March 12, 2010

Company: JVC KENWOOD Holdings, Inc.
Representative: Haruo Kawahara, Chairman, President and CEO
(Code: 6632; First Section of the Tokyo Stock Exchange)
Contact: Hiroshi Odaka, Director and CFO
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Partial Revisions to “Accounting Report for the First Quarter of Fiscal Year Ending March 2010” (including correction of texts and figures)

The JVC Kenwood Group, as announced in the “Report of the Investigation Committee and Summary of Adjustments to Previous Earnings Results; Delay in Submission of Quarterly Report on Earnings Results for the Third Quarter; and Prospect for Assignment to Securities Under Supervision (Confirmation)” dated February 8, 2010, decided on a policy to adjust the previous earnings results of JVC Kenwood and Victor Company of Japan, Limited (JVC) with regard to losses of JVC, a consolidated subsidiary of JVC Kenwood, after receiving a report at the Board of Directors meeting of JVC Kenwood held on February 8, 2010 concerning the results of the investigation conducted by the Investigation Committee, including outside experts.

Under this policy, JVC Kenwood has simultaneously conducted validations and reviews on issues such as investigation results, adjustments to the previous earnings results and accounting audits. Having finalized specific revisions through these proceedings, we hereby announce the partial amendments to “Accounting Report for the First Quarter of Fiscal Year Ending March 2010” dated July 31, 2009.

Because there are many different revisions, it is difficult to understand them simply by looking at a list of corrections. Hence, we attach all the text after correction in English. The corrected portions are underlined.

July 31, 2009

Company: JVC KENWOOD Holdings, Inc.
Representative: Haruo Kawahara, President, Chairman and CEO
(Code: 6632; First Section of the Tokyo Stock Exchange)
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Accounting Report for the First Quarter of Fiscal Year Ending March 2010 (April 1, 2009 - June 30, 2009)

Consolidated Financial Highlights for the First Quarter of Fiscal Year Ending March 2010 (April 1, 2009 - June 30, 2009)

Operating Results (Millions of yen, except net income per share)

	1st Quarter of FYE 3/2010 April 1, 2009 to June 30, 2009	1st Quarter of FYE 3/2009 April 1, 2008 to June 30, 2008
Net sales	98,578	-
Operating profit (loss)	(6,873)	-
Ordinary income (loss)	(8,564)	-
Net income (loss)	(9,543)	-
Net income (loss) per share	(9.87) yen	-

FYE: Fiscal year ended / ending

Sales by Segments (Millions of yen)

	1st Quarter of FYE 3/2010 April 1, 2009 to June 30, 2009		1st Quarter of FYE 3/2009 April 1, 2008 to June 30, 2008	
Car Electronics	24,827	25%	-	-%
Home & Mobile Electronics	39,343	40%	-	-%
Professional Systems	19,993	20%	-	-%
Entertainment	11,669	12%	-	-%
Others	2,743	3%	-	-%
Total	98,578	100%	-	-%

FYE: Fiscal year ended / ending

Major Products in Each Segment

Car Electronics	Car Audio, Car AV Systems and Car Navigation Systems
Home & Mobile Electronics	Video Cameras, LCD TVs, Projectors, Pure Audio and AV Accessories
Professional Systems	Land Mobile Radio Equipment, Video Surveillance Equipment, Commercial Audio, Video and Display Equipment
Entertainment	Music and video software, such as CDs and DVDs
Other projects	Radio Frequency ID Systems, Weather Satellite Data Reception Systems, Other Electronic Devices, Recording Media, Interior Furniture, etc.

