
SQUARE ENIX™

February 2,2004 - February 4,2004

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).

1. Who is SQUARE ENIX?

2. Environmental Changes and New Business Opportunities

3. Our Business Strategy

SQUARE ENIX holds two of the most successful game series.

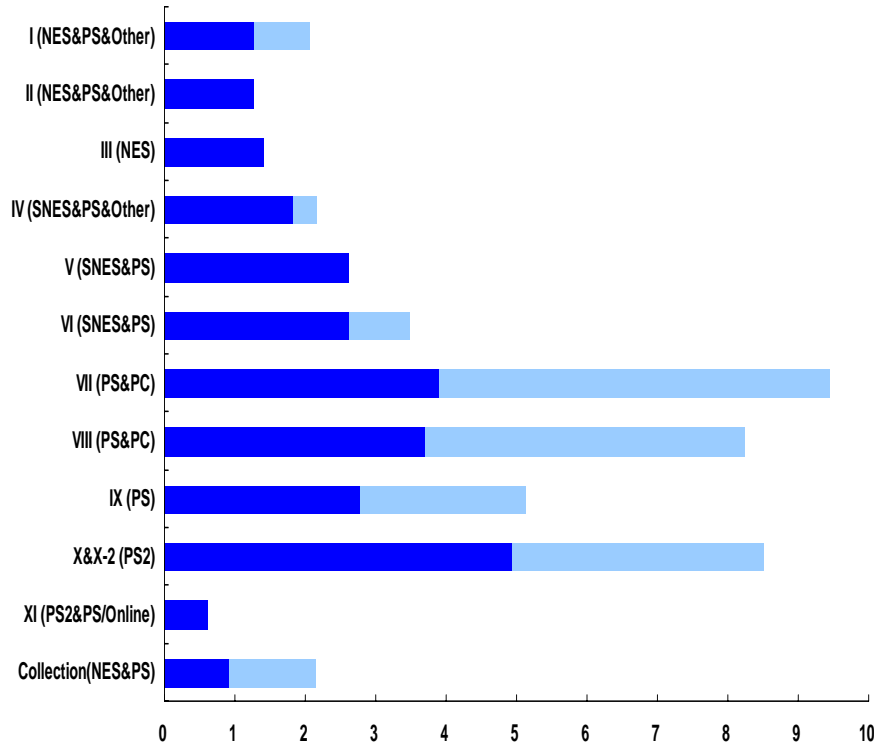
FINAL FANTASY



■ Japan
■ US & Europe

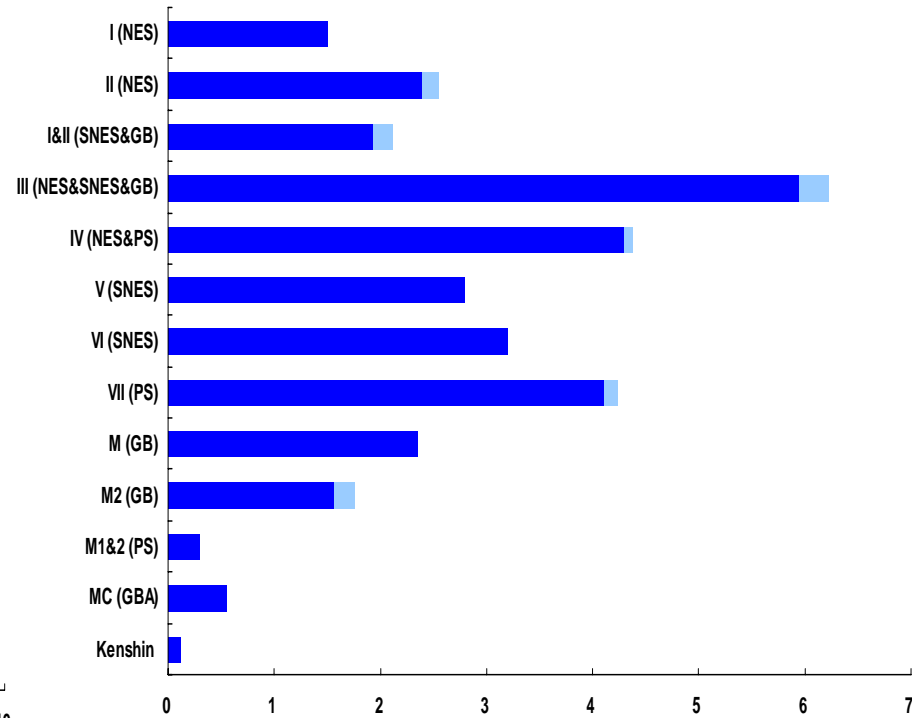
(as of September 30, 2003)

(Million units)



Sold over 47 million units worldwide.

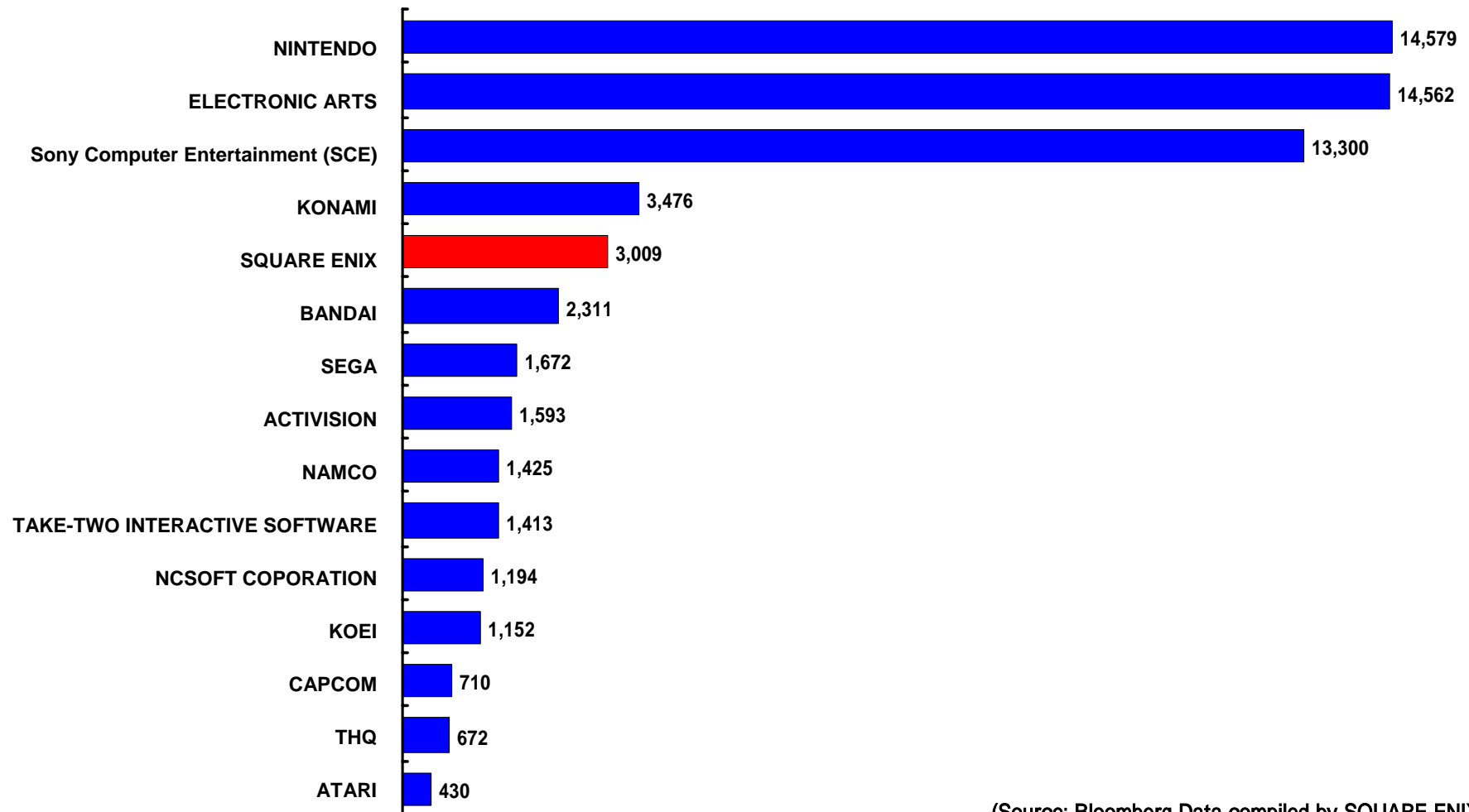
(Million units)



Sold over 31 million units worldwide.

