

Summary of Consolidated Financial Results
for the Year ended March 2005

Amuse Inc.

Consolidated balance sheet

March 31; Thousands of yen	2004	%	2005	%
Current assets				
Cash and deposits	4,115,854		2,613,766	
Notes and accounts receivable	3,321,244		4,589,615	
Inventories	3,188,761		5,984,903	
Deferred tax assets	45,149		22,328	
Others	484,854		572,662	
Allowance for doubtful accounts	(12,219)		(19,121)	
	<u>11,143,645</u>	73.5	<u>13,764,154</u>	77.0
Fixed assets				
Tangible fixed assets				
Buildings	907,748		863,353	
Land	1,153,816		1,153,068	
Others	42,095		41,054	
	<u>2,103,660</u>	13.9	<u>2,057,477</u>	11.5
Intangible fixed assets				
Consolidation translation adjustments	7,444		-	
Others	276,088		262,838	
	<u>283,532</u>	1.9	<u>262,838</u>	1.5
Investments and other assets				
Investment securities	407,981		596,269	
Deferred tax assets	406,370		345,140	
Others	941,659		954,889	
Allowance for doubtful accounts	(130,248)		(103,227)	
	<u>1,625,763</u>	10.7	<u>1,793,071</u>	10.0
Total fixed assets	<u>4,012,956</u>	26.5	<u>4,113,387</u>	23.0
Total assets	<u>15,156,601</u>	100.0	<u>17,877,541</u>	100.0

March 31; Thousands of yen	2004	%	2005	%
Current liabilities				
Accounts payable	3,274,775		5,005,727	
Short-term borrowings	635,600		656,800	
Income taxes payable	251,838		591,691	
Deferred tax liabilities	-		32,606	
Others	792,047		527,097	
	<u>4,954,261</u>	32.7	<u>6,813,923</u>	38.1
Long-term liabilities				
Long-term debt	56,800		-	
Employees' retirement benefits	384,540		459,602	
Reserve for directors' retirement allowances	560,058		601,396	
Others	114,770		136,899	
	<u>1,116,169</u>	7.3	<u>1,197,898</u>	6.7
Total liabilities	<u>6,070,430</u>	40.0	<u>8,011,821</u>	44.8
Minority interests	134,411	0.9	153,716	0.9
Shareholders' equity				
Common stock	1,587,825	10.5	1,587,825	8.9
Capital reserves	1,694,890	11.2	1,694,890	9.5
Retained earnings	5,714,727	37.7	6,375,650	35.6
Unrealized gains or losses on other securities	44,910	0.3	162,051	0.9
Foreign currency translation adjustments	(85,300)	(0.6)	(94,877)	(0.5)
Treasury stock	(5,291)	(0.0)	(13,534)	(0.1)
Total shareholders' equity	<u>8,951,759</u>	59.1	<u>9,712,003</u>	54.3
Total liabilities, minority interests and shareholders' equity	<u>15,156,601</u>	100.0	<u>17,877,541</u>	100.0

Consolidated statement of income

Years ended March 31; Thousands of yen	2004	%	2005	%
Operating revenue	26,243,517	100.0	24,377,814	100.0
Cost of operation	21,036,071	80.2	19,095,289	78.3
Gross operating income	5,207,446	19.8	5,282,525	21.7
Selling, general and administrative expenses	3,394,241	12.9	3,904,450	16.0
Operating income	1,813,204	6.9	1,378,074	5.7
Nonoperating income	87,936	0.4	39,075	0.2
Interest income	8,449		4,849	
Commissions received	10,490		10,731	
Gain on cancellation of insurance policies	-		4,408	
Cancellation of a contract	20,000		-	
Amortization of consolidation adjustments	30,540		-	
Income from investment in anonymous associations	-		4,349	
Others	18,456		14,735	
Nonoperating expenses	72,603	0.3	34,709	0.2
Interest expenses	33,883		11,274	
Foreign exchange loss	10,509		-	
Commissions	17,906		23,124	
Others	10,303		309	
Ordinary profit	1,828,537	7.0	1,382,440	5.7
Extraordinary income	52,898	0.2	40,232	0.2
Reversal of allowance for doubtful accounts	12,569		-	
Liquidation losses	40,328		-	
Gain on sales of investment in securities	-		40,232	

Years ended March 31; Thousands of yen	2004	%	2005	%
Extraordinary losses	6,426	0.1	8,895	0.0
Loss on removal of fixed assets	6,426		8,895	
Income before taxes and other adjustments	1,875,009	7.1	1,413,777	5.8
Corporate, inhabitant and enterprise taxes	340,743	1.3	598,265	2.5
Deferred taxes	486,403	1.8	34,298	0.1
Minority interests in income of consolidated companies	75,390	0.3	19,788	0.1
Net income for the term	972,471	3.7	761,425	3.1