Qualitative Information and Financial Statements

1. Qualitative Information Concerning the Consolidated Operating Results

JVC KENWOOD Holdings, Inc. (JVC Kenwood) was founded on October 1, 2008, as a joint holding company of Victor Company of Japan, Limited (JVC), and Kenwood Corporation (Kenwood). In starting operations as a new corporate group, 1) operating results of JVC for the first half was not consolidated in operating results of JVC Kenwood for the fiscal year ended March 2009 as Kenwood became the acquiring company under corporate accounting; 2) JVC Kenwood transferred and terminated non-core businesses and narrowed down unprofitable businesses through structural reforms to reorganize the core businesses of JVC and Kenwood into four business segments; and 3) JVC Kenwood changed the calculation method for JVC's net sales to the net method (in which a portion of customer discount is deducted from gross sales. Therefore, a simple year-on-year comparison of operating results for the first quarter of the fiscal year ended March 2009 is impossible, and its operating results for the previous corresponding period are not stated in this report.

(Overview of the first quarter of the current fiscal year)

In the first quarter of the current fiscal year, a global economic slowdown continued, accompanied by the appreciation of the yen, due to the influence of the economic crisis that was sparked by the financial turmoil that originated in the US last autumn.

Under such circumstances, the JVC Kenwood Group formulated a profit/loss plan for the current fiscal year with net sales and operating profit for the fourth quarter of the previous fiscal year as the basis. In particular, JVC Kenwood developed severe projections for the current first quarter in anticipation of a delay in the recovery of European business, based on the premise that that business would begin to rebound from the current second quarter.

With such extremely severe projections for the current first quarter, sales in the consumer businesses headed for recovery toward the end of the first quarter and net sales showed a recovery trend. In terms of profit and loss, JVC Kenwood ensured it would implement additional measures, on which it had focused its efforts in the fourth quarter of the previous fiscal year, centering on: 1) the restructuring of the display business, Car Electronics OEM business and the home audio business and structural reforms of related production and sales systems, and affiliated logistics and services firms; 2) employment structural reforms, including cutting back on approximately 3,200 of the employees (in the consolidated group), nearly 14% of all employees at the time of management integration; and 3) further emergency measures such as the partial return of remuneration, to successfully achieve a significant cost reduction effect. However, recovery of Home & Mobile Electronics business segment in Europe delayed and the Professional Systems business segment was impacted by the provisional policy decision in the US for the public safety sector

In comparison with the fourth quarter of the previous fiscal year, net sales, operating profit and ordinary income for the current first quarter decreased. Meanwhile, quarterly net income increased thanks to a drop in extraordinary losses mainly resulting from structural reforms. Furthermore, profits and losses improved in June 2009 due to a recovery in sales toward the end of the first quarter, indicating a marked recovery trend in earnings.

JVC Kenwood assumed exchange rates of JPY90 to the U.S. dollar and JPY120 to the euro for the current first quarter. In preparing consolidated operating results for the current first quarter, meanwhile, the exchange rates JVC Kenwood used (excluding those for forward exchange contracts) were about JPY97 to the U.S. dollar and about JPY133 to the euro.

***Net Sales**

With regard to sales for the current first quarter, the Professional Systems business, which is a B-to-B business, was affected from April 2009 onward by policy revisions in investment budgets for the public safety sector in the US for the Land Mobile Radio business segment, and a temporary procrastination in the execution of such investment. However, sales in the consumer businesses of the Car Electronics business segment, Home & Mobile Electronics business segment and Entertainment business segment showed a recovery trend. As a result, we posted total net sales of 98,578 million yen.

In comparison with the fourth quarter of the previous fiscal year, sales in the Professional Systems business segment were affected by factors as described above, but sales, centering on those in the Car Electronics business segment, recovered toward the end of the first quarter, and net sales decreased only by 5.8% on a quarter-to-quarter basis.

***Operating Profit**

With respect to operating profit for the current first quarter, earnings improved in the home audio business and Car Electronics OEM business, in which business structural reforms were executed during the previous quarter. However, there were an impact of a fall in sales of the Professional System business as described above, a delay in recovery of the European camcorder business, and the fact that we were unable to offset the effects of price declines as our disposal of old models and introduction of new models were delayed. As a result, the Home & Mobile Electronics business segment posted an operating loss of 6,873 million yen.

In the meantime, additional measures generated cost reduction effects (of 5.3 billion yen) and cost synergy effects (of 1.0 billion yen), and the management integration produced accounting effects (of 1.0 billion yen).

