

Summary of Consolidated Financial Results
for the Six Months ended September 2003

Amuse Inc.

Consolidated interim balance sheet

Thousands of yen	Six months ended September 30, 2002	%	Six months ended September 30, 2003	%	Year ended March 31, 2003	%
Current assets						
Cash and deposits	4,058,715		6,163,069		5,704,102	
Notes and accounts receivable	3,930,970		4,547,834		3,087,947	
Inventories	7,517,771		3,053,741		2,424,113	
Others	805,116		855,501		2,663,137	
Allowance for doubtful accounts	(33,937)		(15,349)		(48,247)	
	<u>16,278,636</u>	80.6	<u>14,604,798</u>	77.3	<u>13,831,053</u>	76.4
Fixed assets						
Tangible fixed assets						
Land	1,158,300		1,157,059		1,157,085	
Others	749,027		966,973		957,761	
	<u>1,907,328</u>	9.4	<u>2,124,033</u>	11.3	<u>2,114,847</u>	11.7
Intangible fixed assets	314,437	1.6	285,715	1.5	300,142	1.6
Investments and other assets						
Others	1,833,513		2,057,561		2,059,837	
Allowance for doubtful accounts	(130,219)		(186,411)		(196,554)	
	<u>1,703,293</u>	8.4	<u>1,871,149</u>	9.9	<u>1,863,283</u>	10.3
Total fixed assets	<u>3,925,059</u>	19.4	<u>4,280,899</u>	22.7	<u>4,278,273</u>	23.6
Total assets	<u>20,203,695</u>	100.0	<u>18,885,697</u>	100.0	<u>18,109,326</u>	100.0

Thousands of yen	Six months ended September 30, 2002	%	Six months ended September 30, 2003	%	Year ended March 31, 2003	%
Current liabilities						
Notes and accounts payable	5,129,879		6,193,846		4,217,481	
Short-term borrowings	5,475,768		1,921,120		2,145,600	
Reserve for sales returns	34,772		-		-	
Allowance for loss on liquidation	-		47,812		87,000	
Others	1,506,112		863,942		2,214,011	
	<u>12,146,531</u>	60.1	<u>9,026,721</u>	47.8	<u>8,664,093</u>	47.8
Long-term liabilities						
Long-term debt	462,687		201,680		294,200	
Employees' retirement benefits	345,874		362,852		345,057	
Reserve for directors' retirement allowances	491,615		537,108		513,395	
Others	84,448		120,488		111,855	
	<u>1,384,626</u>	6.9	<u>1,222,130</u>	6.5	<u>1,264,508</u>	7.0
Total liabilities	<u>13,531,158</u>	67.0	<u>10,248,851</u>	54.3	<u>9,928,601</u>	54.8
Minority interests	62,885	0.3	125,472	0.6	73,744	0.4
Shareholders' equity						
Common stock	1,587,825	7.8	1,587,825	8.4	1,587,825	8.8
Capital reserves	1,694,890	8.4	1,694,890	9.0	1,694,890	9.3
Retained earnings	3,328,597	16.5	5,242,768	27.8	4,837,245	26.7
Unrealized gains or losses on other securities	43,575	0.2	28,755	0.1	29,532	0.2
Foreign currency translation adjustments	(45,235)	(0.2)	(42,757)	(0.2)	(42,404)	(0.2)
Treasury stock	-	-	(107)	(0.0)	(107)	(0.0)
Total shareholders' equity	<u>6,609,652</u>	32.7	<u>8,511,373</u>	45.1	<u>8,106,980</u>	44.8
Total liabilities, minority interests and shareholders' equity	<u>20,203,695</u>	100.0	<u>18,885,697</u>	100.0	<u>18,109,326</u>	100.0

Consolidated interim statement of income

Thousands of yen	Six months ended September 30, 2002		Six months ended September 30, 2003		Year ended March 31, 2003	
		%		%		%
Operating revenue	9,294,354	100.0	14,002,264	100.0	28,145,598	100.0
Cost of operation	7,928,564	85.3	11,451,091	81.8	21,673,266	77.0
Gross operating income	1,365,790	14.7	2,551,173	18.2	6,472,331	23.0
Selling, general and administrative expenses	1,586,525	17.1	1,617,497	11.5	3,567,178	12.7
Operating income (loss)	(220,735)	(2.4)	933,675	6.7	2,905,153	10.3
Nonoperating income						
Interest income	3,161		5,562		5,123	
Dividend income	2,072		2,470		2,453	
Commissions received	6,013		-		12,340	
Cancellation of a contract	-		20,000		-	
Amortization of consolidation adjustments	-		34,600		-	
Others	5,829		17,941		24,665	
	17,077	0.2	80,574	0.5	44,583	0.2
Nonoperating expenses						
Interest expenses	43,180		20,676		91,396	
Foreign exchange loss	-		7,077		9,069	
Loss on investments in partnerships	87,157		-		114,238	
Others	11,872		6,311		11,481	
	142,210	1.5	34,064	0.2	226,185	0.8
Ordinary profit (losses)	(345,868)	(3.7)	980,185	7.0	2,723,550	9.7
Extraordinary income						
Reversal of allowance for doubtful accounts	-		34,819		-	
Others	-		-		947,173	
	-	-	34,819	0.2	947,173	3.3

