

Fiscal 2006 First Quarter, ended June 30, 2005

Business Results

27 July, 2005

Victor Company of Japan, Ltd.

JVC

The Perfect Experience

When included in this presentation, the words “will”, “should”, “expects”, “intends”, “anticipates”, “estimates”, and similar expressions, among others, identify forward looking statements. Such statements are inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those set forth in this presentation. These forward-looking statements are made only as of the date of this presentation. The Company expressly disclaims any obligations or undertaking to release any update or revision to any forward-looking statement contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based. Actual results may vary widely from forecasts due to the following factors : 1) drastic changes in economic conditions and product supply and demand in major markets (Japan, Europe, The Americas, Asia etc.), 2) changes in trade regulations and other regulatory changes in major domestic and international markets, 3) Drastic changes in foreign exchange rates (yen-dollar, yen-euro etc.), 4) sharp moves in the capital markets, and 5) changes in social infrastructure caused by drastic changes in technology etc. Risks and uncertainties also include the impact of any future events with material unforeseen impacts.

1. Difficulty in Consumer Electronics Business

- Delay in introducing new TVs and DVD recorders damaged sales, especially in Europe
- Unable to follow the price decline trend
- Strong sales continues in Japan

2. Profitability Improvement of Professional Electronics, Components & Devices and Software & Media Businesses

Fiscal 2006 1Q Consolidated Financial Results

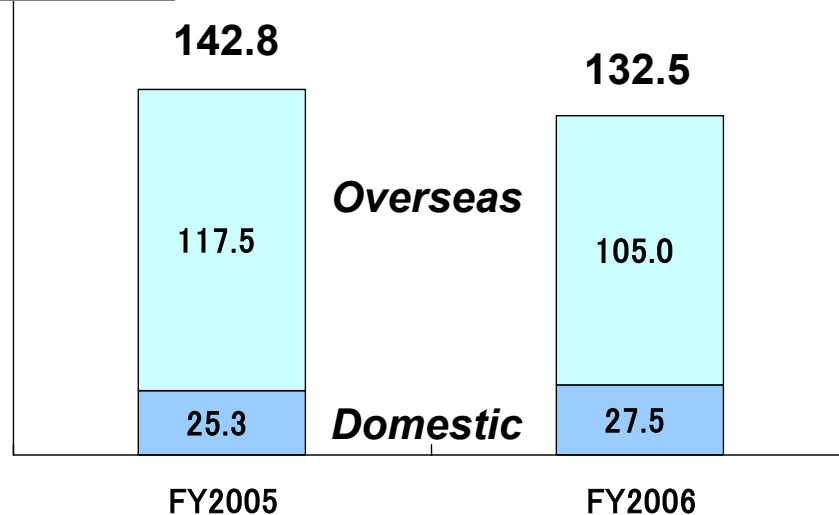
(¥billion)

	FY2006 results	FY2005 results	Changes vs FY05
Net sales	174.3	195.5	89%
Operating income (loss)	-1.6% (2.8)	1.5% 2.9	-5.7
Ordinary income (loss)	-3.2% (5.5)	1.1% 2.1	-7.6
Net income (loss)	-3.2% (5.6)	0.5% 1.1	-6.7

