Fiscal 2007 First Quarter, ended March 31, 2007

Business Results

25 July, 2006

Victor Company of Japan, Ltd.

The Perfect Experience

Summary of Business Results in Fiscal 2007 Q1

Business performance gains upward momentum although operating loss is generated

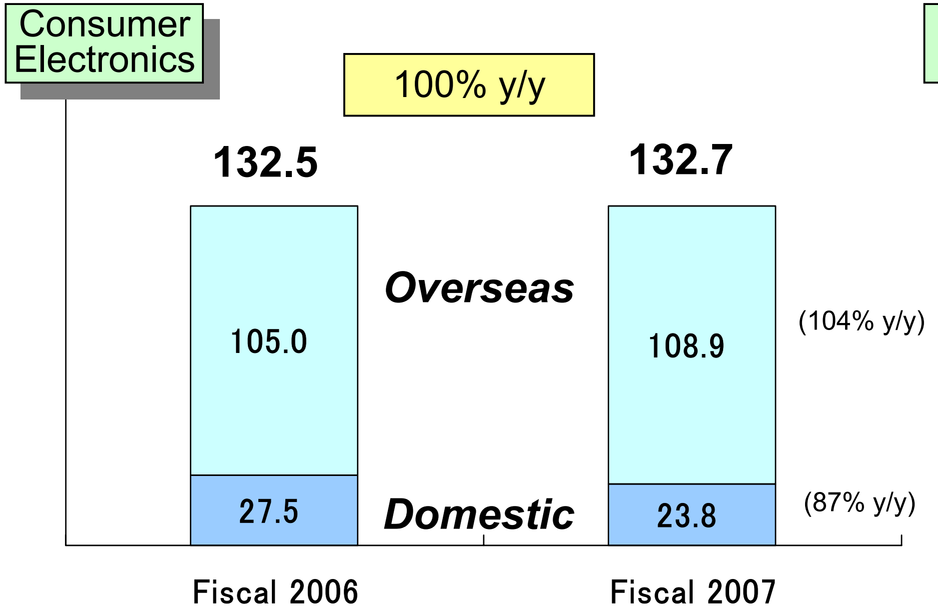
- Consumer Electronics
  - Solid performance in camcorder business
  - Sales increase in HD-ILA hybrid projection TV and LCD TV
  - Difficulty in audio business
    - ✓ European sales in recovery trend, though had difficulty in fiscal 2006 Q1
- Software & Media
  - Solid growth of music entertainment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

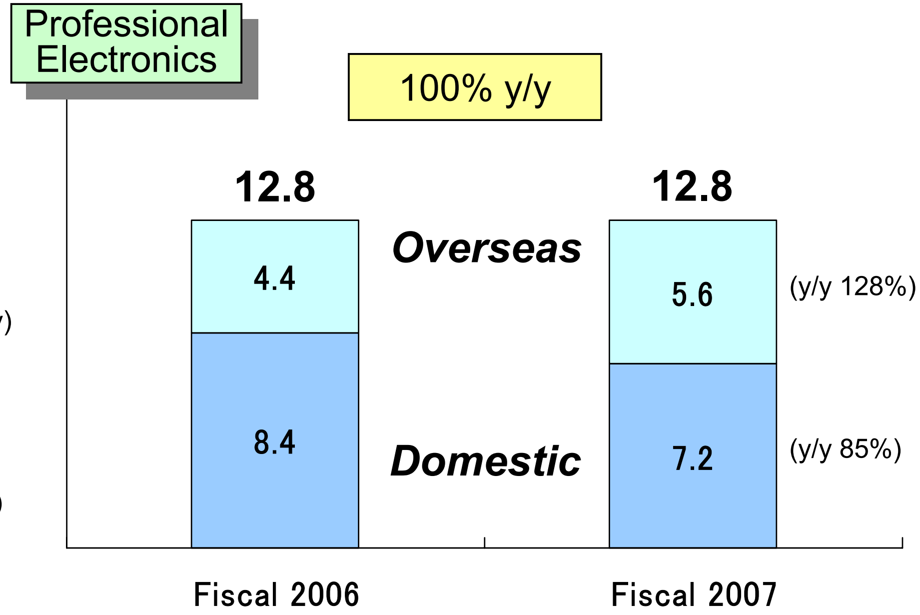
Consolidated Business Results in Fiscal 2007 Q1

