

AVEX GROUP HOLDINGS INC.

## Highlights of Consolidated Financial Results



First half of  
fiscal year ending March 2010

## FY ending March 2010 Consolidated business results



First half of  
fiscal year ending March 2010

## First half

### Digest of consolidated financial results



**Sales declined in the PC Business, but rose in the CC and NC Business. As a result, Sales were 58.1 billion yen (up 3.2% year on year)**

	Previous term	Current term	Change	Forecast	Difference
Sales	563	581	+18	586	-4
Operating income	30	16	-13	-11	+27
Operating income margin	5.5%	2.9%	-2.6%	-1.9%	+4.8%
Ordinary income	20	6	-13	-17	+23
Net income	4	-4	-9	-17	+12

Operating income stood at 1.6 billion yen, **down 45.0% year on year**, reflecting start-up costs for a new business, among other factors.

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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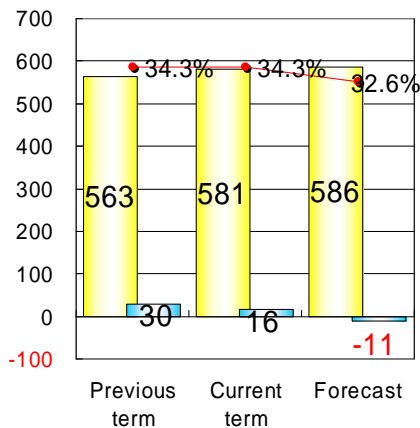
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## First half

### Summary of consolidated financial results



■ Sales ■ Operating income  
● Gross profit margin



- Overall sales **increased 1.8 billion yen**, thanks to rises in box office revenue in the CC Business and EC and MD sales in the NC Business, which offset lower package sales in the PC Business.
- Operating income stood at 1.6 billion yen (**down 1.3 billion yen** year on year), primarily because of start-up costs associated with online subscription video distribution for mobile phones, a new business.

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## First half Consolidated sales by business segment



	Current term*		Previous term				Forecast			
	Sales	External Sales	Sales	External Sales	Change in sales	Change in external sales	Sales	External Sales	Difference in sales	Difference in external sales
CC	270	98	242	53	+27	+44	278	120	-7	-21
PC	200	190	275	273	-75	-83	186	178	+14	+12
NC	188	181	162	146	+26	+35	186	183	+2	-1
LC	108	98	89	76	+18	+21	100	93	+8	+5
Others	19	11	20	12	-1	-1	19	12	+0	-0
Total	786	581	791	563	-5	+18	769	586	+17	-4

\* Considering the evolving market environment and changes in the roles and operations of Group companies, royalties on master recordings among Group companies were reviewed in the second quarter of the fiscal year ending March 2010. As a result, sales in the CC Business rose 1.4 billion yen.

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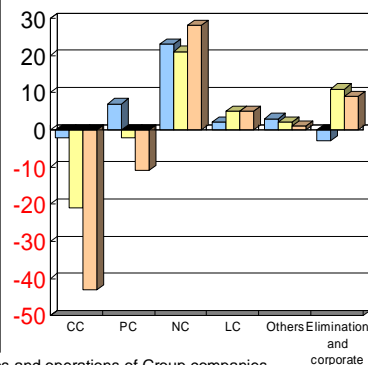
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## First half Consolidated operating income by business segment



	Operating income				
	Current term*	Previous term	Change	Forecast	Change
CC	-21	-2	-19	-43	+21
PC	-2	7	-10	-11	+8
NC	21	23	-1	28	-6
LC	5	2	+3	5	+0
Others	2	3	-0	1	+1
Total	5	34	-28	-20	+25
Elimination and corporate	11	-3	+14	9	+2
Total	16	30	-13	-11	+27

■ Previous term ■ Current term ■ Forecast



\* Considering the evolving market environment and changes in the roles and operations of Group companies, royalties on master recordings among Group companies were reviewed in the second quarter of the fiscal year ending March 2010. As a result, sales in the CC Business rose 1.4 billion yen, and the cost of sales in the PC Business and NC Business increased 0.3 billion yen and 1.0 billion yen, respectively.

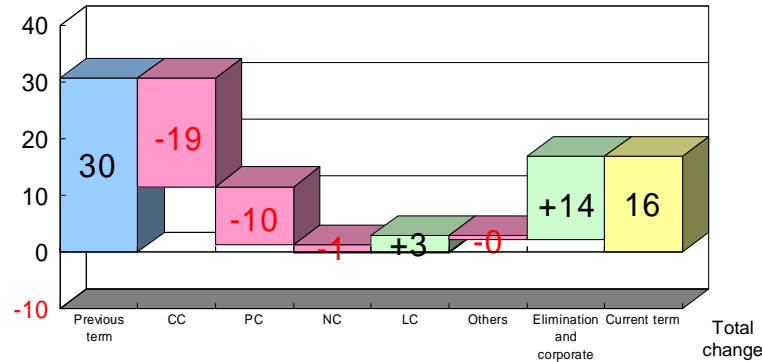
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## First half

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



Effect of changes in sales		+11	-12	+9	+1	-0			+9
Effect of changes in cost rates		-4	-0	-7	+2	-0	+7		-3
Effect of changes in SG&A expenses		-26	+2	-3	-0	+0	+6		-20
Total	30	-19	-10	-1	+3	-0	+14	16	-13