Fiscal 2006 1Q Sales Results by Segment

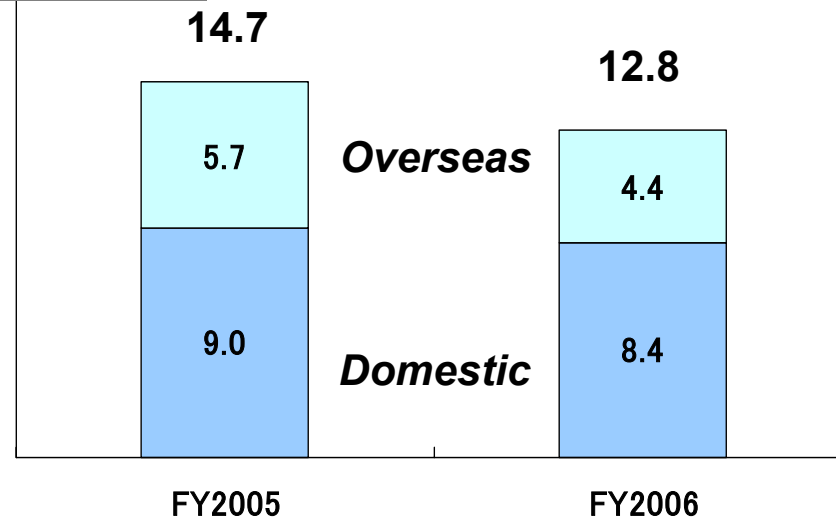
Consumer Electronics

93% y/y



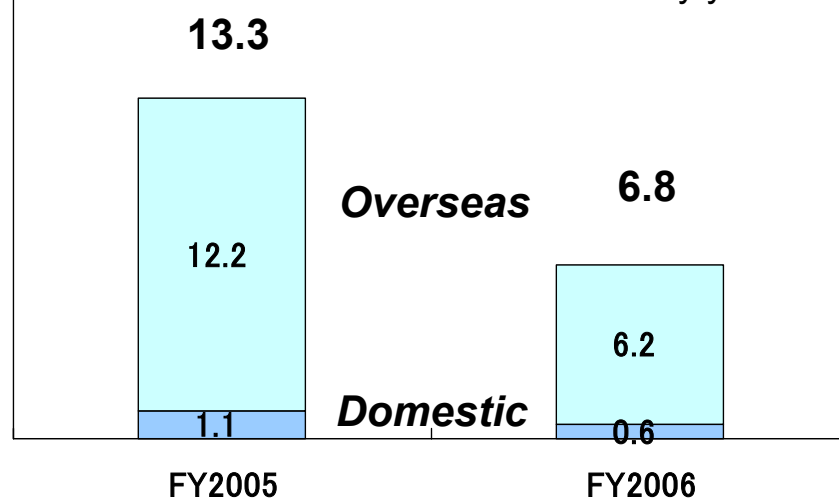
Professional Electronics

