

Summary of Consolidated Financial Results  
for the Year ended March 2002

*Amuse Inc.*

## Consolidated balance sheet

Thousands of yen	March 31, 2001	%	March 31, 2002	%
<b>Current assets</b>				
Cash and deposits	4,547,891		4,821,504	
Notes and accounts receivable	1,893,880		4,827,066	
Inventories	4,065,326		7,869,299	
Deferred tax assets	81,688		59,400	
Others	388,127		679,365	
Allowance for doubtful accounts	(21,231)		(51,565)	
Total current assets	10,955,681	77.5	18,205,070	82.9
<b>Fixed assets</b>				
<b>Tangible fixed assets</b>				
Buildings	553,083		582,048	
Land	863,358		1,127,706	
Others	41,637		63,849	
Total tangible fixed assets	1,458,079	10.3	1,773,603	8.1
<b>Intangible fixed assets</b>				
Consolidation translation adjustments	31,807		23,686	
Others	266,181		257,160	
Total intangible fixed assets	297,988	2.1	280,847	1.3
<b>Investments and other assets</b>				
Investment securities	374,700		475,310	
Deferred tax assets	302,139		286,716	
Others	819,419		1,007,280	
Allowance for doubtful accounts	(74,906)		(78,317)	
Total investments and other assets	1,421,352	10.1	1,690,989	7.7
Total fixed assets	3,177,420	22.5	3,745,440	17.1
<b>Total assets</b>	<b>14,133,102</b>	<b>100.0</b>	<b>21,950,510</b>	<b>100.0</b>

Thousands of yen	March 31, 2001	%	March 31, 2002	%
<b>Current liabilities</b>				
Notes and accounts payable	4,117,869		7,451,380	
Short-term borrowings	3,899,792		3,908,156	
Income taxes payable	820,612		310,077	
Reserve for sales returns	43,900		64,641	
Others	775,384		1,657,166	
Total current liabilities	9,657,558	68.3	13,391,422	61.0
<b>Long-term liabilities</b>				
Long-term debt	560,286		496,997	
Employees' retirement benefits	270,855		313,446	
Reserve for directors' special retirement allowances	458,639		469,835	
Others	138,607		91,482	
Total long-term liabilities	1,428,388	10.1	1,371,761	6.3
Total liabilities	11,085,947	78.4	14,763,183	67.3
<b>Minority interests in consolidated subsidiaries</b>	-	-	67,347	0.3
<b>Shareholders' equity</b>				
Common stock	165,550	1.2	1,587,825	7.2
Additional paid-in capital	156,165	1.1	1,694,890	7.7
Retained earnings	2,779,586	19.7	3,782,619	17.2
Unrealized gains or losses on other securities	9,381	0.1	54,297	0.3
Foreign currency translation adjustments	(63,527)	(0.5)	346	0.0
Total shareholders' equity	3,047,155	21.6	7,119,979	32.4
<b>Total liabilities, minority interests and shareholders' equity</b>	14,133,102	100.0	21,950,510	100.0

## Consolidated statement of income

Thousands of yen	March 31, 2001	%	March 31, 2002	%
<b>Operating revenues</b>	19,755,239	100.0	23,360,464	100.0
Cost of operation	16,135,913	81.7	18,528,622	79.3
Gross operating income	3,619,326	18.3	4,831,841	20.7
<b>Selling, general and administrative expenses</b>	1,382,417	7.0	3,199,640	13.7
Operating income	2,236,909	11.3	1,632,201	7.0
<b>Nonoperating income</b>				
Interest income	18,264		19,148	
Commissions and fees	5,384		-	
Equity in income of affiliated companies	-		137,647	
Others	13,923		70,608	
	37,572	0.2	227,404	1.0
<b>Nonoperating expenses</b>				
Interest expenses	74,772		104,618	
Equity in loss of affiliated companies	150,136		-	
Loss on investments in partnerships	-		139,237	
Others	10,110		12,466	
	235,019	1.2	256,322	1.1
Ordinary profit	2,039,461	10.3	1,603,284	6.9
<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 prior years	130,000		-	
Loss on removal of fixed assets	-		1,653	
Settlement of legal proceedings	-		-	
Others	47,382		-	
	682,942	3.4	1,653	0.0
Income before taxes and other adjustments	1,358,485	6.9	1,601,630	6.9
Corporate, inhabitant and enterprise taxes	1,004,438		542,655	
Deferred taxes	(189,324)		31,951	
	815,113	4.1	574,607	2.5
Minority interest in income of consolidated companies	-		7,435	0.0
Net income	543,372	2.8	1,019,587	4.4

