

Fiscal 2007 First Quarter, ended March 31, 2007

Business Results

25 July, 2006

Victor Company of Japan, Ltd.

JVC

The Perfect Experience / —

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Business performance gains upward momentum although operating loss is generated

- Consumer Electronics
 - Solid performance in camcorder business
 - Sales increase in HD-ILA hybrid projection TV and LCD TV
 - Difficulty in audio business
 - ✓ European sales in recovery trend, though had difficulty in fiscal 2006 Q1
- Software & Media
 - Solid growth of music entertainment business
 - Media business in difficulty
 - ✓ Recordable media business and overseas pre-recorded software business in slump

Consolidated Business Results in Fiscal 2007 Q1



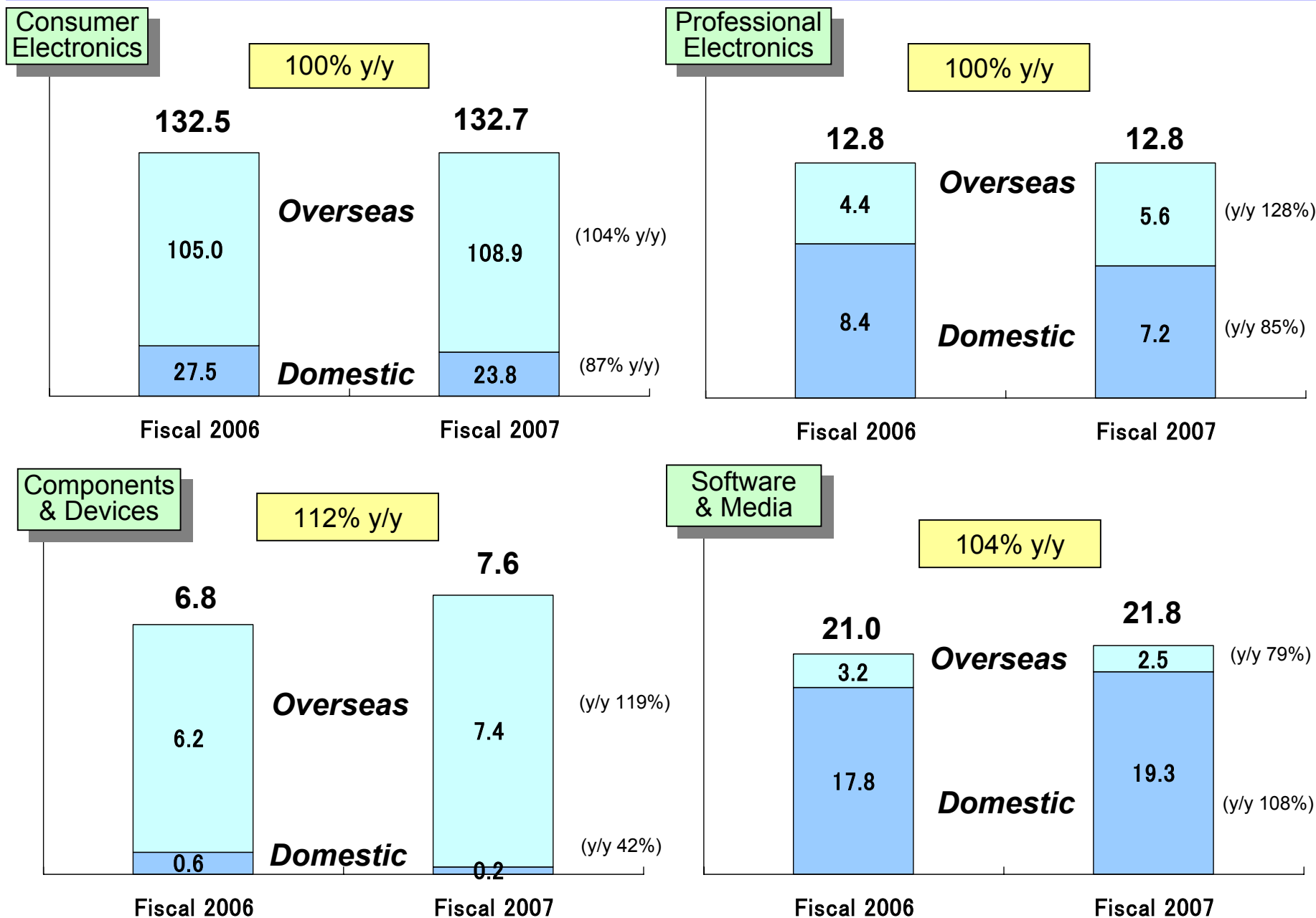
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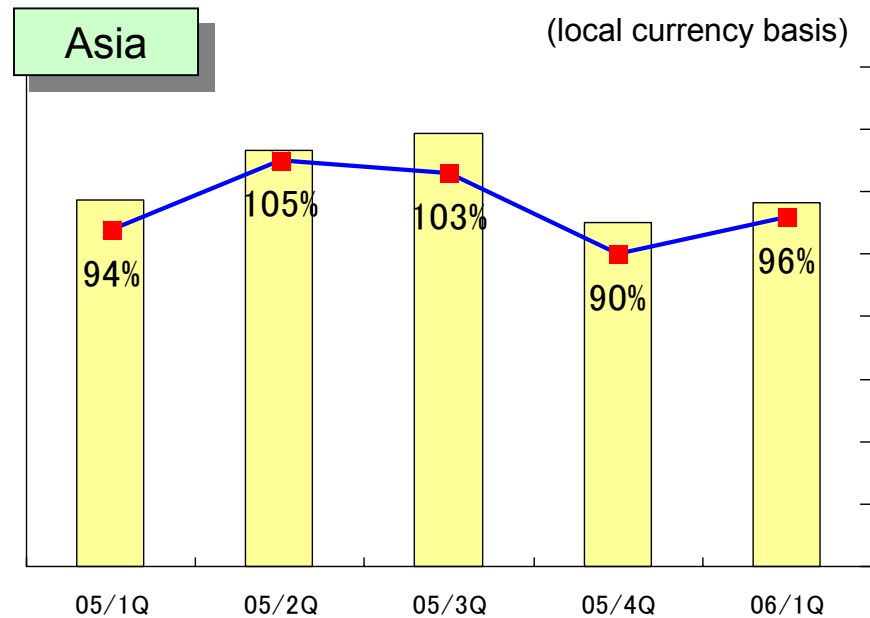
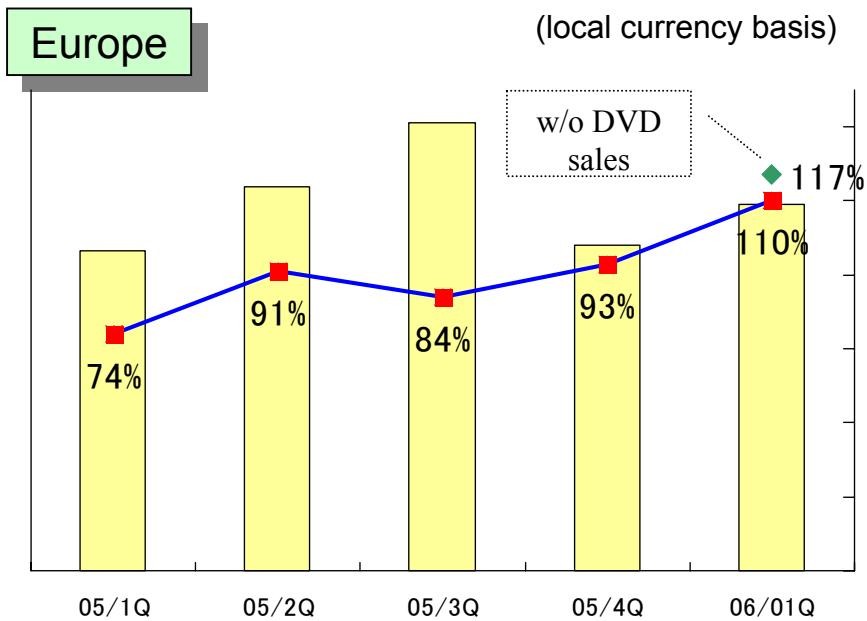
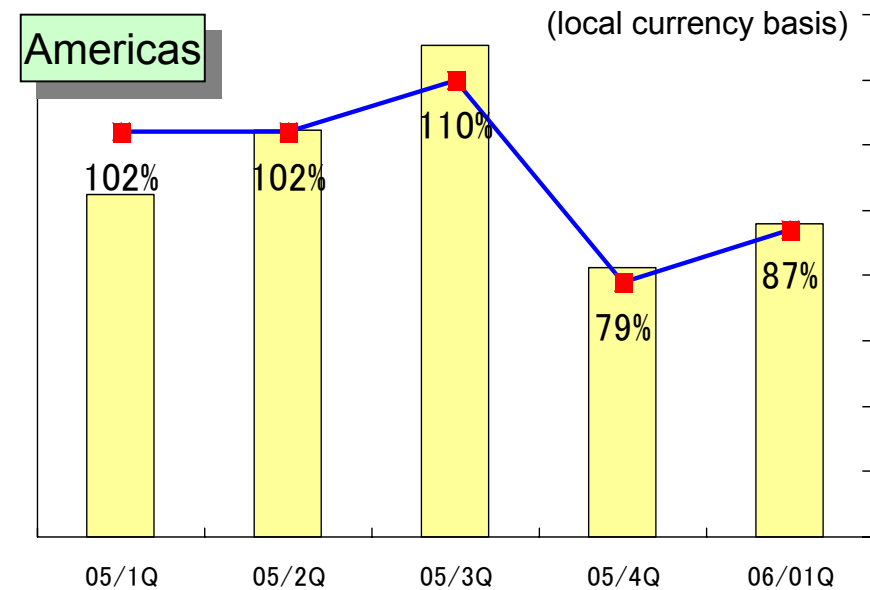
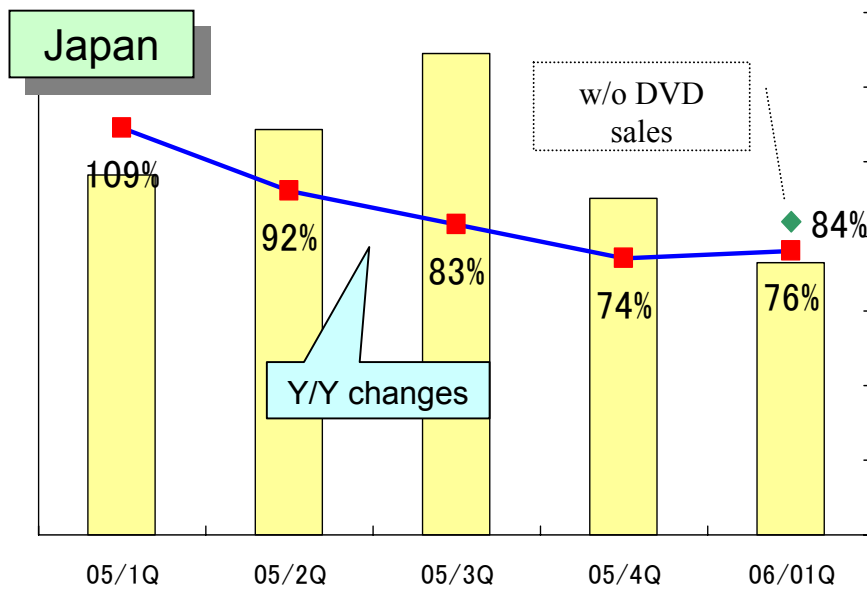
(¥billion)

