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AVEX GROUP HOLDINGS INC.

## Highlights of Consolidated Financial Results



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Financial year ended March 2007

**IR**

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FY ended March 2007 Consolidated business results



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Financial year ended March 2007

## FY ended March '07

Digest of consolidated business results



**Sales increased 13.2% year-on-year  
(+11.8 billion yen)**

Particularly, sales in the NC segment increased  
40.0% year-on-year (+6.5billion yen)

	Previous term	Current term	Change	Forecast	Variance
Sales	897	1,016	+118	1,027	-10
Operating income	86	86	+0	90	-3
OP margin	9.6%	8.6%	-1.0%	8.8%	-0.2%
Ordinary income	90	78	-12	84	-5
Net income	44	30	-14	37	-6

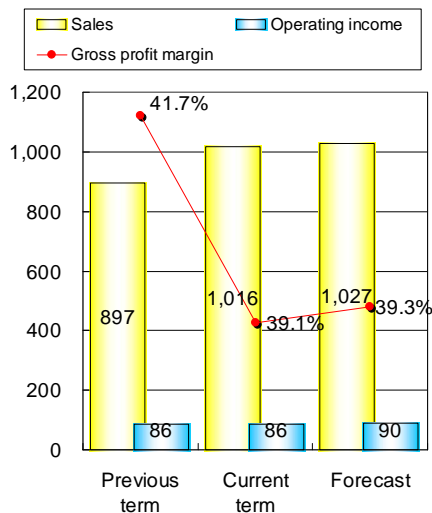
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## FY ended March '07

Summary of consolidated financial results



- Sales increased by 11.8 billion yen mainly due to strong proceeds from the online distribution service and membership service in the NC segment, which **contributed to a 4.3 billion yen increase in profit.**
- On the other hand, the gross margin ratio decreased in the PC segment and Visual Content Business which **contributed to a 2.0 billion yen decrease in profit.** In addition, SG&A expenses increased due to increased advertisement expenses associated with the expansion of membership business in the NC segment, and the increase of personnel costs in each segment **which contributed to a 2.2 billion yen decrease in profit.**
- Due to the above two factors, operating income remained unchanged year-on-year.

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## FY ended March '07 Summary of components of consolidated segments



	Current term		Previous term				Forecast			
	Sales	External Sales	Sales	External Sales	Sales Change	External Sales Change	Sales	External Sales	Sales Variance	External Sales Variance
CC	498	106	474	89	+24	+16	510	103	-11	+3
PC	599	595	581	579	+18	+16	619	614	-19	-18
NC	228	215	163	156	+65	+59	224	213	+4	+2
LC	91	81	66	58	+25	+23	86	79	+5	+2
Others	33	17	23	14	+10	+2	33	18	+0	-0
Total	1,452	1,016	1,309	897	+142	+118	1,472	1,027	-19	-10

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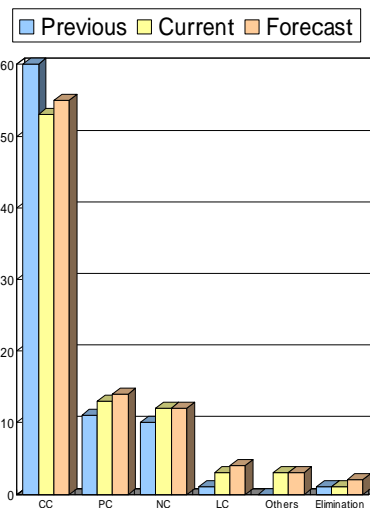
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## FY ended March '07 Operating income by business segment



	Operating Income				
	Current term	Previous term	Change	Forecast	Variance
CC	53	60	-7	55	-1
PC	13	11	+2	14	-0
NC	12	10	+1	12	+0
LC	3	1	+1	4	-0
Others	3	-0	+3	3	+0
Total	85	84	+1	88	-2
Elimination	1	1	-0	2	-0
Total	86	86	+0	90	-3



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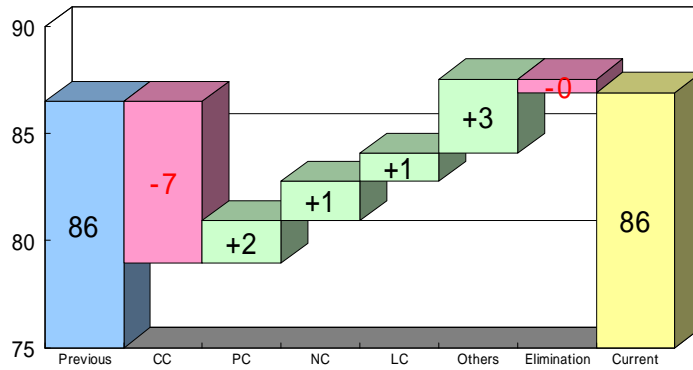
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## FY ended March '07



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



	Previous	CC	PC	NC	LC	Others	Elimination	Current	Total change
Effect of changes in sales		+12	+2	+20	+2	+5			+43
Effect of changes in cost rates		-3	-1	+1	+0	-4	-12		-20
Effect of changes in SG&A		-16	+0	-19	-2	+2	+12		-22
<b>Total</b>	<b>86</b>	<b>-7</b>	<b>+2</b>	<b>+1</b>	<b>+1</b>	<b>+3</b>	<b>-0</b>	<b>86</b>	<b>+0</b>

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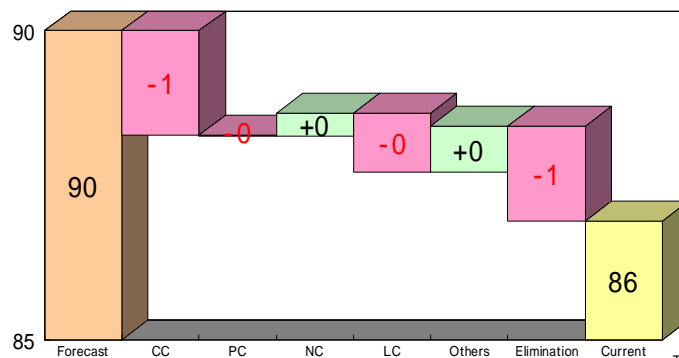
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## FY ended March '07



Increase/decrease factors in consolidated Operating income (vs. forecast)



	Forecast	CC	PC	NC	LC	Others	Elimination	Current	Total change
Effect of changes in sales		-6	-2	+1	+0	+0			-6
Effect of changes in cost rates		-3	+2	+1	+0	+0	-0		+0
Effect of changes in SG&A		+8	+0	-2	-1	+0	-1		+3
<b>Total</b>	<b>90</b>	<b>-1</b>	<b>-0</b>	<b>+0</b>	<b>-0</b>	<b>+0</b>	<b>-1</b>	<b>86</b>	<b>-3</b>

