



The Perfect Experience

## PRESS Release

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### JVC Reports Business Results for Fiscal 2007 (April 1, 2006– March 31, 2007)

#### 1. Consolidated\*<sup>1</sup> Financial Highlights for FY2007 (April 1, 2006 – March 31, 2007)

Victor Company of Japan, Limited (JVC) today announced its consolidated results for the fiscal year ended March 31, 2007. Total sales were 742.6 billion yen during the period, an 8% decrease year-on-year. Operating income posted a loss of 5.6 billion yen during the period, an improvement of 1.2 billion yen year-on-year. Net income posted a loss of 7.8 billion yen during the period, an improvement of 22.8 billion yen year-on-year.

The main highlights of the fiscal year ended March 31, 2007 were as follows. Sales in the Consumer Electronics segment were sluggish. Although sales of camcorders were healthy, the company experienced a sharp decline in sales of televisions in North America. In Japan, LCD televisions failed to draw the interest of consumers while market-related costs were up. The Software & Media segment also struggled, with the second half of the fiscal year marked by a lack of major hit releases from Victor Entertainment, Inc. Furthermore, sales of blank media were sluggish due to a rapid market shift in demand for camcorder media. However, Teichiku Entertainment, Inc. produced strong sales. Overall, the company's business results declined in Q4, causing it to record net sales and income that were lower than the forecast released on February 19, 2007.

#### Selected Operating Results

	FY 2007	FY 2006	Compared with the year before
	(April 1, 2006 – March 31, 2007)	(April 1, 2005 – March 31, 2006)	
Total Sales	742,685	806,899	92 %
Operating Income (loss)	(5,656)	(6,890)	—
Ordinary Income (loss)	(11,695)	(15,038)	—
Net Income (loss)	(7,891)	(30,607)	—
Net Income (loss) Per Share	(31.07 yen)	(120.50 yen)	—

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

\*<sup>1</sup>: There are 72 consolidated companies.

#### Sales by Segments

	FY 2007		FY 2006		Compared with the year before
	(April 1, 2006 – March 31, 2007)		(April 1, 2005 – March 31, 2006)		
Consumer Electronics	543,254	73 %	600,397	74 %	90 %
Professional Electronics	63,962	8	67,563	8	95
Components & Devices	35,613	5	30,247	4	118
Software & Media	95,182	13	103,943	13	92
Others	4,672	1	4,748	1	98
Total	742,685	100	806,899	100	92
Domestic	229,578	31	259,115	32	89
Overseas	513,107	69	547,784	68	94

\*Amounts indicated in millions of yen

## **2. Non-consolidated Financial Highlights for FY2007 (April 1, 2006 – March 31, 2007)**

### **Selected Operating Results**

	FY 2007	FY 2006	Compared with the year before
	(April 1, 2006– March 31, 2007)	(April 1, 2005 – March 31, 2006)	
Total Sales	369,589	433,121	85 %
Operating Income (loss)	(4,468)	(3,363)	—
Ordinary Income (loss)	(6,955)	(4,820)	—
Net Income (loss)	(24,455)	(16,723)	—
Net Income Per Share	(96.29 yen)	(65.84 yen)	—

\*Amounts indicated in millions of yen

### **Sales by Segments**

	FY 2007		FY 2006		Compared with the year before
	(April 1, 2006 – March 31, 2007)		(April 1, 2005 – March 31, 2006)		
Consumer Electronics	274,555	74 %	332,063	76 %	83 %
Professional Electronics	53,676	15	51,789	12	104
Components & Devices	11,897	3	15,248	4	78
Software & Media	26,392	7	30,335	7	87
Others	3,066	1	3,684	1	83
Total	369,589	100	433,121	100	85
Domestic	159,533	43	180,597	42	88
Overseas	210,056	57	252,523	58	83

\*Amounts indicated in millions of yen

### **Major products of each segment as follows:**

Consumer Electronics:	LCD TVs, rear projection TVs, PDP TVs, CRT TVs, camcorders, video cassette recorders, DVD players, DVD recorders, audio related equipment such as MD, CD, DVD components, etc. and car AV systems
Professional Electronics:	Surveillance video equipment, audio equipment, professional video equipment, and projectors
Components & Devices:	Motors, optical pickups, high-density printed wiring boards (PWBs) and parts for display equipment
Software & Media:	Music and video software, such as CDs, videodiscs, and prerecorded music and video tapes, and blank-media
Others:	Home furniture* <sup>2</sup> , information systems* <sup>3</sup> , and production facility, etc.

\*<sup>2</sup>: Only included in a consolidated level.

\*<sup>3</sup>: Only included in a non-consolidated level.

