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## PRESS Release

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**For Immediate Release:**

April 25, 2008

### **JVC Reports Business Results for Fiscal 2008 (April 1, 2007 – March 31, 2008)**

Victor Company of Japan, Limited (JVC) today announced its consolidated results for the fiscal year ended March 31, 2008. Operating income was 3.3 billion yen, a gain of 9.0 billion yen year-on-year. Total sales were 658.4 billion yen, 89% of the previous fiscal year result for a decrease of 11%.

The company reported an ordinary loss of 8.0 billion yen, an improvement of 3.7 billion yen from the previous fiscal year. A net loss of 47.5 billion yen represents a decline of 39.6 billion yen year-on-year.

The following summarizes important developments during the fiscal year ended March 31, 2008.

First, restructuring progressed almost exactly as scheduled in the company's Action Plan. In terms of business restructuring, the company reorganized its production and sales sites and conducted a transfer of its device business. In the area of employment restructuring, the company strengthened its operating structure by instituting an early retirement program. It also bolstered its financial standing by reducing its interest-bearing liabilities by 50.9 billion yen compared to the beginning of the term under review.

Second, the company's three profit driving product groups performed well and helped put operating income back into a positive figure. Camcorders, car electronics and AV accessories continued to generate high profits, while the Professional Electronics segment and the Entertainment segment also achieved higher income compared to the previous fiscal year.

Third, reforms related to LCD televisions and audio products fell behind schedule, and work still needs to be done to improve the profitability of these product groups.

#### **1. Consolidated\*<sup>1</sup> Financial Highlights for Fiscal 2008 (April 1, 2007 – March 31, 2008)**

##### **Selected Operating Results**

	FY 2007	FY 2008	Compared with the year before
	(April 1, 2006 – March 31, 2007)	(April 1, 2007 – March 31, 2008)	
Total sales	742,685	658,449	89%
Operating income (loss)	(5,656)	3,262	—
Ordinary income (loss)	(11,695)	(7,951)	—
Net income (loss)	(7,891)	(47,521)	—
Net income (loss) per share	(31.07 yen)	(147.09 yen)	—

Amounts indicated in millions of yen, except net income per share

\*<sup>1</sup>: There are 69 consolidated companies comprising Victor Company of Japan, Ltd. and its consolidated subsidiaries. Non-consolidated refers to Victor Company of Japan, Ltd. only.

## Sales by Segments

	FY 2007		FY 2008		Compared with the year before
	(April 1, 2006 – March 31, 2007)		(April 1, 2007 – March 31, 2008)		
		%		%	%
Consumer Electronics	543,254	73	469,500	71	86
Entertainment	82,330	11	71,125	11	86
Professional Electronics	63,962	9	65,205	10	102
Components & Devices	35,613	5	36,455	6	102
Others	17,524	2	16,161	2	92
Total	742,685	100	658,449	100	89
Japan Domestic	229,578	31	196,145	30	85
Outside of Japan	513,107	69	462,303	70	90

Amounts indicated in millions of yen

## 2. Non-Consolidated\*<sup>1</sup> Financial Highlights for Fiscal 2008 (April 1, 2007 – March 31, 2008)

### Selected Operating Results

	FY 2007		FY 2008		Compared with the year before
	(April 1, 2006 – March 31, 2007)		(April 1, 2007 – March 31, 2008)		
					%
Total sales	369,589		330,743		89
Operating income (loss)	(4,468)		1,715		—
Ordinary income (loss)	(6,955)		(4,774)		—
Net income (loss)	(24,455)		(50,453)		—
Net income (loss) per share	(96.29 yen)		(156.17 yen)		—

Amounts indicated in millions of yen, except net income per share

## Sales by Segments

	FY 2007		FY 2008		Compared with the year before
	(April 1, 2006 – March 31, 2007)		(April 1, 2007 – March 31, 2008)		
		%		%	%
Consumer Electronics	274,555	74	247,072	75	90
Entertainment	10,659	3	6,211	2	58
Professional Electronics	53,676	15	53,895	16	100
Components & Devices	11,897	3	6,619	2	56
Others	18,800	5	16,943	5	90
Total	369,589	100	330,743	100	89
Japan Domestic	159,533	43	134,889	41	85
Outside of Japan	210,056	57	195,854	59	93

Amounts indicated in millions of yen

## Major products of each segment:

Consumer Electronics:	LCD TVs, rear projection TVs, CRT TVs, projectors, camcorders, video cassette recorders, DVD players, DVD recorders, audio related equipment such as MD, CD, DVD components, etc. and car AV systems
Entertainment:	Music and video software, such as CDs and DVDs
Professional Electronics:	Surveillance video equipment, audio equipment, professional video equipment, and projectors
Components & Devices:	Motors, optical pickups, and high-density printed wiring boards (PWBs)
Others:	Blank-media, home furniture, and production facility, etc.

## **Overview of Results for Fiscal 2008 (April 1, 2007 – March 31, 2008)**

### **Consolidated Results**

Total sales:	658.4 billion yen [ Down 11.3% from 742.6 billion yen in FY2007 ]
Operating income (loss):	3.2 billion yen [ Loss of 5.6 billion yen in FY2007 ]
Ordinary income (loss):	(7.9 billion yen) [ Loss of 11.6 billion yen in FY2007 ]
Net income (loss):	(47.5 billion yen) [ Loss of 7.8 billion yen in FY2007 ]

Amounts less than 100 million yen are rounded off.