SQUARE ENIX is the 5th largest digital content company in the world.

Market Capitalization (as of January 27, 2004) (Millions of USD)



(Source: Bloomberg Data compiled by SQUARE ENIX.)

(SCE's data is as of November 28, 2003 according to a Nikkei article.)

(USD1=JPY110, USD1=EUR1.17, USD1=KRW1,170)

All business segments are expected to achieve profit margin of 20-40%.

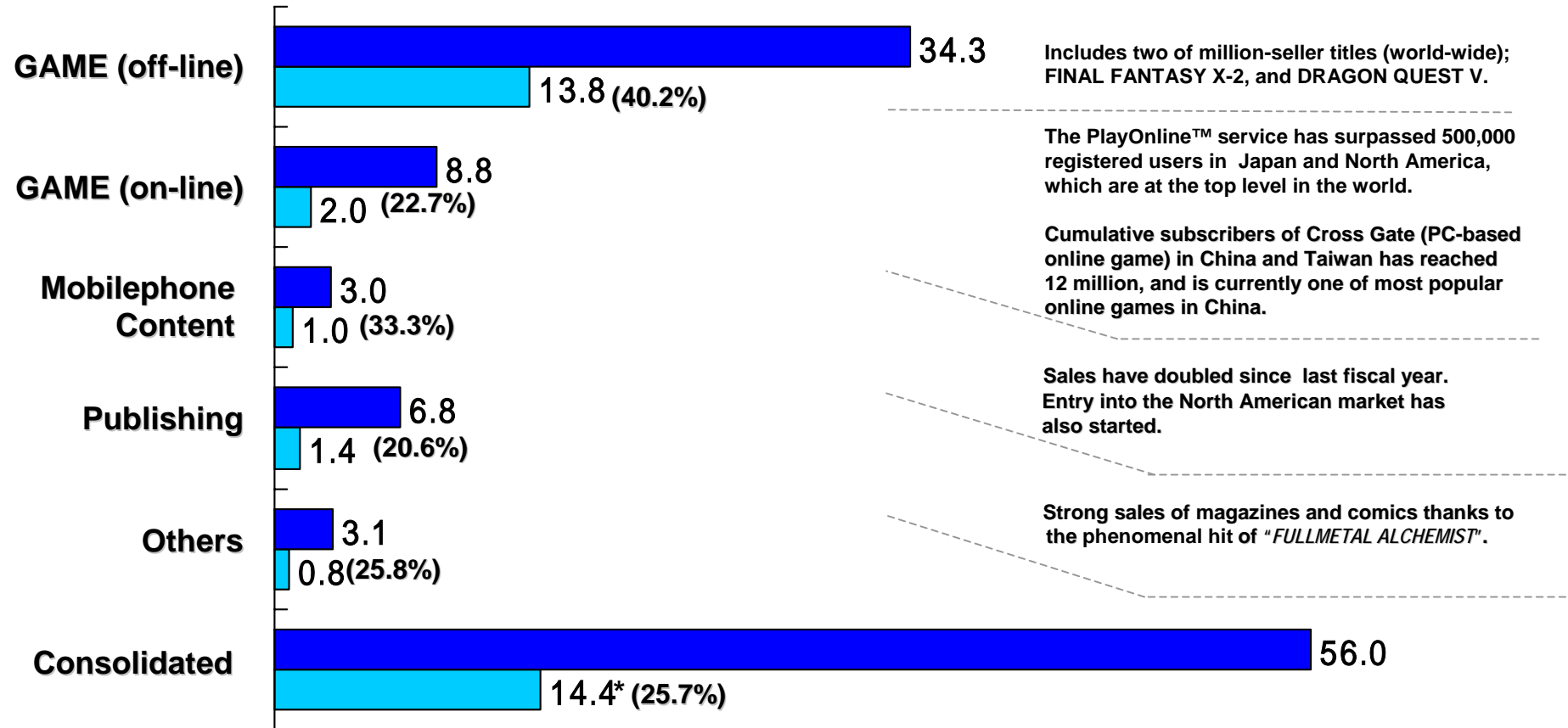
FY2003 (fiscal year ending March 31, 2004) Projections

– Consolidated Segments

(Billions of Yen)

Net Sales

Operating Income (Operating Margin)



* Net of elimination and headquarters expenses of Yen 4.6 billion.

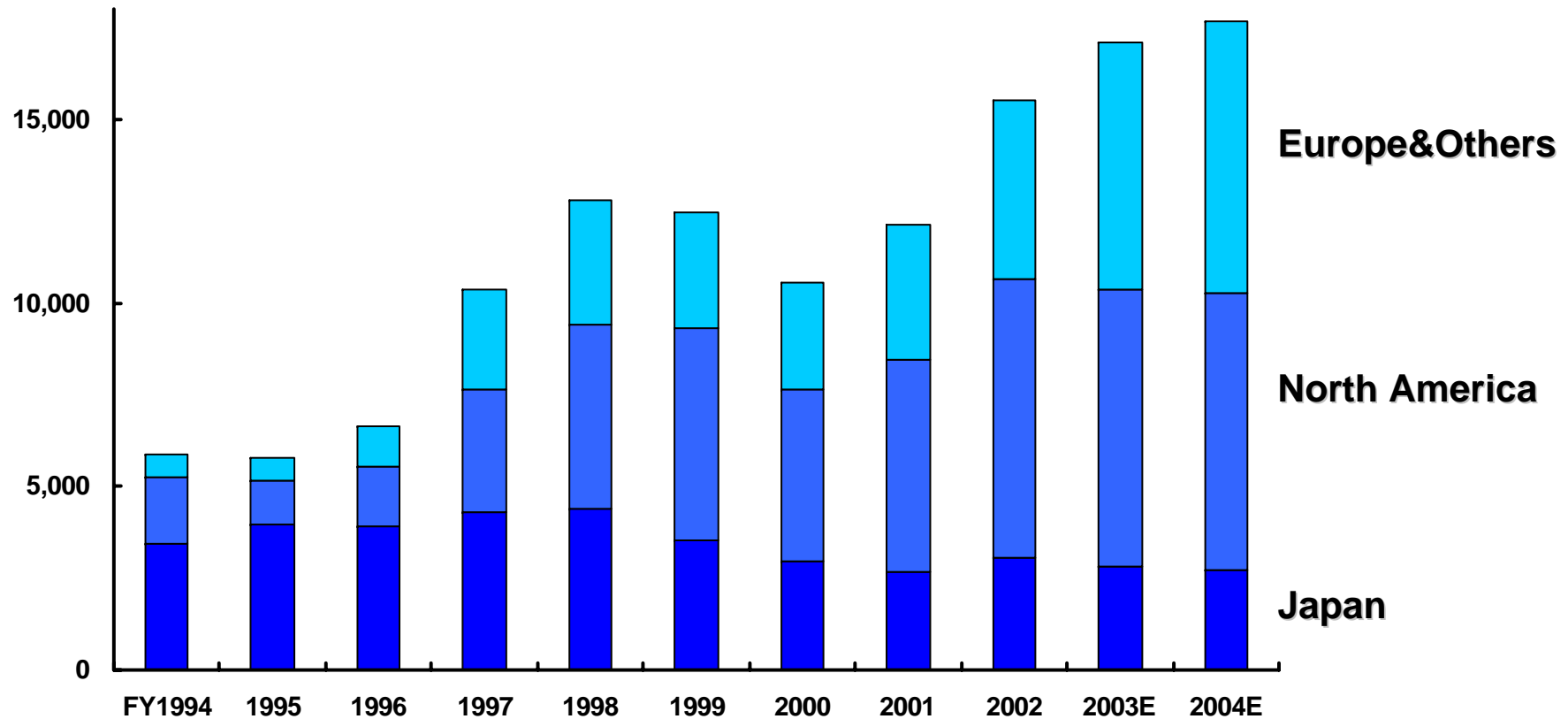
1. Who is SQUARE ENIX?