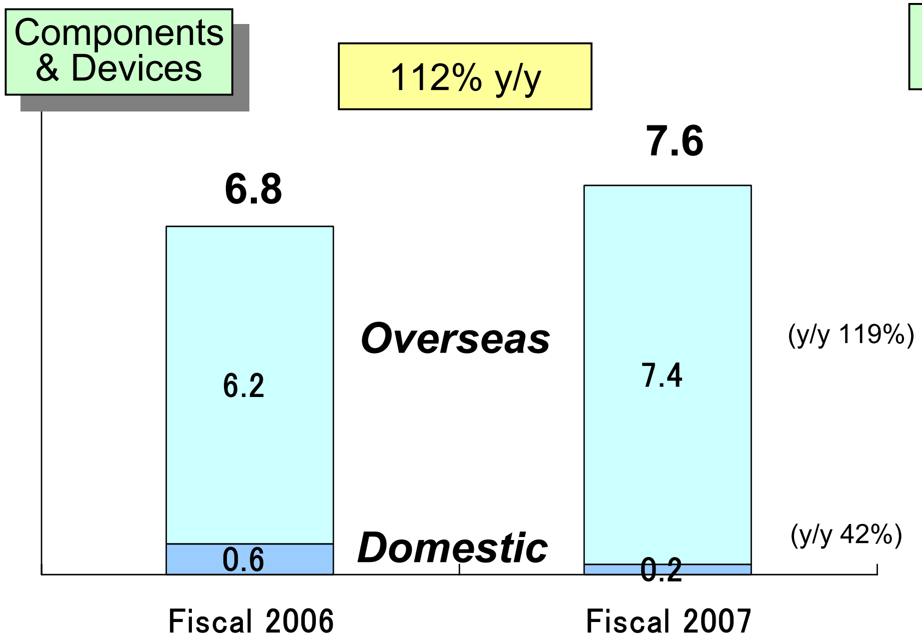
(¥billion)

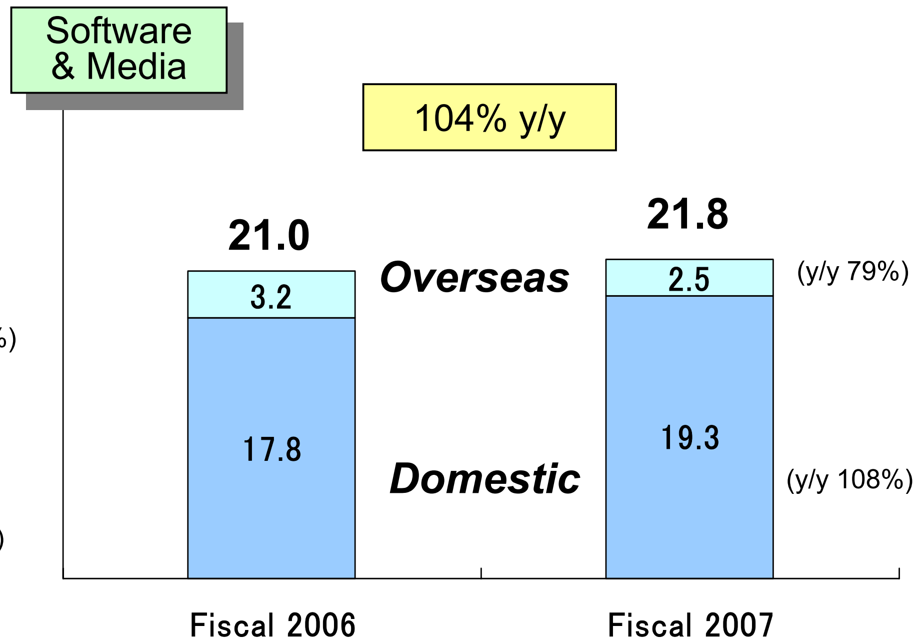
	Results	FY06	Changes vs FY06
Net sales	176.1	174.3	101%
Operating income (loss)	-1.1% (1.9)	-1.6% (2.8)	0.8
Ordinary income (loss)	-1.7% (2.9)	-3.2% (5.5)	2.6
Net income (loss)	-1.9% (3.4)	-3.2% (5.6)	2.2

