

Summary of Consolidated Financial Results  
for the Six Months ended September 2007

Amuse Inc.

## Consolidated interim balance sheet

Thousands of yen	September 30, 2006	%	September 30, 2007	%	Year-on-year change	March 31, 2007	%
<b>Current assets</b>							
Cash and deposits	1,704,893		1,537,884		(167,009)	2,544,844	
Notes and accounts receivable	3,230,039		2,761,476		(468,563)	4,190,389	
Inventories	6,668,041		6,926,631		258,589	6,136,523	
Others	1,046,190		1,222,313		176,123	1,144,694	
Allowance for doubtful accounts	(7,742)		(4,932)		2,809	(8,701)	
	<u>12,641,423</u>	72.9	<u>12,443,373</u>	72.7	<u>(198,049)</u>	<u>14,007,752</u>	75.1
<b>Fixed assets</b>							
<b>Tangible fixed assets</b>							
Buildings	773,332		754,268		(19,064)	763,105	
Land	1,123,392		1,125,445		2,053	1,124,383	
Others	82,169		66,809		(15,359)	72,256	
	<u>1,978,893</u>	11.4	<u>1,946,523</u>	11.4	<u></u>	<u>1,959,745</u>	10.5
<b>Intangible fixed assets</b>	193,524	1.1	260,418	1.5	66,893	263,648	1.4
<b>Investments and other assets</b>							
Investment securities	1,256,304		782,337		(473,967)	912,794	
Others	1,491,697		1,861,138		369,441	1,713,862	
Allowance for doubtful accounts	(221,563)		(177,402)		44,161	(194,934)	
	<u>2,526,438</u>	14.6	<u>2,466,073</u>	14.4	<u></u>	<u>2,431,721</u>	13.0
Total fixed assets	<u>4,698,856</u>	27.1	<u>4,673,015</u>	27.3	<u>(25,840)</u>	<u>4,655,115</u>	24.9
<b>Total assets</b>	<u>17,340,279</u>	100.0	<u>17,116,389</u>	100.0	<u>(223,890)</u>	<u>18,662,868</u>	100.0

Thousands of yen	September 30, 2006	%	September 30, 2007	%	Year-on-year change	March 31, 2007	%
<b>Current liabilities</b>							
Accounts payable	3,618,064		3,005,296		(612,767)	5,511,984	
Short-term borrowings	1,100,000		1,600,000		500,000	600,000	
Allowance for sales returns	-		42,380		42,380	-	
Others	924,813		899,371		(25,442)	950,782	
	<u>5,642,878</u>	32.5	<u>5,547,048</u>	32.4	<u>(95,830)</u>	<u>7,062,767</u>	37.8
<b>Long-term liabilities</b>							
Employees' retirement benefits	544,782		595,656		50,874	581,634	
Reserve for directors' retirement allowances	421,495		355,129		(66,365)	424,245	
Others	85,800		101,793		15,993	111,283	
	<u>1,052,078</u>	6.1	<u>1,052,579</u>	6.2	<u>501</u>	<u>1,117,163</u>	6.0
Total liabilities	<u>6,694,956</u>	38.6	<u>6,599,628</u>	38.6	<u>(95,328)</u>	<u>8,179,930</u>	43.8
<b>Net assets</b>							
<b>Shareholders' equity</b>							
Common stock	1,587,825	9.2	1,587,825	9.3	-	1,587,825	8.5
Capital reserves	1,694,890	9.8	1,694,890	9.9	-	1,694,890	9.1
Retained earnings	7,066,973	40.7	7,196,728	42.0	129,754	7,110,329	38.1
Treasury stock	(16,843)	(0.1)	(17,211)	(0.1)	(367)	(16,960)	(0.1)
	<u>10,332,844</u>	59.6	<u>10,462,231</u>	61.1	<u>129,386</u>	<u>10,376,083</u>	55.6
<b>Valuation/translation gains (losses)</b>							
Unrealized gains or losses on other securities	219,884	1.2	(44,436)	(0.3)	(264,321)	29,817	0.1
Foreign currency translation adjustments	(57,674)	(0.3)	(32,116)	(0.2)	25,557	(45,219)	(0.2)
	<u>162,210</u>	0.9	<u>(76,553)</u>	(0.5)	<u>(238,763)</u>	<u>(15,401)</u>	(0.1)
<b>Minority interests</b>	<u>150,268</u>	0.9	<u>131,082</u>	0.8	<u>(19,185)</u>	<u>122,255</u>	0.7
Total net assets	<u>10,645,323</u>	61.4	<u>10,516,760</u>	61.4	<u>(128,562)</u>	<u>10,482,937</u>	56.2
Total liabilities and net assets	<u>17,340,279</u>	100.0	<u>17,116,389</u>	100.0	<u>(223,890)</u>	<u>18,662,868</u>	100.0