**2. Environmental Changes and
New Business Opportunities**

3. Our Business Strategy

**US/European markets growing,
while the Japanese market continues to saturate.**

Console-based World-wide Game Software Market
(Millions of USD)



* FY2002 is the fiscal year ended March 31, 2003.

(Source:Company data collated by SQUARE ENIX)

“Ecosystem” in the game industry will change.

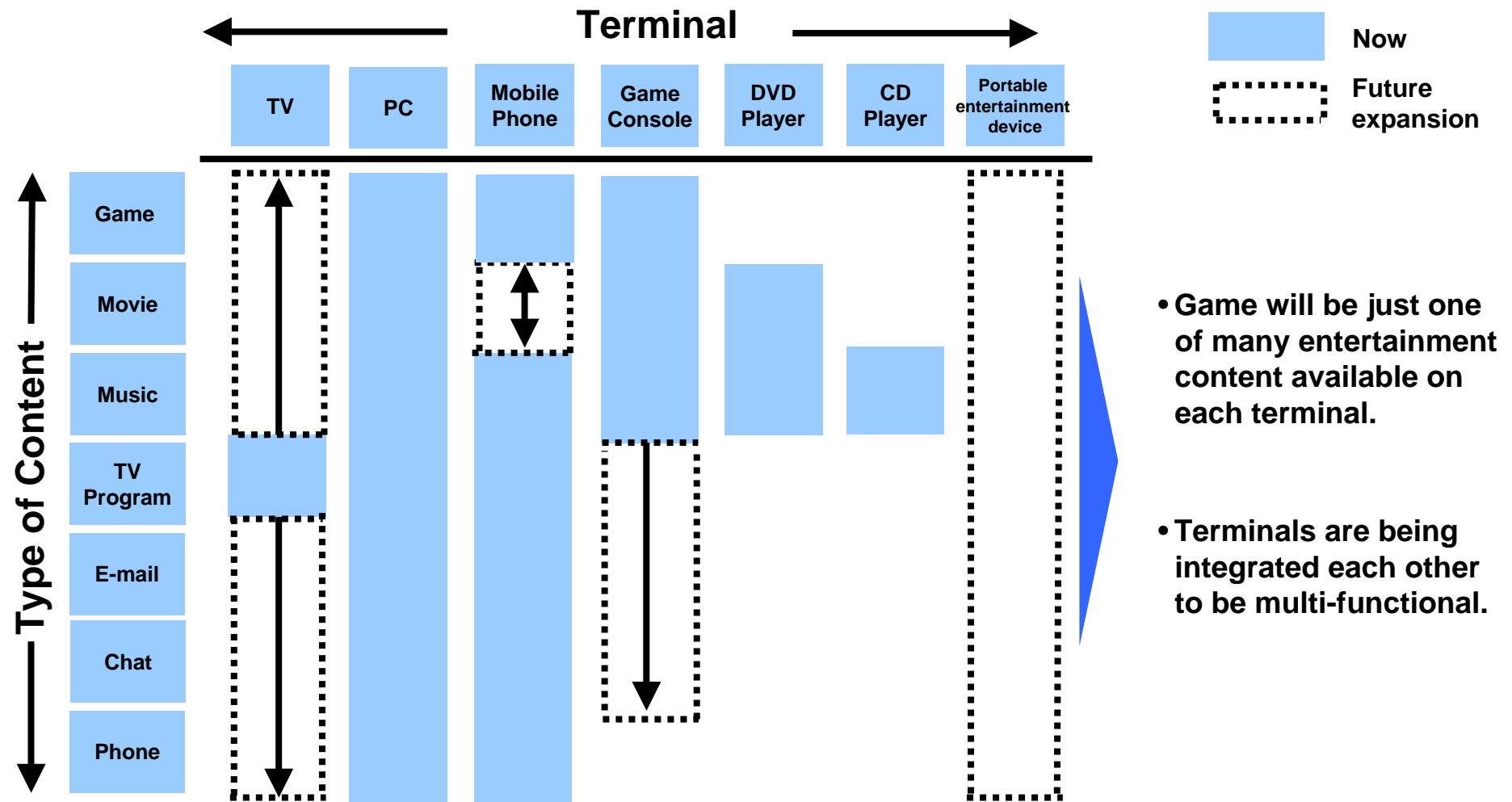
Change of Business Environment

- **Game consoles are losing their advantages as a user interface as other terminals such as PCs become powerful in terms of graphic processing.**
- **Users are becoming increasingly interested in network entertainment.**

Change of Ecosystem

- **Emergence of terminals that accommodate multiple entertainment content.**
- **Fundamental shift in customer ownership.**

Game consoles are losing their advantage as a user interface, and various terminals will accommodate multiple entertainment content.