Consolidated statement of cash flows

Years ended March 31; Thousands of yen	2004	2005
Net cash provided by (used in) operating activities		
Income before taxes and other adjustments	1,875,009	1,413,777
Depreciation expenses	73,434	76,684
Increase (decrease) in allowance for doubtful accounts	(21,141)	10,237
Increase (decrease) in allowance for loss on liquidation	(87,000)	-
Increase (decrease) in retirement benefits	39,482	75,061
Increase (decrease) in reserve for directors' retirement allowances	46,662	41,337
Interest and dividend income	(11,399)	(7,357)
Interest expenses	33,883	11,274
Gain on sales of investment in securities	-	(40,232)
Decrease (increase) in receivables	(235,026)	(1,273,661)
Decrease (increase) in inventories	(764,647)	(2,796,141)
Decrease (increase) in other current assets	(153,289)	(92,513)
Increase (decrease) in payables	(920,455)	1,730,952
Increase (decrease) in other current liabilities	168,615	(183,384)
Directors' bonuses	(31,200)	(23,300)
Others	18,934	(26,466)
	31,863	(1,083,731)
Interest and dividend income	13,940	7,262
Interest expenses	(31,146)	(11,633)
Income tax and others	(1,682,443)	(280,666)
	(1,667,786)	(1,368,768)
Net cash provided by (used in) investing activities		
Payments for acquisition of tangible fixed assets	(67,347)	(18,097)
Payments for investment in securities	(25,000)	(54,965)
Proceeds from sales of investments in securities	-	107,787
Payments for acquisition of consolidated subsidiary shares	(34,000)	-
Proceeds from sales of subsidiary shares	1,440,000	-
Payments for loans and advances	(78,654)	(76,872)
Proceeds from collection of loans and advances	773,627	101,816
Others	(129,138)	(63,978)
	1,879,487	(4,310)

Years ended March 31; Thousands of yen	2004	2005
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(1,457,600)	100,000
Payments of long-term debt	(289,800)	(135,600)
Proceeds from payments by minority shareholders	59,500	-
Payments for acquisition of treasury stock	(5,094)	(8,143)
Dividends	(64,664)	(76,688)
Dividend payment to minority shareholders	(1,125)	(1,500)
Others	(17,906)	(3,999)
	<u>(1,776,689)</u>	<u>(125,932)</u>
Effect of exchange rate changes on cash and cash equivalents	(3,785)	(1,183)
Increase (decrease) in cash and cash equivalents	<u>(1,568,774)</u>	<u>(1,500,194)</u>
Cash and cash equivalents, beginning of term	5,490,257	3,921,483
Cash and cash equivalents, end of term	<u>3,921,483</u>	<u>2,421,289</u>

Segment information by type of business

Thousands of yen	Artist management	Media-visual	Contents	Total	Eliminations	Consolidated
March 31, 2005						
Revenues and operating income						
External customers	7,553,491	14,168,356	2,655,966	24,377,814	-	24,377,814
Intersegment transactions and eliminations	11,892	10,228	18,076	40,197	(40,197)	-
Total	7,565,384	14,178,584	2,674,043	24,418,011	(40,197)	24,377,814
Operating expenses	6,652,624	13,846,096	1,646,280	22,145,001	854,737	22,999,739
Operating income	912,759	332,487	1,027,762	2,273,010	(894,935)	1,378,074
Assets, depreciation and capital expenditures						
Identifiable assets	4,829,662	9,123,039	985,758	14,938,460	2,939,081	17,877,541
Depreciation	38,712	11,643	13,046	63,403	13,281	76,684
Capital expenditures	8,090	15,599	2,088	25,778	5,429	31,207
March 31, 2004						
Revenues and operating income						
External customers	11,522,291	12,505,726	2,215,499	26,243,517	-	26,243,517
Intersegment transactions and eliminations	325	-	5,602	5,927	(5,927)	-
Total	11,522,617	12,505,726	2,221,101	26,249,445	(5,927)	26,243,517
Operating expenses	10,254,055	11,964,870	1,327,234	23,546,159	884,153	24,430,312
Operating income	1,268,561	540,856	893,867	2,703,285	(890,081)	1,813,204
Assets, depreciation and capital expenditures						
Identifiable assets	3,299,267	7,157,011	552,555	11,008,835	4,147,766	15,156,601
Depreciation	26,794	7,436	2,860	37,091	28,715	65,806
Capital expenditures	42,059	25,651	6,460	74,171	8,800	82,971

(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, planning and production of shows and events, appearances in television, radio and commercials, fan club memberships and sales of 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, manufacturing 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. *Total company assets included as assets under the heading "Eliminations" 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 2004 was 4,150,989 thousand yen, and as of the end of March 2005, the total amount was 2,940,057 thousand yen.*

4. *Non-allocable operating expenses included under the heading "Eliminations" primarily consist of expenses for administrative divisions, including the General Affairs and Control divisions. These expenses totaled 890,540 thousand yen in the fiscal year ended March 2004, and 903,957 thousand yen in the fiscal year ended March 2005.*

5. Changes in accounting method

(Fiscal 2004)

No applicable items.

(Fiscal 2005)

As described in 4. (1) (b) in Significant Items Regarding Preparation of Consolidated Financial Statements, the valuation standards and methods for image products among inventories have been changed in fiscal 2005 as follows. Costs are classified according to the expected sales based on past sales for each category of revenue (revenue from the distribution of movies, sales of videos and DVDs, sales of television programs, etc), and are fully written off at the time of recording revenue for each sales category. The impact of this change on each business segment is small in fiscal 2005.