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**Notice on Revision of Earnings Forecast for the Fiscal Year Ending March 2012;  
 Posting of Non-Operating Expenses (Foreign Exchange Losses); and Revision of Dividends  
 Forecast**

JVC KENWOOD Corporation ("JVC KENWOOD") hereby announces that in the Board of Directors meeting held today, JVC KENWOOD revised the earnings forecast for the fiscal year ending March 2012 announced on October 28, 2011 to reflect the operating performance after the third quarter of the fiscal year under review as described below.

Furthermore, JVC KENWOOD also revised the dividends forecast for the fiscal year ending March 2012 announced on April 27, 2011 based on the non-consolidated operating results and financial position, and decided to implement a policy to start dividends payment.

### 1. Revision of Earnings Forecast

#### (1) Revision of Earnings Forecast for the Fiscal Year Ending March 2012 (April 1, 2011 to March 31, 2012)

(Millions of yen)	Net Sales	Operating Profit (Loss)	Ordinary Income	Net Income (Loss)	Net Income (Loss) per Share (yen)
Previous Forecast (A) (Announced on October 28, 2011)	333,000	14,000	10,000	6,500	46.87
Revised Forecast (B)	320,900	12,800	6,400	6,000	43.27
Amount of Change (B - A)	(12,100)	(1,200)	(3,600)	(500)	
Rate of Change (%)	(3.6)	(8.6)	(36.0)	(7.7)	
(Reference) Results for the Fiscal Year Ended March 31, 2011	352,672	12,956	7,579	(4,025)	(38.60)

(Note) JVC KENWOOD conducted a reverse split of stocks, consolidating 10 shares into 1 share, as of August 1, 2010. It also issued new shares of its common stock and disposed of treasury shares as of January 25, 2011.

(Reference) Quarterly net income (loss) per share for the fiscal year ended March 2011 was calculated to make comparison easier, assuming that the shares were consolidated at the beginning of the said period.

(Reference) Changes in the number of shares resulting from the issuance of new shares and disposition of treasury shares as of January 25, 2011 are not reflected in quarterly net income (loss) per share for the fiscal year ended March 2011.

#### (2) Reasons for the Revision

JVC KENWOOD publicly released its earnings forecast for the fiscal year ending March 2012 on April 27, 2011 and revised the forecast on October 28, 2011 to reflect the impact of the floods in Thailand (Decrease in net sales of 8.0 billion yen and operating profit of 2.0 billion yen), among others. Most of the impact from the floods in Thailand was incurred in the third quarter, and therefore JVC KENWOOD had planned to recover the production delay caused by the floods in the Business Solutions segment of the Professional Systems business in the fourth quarter.

Concerning this plan, the Yokosuka Office started the alternate production of products in the Business Solutions segment from December 5, 2011, and the Thailand plant also resumed a part of its production activity from January 28, 2012. Nonetheless, JVC KENWOOD was not able to fully recover from the delay in production and, in addition to the loss and delay in marketing opportunities, cost of the alternate production exceeded the initial expectation.

While JVC KENWOOD was able to cover the damages incurred in other operations such as the Land Mobile Radio segment in the Car Electronics and Professional Systems businesses by procuring alternate parts and changing designs, they could not absorb the negative impact in the Business Solutions segment. For this reason, operating profit is expected to decrease by about 1.2 billion yen (8.6%) from the previously announced earnings forecast.

In comparison with the operating results of the preceding fiscal year, while the Great East Japan Earthquake and the floods in Thailand were the major causes in drop of income, earnings continued to grow substantially in the Land Mobile Radio segment in the Professional Systems business thanks to the buoyant US market, which is the largest market, where net sales reached a record high, and the Home & Mobile Electronics business became profitable as a result of revising the products and cost structure. For these reasons, operating profit is expected to remain almost unchanged from the previous fiscal year.

Ordinary income is projected to drop by about 3.6 billion yen (36.0%) from the previous forecast, because, in addition to the drop in operating profit, JVC KENWOOD posted foreign exchange losses of approximately 1.8 billion yen after the third quarter due to the yen depreciation against the US dollar, a factor that was not reflected in the previous earnings forecast.

The amount of net profit decline is expected to be limited at about 0.5 billion yen or less (7.7%) from the previous forecast, thanks to the extraordinary income of about 1.2 billion yen comprising the insurance income from the floods in Thailand, a factor not reflected in the previous earnings forecast, absorbing the drop in operating profit due to the floods, and the recognition of deferred tax assets. As such, the net income of the JVC KENWOOD group is foreseen to be profitable for the first time since the formation of the group in October 2008.

