

Summary of Consolidated Financial Results  
for the Six Months ended September 2001

Amuse Inc.

## Consolidated interim balance sheet

(In thousands of yen, with fractional amounts discarded)

Thousands of yen	September 30, 2001	%	March 31, 2001	%
<b>Current assets</b>				
Cash and deposits	6,389,171		4,547,891	
Notes and accounts receivable	3,740,871		1,893,880	
Inventories	5,521,966		4,065,326	
Others	1,038,501		469,815	
Allowance for doubtful accounts	(36,086)		(21,231)	
Total current assets	16,654,424	83.2	10,955,681	77.5
<b>Fixed assets</b>				
<b>Tangible fixed assets</b>	1,454,924	7.3	1,458,079	10.3
<b>Intangible fixed assets</b>	281,734	1.4	297,988	2.1
<b>Investments and other assets</b>				
Others	1,702,336		1,496,259	
Allowance for doubtful accounts	(77,165)		(74,906)	
Total investments and other assets	1,625,171	8.1	1,421,352	10.1
Total fixed assets	3,361,830	16.8	3,177,420	22.5
<b>Total assets</b>	20,016,254	100.0	14,133,102	100.0

Thousands of yen	September 30, 2001	%	March 31, 2001	%
<b>Current liabilities</b>				
Notes and accounts payable	5,211,916		4,117,869	
Short-term borrowings	5,030,825		3,899,792	
Reserve for sales returns	10,280		43,900	
Others	1,517,492		1,595,996	
Total current liabilities	<u>11,770,513</u>	58.8	<u>9,657,558</u>	68.3
<b>Long-term liabilities</b>				
Long-term debt	854,855		560,286	
Employees' retirement benefits	290,824		270,855	
Reserve for directors' special retirement allowances	448,689		458,639	
Others	320,493		138,607	
Total long-term liabilities	<u>1,914,862</u>	9.6	<u>1,428,388</u>	10.1
Total liabilities	<u>13,685,376</u>	68.4	<u>11,085,947</u>	78.4
Minority interests in consolidated companies	60,659	0.3	-	-
<b>Shareholders' equity</b>				
Common stock	1,587,825	7.9	165,550	1.2
Additional paid-in capital	1,694,890	8.5	156,165	1.1
Retained earnings	2,997,337	15.0	2,779,586	19.7
Unrealized gains or losses on other securities	17,850	0.1	9,381	0.1
Foreign currency translation adjustments	(27,684)	(0.2)	(63,527)	(0.5)
Total shareholders' equity	<u>6,270,218</u>	31.3	<u>3,047,155</u>	21.6
<b>Total liabilities, minority interests and shareholders' equity</b>	<u>20,016,254</u>	100.0	<u>14,133,102</u>	100.0

## Consolidated interim statement of income

(In thousands of yen, with fractional amounts discarded)

Thousands of yen	September 30, 2001	%	March 31, 2001	%
<b>Revenues</b>	11,244,576	100.0	19,755,239	100.0
Cost of operation	9,152,787	81.4	16,135,913	81.7
Gross profit	2,091,788	18.6	3,619,326	18.3
<b>Selling, general and administrative expenses</b>	1,505,797	13.4	1,382,417	7.0
Operating income	585,991	5.2	2,236,909	11.3
<b>Nonoperating income</b>				
Interest income	10,469		18,264	
Amortization of consolidation adjustments	21,583		-	
Others	18,291		19,307	
	50,345	0.4	37,572	0.2
<b>Nonoperating expenses</b>				
Interest expenses	53,627		74,772	
Equity in loss of affiliated companies	93,692		150,136	
Others	6,352		10,110	
	153,672	1.3	235,019	1.2
Ordinary profit	482,664	4.3	2,039,461	10.3
<b>Extraordinary income</b>				
Gain on sale of investment securities	-		1,800	
Others	-		166	
	-	-	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	
Revaluation loss on equity investment	-		241,274	
Loss from returns of goods sold in previous years	-		130,000	
Others	-		47,382	
	-	-	682,942	3.4
Income before taxes and other adjustments	482,664	4.3	1,358,485	6.9
Corporate, inhabitant and enterprise taxes	189,485		1,004,438	
Deferred taxes	58,138		(189,324)	
	247,624	2.2	815,113	4.1
Minority interest in income of consolidated companies	733	0.0	-	-
Net income	234,306	2.1	543,372	2.8