In comparison with the fourth quarter of the previous fiscal year, while earnings in the Car Electronics business segment improved accompanying the recovery in sales in this business toward the end of the first quarter, operating loss increased 2.9 billion yen due to the deterioration in earnings in the Home & Mobile Electronics business segment.

***Ordinary Income**

Ordinary loss for the current first quarter was 8,564 million yen, which reflects deterioration in operating profit.

In the meantime, accounting effects resulting from the management integration were 0.1 billion yen.

In comparison with the fourth quarter of the previous fiscal year, the decrease in operating profit was partially offset by the improvement in non-operating profit and expenses due to a decline in foreign currency losses, and ordinary income deteriorated by 0.6 billion yen.

***Net Income**

Net loss for the current first quarter was 9,543 million yen, which reflects deterioration in ordinary income.

In the meantime, there were accounting effects (of 0.5 billion yen on aggregate) generated through the provision of allowances for expenses for additional measures that can be recorded as allowance, and the adoption of the consolidated taxation system in relation to the management integration.

In comparison with the fourth quarter of the previous fiscal year, net income improved 10.1 billion yen due to the decrease in extraordinary losses chiefly resulting from a decline in restructuring costs.

(Net Sales, Profits and Losses by Business Segment)

Net sales and operating profit by business segment are as follows:

(Millions of yen)

Business Segment		1Q of FYE 2010/3	(For reference) 4Q of FYE 2009/3
Car Electronics	Net sales	24,827	23,181
	Operating profit	(1,580)	(2,926)
Home & Mobile Electronics	Net sales	39,343	43,093
	Operating profit	(3,841)	(1,588)
Professional Systems	Net sales	19,993	25,343
	Operating profit	(1,616)	1,520
Entertainment	Net sales	11,669	11,577
	Operating profit	(205)	(431)
Others	Net sales	2,743	1,439
	Operating profit	369	(510)
Total	Net sales	98,578	104,634
	Operating profit	(6,873)	(3,936)
	Ordinary income	(8,564)	(7,925)
	Net income	(9,543)	(19,669)

Note: For the fourth quarter of the previous fiscal year, royalty income and profit/loss on developing businesses are included in the Home & Mobile Electronics business segment, and profit/loss on the optical pickup business in the Others business segment. For the current first quarter, royalty income and profit/loss on developing businesses are included in the Others business segment, and profit/loss on the optical pickup business in the Home & Mobile Electronics business segment.

*** Car Electronics Business**

With regard to the Car Electronics business segment, which we had considered the biggest challenge for the JVC Kenwood Group since last autumn, we accelerated the introduction of 2009 models mainly in the US in the consumer business despite a drop in prices. In the OEM business the reorganization that we had implemented in the previous fiscal year produced effects, and orders for CD/DVD mechanisms for the overseas markets and car navigation systems for the domestic market were boosted due to the effect of measures for stimulating new car purchases executed by various countries. As a result, sales and profit/loss began to recover in both businesses toward the end of the first quarter.

Consequently, net sales of this segment for the current first quarter were 24,827 million yen, and operating loss was 1,580 million yen.

In comparison with the fourth quarter of the previous fiscal year, net sales in the Car Electronics business segment increased 7.1% and profit/loss improved 1.3 billion yen.

*** Home & Mobile Electronics Business**

With regard to the Home & Mobile Electronics business segment, we were able to benefit from the effect of restructuring, which was implemented in the previous fiscal year, in the display business and the home audio business, as well as the cost reduction measures, in addition to the fact that sales started to recover - notably those of high value-added products - toward the end of the first quarter. As a result, earnings of this segment improved. However, in the camcorder business, the recovery of the European business was delayed and we lagged behind our plan in disposing of old models and introducing new models. As a result, we were unable to offset the effects of lower product prices.

Consequently, net sales of this segment for the current first quarter were 39,343 million yen, and operating loss was 3,841 million yen.