Fiscal 2007 Q1 Sales Results by Segment

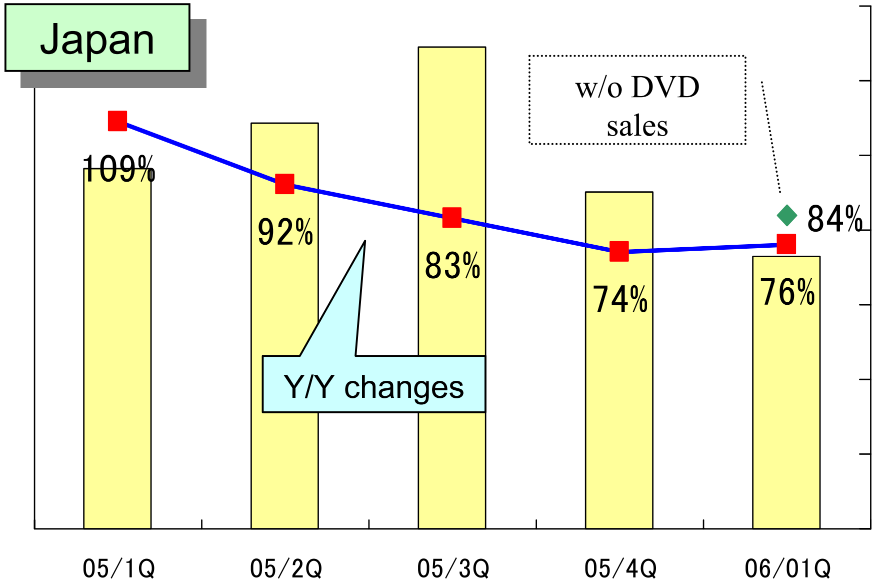


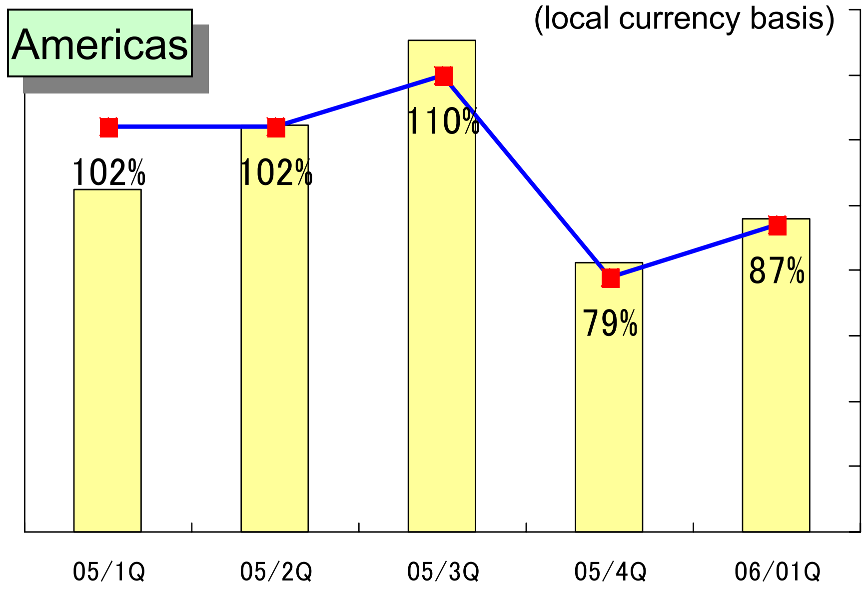


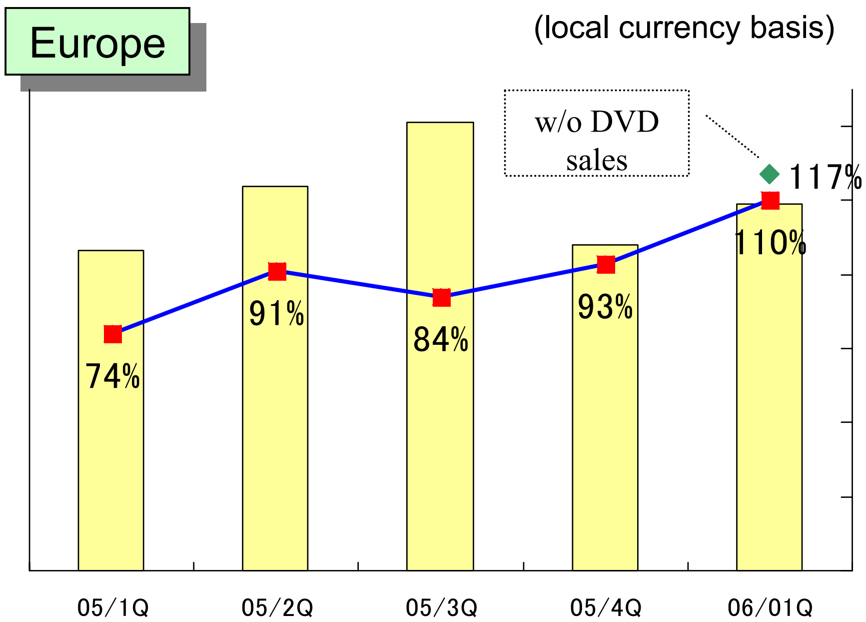


