

Summary of Consolidated Financial Results  
for the Year ended March 2001

Amuse Inc.

## Consolidated balance sheet

Thousands of yen	March 31, 2000	%	March 31, 2001	%
<b>Current assets</b>				
Cash and deposits	1,711,202		4,547,891	
Notes and accounts receivable - trade	2,428,181		1,893,880	
Inventories	2,603,315		4,065,326	
Deferred tax assets	17,823		81,688	
Accounts receivable - other	628,543		-	
Others	483,111		388,127	
Allowance for doubtful accounts	(40,388)		(21,231)	
Total current assets	<u>7,831,788</u>	70.3	<u>10,955,681</u>	77.5
<b>Fixed assets</b>				
<b>Tangible fixed assets</b>				
Buildings	563,866		553,083	
Land	863,358		863,358	
Others	50,145		41,637	
Total tangible fixed assets	<u>1,477,370</u>	13.3	<u>1,458,079</u>	10.3
<b>Intangible fixed assets</b>				
Consolidation translation adjustments	39,928		31,807	
Others	274,689		266,181	
Total intangible fixed assets	<u>314,618</u>	2.8	<u>297,988</u>	2.1
<b>Investments and other assets</b>				
Investment securities	232,048		374,700	
Deferred tax assets	183,495		302,139	
Others	1,056,351		819,419	
Allowance for doubtful accounts	(70,526)		(74,906)	
Total investments and other assets	<u>1,401,367</u>	12.6	<u>1,421,352</u>	10.1
Total fixed assets	<u>3,193,356</u>	28.7	<u>3,177,420</u>	22.5
Foreign currency translation adjustments	<u>107,858</u>	1.0	<u>-</u>	-
<b>Total assets</b>	<u>11,133,003</u>	100.0	<u>14,133,102</u>	100.0

Thousands of yen	March 31, 2000	%	March 31, 2001	%
<b>Current liabilities</b>				
Notes and accounts payable - trade	2,250,228		4,117,869	
Short-term borrowings	3,605,207		3,899,792	
Accounts payable - other	676,234		-	
Income taxes payable	109,957		820,612	
Reserve for sales returns	58,089		43,900	
Others	687,871		775,384	
Total current liabilities	<u>7,387,588</u>	66.3	<u>9,657,558</u>	68.3
<b>Long-term liabilities</b>				
Long-term debt	673,371		560,286	
Allowance for employees' retirement	90,567		-	
Employees' retirement benefits	-		270,855	
Reserve for directors' special retirement allowances	420,991		458,639	
Others	900		138,607	
Total long-term liabilities	<u>1,185,829</u>	10.7	<u>1,428,388</u>	10.1
Total liabilities	<u>8,573,418</u>	77.0	<u>11,085,947</u>	78.4
<b>Shareholders' equity</b>				
Common stock	165,550	1.5	165,550	1.2
Additional paid-in capital	156,165	1.4	156,165	1.1
Retained earnings	2,237,870	20.1	2,779,586	19.7
Unrealized gains or losses on other securities	-	-	9,381	0.1
Foreign currency translation adjustments	-	-	(63,527)	(0.5)
Total shareholders' equity	<u>2,559,585</u>	23.0	<u>3,047,155</u>	21.6
<b>Total liabilities and shareholders' equity</b>	<u>11,133,003</u>	100.0	<u>14,133,102</u>	100.0

## Consolidated statement of income

Thousands of yen	March 31, 2000	%	March 31, 2001	%
<b>Revenues</b>	15,079,796	100.0	19,755,239	100.0
Cost of operation	12,767,905	84.7	16,135,913	81.7
Gross profit	2,311,890	15.3	3,619,326	18.3
<b>Selling, general and administrative expenses</b>	1,450,937	9.6	1,382,417	7.0
Operating income	860,952	5.7	2,236,909	11.3
<b>Nonoperating income</b>				
Interest income	15,901		18,264	
Gain on cancellation of insurance policies	23,235		-	
Commissions and fees	-		5,384	
Others	15,497		13,923	
	54,634	0.4	37,572	0.2
<b>Nonoperating expenses</b>				
Interest expenses	73,459		74,772	
Equity in loss of affiliated companies	164,458		150,136	
Others	28,556		10,110	
	266,474	1.8	235,019	1.2
Ordinary profit	649,112	4.3	2,039,461	10.3
<b>Extraordinary income</b>				
Gain on sale of investment securities	-		1,800	
Profit from change in scope of equity method application	2,421		-	
Profit from waivers of obligations	5,400		-	
Others	-		166	
	7,821	0.1	1,966	0.0
<b>Extraordinary losses</b>				
Provision for retirement benefits arising from change in accounting standards	-		135,852	
Losses on doubtful accounts	-		128,433	
Valuation loss on equity investment	-		241,274	
Loss from returns of goods sold in previous Years	-		130,000	
Settlement of legal proceedings	53,593		-	
Others	1,746		47,382	
	55,339	0.4	682,942	3.4
Income before taxes and other adjustments	601,594	4.0	1,358,485	6.9
Corporate, inhabitant and enterprise taxes	234,784		1,004,438	
Deferred taxes	22,500		(189,324)	
	257,284	1.7	815,113	4.1
Net income	344,310	2.3	543,372	2.8