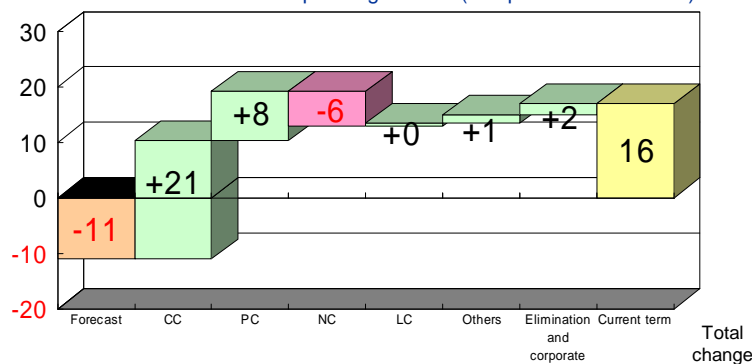
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## First half

Increase/decrease factors of consolidated operating income (compared with forecast)



Effect of changes in sales		-3	+1	+1	+0	+0			+0
Effect of changes in cost rates		+3	+7	-6	+0	+0	+2		+7
Effect of changes in SG&A expenses		+20	-0	-0	-0	+0	-0		+19
Total	-11	+21	+8	-6	+0	+1	+2	16	+27

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## First half

### Consolidated comparative income statement



First half	Previous term	Current term	Change	Percentage change	Forecast	Difference	Percentage change
Sales	563	581	+18	+3.2%	586	-4	-0.8%
Cost of sales	370	381	+11	+3.1%	395	-13	-3.3%
Gross profit	193	199	+6	+3.4%	191	+8	+4.5%
Gross profit margin	34.3%	34.3%	+0.1%	-	32.6%	+1.7%	-
Personnel costs	46	45	-0	-0.9%	47	-1	-2.3%
Sales promotion and advertising expenses	57	79	+21	+38.2%	94	-14	-15.3%
General expenses	58	57	-1	-2.1%	61	-3	-6.4%
Total SG&A expenses	162	182	+20	+12.5%	202	-19	-9.6%
Operating income	30	16	-13	-45.0%	-11	+27	-
Operating income margin	5.5%	2.9%	-2.6%	-	-1.9%	+4.8%	-

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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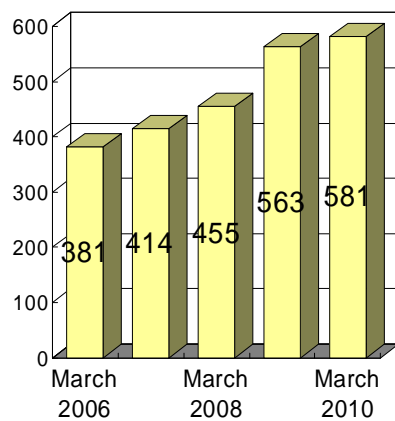
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## First half

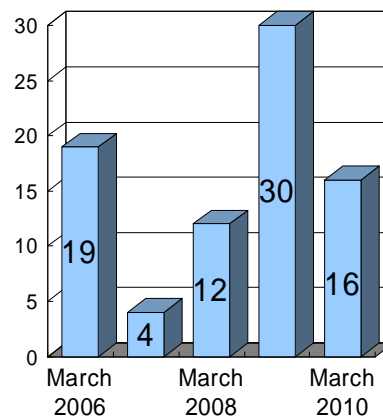
### Consolidated results-1



Sales



Operating income



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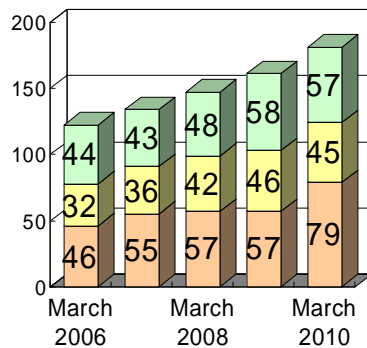
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## First half Consolidated results-2



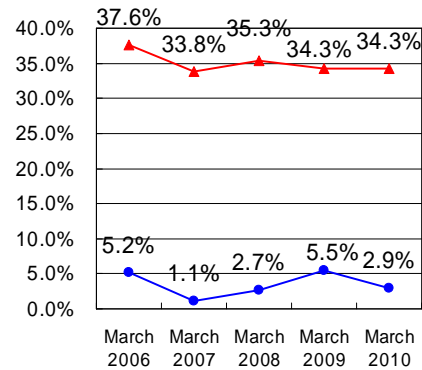
### SG&A expenses

■ Advertising expenses 
 ■ Personnel costs 
 ■ General expenses



### Profit margins

▲ Gross profit margin 
 ● Operating income margin



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 2008		FY ended March 2009				FY ending March 2010	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Sales	259	331	251	311	270	344	256	324
Cost of sales	156	181	174	195	164	215	177	204
Gross profit	103	149	76	116	105	129	79	119
Gross profit margin	39.7%	45.2%	30.6%	37.3%	38.9%	37.6%	31.1%	36.9%
Personnel costs	20	40	23	22	22	34	22	22
Sales promotion and advertising expenses	28	36	23	33	28	55	40	38
General expenses	23	30	30	27	26	32	30	26
Total SG&A expenses	72	106	78	84	77	123	94	88
Operating income	30	42	-1	31	27	6	-14	31
Operating income margin	11.6%	12.9%	-0.5%	10.3%	10.1%	1.9%	-5.7%	9.7%

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**FY ending March 2010**  
**Consolidated business results in detail**  
**— By segment —**



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First half of  
fiscal year ending March 2010

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**PC Business**  
**(Package Communication)**