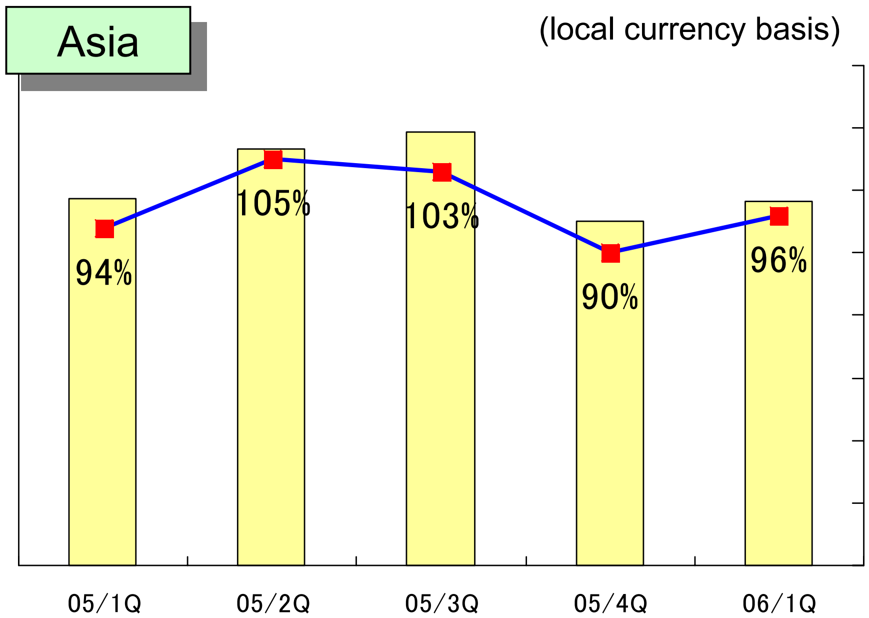


Consumer Electronics Quarterly Sales by Region









Fiscal 2007 Q1 Operating Loss Breakdown