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## FY ended March '07 Consolidated comparative income statement-1



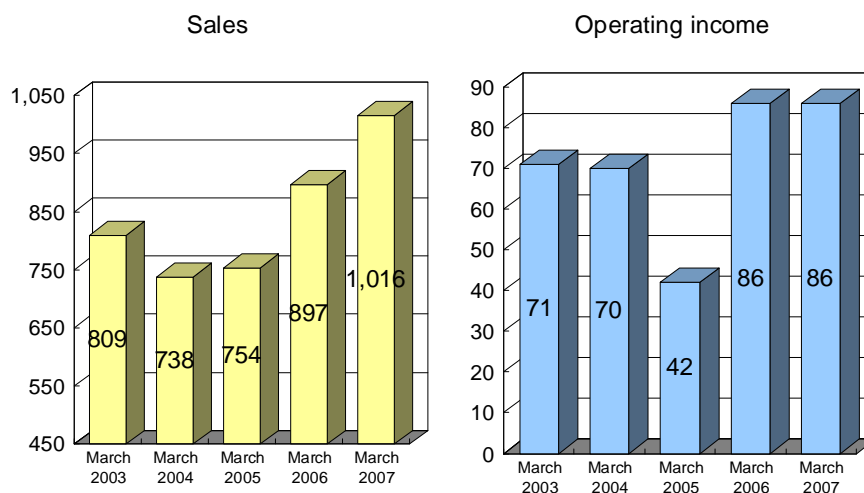
4Q cumulative	Previous term	Current term	Change	Percentage Change	Forecast	Variance	Percentage Change
Sales	897	1,016	+118	+13.2%	1,027	-10	-1.0%
COGS	523	618	+95	+18.2%	623	-4	-0.7%
Gross Profit	374	397	+23	+6.2%	404	-6	-1.7%
Gross profit margin	41.7%	39.1%	-2.6%	-	39.3%	-0.2%	-
Personnel costs	89	95	+6	+7.3%	95	+0	+0.9%
Sales promotion and advertising expenses	109	120	+10	+9.6%	130	-9	-7.4%
General expenses	88	94	+5	+6.4%	89	+5	+5.7%
Total SG&A	287	310	+22	+7.9%	314	-3	-1.1%
Operating income	86	86	+0	+0.5%	90	-3	-3.4%
OP margin	9.6%	8.6%	-1.0%	-	8.8%	-0.2%	-

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## FY ended March '07 Consolidated results-1



All figures, if not otherwise indicated, are expressed in units of 100 million yen.  
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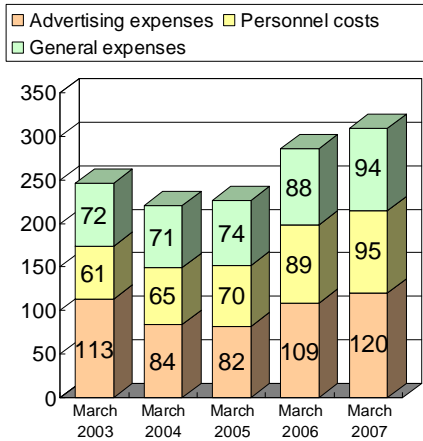
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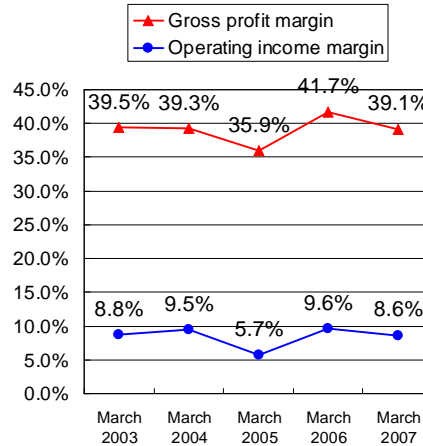
## FY ended March '07 Consolidated results-2



### SG&A expenses



### Profit margins



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## Consolidated business results Quarterly transition



	FY ended March '06				FY ended March '07			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales	145	236	196	319	197	217	254	346
COGS	102	135	110	175	134	139	148	196
Gross profit	43	100	86	144	62	77	106	150
Gross profit margin	29.6%	42.5%	44.0%	45.2%	31.6%	35.9%	41.8%	43.4%
Personnel costs	16	15	15	41	17	18	19	40
Sales promotion and advertising expenses	16	30	29	33	25	30	26	38
General expenses	20	23	18	25	21	22	22	28
Total SG&A	53	69	63	100	64	70	68	106
Operating income	-10	30	23	43	-2	6	38	44
OP margin	-7.3%	12.9%	11.7%	13.6%	-1.3%	3.2%	15.1%	12.7%

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## FY ended March '07

Consolidated business results in detail

—By segment—



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Fiscal year ended March 2007

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## PC segment (Package Communication)



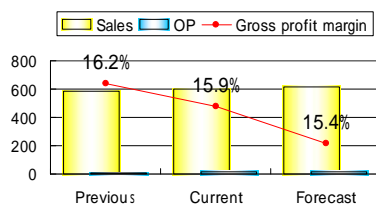
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Fiscal year ended March 2007

## FY ended March '07 Digest of PC segment



	Previous term	Current term	Change	Forecast	Variance
Sales	581	599	+18	619	-19
Operating income	11	13	+2	14	-0
Operating income margin	2.0%	2.3%	+0.3%	2.3%	0.0%



- Sales in the Package Communication segment moved steadily, however overseas sales was effected by the shrinkage of the market. As a total, the PC segment increased by 1.8 billion yen year-on-year.
- However, the gross profit margin decreased due to an allowance for overseas loss and a decline in sales of our label products, which command a high profit ratio.
- As a result, operating income increased by 200 million yen year-on-year.

