
AVEX GROUP HOLDINGS INC.

Highlights of Consolidated Financial Results



FY ended March 2006

FY ended March 2006 Consolidated business results



FY ended March 2006

FY ended March '06

Digest of consolidated business results



avex achieved record year sales.
Sales increased 19% year-on-year (+ 14.3 billion yen)

Particularly, sales in the PC segment increased 17% year-on-year (+8.2 billion yen)
 Sales in the NC segment increased 82% year-on-year (+7.0 billion yen)

| | Previous term | Current term | Change | Forecast | Variance |
|-------------------------|---------------|--------------|--------|----------|----------|
| Sales | 754 | 897 | +143 | 871 | +26 |
| Operating income | 42 | 86 | +43 | 72 | +14 |
| Operating income margin | 5.7% | 9.6% | +3.9% | 8.3% | +1.3% |
| Ordinary income | 44 | 90 | +46 | 74 | +15 |
| Net income | 8 | 44 | +36 | 41 | +3 |

All figures, if not otherwise indicated, are expressed in units of 100 million yen.
 (Amounts of less than 100 million yen are truncated.)

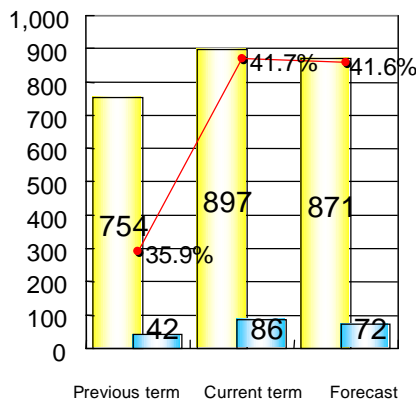
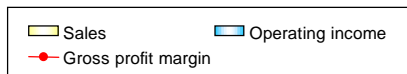
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* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

FY ended March 2006

Summary of consolidated financial results



- Sales increased by 14.3 billion yen due to strong package sales and proceeds from the music distribution service, **which contributed to a 7.6 billion yen increase in profit**. Cost rate also improved by 5.8% due to lower fixed cost rate, **which contributed to a 2.7 billion yen increase in profit**.
- On the other hand, SG&A expenses increased due to increased sales promotion and advertising expenses associated with the increased sales, staff increase in the visual image area, and so forth, **which contributed to a 5.9 billion yen decrease in profit**.
- Due to the above two factors, operating income increased by 4.3 billion yen year-on-year.

All figures, if not otherwise indicated, are expressed in units of 100 million yen.
 (Amounts of less than 100 million yen are truncated.)

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FY ended March 2006

Summary of components of consolidated segments



| | Current term | | Previous term | | | | Forecast | | | |
|----------------------------------|--------------|------------------|---------------|------------------|----------------|---------------|----------|------------------|----------------|---------------|
| | Sales | Operating Profit | Sales | Operating Profit | Sales Variance | O.P. Variance | Sales | Operating Profit | Sales Variance | O.P. Variance |
| CC | 474 | 60 | 382 | 14 | +91 | +46 | 459 | 48 | +15 | +12 |
| PC | 581 | 11 | 503 | 15 | +78 | -3 | 577 | 14 | +4 | -2 |
| NC | 163 | 10 | 96 | 9 | +67 | +1 | 160 | 7 | +2 | +2 |
| LC | 66 | 1 | 73 | 2 | -7 | -0 | 64 | 1 | +1 | +0 |
| Others | 23 | -0 | 27 | -0 | -4 | +0 | 22 | 0 | +0 | -0 |
| Total | 1,309 | 84 | 1,084 | 40 | - | - | 1,284 | 72 | - | - |
| Elimination and corporate | -411 | 1 | -330 | 2 | - | - | -412 | 0 | - | - |
| Consolidated | 897 | 86 | 754 | 42 | +143 | +43 | 871 | 72 | +26 | +14 |

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(Amounts of less than 100 million yen are truncated.)

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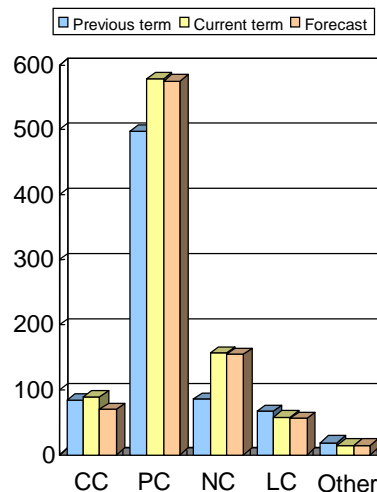
* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

FY ended March 2006

Sales to customers outside the group by business segment



| | Sales to customers outside the group | | | | |
|---------------|--------------------------------------|---------------|--------|----------|----------|
| | Current term | Previous term | Change | Forecast | Variance |
| CC | 89 | 84 | +5 | 70 | +19 |
| PC | 579 | 497 | +82 | 575 | +3 |
| NC | 156 | 86 | +70 | 154 | +2 |
| LC | 58 | 67 | -9 | 56 | +1 |
| Others | 14 | 19 | -4 | 14 | +0 |
| Total | 897 | 754 | +143 | 871 | +26 |



All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

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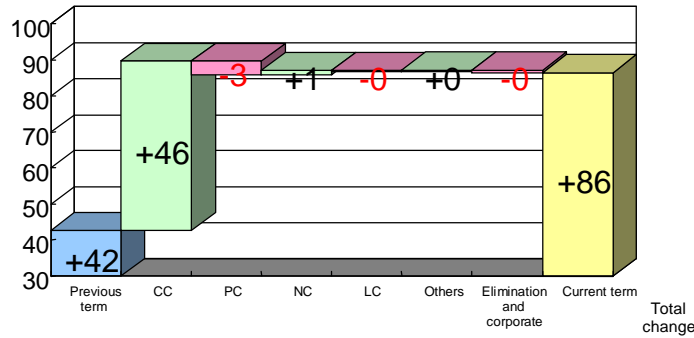
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* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

FY ended March 2006



Increase/decrease factors in consolidated operating income
(vs. same period last year)



| | | | | | | | | | |
|------------------------------------|------------|------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Effect of changes in sales | +42 | +13 | +21 | -0 | -1 | | | | +76 |
| Effect of changes in cost rates | +31 | -9 | -2 | +2 | +3 | +2 | | | +27 |
| Effect of changes in SG&A expenses | -26 | -7 | -18 | -2 | -1 | -3 | | | -59 |
| Total | +42 | +46 | -3 | +1 | -0 | +0 | -0 | +86 | +43 |

All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

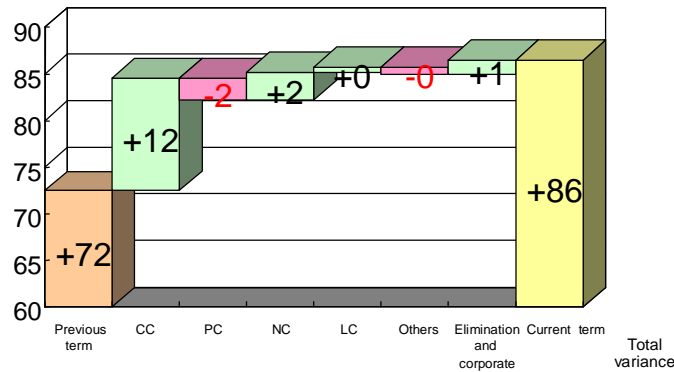
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FY ended March 2006



Variance factors of consolidated operating income
(vs. forecast)



| | | | | | | | | | |
|--------------------------------------|------------|------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Effect of variances in sales | +8 | +0 | +0 | +0 | +0 | | | | +10 |
| Effect of variances in cost rates | +2 | -3 | +0 | +0 | +0 | +1 | | | +1 |
| Effect of variances in SG&A expenses | +1 | +0 | +1 | +0 | -1 | +0 | | | +2 |
| Total | +72 | +12 | -2 | +2 | +0 | -0 | +1 | +86 | +14 |

All figures, if not otherwise indicated, are expressed in units of 100 million yen.
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* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