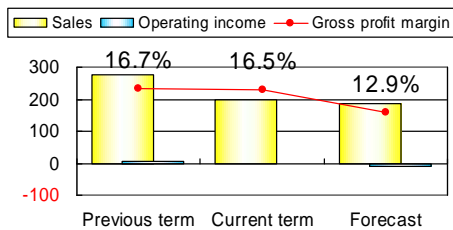
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First half of  
fiscal year ending March 2010

## First half Digest of PC Business



	Previous term	Current term	Change	Forecast	Difference
Sales	275	200	-75	186	+14
Operating income	7	-2	-10	-11	+8
Operating income margin	2.9%	-1.2%	-4.1%	-5.9%	+4.7%



- Sales declined **7.5 billion yen** year on year, since only a small number of major own label works were released.
- Because of a review of royalties on master recordings among Group companies, royalties to the CC Business rose 0.3 billion yen, and the gross profit margin declined. As a result, the operating loss was 0.2 billion yen (**falling 1.0 billion yen** year on year).

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## First half PC Business Breakdown of music label sales



\*Including Blu-ray Discs

	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	221	212	9	183	169	1	35	36	-
Volume (thousand)	5,247	1,927	82	2,903	3,025	1	585	856	-
Value (million yen)	11,458	3,539	126	2,594	2,724	0	1,650	3,387	-
Unit price (yen)	2,184	1,837	1,539	894	900	695	2,821	3,954	-

Unit: million yen

Totals of the previous/current terms are shown under Music label (1) on P. 18, PC Business Breakdown of sales.

Sales of old titles	1,970	2,023	-	159	146	-	593	1,056	-
Total sales	13,429	5,563	-	2,754	2,870	-	2,243	4,444	-

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

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## First half

### PC Business Breakdown of video label sales



\*Including Blu-ray Discs

New title	DVDs*		CD albums		CD singles	
	Previous term	Current term	Previous term	Current term	Previous term	Current term
Number of titles	241	232	6	13	19	11
Volume (thousand)	596	566	34	65	268	134
	2	2	5	5	14	12
Value (million yen)	4,020	2,954	62	134	248	167
	16	12	10	10	13	15
Unit price (yen)	6,739	5,215	1,828	2,058	924	1,244

Unit: million yen

Totals of the previous/current terms are shown under Video label (2) on P. 18, PC Business Breakdown of sales.

Sales of old titles	310	415	163	74	18	49
Total sales	4,330	3,369	225	208	266	217

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

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## First half

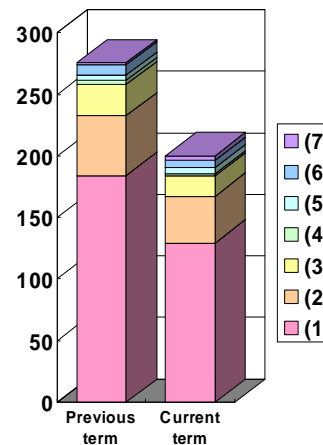
### PC Business Breakdown of sales



From P.17, PC Business Breakdown of video label sales

From P.16, PC Business Breakdown of music label sales

	Previous term	Current term	Change
Music label (1)	184	129	-54
Video label (2)	48	37	-10
Own label	232	167	-65
Sales on consignment (3)	25	16	-9
Sales on newly developed channels (4)	3	2	-1
Royalty revenue (5)	3	4	+0
Overseas sales (6)	8	6	-2
Others (7)	1	3	+1
Total sales	275	200	-75



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## First half

### PC Business Comparative income statement



First half	Previous term	Current term	Change	Percentage change	Forecast	Difference	Percentage change
Sales	275	200	-75	-27.4%	186	+14	+7.6%
Cost of sales *	229	167	-62	-27.2%			
Gross profit	45	32	-13	-28.3%			
Gross profit margin	16.7%	16.5%	-0.2%	-			
Personnel costs	8	7	-0	-7.8%			
Sales promotion and advertising expenses	8	6	-1	-20.4%			
General expenses	11	9	-2	-22.0%			
GMF	9	11	+2	+24.5%			
Total SG&A expenses	37	35	-2	-7.2%			
Operating income	7	-2	-10	-	-11	+8	-
Operating income margin	2.9%	-1.2%	-4.1%	-	-5.9%	+4.7%	-

\* Considering the evolving market environment and changes in the roles and operations of Group companies, royalties on master recordings among Group companies were reviewed in the second quarter of the fiscal year ending March 2010. As a result, the cost of sales rose 0.3 billion yen.

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## NC Business (Network Communication)



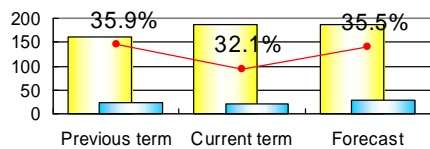
First half of  
fiscal year ending March 2010

## First half Digest of NC Business



	Previous term	Current term	Change	Forecast	Difference
Sales	162	188	+26	186	+2
Operating income	23	21	-1	28	-6
Operating income margin	14.3%	11.5%	-2.8%	15.1%	-3.6%

■ Sales ■ Operating income ■ Gross profit margin



- Sales rose 2.6 billion yen year on year, thanks to the contributions of sales of EC and MD and a solid performance in the music distribution business.
- Because of a review of royalties on master recordings among Group companies, royalties to the CC Business rose 1.0 billion yen, and the gross profit margin fell. As a result, operating income declined 0.1 billion yen year on year.