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## FY ended March '07 PC segment Breakdown of music label



	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
New title									
Number of titles	328	431	13	244	247	13	96	78	-
Volume (thousand)	13,953	13,194	161	11,185	9,028	154	1,786	1,492	-
	42	30	12	45	36	11	18	19	-
Value (million yen)	27,056	27,333	307	8,486	7,592	139	4,436	3,785	-
	82	63	23	34	30	10	46	48	-
Unit price (yen)	1,939	2,072	1,906	759	841	902	2,484	2,535	-

Previous/current terms' totals are on P.18  
PC segment breakdown of sales To music label (1)

Unit: million yen

Sales of old titles	3,932	3,587	-	302	194	-	731	1,056	-
Total sales	30,989	30,921	-	8,789	7,787	-	5,167	4,841	-

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

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# FY ended March '07

## PC segment Breakdown of video label sales



	DVDs		CD albums		CD singles	
	Previous term	Current term	Previous term	Current term	Previous term	Current term
New title						
Number of titles	355	547	56	71	44	34
Volume (thousand)	1,256	1,381	312	429	262	207
	3	2	5	6	5	6
Value (million yen)	5,151	5,643	569	819	207	176
	14	10	10	11	4	5
Unit price (yen)	4,102	4,085	1,822	1,909	789	853

Previous/current terms' totals are on P.18  
PC segment breakdown of sales To music label (2)

Unit: million yen

Sales of old titles	1,034	668	154	82	19	18
Total sales	6,186	6,311	724	901	227	194

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

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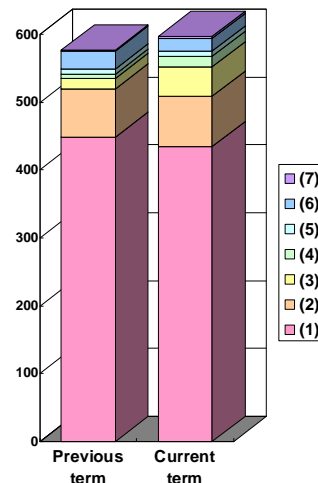
# FY ended March '07 PC segment Breakdown of sales



From P.17 sales breakdown of video label in PC segment

From P.16 sales breakdown of music label in PC segment

	Previous term	Current term	Change
Music label (1)	449	435	-13
Video label (2)	71	74	+2
Own label	520	509	-11
Sales on consignment (3)	16	44	+28
Sales of consignment development (4)	5	15	+9
Royalty revenue (5)	8	8	+0
Overseas sales (6)	27	19	-8
Others (7)	2	2	-0
Total sales	581	599	+18



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## FY ended March '07 PC segment Comparative income statement



4Q cumulative	Previous	Current	Change	Percentage change
Sales	581	599	+18	+3.1%
COGS	487	504	+16	+3.5%
Gross profit	93	95	+1	+1.2%
Gross profit margin	16.2%	15.9%	-0.3%	-
Personnel costs	19	21	+1	+7.7%
Sales promotion and advertising costs	17	16	-0	-5.2%
General expenses	25	24	-0	-1.9%
GMF	19	18	-1	-5.1%
Total SG&A	82	81	-0	-1.0%
Operating income	11	13	+2	17.1%
OP margin	2.0%	2.3%	+0.3%	-

Forecast	Variance	Percentage change
619	-19	-3.1%

14	-0	-2.1%
2.3%	0.0%	-

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## NC Segment (Network Communication)

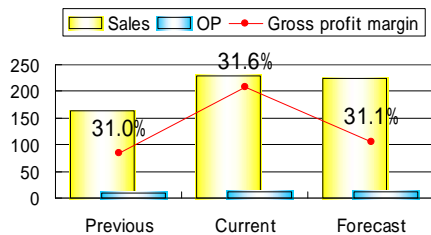


Fiscal year ending March 2007

## FY ended March '07 Digest of NC segment



	Previous	Current	Change	Forecast	Variance
Sales	163	228	+65	224	+4
Operating income	10	12	+1	12	+0
OP margin	6.3%	5.3%	-1.0%	5.4%	-0.1%



- Sales increased by 6.5 billion yen due to steady development mainly in the online distribution service and membership business "mu-mo®." This contributed to a 2.0 billion yen increase in profit.
- SG&A expenses increased by 1.9 billion yen due to heightened sales promotion and advertising expenses aimed at expanding the membership business and similar operations. Consequently, operating income remained unchanged year-on-year.

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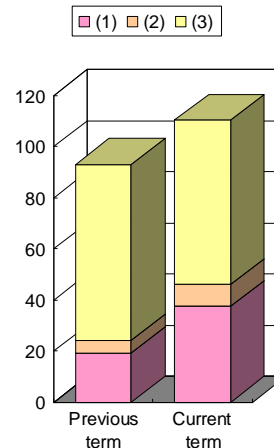
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## FY ended March '07 NC segment Breakdown of online distribution business



Volume (thousand tunes)	Previous term	Current term	Change
Mobiles	6,440	12,526	+6,086
PC	3,014	5,167	+2,153
Volume (thousand tunes)	9,454	17,694	+8,239
Chaku-uta	60,100	60,748	+647

Value (million yen)	Previous term	Current term	Change	Unit price (yen)	
				Previous term	Current term
Mobiles (1)	1,932	3,758	+1,825	300	300
PC (2)	503	846	+342	167	164
Total Sale	2,435	4,604	+2,168	258	260
Chaku-uta (3)	6,876	6,428	-447	114	106



Online distribution (1) P.24 NC segment breakdown of sales To Chaku-Uta (2)

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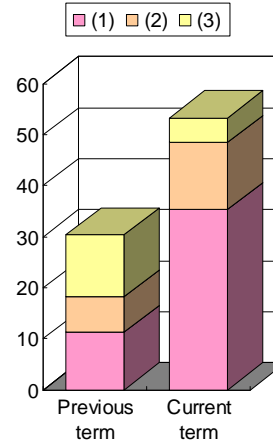
# FY ended March '07

## NC segment Breakdown of membership business



Membership (thousand people)	Year-on-year	Current term				Change
		End of previous term	increase	decrease	End of current term	
Mumo	571	571	2,220	1,770	1,021	+450
FC	308	308	371	303	375	+67
Mobiles	263	263	108	339	32	-231
<b>Membership</b>	<b>1,143</b>	<b>1,143</b>	<b>2,699</b>	<b>2,413</b>	<b>1,429</b>	<b>+286</b>

Value (million yen)	Previous term	Current term	Change	Unit price (yen)	
				Previous	Current
Mumo(1)	1,132	3,535	+2,402	329	329
FC(2)	684	1,310	+625	312	312
Mobiles(3)	1,222	482	-739	252	231
<b>Total Sale</b>	<b>3,039</b>	<b>5,327</b>	<b>+2,288</b>	<b>290</b>	<b>313</b>



P.23 NC segment breakdown of sales To membership business (4)