In a simple comparison with the fourth quarter of the previous fiscal year, net sales in the overall Home & Mobile Electronics business segment decreased 8.7% and profit/loss deteriorated by 2.3 billion yen. When compared based on the new standards that exclude royalty income and profit/loss on developing businesses while including profit/loss on the optical pickup business, profit/loss remained almost on the same level with the fourth quarter of the previous fiscal year, due to the recovery of sales in the home audio business, as well as a gradual rebound in sales of new products in the camcorder business with the progress of our reductions in inventory of old models toward the end of the first quarter.

*** Professional Systems Business**

In the Professional Systems business segment, sales of Land Mobile Radio (LMR) business remained strong until March 2009, thanks to the diffusion of digital LMR. After April 2009, however, orders for products for public safety sector decreased markedly due to the impact of policy revisions in investment budgets for public safety sector in the US, and a temporary procrastination in the execution of such investment. Furthermore, in the professional AV systems business, orders for private industries decreased since April 2009.

As a result, net sales in this segment for the current first quarter were 19,993 million yen and operating loss was 1,616 million yen.

In comparison with the fourth quarter of the previous fiscal year, net sales in the Professional Systems business segment decreased 21.1% and profit/loss deteriorated by 3.1 billion yen.

*** Entertainment Business**

With regard to the Entertainment business segment, the content business remained strong, thanks to the massive popularity of some blockbuster movies and animation, and businesses on consignment, such as pressing, distribution and production of music software, benefited from the expansion of the scope of business through the capital and business alliance with TOPPAN PRINTING CO., LTD.

As a result, net sales of this segment for the current first quarter were 11,669 million yen and operating loss stayed at 205 million yen, due partly to the effect of changes in accounting standards for posting copyright income on licensed music.

In comparison with the fourth quarter of the previous fiscal year, net sales in the Entertainment business segment increased 0.8% and profit/loss improved by 0.2 billion yen.

2. Qualitative Information Concerning the Consolidated Financial Position

(Analysis of assets, liabilities and net assets)

***Assets**

Total assets were 320,825 million yen, down 23.3 billion yen from the end of the previous fiscal year, due mainly to a decrease in trade notes and accounts receivable resulting from lower sales at the Professional Systems business segment as well as a reduction in inventories.

***Liabilities**

In relation to turning into treasury stock its shares held by Kenwood, JVC Kenwood repaid the relevant short-term borrowings (15 billion yen). JVC Kenwood also retired by purchase part of the unsecured bonds (3 billion yen) issued by JVC prior to maturity. As a result, interest-bearing debts fell by 5.6 billion yen from the end of the previous fiscal year to 128,518 million yen. Total liabilities were 255,341 million yen, down 14.3 billion yen. Meanwhile, net debts increased by 2.7 billion yen from the end of the previous fiscal year to 84,374 million yen, reflecting a decrease in cash and deposits affected by the deteriorated business environment.

***Net assets**

Total shareholders' equity stood at 80,832 million yen, down 9.3 billion yen from the end of the previous fiscal year, due to our booking of net loss for the current first quarter. Total net assets after valuation and translation adjustments dropped 9.0 billion yen from the end of the previous fiscal year to 65,484 million yen.

(Cash flow analysis)

***Cash flows from operating activities**

Net cash provided by operating activities was 748 million yen, despite posting a quarterly net loss before taxes of 9,142 million yen, as necessary operating funds decreased due to reductions in trade notes and accounts receivable and inventories.

***Cash flows from investing activities**

Net cash used in investing activities was 2,805 million yen, owing chiefly to acquisitions of tangible and intangible fixed assets, despite proceeds from sales of fixed assets.

***Cash flows from financing activities**

Net cash used in financing activities was 6,915 million yen, due to retiring by purchase some unsecured bonds and a reduction in interest-bearing debts resulting from repaying short-term borrowings.

As of the end of the current first quarter, cash and cash equivalents totaled 44,117 million yen.

3. Qualitative Information Concerning the Consolidated Earnings Forecast

Earnings of the current first quarter fell due to the delayed recovery in the European business and provisional policy decision in the public safety sector in the US.