FY ended March 2006



Consolidated comparative income statement-1

| 4Q cumulative | Previous term | Current term | Change | Percentage change | Forecast | Variance | Percentage change |
|--|---------------|--------------|--------|-------------------|----------|----------|-------------------|
| Sales | 754 | 897 | +143 | +19.0% | 871 | +26 | +3.0% |
| Cost of sales | 483 | 523 | +40 | +8.3% | 509 | +14 | +2.8% |
| Gross profit | 270 | 374 | +103 | +38.3% | 362 | +11 | +3.3% |
| Gross profit margin | 35.9% | 41.7% | +5.8% | - | 41.6% | +0.1% | - |
| Personnel costs | 70 | 89 | +18 | +26.2% | 88 | +1 | +1.2% |
| Sales promotion and advertising expenses | 82 | 109 | +27 | +33.4% | 114 | -4 | -3.9% |
| General expenses | 74 | 88 | +13 | +18.2% | 87 | +1 | +1.6% |
| Total SG&A expenses | 227 | 287 | +59 | +26.2% | 289 | -2 | -0.7% |
| Operating income | 42 | 86 | +43 | +102.6% | 72 | +14 | +19.4% |
| Operating income margin | 5.7% | 9.6% | +3.9% | - | 8.3% | +1.3% | - |

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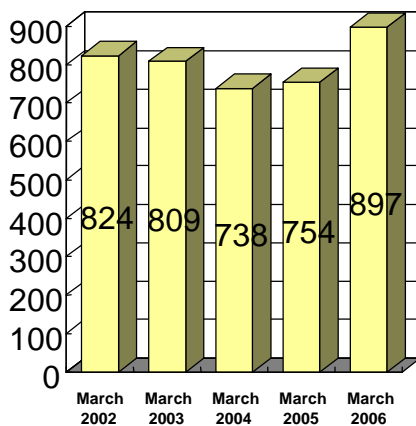
* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

FY ended March 2006

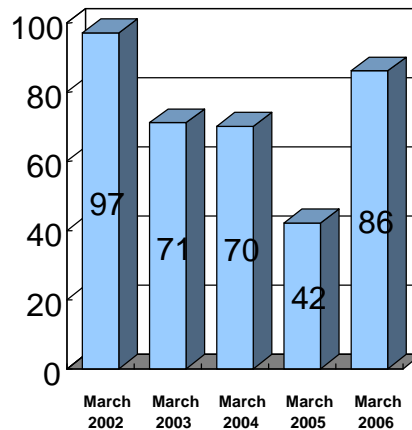


Consolidated results-1

Sales



Operating income



All figures, if not otherwise indicated, are expressed in units of 100 million yen.
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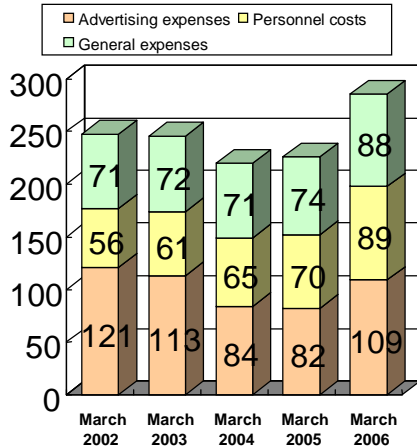
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FY ended March 2006

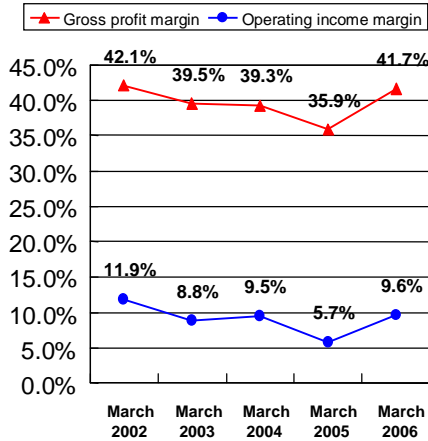
Consolidated results-2



SG&A expenses



Profit margins



All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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Consolidated business results Quarterly transition



| | FY ended March 2005 | | | | FY ended March 2006 | | | |
|--|---------------------|-------|-------|-------|---------------------|-------|-------|-------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q |
| Sales | 133 | 187 | 187 | 245 | 145 | 236 | 196 | 319 |
| Cost of sales | 92 | 129 | 113 | 147 | 102 | 135 | 110 | 175 |
| Gross profit | 41 | 58 | 73 | 97 | 43 | 100 | 86 | 144 |
| Gross profit margin | 31.2% | 31.0% | 39.0% | 39.7% | 29.6% | 42.5% | 44.0% | 45.2% |
| Personnel costs | 14 | 15 | 17 | 23 | 16 | 15 | 15 | 41 |
| Sales promotion and advertising expenses | 17 | 20 | 20 | 23 | 16 | 30 | 29 | 33 |
| General expenses | 17 | 18 | 19 | 19 | 20 | 23 | 18 | 25 |
| Total SG&A expenses | 50 | 54 | 56 | 66 | 53 | 69 | 63 | 100 |
| Operating income | -8 | 3 | 16 | 31 | -10 | 30 | 23 | 43 |
| Operating income margin | -6.5% | 2.1% | 8.8% | 12.6% | -7.3% | 12.9% | 11.7% | 13.6% |

All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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FY ended March '06

Consolidated business results in detail

— By segment —



FY ended March 2006

PC segment

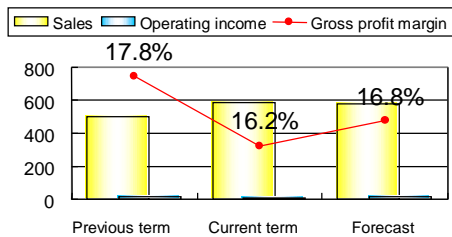
(Package Communication)



FY ended March 2006

FY ended March '06 Digest of PC segment

| | Previous term | Current term | Change | Prediction | Difference |
|-------------------------|---------------|--------------|--------|------------|------------|
| Sales | 503 | 581 | +78 | 577 | +4 |
| Operating income | 15 | 11 | -3 | 14 | -2 |
| Operating income margin | 3.1% | 2.0% | -1.1% | 2.4% | -0.4% |



- Sales increased by 7.8 billion yen due to strong music package sales mainly from album sales, such as "BEST" by Kumi Koda, "Koi no Maiahi" by O-ZONE, "LOVE COOK" by Ai Otsuka, etc., which contributed to an increase of 1.3 billion yen in profit. On the other hand, the cost rate increased by 1.6%, which contributed to a decrease of 900 million yen in profit. In total, they contributed to an increase of 400 million yen in profit.
- Due to a 700 million yen increase of SG&A expenses, operating income decreased by 300 million yen year-on-year.

All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

FY ended March '06

PC segment Breakdown of music label sales

| | CD albums | | | CD singles | | | DVDs | | |
|---------------------|---------------|--------------|-----------------------|---------------|--------------|-----------------------|---------------|--------------|-----------------------|
| | Previous term | Current term | Of which, new artists | Previous term | Current term | Of which, new artists | Previous term | Current term | Of which, new artists |
| Number of titles | 470 | 328 | 24 | 199 | 244 | 46 | 129 | 96 | 4 |
| Volume (thousand) | 11,706 | 13,953 | 398 | 7,981 | 11,185 | 798 | 1,355 | 1,786 | 19 |
| Value (million yen) | 21,932 | 27,056 | 698 | 5,703 | 8,486 | 571 | 4,240 | 4,436 | 49 |
| Unit price (yen) | 46 | 82 | 29 | 28 | 34 | 12 | 32 | 46 | 12 |
| Unit price (yen) | 1,873 | 1,939 | 1,754 | 715 | 759 | 715 | 3,129 | 2,484 | 2,502 |

Unit: million yen Previous/current terms' totals are on P.22. PC segment breakdown of sales To music label (1)

| | | | | | | | | | |
|---------------------|--------|--------|---|-------|-------|---|-------|-------|---|
| Sales of old titles | 3,772 | 3,932 | - | 440 | 302 | - | 843 | 731 | - |
| Total sales | 25,704 | 30,989 | - | 6,144 | 8,789 | - | 5,084 | 5,167 | - |

Figures below volume and value columns represent volumes and values per title.