Fiscal 2006 Q1 operating loss **-2.8**

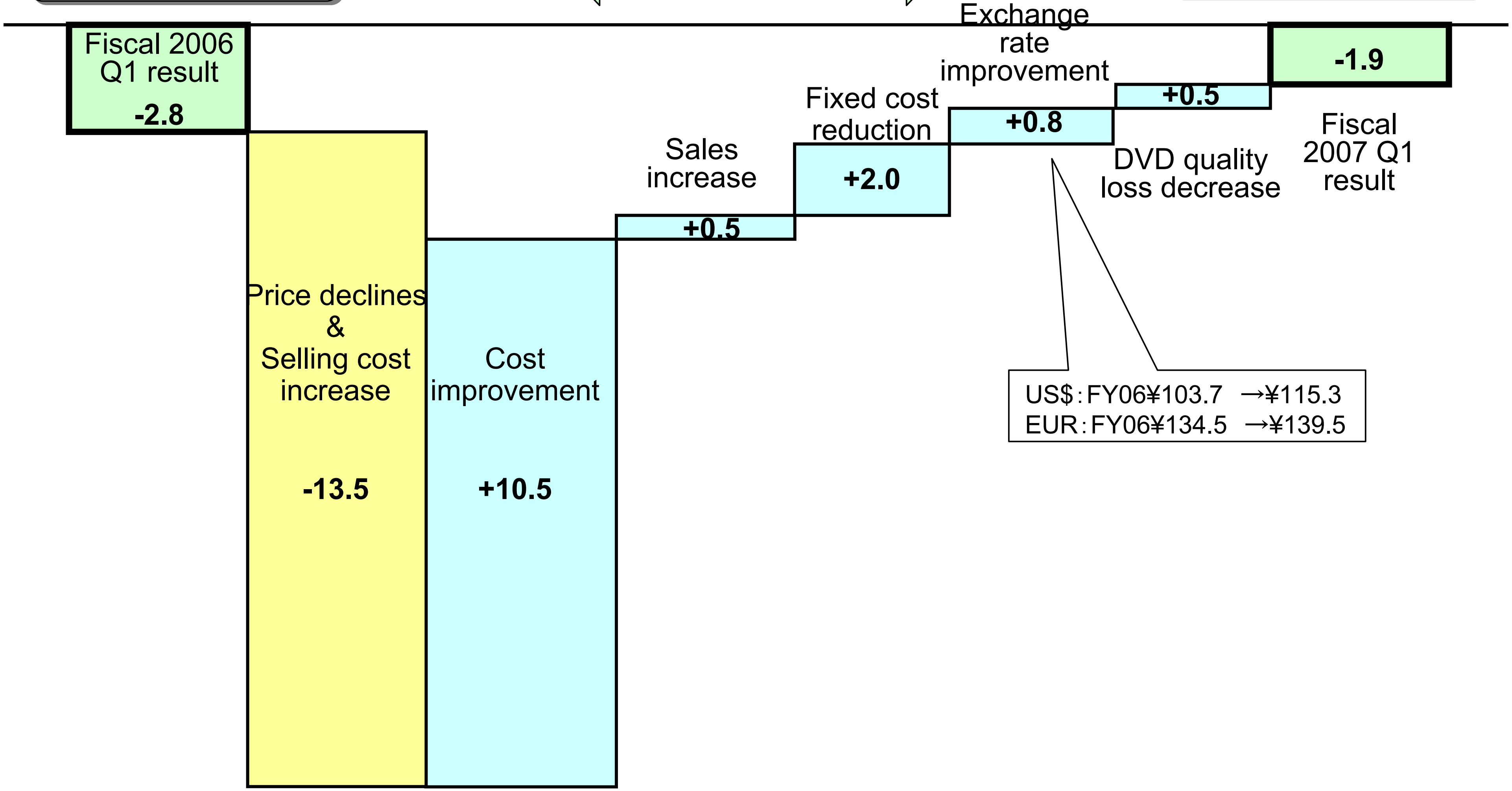
Changes vs. FY2005 : +0.8

FY2007 Q1 operating loss **–1.9**

(¥billion)

