	478,079	57,465	55,181	61,837	41,427	40,532

FY1998~2000 data for former ENIX were on parent company basis
(FY2002 = Fiscal Year Ended March 31, 2003)

Financial Data (JPNGAAP)

Statements of Operations

	(Thousands of U.S.\$)			(Millions of Yen)		
	FY2002	FY2002	2001	2000	1999	1998
NET SALES	182,006	21,877	24,825	45,265	18,325	24,394
COST OF SALES	101,971	12,256	12,763	18,859	10,015	11,840
Gross profit	80,034	9,620	12,061	26,405	8,310	12,553
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	41,739	5,017	4,655	6,072	4,443	4,589
Operating income	38,295	4,603	7,405	20,333	3,867	7,964
OTHER INCOME (EXPENSES):						
Dividend and interest income	15	1	30	119	55	134
Interest expenses	(17)	(2)	(6)	(0)	-	-
Gain (loss) on sales of securities and investment securities - net	0	0	(0)	(2)	15	6
Write-down of investment securities	(964)	(115)	-	-	(11)	(9)
Loss on discontinued foreign operations	-	-	(927)	-	-	-
Foreign exchange gain (loss) - net	(92)	(11)	9	4	(0)	0
Other - net	(191)	(22)	20	(21)	26	32
Other income (expenses) - net	(1,250)	(150)	53	99	85	163
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	37,044	4,452	7,459	20,433	3,953	8,128
INCOME TAXES						
Current	26,306	3,162	2,453	9,650	2,100	4,400
Deferred	(9,618)	(1,156)	696	(464)	(328)	-
Total income taxes	16,687	2,005	3,149	9,185	1,771	4,400
MINORITY INTERESTS IN NET INCOME	227	27	33	-	-	-
NET INCOME (LOSS)	20,129	2,419	4,276	11,248	2,182	3,728

Former ENIX

Statements of Cash Flows

	(Thousands of U.S.\$)			(Millions of Yen)		
	FY2002	FY2002	2001	2000	1999	1998
OPERATING ACTIVITIES:						
Income (loss) before income taxes and minority interests	37,044	4,452	7,459	20,433	3,953	
Adjustments for:						
Income taxes paid	(20,357)	(2,446)	(8,729)	(1,839)	(3,299)	
Depreciation and amortization	3,217	386	425	409	319	
Increase in allowances for doubtful accounts, sales return and other reserve	(1,291)	(155)	(273)	266	(25)	
Gain on sales of investment securities - net	-	-	-	-	(15)	
Write-down of investment securities	833	100	-	-	11	
Loss on sales and disposal of property and equipment and other	379	45	42	41	13	
Change in account and notes receivable	(383)	(46)	3,998	(5,214)	955	
Change in inventories	1,286	154	954	(966)	112	
Change in account and notes payable	5,671	681	(1,583)	2,376	908	
Other - net	153	18	(1,178)	758	(133)	
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	26,555	3,192	1,114	16,265	2,799	
INVESTING ACTIVITIES:						
Purchases (proceeds from sales) of investment securities - net	(22,245)	(2,673)	(485)	(161)	(581)	
Purchases (proceeds from sales) of property and equipment and other	(2,459)	(295)	(247)	(440)	(396)	
Investment in movie production	-	-	-	-	-	
Other - net	(6,387)	(767)	17,872	8,955	(1,179)	
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(31,093)	(3,737)	17,139	8,352	(2,157)	
FINANCING ACTIVITIES:						
Net increase (decrease) in short-term loans payable	(2,992)	(359)	395	-	-	
Proceeds from issuance of common stock	-	-	-	6	150	
Dividends paid	(12,224)	(1,469)	(2,576)	(2,103)	(520)	
Other - net	(392)	(47)	(33)	(2)	-	
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(15,609)	(1,876)	(2,214)	(2,099)	(370)	
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(94)	(11)	24	-	-	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(20,240)	(2,432)	16,064	22,518	271	
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	351,747	42,280	26,215	851	579	
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR CHANGE OF CONSOLIDATION	-	-	-	1,700	-	
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	331,506	39,847	42,280	25,070	851	

FY1998~2000 data for former ENIX were on parent company basis
(FY2002 = Fiscal Year Ended March 31, 2003)

Financial Data (JPNGAAP)