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# FY ended March '07

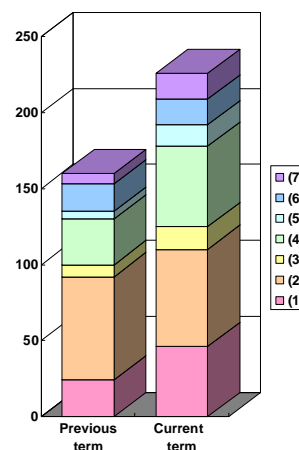
## NC segment Breakdown of sales



From P.22 breakdown of online distribution business in NC segment

From P.23 breakdown of membership business in NC segment

	Previous term	Current term	Change
Online distribution (1)	24	46	+21
Chaku-uta (2)	68	64	-4
Chaku-mero (3)	8	15	+6
Content distribution	101	125	+24
Membership business (4)	30	53	+22
EC (5)	5	14	+9
MD (6)	18	17	-0
Others (7)	7	17	+9
<b>Total sales</b>	<b>163</b>	<b>228</b>	<b>+65</b>



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## FY ended March '07 NC segment Comparative income statement



4Q cumulative	Previous term	Current term	Change	Percentage change
Sales	163	228	+65	+40.0%
COGS	112	156	+43	+38.8%
Gross profit	50	72	+21	+42.7%
Gross profit margin	31.0%	31.6%	+0.6%	-
Personnel costs	13	15	+1	+11.2%
Sales promotion and advertising costs	8	18	+10	+123.5%
General expenses	11	14	+3	+29.7%
GMF	6	11	+4	+65.5%
Total SG&A	40	60	+19	+49.1%
Operating income	10	12	+1	+17.8%
OP margin	6.3%	5.3%	-1.0%	-

Forecast	Variance	Percentage change
224	+4	+2.1%

12	+0	+1.0%
5.4%	-0.1%	-

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## LC segment (Live Communication)

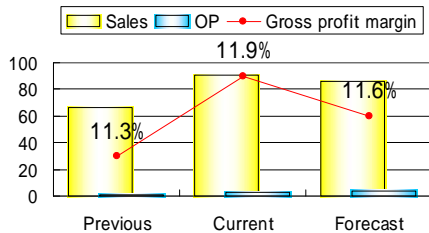


Fiscal year ended March 2007

## FY ended March '07 Digest of LC segment



	Previous term	Current term	Change	Forecast	Variance
Sales	66	91	+25	86	+5
Operating income	1	3	+1	4	-0
OP margin	2.9%	3.6%	+0.7%	4.7%	-1.1%



- Larger attendances for live concerts by our artists and the "a-nation" outdoor live event contributed to a 2.5 billion yen increase in sales. **This contributed to a 300 million yen increase in profit.**
- Increase in SG&A contributed to a **200 million decrease in profit.**
- Operating income **increased by 100 million yen.**

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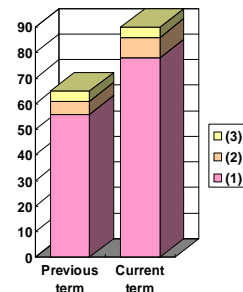
## FY ended March '07 LC segment Breakdown of sales



	Within the group			Outside the group		
	Previous term	Current term	Change	Previous term	Current term	Change
Number of tickets (thousand)	560	753	+193	21	67	+46
Value (million yen)	3,972	5,998	+2,025	191	737	+546
Unit price (including funds from supporting companies)	7,094	7,955	+861	9,095	10,896	+1,801

Each balance is due to contributions, etc

	Previous term	Current term	Change
Within the group (1)	56	78	+21
Outside the group (2)	5	8	+3
Concerts (independent production)	61	86	+25
Events (contracted-out production) (3)	4	4	+0
Total sales	66	91	+25



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## FY ended March '07 LC segment Comparative income statement



4Q cumulative	Previous term	Current term	Change	Percentage change
Sales	66	91	+25	+38.1%
COGS	58	80	+21	+37.1%
Gross profit	7	10	+3	+46.1%
Gross profit margin	11.3%	11.9%	+0.6%	-
Personnel costs	2	3	+0	+27.9%
Sales promotion and advertising costs	-	0	+0	-
General expenses	1	2	+0	+58.4%
GMF	1	1	+0	+34.9%
Total SG&A	5	7	+2	+38.6%
Operating income	1	3	+1	+67.3%
OP margin	2.9%	3.6%	+0.7%	-

Forecast	Variance	Percentage change
86	+5	+6.7%

4	-0	-18.0%
4.7%	-1.1%	-

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## CC segment (Content Creative)

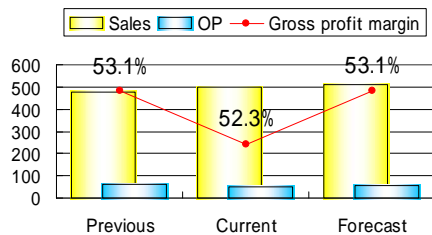


Fiscal year ending March 2007

## FY ended March '07 Digest of CC segment



	Previous term	Current term	Change	Forecast	Variance
Sales	474	498	+24	510	-11
Operating income	60	53	-7	55	-1
OP margin	12.8%	10.7%	-2.1%	10.8%	-0.1%



- Sales of music-related business increased by 2.2 billion yen, and gross profit margin remained unchanged year-on-year, contributing to a 1.3 billion yen increase in profit.
- Sales of video-related business remained unchanged year-on-year, however profit decreased by 500 million yen due to a 12% drop in gross profit margin.
- SG&A increased by 1.6 billion yen, contributing to a 700 million yen decrease in profit.

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

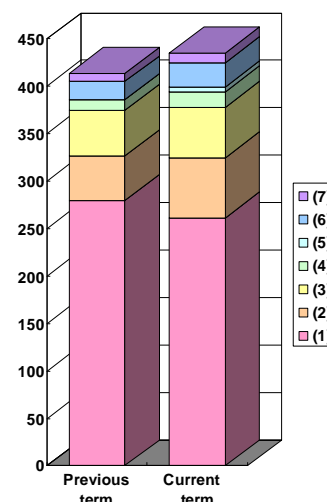
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## FY ended March '07 CC segment Breakdown of music-related sales



Music-related	Previous term	Current term	Change
Package (1)	280	261	-18
Online distribution (2)	47	64	+17
Copyright royalty (3)	48	53	+5
Other royalties (4)	11	16	+5
Royalty revenue	387	396	+9
Package sales (5)	0	5	+5
Artist-related (6)	19	26	+6
Production and others (7)	9	10	+1
Total sales	416	439	+22



