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
(Tel: +81-45-444-5232)

Partial Revisions to "Accounting Report for the First Half 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 Half of Fiscal Year Ending March 2010" dated October 29, 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.

TRANSLATION - FOR REFERENCE ONLY –

October 29, 2009

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 (Tel: +81-45-444-5232) (E-mail: prir@jk-holdings.com)

Accounting Report for the First Half of Fiscal Year Ending March 2010 (April 1, 2009 - September 30, 2009)

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

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

	First Half of FYE 3/2010 (April 1, 2009 to September 30, 2009)	First Half of FYE 3/2009 (April 1, 2008 to September 30, 2008)
Net sales	203,324	-
Operating profit (loss)	(7,809)	-
Ordinary income (loss)	(10,955)	-
Net income (loss)	(16,849)	-
Net income (loss) per share	(17.43) yen	-

FYE: Fiscal year ended / ending

Sales by Segments (Millions of yen)

	First Half of FYE 3/2010 (April 1, 2009 to September 30, 2009)		First Half of FYE 3/2009 (April 1, 2008 to September 30, 2008)	
Car Electronics	51,405	25%	-	-%
Home & Mobile Electronics	77,848	38%	-	-%
Professional Systems	44,576	22%	-	-%
Entertainment	23,566	12%	-	-%
Others	5,926	3%	-	-%
Total	203,324	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 second 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 second quarter of the current fiscal year)

Although the global economy in the second quarter of the current fiscal year continued to be stagnant, affected by the lingering influence of the economic crisis that was sparked by the financial turmoil originating in the US last autumn, signs of recovery have become apparent in some industries as a result of aggressive economic measures taken by governments in a number of countries.
Under such circumstances, both sales and profit/loss for the second-quarter of the ongoing businesses of the JVC Kenwood Group recovered as a result of the sales recovery, the effects of structural reforms and other additional measures, and the effect of the merger.
In preparing consolidated operating results for the current second quarter, the exchange rates JVC Kenwood used (excluding those for forward exchange contracts) were about JPY94 to the U.S. dollar and about JPY134 to the euro.

***Net Sales**

In the second quarter of the current fiscal year, we recorded sales of 104,746 million yen for JVC Kenwood and 203,324 million yen for the consolidated first half. These figures are as projected due to a steady recovery of sales in the Car Electronics business segment and the Land Mobile Radio business segment of the Professional Systems business, though the Home & Mobile Electronics business remained slow mainly in Europe.
Sales of the Home & Mobile Electronics business decreased but sales of the Car Electronics business and the Professional Systems business picked up from those of the first quarter of the current fiscal year, resulting in a 6.3% increase from the previous quarter.

***Operating Profit/loss**

Our operating loss from ongoing businesses for the second quarter of the current fiscal year bottomed out at about 0.9 billion yen for the entire group and 7,809 million yen for the consolidated first half. This was because the Land Mobile Radio business segment of the Professional Systems business has returned to the black as a result of the structural reforms and effects of additional measures and the merger, while the Car Electronics business segment recovered in both sales in markets and sales for OEM, which generated the first profit since the merger, offsetting the slow recovery in the Home & Mobile Electronics business and the Professional Systems business.
The effect of the cost reductions achieved through the additional measures was about 6.4 billion yen; the cost synergy effect was about 1.6 billion yen; and the effect from our accounting procedures relating to the merger was about 0.9 billion yen.
Compared with the first quarter of the current fiscal year, the profit/loss ended in an improvement of about 5.9

billion yen due to the improved financial results of the Car Electronics business segment and the Professional Systems business segment.

***Ordinary Income**

Looking at ordinary income for the second quarter of the current fiscal year, we recorded a loss of 2,391 million yen. Ordinary loss for the consolidated first half of the current fiscal year was 10,955 million yen.
In the meantime, accounting effects resulting from the management integration were 0.1 billion yen.
Compared with the first quarter of the current fiscal year, ordinary income improved by about 6.2 billion yen due to an increase in operating profit.

***Net Income**

Looking at net income/loss for the second quarter of the current fiscal year, we recorded a loss of 7,305 million yen due to the extraordinary loss of about 3.9 billion yen as part of expenses associated with a structural reform of Home & Mobile Electronics business. In addition, we posted a net loss of 16,849 million yen for the consolidated first half of the current fiscal year.
In the meantime, there were accounting effects (of JPY2.3 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.
Compared with the first quarter of the current fiscal year, it increased by about 2.2 billion yen due to increased ordinary income though the extraordinary loss increased.