All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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FY ended March '06



PC segment Breakdown of video label sales

| New title | DVDs | | CD albums | | CD singles | |
|---------------------|---------------|--------------|---------------|--------------|---------------|--------------|
| | Previous term | Current term | Previous term | Current term | Previous term | Current term |
| Number of titles | 350 | 355 | 42 | 56 | 26 | 44 |
| Volume (thousand) | 1,072 | 1,256 | 439 | 312 | 228 | 262 |
| | 3 | 3 | 10 | 5 | 8 | 5 |
| Value (million yen) | 4,233 | 5,151 | 819 | 569 | 176 | 207 |
| | 12 | 14 | 19 | 10 | 6 | 4 |
| Unit price (yen) | 3,949 | 4,102 | 1,863 | 1,822 | 772 | 789 |

Unit : million Yen : Previous/current terms' totals are on P.22. PC segment breakdown of sales To music label (2)

| | | | | | | |
|---------------------|-------|-------|-----|-----|-----|-----|
| Sales of old titles | 890 | 1,034 | 143 | 154 | 16 | 19 |
| Total sales | 5,124 | 6,186 | 962 | 724 | 192 | 227 |

Figures below volume and value columns represent volume and value per title.

All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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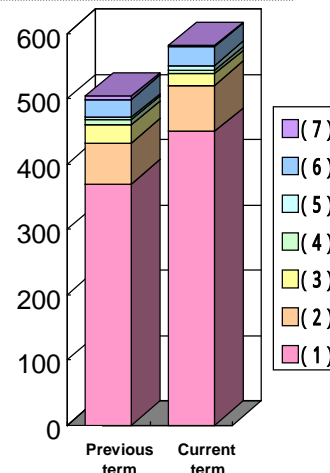
FY ended March '06 PC segment Breakdown of sales



From P.21 sales breakdown of video label in PC segment

From P.20 sales breakdown of music label in PC segment

| | Previous term | Current term | Change |
|--------------------------------------|---------------|--------------|--------|
| Music label (1) | 369 | 449 | +80 |
| Video label (2) | 62 | 71 | +8 |
| Own label | 432 | 520 | +88 |
| Sales on consignment (3) | 28 | 16 | -12 |
| Sales of consignment development (4) | 6 | 5 | -0 |
| Royalty revenue (5) | 3 | 8 | +4 |
| Overseas sales (6) | 27 | 27 | +0 |
| Others (7) | 4 | 2 | -1 |
| Total sales | 503 | 581 | +78 |



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FY ended March '06



PC segment Comparative income statement

| 4Q cumulative | Previous term | Current term | Change | Percentage change | Forecast | Variance | Percentage change |
|--|---------------|--------------|--------|-------------------|----------|----------|-------------------|
| Sales | 503 | 581 | +78 | +15.5% | 577 | +4 | +0.8% |
| Cost of sales | 413 | 487 | +73 | +17.9% | | | |
| Gross profit | 89 | 93 | +4 | +4.8% | | | |
| Gross profit margin | 17.8% | 16.2% | -1.6% | - | | | |
| Personnel costs | 18 | 19 | +1 | +9.8% | | | |
| Sales promotion and advertising expenses | 15 | 17 | +2 | +13.6% | | | |
| General expenses | 23 | 25 | +1 | +8.2% | | | |
| GMF | 17 | 19 | +2 | +12.3% | | | |
| Total SG&A expenses | 74 | 82 | +7 | +10.7% | | | |
| Operating income | 15 | 11 | -3 | -23.8% | 14 | -2 | -16.4% |
| Operating income margin | 3.1% | 2.0% | -1.1% | - | 2.4% | -0.4% | - |

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(Amounts of less than 100 million yen are truncated.)

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NC Segment (Network Communication)

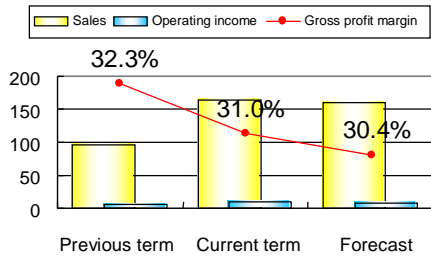


FY ended March 2006

FY ended March '06 Digest of NC segment



| | Previous term | Current term | Change | Forecast | Variance |
|-------------------------|---------------|--------------|--------|----------|----------|
| Sales | 96 | 163 | +67 | 160 | +2 |
| Operating income | 9 | 10 | +1 | 7 | +2 |
| Operating income margin | 9.5% | 6.3% | -3.2% | 4.6% | +1.7% |



- “Chaku-Uta (R)”, paid music distribution, gained 0.XX million DL's (% increase year-on-year), “Chaku-Uta Full (TM)”, 0.XX million DL's, and PC music distributions of 0.XX million (% increase year-on-year), which consequently contributed to an increase of 6.7 billion yen in profit. In total, though they contributed to **an increase of 1.9 billion yen in profit**, the cost rate increased by 1.3%.
- However, **due to an 1.8 billion yen increase** of SG&A expenses, such as promotion/advertisement cost, general expense, etc. operating income increased by 100 million yen year-on-year.

All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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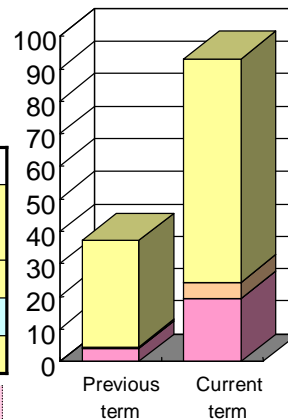
* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

FY ended March '06 NC segment Breakdown of music distribution business



| Volume (thousand tunes) | Previous term | Current term | Change |
|-------------------------|---------------|--------------|---------|
| Mobiles | 1,317 | 6,440 | +5,123 |
| PC | 613 | 3,014 | +2,400 |
| Volume (thousand tunes) | 1,930 | 9,454 | +7,523 |
| Chaku-uta | 29,260 | 60,100 | +30,840 |

| Value (million yen) | Previous term | Current term | Change | Unit price (yen) | |
|---------------------|---------------|--------------|--------|------------------|--------------|
| | | | | Previous term | Current term |
| Mobiles(1) | 395 | 1,932 | +1,536 | 110 | 167 |
| PC(2) | 67 | 503 | +436 | 240 | 258 |
| Total Sale | 462 | 2,435 | +1,973 | 111 | 114 |
| Chaku-uta (3) | 3,251 | 6,876 | +3,625 | | |



Music distribution (1) P.29 NC segment breakdown of sales To Chaku-Uta (2)

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FY ended March '06 NC segment Breakdown of membership business

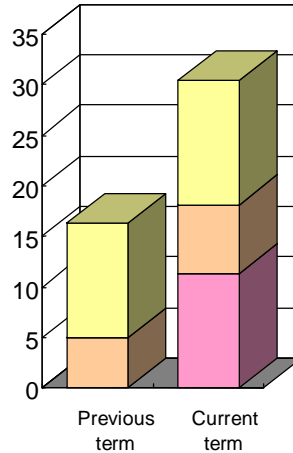


| Membership (thousand people) | Year- on- year | Current term | | | Change | |
|---------------------------------|----------------------|----------------------------|----------|----------|--------|------|
| | | End of previous term | increase | decrease | | |
| Mumo | - | - | 1,318 | 784 | 534 | +534 |
| FC | 103 | 103 | 317 | 162 | 258 | +154 |
| Mobiles | 411 | 411 | 481 | 588 | 304 | -106 |
| Membership | 514 | 514 | 2,117 | 1,535 | 1,097 | +582 |

| Value (million yen) | Previous term | Current term | Change |
|------------------------|------------------|-----------------|--------|
| | | | |
| FC(2) | 495 | 684 | +189 |
| Mobiles(3) | 1,135 | 1,222 | +86 |
| Total Sale | 1,631 | 3,039 | +1,408 |

| unit price (yen) | |
|------------------|---------|
| Previous | Current |
| - | 329 |
| 412 | 312 |
| 231 | 252 |
| 267 | 290 |

(1) (2) (3)



P.29 NC segment breakdown of sales To membership business (4)

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(Amounts of less than 100 million yen are truncated.)