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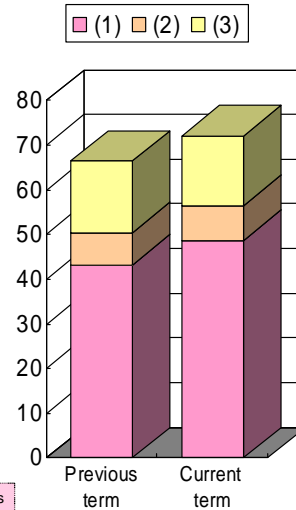
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## First half NC Business Breakdown of online distribution business



Volume (thousand tunes)	Previous term	Current term	Change
Mobiles	11,932	13,090	+1,158
PC	3,824	4,296	+472
Volume (thousand tunes)	15,756	17,387	+1,631
Chaku-uta	15,992	15,334	-657

Value (million yen)	Previous term	Current term	Change	Unit price (yen)	
				Previous term	Current term
Mobiles (1)	4,319	4,866	+546	362	372
PC (2)	710	780	+69	186	182
Total sales	5,030	5,646	+615	319	325
Chaku-uta (3)	1,608	1,552	-56	101	101



Under Online distribution (1) and Chaku-uta (2) on P.24, NC Business Breakdown of sales

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## First half

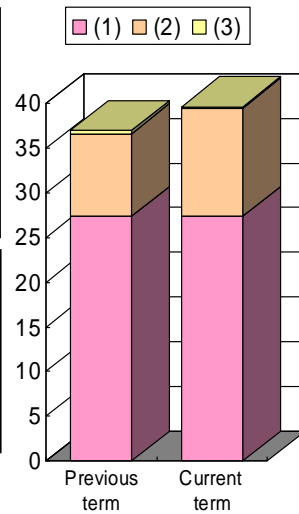
### NC Business Breakdown of membership business



Membership (thousand people)	Same period of previous term	Current term				Change
		End of previous term	Increase	Decrease	End of current term	
Mu-mo	985	868	769	743	893	-91
FC	564	660	268	115	814	+249
Mobile	16	5	2	3	4	-11
<b>Membership</b>	<b>1,565</b>	<b>1,534</b>	<b>1,040</b>	<b>861</b>	<b>1,712</b>	<b>+146</b>

Value (million yen)	Previous term	Current term	Change
Mu-mo (1)	2,735	2,742	+7
FC (2)	927	1,211	+284
Mobile (3)	37	10	-27
<b>Total sales</b>	<b>3,700</b>	<b>3,964</b>	<b>+264</b>

Unit price (yen)	
Previous term	Current term
445	523
279	264
300	300
<b>386</b>	<b>402</b>



Under Membership business (4) on P. 24, NC Business Breakdown of sales

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## First half

### NC Business Breakdown of sales



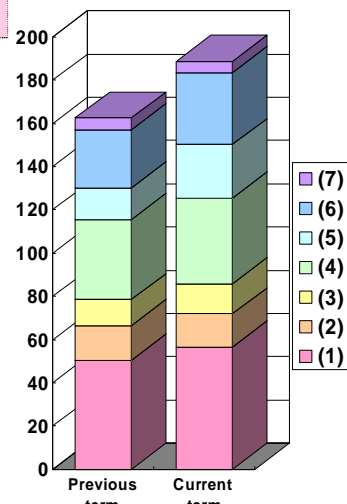
From P.22, NC Business Breakdown of online distribution business

From P.23, NC Business Breakdown of membership business

	Previous term	Current term	Change
Online distribution (1)	50	56	+6
Chaku-uta (2)	16	15	-0
Chaku-mero (3)	12	13	+1
Content distribution	78	85	+7
Membership business (4)	37	39	+2
*1 EC (5)	14	24	+10
*2 MD (6)	26	33	+6
Others (7)	5	5	-0
<b>Total sales</b>	<b>162</b>	<b>188</b>	<b>+26</b>

\*1: EC is an abbreviation for e-commerce.  
\*2: MD stands for merchandising.

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## First half NC Business Comparative income statement



First half	Previous term	Current term	Change	Percentage change	Forecast	Difference	Percentage change
Sales	162	188	+26	+16.2%	186	+2	+1.5%
Cost of sales *	104	128	+24	+23.1%			
Gross profit	58	60	+2	+3.9%			
Gross profit margin	35.9%	32.1%	-3.8%	-			
Personnel costs	8	7	-0	-7.7%			
Sales promotion and advertising expenses	8	9	+0	+3.5%			
General expenses	10	13	+2	+23.4%			
GMF	7	8	+1	+21.8%			
Total SG&A expenses	35	38	+3	+10.7%			
Operating income	23	21	-1	-6.3%	28	-6	-22.4%
Operating income margin	14.3%	11.5%	-2.8%	-	15.1%	-3.6%	-

\* Considering the evolving market environment and changes in the roles and operations of Group companies, royalties on master recordings among Group companies were reviewed in the second quarter of the fiscal year ending March 2010. As a result, the cost of sales rose 1.0 billion yen.

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## LC Business (Live Communication)



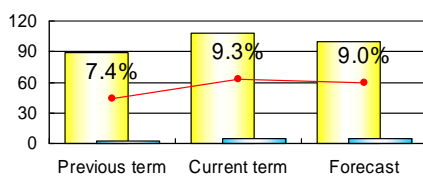
First half of  
fiscal year ending March 2010

## First half Digest of LC Business



	Previous term	Current term	Change	Forecast	Difference
Sales	89	108	+18	100	+8
Operating income	2	5	+3	5	+0
Operating income margin	2.7%	5.1%	+2.4%	5.0%	+0.1%

■ Sales ■ Operating income ● Gross profit margin



- With increases in the number of concerts of major artists and in attendance figures at the concerts, among other factors, sales **rose 1.8 billion yen** from a year ago.
- With improvements in the gross profit margin, among other factors, operating income **rose 0.3 billion yen** year on year.