Net sales is projected to decrease by about 12.1 billion yen (3.6%) from the previous forecast due to the impact of floods in Thailand and lower-than-expected sales in the Business Solutions segment overseas and some products in the Home & Mobile Electronics business.

## **2. Posting of Non-Operating Expenses (Foreign Exchange Losses)**

### **(1) Non-Operating Expenses for the Fourth Quarter of Fiscal Year Ending March 31, 2012**

JVC KENWOOD posted foreign exchange losses of 1,489 million yen in the fourth quarter of the fiscal year under review, due to the yen depreciation against the US dollar. As a result, cumulative foreign exchange losses after the third quarter came to 1,805 million yen.

### **(2) Impact on Operating Results**

The non-operating expenses above have already been incorporated in the earnings forecast for the fiscal year ending March 2012 indicated under "1. Revision of Earnings Forecast."

**3. Revision of Dividends Forecast****(1) Details on the Revision of Dividends per Share Forecast**

(Yen)	Annual Dividends				
	End of the First Quarter	End of the Second Quarter	End of the Third Quarter	End of the Fiscal Year	Total
Previous Forecast				0.00	0.00
Revised Forecast				5.00	5.00
Actual for the Fiscal Year under Review	—	0.00	—		
Actual for the Previous Fiscal Year Ended March	—	0.00	—	0.00	0.00

**(2) Reasons for the Revision**

JVC KENWOOD considers that a stable return of profit is one of the most important management issues and has set a basic policy to determine the amount of dividends and other appropriations from capital surplus by taking into account the overall profitability and financial position. In the mid-term management plan covering the period until the fiscal year ending March 2014, JVC KENWOOD had set a goal to start dividends payment as early as possible, saying that the dividends payment for the fiscal year under review, which is the first year of the mid-term management plan, would be determined by the earnings announcement date by considering the non-consolidated operating results and financial position.

While the non-consolidated operating results for the fiscal year ending March 2012 are scheduled to be announced in the "Earnings Summary for the Fiscal Year Ended March 2012 [Japan GAAP based] (consolidated)", net profit on non-consolidated basis is expected to be positive by absorbing the extraordinary losses of about 2.8 billion yen as explained in the "Notice on Occurrence of Extraordinary Loss (Loss on Extinguishment of Tie-in Shares) Attendant upon Absorption-type Merger of Subsidiaries" released on February 1, 2012. For this reason, retained earnings at the end of the fiscal year on a non-consolidated basis is projected to turn into the black for the first time since the formation of the JVC KENWOOD group in October 2008, securing sufficient sources of funds for dividends payment. In addition, since JVC KENWOOD also expects to be able to redistribute profits in a stable manner in the following fiscal year, dividends per share at the end of the fiscal year has been revised to 5.0 yen. It should be noted that this dividends payment marks the first dividends payment for the JVC KENWOOD group since its foundation.

(Note) The earnings forecast in this document are based on the information available to date along with a certain set of assumptions deemed rational. Actual results may differ from these forecasts due to various factors.

**(Reference) Status and reaction of JVC KENWOOD in connection with the Floods in Thailand**

Due to the impact of the floods in Thailand, the plant in Thailand (JVC Manufacturing Thailand Co., Ltd., a manufacturing subsidiary of professional systems such as professional cameras and monitors in Nava Nakom Industrial Zone) fully suspended its operations on October 17, 2011, and full-fledged alternate production started in the Yokosuka Office from December 5 of the same year. The plant in Thailand was restored and resumed the manufacturing of a portion of its products from January 28, 2012, and since February 2012, JVC KENWOOD has been able to secure the same manufacturing capability as in normal times by combining the alternate production at Yokosuka Office and the resumption of production at the plant in Thailand.

Since mid-March of this year, the production activity has been gradually transferred back from the Yokosuka Office to the plant in Thailand. After the completion of some of the products that remained in the Yokosuka Office due to the delivery deadline at the end of April of this year, all production lines in the Yokosuka Office are scheduled to be transferred back to the plant in Thailand. Furthermore, production of electronic substrate, which was outsourced temporarily, will also be returned to the plant in Thailand, normalizing the production of professional systems within May of this year.