



The Perfect Experience

PRESS Release

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JVC Reports Business Results for the First Quarter of Fiscal 2008 (April 1, 2007 – June 30, 2007)

1. Consolidated*¹ Financial Highlights for the First Quarter of Fiscal 2008 (April 1, 2007 – June 30, 2007)

Victor Company of Japan, Ltd. (JVC) today announced its financial results for the first quarter of fiscal 2008. Total sales were 159.0 billion yen, which was 90% of sales in the same period last year. Operating income posted a loss of 6.3 billion yen, worsening by 4.4 billion yen year-on-year. Net income posted a loss of 13.0 billion yen, worsening by 9.5 billion yen year-on-year.

The number one factor behind the deteriorating results was lagging consumer electronics business performance caused by struggling display business in Europe and Japan and a sluggish recovery in audio business. The number two factor was stagnation in entertainment business and device business. On the positive side, camcorder and D-ILA front projector businesses were strong.

Selected Operating Results

	1Q of FY 2007	1Q of FY 2008	Compared with the year before
	(April 1, 2006 – June 30, 2006)	(April 1, 2007 – June 30, 2007)	
			%
Total sales	176,095	159,027	90
Operating income (loss)	(1,940)	(6,299)	—
Ordinary income (loss)	(2,938)	(7,722)	—
Net income (loss)	(3,410)	(12,958)	—
Net income (loss) per share	(13.43 yen)	(51.03 yen)	—

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

*¹: There are 71 consolidated companies (JVC and its consolidated subsidiaries)

Sales by Segments

	1Q of FY 2007		1Q of FY 2008		Compared with the year before
	(April 1, 2006 – June 30, 2006)		(April 1, 2007 – June 30, 2007)		
		%		%	%
Consumer Electronics	132,739	75	118,811	75	90
Entertainment	18,772	11	15,356	10	82
Professional Electronics	12,759	7	13,786	9	108
Components & Devices	7,607	4	7,338	4	96
Others	4,216	3	3,735	2	89
Total	176,095	100	159,027	100	90
Domestic	51,693	29	42,666	27	83
Overseas	124,401	71	116,361	73	94

*Amounts indicated in millions of yen

Major products of each segment as follows:

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 the First Quarter of Fiscal 2008

Consolidated Results

Total sales:	159.0 billion yen [Down 9.7% year-on-year from 176.0 billion yen in fiscal 2007]
Operating income (loss):	(6.2 billion yen) [A loss of 1.9 billion yen in fiscal 2007]
Ordinary income (loss):	(7.7 billion yen) [A loss of 2.9 billion yen in fiscal 2007]
Net income (loss):	(12.9 billion yen) [A loss of 3.4 billion yen in fiscal 2007]

*Figures rounded down to the nearest hundred million yen.

Consolidated total sales in Japan during the first quarter of the fiscal year ending March 31, 2008 were 42.6 billion yen, down 17% year-on-year by 9.0 billion yen due to a decline in consumer electronics sales, stagnation in the Entertainment segment, and other factors. Consolidated total sales outside of Japan were 116.3 billion yen, down 6% year-on-year by 8.0 billion yen primarily due to sluggish sales in Europe and the United States. As a result, total sales were 159.0 billion yen, down 10% year-on-year by 17.0 billion yen.

Segment Information:

By segment, sales in the Consumer Electronics segment in Japan were down year-on-year, with a reduction in the DVD recorder models available, a shrink of audio product market, and LCD television sales stagnation contributing to the decline. In markets outside of Japan, in the Americas sales of LCD televisions, hard disk camcorders, and car audio products grew in local currency terms, but sales of D-ILA hybrid projection TVs fell and audio product sales were weak. In Europe, hard disk camcorder sales were up and audio sales were strong, but regional sales were significantly impacted by sluggish sales of LCD televisions and a drop in CRT television sales. In Asia, sales of car audio products and LCD televisions were up and hard disk camcorder sales were also good, but sales of CRT televisions and audio products were sluggish. As a result, total sales in the Consumer Electronics segment were 118.8 billion yen for the quarter, down 10% year-on-year by 13.9 billion yen.

In the Entertainment segment, despite hit releases by major artists, sales were in low level. Total segment sales were 15.3 billion yen for the quarter, down 18% year-on-year by 3.4 billion yen.

In the Professional Electronics segment, sales of professional audio products and surveillance camera systems and other security products were weak, falling below levels for the same quarter in the previous fiscal year. Outside Japan, sales of professional HDV camcorders and D-ILA front projectors were up. As a result, total sales in the Professional Electronics segment were 13.7 billion yen for the quarter, up 8% year-on-year by 1.0 billion yen.

In the Electronics Components and Devices segment, total sales were 7.3 billion yen for the quarter, down 4% year-on-year by 200 million yen due to shrinkage of deflection yoke sales and a temporary drop in order volume for motors for hard disk drives.

Other segments recorded total sales of 3.7 billion yen for the quarter, down 11% year-on-year by 400 million due to struggling sales for recording media.

The Profit and Loss Statement:

The consolidated profit and loss statement showed an overall operating loss of 6.2 billion yen for the quarter, compared with a 1.9 billion yen loss in the first quarter last year. Although the company took steps to improve its business position by shifting to high-value-added products, such as hard disk camcorders, and to reduce fixed expenses and lower costs by driving down purchase costs, these efforts were outweighed by negative factors that included a decline in sales of CRT televisions and D-ILA hybrid projection televisions, a drop in components & devices orders, a lack of hit products in the Entertainment segment, and falling prices of digital consumer electronics products such as LCD televisions.

Ordinary income posted a loss of 7.7 billion yen for the quarter, compared with a 2.9 billion yen loss in the first quarter last year. The performance was partly due to a non-operating loss of 1.4 billion yen.

Quarterly net income posted a loss of 12.9 billion yen, compared with a loss of 3.4 million yen in the first quarter last year. Causative factors included foreign-exchange losses incurred in conjunction with a foreign-sub subsidiary capital reduction and expenses incurred for the restructuring of an affiliated company.

Outlook for Consolidated Results This Year

The business environment in which JVC operates is likely to remain a difficult one, but in order to engineer a recovery from the business stagnation of fiscal 2007, we are accelerating fundamental business restructuring measures as we work to achieve our business forecast.

1. The First Half consolidated results forecast:

Total sales:	340.0 billion yen	(92%, year-on-year)
Operating income (loss)	(6.3 billion yen)	(-)
Ordinary income (loss):	(10.4 billion yen)	(-)
Net income (loss):	(35.1 billion yen)	(-)

2. Full-year consolidated results forecast:

Total sales:	740.0 billion yen	(100%, year-on-year)
Operating income (loss)	8.1 billion yen	(-)
Ordinary income (loss):	0.6 billion yen	(-)
Net income (loss):	(17.2 billion yen)	(-)

*Results forecasts are based on assumptions deemed reasonable by the company at this point in time. Actual results may differ significantly from forecasts.

Below are some of the major factors that could cause a variance in results.

- Sudden, dramatic changes in economic conditions, product supply and demand balances in the major markets (Japan, Europe, the U.S. and Asia).
- Trade and other regulations imposed on major domestic and overseas markets.
- Volatility on the foreign-exchange market, particularly in the exchange rate for the dollar and euro against the yen.
- Volatility on the capital markets.
- Changes in social infrastructure due to rapid technological change, etc.
- Damages and lower supply of the manufacturing sites, caused by natural disasters such as large scale earth quakes, etc.

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