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PRESS Release

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For Immediate Release:

July 28, 2008

JVC Reports Business Results for the First Quarter of Fiscal 2009 (April 1, 2008 – June 30, 2008)

Victor Company of Japan, Ltd. (JVC) today announced its financial results for the first quarter of fiscal 2009. Total sales were 132.7 billion yen, which was 83% of sales in the same period last year. Operating loss was 1.3 billion yen, improving by 5.0 billion yen year-on-year. Ordinary loss was 2.4 billion yen, improving by 5.3 billion yen year-on-year. Net loss was 6.9 billion yen, improving by 6.1 billion yen year-on-year.

The key point regarding JVC's financial statements for this quarter is that operating income improved in every business segment compared to the same period last year.

In the consumer electronics segment operating income returned to the black due to the effect of structural reforms, and in both the entertainment and professional electronics segments JVC reduced operating deficit compared to the same period last year, even though sales were down.

Finally, in the components & devices segment JVC wiped out the deficit from the same period last year by transferring a part of this business.

JVC continues to implement structural reforms. The company plans to spin off its recordable media business to a new company. Reform of the display business in Japan and Europe is proceeding according to plan. JVC is still reconstructing its audio business, for which recovery remains a challenge to overcome.

Consolidated*¹ Financial Highlights for the First Quarter of Fiscal 2009 (April 1, 2008 – June 30, 2008)

1. Selected Operating Results

	1st Quarter of FY 2008	1st Quarter of FY 2009	Compared with the year before
	(April 1, 2007 – June 30, 2007)	(April 1, 2008 – June 30, 2008)	
Total sales	159,027	132,738	% 83
Operating income (loss)	(6,299)	(1,272)	—
Ordinary income (loss)	(7,722)	(2,378)	—
Net income (loss)	(12,958)	(6,902)	—
Net income (loss) per share	(51.03 yen)	(19.09 yen)	—

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

*1: 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.

2. Sales by Segments

	1st Quarter of FY 2008		1st Quarter of FY 2009		Compared with the year before
	(April 1, 2007 – June 30, 2007)		(April 1, 2008 – June 30, 2008)		
		%		%	%
Consumer Electronics	118,811	75	100,087	76	84
Entertainment	15,356	10	14,567	11	95
Professional Electronics	13,786	9	13,190	10	96
Components & Devices	7,338	4	1,743	1	24
Others	3,735	2	3,149	2	84
Total	159,027	100	132,738	100	83
Japan Domestic	42,666	27	33,789	25	79
Outside of Japan	116,361	73	98,948	75	85

Amounts indicated in millions of yen

Major products of each segment:

Consumer Electronics:	LCD 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:	Optical pickups
Others:	Blank-media, interior furniture, etc.

Overview of Results for the First Quarter of Fiscal 2009 (April 1, 2008 – June 30, 2008)

Consolidated total sales in Japan during the first quarter of the fiscal year ended March 31, 2009 were 33.7 billion yen, down 20.8% year-on-year by 8.8 billion yen due to a decline in consumer electronics sales, a slowdown in the Entertainment segment and other factors.

Meanwhile, in markets outside of Japan sales were brisk in the Americas but sluggish in Europe, with overall sales outside Japan at 98.9 billion yen, down 15.0% year-on-year by 17.4 billion yen. As a result, total sales were 132.7 billion yen, down 16.5% year-on-year by 26.2 billion yen.

Sales in the Components & Devices segment fell by 5.5 billion yen year-on-year but this result was mainly due to the transfer of JVC's motor and circuit businesses.

Segment Information:

By segment, sales in the Consumer Electronics segment in Japan were down year-on-year, due to the large decline in LCD television sales resulting from JVC's policy to specialize in particular models and sales channels, and also from struggling sales of camcorders and audio products.

For markets outside of Japan, in the Americas sales of LCD televisions and camcorders grew strongly on a local currency basis. In Europe sales of LCD televisions were good but camcorders and car AV systems performed poorly and overall sales were lower year-on-year. Sales in Asia and total sales outside Japan were also down year-on-year. As a result, total sales in the Consumer Electronics segment were 100.0 billion yen for the quarter, down 15.8% year-on-year by 18.7 billion yen.

In the Entertainment segment in Japan, JVC released hit animated movies and Enka music (Japanese traditional popular songs). However, the company did not achieve as many hits in other genres as last year. On balance, total segment sales were 14.5 billion yen for the quarter, down 5.1% year-on-year by 700 million yen.

In the Professional Electronics segment, Japan sales of D-ILA front projectors and card printers grew strongly, and sales of professional audio products were also good, but outside Japan professional ProHD HDV camcorders struggled. As a result, total sales for the Professional Electronics segment were 13.1 billion yen for the quarter, down 4.3% year-on-year by 500 million yen.

In the Components & Devices segment, total sales were 1.7 billion yen for the quarter, down 76.2% year-on-year by 5.5 billion yen due to the large fall in consolidated total sales resulting from the transfer of JVC's motor and circuit businesses.

Other segments mainly consist of recordable media and interior furniture. Consolidated total sales in these segments were 3.1 billion yen for the quarter, down 15.7% year-on-year by 500 million yen.

The Profit and Loss Statement:

The consolidated profit and loss statement showed an overall operating loss of 1.2 billion yen for the quarter, a 5.0 billion yen improvement over the same period of the previous year. Though total sales fell in all segments and prices fell in the Consumer Electronics segment due to intensifying competition, business structure reforms and employment structure reforms JVC implemented since last year produced steady results and the company drove down purchase costs and reduced fixed expenses even further.

Ordinary loss was 2.3 billion yen for the quarter, a 5.3 billion yen improvement over the same period of the previous year. This performance was due to a non-operating loss of 1.1 billion yen. Quarterly net loss was 6.9 billion yen, a 6.0 billion yen improvement over the same period of the previous year. Factors behind this were booking of the value of the change included in beginning-of-term inventories as an inventory appraisal loss (resulting from applying the Accounting Standard for Measurement of Inventories), and extraordinary losses such as expenses incurred for business restructuring.

Outlook for Fiscal 2009 Consolidated Results

Consolidated total sales, operating income, ordinary income and net income in the first quarter were all approximately at the levels the company planned, and currently no factors make it necessary to revise JVC's forecasted results. Therefore, JVC shall retain forecasts of consolidated results for the first half and the full fiscal year as stated in the company's April 25, 2008 announcement.

JVC plans to carry out management integration with Kenwood Corporation by establishing a joint holding company on October 1st of this year. Beginning from the third quarter of this fiscal year, the joint holding company will announce the financial results. Information on financial results forecasts for the joint holding company for the full fiscal year ending March 2009 will be provided at the time of management integration.

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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