## **Overview of results for the fiscal year ending March 2007**

### **Consolidated results for the period are as follows**

Total Sales	742.6 billion yen [Down 8.0% year-on-year from 806.8 billion yen in fiscal 2006]
Operating Income	(5.6) [A loss of 6.8 billion yen in fiscal 2006]
Ordinary Income	(11.6) [A loss of 15.0 billion yen in fiscal 2006]
Net Income(loss)	(7.8) [A loss of 30.6 billion yen in fiscal 2006]

Consolidated net sales in Japan during the fiscal year ended March 31, 2007 were 229.5 billion yen, down 11% year-on-year by 29.5 billion yen. Although sales were up in the Electronic Components & Devices segment, it was offset by lower sales in the Consumer Electronics segment and sluggish sales in the Software & Media segment. Consolidated net sales outside of Japan were 513.1 billion yen, down 6% year-on-year by 34.6 billion yen. The decline was mainly due to sluggish sales in the Americas. As a result, total sales were 742.6 billion yen in the fiscal year ended March 31, 2007, down 8% year-on-year by 64.2 billion yen.

### **Segment Information:**

By segment, sales in the Consumer Electronics segment declined year-on-year in Japan. Sales of hard disk camcorders were strong, but the segment was impacted by the elimination of available DVD recorders and slump of audio products. Lower sales of LCD televisions due to a lack of draw for consumers were also a contributing factor.

In markets outside of Japan, sales of hard disk camcorders made rapid gains in the Americas, but sales of CRT televisions declined sharply in local currency terms, due to contraction of the market. Sales of D-ILA hybrid projection TVs were sluggish due to sharp declines in market selling prices at the end of the calendar year, while sales of audio products were also sluggish.

In Europe, sales of hard disk camcorders and LCD televisions were up significantly, but regional sales were significantly impacted by sluggish sales of DVD recorders and audio products. In Asia, sales of hard disk camcorders and LCD televisions were up significantly, but sales of CRT televisions and audio products were sluggish. As a result, total sales in the Consumer Electronics segment were 543.2 billion yen in the fiscal year ended March 31, 2007, down 10% year-on-year by 57.1 billion yen.

In the Professional Electronics segment, sales in Japan declined year-on-year. Sales of security products including surveillance camera systems were strong, but sales of professional audio products were sluggish. In markets outside of Japan, sales of security products grew steadily, while sales of professional HDV camcorders were up significantly. As a result, total sales in the Professional Electronics segment were 63.9 billion yen in the fiscal year ended March 31, 2007, down 5% year-on-year by 3.6 billion yen.

The Electronic Components & Devices segment improved its performance year-on-year due to growth in sales of motors for hard disk drives and automobile optical pickups. Total sales in the Electronic Components & Devices segment were 35.6 billion yen in the fiscal year ended March 31, 2007, up 18% by 5.3 billion yen.

In the Software & Media segment, sales were down year-on-year. In the Software segment, major artists produced hit releases in the first half of the fiscal year, but the second half was marked by a lack of notable major hit releases from Victor Entertainment, Inc. In the Media segment, the market for digital video camcorder tapes shrank, while selling prices for DVD-RW media continued to decline sharply. As a result, total sales in the Software & Media segment were 95.1 billion yen in the fiscal year ended March 31, 2007, down 8% year-on-year by 8.7 billion yen.

Other segments recorded total sales of 4.6 billion yen in the fiscal year ended March 31, 2007, down 2% year-on-year

The consolidated profit and loss statement posted an overall operating loss of 5.6 billion yen in the fiscal year ended March 31, 2007, an improvement of 1.2 billion yen year-on-year. Selling prices for blank media and consumer digital electronics including LCD televisions and D-ILA hybrid projection TVs were down significantly, while declines in sales of audio products and CRT televisions also negatively impacted profits. However, the company took steps to improve its business position by shifting to high added-value products such as hard disk camcorders. In addition, the company engaged in initiatives to reduce fixed expenses and lower costs by driving down purchase costs.

Ordinary income posted a loss of 11.6 billion yen in the fiscal year ended March 31, 2007, an improvement of 3.3 billion yen year-on-year. The performance was partly due to a non-operating loss of 6.0 billion yen. Net income posted a loss of 7.8 billion yen in the fiscal year ended March 31, 2007, an improvement of 22.7 billion yen year-on-year due to a partial reversal of differed tax assets though there was profit from differed property sales.

#### Non-consolidated results for the period are as follows

Total Sales	369.5 billion yen [Down 14.7% year-on-year from 433.1 billion yen in fiscal 2006]
Operating Income	(4.4) [A loss of 3.3 billion yen in fiscal 2006]
Ordinary Income	(6.9) [A loss of 4.8 billion yen in fiscal 2006]
Net Income(loss)	(24.4) [A loss of 16.7 billion yen in fiscal 2006]

#### Outlook for Fiscal 2008

##### Forecast of Consolidated Results for Fiscal Year Ending March 31, 2008

Looking forward, the company anticipates that it will continue to face tough business conditions in the next fiscal year. The market for digital consumer electronics both in Japan and outside of Japan is expected to become even more competitive. Other contributing factors include the impact of rising prices for raw materials and concerns over deceleration in economic growth in Europe and the US.

Under the circumstances, the JVC will strive to take position and boost sales centering on its “Only One Niche Top” strategy in order to restore its business results.

Taking into account the operating results from the fiscal year ended March 31, 2007, the JVC will review poor-performing business segments such as US display business, and considerations are currently being advanced.

Consequently, the JVC will make the announcement of its business plans for the next fiscal year at the end of May 2007.

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