Consolidated net sales in Japan for the fiscal year ended March 31, 2008 totaled 196.1 billion yen, a year-on-year decrease of 33.4 billion yen or 14.6%. This result was due to lower sales in the Consumer Electronics and Professional Electronics segments, and stagnant sales in the Entertainment segment.

Consolidated net sales outside of Japan were 462.3 billion yen, a decline of 50.8 billion yen or 9.9% from the previous fiscal year. The Professional Electronics segment registered growth, led by sales in the Americas, and sales of electronic devices such as automobile optical pickups were firm. Overall sales outside of Japan, however, were down due to slumping sales in the Consumer Electronics segment.

As a result, total sales declined year-on-year by 11.3% from 84.2 billion yen to 658.4 billion yen.

### **Segment Information:**

Looking at the company's individual business segments, Japan domestic sales in the Consumer Electronics segment declined year-on-year, as not only the home storage business including DVD recorders contracted but also mainstay camcorders, LCD televisions and audio products all fought uphill battles due to heightened market competition.

Sales in this segment outside of Japan also fell short of the previous fiscal year's level. In the Americas, on a local currency basis, AV accessories such as headphones registered substantial growth on strong sales, and sales of LCD televisions were firm. However, a contracting market for CRT televisions and lower sales of D-ILA rear projection televisions led to an overall decline in this region.

The CRT television market contracted in Europe as well, while the region also saw slumping sales of camcorders and LCD televisions. Overall, European sales were down.

In Asia, car AV systems and LCD televisions enjoyed growth, but CRT televisions and other products struggled. As a result, total sales in the Consumer Electronics segment were 469.5 billion yen, a decline of 73.8 billion yen or 13.6% from the previous fiscal year.

The Entertainment segment suffered from an overall lack of hit releases compared to the previous fiscal year, although Teichiku Entertainment put up a strong performance. As a result, sales in this segment totaled 71.1 billion yen, a year-on-year decline of 11.2 billion yen or 13.6%.

In the Professional Electronics segment, sales in Japan declined year-on-year despite growth in professional displays, as a result of heightened competition for surveillance camera systems and professional audio products. In markets outside of Japan the segment enjoyed strong sales, especially for D-ILA front projectors and professional HDV camcorders. As a result, overall sales from this segment increased by 1.2 billion yen or 1.9% from the previous fiscal year to 65.2 billion yen.

The Components & Devices segment endured a decline in sales caused by termination of the deflection yoke business, but automobile optical pickups enjoyed growth and sales of motors for hard disk drives were firm. As a result, total sales for the segment increased year-on-year by 0.8 billion yen or 2.4% to 36.4 billion yen.

Other segments, which mainly include recording media and home interior products, generated total sales of 16.1 billion yen, a decrease of 1.3 billion yen or 7.8% compared to the previous fiscal year.

### **The Profit and Loss Statement:**

Looking at consolidated profit and loss results, lower sales and price declines caused by heightened competition had a negative impact on profits in every segment, but especially in the Consumer Electronics segment both inside and outside of Japan.

The company executed structural reforms based on its Action Plan 2007 announced in July 2007, almost entirely according to schedule. The reforms were resoundingly successful in helping to lower fixed costs, and they also served to promote profit-oriented sales policies and improve cost structures through reducing purchase costs. As a result of these developments, operating income returned to the black for the first time in three terms, improving by 8.9 billion yen over the previous fiscal year to 3.2 billion yen.

The company stated ordinary loss of 8.0 billion yen, an improvement of 3.7 billion from last fiscal year, due to non-operating loss of 11.2 billion yen. Net income was also negative, as the company reported net loss of 47.5 billion yen, which exceeds last fiscal year's loss by 39.6 billion yen. Although there were extraordinary gains from selling off real estate and securities holdings, the company reported impairment losses on fixed assets and extraordinary losses associated with restructuring and write-down of deferred tax assets.

Non-consolidated results for fiscal 2008 are as follows.

Total sales:	330.7 billion yen [ Down 10.5% from 369.5 billion yen in FY2007 ]
Operating income (loss):	1.7 billion yen [ Loss of 4.4 billion yen in FY2007 ]
Ordinary income (loss):	(4.7 billion yen) [ Loss of 6.9 billion yen in FY2007 ]
Net income (loss):	(50.4 billion yen) [ Loss of 24.4 billion yen in FY2007 ]

Amounts less than 100 million yen are rounded off.

On a non-consolidated basis, the company stated extraordinary losses in the form of valuation loss on stock in Japan domestic and outside of Japan subsidiaries and affiliates, provision to the reserve for losses on guarantees, provision to the reserve for investment losses, and loss on the sale of capital investments.

## **Outlook for Fiscal 2009 Consolidated Results**

Looking ahead, difficult operating conditions are anticipated to continue for the coming fiscal year due to increasingly fierce competition on markets for digital consumer electronics inside and outside of Japan, the impact of higher oil prices and material prices, exchange rate fluctuations and other factors.

In anticipation, JVC intends to continue to move forward boldly on the course defined by its Action Plan 2007, bolster its operating structure by selecting promising business areas thoroughly and focusing resources on them, and work toward achieving the targets stated in its new Medium-Term Plan.

The company's consolidated business forecasts for fiscal year 2009, as of the present, are as follows.

### **Full-year consolidated results forecast:**

Total sales:	595.0 billion yen	( 90%, year-on-year)
Operating income (loss):	8.0 billion yen	(250%, year-on-year)
Ordinary income (loss):	0.0 billion yen	( - )
Net income (loss):	0.0 billion yen	( - )

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