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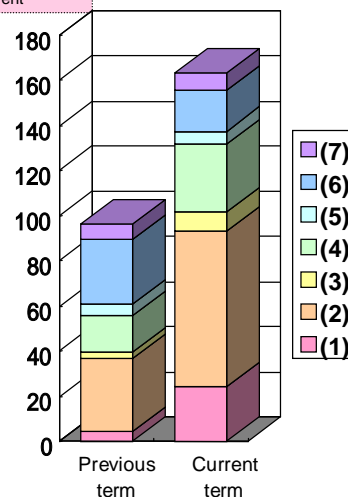
FY ended March '06 NC segment Breakdown of sales



From P.27 breakdown of distribution
business in NC segment

From P.28 breakdown of membership
business in NC segment

| | Previous term | Current term | Change |
|----------------------------|------------------|-----------------|--------|
| Music distribution (1) | 4 | 24 | +19 |
| Chaku-uta (2) | 32 | 68 | +36 |
| Chaku-mero (3) | 2 | 8 | +5 |
| Content distribution | 39 | 101 | +61 |
| Membership business (4) | 16 | 30 | +14 |
| EC (5) | 4 | 5 | +0 |
| MD (6) | 28 | 18 | -10 |
| Others (7) | 6 | 7 | +0 |
| Total sales | 96 | 163 | +67 |



All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

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FY ended March '06 NC segment Comparative income statement



| 4Q cumulative | Previous term | Current term | Change | Percentage change | Forecast | Variance | Percentage change |
|--|---------------|--------------|--------|-------------------|----------|----------|-------------------|
| Sales | 96 | 163 | +67 | +69.5% | 160 | +2 | +1.7% |
| Cost of sales | 65 | 112 | +47 | +72.7% | | | |
| Gross profit | 31 | 50 | +19 | +62.8% | | | |
| Gross profit margin | 32.3% | 31.0% | -1.3% | - | | | |
| Personnel costs | 9 | 13 | +4 | +41.4% | | | |
| Sales promotion and advertising expenses | 1 | 8 | +7 | +623.1% | | | |
| General expenses | 5 | 11 | +6 | +117.2% | | | |
| GMF | 5 | 6 | +1 | +17.7% | | | |
| Total SG&A expenses | 21 | 40 | +18 | +83.9% | | | |
| Operating income | 9 | 10 | +1 | +12.2% | 7 | +2 | +40.8% |
| Operating income margin | 9.5% | 6.3% | -3.2% | - | 4.6% | +1.7% | - |

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(Amounts of less than 100 million yen are truncated.)

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LC segment (Live Communication)

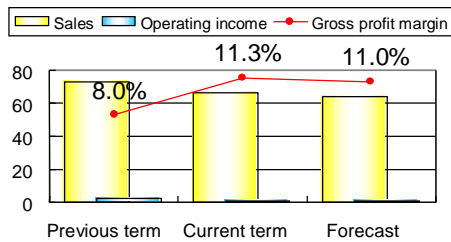


FY ended March 2006

FY ended March '06 Digest of LC segment



| | Previous term | Current term | Change | Forecast | Variance |
|-------------------------|---------------|--------------|--------|----------|----------|
| Sales | 73 | 66 | -7 | 64 | +1 |
| Operating income | 2 | 1 | -0 | 1 | +0 |
| Operating income margin | 3.4% | 3.0% | -0.4% | 2.3% | +0.7% |



Although concerts by artists invited from the other labels decreased, our artists executed more concert tours than before, and there was a larger attendance for each tour. In addition, we were entrusted with the business of producing an event. As a result, income was decreased by 700 million yen and the cost rate improved by 3.3%. In total, they contributed to an increase of 200 million yen in profit.

There was a 200 million yen increase in SG&A expenses, but operating income increased by 100 million.

All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

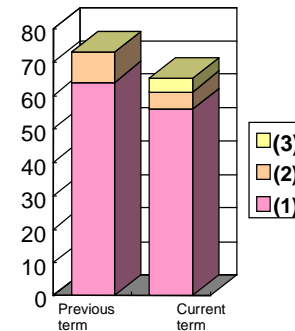
FY ended March '06 LC segment Breakdown of sales



| | Within the group | | | Outside the group | | |
|------------------------------|------------------|--------------|--------|-------------------|--------------|--------|
| | Previous term | Current term | Change | Previous term | Current term | Change |
| Number of tickets (thousand) | - | 560 | - | - | 21 | - |
| Value (million yen) | - | 3,972 | - | - | 191 | - |
| Unit price | - | 7,094 | - | - | 9,095 | - |

Each balance is due to contributions, etc

| | Previous term | Current term | Change |
|--|---------------|--------------|--------|
| Within the group (1) | 64 | 56 | -8 |
| Outside the group (2) | 9 | 5 | -3 |
| Concerts (independent production) | 73 | 61 | -12 |
| Events (contracted-out production) (3) | - | 4 | +4 |
| Total sales | 73 | 66 | -7 |



All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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FY ended March '06

LC segment Comparative income statement



| 4Q cumulative | Previous term | Current term | Change | Percentage change | Forecast | Variance | Percentage change |
|--|---------------|--------------|--------|-------------------|----------|----------|-------------------|
| Sales | 73 | 66 | -7 | -10.1% | 64 | +1 | +3.0% |
| Cost of sales | 68 | 58 | -9 | -13.3% | | | |
| Gross profit | 5 | 7 | +1 | +26.5% | | | |
| Gross profit margin | 8.0% | 11.3% | +3.3% | - | | | |
| Personnel costs | 1 | 2 | +1 | +100.7% | | | |
| Sales promotion and advertising expenses | - | - | - | - | | | |
| General expenses | 0 | 1 | +0 | +60.4% | | | |
| GMF | 1 | 1 | +0 | +12.2% | | | |
| Total SG&A expenses | 3 | 5 | +2 | +60.6% | | | |
| Operating income | 2 | 1 | -0 | -21.0% | 1 | +0 | +34.2% |
| Operating income margin | 3.4% | 3.0% | -0.4% | - | 2.3% | +0.7% | - |

All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

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* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

CC segment (Content Creative)

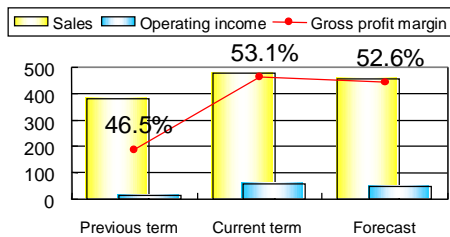


FY ended March 2006

FY ended March '06 Digest of CC segment



| | Previous term | Current term | Change | Forecast | Variance |
|-------------------------|---------------|--------------|--------|----------|----------|
| Sales | 382 | 474 | +91 | 459 | +15 |
| Operating income | 14 | 60 | +46 | 48 | +12 |
| Operating income margin | 3.7% | 12.9% | +9.2% | 10.6% | +2.3% |



- Sales increased by 9.1 billion yen due to increased royalty revenue from the package business in the PC segment and the music distribution in the NC segment, which contributed to **an increase of 4.9 billion yen in profit**. The cost rate improved by 6.6%, which contributed to **an increase of 2.4 billion yen in profit**.
- SG&A expenses increased due to increased sales promotion and advertising expenses, which contributed to **a decrease of 2.6 billion yen in profit**.
- As a result, operating income increased by 4.6 billion yen year-on-year.