(Net Sales, Profits and Losses by Business Segment)

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

(Millions of yen)

Business Segment		Consolidated 1H for FYE 2010/3	2Q of FYE 2010/3	(For reference) 1Q of FYE 2010/3
Car Electronics	Net sales	51,405	26,577	24,827
	Operating profit	(590)	989	(1,580)
Home & Mobile Electronics	Net sales	77,848	38,504	39,343
	Operating profit	(6,560)	(2,718)	(3,841)
Professional Systems	Net sales	44,576	24,582	19,993
	Operating profit	(1,317)	298	(1,616)
Entertainment	Net sales	23,566	11,897	11,669
	Operating profit	(305)	(100)	(205)
Others	Net sales	5,926	3,183	2,743
	Operating profit	963	594	369
Total	Net sales	203,324	104,746	98,578
	Operating profit	(7,809)	(935)	(6,873)
	Ordinary income	(10,955)	(2,391)	(8,564)
	Net income	(16,849)	(7,305)	(9,543)

*** Car Electronics Business**

The Car Electronics business had been the biggest concern of the JVC Kenwood Group since last fall. However, sales at open markets continued to pick up following the first quarter of the current fiscal year, and our year-on-year market shares grew substantially in major regions. In the OEM field, sales of car navigation systems for the domestic market and CD/DVD mechanisms to be mounted in vehicles for overseas markets were boosted due to the effect of measures for stimulating new car purchases executed by various countries,

in addition to the effects from our efforts for business structure reforms.
Consequently, sales for the second quarter of the current fiscal year were 26,577 million yen, and operating profit was 989 million yen, which is the first profit we have posted since the merger. As a result, sales for the consolidated first half of the current fiscal year were 51,405 million yen and the operating loss for the same period was reduced to 590 million yen.
Compared with the first quarter of the current fiscal year, in the second quarter the sales of the entire Car Electronics business increased by 7.0% and the operating profit improved by about 2.6 billion yen, returning to the black.

*** Home & Mobile Electronics Business**

Looking at the Home & Mobile Electronics business segment, the home audio business has returned to the black due to the effects of the business structure reforms. On the other hand, the display business was adversely affected by the slow recovery in Europe and higher procurement costs, and the camcorder business was affected by harsher competition overseas, mainly in Europe, and a shift in demand to low-end models, though domestic sales steadily grew due to the marketing of new products.
Consequently, sales for the second quarter of the current fiscal year were 38,504 million yen, and operating loss was 2,718 million yen. Sales for the consolidated first half of the current fiscal year were 77,848 million yen, and the operating loss for the same period was 6,560 million yen.
Compared with the first quarter of the current fiscal year, although sales of the entire Home & Mobile Electronics business segment decreased by 2.1%, the operating profit increased by about 1.1 billion yen.

*** Professional Systems Business**

With regard to the Professional Systems segment, orders at the Land Mobile Radio business had been substantially lower due to the effects of policy revisions in investment budgets for the public since April 2009. However, in the second quarter of the current fiscal year, orders started to recover as the once-suspended investment budgets started to be executed and the business has returned to the black. On the other hand, the Professional Systems business segment was slow in recovery due to weaker demand caused by a freeze on private-sector capital spending and an accompanying price decline.
Consequently, sales for the second quarter of the current fiscal year were 24,582 million yen, and operating profit returned to the black, posting 298 million yen. In addition, sales for the consolidated first half of the current fiscal year were 44,576 million yen, and the operating loss for the same period fell to 1,317 million yen.
On a quarter-on-quarter basis, sales of the entire Professional Systems segment increased by 23.0%, and the operating profit improved by about 1.9 billion yen and produced a profit.

*** Entertainment Business**

In the Entertainment business segment, the contents business enjoyed a hit blockbuster movie but other new and old albums did not move well. 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. but the quantity of consignments fell due to a decline in the popularity of music software.
Consequently, sales for the second quarter of the current fiscal year were 11,897 million yen, while the operating loss was 100 million yen; and sales for the consolidated first half of the current fiscal year were 23,566 million yen and the operating loss for the same period was 305 million yen.
Compared with the first quarter of the current fiscal year, in the second quarter, the sales of the entire Entertainment business segment increased by 2.0%, and the operating profit increased by about 0.1 billion yen.
For qualitative information regarding the consolidated financial results for the first quarter ending in March 2010, please refer to "Accounting Report for the First Quarter of Fiscal Year Ending March 2010" (announced

on July 31, 2009).