## Consolidated interim statement of income

Thousands of yen	Six months ended September 30, 2006	%	Six months ended September 30, 2007	%	Year-on-year change	Year ended March 31, 2007	%
<b>Operating revenue</b>	10,576,858	100.0	11,006,002	100.0	429,144	24,914,303	100.0
<b>Cost of operation</b>	8,706,925	82.3	8,615,248	78.3	(91,676)	20,638,322	82.8
Gross operating income	1,869,932	17.7	2,390,753	21.7	520,820	4,275,981	17.2
Provision for allowance for sales returns	-	-	42,380	0.4	42,380	-	-
Gross operating income less provision	1,869,932	17.7	2,348,373	21.3	478,440	4,275,981	17.2
<b>Selling, general and administrative expenses</b>	1,735,186	16.4	2,084,052	18.9	348,865	3,709,888	14.9
Operating income	134,745	1.3	264,321	2.4	129,575	566,093	2.3
<b>Non-operating income</b>							
Interest income	4,064		5,699			11,568	
Dividend income	1,435		1,473			2,333	
Commissions received	3,215		1,975			6,978	
Gain from cancellation of insurance	-		2,021			1,824	
Income from rents	-		1,851			2,072	
Foreign exchange gain	6,239		707			11,931	
Others	6,135		1,209			3,947	
	21,090	0.2	14,938	0.1	(6,151)	40,656	0.2
<b>Non-operating expenses</b>							
Interest expenses	11,343		8,166			26,670	
Commissions	4,890		5,491			13,963	
Others	55		445			132	
	16,290	0.2	14,103	0.1	(2,186)	40,767	0.2
Ordinary profit	139,545	1.3	265,155	2.4	125,610	565,982	2.3
<b>Extraordinary income</b>							
Gain on sale of investment securities	-		-			20,824	
Reversal of allowance for doubtful accounts	-		4,947		4,947	-	
	-	-	4,947	0.0		20,824	0.1
<b>Extraordinary losses</b>							
Loss on removal of fixed assets	10,442		-			10,583	
Loss on valuation of securities	8,736		13,108			70,479	
Others	-		-		(6,070)	5,000	
	19,178	0.2	13,108	0.1		86,062	0.4
Income before taxes and other adjustments	120,366	1.1	256,995	2.3	136,628	500,744	2.0
Corporate, inhabitant and enterprise taxes	133,461		178,698			467,961	
Deferred taxes	(62,542)		(94,440)		13,339	(111,978)	
	70,918	0.6	84,258	0.7		355,983	1.4
Minority interest in income of consolidated companies	-	-	8,823	0.1	8,823	-	-
Minority interest in loss of consolidated companies	14,927	0.1	-	-	(14,927)	40,485	0.1
Net income for the term	64,375	0.6	163,913	1.5	99,538	185,246	0.7