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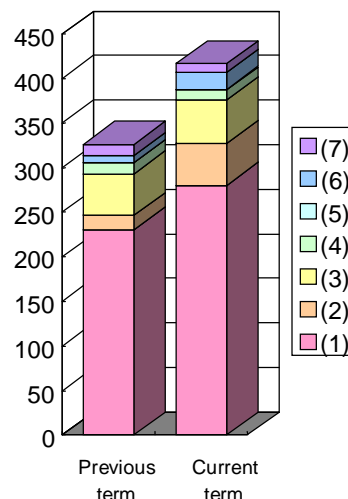
* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

FY ended March '06

CC segment Breakdown of music-related sales



| Music-related | Previous term | Current term | Change |
|---------------------------|---------------|--------------|--------|
| Package (1) | 230 | 280 | +50 |
| Music distribution (2) | 16 | 47 | +30 |
| Copyright royalty (3) | 46 | 48 | +2 |
| Other royalties (4) | 13 | 11 | -1 |
| Royalty revenue | 305 | 387 | +81 |
| Package sales (5) | - | 0 | +0 |
| Artist-related (6) | 7 | 19 | +12 |
| Production and others (7) | 13 | 9 | -3 |
| Total sales | 326 | 416 | +90 |



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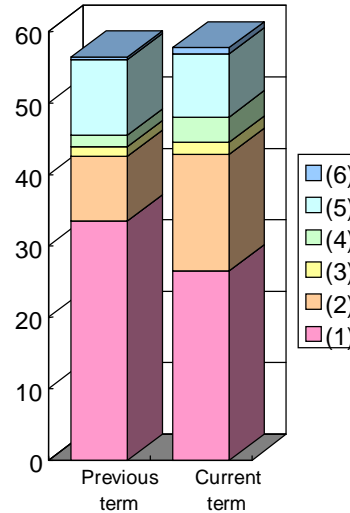
32

FY ended March '06

CC segment Breakdown of video-related sales



| Video-related | Previous term | Current term | Change |
|-------------------------------|---------------|--------------|-----------|
| Animation packages (1) | 33 | 26 | -7 |
| Movies and other packages (2) | 9 | 16 | +7 |
| Multi-use (3) | 1 | 1 | +0 |
| Royalty revenue | 43 | 44 | +0 |
| Distribution revenue (4) | 1 | 3 | +2 |
| Package sales (5) | 10 | 8 | -1 |
| Others (6) | 0 | 0 | +0 |
| Total sales | 56 | 57 | +1 |



All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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FY ended March '06

CC segment Comparative income statement



| 4Q cumulative | Previous term | Current term | Change | Percentage change |
|--|---------------|--------------|------------|-------------------|
| Sales | 382 | 474 | +91 | +23.9% |
| Cost of sales | 204 | 222 | +17 | +8.7% |
| Gross profit | 178 | 252 | +73 | +41.5% |
| Gross profit margin | 46.5% | 53.1% | +6.6% | - |
| Personnel costs | 31 | 41 | +10 | +34.9% |
| Sales promotion and advertising expenses | 74 | 84 | +9 | +13.1% |
| General expenses | 25 | 27 | +2 | +9.1% |
| GMF | 33 | 37 | +4 | +12.0% |
| Total SG&A expenses | 164 | 191 | +26 | +16.4% |
| Operating income | 14 | 60 | +46 | +334.6% |
| Operating income margin | 3.7% | 12.9% | +9.2% | - |

| Forecast | Variance | Percentage change |
|----------|----------|-------------------|
| 459 | +15 | +3.3% |

| | | |
|-------|-------|--------|
| 48 | +12 | +24.8% |
| 10.6% | +2.3% | - |

All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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* The above forecast figures are taken from the forecast made at the time of the 3rd quarter results announcement on Feb.16.

[Reference]



CC segment plus PC segment ⇒ Music-related plus video-related

| | Music-related | | | | Video-related | | |
|--|---------------|--------------|--------|--|---------------|--------------|--------|
| | Previous term | Current term | Change | | Previous term | Current term | Change |
| Sales | 533 | 643 | +109 | Sales | 80 | 86 | +6 |
| Cost of sales | 293 | 313 | +20 | Cost of sales | 52 | 70 | +17 |
| Gross profit | 240 | 329 | +89 | Gross profit | 27 | 16 | -11 |
| Gross profit margin | 45.0% | 51.2% | +6.2% | Gross profit margin | 34.3% | 18.6% | -15.7% |
| Personnel costs | 45 | 54 | +9 | Personnel costs | 4 | 7 | +2 |
| Sales promotion and advertising expenses | 79 | 88 | +8 | Sales promotion and advertising expenses | 10 | 13 | +3 |
| General expenses | 45 | 47 | +2 | General expenses | 2 | 4 | +1 |
| GMF | 47 | 52 | +4 | GMF | 3 | 4 | +1 |
| Total SG&A expenses | 217 | 243 | +25 | Total SG&A expenses | 20 | 29 | +8 |
| Operating income | 22 | 86 | +63 | Operating income | 6 | -13 | -20 |
| Operating income margin | 4.3% | 13.4% | +9.1% | Operating income margin | 8.4% | -15.5% | -23.9% |

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(Amounts of less than 100 million yen are truncated.)

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Main Works and Topics



FY ended March 2006

Main contributors to sales in each music business-1



Main CD singles

- EXILE, "I just want to...see you" 675,000 copies
- GLAY x EXILE, "SCREAM" 595,000 copies
- Ayumi Hamasaki, "STEP you / is this LOVE?" 401,000 copies

Main CD albums

- Kumi Koda, "BEST —first things —" 1,976,000 copies
- Kumi Koda, "BEST — second session —" 1,792,000 copies
- Ayumi Hamasaki, "(miss)understood" 1,030,000 copies

Main music DVDs

- Kumi Koda, "secret — FIRST CLASS LIMITED LIVE —" 310,000 copies
- Ai Otsuka, "JAM PUNCH Tour 2005" 193,000 copies
- Namie Amuro, "FILMGRAPHY 2001-2005" 128,000 copies

Main video DVDs

- "Initial D THE MOVIE" 235,000 copies
- "Initial D Fourth Stage" 210,000 copies
- "Ski Jumping Pairs 8 Official DVD" 87,000 copies

Main contracted-out products

- Boyz 2 Men, "Winter/Reflections" 57,000 copies
- HY, "TRUNK" 54,000 copies
- HY, "Street Story" 40,000 copies

Artists who debuted during the period from April 2005 to March 2006

- BAZRA
- Take 6
- Masaya Wada
- O's
- RAM RIDER
- Buzz72+
- Amasia Landscape
- Kiritō
- Akiko Shikata
- Delicatessen
- Missile Innovation
- mink
- Anna Tsuchiya
- AAA
- NATCHAN PEAK
- BACK-ON
- Caravan
- J
- Hoshii Nanase
- SEED
- Z☆ Trip
- JOSH KELLEY
- MONKEYMAJIK
- Tenjo Chiki
- Lambsey
- Miho Ozeki
- clair

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Main contributors to sales in each music business-2



Main works distributed by the music distribution service

- *Chaku-uta*
 - O-ZONE, "Koi no Maiahi" 4,150,000 downloads
 - EXILE, "I just want to...see you" 1,940,000 downloads
 - Ai Otsuka, "Planetarium" 1,710,000 downloads
 - Ayumi Hamasaki, "HEAVEN" 1,390,000 downloads
 - Ai Otsuka, "SMILY" 1,210,000 downloads
- *Chaku-uta Full*
 - O-ZONE, "Koi no Maiahi" 440,000 downloads
 - Ai Otsuka, "Planetarium" 410,000 downloads
 - Kumi koda, "Butterfly" 220,000 downloads
 - Ayumi Hamasaki, "HEAVEN" 190,000 downloads
 - Ai Otsuka, "SMILY" 180,000 downloads
- *Chaku-movie*
 - O-ZONE, "Koi no Maiahi" 560,000 downloads
 - Kumi koda, "Butterfly" 210,000 downloads
 - GLAY x EXILE, "SCREAM" 200,000 downloads
 - Kumi koda, "Cutie Honey" 150,000 downloads
 - Kumi koda, "you" 150,000 downloads

Main concert tours

- a-nation '05
 - 7 performances at 5 locations for a total of 240,000 people
- Ayumi Hamasaki
 - 9 performances at 4 locations for a total of 70,000 people
- BoA
 - 8 performances at 4 locations for a total of 60,000 people
- Do As Infinity
 - 22 performances at 22 locations for a total of 50,000 people
- Ai Otsuka
 - 16 performances at 12 locations for a total of 30,000 people

Movies distributed by avex

- *Berun no Kiseki* (The Miracle of Bern)
- *The Nomi Song*
- *Metro de Koi Shite* (Clara et moi)
- *The Light*
- *As it is in Heaven*
- *D-5 PROJECT5*
- *RIZE*
- *Last Days*

All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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Full-year Forecast of Consolidated Financial Results



FY ended March 2007

Full-year forecast

Digest of consolidated financial results



We can expect record-high sales again in FY '06,
following FY '05.

Sales will increase by 14% (+12.9 billion yen).