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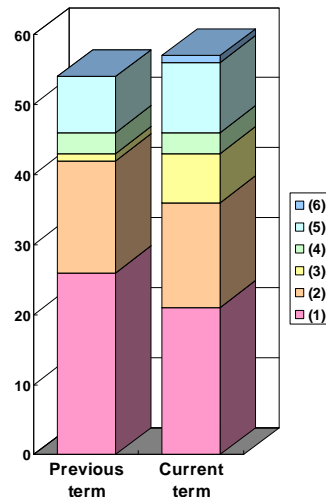


## FY ended March '07

### CC segment Breakdown of video-related sales



Video-related	Previous term	Current term	Change
Animation packages (1)	26	21	-5
Movies and other packages (2)	16	15	-1
Multi-use (3)	1	7	+5
Royalty revenue	44	44	-0
Distribution revenue (4)	3	3	-0
Package sales (5)	8	10	-2
Others (6)	0	1	+0
<b>Total sales</b>	<b>57</b>	<b>59</b>	<b>+1</b>



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## FY ended March '07

### CC segment Comparative income statement



4Q cumulative	Previous term	Current term	Change	Percentage change
Sales	474	498	+24	+5.1%
COGS	222	237	+15	+6.8%
Gross profit	252	260	+8	+3.5%
Gross profit margin	53.1%	52.3%	-0.8%	-
Personnel costs	41	45	+3	+8.0%
Sales promotion and advertising expenses	84	84	+0	+0.6%
General expenses	27	33	+5	+21.9%
GMF	37	43	+6	+17.7%
Total SG&A	191	207	+16	+8.6%
Operating income	60	53	-7	-12.4%
OP margin	12.8%	10.7%	-2.1%	-

Forecast	Variance	Percentage change
510	-11	-2.2%

55	-1	-2.9%
10.8%	-0.1%	-

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[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	643	692	+49	Sales	86	89	+2
Cost of sales	314	344	+29	Cost of sales	69	81	+12
Gross profit	328	347	+19	Gross profit	17	7	-9
Gross profit margin	51.0%	50.3%	-0.7%	Gross profit margin	20.0%	8.5%	-11.5%
Personnel costs	54	57	+2	Personnel costs	7	8	+1
Sales promotion and advertising expenses	85	84	-1	Sales promotion and advertising expenses	16	17	+0
General expenses	47	49	+1	General expenses	4	7	+3
GMF	52	57	+5	GMF	4	4	+0
Total SG&A expenses	240	249	+9	Total SG&A expenses	32	38	+6
Operating income	87	98	+10	Operating income	-14	-30	-16
Operating income margin	13.6%	14.2%	+0.6%	Operating income margin	-16.9%	-34.5%	-17.6%

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## Main Works and Topics



Fiscal year ended March 2007

## Main contributors to sales in each music business-1



### ■ Main CD singles

- Kumi Koda, "4 hot wave (I'll be there /Ningyo-hime/JUICY/With your smile)" 487,000 copies
- Kumi Koda, "Yume no Uta/Futari de ..."

### ■ Main CD albums

- Kumi Koda, "Black Cherry" 1,494,000 copies
- Ayumi Hamasaki, "A BEST 2 -BLACK-" 918,000 copies
- Ayumi Hamasaki, "A BEST 2 -WHITE-" 915,000 copies
- Ayumi Hamasaki, "Secret" 801,000 copies
- Ai Otsuka, "I am best" 791,000 copies
- EXILE, "EXILE EVOLUTION" 677,000 copies

### ■ Main music DVDs

- Kumi Koda, "LIVE TOUR 2005 -first things-deluxe edition" 150,000 copies
- Kumi Koda, "LIVE TOUR 2006-2007 -second session-" 144,000 copies
- Ai Otsuka, "LOVE COOK Tour 2006" 133,000 copies

### ■ Main video DVDs

- "Tokyo Friends The Movie Standard Edition" 134,000 copies
- "Tada kimi wo aishiteru Standard Edition" 112,000 copies

### ■ Main contracted-out products

- HY "Confidence" 578,000 copies
- Aoi Teshima, "Teru no Uta" 279,000 copies
- Miyuki Nakajima, "Lalabai singer" 138,000 copies

### ■ Artists who debuted during the period from April 2006 to December 2006

- 2BACKKA
- Lecca
- STRUGGLE FOR PRIDE
- STROBO
- Rock-senti
- Ossan
- Saiyumeimei
- Ataru Nakamura
- Kannivalism
- FATMAN SCOOP
- Blog 27
- EVANS BLUE
- kaede

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## Main contributors to sales in each music business-2



### ■ Main works distributed by the online distribution service

- *Chaku-uta*
  - Kumi Koda, "Koi no tsubomi" 2,590,000 downloads
  - Kumi Koda, "Yume no Uta" 1,440,000 downloads
  - Ai Otsuka, "Yumekui" 1,210,000 downloads
  - EXILE & Kumi Koda, "WON'T BE LONG" 1,170,000 downloads
  - Ayumi Hamasaki, "BLUE BIRD" 1,040,000 downloads
- *Chaku-uta Full*
  - Kumi Koda, "Koi no tsubomi" 560,000 downloads
  - Ai Otsuka, "Frienger" 490,000 downloads
  - Kumi Koda, "Yume no Uta" 370,000 downloads
- *Chaku-movie*
  - Kumi Koda, "Koi no tsubomi" 110,000 downloads
  - Kumi Koda, "Yume no Uta" 100,000 downloads

### ■ Main concert tours

- a-nation
  - 7 performances at 5 locations for a total of 190,000 people
- Ayumi Hamasaki
  - 18 performances at 10 locations for a total of 130,000 people

### ■ Movies distributed by avex

- Tada kimi wo aishiteru
  - Tokyo Friends The Movie
  - Oyayubi sagashi
  - Utsukushi hito
  - Stoned
  - Aoki ookami
  - STEP UP
- Sales to be allocated next fiscal year.

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# Full-year Forecast of Consolidated Financial Results



Fiscal year ended March 2007

## Full-year forecast Digest of consolidated financial results



**Sales expected to be 114 billion yen**

(+12.3 billion yen year-on-year)

NC business +30.3% (6.9 billion yen) year-on-year.

CC business +7.1% (3.5 billion yen) year-on-year.