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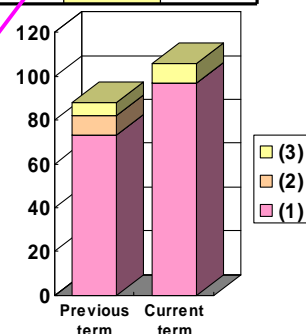
## First half LC Business Breakdown of sales



	Within the group			Outside the group		
	Previous term	Current term	Change	Previous term	Current term	Change
Number of tickets (thousand)	846	940	+93	26	-	-26
Value (million yen)	5,993	7,137	+1,144	124	-	-124
Unit price (yen)	7,076	7,592	+516	4,647	-	-4,647

Each balance is due to contributions, etc.

	Previous term	Current term	Change
Within the group (1)	73	97	+24
Outside the group (2)	9	0	-8
Concerts (independent production)	83	98	+15
Events (production on consignment) (3)	6	9	+2
Total sales	89	108	+18



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## First half

### LC Business Comparative income statement



First half	Previous term	Current term	Change	Percentage change	Forecast	Difference	Percentage change
Sales	89	108	+18	+20.3%	100	+8	+8.2%
Cost of sales	83	98	+14	+17.8%			
Gross profit	6	10	+3	+52.0%			
Gross profit margin	7.4%	9.3%	+1.9%	-			
Personnel costs	1	2	+0	+28.8%			
Sales promotion and advertising expenses	0	0	+0	+157.2%			
General expenses	1	1	-0	-18.9%			
GMF	0	0	+0	+12.2%			
Total SG&A expenses	4	4	+0	+8.7%			
Operating income	2	5	+3	+124.7%	5	+0	+11.1%
Operating income margin	2.7%	5.1%	+2.4%	-	5.0%	+0.1%	-

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## CC Business (Content Creation)

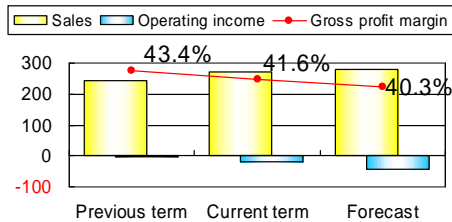


First half of  
fiscal year ending March 2010

## First half Digest of CC Business



	Previous term	Current term	Change	Forecast	Difference
Sales	242	270	+27	278	-7
Operating income	-2	-21	-19	-43	+21
Operating income margin	-1.0%	-8.0%	-7.0%	-15.5%	+7.5%



- Given a review of royalties on master recordings among Group companies, royalties from the PC Business and NC Business rose 1.4 billion yen. Box office revenue also increased. As a result, sales rose 2.7 billion.
- The operating loss stood at 2.1 billion (a 1.9 billion yen loss increase from a year ago) attributable primarily to start-up costs associated with online subscription video distribution for mobile phones.

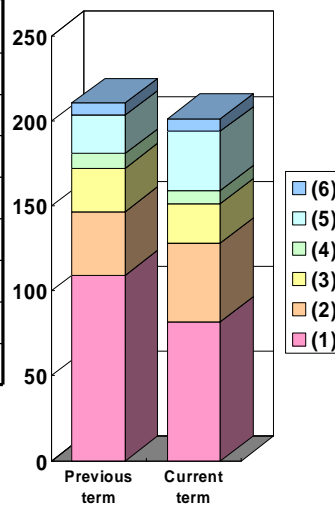
All figures, if not otherwise indicated, are expressed in units of 100 million yen. (Amounts of less than 100 million yen are truncated.)

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## First half CC Business Breakdown of music-related sales



Music-related	Previous term	Current term	Change
*1 Package (1)	109	81	-27
*1 Online distribution (2)	37	46	+8
Copyright royalty (3)	25	23	-2
Other royalties (4)	8	7	-0
Royalty revenue	180	159	-21
Artist-related (5)	22	34	+12
*2 Production and others (6)	7	7	+0
Total sales	211	201	-9



\*1 Considering the evolving market environment and changes in the roles and operations of Group companies, royalties on master recordings among Group companies were reviewed in the second quarter of the fiscal year ending March 2010. As a result, sales in Package and Online distribution rose 0.3 billion yen and 1.0 billion yen, respectively.

\*2 Since the amount of package sales was small, it is included in Others from the second quarter under review.

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

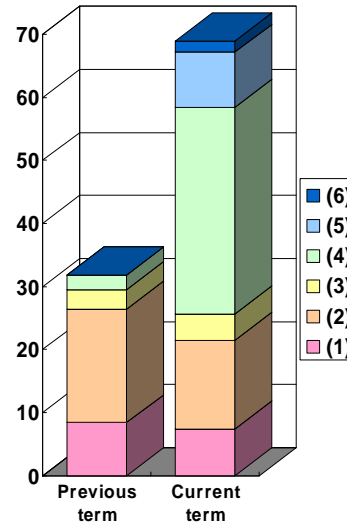
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## First half

### CC Business Breakdown of video-related sales

Video-related	Previous term	Current term	Change
Animation packages (1)	8	7	-0
Movies and other packages (2)	18	14	-3
Multi-use (3)	3	4	+1
Royalty revenue	29	25	-3
Box office revenue (4)	2	32	+30
Online distribution (5)	-	8	+8
* Others (6)	0	1	+1
Total sales	31	68	+37

\* Since the amount of package sales was small, it is included in Others from the current fiscal year.



