

Summary of Consolidated Financial Results
for the Year ended March 2007

Amuse Inc.

Consolidated balance sheet

March 31; Thousands of yen	2006	%	2007	%
Current assets				
Cash and deposits	1,830,453		2,544,844	
Notes and accounts receivable	2,970,808		4,190,389	
Inventories	6,153,425		6,136,523	
Deferred tax assets	24,204		146,223	
Others	738,917		998,471	
Allowance for doubtful accounts	(6,160)		(8,701)	
	<u>11,711,648</u>	71.6	<u>14,007,752</u>	75.1
Fixed assets				
Tangible fixed assets				
Buildings	773,416		763,105	
Land	1,124,117		1,124,383	
Others	92,607		72,256	
	<u>1,990,141</u>	12.2	<u>1,959,745</u>	10.5
Intangible fixed assets	132,409		263,648	
	<u>132,409</u>	0.8	<u>263,648</u>	1.4
Investments and other assets				
Investment securities	1,411,843		912,794	
Deferred tax assets	251,563		475,954	
Others	1,071,598		1,237,908	
Allowance for doubtful accounts	(220,823)		(194,934)	
	<u>2,514,182</u>	15.4	<u>2,431,721</u>	13.0
Total fixed assets	<u>4,636,733</u>	28.4	<u>4,655,115</u>	24.9
Total assets	<u>16,348,381</u>	100.0	<u>18,662,868</u>	100.0

March 31; Thousands of yen	2006	%	2007	%
Current liabilities				
Accounts payable	2,445,697		5,511,984	
Short-term borrowings	600,000		600,000	
Income taxes payable	783,674		345,120	
Deferred tax liabilities	-		20,122	
Reserve for directors' bonuses	-		13,380	
Others	627,875		572,159	
	<u>4,457,247</u>	27.3	<u>7,062,767</u>	37.8
Long-term liabilities				
Employees' retirement benefits	507,489		581,634	
Reserve for directors' retirement allowances	411,428		424,245	
Others	146,842		111,283	
	<u>1,065,760</u>	6.5	<u>1,117,163</u>	6.0
Total liabilities	<u>5,523,007</u>	33.8	<u>8,179,930</u>	43.8
Minority interests	167,565	1.0	-	-
Shareholders' equity				
Common stock	1,587,825	9.7	-	-
Capital reserves	1,694,890	10.4	-	-
Retained earnings	7,104,163	43.5	-	-
Unrealized gains or losses on other securities	335,338	2.0	-	-
Foreign currency translation adjustments	(48,373)	(0.3)	-	-
Treasury stock	(16,035)	(0.1)	-	-
Total shareholders' equity	<u>10,657,808</u>	65.2	<u>-</u>	-
Total liabilities, minority interests and shareholders' equity	<u>16,348,381</u>	100.0	<u>-</u>	-

March 31; Thousands of yen	2006	%	2007	%
Net assets				
Shareholders' equity				
Common stock	-	-	1,587,825	8.5
Capital reserves	-	-	1,694,890	9.1
Retained earnings	-	-	7,110,329	38.1
Treasury stock	-	-	(16,960)	(0.1)
Total shareholders' equity	-	-	10,376,083	55.6
Valuation/translation gains (losses)				
Unrealized gains or losses on other securities	-	-	29,817	0.1
Foreign currency translation adjustments	-	-	(45,219)	(0.2)
Total valuation/translation gains (losses)	-	-	(15,401)	(0.1)
Minority interests	-	-	122,255	0.7
Total net assets	-	-	10,482,937	56.2
Total liabilities and net assets	-	-	18,662,868	100.0

Consolidated statement of income

Years ended March 31; Thousands of yen	2006	%	2007	%
Operating revenue	29,440,943	100.0	24,914,303	100.0
Cost of operation	23,673,135	80.4	20,638,322	82.8
Gross operating income	5,767,808	19.6	4,275,981	17.2
Selling, general and administrative expenses	3,966,724	13.5	3,709,888	14.9
Operating income	1,801,083	6.1	566,093	2.3
Nonoperating income	34,298	0.1	40,656	0.2
Interest income	5,002		11,568	
Commissions received	5,616		6,978	
Foreign exchange gain	3,549		11,931	
Income from investment in anonymous associations	7,667		-	
Others	12,462		10,177	
Nonoperating expenses	37,172	0.1	40,767	0.2
Interest expenses	14,477		26,670	
Commissions	19,831		13,963	
Others	2,863		132	
Ordinary profit	1,798,209	6.1	565,982	2.3
Extraordinary income	59,541	0.2	20,824	0.1
Gain on sales of investment in securities	-		20,824	
Gain on special cancellation of insurance	59,541		-	
Extraordinary losses	233,293	0.8	86,062	0.4
Loss on removal of fixed assets	-		10,583	
Loss on devaluation of investment securities	-		70,479	
Impairment loss	233,293		-	
Others	-		5,000	
Income before taxes and other adjustments	1,624,458	5.5	500,744	2.0
Corporate, inhabitant and enterprise taxes	774,984	2.6	467,961	1.4
Deferred taxes	(62,220)	(0.2)	(111,978)	
Minority interests in income of consolidated companies	14,420	0.1	-	
Minority interests in losses of consolidated companies	-		40,485	(0.1)
Net income for the term	897,274	3.0	185,246	0.7