Former SQUARE

Balance Sheets

	(Thousands of U.S.\$)		(Millions of Yen)			
ASSETS	FY2002	FY2002	2001	2000	1999	1998
Current Assets:						
Cash and deposits	193,170	23,219	18,066	6,648	9,389	10,954
Notes and account receivable	98,238	11,808	4,561	10,661	13,956	14,065
Inventories	31,936	3,838	1,037	3,142	2,908	2,697
Deferred tax assets	27,104	3,257	348	1,819	1,716	-
Prepaid expenses and other current assets	13,175	1,583	2,671	2,035	6,402	9,422
Allowance for doubtful accounts	(119)	(14)	(13)	(4)	(18)	(26)
Total current assets	363,505	43,693	26,671	24,303	34,354	37,113
Property and Equipment:						
Buildings and leasehold improvements	15,025	1,806	2,111	2,184	1,953	2,190
Machinery and equipment	61,629	7,407	9,912	12,887	11,667	12,718
Others	445	53	1,456	644	1,164	210
Less accumulated depreciation	(48,810)	(5,867)	(9,310)	(9,079)	(8,701)	(7,641)
Land	3,506	421	421	421	421	421
Net property and equipment	31,795	3,821	4,591	7,058	6,504	7,899
Intangible Assets	8,628	1,037	867	2,075	1,837	15
Investment and Other Assets:						
Investment securities	15,478	1,860	1,807	4,008	1,920	604
Movie production costs	-	-	-	12,621	8,003	5,252
Deferred tax assets	22,035	2,648	19	2,412	213	-
Office lease deposits and other	10,753	1,292	3,118	4,487	5,832	6,682
Total investment and other assets	48,267	5,801	4,944	23,529	15,970	12,539
TOTAL	452,197	54,354	37,074	56,967	58,666	57,568

	(Thousands of U.S.\$)		(Millions of Yen)			
Liabilities, Minority Interest and Shareholders' Equity	FY2002	FY2002	2001	2000	1999	1998
Current Liabilities:						
Accounts payable - trade	14,390	1,729	971	6,782	9,579	5,803
Accounts payable - other	57,469	6,907	2,023	3,917	4,806	6,169
Short-term loans payable	8,319	1,000	-	8,147	2,700	5,670
Current portion of long-term debt	185	22	22	22	22	1,000
Allowance for sales return	12,890	1,549	1,752	1,965	1,824	1,340
Deferred tax liabilities	2,051	246	625	-	-	-
Accrued expenses and other	29,732	3,573	2,637	1,478	1,699	2,137
Total current liabilities	125,039	15,029	8,032	22,314	20,631	22,121
Long-term Liabilities:						
Long-term debt, less current portion	153	18	40	63	85	107
Retirement allowance	2,508	301	145	208	166	155
Other non-current liabilities	327	39	122	812	840	528
Total non-current liabilities	2,989	359	308	1,084	1,092	791
Minority Interests	10,296	1,237	1,045	3,902	4,524	3,754
Shareholders' Equity						
Common stock	99,376	11,945	11,945	4,497	4,497	4,497
Additional paid-in capital	123,523	14,847	17,201	9,753	9,753	9,753
Retained earnings	88,679	10,659	(1,615)	14,939	18,167	16,650
Unrealized gain on securities	1,859	223	(146)	244	-	-
Foreign currency translation adjustments	500	60	305	232	-	-
Treasury stock	(67)	(8)	(2)	(0)	(0)	(0)
Total shareholders' equity	313,872	37,727	27,687	29,666	32,417	30,901
TOTAL	452,197	54,354	37,074	56,967	58,666	57,568

(FY2002 = Fiscal Year Ended March 31, 2003)

Financial Data (JPNGAAP)

Former SQUARE

Statements of Operations

	(Thousands of U.S.\$)			(Millions of Yen)		
	FY2002	FY2002	2001	2000	1999	1998
NET SALES	335,163	40,286	36,646	75,538	72,923	71,759
COST OF SALES	97,123	11,674	10,597	45,522	39,437	35,239
Gross profit	238,039	28,612	26,049	30,015	33,485	36,519
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	133,261	16,018	20,563	32,938	28,997	28,259
Operating income	104,778	12,594	5,485	(2,922)	4,488	8,260
OTHER INCOME (EXPENSES):						
Dividend and interest income	1,617	194	241	505	159	327
Interest expenses	(257)	(30)	(119)	(149)	(117)	(195)
Gain (loss) on sales of securities and investment securities - net	1,899	228	166	15	2,593	1,015
Write-down of investment securities	(5,042)	(606)	(118)	(426)	(305)	-
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	1,518	182	(1,105)	(123)	62	(166)
Earnings (losses) from TK investment	(814)	(97)	807	27	0	(19)
Loss on write-off of content development costs	(892)	(107)	(620)	(369)	(478)	(380)
Loss on discontinued movie business	-	-	(14,053)	-	-	-
Loss on discontinued foreign operations	-	-	(927)	-	-	-
Loss on write-down of office lease deposit	(12,506)	(1,503)	-	-	-	-
Foreign exchange gain (loss) - net	(1,021)	(122)	88	384	(685)	(125)
Other - net	(13,411)	(1,612)	(2,431)	(2,181)	(1,767)	(629)
Other income (expenses) - net	(28,909)	(3,474)	(18,070)	(2,314)	(537)	(173)
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	75,868	9,119	(12,584)	(5,237)	3,950	8,086
INCOME TAXES						
Current	4,342	521	40	1,833	2,786	3,614
Deferred	(51,981)	(6,248)	4,730	(2,426)	(723)	(2)
Total income taxes	(47,638)	(5,726)	4,771	(593)	2,063	3,612
MINORITY INTERESTS IN NET INCOME	6,411	770	(801)	(1,483)	201	323
NET INCOME (LOSS)	117,096	14,074	(16,554)	(3,160)	1,685	4,151