2. Qualitative Information Concerning the Consolidated Financial Position

In the consolidated first half of the current fiscal year, JVC Kenwood strived to substantially reduce assets such as accounts receivable, inventory assets, land and buildings, in accordance with one of our key measures for the current term, called "Increase of Cash." Consequently, debt with interest decreased by about 15.5 billion yen, and operating cash flow increased by about 9.1 billion yen, though we did record a net loss for the quarter.

(Analysis of assets, liabilities and net assets)

***Assets**

Total assets for the consolidated first half of the current fiscal year decreased by about 38.7 billion yen from the end of the previous term to 305,343 million yen due to a decrease of accounts receivable and a reduction of inventory assets, in addition to the partial sale of tangible fixed assets such as land and buildings.

***Liabilities**

Debt with interest for the consolidated first half of the current fiscal year decreased by about 15.5 billion yen from the end of the previous term to 118,621 million yen and the total debt decreased by about 19.4 billion yen from the end of the previous term to 250,213 million yen due to the repayment of short-term borrowings (15 billion yen) that related to the repurchase of the Company's shares that were held by Kenwood. The net debt decreased by about 6.8 billion yen from the end of the previous term to 74,856 million yen.

***Net assets**

Total shareholders' equity for the consolidated first half of the current fiscal year decreased by about 16.6 billion yen from the end of the previous term to 73,527 million yen and total net assets decreased by about 19.3 billion yen from the end of the previous term to 55,130 million yen due to the realization of a net loss for the quarter.

(Cash flow analysis)

***Cash flows from operating activities**

Net cash provided by operating activities for the consolidated first half of the current fiscal year was 9,108 million yen, though net income before taxes, etc. recorded a loss of 15,082 million yen, as the required operating fund was improved due to a reduction of accounts receivable and inventory assets and increase of accounts payable.

***Cash flows from investing activities**

Net cash spent in investing activities for the consolidated first half of the current fiscal year was 905 million yen due to the acquisition of tangible and intangible fixed assets, despite proceeds from the sale of land and buildings.

***Cash flows from financing activities**

Net cash spent in financing activities for the consolidated first half of the current fiscal year was 16,187 million yen due to a partial redemption of unsecured bonds and reduction in interest-bearing debts resulting from a repayment of long-term borrowings.

As of the end of the current second quarter, cash and cash equivalents totaled 43,690 million yen.

3. Qualitative Information Concerning the Consolidated Earnings Forecast

JVC Kenwood has substantially reduced future risk factors and expenses mainly related to overseas sales corporations of JVC, in addition to an upturn in the profit/loss situation of major business segments such as the Car Electronics business and the Land Mobile Radio business. Further JVC Kenwood launched a reconstruction of financial and cost structures mainly of the Home & Mobile Electronics business segment that has been in decline.

JVC Kenwood will, in the current third quarter and afterwards, strive to complete the business structure reform of the Home & Mobile Electronics business in accordance with the action plan specified in the "Notice Concerning Business Structure Reform Action Plan," which was announced today separately, to promote reforms for higher profits. Further JVC Kenwood will also work on some businesses under the Professional Systems business segment that are slow in recovering in the business structure reform to rebuild a solid profit base of the Professional Systems business segment along with the Land Mobile Radio business that is already showing signs of recovery.

In addition, with the focus on digital imaging businesses such as video cameras that have a high presence in markets and the Business Solution businesses such as professional systems, JVC Kenwood will concentrate on and reinforce businesses where our strength lies, striving to put JVC on a path for new growth.

Following this path, JVC Kenwood will maintain the trend for further recovery through the latter half of the term so as to achieve the projected earnings for the full fiscal year that we announced on October 23, 2009.

We will not distribute interim dividends for the current term as we projected at the beginning of the term. Although we had announced that we were undecided with regards to our distribution of year-end dividends, we have now decided not to distribute them as well based on the financial results of the consolidated first half of the current fiscal year and our projection for financial results for the full fiscal year.