	Results	FY06	Changes vs FY06
Net sales	176.1	174.3	101%
Operating income (loss)	-1.1% (1.9)	-1.6% (2.8)	0.8
Ordinary income (loss)	-1.7% (2.9)	-3.2% (5.5)	2.6
Net income (loss)	-1.9% (3.4)	-3.2% (5.6)	2.2

Fiscal 2007 Q1 Sales Results by Segment



Consumer Electronics Quarterly Sales by Region



Fiscal 2007 Q1 Operating Loss Breakdown

Fiscal 2006 Q1
operating loss
-2.8

FY2007 Q1
operating loss
-1.9

Changes vs. FY2005 : +0.8

Positive factors

(¥billion)

Negative factors

Fiscal 2006
Q1 result
-2.8

Price declines
&
Selling cost
increase

-13.5

Cost
improvement

+10.5

Sales
increase

+0.5

Fixed cost
reduction

+2.0

Exchange
rate
improvement

+0.8

DVD quality
loss decrease

+0.5

-1.9

Fiscal
2007 Q1
result

US\$: FY06¥103.7 → ¥115.3
EUR: FY06¥134.5 → ¥139.5

Fiscal 2007 Q1 Sales and Operating Income (Loss) by Segment

(¥billion)

	Net sales			Operating income (loss)		
	FY07 results	FY06	Changes vs FY06	FY07 results	FY06	Changes vs FY06
Consumer Electronics	132.7	132.5	100%	0.2% 0.3	-1.1% (1.4)	1.7
Professional Electronics	12.8	12.8	100%	-9.7% (1.2)	-8.7% (1.1)	-0.1
Components & Devices	7.6	6.8	112%	-1.9% (0.1)	-3.6% (0.2)	0.1
Software & Media	21.8	21.0	104%	-1.9% (0.4)	2.0% 0.4	-0.8

