



April 27, 2011

Company	JVC KENWOOD Holdings, Inc.
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Notice on Exclusion of “Notes to Financial Statements Regarding Going Concern”

JVC KENWOOD Holdings, Inc. (JVC Kenwood) excluded the “Notes to Financial Statements Regarding Going Concern” from the “Accounting Report for the Fiscal Year Ended March 2011” announced on April 27.

The JVC Kenwood Group posted a net loss for the fiscal year ended March 2009. In addition, Victor Co. of Japan, Limited (JVC), a subsidiary of JVC Kenwood, posted net losses consecutively from the fiscal year ended March 2005 through the fiscal year ended March 2009. Furthermore, as a result of adjustments to previous earnings results implemented in the fiscal year ended March 2010, part of JVC and Kenwood Corporation’s borrowings was in breach of a financial covenant clause as of the end of the first quarter of the fiscal year ended March 2010. Consequently, the Group has described the notes to financial statements regarding going concern since the first quarter of the fiscal year ended March 2010.

To remedy the above situation, the JVC Kenwood Group worked on the “Action Plan for Business Structural Reform,” which focuses on reforming unprofitable businesses, in the fiscal year ended March 2010, sharply reducing fixed costs and drastically reforming the cost structure. In the fiscal year ended March 2011, the Group carried out the “Action Plan for Reconstructing Corporate Bases,” which was designed to reconstruct the corporate base matching the current sales scale, taking into account changes in the economic environment, exchange rate fluctuations and the effects of structural reforms, while bringing in the benefits of the “Action Plan for Business Structural Reform,” and completed the major measures by the end of the fiscal year.

In the fiscal year ended March 2011, the JVC Kenwood Group also promoted a growth strategy that leverages integration effects, centering on the Car Electronics and Professional Systems businesses, in which the Group can demonstrate its strengths, in line with the mid-term business plan that will last through the fiscal year ending March 2013.

Through these efforts, the JVC Kenwood Group posted an operating profit of 12,956 million yen and an ordinary income of 7,579 million yen for the fiscal year ended March 2011, with both figures marking the first profit since the management integration, as described in the “Accounting Report for the Fiscal Year Ended March 2011” that was announced today. Meanwhile, the Group posted a net loss of 4,025 million yen, after net balance returned to the black for the first nine months of the fiscal year ended March 2011, due to the booking of temporary expenses for the fourth quarter in relation to the “Action Plan for Reconstructing Corporate Bases.”

As mentioned above, the JVC Kenwood Group made steady progress toward improving net balance and new growth. Financially, the situation with funds improved substantially in the fiscal year ended March 2011 as cash flows improved because of a pickup in earnings and cash increased following a reduction in inventories and sale of assets. In addition, the Group procured capital worth about 13.9 billion yen in January 2011 by issuing new shares and disposing of treasury shares; it also proceeded with negotiations with main correspondent financial institutions in areas such as refinancing terms, and thus secured stable funds by the end of the fiscal year.

TRANSLATION – FOR REFERENCE ONLY –

Considering the circumstances mentioned above, the JVC Kenwood Group excluded the “Notes to Financial Statements Regarding Going Concern,” which was described between the first quarter of the fiscal year ended March 2010 and the third quarter of the fiscal year ended March 2011, from the “Accounting Report for the Fiscal Year Ended March 2011” announced on April 27.