For the current second quarter, we expect the situation seen in the first quarter to remain to a certain degree in the Home & Mobile Electronics business segment. However, profits and losses improved in June 2009 due to a recovery in sales toward the end of the first quarter, indicating a marked recovery trend in earnings. We also predict that from the current second quarter, earnings of the Car Electronics business segment will further improve. And in the Professional Systems business segment, a US investment budget for the public safety sector, which has been temporarily postponed, will be implemented. Given these factors, we expect operating profit and loss to turn to the black. We decided to implement special measures, starting from the second quarter to ensure earnings for the current fiscal year and open up new vistas for the next fiscal year and beyond. Taking into account extraordinary losses accompanying these measures, we will revise our earnings forecast for the first half ending September 2009.

We will also reflect only the revision to earnings forecast for the first half ending September 2009 in our earnings forecast for the current fiscal year as of the time of announcing this material. However, we expect the improvement of net sales and profit/loss from June to the second quarter of the current fiscal year to lead to an improvement in earnings for the second half of the current fiscal year, and earnings are also likely to pick up from the third quarter onward more than originally expected due to the implementation of special measures. These factors will be reflected in our earnings forecast for the current fiscal year, which we plan to release by the time we announce earnings results for the second quarter.

For details, refer to the “Notice on Revision of Earnings Forecast and Special Measures for Fiscal Year Ending March 2010” that we separately released today.

Notes to Financial Statements Regarding Going Concern

The JVC Kenwood Group, given its high percentage of overseas sales, experienced sharp falls in earnings in the consumer electronics and professional electronics segments due primarily to the impact of U.S.-originated financial instability on the real global economy and to the rapid strengthening of the yen. After having posted a net loss of 30,734 million yen on a consolidated basis for the previous accounting year, the Group posted a quarterly net loss of 9,543 million yen on a consolidated, cumulative basis for the first quarter of the fiscal year ending March 2010. JVC posted net losses consecutively from the fiscal year ended March 2004 through the fiscal year ended March 2009, and again recorded a quarterly net loss on a consolidated, cumulative basis for the first quarter of the fiscal year ending March 2010. Furthermore, as a result of adjustments to previous earnings results implemented in the fiscal year ending March 2010, the Group, on a consolidated basis as of the end of the first quarter of the fiscal year ending March 2010, is in breach of a financial covenant clause concerning shareholders’ equity (consolidated) contained in the commitment line contract of a syndicated loan to JVC. As a result, the JVC Kenwood Group, on a consolidated basis, as of the end of the first quarter of the fiscal year ending March 2010, is in a situation that raises doubts over its status as a going concern assumption.

With respect to the commitment line contract of syndicated loans (amounting to 20,000 million yen) whose financial covenants were violated, JVC has signed a modification agreement with the lenders to delete the financial covenants. In addition, we have no concerns about lenders demanding an immediate repayment of these loans due to the loss of the benefit of the term. In the future, we expect to refinance and repay our bank borrowings, including the above syndicated loans. Major related financial institutions have established their policies to continuously support us in these respects.

Furthermore, the JVC Kenwood Group is implementing the following Business Structural Reform Action Plan, which was formulated in October 2009, aiming to improve the sales and profitability of all group companies. The driver of this plan shall be the Car Electronics business, whose sales and profits are on a recovery track due to the effects of structural reforms and management integration.

i. Home & Mobile Electronics business

In Europe, where its earnings recovery is slow, the Group is concentrating its management resources on the camcorder, professional system and car electronics operations, while drastically reducing the size of its unprofitable display business. Aiming to shift to a cost structure that matches the environment where the size of the display business was reduced substantially and the markets for camcorders and other products contracted, we have decided to reduce the number of employees at sales companies in Europe to about 500 from the present 900. Furthermore, we are reducing fixed expenses substantially through reorganizing and scaling down our sales, logistics and services systems. In addition, we are implementing structural reforms with the aim of quickly recovering earnings, for example by reinforcing the cooperation between Kenwood and JVC in the fields of sales, logistics and services.