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 16,849 million yen on a consolidated, cumulative basis for the second 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 second 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 second 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 and a term loan contract. As a result, the JVC Kenwood Group, on a consolidated basis, as of the end of the second 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 of the said contract. In addition, with regards to the term loan contract (totaling 3,000 million yen) whose financial covenants were violated, JVC has obtained an agreement from the lenders saying that they will waive any right to claims in relation to the loss of the benefit of the term based on the violation of the financial covenants. Accordingly, 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 and term 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 Half 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 second quarter (as of Sep. 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	43,765	52,417
Trade notes and accounts receivable	67,839	73,221
Merchandise and finished goods	39,908	48,396
Work in process	4,537	5,130
Raw materials and supplies	13,272	14,044
Other current assets	16,429	15,979
Allowance for doubtful receivables	(4,603)	(3,485)
Total current assets	181,149	205,704
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	21,099	22,995
Machinery and equipment, net	5,586	6,932
Tools, furniture and fixtures, net	8,610	10,388
Land	51,348	57,448
Construction in progress	1,681	2,683
Total tangible fixed assets	88,325	100,448
Intangible fixed assets		
Goodwill	5,411	5,580
Software	8,978	9,010
Other intangible fixed assets	5,121	5,503
Total intangible fixed assets	19,510	20,095
Investments and other assets		
Investment securities	5,240	4,468
Other investments	11,064	13,476
Allowance for doubtful receivables	(451)	(738)
Total investments and other assets	15,853	17,206
Total fixed assets	123,690	137,750
Deferred assets	503	622
Total assets	305,343	344,077

(JPY in Million)

	End of current consolidated second quarter (as of Sep. 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	34,560	30,391
Short term loans payable	91,021	92,540
Current portion of bond	-	20,960
Accrued expenses	45,915	46,751
Income taxes payable	1,637	1,457
Provision for product warranties	3,060	3,452
Provision for sales returns	1,230	1,401
Provision for structural reform	1,004	3,744
Other current liabilities	15,258	17,757
Total current liabilities	193,687	218,456
Long term liabilities		
Bonds payable	20,000	20,600
Long-term loans payable	7,600	-
Liability for employees' retirement benefits	16,148	17,691
Other long term liabilities	12,776	12,890
Total long term liabilities	56,525	51,181
Total liabilities	250,213	269,638
Net assets		
Shareholders' equity		
Paid-in capital	10,000	10,000
Capital surplus	111,143	111,143
Retained earnings	(27,354)	(10,764)
Treasury stock	(20,261)	(20,261)
Total shareholders' equity	73,527	90,116
Valuation and translation adjustment		
Unrealized gain and loss on available-for-sale securities	212	(401)
Deferred hedge gain and loss	651	39
Land revaluation surplus	2,954	2,954
Foreign currency translation adjustment	(23,148)	(20,113)
Total valuation and translation adjustment	(19,329)	(17,520)
Subscription rights to shares	20	-
Minority interests	912	1,843
Total net assets	55,130	74,439
Total liabilities and net assets	305,343	344,077

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

(JPY in Million)

	Accumulated period for current consolidated first half (Apr.1, 2009 - Sep.30, 2009)
Net sales	203,324
Cost of sales	149,075
Gross profit	54,248
Selling, general and administrative expenses	62,057
Operating profit	(7,809)
Non-operating profit	
Interest income	88
Dividends income	198
Amortization of negative goodwill	346
Other non-operating profit	591
Total non-operating profit	1,224
Non-operating expense	
Interest expense	1,515
Other non-operating expenses	2,854
Total non-operating expense	4,370
Ordinary income	(10,955)
Extraordinary profit	
Gain on sales of fixed assets	62
Reversal of liability for employees' retirement benefits	321
Reversal of expense for business structural reform	245
Other extraordinary profit	167
Total extraordinary profit	796
Extraordinary loss	
Loss on disposal of fixed assets	458
Loss on sales of fixed assets	2,356
Impairment loss	451
Business structural reform expenses	548
Employment structural reform expenses	326
Other extraordinary loss	781
Total extraordinary loss	4,923
Income before income taxes	(15,082)
Corporate tax, corporate inhabitant tax and corporate enterprise tax	1,321
Corporate tax and other adjustment	466
Income taxes	1,788
Minority interests in income	(21)
Net income	(16,849)

(Accumulated period for consolidated second quarter)