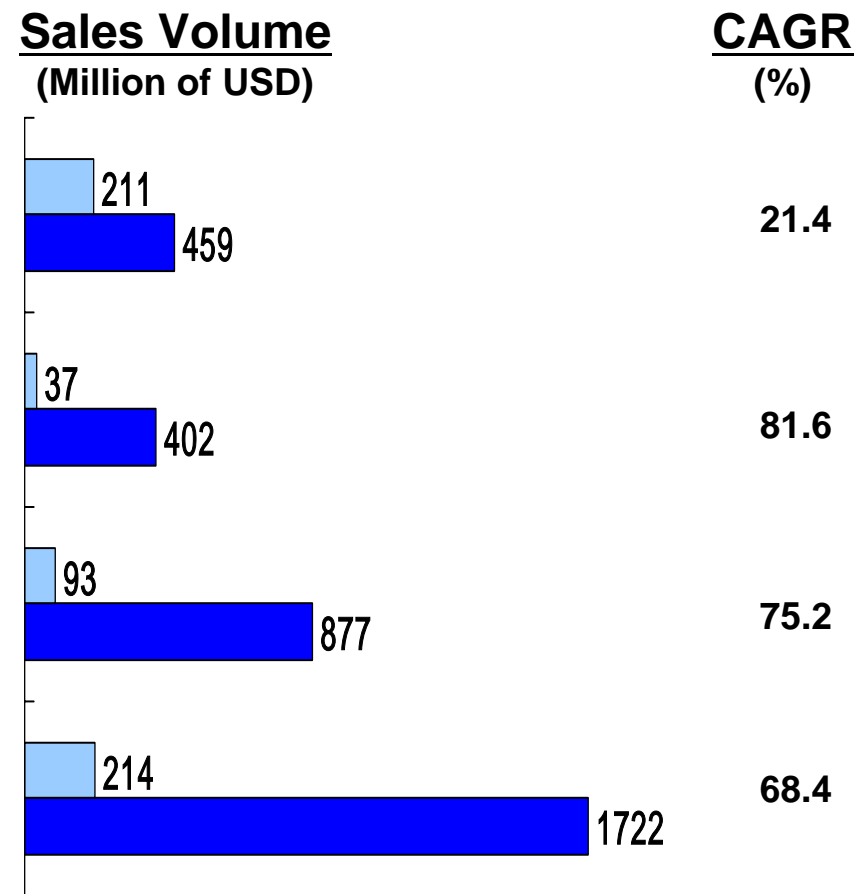
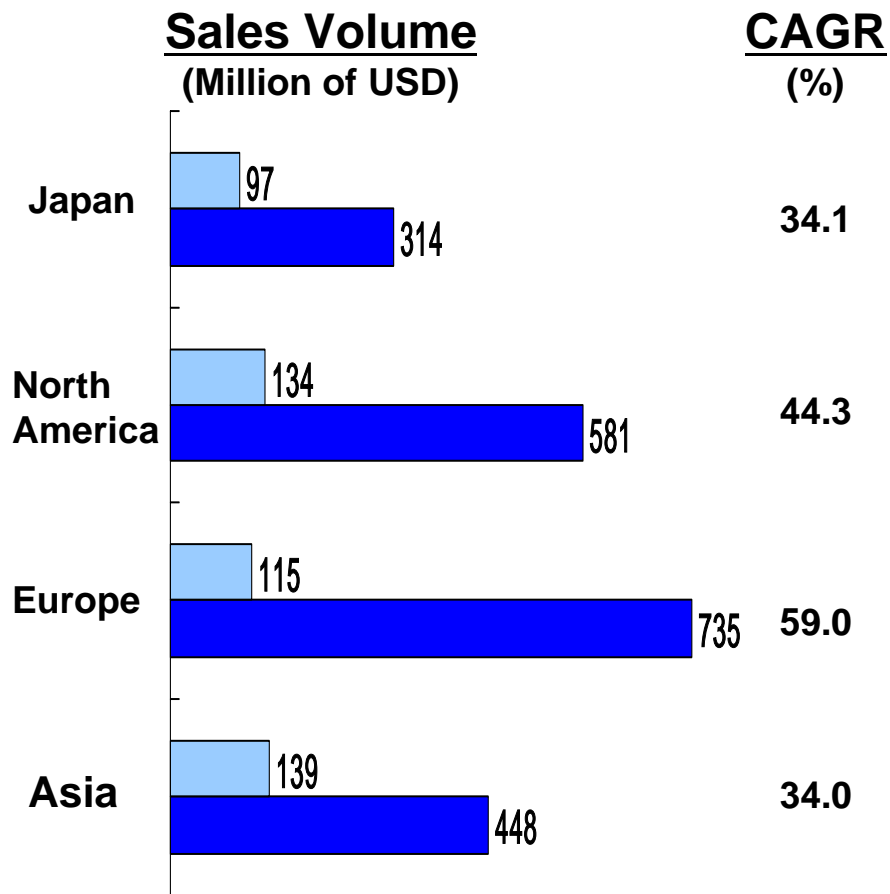


Users are becoming interested in network entertainment.

Online Game Market

Mobilephone Game Market

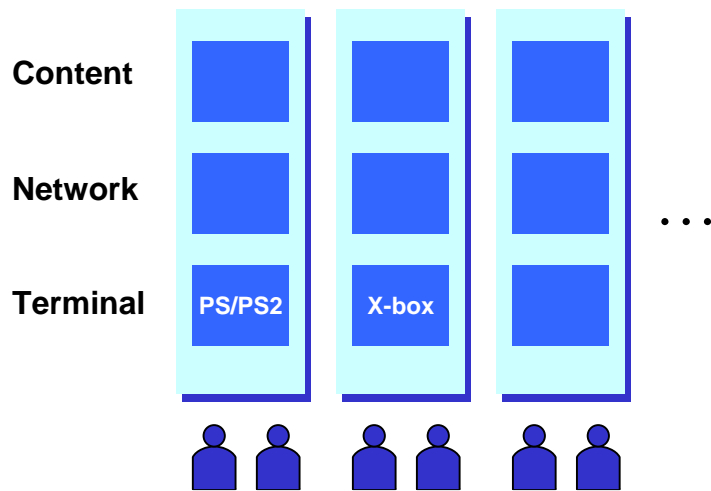
2003
2007



(Source:INFORMA MEDIA GROUP "The Dynamics of Games" 3rd edition, August 2003)

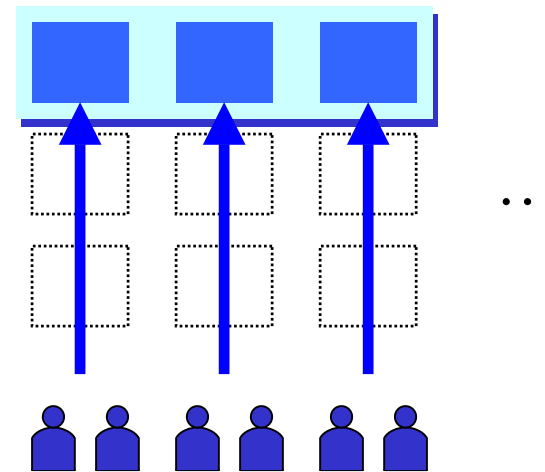
Network triggers fundamental shift in customer ownership.

Now



- Vertically integrated by terminal type
Close relationship with console maker is important
- Product out oriented mindset

Future



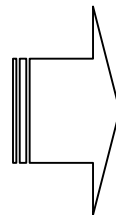
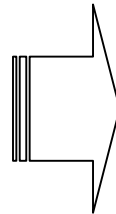
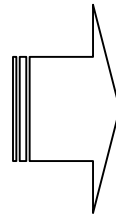
- Open network will break the vertical integration.
Close relationship with many of platform technology holders become important.
- Relevance of terminal and network differences diminish. Customer ownership shifts to content provider.
- Community management to capture customers' needs and reflect them to the service become key factor for success.

SQUARE ENIX is well-positioned in the new Ecosystem.

KFS* in the new Ecosystem

- Ability to create new type of content suitable for multi-functional terminals.
- In-depth understanding of advanced platform technologies.
- Expertise in managing online community effectively and efficiently.

* Key Factor for Success



Our competitive advantages

- Experience of creating interactive content will be critical in developing new original concept to be deployed in various new terminals with interactivity.
- Alliance with leading platform technology companies such as Intel and UIEvolutions.
- Community management know-how accumulated through multiple practice since May 2002.
- Experience of community management in multi-cultural environment.

1. Who is SQUARE ENIX?

**2. Environmental Changes and
New Business Opportunities**

3. Our Business Strategy

Two prone approach balancing short and midterm businesses

Create New Entertainment

- Conduct experiments to create new type of entertainment that utilize the new network environment.

Expand Online/ Mobile Businesses

- Shift resources to online and mobilephone content businesses to capture their full potential.

Enhance Global Business

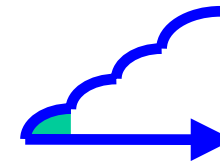
- Establish full business lines in the U.S., Europe and Asia.