As for the display business, we also have stopped production at the Mexican plant, and established an EMS-bases system, which can realize low-cost operations, in the Americas following our establishment of such a system in Europe. We have reduced the number of workers at the Thai plant to around 700 from 1,000 and cut display production substantially. We have also reestablished a system under which displays and professional system equipment are manufactured concurrently. With these measures, we are likely to achieve structural reforms of the display business in the near future.

We are reducing fixed expenses with the aim of recovering earnings of the camcorder business at an early stage. To this end, we have deiced to slash the number of employees at the Malaysian plant to around 1,300 from the present 1,900 in accordance with product lineups and changes in market prices.

In China, we are striving to improve earnings and carrying out growth strategies, by scaling back the sales company system, enhancing synergistic effects through strengthening the cooperation between Kenwood and JVC, and putting our efforts and resources into professional systems and projectors.

ii. Business Solution business

We have concentrated the sales, technology and service departments of JVC's Business Solution Division, which were scattered in various places such as the Hachioji Plant, and the B-to-B business team of the Business Incubation Division in the JVC head office in Yokohama. We have sold the Hachioji Plant, after integrating the Digital Imaging Division, which is likely to generate synergistic effects when its products are combined with camcorders and such like, into the Yokohama Plant. Besides, we have transferred the Business Solution Division's engineers to the sales department to strengthen our efforts for increasing orders received. We have also established a new business solution company called "J&K Business Solutions Corporation" through the integration of the maintenance, construction and repair departments of Victor Service & Engineering Co., Ltd., a JVC subsidiary, and Kenwood Core Corporation. Through these measures, we are implementing structural reforms in the Business Solution business.

iii. Strengthening the consolidated management system

JVC Kenwood is striving further to improve its earnings by enhancing a united and consolidated management system for JVC Kenwood and operating companies.

iv. Increasing cash by substantially reducing assets

We are endeavoring to increase cash by further reducing inventories and selling real estate.

In addition to the above, we in the JVC Kenwood Group will aim to improve our earnings and financial conditions at the earliest possible time to reconstruct the corporate structure that was damaged by the adjustments to previous earnings results, with future growth strategies in mind. To this end, we are further promoting business reforms, centering on the concentration of management resources on prioritized businesses and the restructuring of unprofitable businesses; cost reforms including a drastic reduction in fixed expenses; and financial reforms including a review of funds and capital policies.

In the above statements, matters related to the future represent the JVC Kenwood Group's judgment as of the date of submitting the revised Accounting Report for the First Quarter of Fiscal Year Ending March 2010.

Notes on earnings forecast

The earnings forecast provided here is a forecast for the future period based on the Company's judgment derived from information that is available at this time; please be advised that actual earnings may differ substantially from the earnings forecast. Consequently, please refrain from making any decisions based solely on this forecast.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(JPY in Million)

	End of current consolidated first quarter (as of Jun. 30, 2009)	Summary of consolidated balance sheet at end of previous fiscal year (as of Mar. 31, 2009)
Assets		
Current assets		
Cash and cash equivalents	44,144	52,417
Trade notes and accounts receivable	65,238	73,221
Merchandise and finished goods	44,129	48,396
Work in process	5,311	5,130
Raw materials and supplies	13,388	14,044
Other current assets	16,456	15,979
Allowance for doubtful receivables	(3,749)	(3,485)
Total current assets	184,919	205,704
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	23,373	22,995
Machinery and equipment, net	6,260	6,932
Tools, furniture and fixtures, net	10,141	10,388
Land	57,293	57,448
Construction in progress	1,619	2,683
Total tangible fixed assets	98,688	100,448
Intangible fixed assets		
Goodwill	5,496	5,580
Software	9,293	9,010
Other intangible fixed assets	5,476	5,503
Total intangible fixed assets	20,267	20,095
Investments and other assets		
Investment securities	5,031	4,468
Other investments	12,035	13,476
Allowance for doubtful receivables	(674)	(738)
Total investments and other assets	16,392	17,206
Total fixed assets	135,348	137,750
Deferred assets	557	622
Total assets	320,825	344,077