(JPY in Million)

	Accumulated period for current consolidated second quarter (Jul.1, 2009 - Sep.30, 2009)
Net sales	104,746
Cost of sales	75,142
Gross profit	29,603
Selling, general and administrative expenses	30,538
Operating profit	(935)
Non-operating profit	
Interest income	36
Amortization of negative goodwill	346
Other non-operating profit	260
Total non-operating profit	643
Non-operating expense	
Interest expense	731
Loans commission	697
Other non-operating expenses	670
Total non-operating expense	2,099
Ordinary income	(2,391)
Extraordinary profit	
Gain on sales of fixed assets	16
Gain on liquidation of subsidiaries and affiliates	44
Reversal of expense for business structural reform	245
Other extraordinary profit	50
Total extraordinary profit	356
Extraordinary loss	
Loss on disposal of fixed assets	444
Loss on sales of fixed assets	2,293
Impairment loss	451
Business structural reform expenses	337
Employment structural reform expenses	219
Other extraordinary loss	158
Total extraordinary loss	3,905
Income before income taxes	(5,940)
Corporate tax, corporate inhabitant tax and corporate enterprise tax	941
Corporate tax and other adjustment	430
Income taxes	1,372
Minority interests in income	(7)
Net income	(7,305)

(3) Quarterly Consolidated Statement of Cash Flows

(JPY in Million)

	Accumulated period for current consolidated first half (Apr.1, 2009 - Sep.30, 2009)
Cash flows from operating activities:	
Income before income taxes	(15,082)
Depreciation	9,816
Amortization of goodwill	163
Impairment loss	451
Increase (decrease) in allowance for employees' retirement	(1,570)
Increase (decrease) in allowance for doubtful accounts	857
Interest revenue and dividend income	(286)
Interest expense	1,515
Loss on disposal of fixed assets	458
(Gain) loss on sales of fixed assets	2,294
(Increase) decrease in trade notes and accounts receivable	4,425
(Increase) decrease in inventories	8,716
Increase (decrease) in accounts payable	5,121
Increase (decrease) in allowance for structural reform	(2,740)
Increase (decrease) in accrued expenses	(343)
Other	(2,118)
Sub-total	11,680
Interest and dividends received	286
Interest paid	(1,605)
Income taxes paid	(1,253)
Net cash provided by operating activities	9,108
Cash flows from investing activities:	
Capital investment (real estate, plants and equipment)	(3,896)
Proceeds from sales of property, plant and equipment	5,110
Purchase of intangible fixed assets	(2,255)
Other	134
Net cash used in investing activities	(905)
Cash flows from financing activities:	
Increase (decrease) in short-term loans payable, net	12,162
Proceeds from long-term loans payable	13,700
Repayment of long-term loans payable	(20,000)
Redemption of bonds	(21,531)
Other	(518)
Net cash used in financing activities	(16,187)
Effect of exchange rate fluctuations on cash and cash equivalents	(788)
Net increase (decrease) in cash and cash equivalents	(8,772)
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	43,690

(4) Notes to Financial Statements Regarding Going Concern

Accumulated period for current consolidated second quarter (Jul.1, 2009 - Sep.30, 2009)
The JVC Kenwood Group, given its high percentage of overseas sales, experienced sharp falls in earnings in the areas of consumer electronics and professional electronics segments due primarily to the impact of U.S.-originated financial instability on the real global economy and to a 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 16,849 million yen on a consolidated, cumulative basis for the second 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 second 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 second quarter of the fiscal year ending March 2010, is in breach of financial covenant clauses concerning shareholders' equity (consolidated) contained in the commitment line contract of the syndicated loan for JVC (totaling 20,000 million yen; on December 28, 2009, 20,000 million yen refinanced after the contract term of three months) and in the term loan contract (totaling 3,000 million yen; repayment in installments over two years from September 2009). As a result of these circumstances, the JVC Kenwood Group, on a consolidated basis as of the end of the second quarter of the fiscal year ending March 2010, is in a situation that raises doubts over the going concern assumption. 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 for the subject contract was deleted, and obtained support from financial institutions to renew the contract at the end of March 2010. With respect to the term loan contract (totaling 3,000 million yen), JVC has received agreement from the lender to abandon the right to claim forfeiture of benefit of time in connection with the subject breach of financial covenants. 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 a 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.