Exploitation of Current Franchise

- Continue to enhance current franchise such as Final Fantasy, Dragon Quest, and Kingdom Hearts.

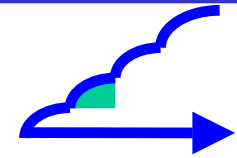
Timing to profit contribution →

We will continue to exploit current franchises.



Franchise	Titles	Terminal	Release
FINAL FANTASY	“ FINAL FANTASY XII ”	PS2	2004 Summer
	“ FINAL FANTASY VII Advent Children ”	DVD	2004 Summer
DRAGON QUEST	“DRAGON QUEST V”	PS2	March 25, 2004
	“DRAGON QUEST VIII”	PS2	Under development
KINGDOM HEARTS	“KINGDOM HEARTS II”	PS2	Under development
	“ KINGDOM HEARTS CHAIN OF MEMORIES”	GBA	2004

We enhance our business segments/functions globally.

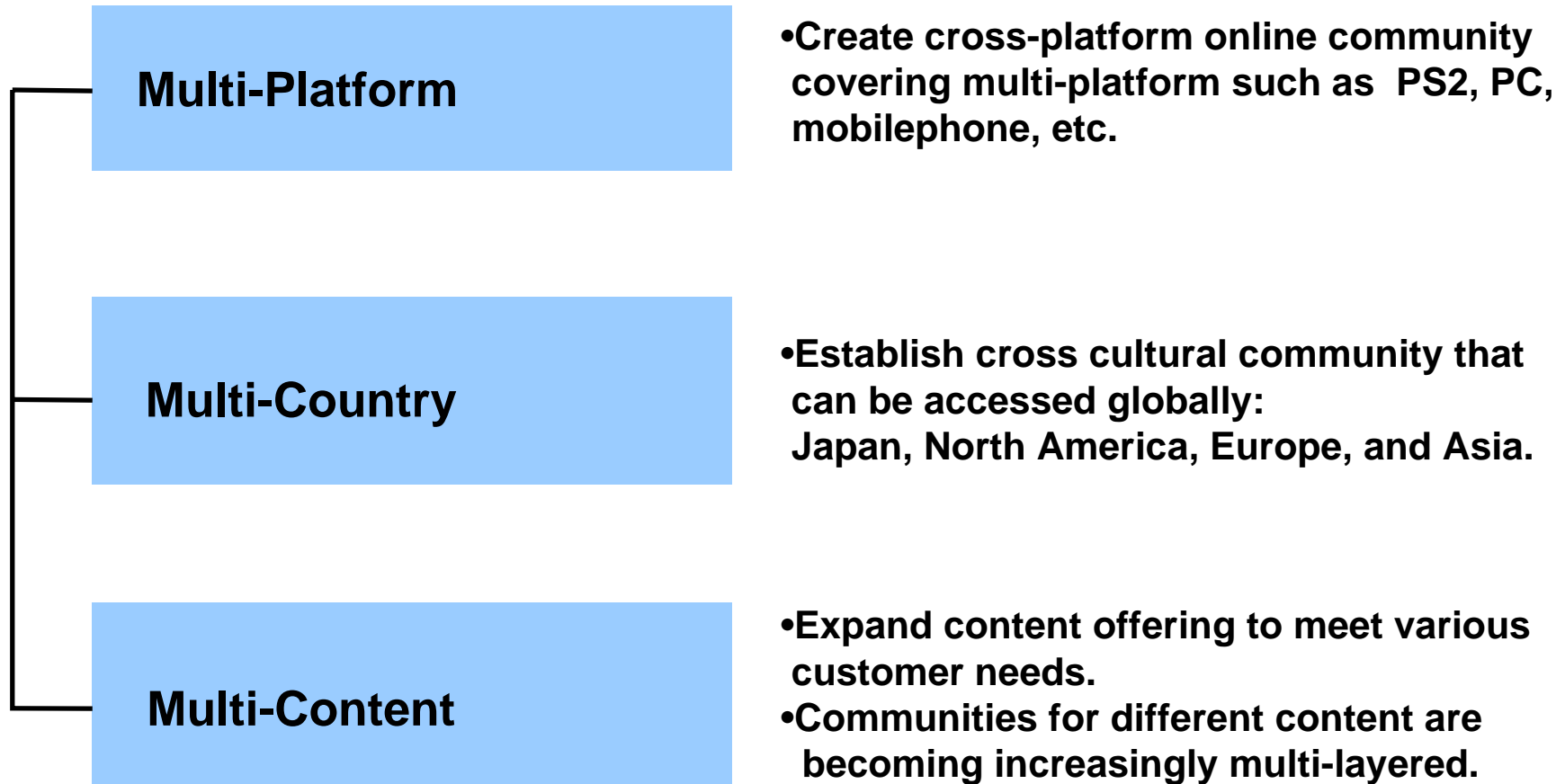
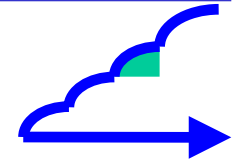


	<u>Now</u>					<u>Future</u>			
<u>Business Segments</u>	Japan	North America	Europe	Asia		Japan	North America	Europe	Asia
Game (off-line)	✓✓✓	✓✓	✓	✓		✓✓✓	✓✓✓	✓✓✓	✓
Game (on-line)	✓✓	✓✓		✓✓		✓✓✓	✓✓✓	✓✓✓	✓✓✓
Mobilephone content	✓✓					✓✓✓	✓✓✓	✓✓✓	✓✓✓
Publishing / Others	✓✓✓					✓✓✓	✓✓	✓	✓
<u>Functions</u>									
Development	✓✓✓					✓✓✓	✓	✓	✓
Publish / Distribution	✓✓✓	✓✓				✓✓✓	✓✓✓	✓✓✓	✓✓
Community management	✓✓	✓		✓✓		✓✓✓	✓✓✓	✓✓✓	✓✓✓

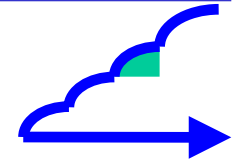
✓ Less Operation ↔ ✓✓✓ Full Operation

New Area to be focused.

We actively expand online business with our “3 Multi-s” concept.



We expand mobilephone business globally.



Build Global Presence

- Quickly develop business in the U.S., Europe and Asia.
- Expand breadth of handset support using UIEvolution's technology.

Synchronize with Other Products

- Synchronize with other content such as package and online games.
- Offer functions supporting other content.
e.g. FFXI for mobile

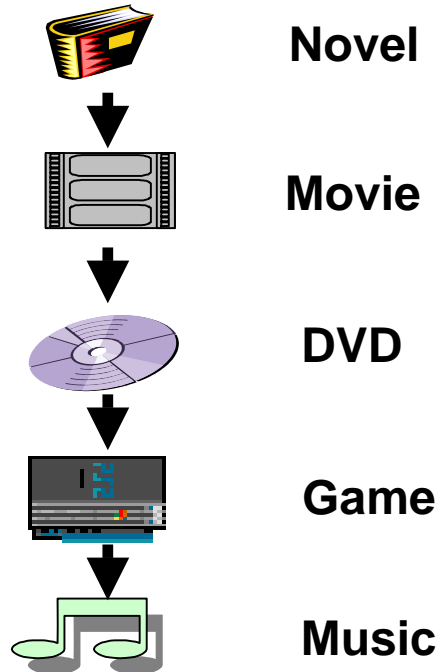
Non-game Content

- We will actively develop and offer non-game content for mobilephone such as messaging tools.
e.g. "Chocomate", a groupware tool

SQUARE ENIX will build “Polymorphic Content” that best matches with the new Ecosystem.