Fiscal 2007 Q1 Extraordinary Profit (Loss)

(¥billion)

	Results
Structural reform charges for overseas factories	-0.53
Gain on sales of Japanese consolidated subsidiaries	0.55
Others	-0.18
Total	-0.16

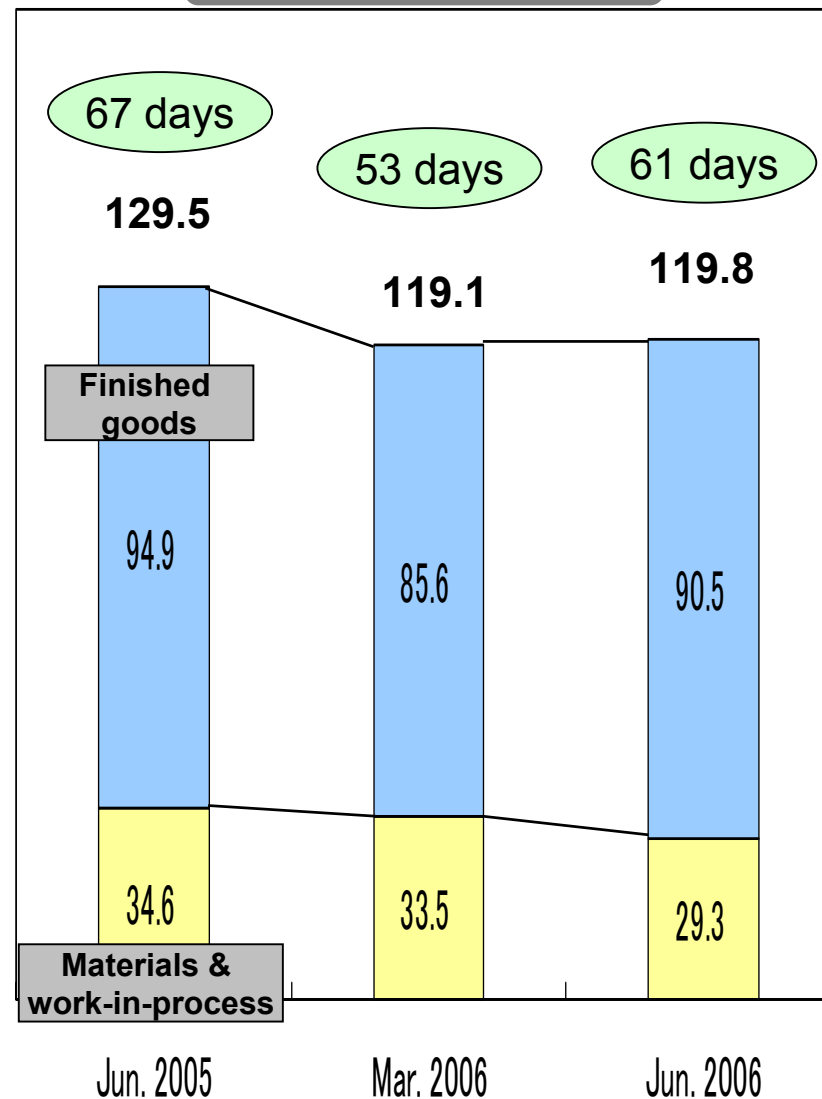
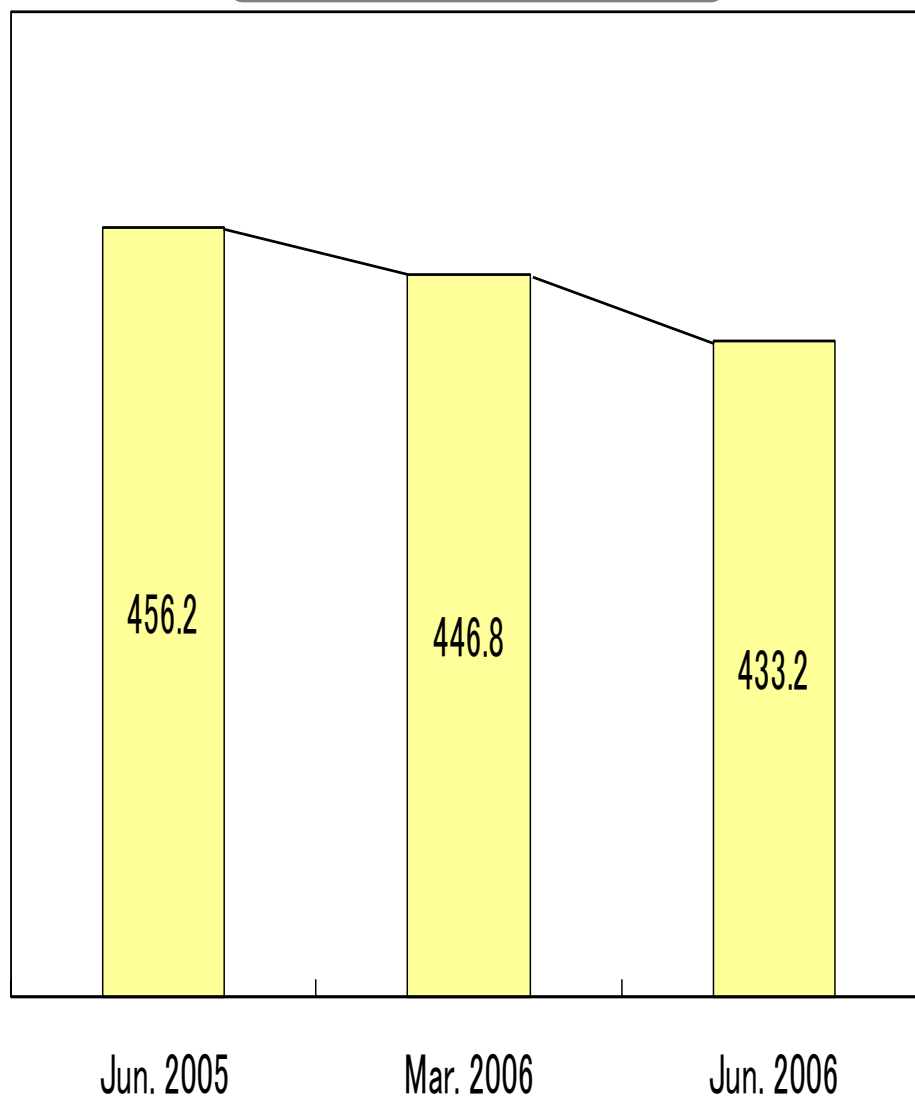
Trend in Asset and Inventory