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## First half

### CC Business

### Breakdown of Bee TV business

Membership (thousand people)	End of previous fiscal year	April	May	June	July	August	September	Change from a year ago
Net increase in BeeTV membership	-	-	331	109	120	138	70	+769
Membership	-	-	331	440	561	699	769	+769

Membership sales (million yen)	Previous term	Current term	Change	Unit price (yen)	
				Previous term	Current term
BeeTV	-	873	+873	-	300
Total sales	-	873	+873	-	300

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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## First half

### CC Business Comparative income statement



First half	Previous term	Current term	Change	Percentage change
Sales *	242	270	+27	+11.3%
Cost of sales	137	157	+20	+14.8%
Gross profit	105	112	+7	+6.8%
Gross profit margin	43.4%	41.6%	-1.8%	-
Personnel costs	22	23	+1	+4.8%
Sales promotion and advertising expenses	42	63	+21	+50.3%
General expenses	18	18	-0	-1.1%
GMF	24	28	+4	+17.6%
Total SG&A expenses	107	134	+26	+24.4%
Operating income	-2	-21	-19	-
Operating income margin	-1.0%	-8.0%	-7.0%	-

Forecast	Difference	Percentage change
278	-7	-2.7%

-43	+21	-
-15.5%	+7.5%	-

\* Considering the evolving market environment and changes in the roles and operations of Group companies, royalties on master recordings among Group companies were reviewed in the second quarter of the fiscal year ending March 2010. As a result, sales rose 1.4 billion yen.

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## [Reference]

### CC Business plus PC Business

### Music-related and video-related



	Music-related		
	Previous term	Current term	Change
Sales *	324	276	-47
Cost of sales	182	149	-32
Gross profit	141	127	-14
Gross profit margin	43.7%	45.9%	+2.2%
Personnel costs	26	25	-0
Sales promotion and advertising expenses	46	37	-9
General expenses	26	23	-2
GMF	29	33	+3
Total SG&A expenses	129	120	-8
Operating income	11	6	-5
Operating income margin	3.7%	2.3%	-1.4%

	Video-related		
	Previous term	Current term	Change
Sales	51	83	+31
Cost of sales	42	65	+23
Gross profit	9	18	+8
Gross profit margin	18.8%	22.0%	+3.2%
Personnel costs	4	5	+0
Sales promotion and advertising expenses	4	33	+29
General expenses	4	3	-0
GMF	3	6	+2
Total SG&A expenses	16	48	+32
Operating income	-6	-30	-23
Operating income margin	-12.6%	-36.2%	-23.6%

\* Considering the evolving market environment and changes in the roles and operations of Group companies, royalties on master recordings among Group companies were reviewed in the second quarter of the fiscal year ending March 2010. As a result, sales rose 1.0 billion yen.

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## Main Works and Topics



First half of  
fiscal year ending March 2010

### Principal works in each music business -1

#### ■ Main CD singles

- *THE MONSTER ~Someday~* by EXILE 328,000 copies
- *THE HURRICANE ~FIREWORKS~* by EXILE 323,000 copies
- *Stand by U* by Tohoshinki 261,000 copies

#### ■ Main CD albums

- *debut* by Nobuyuki Tsujii 208,000 copies
- *FAMILY* by May J. 141,000 copies
- *SPEEDLAND -The Premium Best Re Tracks-* by SPEED 134,000 copies

#### ■ Main music DVDs (including Blu-ray Discs)

- *namie amuro BEST FICTION TOUR 2008-2009* by Namie Amuro 258,000 copies
- *4th LIVE TOUR 2009 ~The Secret Code~ FINAL in TOKYO DOME* by Tohoshinki 216,000 copies

#### ■ Main video DVDs (including Blu-ray Discs)

- *RED CLIFF PART 2 ~Mirai eno Saishu Kessen* 253,000 copies
- *RED CLIFF PART 1 & 2 DCD Twin Pack* 90,000 copies
- *ONE PIECE 9th Season* 41,000 copies

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

- *Cyaku-uta* (DLs)
  - *Yasashii Hikari* by EXILE 720,000
  - *Sunrise ~LOVE is ALL~* by ayumi hamasaki 530,000
  - *Someday* by EXILE 510,000
- *Cyaku-uta Full*
  - *Share The World* by Tohoshinki 360,000
  - *Garden* by May J. 350,000
  - *Yasashii Hikari* by EXILE 340,000
- *Cyaku-movie*
  - *Sunrise ~LOVE is ALL~* by ayumi hamasaki 20,000
  - *Stand by U* by Tohoshinki 10,000
  - *Share The World* by Tohoshinki 10,000

#### ■ Main products on consignment

- CD albums
  - *VAMPS* by VAMPS 105,000 copies

#### ■ Main co-produced releases

- CD singles
  - *Starting Over* by Remioromen 67,000 copies

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## Principal works in each music business -2



### ■ Artists who debuted during the period from April to September 2009

- Jitter bug
- BWO
- ohashiTrio
- ETERNITY
- CHASE&STATUS
- LAZEE
- THE REBOOT
- JOE BONAMASSA
- JURIAN BEAT CRISIS
- Fedde Le Grand
- Crookers
- STEVIE HOANG

### ■ Major movies distributed by AVEX

- RED CLIFF PART 2
  - Shugotenshi
  - COCO CHANEL
  - Onnanoko Story
  - Oppai Volley \*
  - I Come With The Rain \*
  - The Limits of Control \*
- \* Sales will be recorded in the second half.