## Consolidated statement of changes in net assets (shareholders' equity, etc.)

Thousands of yen; Six months ended September 30, 2006	Shareholders' equity				Total shareholders' equity
	Common stock	Capital reserves	Retained earnings	Treasury stock	
Balance as of Mar. 31, 2006	1,587,825	1,694,890	7,104,163	(16,035)	10,370,843
Changes during the term					
Dividends (Note)			(77,518)		(77,518)
Directors' and corporate auditors' bonuses (Note)			(24,047)		(24,047)
Net income			64,375		64,375
Acquisition of treasury stock				(808)	(808)
Other changes in non-shareholders' equity items during the term (net)					-
Total changes during the term	-	-	(37,190)	(808)	(37,998)
Balance as of Sept. 30, 2006	1,587,825	1,694,890	7,066,973	(16,843)	10,332,844

Thousands of yen; Six months ended September 30, 2006	Valuation/translation gains (losses)			Minority interests	Total net assets
	Unrealized gains or losses on other securities	Foreign currency translation adjustments	Total valuation/ translation gains (losses)		
Balance as of Mar. 31, 2006	335,338	(48,373)	286,965	167,565	10,825,373
Changes during the term					
Dividends (Note)					(77,518)
Directors' and corporate auditors' bonuses (Note)					(24,047)
Net income					64,375
Acquisition of treasury stock					(808)
Other changes in non-shareholders' equity items during the term (net)	(115,454)	(9,300)	(124,754)	(17,297)	(142,052)
Total changes during the term	(115,454)	(9,300)	(124,754)	(17,297)	(180,050)
Balance as of Sept. 30, 2006	219,884	(57,674)	162,210	150,268	10,645,323

*(Note) These items represent profit appropriation items resolved at the Ordinary General Meeting of Shareholders held on June 25, 2006.*

Thousands of yen; Six months ended September 30, 2007	Shareholders' equity				Total shareholders' equity
	Common stock	Capital reserves	Retained earnings	Treasury stock	
Balance as of Mar. 31, 2007	1,587,825	1,694,890	7,110,329	(16,960)	10,376,083
Changes during the term					
Dividends			(77,515)		(77,515)
Net income			163,913		163,913
Acquisition of treasury stock				(250)	(250)
Other changes in non-shareholders' equity items during the term (net)					
Total changes during the term	-	-	86,398	(250)	86,148
Balance as of Sept. 30, 2007	1,587,825	1,694,890	7,196,728	(17,211)	10,462,231

Thousands of yen; Six months ended September 30, 2007	Valuation/translation gains (losses)			Minority interests	Total net assets
	Unrealized gains or losses on other securities	Foreign currency translation adjustments	Total valuation/ translation gains (losses)		
Balance as of Mar. 31, 2007	29,817	(45,219)	(15,401)	122,255	10,482,937
Changes during the term					
Dividends					(77,515)
Net income					163,913
Acquisition of treasury stock					(250)
Other changes in non-shareholders' equity items during the term (net)	(74,254)	13,102	(61,152)	8,827	(52,324)
Total changes during the term	(74,254)	13,102	(61,152)	8,827	33,823
Balance as of Sept. 30, 2007	(44,436)	(32,116)	(76,553)	131,082	10,516,760

Thousands of yen; Year ended March 31, 2007	Shareholders' equity				Total shareholders' equity
	Common stock	Capital reserves	Retained earnings	Treasury stock	
Balance as of Mar. 31, 2006	1,587,825	1,694,890	7,104,163	(16,035)	10,370,843
Changes during the term					
Dividends (Note)			(77,518)		(77,518)
Dividends			(77,515)		(77,515)
Directors' and corporate auditors' bonuses (Note)			(24,047)		(24,047)
Net income			185,246		185,246
Acquisition of treasury stock				(925)	(925)
Other changes in non-shareholders' equity items during the term (net)					
Total changes during the term	-	-	6,165	(925)	5,240
Balance as of Mar. 31, 2007	1,587,825	1,694,890	7,110,329	(16,960)	10,376,083