87% y/y



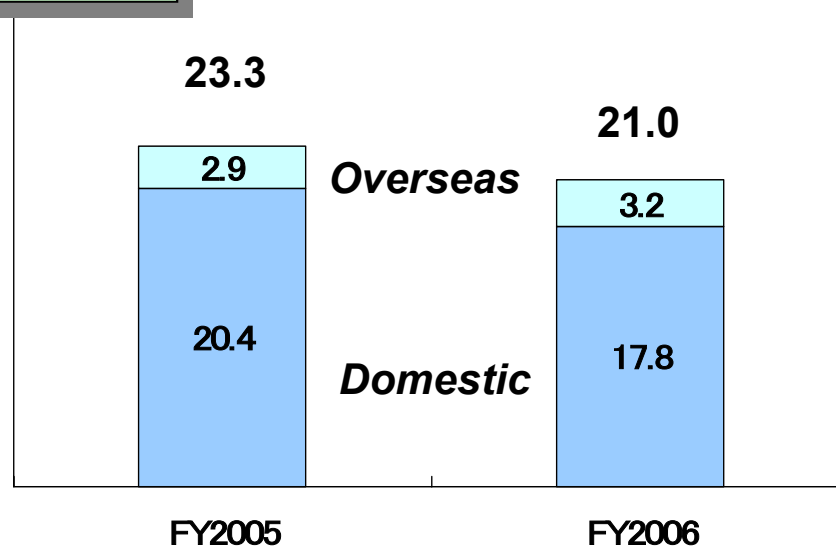
Components & Devices

51% y/y



Software & Media

90% y/y



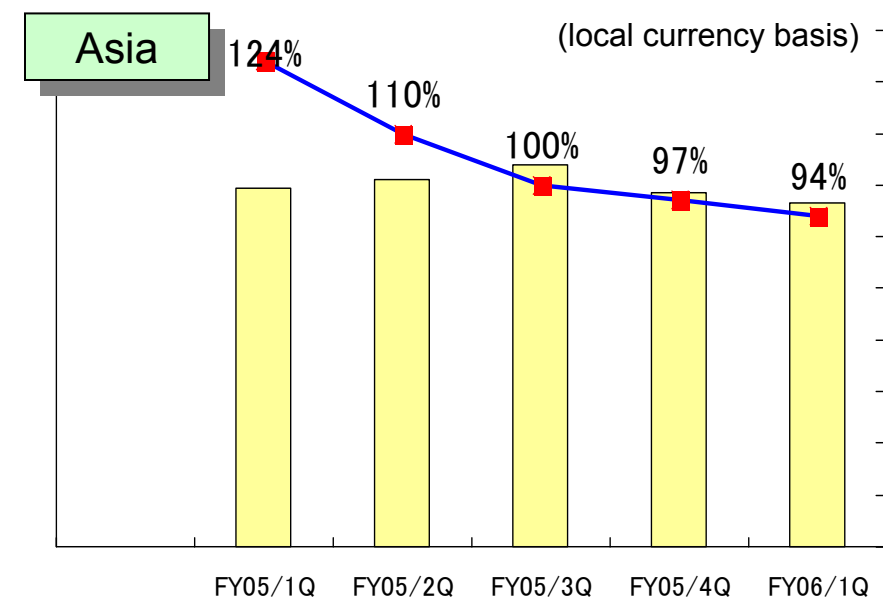