Statements of Cash Flows

	(Thousands of U.S.\$)			(Millions of Yen)		
	FY2002	FY2002	2001	2000	1999	1998
OPERATING ACTIVITIES:						
Income (loss) before income taxes and minority interests	75,868	9,119	(12,584)	(5,237)	3,950	8,086
Adjustments for:						
Income taxes paid	(190)	(22)	(1,892)	(3,305)	(4,041)	(3,612)
Depreciation and amortization	14,022	1,685	2,030	3,236	3,568	3,612
Increase in allowances for doubtful accounts, sales return and other reserve	9,694	1,165	1,265	162	232	232
Loss from impairment of lease security deposit	12,506	1,503	-	-	-	-
Loss from discontinued movie business	-	-	14,053	-	-	-
Gain on sales of investment securities - net	(1,899)	(228)	(190)	(15)	(2,593)	(1,015)
Write-down of investment securities	5,042	606	118	426	305	-
Loss on sales and disposal of property and equipment and other	1,425	171	320	1,732	725	1,015
Change in account and notes receivable	(60,700)	(7,296)	93	4,116	(174)	(174)
Change in inventories	(22,998)	(2,764)	(712)	(172)	(241)	(241)
Change in account and notes payable	6,358	764	(376)	(3,018)	3,956	3,956
Other - net	4,512	542	1,292	5,101	(600)	(600)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	43,640	5,245	3,417	3,026	5,090	5,090
INVESTING ACTIVITIES:						
Purchases (proceeds from sales) of investment securities - net	2,299	276	(26)	(1,995)	1,229	1,229
Purchases (proceeds from sales) of property and equipment and other	(6,566)	(845)	(2,194)	(5,714)	(2,411)	(2,411)
Investment in movie production	-	-	(1,416)	(4,618)	(3,359)	(3,359)
Other - net	(674)	(81)	581	2	1,401	1,401
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(5,406)	(649)	(3,055)	(12,326)	(3,140)	(3,140)
FINANCING ACTIVITIES:						
Net increase (decrease) in short-term loans payable	8,319	1,000	(3,934)	5,189	(2,966)	(2,966)
Repayments of long-term debt	(185)	(22)	(22)	(22)	(1,000)	(1,000)
Proceeds from issuance of common stock	-	-	14,977	1,629	-	-
Dividends paid	(33)	(3)	(3)	(755)	(1,492)	(1,492)
Other - net	(4,163)	(500)	(149)	(70)	(9)	(9)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	3,937	473	10,867	5,970	(5,470)	(5,470)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(4,058)	(487)	1,265	588	(145)	(145)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,113	4,581	12,494	(2,740)	(3,665)	(3,665)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	154,988	18,629	6,448	9,189	12,855	12,855
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FOR CHANGE OF CONSOLIDATION	68	8	(313)	-	-	-
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	193,170	23,219	18,629	6,448	9,189	9,189

(FY2002 = Fiscal Year Ended March 31, 2003)

Game Software Lineup for North America

Online Entertainment for the PlayStation 2 and Windows PCs

FINAL FANTASY XI



FINAL FANTASY XI is the first massively multiplayer online role-playing game (MMORPG) and the latest installment in the world-renowned series. FINAL FANTASY XI is a cross-platform, cross-continent MMORPG, allowing players to connect to the same exact world whether they are playing on a PlayStation 2 or a PC.

The title showcases the same award-winning visual content, innovative game play and emotional storyline that has made the FINAL FANTASY series one of the most popular video game series in the world, selling over 44 million units worldwide to date. FINAL FANTASY XI incorporates the features that the franchise has become known for, and those elements constantly evolve in its ongoing adventure. Players will be able to unite in the world of "Vana'diel", where they can create characters choosing from a variety of races, facial features, sizes, hair styles and colors, play at their own pace, form parties with other players and embark on multiple adventures through vast environments.