Sales in the PC segment will increase 4% year-on-year (+2.4 billion yen);
sales in the NC segment will also increase 59% (+9.2 billion yen); however,
sales in the LC segment will also increase 21% (+1.1 billion yen).

| Full year | Previous term actual | Revised forecast | Change |
|-------------------------|----------------------|------------------|--------|
| Sales | 897 | 1,027 | +129 |
| Operating income | 86 | 90 | +3 |
| Operating income margin | 9.6% | 8.8% | -0.8% |
| Ordinary income | 90 | 89 | -1 |
| Net income | 44 | 47 | +3 |

All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

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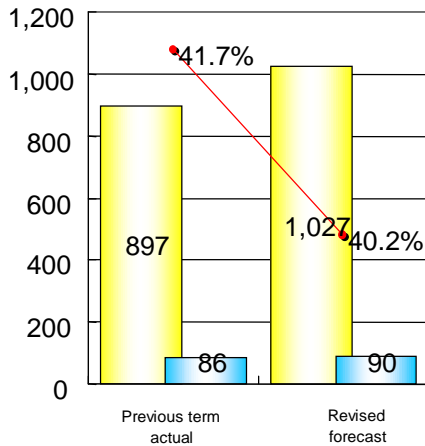
40

Full-year forecast

Summary of consolidated financial results



■ Sales ■ Operating income ● Gross profit margin



- Due to the effect of a sales increase of 12.9 billion yen, profit **increased by 4.9 billion yen**. However, as a result of a 1.5% rise in cost rate, **profit decreased by 1 billion yen**, which led to an increase of 3.8 billion yen in profit.
- On the other hand, in SG&A expenses, there was a decrease factor totaling **3.5 billion yen (1.1 billion yen in payroll, 1.7 billion yen in promotion/advertisement costs, and 0.4 billion yen in general expenses)** due to investment in the membership business of the NC segment, etc.
- Operating income is therefore expected to increase by 4% year-on-year to 9.0 billion yen (an increase of 0.3 billion yen).

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Full-year forecast

Summary of components of our consolidated segments



| | Previous term | | Revised forecast | | | |
|---------------------------|---------------|------------------|------------------|------------------|----------------|---------------|
| | Sales | Operating Profit | Sales | Operating Profit | Sales Variance | O.P. Variance |
| CC | 474 | 60 | 498 | 53 | +23 | -7 |
| PC | 581 | 11 | 610 | 18 | +28 | +6 |
| NC | 163 | 10 | 259 | 10 | +95 | -0 |
| LC | 66 | 1 | 75 | 2 | +8 | +0 |
| Others | 23 | -0 | 27 | -0 | +3 | +0 |
| Total | 1,309 | 84 | 1,472 | 83 | - | - |
| Elimination and corporate | -411 | 1 | -445 | 5 | - | - |
| Consolidated | 897 | 86 | 1,027 | 90 | +129 | +3 |

All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

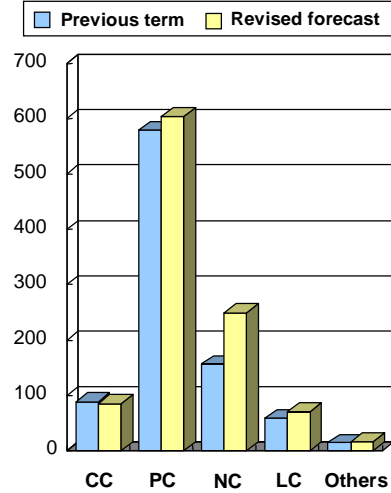
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Full-year forecast



Sales to customers outside the group by business segment

| | Sales to customers outside the group | | |
|--------|--------------------------------------|------------------|--------|
| | Previous term | Revised forecast | Change |
| CC | 89 | 85 | -4 |
| PC | 579 | 604 | +24 |
| NC | 156 | 249 | +92 |
| LC | 58 | 70 | +11 |
| Others | 14 | 17 | +2 |
| Total | 897 | 1,027 | +129 |



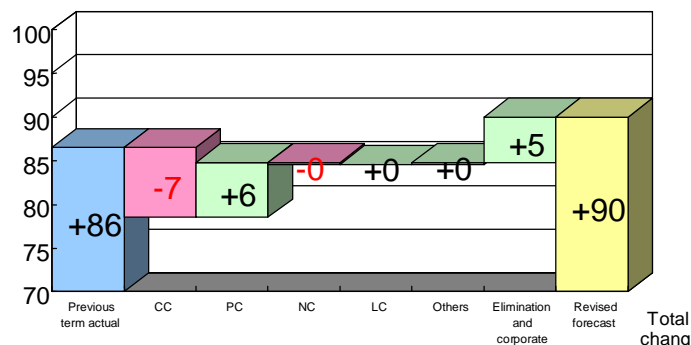
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Full-year forecast



Increase/decrease factors of consolidated operating income (vs. same period last year)



| | | | | | | | | | |
|------------------------------------|-----|-----|----|-----|----|----|----|-----|-----|
| Effect of changes in sales | | +12 | +4 | +29 | +0 | +1 | | | +49 |
| Effect of changes in cost rates | | +0 | +4 | -2 | -1 | -9 | -2 | | -10 |
| Effect of changes in SG&A expenses | | -20 | -2 | -27 | +0 | +7 | +7 | | -35 |
| Total | +86 | -7 | +6 | -0 | +0 | +0 | +5 | +90 | +3 |

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Full-year forecast Consolidated comparative income statement



| Full year | Previous term actual | Revised forecast | Change | Percentage change |
|--|----------------------|------------------|--------|-------------------|
| Sales | 897 | 1,027 | +129 | +14.4% |
| Cost of sales | 523 | 614 | +90 | +17.3% |
| Gross profit | 374 | 413 | +38 | +10.4% |
| Gross profit margin | 41.7% | 40.2% | -1.5% | - |
| Personnel costs | 89 | 101 | +11 | +13.1% |
| Sales promotion and advertising expenses | 109 | 127 | +17 | +15.5% |
| General expenses | 88 | 93 | +4 | +5.1% |
| Total SG&A expenses | 287 | 323 | +35 | +12.3% |
| Operating income | 86 | 90 | +3 | +4.0% |
| Operating income margin | 9.6% | 8.8% | -0.8% | - |

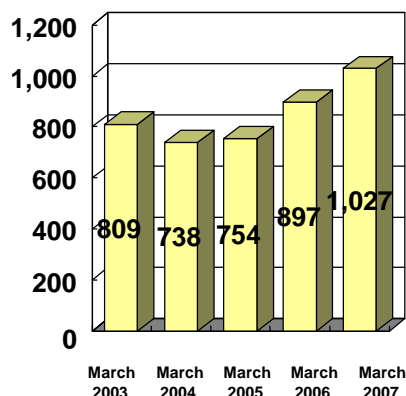
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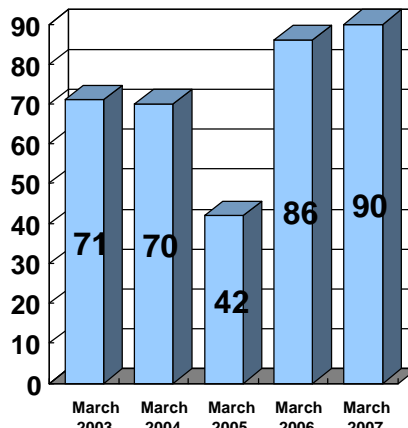
Full-year forecast Consolidated results-1



Consolidated sales



Consolidated operating income



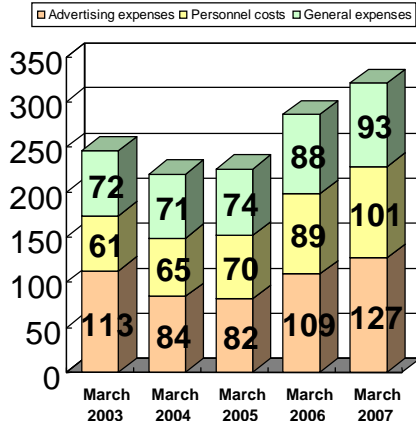
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Full-year forecast Consolidated results-2

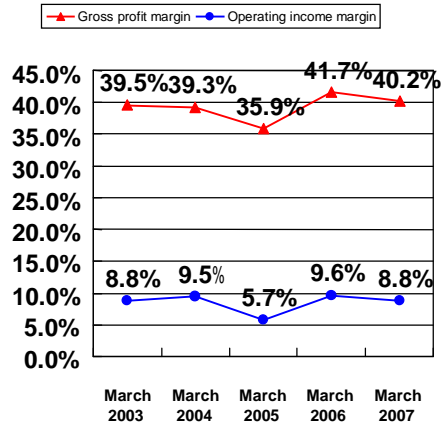


Selling, general & administrative expenses



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Profit margins



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1st quarter plan New releases in each music business