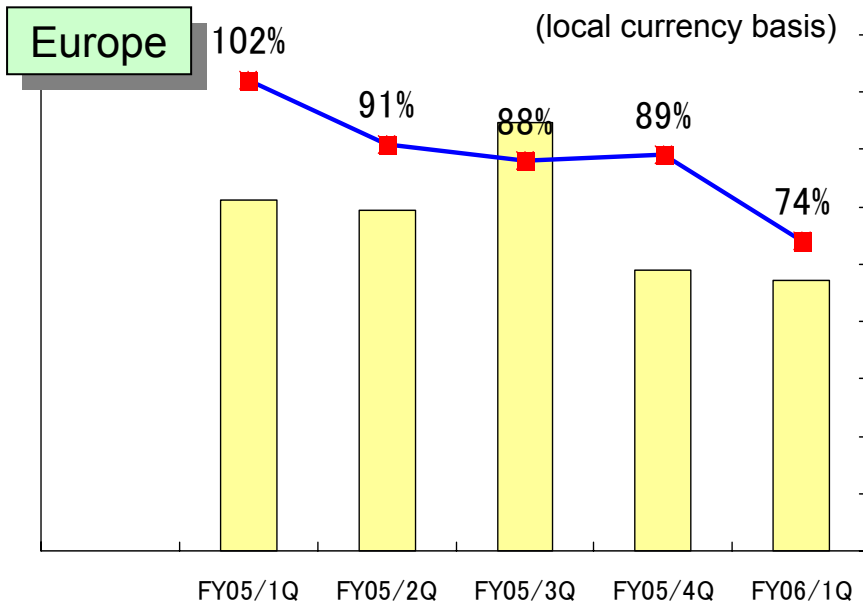
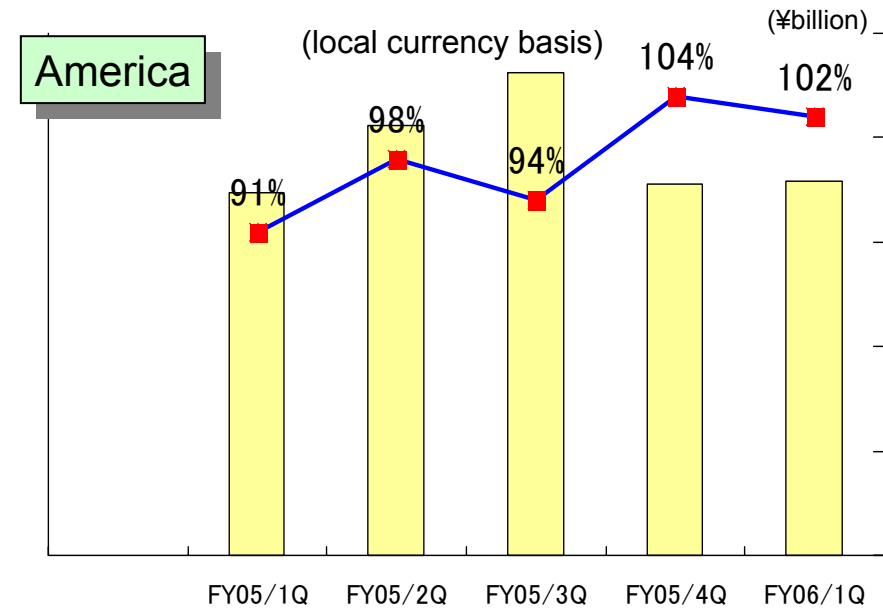
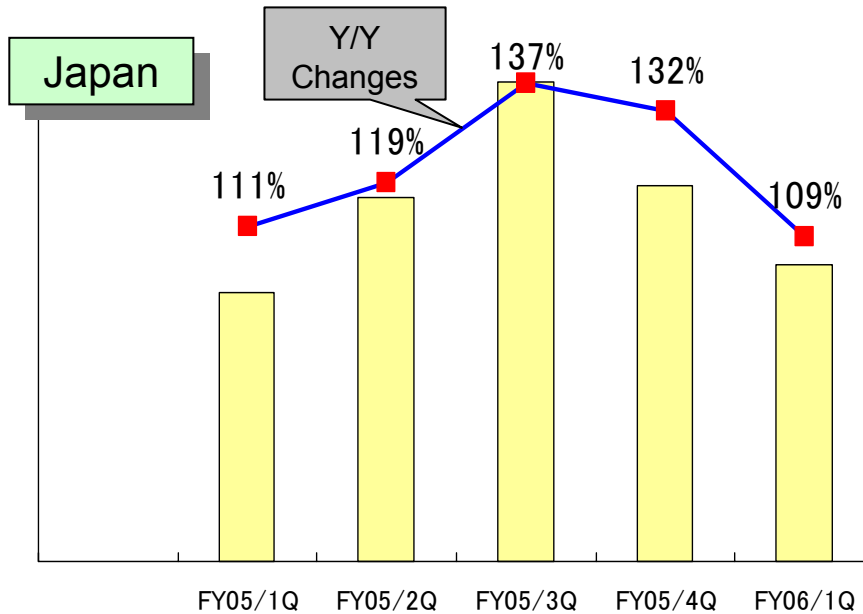
Consumer Electronics Quarterly Sales by Region



