

Summary of Consolidated Financial Results
for the Year ended March 2008

Amuse Inc.

Consolidated balance sheet

March 31; Thousands of yen	2007	%	2008	%
Current assets				
Cash and deposits	2,544,844		1,855,865	
Notes and accounts receivable	4,190,389		2,628,683	
Inventories	6,136,523		7,249,519	
Deferred tax assets	146,223		129,878	
Others	998,471		1,078,735	
Allowance for doubtful accounts	(8,701)		(4,508)	
	<u>14,007,752</u>	75.1	<u>12,938,174</u>	74.0
Fixed assets				
Tangible fixed assets				
Buildings	763,105		724,464	
Land	1,124,383		1,123,113	
Others	72,256		61,098	
	<u>1,959,745</u>	10.5	<u>1,908,676</u>	10.9
Intangible fixed assets	263,648		299,948	
	<u>263,648</u>	1.4	<u>299,948</u>	1.7
Investments and other assets				
Investment securities	912,794		741,100	
Deferred tax assets	475,954		390,504	
Others	1,237,908		1,313,814	
Allowance for doubtful accounts	(194,934)		(107,316)	
	<u>2,431,721</u>	13.0	<u>2,338,102</u>	13.4
Total fixed assets	<u>4,655,115</u>	24.9	<u>4,546,727</u>	26.0
Total assets	<u>18,662,868</u>	100.0	<u>17,484,902</u>	100.0

March 31; Thousands of yen	2007	%	2008	%
Current liabilities				
Accounts payable	5,511,984		3,495,659	
Short-term borrowings	600,000		1,100,000	
Income taxes payable	345,120		211,602	
Deferred tax liabilities	20,122		-	
Reserve for directors' bonuses	13,380		-	
Allowance for sales return	-		41,264	
Others	572,159		616,194	
	<u>7,062,767</u>	37.8	<u>5,464,719</u>	31.3
Long-term liabilities				
Employees' retirement benefits	581,634		632,677	
Reserve for directors' retirement allowances	424,245		359,169	
Others	111,283		95,276	
	<u>1,117,163</u>	6.0	<u>1,087,123</u>	6.2
Total liabilities	8,179,930	43.8	6,551,843	37.5

March 31; Thousands of yen	2007	%	2008	%
Net assets				
Shareholders' equity				
Common stock	1,587,825	8.5	1,587,825	9.1
Capital reserves	1,694,890	9.1	1,694,890	9.7
Retained earnings	7,110,329	38.1	7,537,977	43.1
Treasury stock	(16,960)	(0.1)	(17,737)	(0.1)
Total shareholders' equity	<u>10,376,083</u>	55.6	<u>10,802,954</u>	61.8
Valuation/translation gains (losses)				
Unrealized gains or losses on other securities	29,817	0.1	57,797	0.3
Foreign currency translation adjustments	(45,219)	(0.2)	(61,450)	(0.3)
Total valuation/translation gains (losses)	(15,401)	(0.1)	(3,653)	(0.0)
Minority interests	122,255	0.7	133,757	0.7
Total net assets	<u>10,482,937</u>	56.2	<u>10,933,058</u>	62.5
Total liabilities and net assets	<u>18,662,868</u>	100.0	<u>17,484,902</u>	100.0

Consolidated statement of income

Years ended March 31; Thousands of yen	2007	%	2008	%
Operating revenue	24,914,303	100.0	23,684,426	100.0
Cost of operation	20,638,322	82.8	18,305,567	77.3
Gross operating income	4,275,981	17.2	5,378,859	22.7
Transfer to allowance for sales return	-	-	41,264	0.2
Gross operating income after deductions	4,275,981	17.2	5,337,595	22.5
Selling, general and administrative expenses	3,709,888	14.9	4,137,109	17.4
Operating income	566,093	2.3	1,200,485	5.1
Nonoperating income	40,656	0.2	43,073	0.2
Interest income	11,568		20,286	
Commissions received	6,978		3,968	
Foreign exchange gain	11,931		-	
Housing rent income	-		6,746	
Others	10,177		12,072	
Nonoperating expenses	40,767	0.2	38,776	0.2
Interest expenses	26,670		22,527	
Commissions	13,963		14,152	
Others	132		2,096	
Ordinary profit	565,982	2.3	1,204,782	5.1
Extraordinary income	20,824	0.1	130,171	0.6
Gain on disposal of fixed assets	-		118,215	
Reversal of allowance for doubtful accounts	-		11,956	
Gain on sales of investment in securities	20,824		-	
Extraordinary losses	86,062	0.4	301,779	1.3
Loss on devaluation of investment securities	70,479		301,779	
Loss on removal of fixed assets	10,583		-	
Others	5,000		-	
Income before taxes and other adjustments	500,744	2.0	1,033,174	4.4
Corporate, inhabitant and enterprise taxes	467,961		376,772	
Deferred taxes	(111,978)	1.4	62,225	1.9
Minority interests in income of consolidated companies	-		11,498	0.0
Minority interests in losses of consolidated companies	40,485	(0.1)	-	-
Net income for the term	185,246	0.7	582,677	2.5