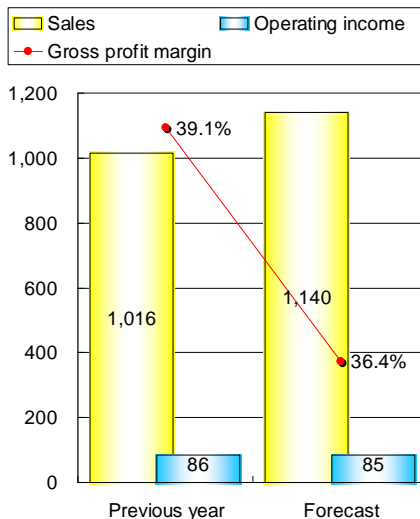
Full year	Previous term actual	Forecast	Change
Sales	1,016	1,140	+123
Operating income	86	85	-1
Operating income margin	8.6%	7.5%	-1.1%
Ordinary income	78	68	-10
Net income	30	31	+0

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## Full-year forecast Summary of consolidated financial results



- PC business: Sales of video-related package is expected to increase while sales of music-related package is expected to decrease. As a total, Sales is expected to increase 300 million yen.
- NC business: 7.2 billion yen increase in sales due to steady growth of online distribution and membership services.
- LC business: 1.4 billion yen increase in sales led by newly-developed events.
- CC business: 2.7 billion increase in sales due to the expansion of visual content business.
- 2.7% drop in gross profit margin due to the increase of low-margin video-related package and the relatively high-margin music package. This was a decrease factor of 2.5 billion yen in profit.
- In SG&A expenses, there was a decrease factor totaling 1.9 billion yen due to an increase in employees and sales promotion expenses. This was caused by the enhancement of new businesses, such as the online distribution business and the visual content business.
- Operating income is expected to decrease by 2.2% year-on-year to 85 billion yen.

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## Full-year forecast Summary of components of our consolidated segments



	Forecast		Previous term actual			
	Sales	External sales	Sales	External sales	Sales variance	External sales variance
CC	534	134	498	106	+35	+27
PC	601	599	599	595	+1	+3
NC	298	288	228	215	+69	+72
LC	102	96	91	81	+10	+14
Others	37	23	33	17	+3	+5
Total	1,572	1,140	1,452	1,016	+123	+123

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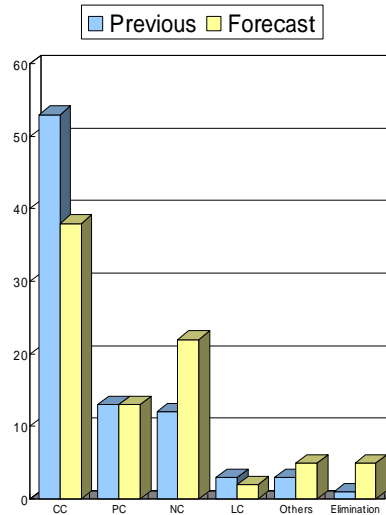
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## Full-year forecast Operating income by business segment



	Operating income		
	Forecast	Previous Term actual	Change
CC	38	53	-15
PC	13	13	-0
NC	22	12	+9
LC	2	3	-1
Others	5	3	+1
Total	80	85	-5
Elimination	5	1	+3
Total	85	86	-1



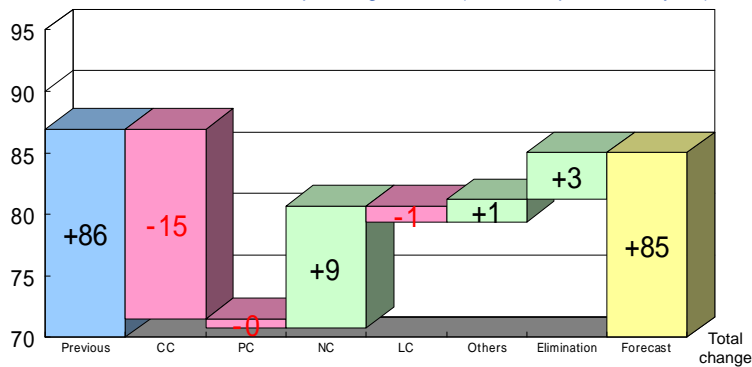
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## Full-year forecast

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



Effect of changes in sales		+18	+0	+21	+1	+1			+42
Effect of changes in cost rates		-19	-2	+0	-3	-0	-0		-25
Effect of changes in SG&A expenses		-14	+1	-12	+0	+1	+4		-19
Total	+86	-15	-0	+9	-1	+1	+3	+85	-1

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## Full-year forecast Consolidated comparative income statement



Full year	Previous term actual	Forecast	Change	Percentage change
Sales	1,016	1,140	+123	+12.2%
Cost of sales	618	725	+106	+17.1%
Gross profit	397	415	+17	+4.4%
Gross profit margin	39.1%	36.4%	-2.7%	-
Personnel costs	95	100	+4	+4.3%
Sales promotion and advertising expenses	120	129	+8	+7.1%
General expenses	94	101	+6	+7.3%
Total SG&A expenses	310	330	+19	+6.3%
Operating income	86	85	-1	-2.2%
Operating income margin	8.6%	7.5%	-1.1%	-

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

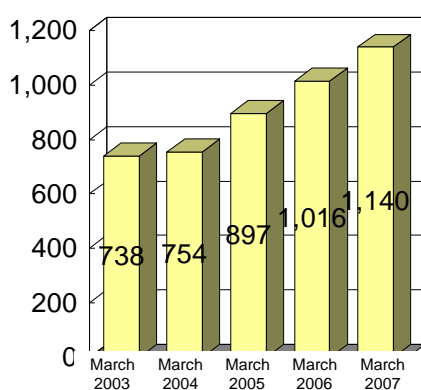
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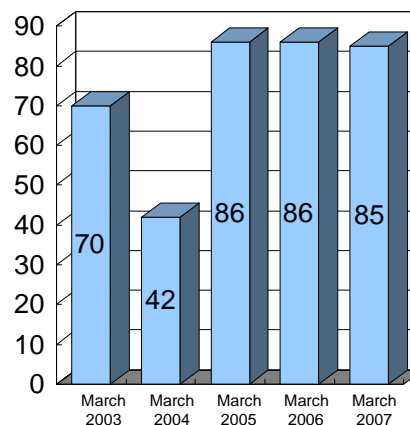
## Full-year forecast Consolidated results-1