## Consolidated statement of cash flow

Thousands of yen	March 31, 2001	March 31, 2002
<b>Net cash used in operating activities</b>		
Income before taxes and other adjustments	1,358,485	1,601,630
Depreciation expenses	72,657	75,351
Allowance for doubtful accounts	19,109	23,030
Reserve for sales returns	(14,189)	20,741
Reserve for retirement allowances	(90,567)	-
Employees' retirement benefits	270,855	22,702
Reserve for directors' special retirement allowances	37,648	2,897
Interest and dividend income	(19,348)	(21,375)
Interest expenses	74,772	104,618
Equity in loss (earnings) of affiliated companies	150,136	(137,647)
Losses (gains) on investments in partnerships	-	139,237
Losses on doubtful accounts	128,433	-
Revaluation loss on equity investment	241,274	-
Losses from returns of goods sold in prior years	130,000	-
Decrease (increase) in trade receivables	399,290	(2,022,796)
Decrease (increase) in inventories	(1,462,011)	(2,602,078)
Decrease (increase) in other current assets	-	(262,052)
Increase (decrease) in trade payables	1,867,640	2,451,453
Increase (decrease) in other current liabilities	-	837,941
Others	62,085	(11,162)
Subtotal	3,226,273	222,492
Interest and dividend income	25,953	20,381
Interest expenses	(69,261)	(104,876)
Income taxes paid	(294,416)	(1,076,354)
Net cash used in operating activities	2,888,549	(938,357)
<b>Net cash used in investment activities</b>		
Payments for acquisition of tangible fixed assets	-	(342,143)
Payments for investment securities	(157,584)	(98,750)
Proceeds from acquisition of subsidiary shares accompanied with changes in scope of consolidation	-	112,817
Payments for loans and advances	(103,686)	(210,864)
Proceeds from collection of loans and advances	111,166	224,070
Others	(74,785)	(68,585)
Net cash used in investment activities	(224,890)	(383,455)

Thousands of yen	March 31, 2001	March 31, 2002
<b>Net cash provided by financing activities</b>		
Net increase (decrease) in short-term borrowings	264,444	(1,054,450)
Proceeds from increase in long-term debt	103,004	-
Payments of long-term debt	(185,948)	(438,846)
Proceeds from issuing of securities	-	2,961,000
Dividends paid	(1,655)	(16,555)
Dividend payments to minority shareholders	-	(2,750)
Net cash provided by financing activities	179,844	1,448,399
Effect of exchange rate changes on cash and cash equivalents	8,973	15,602
Cash and cash equivalents	2,852,476	142,189
Cash and cash equivalents at beginning of term	1,529,923	4,382,400
Cash and cash equivalents at end of term	4,382,400	4,524,589

## Segment information by type of business

Thousands of yen	Artist management	Media-visual	Contents	Total	Eliminations	Consolidated
<b>March 31, 2002</b>						
<b>Revenues and operating income</b>						
Revenues						
External customers	9,280,384	12,346,511	1,733,567	23,360,464	-	23,360,464
Intersegment transactions and eliminations	5,995	123,707	763,443	893,146	(893,146)	-
	9,286,380	12,470,219	2,497,010	24,253,610	(893,146)	23,360,464
Operating expenses	7,796,361	12,092,380	1,964,487	21,853,230	(124,967)	21,728,262
Operating income	1,490,018	377,838	532,523	2,400,380	(768,178)	1,632,201
<b>Assets, depreciation expenses, and capital expenditures</b>						
Identifiable assets	3,134,624	14,255,784	961,582	18,351,991	3,598,518	21,950,510
Depreciation	17,210	9,611	3,521	30,343	41,075	71,419
Capital expenditures	278,124	61,386	7,753	347,265	17,432	364,698
<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
Intersegment transactions and eliminations	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

### (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 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 2002 the total amount was 3,682,251 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 764,172 thousand yen in the fiscal year ended March 2002.*
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 ended March 2001. As a result, operating income in the March 2001 term was less than 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, Total – 1,839 thousand yen.*