## Consolidated interim statement of cash flow

(In thousands of yen, with fractional amounts discarded)

Thousands of yen	September 30, 2001	March 31, 2001
<b>Net cash used in operating activities</b>		
Income before taxes and other adjustments	482,664	1,358,485
Depreciation expenses	36,068	72,657
Increase in allowance for doubtful accounts	6,399	19,109
Decrease in reserve for sales returns	(33,620)	(14,189)
Decrease in allowance for employees' retirement	-	(90,567)
Increase (decrease) in reserve for directors' retirement allowances	(18,249)	37,648
Interest and dividend income	(12,458)	(19,348)
Interest expenses	53,627	74,772
Equity in loss of affiliated companies	93,692	150,136
Losses on doubtful accounts	-	128,433
Valuation loss on equity investment	-	241,274
Loss from returns of goods sold in previous years	-	130,000
Decrease (increase) in receivables	(936,629)	399,290
Increase in inventories	(254,745)	(1,462,011)
Increase in payables	211,988	1,867,640
Others	(48,702)	332,941
	(419,964)	3,226,273
Interest and dividend income	7,928	25,953
Interest expenses	(54,200)	(69,261)
Income tax and others	(905,922)	(294,416)
Net cash used in operating activities	(1,372,159)	2,888,549
<b>Net cash used in investment activities</b>		
Proceeds from decrease in time deposits	150,079	38,693
Payments for acquisition of tangible fixed assets	(5,737)	(16,254)
Payments for investments in securities	(4,000)	(157,584)
Proceeds from acquisition of subsidiary shares accompanied with change in scope of consolidation	112,817	-
Payments for loans and advances	(42,011)	(103,686)
Proceeds from collection of loans and advances	50,465	111,166
Others	(103,467)	(97,224)
Net cash used in investment activities	158,145	(224,890)

Thousands of yen	September 30, 2001	March 31, 2001
<b>Net cash provided by financing activities</b>		
Net increase (decrease) in short-term borrowings	226,950	264,444
Proceeds from increase in long-term debt	-	103,004
Payments of long-term debt	(239,719)	(185,948)
Proceeds from issuing of securities	2,961,000	-
Dividends	(16,555)	(1,655)
Dividend payment to minority shareholders	(2,750)	-
Net cash provided by financing activities	2,928,926	179,844
Effect of exchange rate changes on cash and cash equivalents	9,538	8,973
Cash and cash equivalents	1,724,450	2,852,476
Cash and cash equivalents at beginning of period	4,382,400	1,529,923
Cash and cash equivalents at end of period	6,106,850	4,382,400

## Business segment information

Thousands of yen	Artist management	Media-visual	Contents	Total	Elimination	Consolidated
<b>September 30, 2001</b>						
Revenues						
External customers	4,641,008	5,689,310	914,257	11,244,576	-	11,244,576
Inter-segment transactions and elimination	971	73,019	296,463	370,454	(370,454)	-
	4,641,979	5,762,330	1,210,721	11,615,030	(370,454)	11,244,576
Operating expenses	4,054,058	5,669,987	929,404	10,653,450	5,134	10,658,584
Operating income	587,920	92,343	281,316	961,580	(375,589)	585,991
<b>March 31, 2000</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

### (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. *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 384,014 thousand yen in the interim period ended September 30, 2001, and 763,316 thousand yen in the fiscal year ended March 2001.*