Consolidated sales



Consolidated operating income



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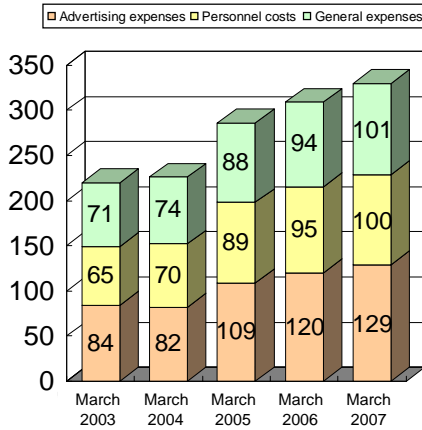
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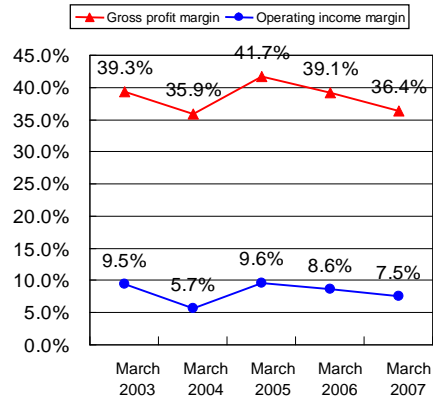
## Full-year forecast Consolidated results-2



### Selling, general & administrative expenses



### Profit margins



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## 4rd quarter plan New releases in each music business



### Main CD album releases

· Release in June "PLAY" Namie Amuro

### Main CD single releases

· Release in April "FUNKY TOWN" Namie Amuro  
 · Release in April "Dame/Crazy Rainbow" Tacky & Tsubasa  
 · Release in April "Sweet Impact" BoA  
 · Release in May "SUMMER TIME LOVE" EXILE  
 · Release in May "Jasmine/Rainbow" V6  
 · Release in June "Freaky" Kumi Koda

### Main music DVD releases

· Release in May  
 "TOKYO SKA PARADISE ORCHESTRA TOUR "Wild Peace" FINAL  
 at Saitama Super Arena 2007.1.14"  
 TOKYO SKA PARADISE ORCHESTRA

### Main contracted-out products

■ Release in April Sid "smile"  
 ■ Release in June HY "HY 2007 AMAKUMA A'CHA  
 document TOUR -from OKINAWA to the world-"

### Main video DVD releases

■ Release in May "INITIAL D BATTLE STAGE 2"  
 ■ Release in May "Lovers in Prague DVD BOX 1"  
 ■ Release in June "Taioushizinki navigation DVD"  
 ■ Release in June "Sisters of Wellber Special edition vol.1"

### Main movies to be distributed

■ On screen in April "QUEEN"  
 ■ On screen in April "Strings"  
 ■ On screen in May "Pachigi! LOVE&PEACE"

### Main concert tours

■ Held from April to June:  
 Ayumi Hamasaki 13 performances at 6 locations  
 ■ Held in April:  
 BoA 6 performances at 40 locations  
 ■ Ai Otsuka 20 performances at 16 locations

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# Industry Environment Statistical Data



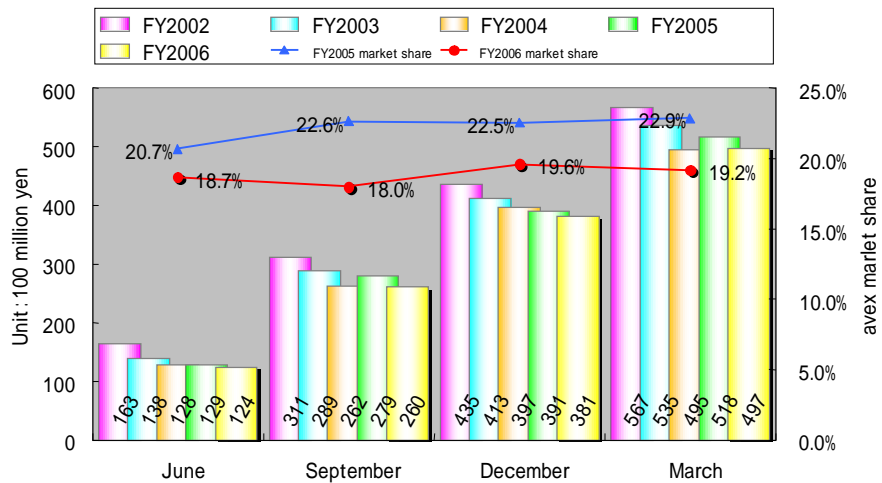
Fiscal year ending March 2007

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

## Music record out put Source:RIAJ



12cm CD Single



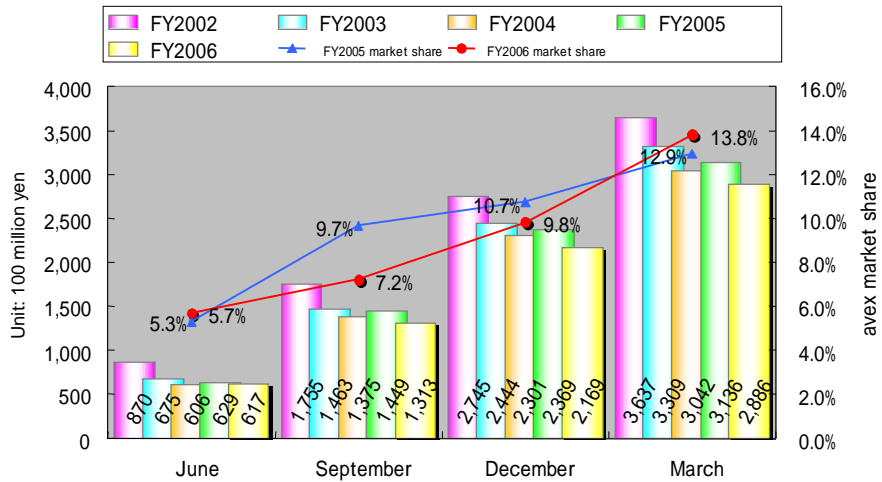
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# Music record out put Source:RIAJ



## 12cm CD Album



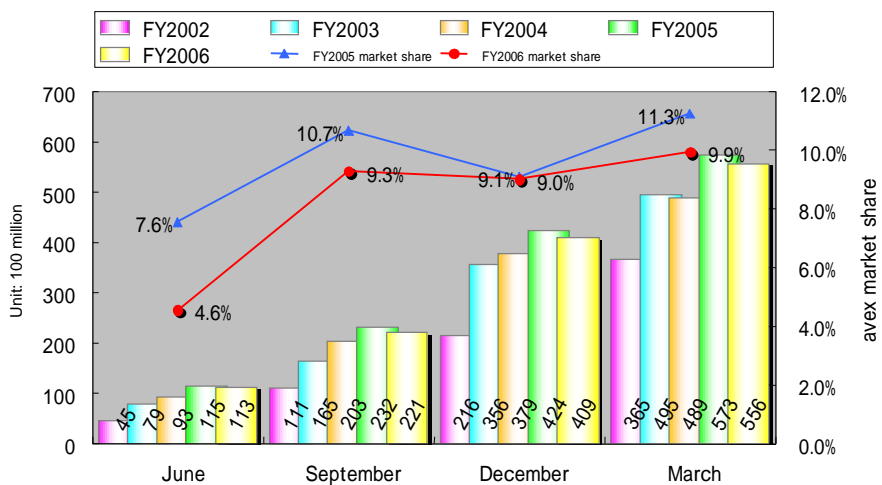
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# Music record out put Source:RIAJ



