

Summary of Consolidated Financial Results
for the Six Months ended September 2002

Amuse Inc.

Consolidated interim balance sheet

Thousands of yen	Six months ended September 30, 2001		Six months ended September 30, 2002		Year ended March 31, 2002	
		%		%		%
Current assets						
Cash and deposits	6,389,171		4,058,715		4,821,504	
Notes and accounts receivable	3,740,871		3,930,970		4,827,066	
Inventories	5,521,966		7,517,771		7,869,299	
Others	1,038,501		805,116		738,765	
Allowance for doubtful accounts	(36,086)		(33,937)		(51,565)	
Total current assets	16,654,424	83.2	16,278,636	80.6	18,205,070	82.9
Fixed assets						
Tangible fixed assets						
Land	-		1,158,300		1,127,706	
Others	1,454,924		749,027		645,897	
Total tangible fixed assets	1,454,924	7.3	1,907,328	9.4	1,773,603	8.1
Intangible fixed assets	281,734	1.4	314,437	1.6	280,847	1.3
Investments and other assets						
Others	1,702,336		1,833,513		1,769,307	
Allowance for doubtful accounts	(77,165)		(130,219)		(78,317)	
Total investments and other assets	1,625,171	8.1	1,703,293	8.4	1,690,989	7.7
Total fixed assets	3,361,830	16.8	3,925,059	19.4	3,745,440	17.1
Total assets	20,016,254	100.0	20,203,695	100.0	21,950,510	100.0

Thousands of yen	Six months ended September 30, 2001		Six months ended September 30, 2002		Year ended March 31, 2002	
		%		%		%
Current liabilities						
Notes and accounts payable	5,211,916		5,129,879		7,451,380	
Short-term borrowings	5,030,825		5,475,768		3,908,156	
Reserve for sales returns	10,280		34,772		64,641	
Others	1,517,492		1,506,112		1,967,244	
Total current liabilities	11,770,513	58.8	12,146,531	60.1	13,391,422	61.0
Long-term liabilities						
Long-term debt	854,855		462,687		496,997	
Employees' retirement benefits	290,824		345,874		313,446	
Reserve for directors' retirement allowances	448,689		491,615		469,835	
Others	320,493		84,448		91,482	
Total long-term liabilities	1,914,862	9.6	1,384,626	6.9	1,371,761	6.3
Total liabilities	13,685,376	68.4	13,531,158	67.0	14,763,183	67.3
Minority interests in consolidated companies	60,659	0.3	62,885	0.3	67,347	0.3
Shareholders' equity						
Common stock	1,587,825	7.9	-	-	1,587,825	7.2
Additional paid-in capital	1,694,890	8.5	-	-	1,694,890	7.7
Retained earnings	2,997,337	15.0	-	-	3,782,619	17.2
Valuation losses on other securities	17,850	0.1	-	-	54,297	0.3
Foreign currency translation adjustments	(27,684)	(0.2)	-	-	346	0.0
Total shareholders' equity	6,270,218	31.3	-	-	7,119,979	32.4
Common stock	-	-	1,587,825	7.8	-	-
Capital reserves	-	-	1,694,890	8.4	-	-
Retained earnings	-	-	3,328,597	16.5	-	-
Valuation losses on other securities	-	-	43,575	0.2	-	-
Foreign currency translation adjustments	-	-	(45,235)	(0.2)	-	-
Total shareholders' equity	-	-	6,609,652	32.7	-	-
Total liabilities, minority interests and shareholders' equity	20,016,254	100.0	20,203,695	100.0	21,950,510	100.0

Consolidated interim statement of income

Thousands of yen	Six months ended September 30, 2001		Six months ended September 30, 2002		Year ended March 31, 2002	
		%		%		%
Operating revenue	11,244,576	100.0	9,294,354	100.0	23,360,464	100.0
Cost of operation	9,152,787	81.4	7,928,564	85.3	18,528,622	79.3
Gross operating income	2,091,788	18.6	1,365,790	14.7	4,831,841	20.7
Selling, general and administrative expenses	1,505,797	13.4	1,586,525	17.1	3,199,640	13.7
Operating income (loss)	585,991	5.2	(220,735)	(2.4)	1,632,201	7.0
Nonoperating income						
Interest income	10,469		3,161		19,148	
Dividend income	-		2,072		2,226	
Commissions received	-		6,013		14,666	
Amortization of consolidation adjustments	21,583		-		-	
Others	18,291		5,829		191,363	
	50,345	0.4	17,077	0.2	227,404	1.0
Nonoperating expenses						
Interest expenses	53,627		43,180		104,618	
Equity in loss of affiliated companies	93,692		-		-	
Loss on investments in partnerships	-		87,157		139,237	
Others	6,352		11,872		12,466	
	153,672	1.3	142,210	1.5	256,322	1.1
Ordinary profit (losses)	482,664	4.3	(345,868)	(3.7)	1,603,284	6.9
Extraordinary losses						
Provision for doubtful accounts	-		2,800		-	
Valuation loss on investment securities	-		1,452		-	
Valuation loss on memberships	-		1,200		-	
Loss on removal of fixed assets	-		2,895		1,653	
	-	-	8,347	0.1	1,653	0.0