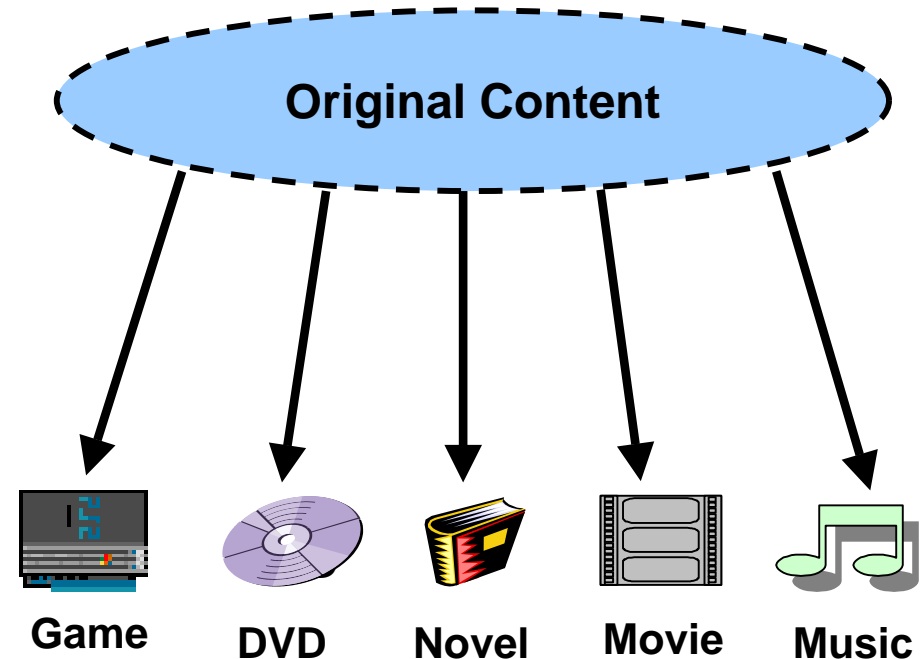


Traditional model of Secondary use of content



- The secondary content is a mere porting of the original to a different format.
- Number of customers decreases as the content is deployed in different formats sequentially.

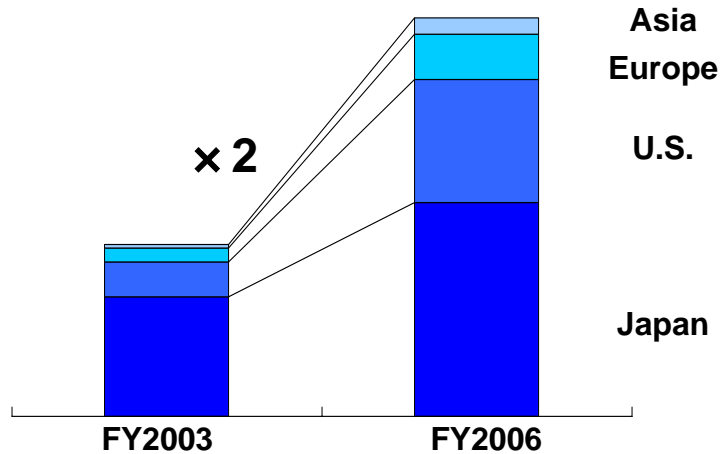
“Polymorphic Content”



- Original content created at higher abstract level can be exploited in a “polymorphic” manner.
- Vendors with interactive design capabilities, like SQUARE ENIX, have competitive advantage in creating such content.

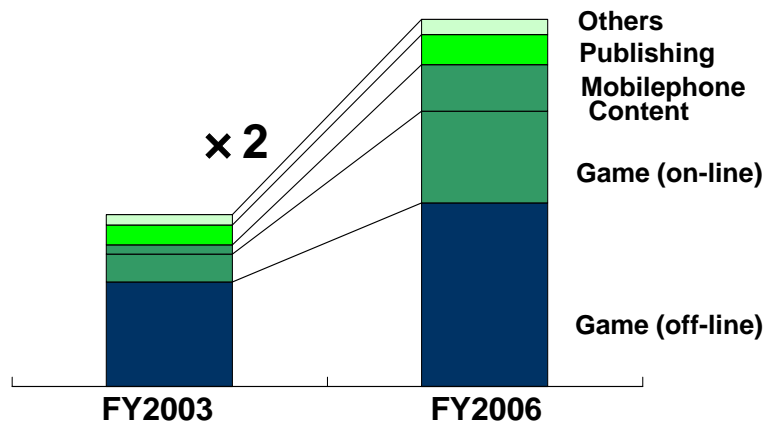
Our mid-term target is to double sales in three years.

Geographical Segment (Sales)



We will aggressively increase our global sales, particularly in North American market.

Business Segment (Sales)



Our network-related businesses (online/mobilephone) will grow significantly to reach almost the same volume as the game business.

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:	¥301,293 million (as of January 22, 2004)
Common Stock:	¥6,958 million (as of January 22, 2004)
Number of Shares issued:	109,960,918 (as of January 22, 2004)
Number of employees:	1,324 (as of September 30, 2003)
Directors:	Yasuhiro Fukushima (Rep. Director & Chairman) Yoichi Wada (Rep. Director & President) Keiji Honda (Rep. Director & Vice President) Yukinobu Chida 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 47 million units worldwide, and *DRAGON QUEST (DRAGON WARRIOR* in North America), which has sold over 31 million units worldwide - under one roof (as of September 30, 2003).

SQUARE ENIX is now the fifth largest digital content company in the world in terms of market capitalization, going after big players in the industry, such as Electronic Arts and Nintendo.

SQUARE ENIX's commitment to creating original products of the highest quality makes it one of the most profitable digital content companies in the world.

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

Management Profile



Yoichi Wada
President

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

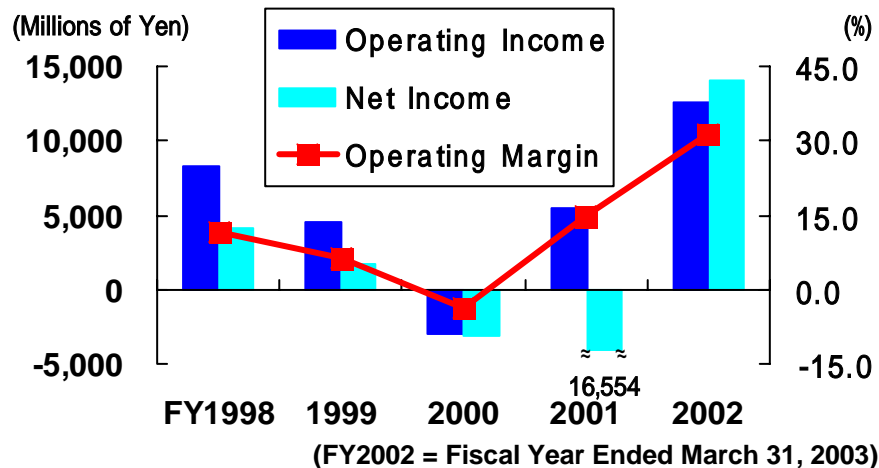
Prior to current role at SQUARE ENIX, Mr. Wada was named positions in SQUARE, as CFO in June 2000, COO in September 2001, and President and CEO in December 2001. Immediately after joining SQUARE, Mr. Wada got to work on reorganization and revitalization of the company. As a result of the reform of the 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