### ■ Main concert tours

- ayumi hamasaki: 30 performances at 17 locations for a total of 250,000 concertgoers
- a-nation: 7 performances at 4 locations for a total of 250,000 concertgoers
- Kumi Koda: 16 performances at 10 locations for a total of 120,000 concertgoers
- Tohoshinki: 19 performances at 8 locations for a total of 100,000 concertgoers

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## Full-Term Forecast of Consolidated Financial Results



First half of  
fiscal year ending March 2010

## Full-term forecast for FY 2009 Digest of consolidated business results



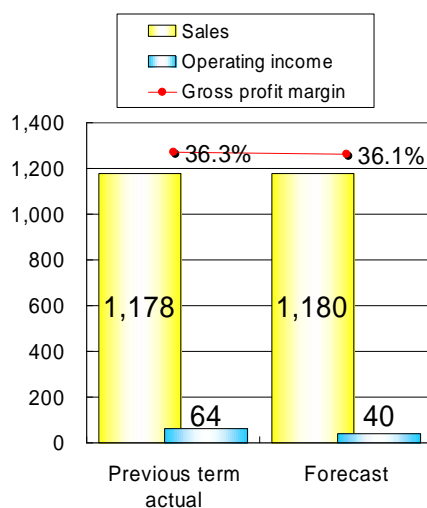
*As announced on May 15,  
we expect sales of **118.0 billion yen**  
*(an increase of 0.1 billion yen from a year ago)*  
and operating income of **4.0 billion yen**  
*(a decline of 2.4 billion yen from a year ago).**

	Previous term actual	Forecast	Change
Sales	1,178	1,180	+1
Operating income	64	40	-24
Operating income margin	5.5%	3.4%	-2.1%
Ordinary income	47	28	-19
Net income	-9	5	+14

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-term forecast for FY 2009 Summary of consolidated financial results



- In the PC Business, sales should decline 12.0 billion yen given falls in sales of music and video packaged products.
  - In the NC Business, sales should rise 4.1 billion yen, thanks to sales increases in the membership business and merchandising business.
  - In the LC Business, sales are set to fall 0.5 billion yen due to a decrease in the number of concerts because of the schedules of artists.
  - In the CC Business, sales should climb 8.6 billion yen, reflecting rises in sales in online subscription video distribution and sales in the management of artists and entertainers.
- As a result, sales are expected to be 118.0 billion yen, about the same as a year ago.
- However, a rise in sales promotion and advertising costs, primarily associated with the launch of new businesses will lead to operating income of 4.0 billion 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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## Full-term forecast for FY 2009 Consolidated sales by business segment



	Forecast		Previous term actual			
	Sales	External sales	Sales	External sales	Difference in sales	Difference in external sales
CC	589	227	548	140	+40	+86
PC	491	472	604	592	-113	-120
NC	358	349	336	307	+21	+41
LC	116	107	132	112	-16	-5
Others	39	25	42	25	-3	-0
Total	1,593	1,180	1,664	1,178	-71	+1

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

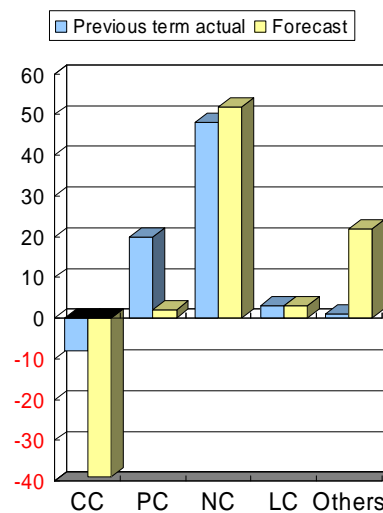
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## Full-term forecast for FY 2009 Consolidated operating income by business segment



	Operating income		
	Forecast	Previous term	Variance
CC	-39	-8	-30
PC	2	20	-18
NC	52	48	+3
LC	3	3	-0
Others	2	5	-3
Total	20	69	-49
Elimination and corporate	20	-4	+24
Total	40	64	-24



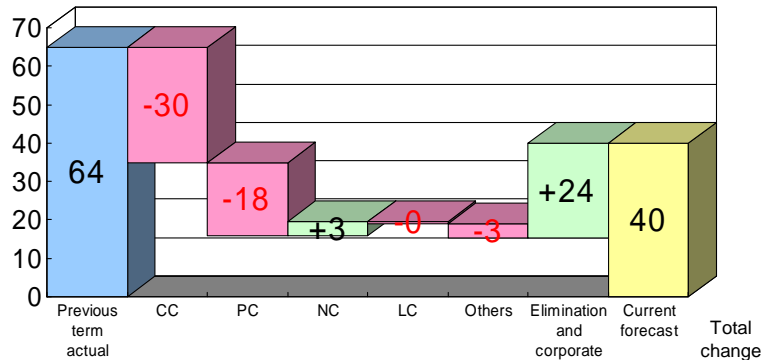
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## Full-term forecast for FY 2009

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



Effect of changes in sales		+17	-19	+7	-1	-1			+2
Effect of changes in cost rates		+1	-8	+3	-0	-2	+2		-3
Effect of changes in SG&A expenses		-48	+8	-7	+1	+0	+22		-23
<b>Total</b>	<b>64</b>	<b>-30</b>	<b>-18</b>	<b>+3</b>	<b>-0</b>	<b>-3</b>	<b>+24</b>	<b>40</b>	<b>-24</b>

