TRANSLATION - FOR REFERENCE ONLY -

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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	99,109	-
Operating profit (loss)	(6,026)	-
Ordinary income (loss)	(7,061)	-
Net income (loss)	(8,041)	-
Net income (loss) per share	(8.32) 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	39,874	40%	-	-%
Professional Systems	19,993	20%	-	-%
Entertainment	11,669	12%	-	-%
Others	2,743	3%	-	-%
Total	99,109	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 exceeded our original projections at the beginning of the period. 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 the expected cost reduction effect. However, earnings were lower than projected at the beginning of the period, due to a longer-than-expected delay in the recovery of Home & Mobile Electronics business segment in Europe and the impact of provisional policy decision in the US for the public safety sector on the Professional Systems business segment.

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 ¥90 to the U.S. dollar and ¥120 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 ¥97 to the U.S. dollar and about ¥133 to the euro.

***Net Sales**

With regard to sales for the current first quarter, the Land Mobile Radio business was affected by policy revisions in investment budgets for public safety sector in the US, and a temporary procrastination in the execution of such investment from April 2009 onward, and hence, sales in the Professional Systems business segment, which is a B-to-B business, considerably fell short of our original projections. Sales in the consumer businesses of the Car Electronics business segment, Home & Mobile Electronics business segment and Entertainment business segment exceeded our original projections at the beginning of the period. As a result, net sales outperformed our original projections, posting ¥99,109 million.

In comparison with the fourth quarter of the previous fiscal year, sales in the Professional Systems business segment were affected by unexpected 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 4.1% on a quarter-to-quarter basis.

***Operating Profit**

With respect to operating profit for the current first quarter, while earnings improved in line with our expectation in the display business, the home audio business and Car Electronics OEM business. However, earnings of the Professional Systems business segment fell short of our original projections at the beginning of the period due to an unexpected drop in sales as described above, and in the camcorder business, the recovery of the European business was delayed and 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, earnings of the Home & Mobile Electronics business segment were far below the original projections at the beginning of the period and JVC Kenwood posted an operating loss of ¥6,026 million, falling short of our original projections.

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

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 ¥2.7 billion due to the deterioration in earnings in the Professional Systems business segment.

***Ordinary Income**

Ordinary loss for the current first quarter was ¥7,061 million, which is below our original projections at the beginning of the period, and reflects deterioration in operating profit.

In the meantime, accounting effects including amortization of negative goodwill resulting from the management integration were ¥0.5 billion.

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.

***Net Income**

Net loss for the current first quarter was ¥8,041 million, which fell short of our original projections at the beginning of the period and reflects deterioration in ordinary income.

In the meantime, there were accounting effects (of ¥0.5 billion 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 ¥7.4 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	(1,611)	(2,930)
Home & Mobile Electronics	Net sales	39,874	41,850
	Operating profit	(3,218)	(1,102)
Professional Systems	Net sales	19,993	25,343
	Operating profit	(1,614)	1,515
Entertainment	Net sales	11,669	11,577
	Operating profit	18	(648)
Others	Net sales	2,743	1,439
	Operating profit	397	(179)
Total	Net sales	99,109	103,391
	Operating profit	(6,026)	(3,345)
	Ordinary income	(7,061)	(6,499)
	Net income	(8,041)	(15,458)

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, which exceeds our original projections at the beginning of the period, and operating loss was ¥1,611 million, slightly lower than the original projections.

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.

*** 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 as planned. 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 price declines, and earnings of this segment underperformed the original projections.
Consequently, net sales of this segment for the current first quarter were ¥39,874 million, which exceeds the original projections at the beginning of the period, but operating loss fell short of the original projections, posting ¥3,218 million.
In a simple comparison with the fourth quarter of the previous fiscal year, net sales in the overall Home & Mobile Electronics business segment decreased 4.7% and profit/loss deteriorated by ¥2.1billion. 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, net sales and 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 display business and 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 from April 2009 onward. The procrastinated execution of investment budgets is expected to be resumed in or after the current second quarter, however, sales and profit/loss for the first quarter in the mainstay LMR business underperformed our projections. Furthermore, in the professional AV systems business, because orders for private industries decreased since April 2009, sales and profit/loss underperformed our projections.
As a result, net sales in this segment for the current first quarter were ¥19,993 million, which was below the original projections at the beginning of the period, and operating loss also fell short of the original projections, posting ¥1,614 million.
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.

