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## PRESS Release

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### JVC Reports Business Results for the First Half of Fiscal 2008 (April 1, 2007 – September 30, 2007)

Victor Company of Japan, Ltd. (JVC) recently announced its business results for the first half of fiscal 2008 (April 1, 2007 – September 30, 2007). On a consolidated basis, total sales amounted to 330.1 billion yen, accounting for 89% of the previous year's first half total, the operating loss increased by 4.6 billion yen to 5.3 billion yen, and net income decreased by 47.0 billion yen, to a net loss of 42.0 billion yen.

Three points stand out with respect to the company's first half results. First, JVC is currently carrying out its Action Plan 2007 according to schedule, and operating income was positive in the second quarter (July - September). Reforms are also steadily being made to the employment structure. Second, sales of mainstay consumer electronics were sluggish in the second quarter. Specifically, although LCD televisions performed fairly well, sales of CRT televisions and D-ILA rear projection television products declined, while audio products and camcorders also struggled somewhat. Third, inventory was reduced owing to the effects of operational reforms.

#### 1. Consolidated\*<sup>1</sup> Financial Highlights for the First Half of Fiscal 2008 (April 1, 2007 – September 30, 2007)

##### Selected Operating Results

	1st Half of FY 2007	1st Half of FY 2008	Compared with the year before
	(April 1, 2006 – September 30, 2006)	(April 1, 2007 – September 30, 2007)	
Total sales	371,241	330,167	89 %
Operating income (loss)	(684)	(5,380)	—
Ordinary income (loss)	(3,436)	(10,543)	—
Net income (loss)	5,025	(42,051)	—
Net income (loss) per share	19.79 yen	(147.79 yen)	—

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

\*<sup>1</sup>: There are 71 consolidated companies (JVC and its consolidated subsidiaries)

##### Sales by Segments

	1st Half of FY 2007		1st Half of FY 2008		Compared with the year before
	(April 1, 2006 – September 30, 2006)		(April 1, 2007 – September 30, 2007)		
		%		%	%
Consumer Electronics	272,364	73	240,365	73	88
Entertainment	44,100	12	34,238	10	78
Professional Electronics	29,406	8	31,270	10	106
Components & Devices	16,791	5	16,268	5	97
Others	8,578	2	8,023	2	94
Total	371,241	100	330,167	100	89
Domestic	113,439	31	94,947	29	84
Overseas	257,802	69	235,220	71	91

Amounts indicated in millions of yen

**1. Non-Consolidated\*<sup>1</sup> Financial Highlights for the First Half of Fiscal 2008**  
**(April 1, 2007 – September 30, 2007)**

**Selected Operating Results**

	1st Half of FY 2007	1st Half of FY 2008	Compared with the year before
	(April 1, 2006 – September 30, 2006)	(April 1, 2007 – September 30, 2007)	
Total sales	182,517	169,959	% 93
Operating income (loss)	(1,826)	(126)	—
Ordinary income (loss)	(2,539)	(1,890)	—
Net income (loss)	10,796	(37,164)	—
Net income (loss) per share	42.51 yen	(130.61 yen)	—

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

**Sales by Segments**

	1st Half of FY 2007		1st Half of FY 2008		Compared with the year before
	(April 1, 2006 – September 30, 2006)		(April 1, 2007 – September 30, 2007)		
		%		%	%
Consumer Electronics	137,226	75	127,151	75	93
Entertainment	5,197	3	4,477	3	86
Professional Electronics	24,689	14	26,124	15	106
Components & Devices	6,217	3	3,877	2	62
Others	9,187	5	8,328	5	91
Total	182,517	100	169,959	100	93
Domestic	74,098	41	66,515	39	90
Overseas	108,419	59	103,443	61	95

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 Half of Fiscal 2008**

### **Consolidated Results**

Total sales:	330.1 billion yen [Down 11.1% from 371.2 billion yen in the first half of FY07]
Operating income (loss):	(5.3 billion yen) [Loss of 0.6 billion yen in the first half of FY07]
Ordinary income (loss):	(10.5 billion yen) [Loss of 3.4 billion yen in the first half of FY07]
Net income (loss):	(42.0 billion yen) [Income of 5.0 billion yen in the first half of FY07]

Amounts less than 100 million yen rounded off.