2005.7.27.

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Fiscal 2006 1Q Operating Income Breakdown

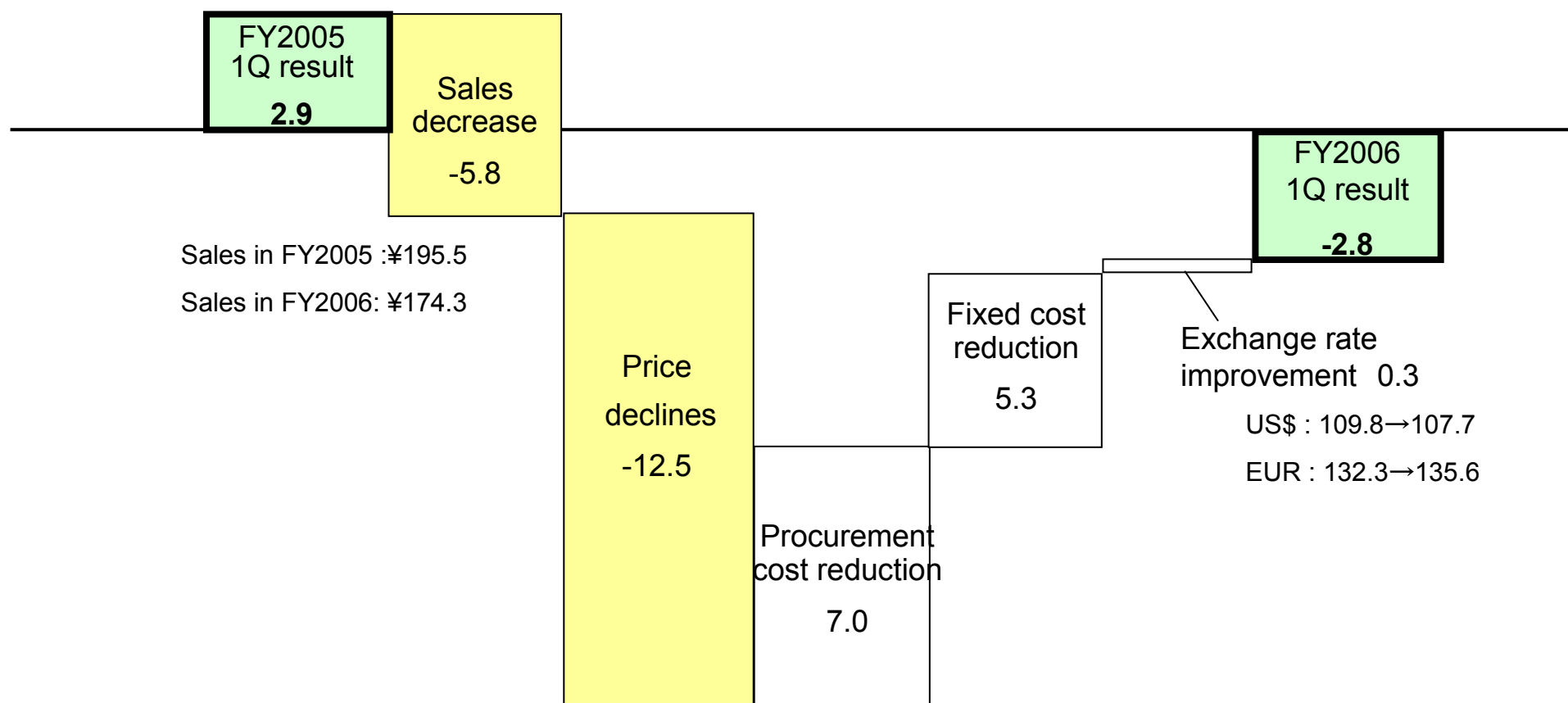
FY2005 1Q
operating income
2.9

Negative factors

Changes vs FY2005 : -5.7

FY2006 1Q
operating loss
-2.8

Positive factors (¥billion)



Fiscal 2006 1Q Sales and Operating Income (Loss) by Segment

(Yen:billion)

	Net Sales			Operating income (loss)		
	FY06 result	FY05	Changes vs FY05	FY06 result	FY05	Changes vs FY05
Consumer Electronics	132.5	142.8	93%	-1.1% (1.4)	4.4% 6.3	-7.7
Professional Electronics	12.8	14.7	87%	-8.8% (1.1)	-12.7% (1.9)	0.8
Components & Devices	6.8	13.3	51%	-3.5% (0.2)	-8.3% (1.1)	0.9
Software & Media	21.0	23.3	90%	2.0% 0.4	-0.9% (0.2)	0.6