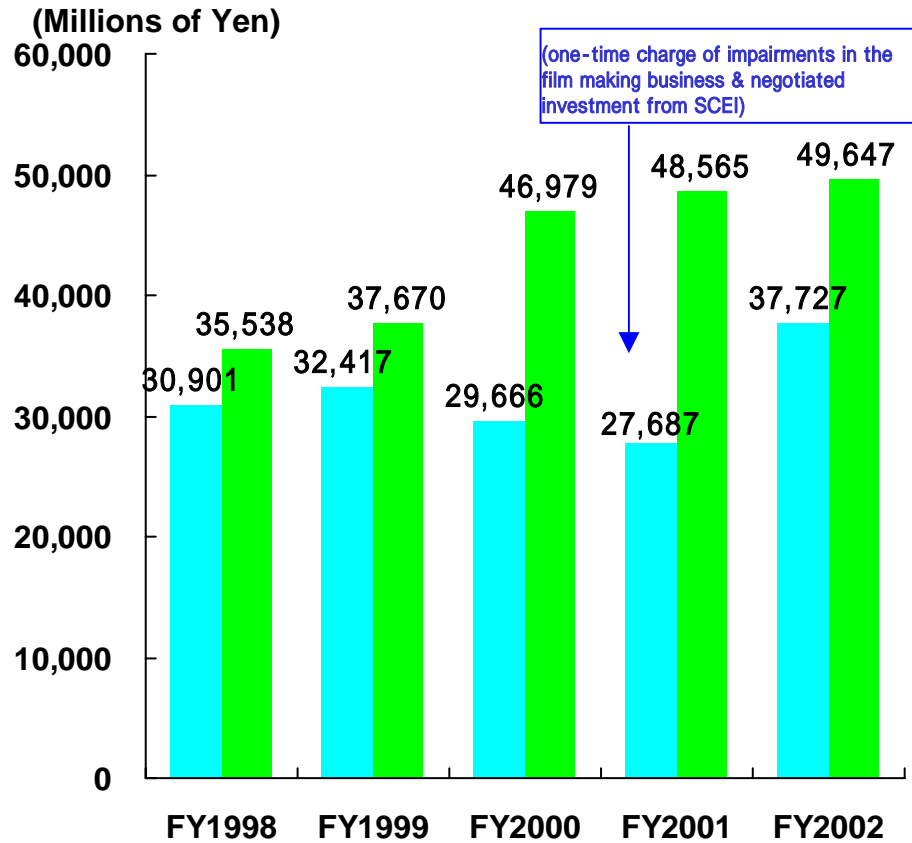
----- announced merger between ENIX and SQUARE

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

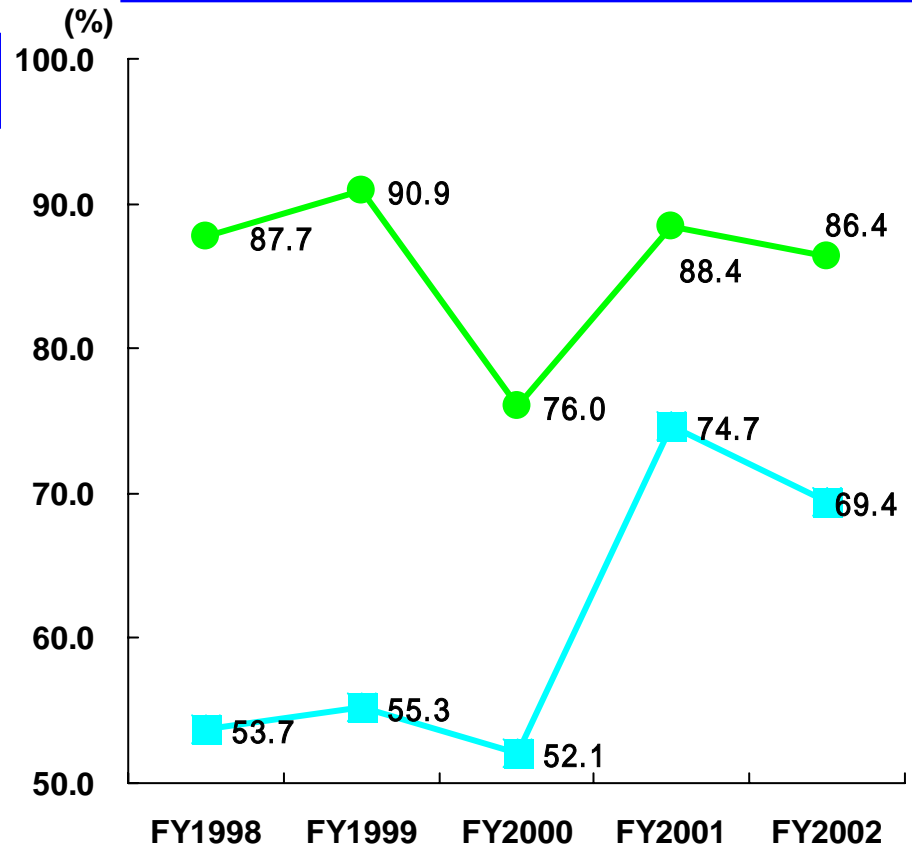
Reference. Financial performance of former companies

Former ENIX
Former SQUARE

Shareholders' Equity



Equity Ratio



FY1998-2000 data for former ENIX were on parent company basis

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

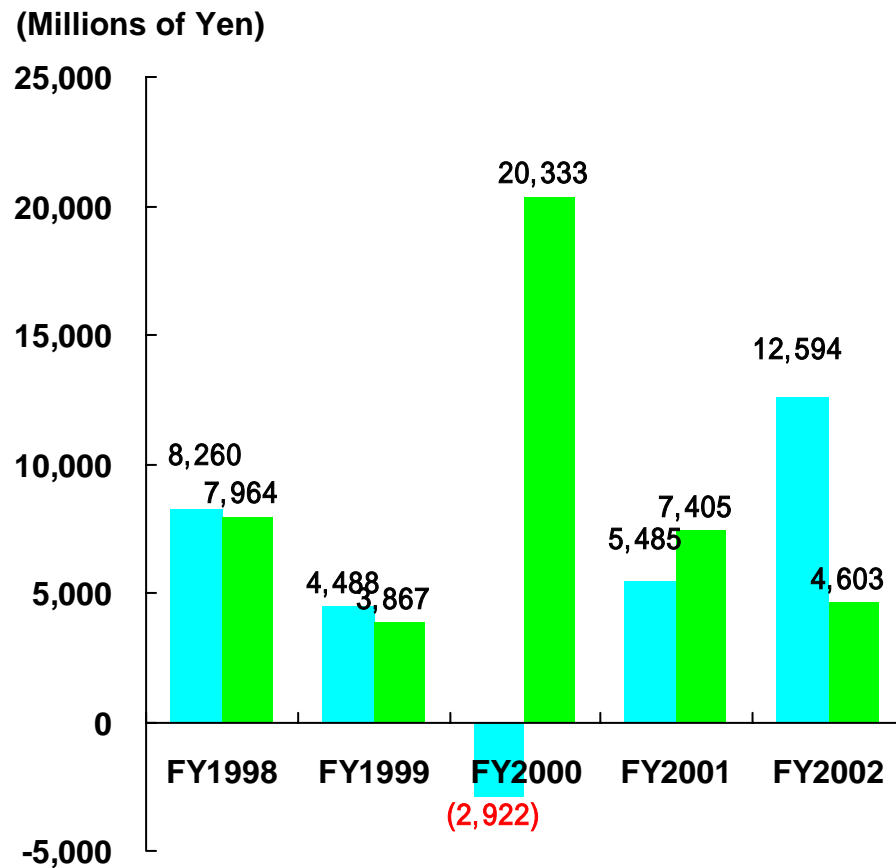
To be released

(As of March 31, 2003)