Consolidated total sales for the first half of fiscal 2008 were 330.1 billion yen, down year-on-year by 11.1% or 41.0 billion yen, due to the following factors. In Japan, sales declined 16.3%, or 18.4 billion yen, to 94.9 billion yen on lower consumer electronics sales, stagnation in the entertainment business and other factors. Overseas, sales dropped 8.8%, or 22.5 billion, to 235.2 billion yen, largely owing to poor performances in the Americas and European markets.

### **Segment Information:**

The Consumer Electronics segment in Japan saw growth from LCD televisions, but overall domestic sales were lower due to a smaller DVD recorder lineup and a poor performance from audio products. Outside of Japan, on a local currency basis, LCD television sales increased in the Americas, but overall sales in this segment were down. This decline was due to the lower sales for D-ILA rear projection televisions, a smaller market for CRT televisions and sluggish sales of audio products and digital video cameras. In Europe, performance was largely affected by heightened competition in the LCD television market, a contracting market for CRT televisions, and lower sales of digital video cameras, as overall sales ended up lower than the previous year. In Asia, car audio products and LCD televisions recorded sales growth, but overall sales declined year-on-year due to the impact of a smaller market for CRT televisions and a less-than-stellar performance from audio products. As a result of these developments, total sales from the Consumer Electronics segment were 240.3 billion yen, down year-on-year by 11.7% or 31.9 billion yen.

In the Entertainment segment, Teichiku Entertainment artists delivered some hits during the term, but overall sales were soft. Total sales from this segment therefore were 34.2 billion yen, down year-on-year by 22.4% or 9.8 billion yen.

In the Professional Electronics segment, domestic sales of security products, including surveillance camera systems, and professional audio products struggled, leading to lower sales, compared with the previous year. Overseas, professional HDV high-definition camera recorder and D-ILA front projectors enjoyed substantial growth. As a result, total sales from this segment amounted to 31.2 billion yen, up year-on-year by 6.3% or 1.8 billion yen.

Total sales from the Electronic Components & Devices segment amounted to 16.2 billion yen, down year-on-year by 3.1% or 0.5 billion yen, due in part to the impact of sales declines caused by ending sales of deflection yokes.

Sales from other segments were 8.0 billion yen, down year-on-year by 6.5% or 0.5 billion yen.

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

JVC reported a consolidated operating loss of 5.3 billion yen (an operating loss of 600 million yen was stated for the previous year's first half). While the company worked to reduce fixed costs and improve its cost structure by cutting purchase prices, the business for D-ILA rear projection televisions contracted, sales prices of consumer electronics fell substantially, and sales of audio products and digital video cameras decreased—all of which put negative pressure on income. The company stated an ordinary loss of 10.5 billion yen (a loss of 3.4 billion yen was reported the previous year), as a result of incurring non-operating losses of 5.1 billion yen. The net loss for the term was 42.0 billion yen (compared to net income of 5.0 billion yen the previous year). Although there were gains on sales of idle assets, restructuring costs were incurred, along with foreign exchange losses associated with reducing capital in overseas subsidiaries, and deferred tax assets were reversed.

Non-consolidated results for the first half of fiscal 2008 are as follows.

Total sales:	169.9 billion yen	
		[Down 6.9% from 182.5 billion yen in the first half of FY07]
Operating income (loss):	(0.1 billion yen)	
		[Loss of 1.8 billion yen in the first half of FY07]
Ordinary income (loss):	(1.8 billion yen)	
		[Loss of 2.5 billion yen in the first half of FY07]
Net income (loss):	(37.1 billion yen)	
		[Income of 10.7 billion yen in the first half of FY07]

Amounts less than 100 million yen rounded off.

## **Outlook for Consolidated Results This Year**

JVC is currently moving forward with a voluntary restructuring plan, Action Plan 2007, which was announced on July 24, 2007. As one of the measures contained in the plan, reforms were made to the employment structure, which caused a temporary increase in costs. This factor and the impact of reversing deferred tax assets have led the company to revise its performance forecasts for the full-year to March 2008.

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

Total sales:	740.0 billion yen	(99.6%, year-on-year)
Operating income (loss):	8.1 billion yen	( - )
Ordinary income (loss):	0.6 billion yen	( - )
Net income (loss):	(32.5 billion yen)	( - )

## **Risks of Business, Etc.**

Risks of Business, etc., is omitted in this Business Results due to no major changes from what is already disclosed and publicized in the recent Financial Report (submitted on 27 June 2007).

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