■ Main CD album releases

- Released in April
"D-1 Festival presented by GAZEN ParaPara!!"
- Released in May
"thank you" by MONKEY MAJIK
- Released in June
"WILD PEACE" by TOKYO SKA PARADISE ORCHESTRA

■ Main CD single releases

- Released in April
"Frienger" by Ai Otsuka
- Released in April
"brand new beat-/Your Color" by BoA
- Released in May
"A Cup of Milk Tea" by Kumi Koda
- Released in May
"CAN'T SLEEP, CAN'T EAT, I'M SICK/Mermaid" by Namie Amuro
- Released in June
"Hi-Fi Message" by Every Little Thing

■ Main music DVD releases

- Released in April
"HOLD UP DOWN" by V6

■ Main contracted-out products

- Released in April
"Confidence" by HY
- Released in June
"Are you doing well?" by Miyuki Nakajima

■ Main video DVD releases

- Released in April
"we (white heart-shaped symbol) TechPara - mission style-"
- Released in April
"THE TRAPARA"

■ Main movies to be distributed

- On screen in April
"Lizard Woman"
- On screen in April
"Head-on"
- On screen from May to June
"Breakfast on Pluto"
- On screen in June
"Nine Lives"

■ Main concert tours

- Held from April to June
18 performances at 10 places by Ayumi Hamasaki

All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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Industry Environment Statistical Data



FY ended March 2006

* The following statistical data was obtained by totaling the figures disclosed monthly by each organization.

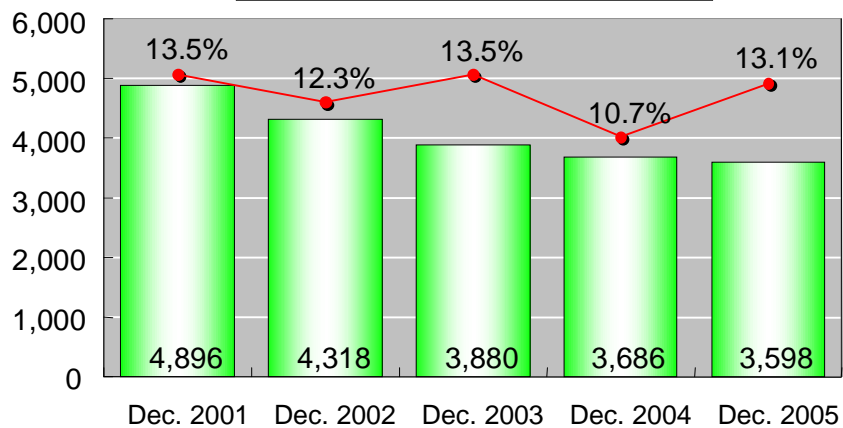
Statistical data published by the Recording Industry Association of Japan (RIAJ): Music record output



CD Total (value): Cumulative total for the last 12 months

Unit: 100 million yen

CD total value avex's market share



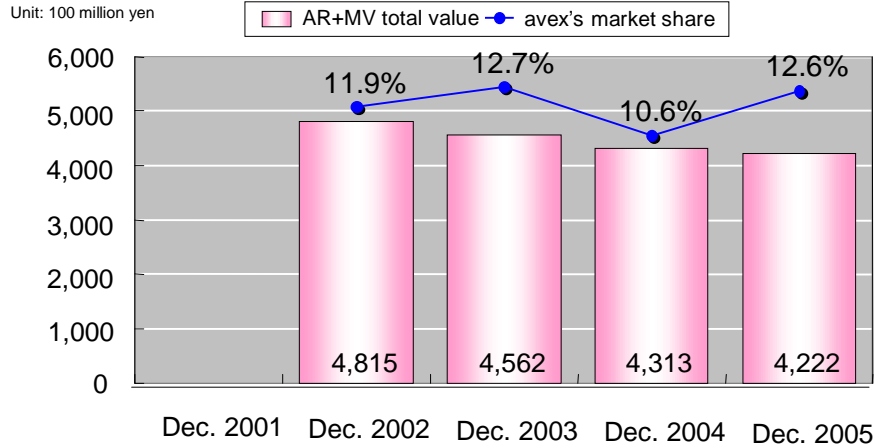
All figures, if not otherwise indicated, are expressed in units of 100 million yen.
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Statistical data published by RIAJ:
Music record output



Audio record plus music video (value):
Cumulative total for the last 12 months



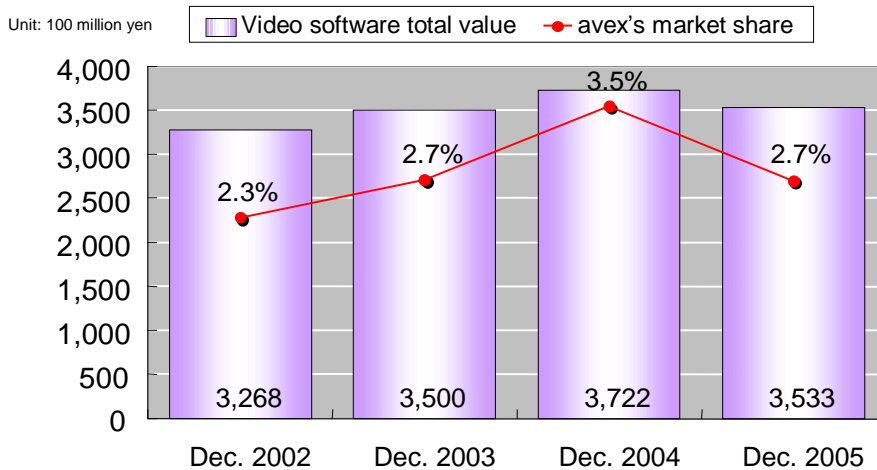
All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

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Statistical data published by the Japan Video
Software Association (JVA): Preliminary video software sales



Video software total (value): Cumulative total for the last 12 months



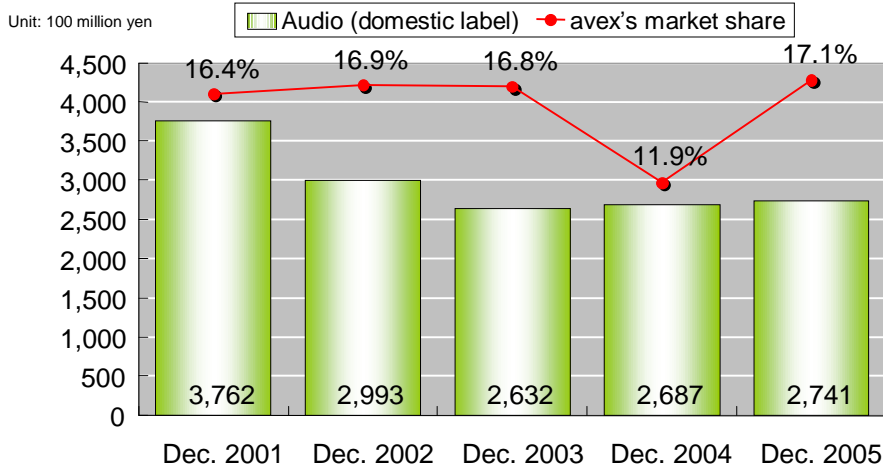
All figures, if not otherwise indicated, are expressed in units of 100 million yen.
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Statistical data published by Oricon: Sales by music production company