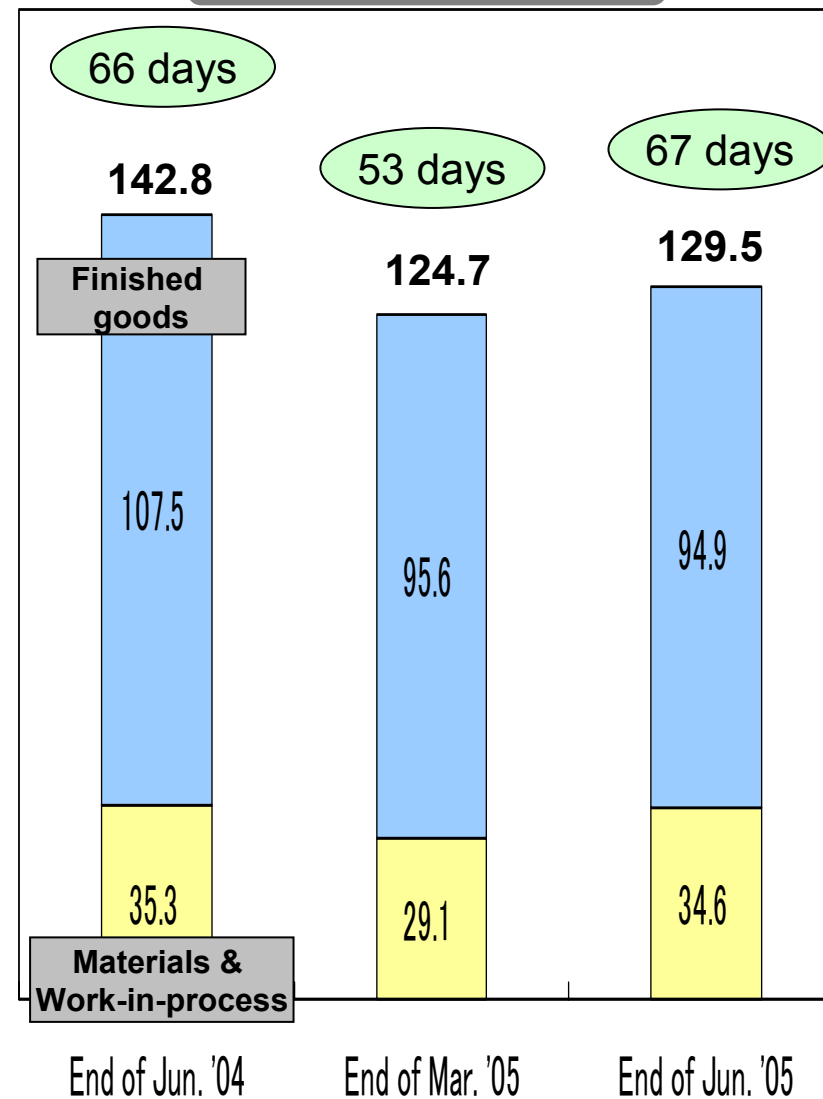
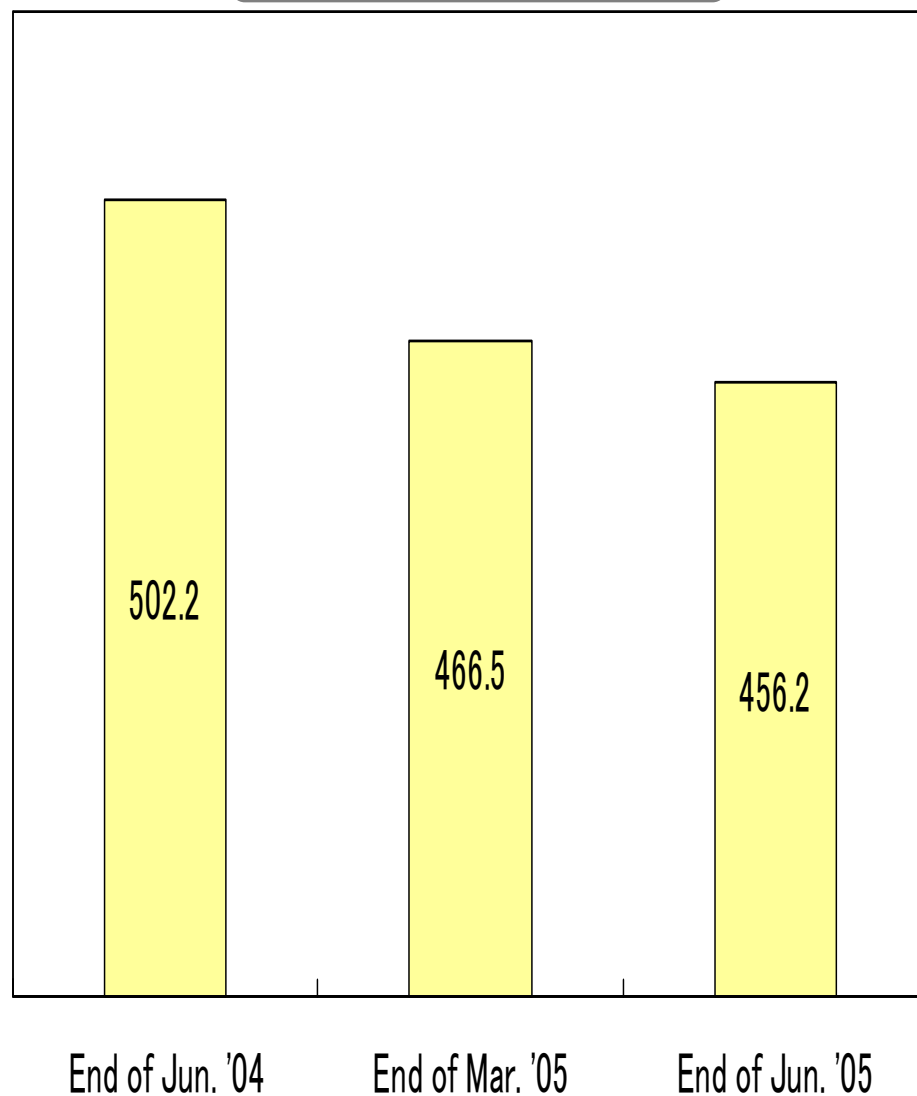
Trend in Asset and Inventory