(JPY in Million)

	End of current consolidated first quarter (as of Jun. 30, 2009)	Summary of consolidated balance sheet at end of previous fiscal year (as of Mar. 31, 2009)
Liabilities		
Current liabilities		
Trade notes and accounts payable	31,310	30,391
Short term bank borrowings	89,958	92,540
Current portion of bond	17,960	20,960
Accrued expenses	41,854	46,751
Income taxes payable	949	1,457
Provision for product warranties	3,267	3,452
Provision for sales returns	1,248	1,401
Provision for structural reform	3,212	3,744
Other current liabilities	15,620	17,757
Total current liabilities	205,382	218,456
Long term liabilities		
Bonds payable	20,600	20,600
Liability for employees' retirement benefits	16,443	17,691
Other long term liabilities	12,916	12,890
Total long term liabilities	49,959	51,181
Total liabilities	255,341	269,638
Net assets		
Shareholders' equity		
Paid-in capital	10,000	10,000
Capital surplus	111,143	111,143
Retained earnings	(20,048)	(10,764)
Treasury stock	(20,261)	(20,261)
Total shareholders' equity	80,832	90,116
Valuation and translation adjustment		
Unrealized gain and loss on available-for-sale securities	9	(401)
Deferred hedge gain and loss	229	39
Land revaluation surplus	2,954	2,954
Foreign currency translation adjustment	(19,486)	(20,113)
Total valuation and translation adjustment	(16,293)	(17,520)
Minority interests	944	1,843
Total net assets	65,484	74,439
Total liabilities and net assets	320,825	344,077

(2) Quarterly Consolidated Statements of Income
(Accumulated period for consolidated first quarter)

(JPY in Million)

	Accumulated period for current consolidated first quarter (Apr.1, 2009 - Jun.30, 2009)
Net sales	98,578
Cost of sales	73,933
Gross profit	24,644
Selling, general and administrative expenses	31,518
Operating profit	(6,873)
Non-operating profit	
Interest income	51
Dividends income	197
Other non-operating profit	331
Total non-operating profit	580
Non-operating expense	
Interest expense	784
Sales discounts	153
Foreign exchange losses	122
Other non-operating expenses	1,210
Total non-operating expense	2,270
Ordinary income	(8,564)
Extraordinary profit	
Gain on sales of fixed assets	45
Reversal of liability for employees' retirement benefits	321
Other extraordinary profit	72
Total extraordinary profit	440
Extraordinary loss	
Loss on disposal of fixed assets	14
Loss on sales of fixed assets	63
Loss on liquidation of subsidiaries and affiliates	261
Business structural reform expenses	210
Employment structural reform expenses	107
Taxes and dues for prior period	289
Other extraordinary loss	72
Total extraordinary loss	1,018
Income before income taxes	(9,142)
Corporate tax, corporate inhabitant tax and corporate enterprise tax	379
Corporate tax and other adjustment	35
Income taxes	415
Minority interests in income	(14)
Net income	(9,543)

(3) Quarterly Consolidated Statement of Cash Flows

(JPY in Million)

	Accumulated period for current consolidated first quarter (Apr.1, 2009 - Jun.30, 2009)
Cash flows from operating activities:	
Income before income taxes	(9,142)
Depreciation	4,905
Amortization of goodwill	82
Increase (decrease) in allowance for employees’ retirement	(1,375)
Increase (decrease) in allowance for doubtful accounts	106
Interest revenue and dividend income	(249)
Interest expense	784
Loss on disposal of fixed assets	14
(Gain) loss on sales of fixed assets	17
(Increase) decrease in trade notes and accounts receivable	9,059
(Increase) decrease in inventories	5,352
Increase (decrease) in accounts payable	689
Increase (decrease) in allowance for structural reform	(532)
Increase (decrease) in accrued expenses	(5,816)
Other	(1,908)
Sub-total	1,987
Interest and dividends received	249
Interest paid	(478)
Income taxes paid	(1,009)
Net cash provided by operating activities	748
Cash flows from investing activities:	
Capital investment (real estate, plants and equipment)	(1,927)
Proceeds from sales of property, plant and equipment	284
Purchase of intangible fixed assets	(1,101)
Other	(60)
Net cash used in investing activities	(2,805)
Cash flows from financing activities:	
Increase (decrease) in short-term bank borrowings, net	(4,043)
Redemption of bonds	(2,955)
Other	82
Net cash used in financing activities	(6,915)
Effect of exchange rate fluctuations on cash and cash equivalents	626
Net increase (decrease) in cash and cash equivalents	(8,345)
Cash and cash equivalents at beginning of period	52,393
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	69
Cash and cash equivalents at end of quarter	44,117