Consolidated statement of cash flows

Years ended March 31; Thousands of yen	2006	2007
Net cash provided by (used in) operating activities		
Income before taxes and other adjustments	1,624,458	500,744
Depreciation expenses	107,581	109,841
Increase (decrease) in allowance for doubtful accounts	80,169	2,391
Increase (decrease) in reserve for directors' bonuses	-	13,380
Increase (decrease) in retirement benefits	47,887	74,144
Increase (decrease) in reserve for directors' retirement allowances	(189,967)	12,816
Interest and dividend income	(7,011)	(13,901)
Interest expenses	14,477	26,670
Loss on sales and disposal of fixed assets	-	10,583
Impairment loss	233,293	-
Gain on sales of investment in securities	-	(20,824)
Loss on devaluation of investment securities	-	70,479
Decrease (increase) in receivables	1,618,792	(1,219,923)
Decrease (increase) in inventories	(168,522)	16,901
Decrease (increase) in other current assets	(111,204)	(190,889)
Increase (decrease) in payables	(2,560,029)	3,066,286
Increase (decrease) in other current liabilities	(80,786)	9,086
Directors' bonuses	(14,070)	(24,497)
Others	158,292	(202,852)
	753,360	2,240,439
Interest and dividend income	7,359	13,754
Interest expenses	(14,696)	(26,607)
Income tax and others	(579,796)	(899,342)
	166,226	1,328,243
Net cash provided by (used in) investing activities		
Payments for acquisition of tangible fixed assets	(93,046)	(43,052)
Payments for investment in securities	(519,682)	(103,293)
Proceeds from sales of investments in securities	-	25,284
Payments for acquisition of intangible fixed assets	-	(164,622)
Payments for loans and advances	(88,657)	(72,430)
Proceeds from collection of loans and advances	77,052	32,132
Payments for capital contributions	(355,746)	(142,904)
Proceeds from special cancellation of insurance savings	311,828	-
Others	24,479	(3,819)
	(643,771)	(472,704)

Years ended March 31; Thousands of yen	2006	2007
Net cash provided by (used in) financing activities		
Payments of long-term debt	(56,800)	-
Payments for acquisition of treasury stock	(2,470)	(912)
Dividends	(154,394)	(153,549)
Dividend payment to minority shareholders	(1,500)	(1,500)
Others	(3,123)	(1,963)
	<u>(218,287)</u>	<u>(157,926)</u>
Effect of exchange rate changes on cash and cash equivalents	7,496	481
Increase (decrease) in cash and cash equivalents	<u>(688,336)</u>	<u>698,093</u>
Cash and cash equivalents, beginning of term	2,421,289	1,732,952
Cash and cash equivalents, end of term	<u>1,732,952</u>	<u>2,431,045</u>

Segment information by type of business

Thousands of yen	Artist management	Media-visual	Contents	Total	Eliminations	Consolidated
March 31, 2007						
Revenues and operating income						
External customers	12,063,614	11,331,172	1,519,516	24,914,303	-	24,914,303
Intersegment transactions and eliminations	7,190	394	19,090	26,675	(26,675)	-
Total	12,070,805	11,331,566	1,538,607	24,940,979	(26,675)	24,914,303
Operating expenses	10,575,673	11,750,645	1,110,257	23,436,576	911,634	24,348,210
Operating income	1,495,131	(419,078)	428,350	1,504,403	(938,310)	566,093
Assets, depreciation and capital expenditures						
Identifiable assets	5,670,767	10,081,268	559,557	16,311,593	2,351,274	18,662,868
Depreciation	62,065	27,046	12,539	101,651	8,190	109,841
Capital expenditures	133,258	54,200	20,216	207,675	-	207,675
March 31, 2006						
Revenues and operating income						
External customers	14,603,643	13,147,385	1,689,913	29,440,943	-	29,440,943
Intersegment transactions and eliminations	25,643	2,752	48,975	77,371	(77,371)	-
Total	14,629,287	13,150,137	1,738,889	29,518,314	(77,371)	29,440,943
Operating expenses	12,332,512	13,105,835	1,219,075	26,657,422	982,436	27,639,859
Operating income	2,296,774	44,302	519,814	2,860,892	(1,059,808)	1,801,083
Assets, depreciation, impairment loss and capital expenditures						
Identifiable assets	4,680,934	9,209,571	507,552	14,398,058	1,950,323	16,348,381
Depreciation	68,105	15,361	13,007	96,474	11,106	107,581
Impairment loss	220,293	-	-	220,293	13,000	233,293
Capital expenditures	95,249	28,960	11,429	135,639	3,271	138,911

(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 and distribution 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 2006 was 1,955,581 thousand yen, and as of the end of March 2007, the total amount was 2,363,087 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 1,014,073 thousand yen in the fiscal year ended March 2006, and 952,434 thousand yen in the fiscal year ended March 2007.*
- 5. Changes in accounting method*

(Fiscal 2006)

As described in Change of Significant Items Regarding Preparation of Consolidated Financial Statements, the accounting standards related to impairment loss of fixed assets (statement of position related to establish of accounting standards related to impairment loss of fixed assets (Business Accounting Council, August 9, 2002)) and accounting standards implementation guidance related to impairment loss of fixed assets (Accounting Standards Implementation Guidance No. 6, October 31, 2003) have been applied from fiscal 2006.

The impact of this change on each business segment is as shown above.

(Fiscal 2007)

As described in Change of Significant Items Regarding Preparation of Consolidated Financial Statements, the Accounting Standard for Directors' Bonus (Accounting Standards Board of Japan (ASBJ), ASBJ Statement No. 4, November. 29, 2005) have been applied from fiscal 2007.

The effect of the adoption of the new accounting standards increased operating expenses in "Eliminations" by 13,380 thousand yen, and decreased operating income in "Eliminations" by the same amount, compared to the amounts that would have been reported if the previous standards had been applied consistently.