Gross asset

Exch. rate	2005/6	2004/6
US \$	110.6	108.4
EUR	133.6	131.1

Inventory

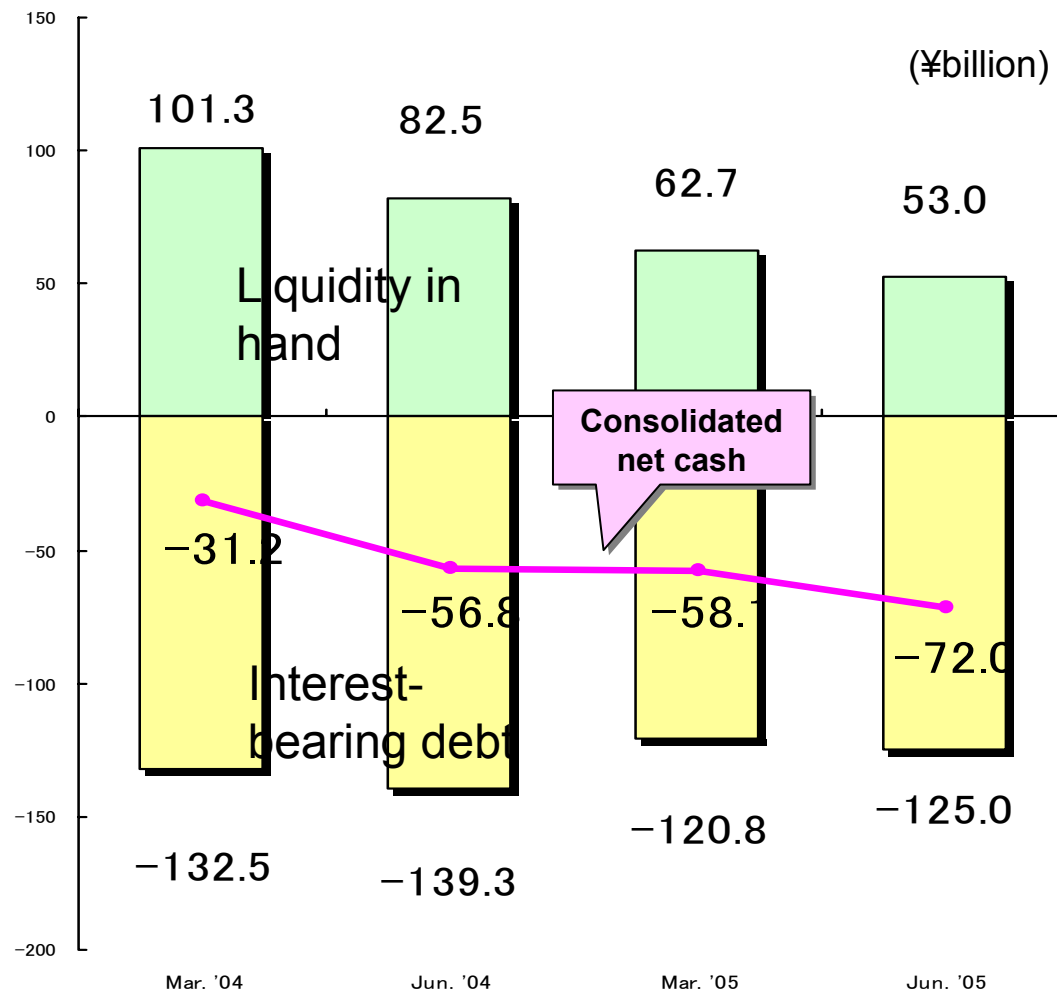
(¥billion)



Fiscal 2006 1Q Cash Flow

Consolidated statements of cash flow

Income (loss) before income taxes	(5.1)
Depreciation	5.1
Decrease (increase) in inventory	(4.1)
Operating capital	(2.2)
Net cash provided by operating activities	(6.3)
Fixed asset	(5.8)
Others	0.1
Net cash used in investing activities	(5.7)
Free cash flow	(12.0)
Net cash used in financing activities	2.0
Other adjustments	0.3
Net increase (decrease) in cash	(9.7)
Cash at the beginning of the year	62.7
Cash at the end of 3Q	53.0



(Tangible fixed assets excluding mold cost)