## Music DVD



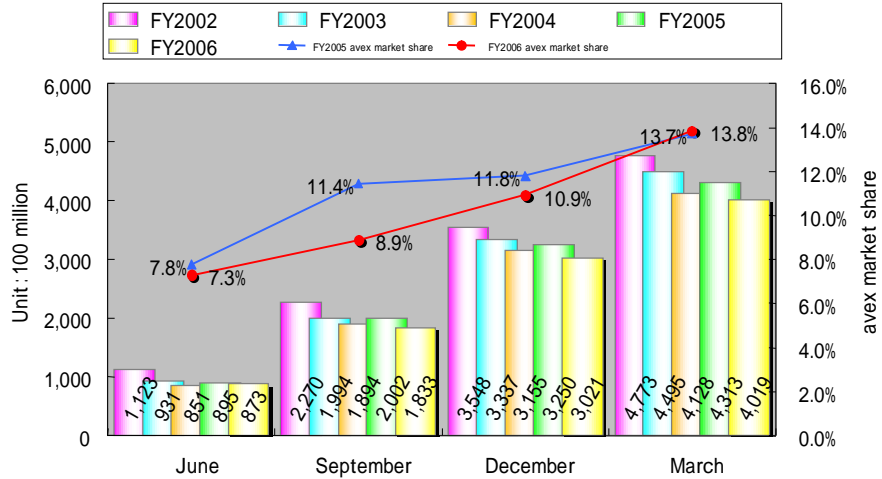
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# Music record out put Source:RIAJ



## Music record + music DVD



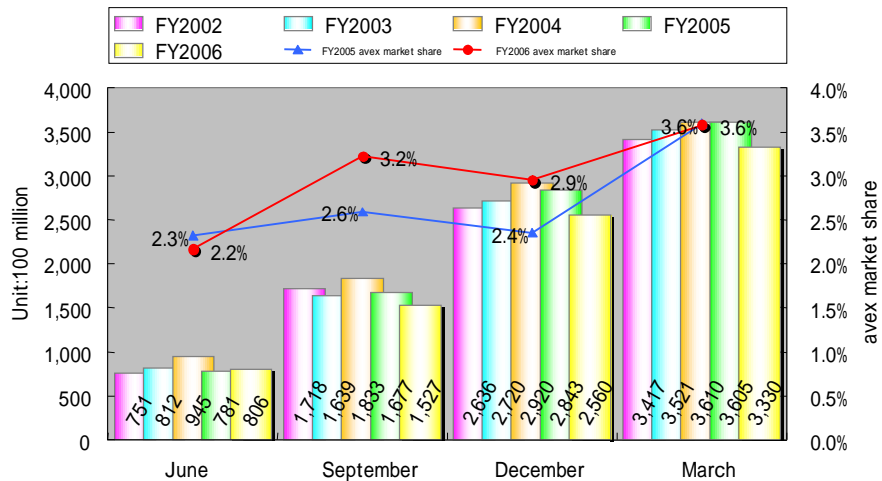
All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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# Video software sales Source:JVA



## Video Software



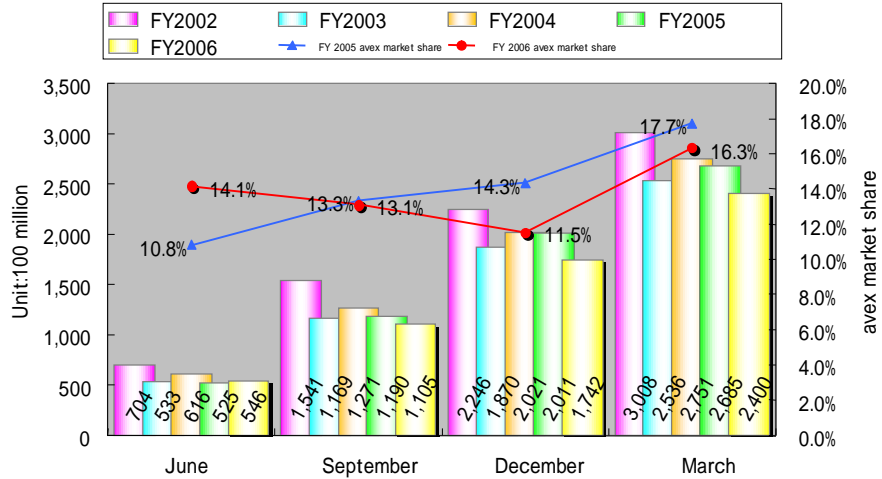
All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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# Music record sales Source:Oricon



Music record (domestic version)



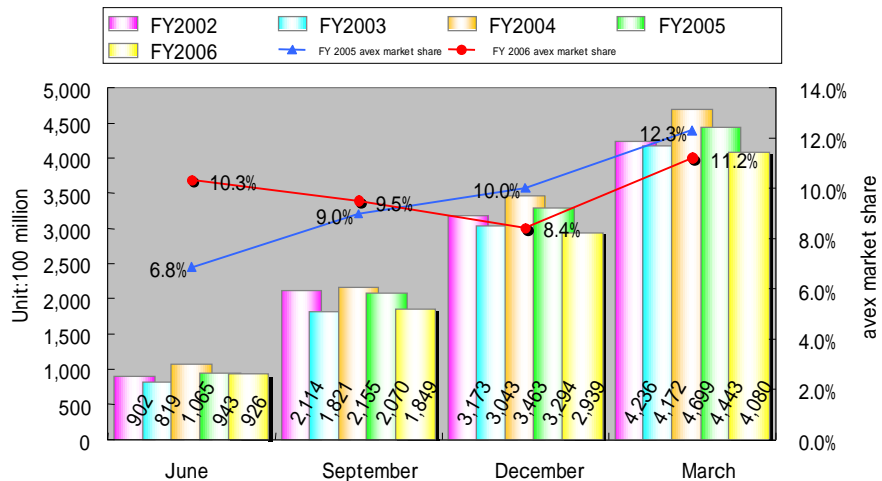
All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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# Music record sales Source:Oricon



Music record + Video



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