

Notes to consolidated financial statements:

1. The company's consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP).
2. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit (loss) is presented as net sales less cost of sales and selling, general and administrative expenses. The company believes that this is useful to investors in comparing the company's financial results with those of other Japanese companies. Under U.S. GAAP, restructuring charges are usually included as part of operating profit (loss) in the statement of income.
3. Sales on a local currency basis are not measures conforming with U.S. GAAP. However, the company believes that these measures are useful to investors in promoting understanding of the company's business conditions by excluding the influence of foreign currency fluctuations.
4. Restructuring charges in "other income (deductions)" of the consolidated statements of income for the second quarter ended September 30, 2003 and the first half ended September 30, 2003 and 2002 include expenses associated with the implementation of early retirement programs.
5. The company began consolidating certain previously unconsolidated subsidiaries, primarily overseas subsidiaries of Victor Company of Japan, Ltd., a consolidated subsidiary of the company, during the year ended March 31, 2003 and restated amounts for the second quarter and first half ended September 30, 2002.
6. From this fiscal year (fiscal 2004), the company changed its business categories to five new categories: AVC Networks, Home Appliances, Components and Devices, JVC, and Other, and discloses financial data according to these. As such, the sales breakdown data for the second quarter and first half ended September 30, 2002 are restated in both the Sales Breakdown table and the Segment Information.
7. Comprehensive income (loss) was reported as a gain of 29,635 million yen (\$267 million) for the first half ended September 30, 2003, a loss of 377,052 million yen for the first half ended September 30, 2002, and a loss of 570,552 million yen for the year ended March 31, 2003. Comprehensive income (loss) includes net income (loss) and increases (decreases) in cumulative translation adjustments, unrealized holding gains (losses) of available-for-sale securities, unrealized gains (losses) of certain derivative instruments and minimum pension liability adjustments.
8. Number of consolidated companies: 381
9. Number of companies reflected by the equity method: 57
10. United States dollar amounts are translated from yen for convenience at the rate of U.S. \$1.00 = 111 yen, the approximate rate on the Tokyo Foreign Exchange Market on September 30, 2003.