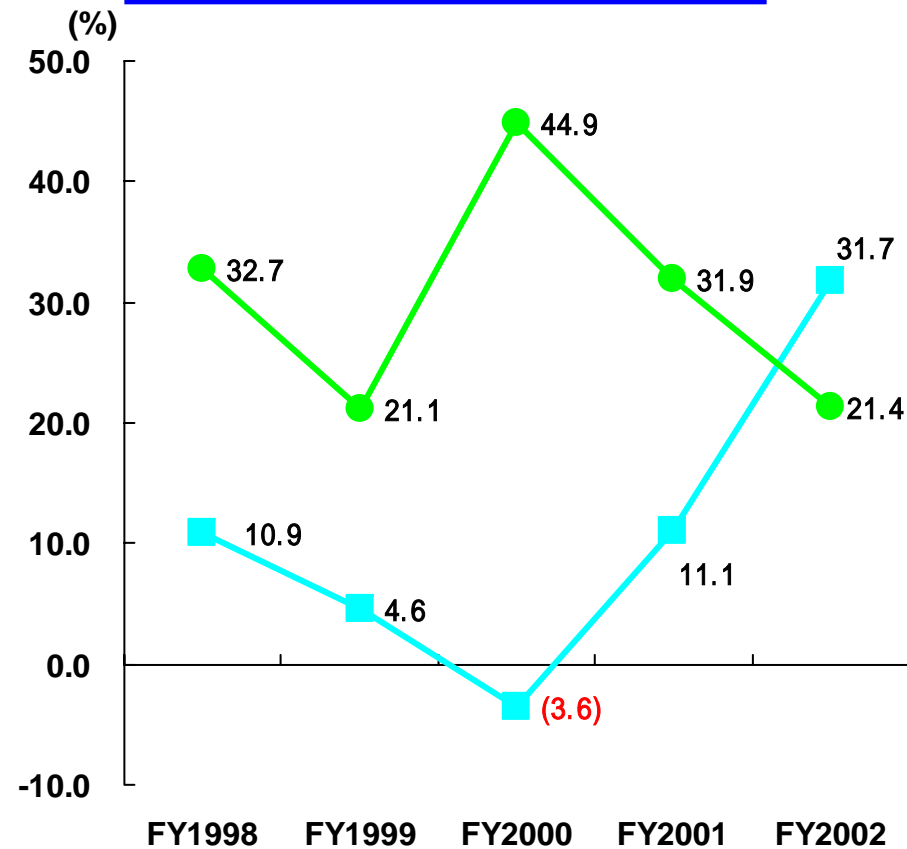
Reference. Financial performance of former companies

Former ENIX
Former SQUARE

Operating Income



Operating Margin



FY1998~2000 data for former ENIX were on parent company basis

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)

Former ENIX

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)	-	-	-
Freign 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

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

Statements of Cash Flows

	(Thousands of U.S.\$)						(Millions of Yen)					
	FY2002	FY2002	2001	2000	1999	1998		FY2002	FY2002	2001	2000	1999
NET SALES	335,163	40,286	36,646	75,538	72,923	71,759	OPERATING ACTIVITIES:	75,868	9,119	(12,584)	(5,237)	3,950
COST OF SALES	97,123	11,674	10,597	45,522	39,437	35,239	Income (loss) before income taxes and minority interests					
Gross profit	238,039	28,612	26,049	30,015	33,485	36,519	Adjustments for:					
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	133,261	16,018	20,563	32,938	28,997	28,259	Income taxes paid	(190)	(22)	(1,892)	(3,305)	(4,041)
Operating income	104,778	12,594	5,485	(2,922)	4,488	8,260	Depreciation and amortization	14,022	1,685	2,030	3,236	3,568
OTHER INCOME (EXPENSES):							Increase in allowances for doubtful accounts, sales return and other reserve	9,694	1,165	1,265	162	232
Dividend and interest income	1,617	194	241	505	159	327	Loss from impairment of lease security deposit	12,506	1,503	-	-	-
Interest expenses	(257)	(30)	(119)	(149)	(117)	(195)	Loss from discontinued movie business	-	-	14,053	-	-
Gain (loss) on sales of securities and investment securities - net	1,899	228	166	15	2,593	1,015	Gain on sales of investment securities - net	(1,899)	(228)	(190)	(15)	(2,591)
Write-down of investment securities	(5,042)	(606)	(118)	(426)	(305)	-	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)	Loss on sales and disposal of property and equipment and other	1,425	171	320	1,732	725
Earnings (losses) from TK investment	(814)	(97)	807	27	0	(19)	Change in account and notes receivable	(60,700)	(7,296)	93	4,116	(174)
Loss on write-off of content development costs	(892)	(107)	(620)	(369)	(478)	(380)	Change in inventories	(22,998)	(2,764)	(712)	(172)	(241)
Loss on discontinued movie business	-	-	(14,053)	-	-	-	Change in account and notes payable	6,358	764	(376)	(3,018)	3,956
Loss on discontinued foreign operations	-	-	(927)	-	-	-	Other - net	4,512	542	1,292	5,101	(600)
Loss on write-down of office lease deposit	(12,506)	(1,503)	-	-	-	-	NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	43,640	5,245	3,417	3,026	5,090
Freign exchange gain (loss) - net	(1,021)	(122)	88	384	(685)	(125)	INVESTING ACTIVITIES:					
Other - net	(13,411)	(1,612)	(2,431)	(2,181)	(1,767)	(629)	Purchases (proceeds from sales) of investment securities - net	2,299	276	(26)	(1,995)	1,229
Other income (expenses) - net	(28,909)	(3,474)	(18,070)	(2,314)	(537)	(173)	Purchases (proceeds from sales) of property and equipment and other	(6,566)	(845)	(2,194)	(5,714)	(2,411)
INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	75,868	9,119	(12,584)	(5,237)	3,950	8,086	Investment in movie production	-	-	(1,416)	(4,618)	(3,359)
INCOME TAXES							Other - net	(674)	(81)	581	2	1,401
Current	4,342	521	40	1,833	2,786	3,614	NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(5,406)	(649)	(3,055)	(12,326)	(3,140)
Deferred	(51,981)	(6,248)	4,730	(2,426)	(723)	(2)	FINANCING ACTIVITIES:					
Total income taxes	(47,638)	(5,726)	4,771	(593)	2,063	3,612	Net increase (decrease) in short-term loans payable	8,319	1,000	(3,934)	5,189	(2,966)
MINORITY INTERESTS IN NET INCOME	6,411	770	(801)	(1,483)	201	323	Repayments of long-term debt	(185)	(22)	(22)	(22)	(1,000)
NET INCOME (LOSS)	117,096	14,074	(16,554)	(3,160)	1,685	4,151	Proceeds from issuance of common stock	-	-	14,977	1,629	-
							Dividends paid	(33)	(3)	(3)	(755)	(1,492)
							Other - net	(4,163)	(500)	(149)	(70)	(9)
							NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	3,937	473	10,867	5,970	(5,470)
							FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	(4,058)	(487)	1,265	588	(145)
							INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	38,113	4,581	12,494	(2,740)	(3,665)
							CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	154,988	18,629	6,448	9,189	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

(FY2002 = Fiscal Year Ended March 31, 2003)