Thousands of yen	Six months ended September 30, 2001	%	Six months ended September 30, 2002	%	Year ended March 31, 2002	%
Income before taxes and other adjustments	482,664	4.3	(354,216)	(3.8)	1,601,630	6.9
Corporate, inhabitant and enterprise taxes	189,485		79,078		542,655	
Deferred taxes	58,138		(8,232)		31,951	
	<u>247,624</u>	2.2	<u>70,846</u>	0.7	<u>574,607</u>	2.5
Minority interest in income of consolidated companies	733	0.0	-	-	7,435	0.0
Minority interest in loss of consolidated companies	-	-	3,373	0.0	-	-
Net income (loss)	<u>234,306</u>	2.1	<u>(421,689)</u>	(4.5)	<u>1,019,587</u>	4.4

Consolidated interim statement of cash flow

Thousands of yen	Six months ended September 30, 2001	Six months ended September 30, 2002	Year ended March 31, 2002
Net cash used in operating activities			
Income (loss) before taxes and other adjustments	482,664	(354,216)	1,601,630
Depreciation expenses	36,068	40,928	75,351
Increase (decrease) in allowance for doubtful accounts	6,399	34,273	23,030
Increase (decrease) in reserve for sales returns	(33,620)	(29,869)	20,741
Increase (decrease) in retirement benefits	-	32,428	22,702
Increase (decrease) in reserve for directors' retirement allowances	(18,249)	21,780	2,897
Interest and dividend income	(12,458)	(5,233)	(21,375)
Interest expenses	53,627	43,180	104,618
Equity in losses (earnings) of unconsolidated companies	93,692	-	(137,647)
Loss on (profit from) investments in partnerships	-	87,157	139,237
Decrease (increase) in receivables	(936,629)	873,041	(2,022,796)
Decrease (increase) in inventories	(254,745)	351,527	(2,602,078)
Increase (decrease) in payables	211,988	(2,321,501)	2,451,453
Others	(48,702)	(317,418)	564,727
	(419,964)	(1,543,923)	222,492
Interest and dividend income	7,928	6,137	20,381
Interest expenses	(54,200)	(46,930)	(104,876)
Income tax and others	(905,922)	(363,171)	(1,076,354)
Net cash used in operating activities	(1,372,159)	(1,947,887)	(938,357)
Net cash used in investment activities			
Proceeds from decrease in time deposits	150,079	-	150,079
Payments for acquisition of tangible fixed assets	(5,737)	(185,697)	(342,143)
Payments for investment in securities	(4,000)	(59,315)	(98,750)
Proceeds from acquisition of subsidiary shares accompanied with changes in scope of consolidation	112,817	-	112,817
Payments for loans and advances	(42,011)	(42,601)	(210,864)
Proceeds from collection of loans and advances	50,465	56,425	224,070
Others	(103,467)	5,579	(218,664)
Net cash used in investment activities	158,145	(225,609)	(383,455)

Thousands of yen	Six months ended September 30, 2001	Six months ended September 30, 2002	Year ended March 31, 2002
Net cash provided by financing activities			
Net increase (decrease) in short-term borrowings	226,950	1,568,000	(1,054,450)
Proceeds from increase in long-term debt	-	100,000	-
Payments of long-term debt	(239,719)	(134,698)	(438,846)
Proceeds from issuing of securities	2,961,000	-	2,961,000
Dividends	(16,555)	(32,332)	(16,555)
Dividend payment to minority shareholders	(2,750)	(1,125)	(2,750)
Net cash provided by financing activities	2,928,926	1,499,844	1,448,399
Effect of exchange rate changes on cash and cash equivalents	9,538	(4,561)	15,602
Increase (decrease) in cash and cash equivalents	1,724,450	(678,213)	142,189
Cash and cash equivalents at beginning of term	4,382,400	4,524,589	4,382,400
Cash and cash equivalents at end of term	6,106,850	3,846,376	4,524,589

Business segment information

Thousands of yen	Artist management	Media-visual	Contents	Total	Eliminations	Consolidated
September 30, 2001						
Revenues						
External customer sales	4,641,008	5,689,310	914,257	11,244,576	-	11,244,576
Intersegment transactions and eliminations	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
September 30, 2002						
Revenues						
External customer sales	3,158,447	5,432,870	703,035	9,294,354	-	9,294,354
Intersegment transactions and eliminations	3,633	39,997	269,897	313,528	(313,528)	-
	3,162,081	5,472,868	972,933	9,607,883	(313,528)	9,294,354
Operating expenses	2,725,197	5,856,962	861,994	9,444,154	70,935	9,515,089
Operating income	436,884	(384,094)	110,938	163,728	(384,464)	(220,735)
March 31, 2002						
Revenues						
External customer sales	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

(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, 421,815 thousand yen in the interim period ended September 30, 2002 and 764,172 thousand yen in the fiscal year ended March 2002.*