Gross asset

Exch. rate	2006/6	2005/6
US \$	115.2	110.6
EUR	146.0	133.6

Inventory

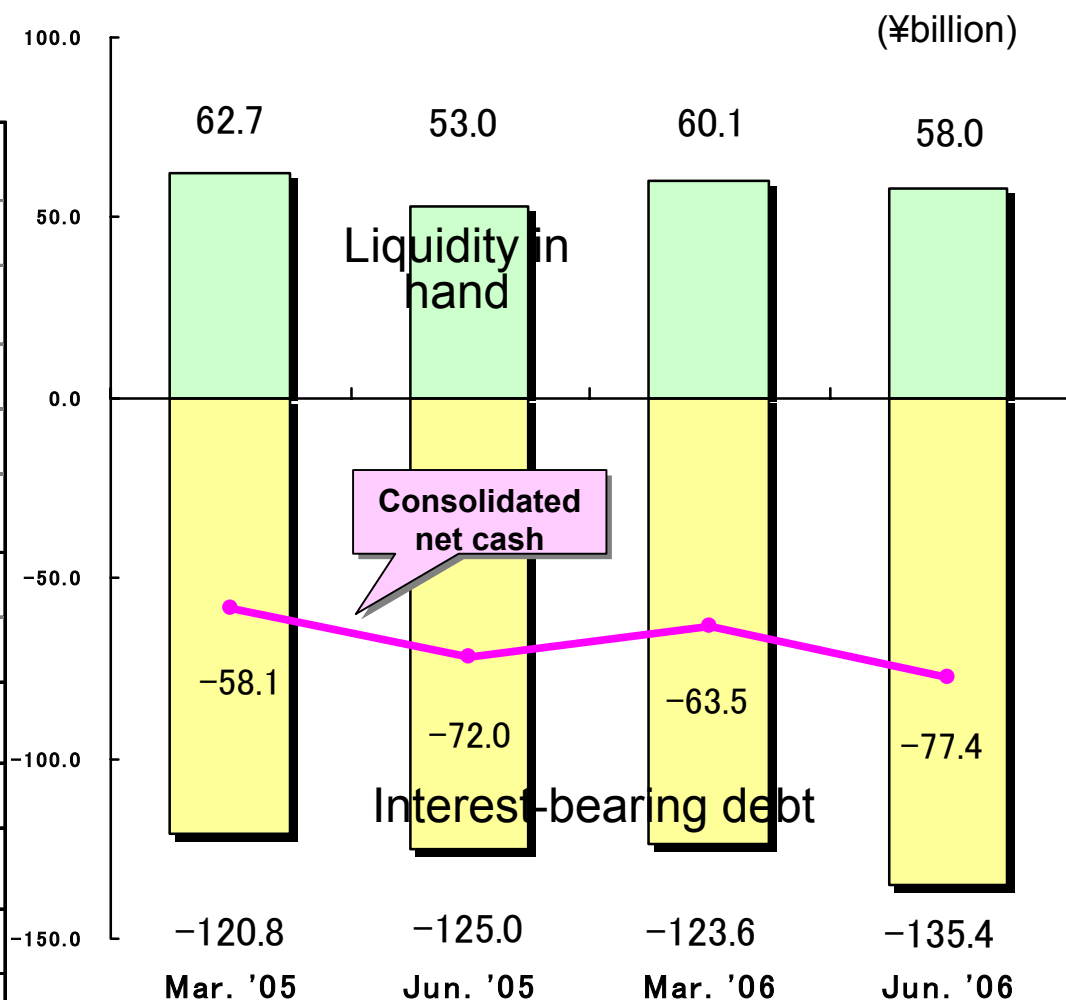
(¥billion)