(4) Notes to Financial Statements Regarding Going Concern

Accumulated period for current consolidated first quarter (Apr.1, 2009 - Jun.30, 2009)
The JVC Kenwood Group, given its high percentage of overseas sales, experienced sharp falls in earnings in the consumer electronics and professional electronics segments due primarily to the impact of U.S.-originated financial instability on the real global economy and to the rapid strengthening of the yen. After having posted a net loss of 30,734 million yen on a consolidated basis for the previous accounting year, the Group posted a quarterly net loss of 9,543 million yen on a consolidated, cumulative basis for the first quarter of the fiscal year ending March 2010. JVC posted net losses consecutively from the fiscal year ended March 2004 through the fiscal year ended March 2009, and again recorded a quarterly net loss on a consolidated, cumulative basis for the first quarter of the fiscal year ending March 2010. Furthermore, as a result of adjustments to previous earnings results implemented in the fiscal year ending March 2010, the Group, on a consolidated basis as of the end of the first quarter of the fiscal year ending March 2010, is in breach of a financial covenant clause concerning shareholders' equity (consolidated) contained in the commitment line contract of a syndicated loan to JVC (totaling 24,500 million yen; on September 30, 2009 and December 28, 2009, a total of 20,000 million yen refinanced after the contract term of three months). As a result, the JVC Kenwood Group, on a consolidated basis, as of the end of the first quarter of the fiscal year ending March 2010, is in a situation that raises doubts over its status as a going concern. The JVC Kenwood Group, based on the Car Electronics Business, for which sales and earnings have been recovering given the effects of restructuring and integration, has been making efforts to further restructure revenues of this business by implementing, in accordance with the business structural reform action plan developed in October 2009, actions such as structural reforms in Europe and China including staff reductions at sales subsidiaries and fully implementing structural reforms of the Home & Mobile Electronics Business, which includes terminating production of the Mexican plant and reducing manpower at plants in Thailand and Malaysia, and has been strengthening its efforts to pursue structural reforms and increase orders of the Professional Systems Business, recovery of which has been delayed, with the aim of recovering the sales and earnings of all companies in the Group. Furthermore, to reconstruct the corporate base for executing future growth strategies, the Group will develop a fundamental restructuring plan that includes business reforms concentrating on targeted businesses and restructuring unprofitable businesses, cost reforms including sharp reductions of fixed expenses, and financial reforms including funding and capital strategies, and implement these reforms to promptly recover business performance and financial condition. Meanwhile, JVC, with respect to the financial covenant clause contained in the commitment line contract of the aforementioned syndicated loan (total of 20,000 million yen), which the organization is in breach of, furnished an amended agreement, based on which the financial covenant clause of the subject contract was deleted, and obtained support from financial institutions to renew the contract at the end of March 2010. JVC, given the scheduled refinancing and repayment of bank loans including the above syndicated loan, will continue to seek support from major bank relationships. While the improvement measures described above are being pursued, considering that recovery of business performance will be impacted by future consumer demand and economic trends, and that negotiations with financial institutions are underway with respect to the refinancing of loans scheduled within the next year, at the present time serious uncertainty over the going concern assumption can be recognized. Please note that consolidated financial statements have been prepared on the basis of the group's status as a going concern and do not reflect any effects of the serious uncertainty over the going concern assumption.