Thousands of yen	Six months ended September 30, 2002	%	Six months ended September 30, 2003	%	Year ended March 31, 2003	%
Extraordinary losses						
Provision for doubtful accounts	2,800		-		9,624	
Valuation loss on investment securities	1,452		-		113,056	
Valuation loss on memberships	1,200		-		1,200	
Loss on removal of fixed assets	2,895		-		12,404	
Others	-		-		1,167,409	
	<u>8,347</u>	0.1	<u>-</u>	-	<u>1,303,695</u>	4.6
Income before taxes and other adjustments	(354,216)	(3.8)	1,015,004	7.2	2,367,028	8.4
Corporate, inhabitant and enterprise taxes	79,078		301,404		2,161,568	
Deferred taxes	(8,232)		146,533		(889,041)	
	<u>70,846</u>	0.7	<u>447,937</u>	3.2	<u>1,272,526</u>	4.5
Minority interest in income of consolidated companies	-	-	66,554	0.4	7,543	0.0
Minority interest in loss of consolidated companies	3,373	0.0	-	-	-	-
Net income (loss) for the term	<u>(421,689)</u>	(4.5)	<u>500,513</u>	3.6	<u>1,086,958</u>	3.9

Consolidated interim statement of cash flows

Thousands of yen	Six months ended September 30, 2002	Six months ended September 30, 2003	Year ended March 31, 2003
Net cash provided by (used in) operating activities			
Income (loss) before taxes and other adjustments	(354,216)	1,015,004	2,367,028
Depreciation expenses	40,928	36,549	80,215
Increase (decrease) in allowance for doubtful accounts	34,273	(43,016)	539,978
Increase (decrease) in reserve for sales returns	(29,869)	-	(64,641)
Increase (decrease) in allowance for loss on liquidation	-	(39,187)	87,000
Increase (decrease) in retirement benefits	32,428	17,794	47,796
Increase (decrease) in reserve for directors' retirement allowances	21,780	23,713	123,559
Interest and dividend income	(5,233)	(8,032)	(7,577)
Interest expenses	43,180	20,676	91,396
Loss on (profit from) investments in partnerships	87,157	-	114,238
Decrease (increase) in receivables	873,041	(1,459,896)	(1,228,567)
Decrease (increase) in inventories	351,527	(629,628)	(409,998)
Increase (decrease) in payables	(2,321,501)	1,976,365	1,801,735
Directors' bonuses	-	(31,200)	-
Others	(317,418)	(90,091)	(716,961)
	(1,543,923)	789,052	2,825,204
Interest and dividend income	6,137	7,473	12,686
Interest expenses	(46,930)	(20,448)	(92,063)
Income tax and others	(363,171)	(1,563,082)	(526,052)
	(1,947,887)	(787,006)	2,219,775
Net cash provided by (used in) investing activities			
Payments for acquisition of tangible fixed assets	(185,697)	(33,704)	(476,397)
Payments for investment in securities	(59,315)	-	(74,315)
Decrease in cash and cash equivalents due to sale of subsidiary shares accompanied with changes in scope of consolidation	-	-	(1,156,059)
Payments for loans and advances	(42,601)	(46,878)	(209,797)
Proceeds from collection of loans and advances	56,425	741,351	122,895
Proceeds from sales of subsidiary shares	-	964,800	-
Payments for acquisition of consolidated subsidiary shares	-	(34,000)	-
Others	5,579	(13,737)	(105,776)
	(225,609)	1,577,832	(1,899,450)

Thousands of yen	Six months ended September 30, 2002	Six months ended September 30, 2003	Year ended March 31, 2003
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term borrowings	1,568,000	(222,800)	1,055,502
Proceeds from increase in long-term debt	100,000	-	100,000
Payments of long-term debt	(134,698)	(94,200)	(469,519)
Dividends	(32,332)	(64,664)	(32,332)
Dividend payment to minority shareholders	(1,125)	(1,125)	(1,125)
Payments for acquisition of treasury stock	-	-	(105)
Proceeds from payments by minority shareholders	-	59,500	-
	1,499,844	(323,289)	652,420
Effect of exchange rate changes on cash and cash equivalents	(4,561)	89	(7,076)
Increase (decrease) in cash and cash equivalents	(678,213)	467,626	965,668
Cash and cash equivalents, beginning of term	4,524,589	5,490,257	4,524,589
Cash and cash equivalents, end of term	3,846,376	5,957,884	5,490,257

Business segment information

Thousands of yen	Artist management	Media-visual	Contents	Total	Elimination	Consolidated
September 30, 2002						
Revenues						
External customers	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)
September 30, 2003						
Revenues						
External customers	7,205,435	5,972,873	823,956	14,002,264	-	14,002,264
Intersegment transactions and eliminations	154	-	-	154	(154)	-
	7,205,590	5,972,873	823,956	14,002,419	(154)	14,002,264
Operating expenses	6,309,247	5,708,141	601,946	12,619,335	449,253	13,068,589
Operating income	896,342	264,731	222,009	1,383,084	(449,408)	933,675
March 31, 2003						
Revenues						
External customers	10,334,039	15,232,755	2,578,803	28,145,598	-	28,145,598
Intersegment transactions and eliminations	4,700	118,020	604,414	727,135	(727,135)	-
	10,338,740	15,350,775	3,183,218	28,872,734	(727,135)	28,145,598
Operating expenses	8,386,019	14,716,785	2,047,540	25,150,345	90,100	25,240,445
Operating income	1,952,720	633,990	1,135,677	3,722,388	(817,235)	2,905,153

(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.
 - (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 421,815 thousand yen in the interim period ended September 30, 2002, 449,408 thousand yen in the interim period ended September 30, 2003 and 818,911 thousand yen in the fiscal year ended March 31, 2003.*