In FINAL FANTASY XI, players become immersed in an expansive, original story that includes quests and boss battles. They can participate in missions either alone or with other party members and acquire skills such as alchemy, leatherworking, jewel crafting, fishing and many more. Various communications tools have been incorporated into FINAL FANTASY XI to assist communication between players, including easy-to-learn chat and messaging systems. Whether cross-platform or cross-continental, players can communicate and interact with each other simultaneously to create a new history for the world of Vana'diel.

SQUARE ENIX U.S.A. recently announced the public beta test program for FINAL FANTASY XI. The beta program is scheduled to begin in June for the PlayStation 2 and July for Windows. Selected testers will have a chance to explore the world of Vana'diel in FINAL FANTASY XI prior to its release. This title is rated "T" (Teen).

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Title designed by Yoshitaka Amano

Game Software Lineup for North America

PlayStation 2 Titles

Kingdom Hearts



An action role-playing game, KINGDOM HEARTS is the first video game project between SQUARE ENIX (former SQUARE) and Disney Interactive that not only features many classic Disney characters and worlds with new characters and worlds, but also introduces new characters and environments created in the renowned SQUARE ENIX style. The unprecedented inclusion of original and new characters and worlds tells a new story and offers a breakthrough in creative content. KINGDOM HEARTS has sold over 3.3 million units worldwide as of March 31, 2003

Featuring more than 100 Disney characters, KINGDOM HEARTS is debuting new Disney characters, Sora, Riku, Kairi and the Heartless, designed by Tetsuya Nomura (SQUARE ENIX), director and character designer of KINGDOM HEARTS. Nomura is best known for his creations in the top selling titles FINAL FANTASY VII, VIII and X. The new Disney characters team up with classic favorites, as they've never been seen before, to embark on a magical adventure that takes them to familiar and newly created Disney worlds.

KINGDOM HEARTS carries a suggested retail price of U.S. \$50 and is rated "E" (Everyone). (Release date in North America: September 17, 2002)



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Developed by SQUARESOFT.

Game Software Lineup for North America

PlayStation 2 Titles

FINAL FANTASY X



FINAL FANTASY X is the first title in the popular role-playing game (RPG) series to be released for the PlayStation 2. FINAL FANTASY X has sold over 5.5 million units worldwide as of March 31, 2003.

The main character, Tidus, is a star player of Blitzball, a full contact sport. After miraculously surviving the destruction of his homeland, he awakens among ruins and thereafter meets a young woman named Yuna. As a summoner, Yuna must travel to distant temples and learn the secret art of summoning aeons - powerful spirits of yore - in order to defeat "Sin." Tidus learns that a thousand years in the past, mankind lived in spectacular cities and relied on machines for everything, until Sin suddenly appeared and destroyed all civilization. Now, people shun technology, and no one knows when "Sin" will strike again. FINAL FANTASY X features a distinct Asian influence, bringing a fresh feel to the characters, music, settings and story.

FINAL FANTASY X has an ESRB rating of "T" for Teen and a suggested retail price of U.S. \$50. (Release date in North America: December 18, 2001)



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Character Design: Yusuke Naora

Game Software Lineup for North America

PlayStation 2 Titles

FINAL FANTASY X-2



FINAL FANTASY X-2 is the first sequel in the long respected series. This sequel keeps the familiar environment fresh with the inclusion of a newly created battle system. The first female-led FINAL FANTASY, it combines an experience that is both light-hearted and melancholy, fueled by a tragic story of unrequited love and dark secrets.

Two years after Yuna's fateful journey to defeat Sin in FINAL FANTASY X, the once chaotic world of Spira has gone through a massive transformation, entering a period of "Eternal Calm." Despite the Calm, Yuna's heart is empty and longs for her lost friends. When she obtains a mystical sphere that contains imagery of what might be the Blitzball player she thought was gone forever, Yuna is driven to seek the truth behind what she has seen.

Incorporating a completely revamped battle system, new job classes, diverse looks for the leading female characters, renovated maps and enhanced character development systems, FINAL FANTASY X-2 promises to deliver a fresh new look. FINAL FANTASY X-2 will be released this fall. This title is rated "T" (Teen).