Consolidated statement of cash flows

Years ended March 31; Thousands of yen	2007	2008
Net cash provided by (used in) operating activities		
Income before taxes and other adjustments	500,744	1,033,174
Depreciation expenses	109,841	100,867
Increase (decrease) in allowance for doubtful accounts	2,391	(90,763)
Increase (decrease) in reserve for directors' bonuses	13,380	(13,380)
Increase (decrease) in retirement benefits	74,144	51,043
Increase (decrease) in reserve for directors' retirement allowances	12,816	(65,075)
Increase (decrease) in allowance for sales return	-	41,264
Interest and dividend income	(13,901)	(23,316)
Interest expenses	26,670	22,527
Gain on disposal of fixed assets	-	(118,215)
Loss on sales and disposal of fixed assets	10,583	-
Gain on sales of investment in securities	(20,824)	-
Loss on devaluation of investment securities	70,479	301,779
Decrease (increase) in receivables	(1,219,923)	1,561,703
Decrease (increase) in inventories	16,901	(1,112,995)
Decrease (increase) in other current assets	(190,889)	339,761
Increase (decrease) in payables	3,066,286	(2,016,325)
Increase (decrease) in other current liabilities	9,086	96,836
Directors' bonuses	(24,497)	-
Others	(202,852)	(159,480)
	2,240,439	(50,595)
Interest and dividend income	13,754	19,931
Interest expenses	(26,607)	(22,979)
Income tax and others	(899,342)	(511,935)
	1,328,243	(565,579)
Net cash provided by (used in) investing activities		
Payments for acquisition of tangible fixed assets	(43,052)	(15,321)
Payments for investment in securities	(103,293)	(78,168)
Proceeds from sales of investments in securities	25,284	-
Payments for acquisition of intangible fixed assets	(164,622)	(64,334)
Payments for loans and advances	(72,430)	(436,959)
Proceeds from collection of loans and advances	32,132	66,220
Payments for capital contributions	(142,904)	(44,911)
Others	(3,819)	118,186
	(472,704)	(455,286)

Years ended March 31; Thousands of yen	2007	2008
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	-	500,000
Payments for acquisition of treasury stock	(912)	(771)
Dividends	(153,549)	(152,470)
Dividend payment to minority shareholders	(1,500)	-
Others	(1,963)	(14,578)
	(157,926)	332,180
Effect of exchange rate changes on cash and cash equivalents	481	(2,814)
Increase (decrease) in cash and cash equivalents	698,093	(691,500)
Cash and cash equivalents, beginning of term	1,732,952	2,431,045
Cash and cash equivalents, end of term	2,431,045	1,739,545

Segment information by type of business

Thousands of yen	Artist management	Media-visual	Contents	Total	Eliminations	Consolidated
March 31, 2008						
Revenues and operating income						
External customers	11,766,270	10,436,881	1,481,273	23,684,426	-	23,684,426
Intersegment transactions and eliminations	175,054	8,021	18,186	201,263	(201,263)	-
Total	11,941,325	10,444,903	1,499,460	23,885,689	(201,263)	23,684,426
Operating expenses	10,238,147	10,325,111	1,129,677	21,692,936	791,003	22,483,940
Operating income (loss)	1,703,178	119,791	369,782	2,192,752	(992,266)	1,200,485
Assets, depreciation and capital expenditures						
Identifiable assets	4,898,468	10,439,626	650,011	15,988,107	1,496,795	17,484,902
Depreciation	55,099	26,499	11,976	93,575	7,292	100,867
Capital expenditures	113,383	15,591	13,236	142,212	-	142,212
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 (loss)	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

(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, television, radio and commercial appearances, 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 2007 was 2,363,087,000 yen, and as of the end of March 2008, the total amount was 1,598,890,000 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 952,434,000 yen in the fiscal year ended March 2007, and 1,004,579,000 yen in the fiscal year ended March 2008.*
5. *Changes in accounting method*

(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 13,380,000 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.

(Fiscal 2008)

As described in Significant Items Regarding Preparation of Consolidated Financial Statements, Amuse Inc. and Amuse Soft Entertainment Inc., a consolidated subsidiary, adopt an accounting method whereby an expected amount of losses from goods returned is posted as an allowance for sales returns from the fiscal year under review to achieve fiscal soundness, improve periodic accounting of profit and loss, and prepare for losses from goods returned.

In association with this, operating expenses increased 976,000 yen and 40,288,000 yen in Artist Management and Media-Visual respectively, and operating income fell by the same amount during the fiscal year.