Audio [domestic label]: Cumulative total for the last 12 months



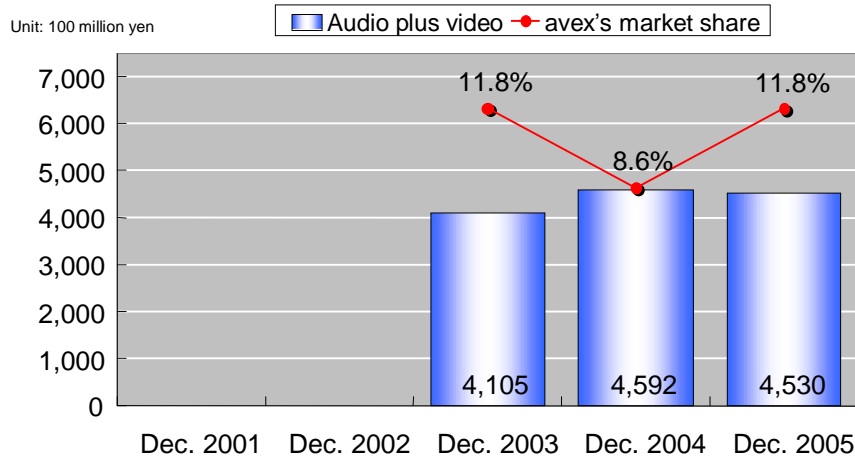
All figures, if not otherwise indicated, are expressed in units of 100 million yen.
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Statistical data published by Oricon: Sales by music production company



Audio plus video: Cumulative total for the last 12 months



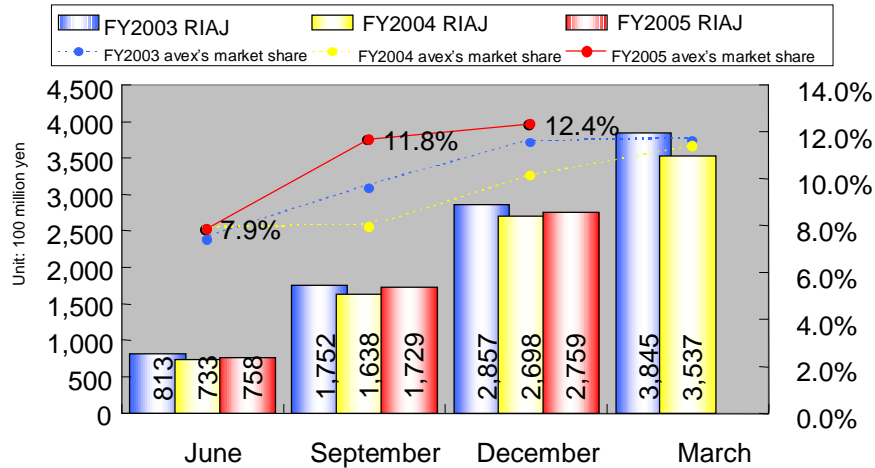
All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

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Statistical data published by RIAJ: Music record output



CD total (value): Cumulative total by year



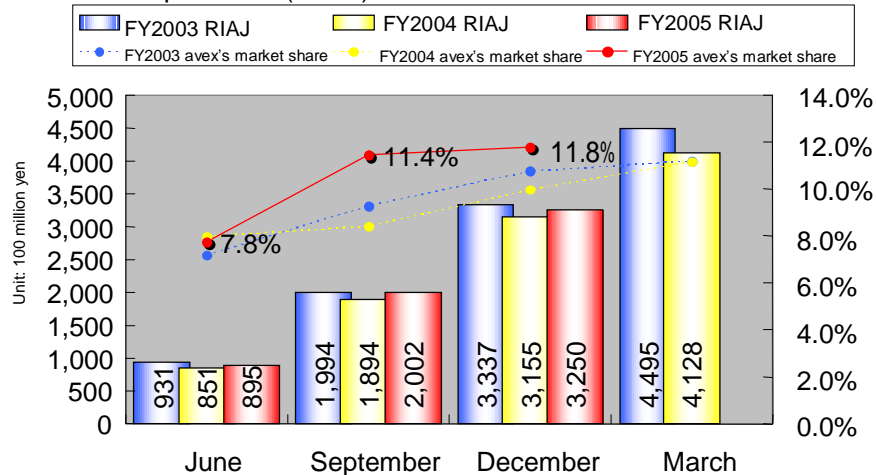
All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

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Statistical data published by RIAJ: Music record output



Audio plus video(Value): Cumulative total for the last 12 months



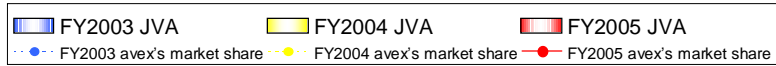
All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

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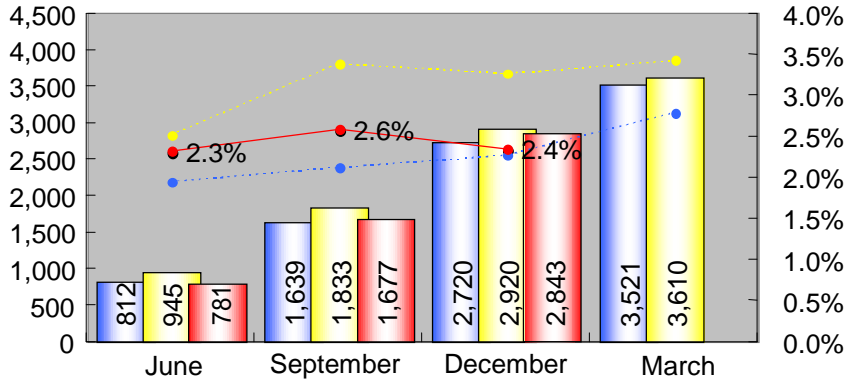
Statistical data published by JVA: Preliminary video software sales



Video software total (value): Cumulative total by year



Unit: 100 million yen



All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

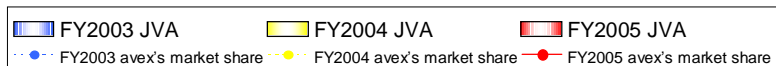
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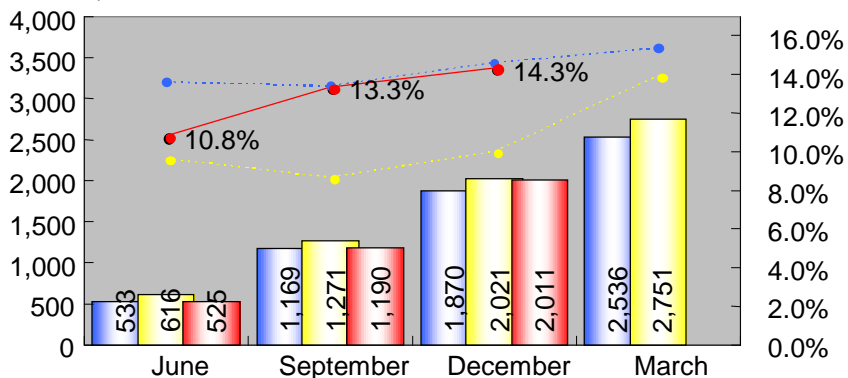
Statistical data published by Oricon: Sales by music production company



Audio [domestic label]: Cumulative total by year



Unit: 100 million yen



All figures, if not otherwise indicated, are expressed in units of 100 million yen.
(Amounts of less than 100 million yen are truncated.)

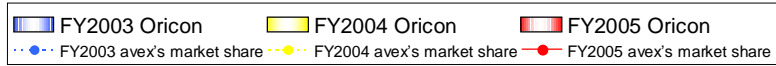
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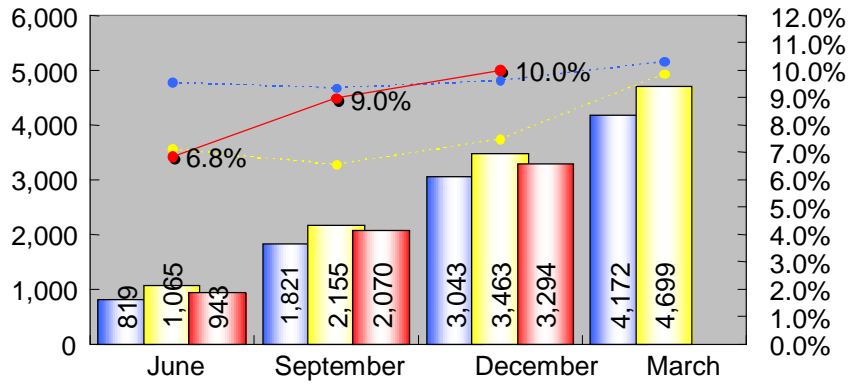
Statistical data published by Oricon: Sales by music production company



Audio plus video: Cumulative total by year



Unit: 100 million yen



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(Amounts of less than 100 million yen are truncated.)

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