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## Full-term forecast for FY 2009

### Consolidated comparative income statement



Full-term	Previous term	Forecast	Change	Percentage change
Sales	1,178	1,180	+1	+0.2%
Cost of sales	750	754	+3	+0.5%
Gross profit	427	426	-1	-0.4%
Gross profit margin	36.3%	36.1%	-0.2%	-
Personnel costs	103	100	-3	-3.6%
Sales promotion and advertising expenses	141	167	+25	+17.8%
General expenses	117	119	+1	+1.3%
Total SG&A expenses	362	386	+23	+6.4%
Operating income	64	40	-24	-38.3%
Operating income margin	5.5%	3.4%	-2.1%	-

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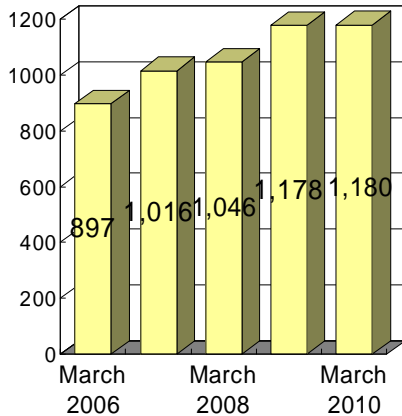
46

## Full-term forecast for FY 2009

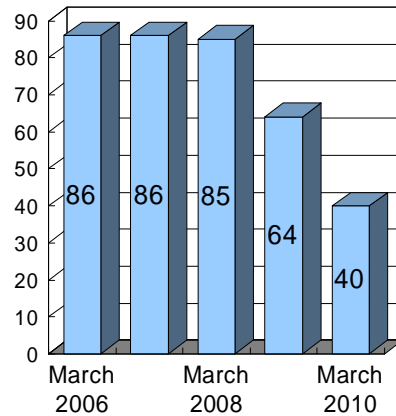
### Consolidated results -1



Sales



Operating income



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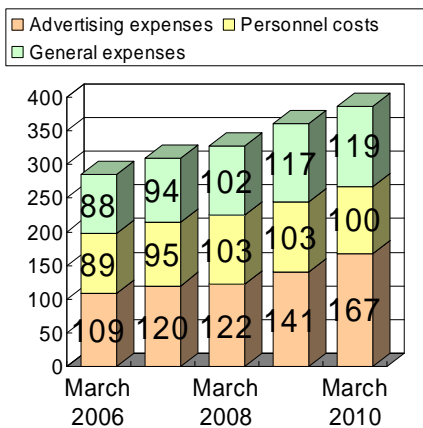
47

## Full-term forecast for FY 2009

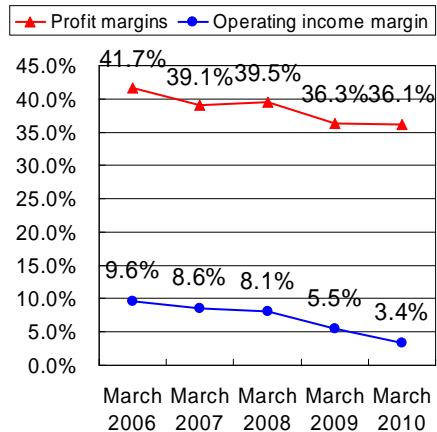
### Consolidated results -1



SG&A expenses



Profit margins



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## Third quarter plan Principal works in each music business



### ■ Main CD album releases

- *MF10 - 10th ANNIVERSARY BEST-* by m-flo, release in October
- *LOVE is BEST* by Ai Otsuka, release in November
- *Aisubeki Mirai e* by EXILE, release in December
- Title (TBA) by Namie Amuro, release in December
- *Every Best Singles ~Complete~* (tentative) by Every Little Thing, release in December

### ■ Main CD single releases

- *THE GENERATION ~Futatsuno Kuchibiru~* by EXILE, release in November
- *You were... / BALLAD* by ayumi hamasaki, release in December

### ■ Main music DVD releases

- *Koda Kumi Live Tour 2009 ~TRICK~* by Kumi Koda, release in October
- *HISTORY in JAPAN Vol.4* by Tohoshinki, release in October
- *HISTORY in JAPAN BOX* by Tohoshinki, release in October
- *EXILE LIVE TOUR 2009 "THE MONSTER"* by EXILE, release in October

### ■ Main co-produced releases

- Music DVD
- *REMIOROMEN SPECIAL LIVE at SAITAMA SUPER ARENA* by Remioromen, release in November

### ■ Main products on consignment

- CD single
- *Ai Dakeo Nokose* by Miyuki Nakajima, release in November
- CD album
- *Spectacle* by DAISHI DANCE, release in October
- *DRAMA!* by Miyuki Nakajima, release in November

### ■ Main video DVD releases

- *SEX AND THE CITY [THE MOVIE]*, release in October
- *Kareraga Ikiru Sekai DVD BOX II*, release in October
- *TO Daen Kido & Kyosei Wakusei Director's Cut Edition Twin Pack*, release in December
- *TAE WANG SA SHIN GI COMPLETE DVD BOX*, release in December

### ■ Main movies to be distributed

- *Maimai Shinko to Sennen no Mahou*, release in November

### ■ Main live event

- Kumi Koda held in October, two performances in Taiwan
- ayumi hamasaki held in October, four performances at two locations
- Every Little Thing held October to December, 14 performances at 14 locations
- Ai Otsuka held in November to December, 12 performances at nine locations

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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