*** 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, which exceeded our original projections at the beginning of the period, and operating profit outperformed our original projections, posting ¥18 million, 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 ¥0.7 billion.

2. Qualitative Information Concerning the Consolidated Financial Position

(Analysis of assets, liabilities and net assets)

***Assets**

Total assets were ¥332,725 million, down ¥21.9 billion 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). JVC Kenwood also retired by purchase part of the unsecured bonds (¥3 billion) issued by JVC prior to maturity. As a result, interest-bearing debts fell ¥5.3 billion from the end of the previous fiscal year to ¥127,343 million. Total liabilities were ¥254,288 million, down ¥14.8 billion. Meanwhile, net debts increased ¥3 billion from the end of the previous fiscal year to ¥83,198 million, reflecting a decrease in cash and deposits affected by the deteriorated business environment.

***Net assets**

Total shareholders' equity stood at ¥94,274 million, down ¥7.8 billion 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 some ¥7.1 billion from the end of the previous fiscal year to ¥78,437 million.

(Cash flow analysis)

***Cash flows from operating activities**

Net cash provided by operating activities was ¥412 million, despite posting a quarterly net loss before taxes of ¥7,639 million, 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, 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 ¥6,579 million, 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.

3. Qualitative Information Concerning the Consolidated Earnings Forecast

Earnings of the current first quarter fell below our original projections at the beginning of the period 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 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	71,510	78,743
Merchandise and finished goods	44,626	48,843
Work in process	5,611	5,314
Raw materials and supplies	13,352	14,305
Other current assets	18,025	16,876
Allowance for doubtful receivables	(3,024)	(2,911)
Total current assets	194,247	213,588
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	23,142	22,765
Machinery and equipment, net	7,586	8,172
Tools, furniture and fixtures, net	10,300	10,514
Land	57,361	57,508
Construction in progress	2,865	4,172
Total tangible fixed assets	101,256	103,134
Intangible fixed assets		
Goodwill	5,496	5,580
Software	9,298	9,015
Other intangible fixed assets	5,476	5,503
Total intangible fixed assets	20,271	20,100
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	137,920	140,441
Deferred assets	557	622
Total assets	332,725	354,652

(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	88,783	91,101
Current portion of bond	17,960	20,960
Accrued expenses	39,753	48,731
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	16,250	14,650
Total current liabilities	202,735	215,892
Long term liabilities		
Bonds payable	20,600	20,600
Liability for employees' retirement benefits	16,163	17,422
Negative goodwill	2,027	2,433
Other long term liabilities	12,761	12,725
Total long term liabilities	51,552	53,181
Total liabilities	254,288	269,073
Net assets		
Shareholders' equity		
Paid-in capital	10,000	10,000
Capital surplus	111,143	111,143
Retained earnings	(6,607)	1,174
Treasury stock	(20,261)	(20,261)
Total shareholders' equity	94,274	102,055
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	(19,975)	(20,912)
Total valuation and translation adjustment	(16,781)	(18,320)
Minority interests	944	1,843
Total net assets	78,437	85,579
Total liabilities and net assets	332,725	354,652

(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	99,109
Cost of sales	71,332
Gross profit	27,776
Selling, general and administrative expenses	33,803
Operating profit	(6,026)
Non-operating profit	
Interest income	51
Dividends income	197
Amortization of negative goodwill	405
Other non-operating profit	331
Total non-operating profit	986
Non-operating expense	
Interest expense	784
Sales discounts	153
Foreign exchange losses	122
Other non-operating expenses	960
Total non-operating expense	2,020
Ordinary income	(7,061)
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	(7,639)
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	(8,041)

(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	(7,639)
Depreciation	4,991
Amortization of goodwill	82
Amortization of negative goodwill	(405)
Increase (decrease) in allowance for employees' retirement	(1,374)
Increase (decrease) in allowance for doubtful accounts	(17)
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	8,563
(Increase) decrease in inventories	5,484
Increase (decrease) in accounts payable	689
Increase (decrease) in allowance for structural reform	(532)
Increase (decrease) in accrued expenses	(6,157)
Other	(2,599)
Sub-total	1,651
Interest and dividends received	249
Interest paid	(478)
Income taxes paid	(1,009)
Net cash provided by operating activities	412
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	(3,724)
Redemption of bonds	(2,955)
Other	99
Net cash used in financing activities	(6,579)
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