Thousands of yen; Year ended March. 31, 2007	Valuation/translation gains (losses)			Minority interests	Total net assets
	Unrealized gains or losses on other securities	Foreign currency translation adjustments	Total valuation/translation gains (losses)		
Balance as of Mar. 31, 2006	335,338	(48,373)	286,965	167,565	10,825,373
Changes during the term					
Dividends (Note)					(77,518)
Dividends					(77,515)
Directors' and corporate auditors' bonuses (Note)					(24,047)
Net income					185,246
Acquisition of treasury stock					(925)
Other changes in non-shareholders' equity items during the term (net)	(305,520)	3,154	(302,366)	(45,310)	(347,676)
Total changes during the term	(305,520)	3,154	(302,366)	(45,310)	(342,436)
Balance as of Mar. 31, 2007	29,817	(45,219)	(15,401)	122,255	10,482,937

(Note) These items represent profit appropriation items resolved at the Ordinary General Meeting of Shareholders held on June 25, 2006.

## Consolidated interim statement of cash flows

Thousands of yen	Six months ended September 30, 2006	Six months ended September 30, 2007	Year-on-year change	Year ended March 31, 2007
<b>Net cash provided by (used in) operating activities</b>				
Income before taxes and other adjustments	120,366	256,995	136,628	500,744
Depreciation expenses	48,219	44,931	(3,287)	109,841
Increase (decrease) in allowance for doubtful accounts	3,028	(22,339)	(25,367)	2,391
Increase (decrease) in retirement benefits	37,292	14,022	(23,270)	74,144
Increase (decrease) in reserve for directors' retirement allowances	10,066	(69,115)	(79,182)	12,816
Increase (decrease) in allowance for sales returns	-	42,380	42,380	-
Interest and dividend income	(5,500)	(7,173)	(1,672)	(13,901)
Interest expenses	11,343	8,166	(3,177)	26,670
Decrease (increase) in receivables	(259,341)	1,428,914	1,688,256	(1,219,923)
Decrease (increase) in inventories	(514,616)	(790,107)	(275,491)	16,901
Decrease (increase) in other current assets	-	219,686	219,686	(190,889)
Increase (decrease) in payables	1,172,366	(2,506,687)	(3,679,054)	3,066,286
Increase (decrease) in other current assets	-	199,482	199,482	9,086
Bonuses paid to directors and corporate auditors	(24,497)	(13,380)	11,117	(24,497)
Others	(177,199)	(35,411)	141,787	(129,234)
	421,530	(1,229,636)	(1,651,166)	2,240,439
Interest and dividend income	5,178	5,877	699	13,754
Interest expenses	(11,562)	(8,700)	2,862	(26,607)
Income tax and others	(766,409)	(334,104)	432,304	(899,342)
	(351,263)	(1,566,563)	(1,215,300)	1,328,243
<b>Net cash provided by (used in) investing activities</b>				
Payments for acquisition of tangible fixed assets	(35,354)	(9,123)	26,230	(43,052)
Payments for investment in securities	(49,293)	(8,500)	40,793	(103,293)
Payments for loans and advances	(250)	(299,100)	(298,850)	(72,430)
Proceeds from collection of loans and advances	6,439	14,977	8,537	32,132
Others	(124,619)	(62,847)	61,772	(286,061)
	(203,076)	(364,593)	(161,516)	(472,704)

Thousands of yen	Six months ended September 30, 2006	Six months ended September 30, 2007	Year-on-year change	Year ended March 31, 2007
<b>Net cash provided by (used in) financing activities</b>				
Net increase (decrease) in short-term borrowings	500,000	1,000,000	500,000	-
Payments for acquisition of treasury stock	(798)	(246)	551	(912)
Dividends	(77,107)	(76,199)	907	(153,549)
Dividend payment to minority shareholders	(1,500)	-	1,500	(1,500)
Others	(1,140)	(7,704)	(6,563)	(1,963)
	419,453	915,849	496,395	(157,926)
Effect of exchange rate changes on cash and cash equivalents	(1,418)	1,912	3,331	481
Increase (decrease) in cash and cash equivalents	(136,305)	(1,013,394)	(877,089)	698,093
Cash and cash equivalents, beginning of term	1,732,952	2,431,045	698,093	1,732,952
Cash and cash equivalents, end of term	1,596,647	1,417,651	(178,996)	2,431,045