## Consolidated statement of cash flow

Thousands of yen	March 31, 2000	March 31, 2001
<b>Net cash used in operating activities</b>		
Income before taxes and other adjustments	601,594	1,358,485
Depreciation expenses	80,788	72,657
Allowance for doubtful accounts	42,723	19,109
Reserve for sales returns	18,454	(14,189)
Reserve for retirement allowances	11,291	(90,567)
Employees' retirement benefits	-	270,855
Reserve for directors' special retirement Allowances	(49,288)	37,648
Interest and dividend income	(16,724)	(19,348)
Interest expenses	73,459	74,772
Equity in loss of affiliated companies	164,458	150,136
Losses on doubtful accounts	-	128,433
Valuation loss on equity investment	-	241,274
Loss from returns of goods sold in Previous year	-	130,000
Decrease (increase) in receivables	(741,184)	399,290
Decrease (increase) in inventories	583,685	(1,462,011)
Increase in payables	213,174	1,867,640
Increase (decrease) in deposits	(753,394)	-
Others	(751,253)	62,085
	(522,214)	3,226,273
Interest and dividend income	22,478	25,953
Interest expenses	(78,114)	(69,261)
Income tax and others	(218,173)	(294,416)
Net cash used in operating activities	(796,023)	2,888,549
<b>Net cash used in investment activities</b>		
Payments for time deposits	(77,567)	-
Payments for investments in securities	(122,500)	(157,584)
Proceeds from acquisition of subsidiary shares accompanied with change in scope of consolidation	35,619	-
Payments for loans and advances	(137,547)	(103,686)
Proceeds from collection of loans and advances	90,073	111,166
Others	(83,276)	(74,785)
Net cash used in investment activities	(295,198)	(224,890)

Thousands of yen	March 31, 2000	March 31, 2001
<b>Net cash provided by financing activities</b>		
Net increase (decrease) in short-term borrowings	(53,406)	264,444
Proceeds from increase in long-term debt	201,178	103,004
Payments of long-term debt	(150,965)	(185,948)
Others	(1,655)	(1,655)
Net cash provided by financing activities	(4,848)	179,844
Effect of exchange rate changes on cash and cash equivalents	(3,604)	8,973
Cash and cash equivalents	(1,099,674)	2,852,476
Cash and cash equivalents at beginning of period	2,629,598	1,529,923
Cash and cash equivalents at end of period	1,529,923	4,382,400

## Segment information by type of business

Thousands of yen	Artist management	Media-visual	Contents	Total	Elimination	Consolidated
<b>March 31, 2001</b>						
<b>Revenues and operating income</b>						
Revenues						
External customers	9,692,570	6,191,849	3,870,819	19,755,239	-	19,755,239
Inter segment transactions and elimination	10,223	116,081	18,327	144,631	(144,631)	-
	9,702,793	6,307,931	3,889,146	19,899,871	(144,631)	19,755,239
Operating expenses	8,542,429	6,274,907	2,090,635	16,907,972	610,358	17,518,330
Operating income	1,160,364	33,023	1,798,511	2,991,899	(754,990)	2,236,909
<b>Assets, depreciation expenses, and capital expenditures</b>						
Identifiable assets	2,004,467	6,926,487	943,045	9,874,000	4,259,102	14,133,102
Depreciation	14,257	10,144	3,538	27,941	40,861	68,802
Capital expenditures	15,929	11,452	3,612	30,993	6,026	37,020
<b>March 31, 2000</b>						
<b>Revenues and operating income</b>						
Revenues						
External customers	7,738,972	5,581,096	1,759,726	15,079,796	-	15,079,796
Inter segment transactions and elimination	10,885	-	26,533	37,419	(37,419)	-
	7,749,858	5,581,096	1,786,260	15,117,215	(37,419)	15,079,796
Operating expenses	6,918,205	5,411,236	1,295,596	13,625,038	593,804	14,218,843
Operating income	831,652	169,860	490,663	1,492,176	(631,224)	860,952
<b>Assets, depreciation expenses, and capital expenditures</b>						
Identifiable assets	2,421,605	5,896,835	892,468	9,210,910	1,922,092	11,133,003
Depreciation	18,913	11,942	3,745	34,600	41,968	76,569
Capital expenditures	9,208	4,674	1,752	15,635	10,380	26,016

### (Notes)

1. *Business classifications are those used in the course of internal management.*

2. *Contents of each business*

#### (1) Artist management

Revenue from artists' concerts and performances, appearances in television and radio commercials, fan club memberships and sales of various character goods.

Royalties from new music for the production of master recordings and use of copyrights.

#### (2) Media-visual

Revenue from the production of television programs; production and distribution of movies; purchasing, packaging and sales of video cassettes and DVD's of video works; book production, publication and sales.

(3) Contents

Royalties from the use of copyrights and of original recordings, revenue from the use of movies and videos (after the passage of two years from the booking of initial earnings).

3. *Total company assets included as assets under the heading "Elimination" primarily consist of surplus funds for investment (cash and deposits), long-term investments (investment securities), loans, and assets and foreign currency adjustments at administrative divisions. The total amount of these assets outstanding as of the end of the fiscal year ended March 2001 was 4,281,087 thousand yen, and as of the end of March 2000 the total amount was 1,844,701 thousand yen.*
4. *Non-allocable operating expenses included under the heading "Elimination" primarily consist of expenses for administrative divisions, including the General Affairs and Control divisions. These expenses totaled 763,316 thousand yen in the fiscal year ended March 2001, and 641,128 thousand yen in the fiscal year ended March 2000.*
5. *Changes in accounting standards for retirement benefits*

*The accounting standards as per the "Opinion Paper Regarding the Establishment of Accounting Standards for Retirement Allowances" (June 16, 1998, Business Accounting Council) are being applied from the fiscal year under review. As a result, operating income is less than would have been the case using the previous accounting treatment by the following amounts: Artist management business – 20,455 thousand yen, Media-visual business – 4,588 thousand yen, Contents business – 5,339 thousand yen, Total – 1,839 thousand yen.*