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Main Character Design: Tetsuya Nomura

Alternate Costume Design: Tetsu Tsukamoto

Game Software Lineup for North America

PlayStation 2 Titles

STAR OCEAN Till the End of Time



STAR OCEAN Till the End of Time is the first title in the science-fiction RPG series for the PlayStation 2. Building on the first-rate concepts of its prequels, STAR OCEAN fully utilizes the technological capabilities of the PlayStation 2, incorporating gorgeous cinematic sequences and an unparalleled real-time battle system.

Set in 772 (space calendar), four hundred years after the battle with the “Ten Wise Men,” players follow protagonist Fate Linegod in his quest to find his loved ones after a sudden attack on the resort planet of Hida by an unknown space military.

The advanced real-time battle system allows players to move freely around the 3D field as well as to choose which of the three party members they want to control. Fully polygonal graphics create a spectacular, detailed world that can now be explored in detail. Dolby Pro Logic II will allow players to hear nuances such as the approaching footsteps of an enemy. STAR OCEAN Till the End of Time will be released in spring 2004. This title is not yet rated.



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Game Software Lineup for North America

PlayStation 2 Titles

Drakengard



Cast in a chaotic world of dragon pacts and warfare, Drakengard combines unique action RPG elements into a profoundly tragic saga. Developed by team members from such blockbuster titles as Resident Evil Code: Veronica, the Bust-a-Groove series and Ace Combat, Drakengard seeks to immerse the player in an all-new gameplay experience, combining reality and interactivity.

Drakengard tells the tale of love, lore, sacrifice and obligation focusing on the main character Kyme, his sister Friae, and her fiance and Kyme's childhood friend, Yuvalt. Players will be in for a thrilling ride as they battle on land and in the skies. Not only will the player's attributes evolve throughout the game, but the player's contracted dragon also will mature as the game progresses, changing in appearance and abilities. Drakengard will be released in spring 2004. This title is not yet rated.



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Game Software Lineup for North America

Nintendo GameCube and Game Boy Advance Titles

FINAL FANTASY CRYSTAL CHRONICLES



Exclusively developed for the Nintendo GameCube, FINAL FANTASY CRYSTAL CHRONICLES is the first title in the popular franchise for the platform. Elements of the traditional single-player RPG have been adapted for the Nintendo GameCube, allowing for up to four-player simultaneous play.

In an innovative new interface, the Game Boy Advance acts as each player's controller, displaying his or her personal information and hiding it from other players. Players advance through the adventure by communicating directly with each other, cooperating and making deals. Since there are obstacles that only certain party members can clear, cooperative play becomes crucial. FINAL FANTASY CRYSTAL CHRONICLES will be released in 2003. This game is not yet rated. Nintendo of America Inc. will publish this game.



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CHARACTER DESIGN/Toshiyuki Itohara

Game Software Lineup for North America

Nintendo GameCube and Game Boy Advance Titles

FINAL FANTASY TACTICS ADVANCE



SWORD of MANA



FINAL FANTASY TACTICS ADVANCE is the first FINAL FANTASY title for the Game Boy Advance in North America. Gamers can look forward to the open-ended job class creation system, the intense strategic battle and the exhilarating storyline that made the original PlayStation game, FINAL FANTASY TACTICS, one of the most critically acclaimed titles ever.

Players are thrust into the world of Ivalice, where they meet protagonist Marche and his friend, Mewt, who is struggling with family tragedies. After a snowball fight with school bullies, Mewt finds the book - Final Fantasy - and shares it with his friends. Looking to escape their dismal lives, they read it. However, something goes wrong and Ivalice is transformed into the world within the book. Thus Marche and friends begin their journey through the world of FINAL FANTASY.

Players can also unite with other players and form a party using the Game Boy Advance Game Link cable. FINAL FANTASY TACTICS ADVANCE will be released in 2003. This game is rated "E" (Everyone). Nintendo of America Inc. will publish this game.

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SWORD of MANA is the latest installment in the celebrated Mana series, which includes FINAL FANTASY ADVENTURE (Game Boy), SECRET of MANA (Super Nintendo Entertainment System) and LEGEND of MANA for the PlayStation game console. SWORD of MANA is the first game in the series to appear on the Game Boy Advance.

Based on the storyline of FINAL FANTASY ADVENTURE, SWORD of MANA allows players to choose the role of hero or heroine. The player's choice changes his or her understanding of the story and relation to characters based on who is selected at the start of the game. With multiple possible experiences, replay value is high.

In addition to the visual upgrade and moving story, strategic elements have been added to the adventure, including a diverse selection of weapons. Players can select the best weapon for particular enemies, or choose from new attacks and magic spells. The popular "Ring Command System" returns, allowing players to easily choose items, weapons or abilities in battles. SWORD of MANA will be released in 2003. This game is not yet rated. Nintendo of America Inc. will publish this game.

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