	FY2006 1Q	(¥billion)
Capital expenditure	3.0	
Depreciation & amortization	3.0	(cash flow basis)

Fiscal 2006 Business Forecast

FY2006 1H

(¥billion)

	Current forecast	Original forecast	Change vs original forecast	Change vs FY2005	FY2005 result
Net sales	430.0	430.0	100%	105%	410.2
Operating income	1.6% 7.0	1.6% 7.0	0.0	2.7	1.1% 4.3
Ordinary income	0.7% 3.0	0.7% 3.0	0.0	-0.3	0.8% 3.3
Net income (loss)	-0.9% (4.0)	-0.9% (4.0)	0.0	0.4	-1.1% (4.4)

FY2006

Net sales	930.0	930.0	100%	111%	840.6
Operating income	2.7% 25.0	2.7% 25.0	0.0	14.6	1.2% 10.4
Ordinary income	1.9% 18.0	1.9% 18.0	0.0	10.7	0.9% 7.3
Net income (loss)	0.8% 7.0	0.8% 7.0	0.0	8.9	-0.2% (1.9)

First Quarter Achievement in Consumer Electronics Business



HD-52/61MD60

D-ILA rear projection TV

- First product in Japan
- New image processing LSI incorporated
- Introduced in Jun.



**LT-26/32/37LC60
LT-40LC55**

LCD TV

- Equipped with new image intelligence LSI
- Terrestrial/satellite broadcast digital high definition tuners incorporated
- Introduced in Apr. in Japan



GR-MC500

World's first 3CCD hard disk camcorder

- High quality MPEG2 moving picture and 5MB still picture
- Introduced in Jun. in Japan



EX-D1/D5

DVD compact component system

- Equipped with 8cm woodcone speakers
- Digital amplifier for superior sound quality
- Introduced simultaneously in America, Europe and Asia in Apr.



KD-NX901

Car AV "EXAD" series

- Turn-by-turn navigation system
- MP3 ready
- Introduced in Apr. in Europe



KD-AVX1

Car AV "EXAD" series

- 3" colour TFT monitor
- MP3 ready
- Introduced simultaneously in America, Europe and Asia in Apr.



XA-AL55

Digital audio player

- World's first armless head-phone type
- 256MB flash memory incorporated
- Introduced in Jun. in Japan

Key Consumer Electronics Products in Second Quarter



LCD TV

- Basic model with WXGA resolution

Already introduced in North America and Europe in Jul.



HD-ILA rear projection TV

- 720p resolution
- ATSC tuner incorporated

Already introduced in North America in Jul.



HD-ILA rear projection TV

- Full high definition ready 56", 61" and 70"
- ATSC tuner incorporated
- Equipped with new image processing LSI

To be Introduced in Sep. in North America



New "Everio" series

Hard disk camcorder

- Equipped with large capacity hard disk drive for long time recording
- Light and compact with 320g

To be introduced in Japan, America, Europe and Asia in Aug.



Compact component system

- Compatible with DVD, MD and audio tape
- Equipped with illumination tray

To be introduced in Aug. in Japan



MD Compact component system

- CD with double MD capability

Already introduced in Jul.



Digital audio player

- Direct recording from other audio systems
- Recording capability from incorporated FM tuner and voice recording

Already introduced in Japan, America and Europe

Objectives for Sales Recovery in Fiscal 2006 2Q

Professional Electronics

- Introduction of professional HDV camera recorder in July

Main characteristics of HDV camera recorder GY-HD100

- Industry first 1/3" bayonet mount style HDV camera recorder
- Pro HD specs including 720/24p mode
- Simultaneous launch of spooler



Components & Devices

- Sales expansion of fluid dynamic bearing motors for hard disk drive

Main characteristics of 2.5" and 3.5" FDB motors

- High reliability thanks to its original structure (for oil leakage prevention)
- Good cost performance thanks to original manufacturing process



Software & Media

- Release of major artists singles and albums

- * SMAP : album and single
- * Southern All Stars : single
- * Dragon Ash : Album

Music software



Promote management reform aiming high-speed turnover and efficiency

- **Promote management operation reform**
 - Clarify management responsibilities allocation
 - Make organization simple and slim
 - Review operation process in development, manufacturing and sales
- **Review number of manufacturing sites : reduction of 1 to 2 facilities**
- **Review employment structure : reduction of about 500 domestic employees**