Fiscal 2007 Q1 Cash Flow

Consolidated statements of cash flow

	Income (loss) before income taxes	(3.1)
	Depreciation	5.3
	Decrease (increase) in inventory	(0.8)
	Operating capital	(4.7)
	Others	(7.5)
	Net cash provided by operating activities	(10.8)
	Fixed asset	(4.4)
	Others	1.3
	Net cash used in investing activities	(3.1)
	Free cash flow	(13.9)
	Net cash used in financing activities	11.4
	Net increase (decrease) in cash	(2.4)
	Cash at the beginning of the year	60.1
	Cash at the end of Q1	58.0



[Tangible fixed assets excluding mold cost]
cash flow basis for Fiscal 2007 Q1

Capital expenditure 2.4
Depreciation & amortization 3.1

Capital expenditure plan for fiscal 2007

Capital expenditure 18.0
Depreciation & amortization 17.0
(¥billion)

Fiscal 2007 Business Forecast

Fiscal 2007 H1

(¥billion)

	Current forecast	Original forecast	Changes vs original forecast	Changes vs FY06	FY06 results
Net sales	390.0	390.0	100%	101%	387.3
Operating income	-0.5% (2.0)	-0.5% (2.0)	0.0	1.7	-1.0% (3.7)
Ordinary income	-1.3% (5.0)	-1.3% (5.0)	0.0	3.5	-2.2% (8.5)
Net income (loss)	-1.8% (7.0)	-1.8% (7.0)	0.0	8.3	-4.0% (15.3)

Fiscal 2007

Net sales	830.0	830.0	100%	103%	806.9
Operating income	1.2% 10.0	1.2% 10.0	0.0	16.9	-0.9% (6.9)
Ordinary income	0.5% 4.0	0.5% 4.0	0.0	19.0	-1.9% (15.0)
Net income (loss)	0.2% 2.0	0.2% 2.0	0.0	32.6	-3.8% (30.6)

Key Products in Q2



HD-ILA

HD-ILA hybrid projection TV

- Strengthen full high-definition (1080P) lineup
- Equip with New Genessa/D.I.S.T. DynaPix processing



LCD TV

LCD TV

- Newly introduce full high-definition 46"
- Strengthen lineup by increasing Clear Motion Drive equipped models
- Equip with New Genessa/D.I.S.T. DynaPix processing



Slim CRT TV

CRT TV

- Slimmest CRT TV in the industry



Everio

HDD camcorder "Everio"

- Enhanced lineup from entry to high-end
- Direct DVD burning function without PC



DD Series

Network media system

- 4-channel front surround DD-speaker delivering superb listening experience



HDV camera recorder

Newly developed HDV camera recorder

- Upgrade version of compact shoulder type model
- Play and record high-definition images using progressive scan (720p) format



DVD-DL disc

DVD single-sided dual layer recordable disc

- World's first "facing film bonding method"



Entertainment software

SMAP: new album

to be released on Jul. 26
Southern All Stars: new single
to be released on Aug. 9