## Business segment information

Thousands of yen	Artist management	Media-visual	Contents	Total	Elimination	Consolidated
<b>Six months ended September 30, 2006</b>						
Revenues						
External customers	5,474,282	4,398,657	703,918	10,576,858	-	10,576,858
Intersegment transactions and eliminations	2,286	353	9,179	11,819	(11,819)	-
	5,476,569	4,399,010	713,097	10,588,677	(11,819)	10,576,858
Operating expenses	4,813,358	4,627,464	541,625	9,982,448	459,663	10,442,112
Operating income	663,210	(228,454)	171,472	606,228	(471,483)	134,745
<b>Six months ended September 30, 2007</b>						
Revenues						
External customers	5,620,446	4,724,681	660,874	11,006,002	-	11,006,002
Intersegment transactions and eliminations	48,238	534	9,631	58,404	(58,404)	-
	5,668,685	4,725,215	670,506	11,064,406	(58,404)	11,006,002
Operating expenses	5,130,714	4,611,201	536,486	10,278,402	463,278	10,741,680
Operating income	537,971	114,013	134,019	786,003	(521,682)	264,321
<b>Year ended March 31, 2007</b>						
Revenues						
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)	-
	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

### (Notes)

1. *Business classifications are those used in the course of internal management.*
2. *Contents of each business:*
  - (1) *Artist management*  
*Revenues from artists' activities including concerts and stage performances, the planning and production of stage performances and events, appearances on TV and radio programs and commercials, fan club memberships, the sale of character goods, and royalties from new records through the production of masters and copyrights management.*
  - (2) *Media-visual*  
*Revenue from the production of television programs and production and distribution of movies; and purchasing, packaging and sales of video cassettes and DVDs of visual works.*
  - (3) *Contents*  
*Royalties from the management of copyrights and of original recordings; and revenue from the use of movies and visual works (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 Accounting divisions. These expenses totaled 478,133 thousand yen in the interim period ended September 30, 2006, 527,807 thousand yen in the interim period ended September 30, 2007 and 952,434 thousand yen in the fiscal year ended March 2007.*

#### 4. Changes in accounting methods

*(Six months ended September 30, 2007)*

*As described in Significant Items Regarding Preparation of Interim Consolidated Financial Statements, the Company and Amuse Soft Entertainment, Inc., a consolidated subsidiary, adopted in the interim period under review an accounting method whereby an expected loss from goods to be returned unsold is recorded as an allowance for sales returns to make the financial conditions healthier, to make the periodical accounting of profit and loss more appropriate, and to prepare for losses caused by goods to be returned.*

*As a result of the change, operating expenses increased in the Artist Management and Media-visual businesses 400,000 yen and 41,980,000 yen respectively, and operating income fell by the same amounts.*

*(Year ended March 31, 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 Statement No. 4 issued on November 29, 2005) is applied from the current fiscal year.*

*As a result of the change, operating expenses in the "Eliminations" classification increased 13,380,000 yen, and operating income fell by the same amount, compared with the amounts that would be reported if the old standard were applied.*

## Segment information by location

*The interim period ended September 30, 2006, the interim period ended September 30, 2007, and the year ended March 31, 2007*

*Because sales in Japan exceed 90% of total sales of all segments, the statement of segment information by location is omitted.*

## Overseas sales

*The interim period ended September 30, 2006, the interim period ended September 30, 2007, and the year ended March 31, 2007*

*Because overseas sales are less than 10% of the consolidated sales, the statement of overseas sales is omitted.*