Positive factors

Negative factors



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)

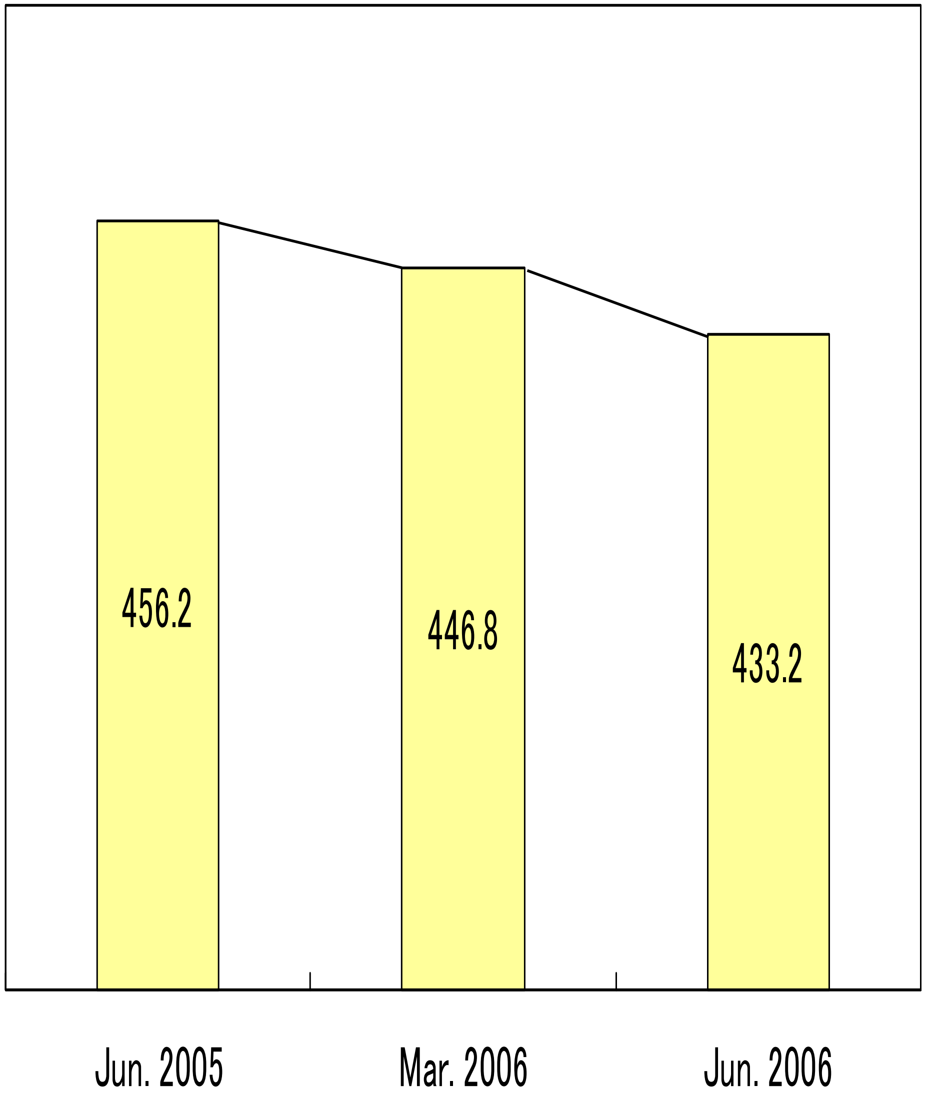
	Results
Structural reform charges for overseas factories	-0.53
Gain on sales of Japanese consolidated subsidiaries	0.55
Others	-0.18
Total	-0.16

Trend in Asset and Inventory

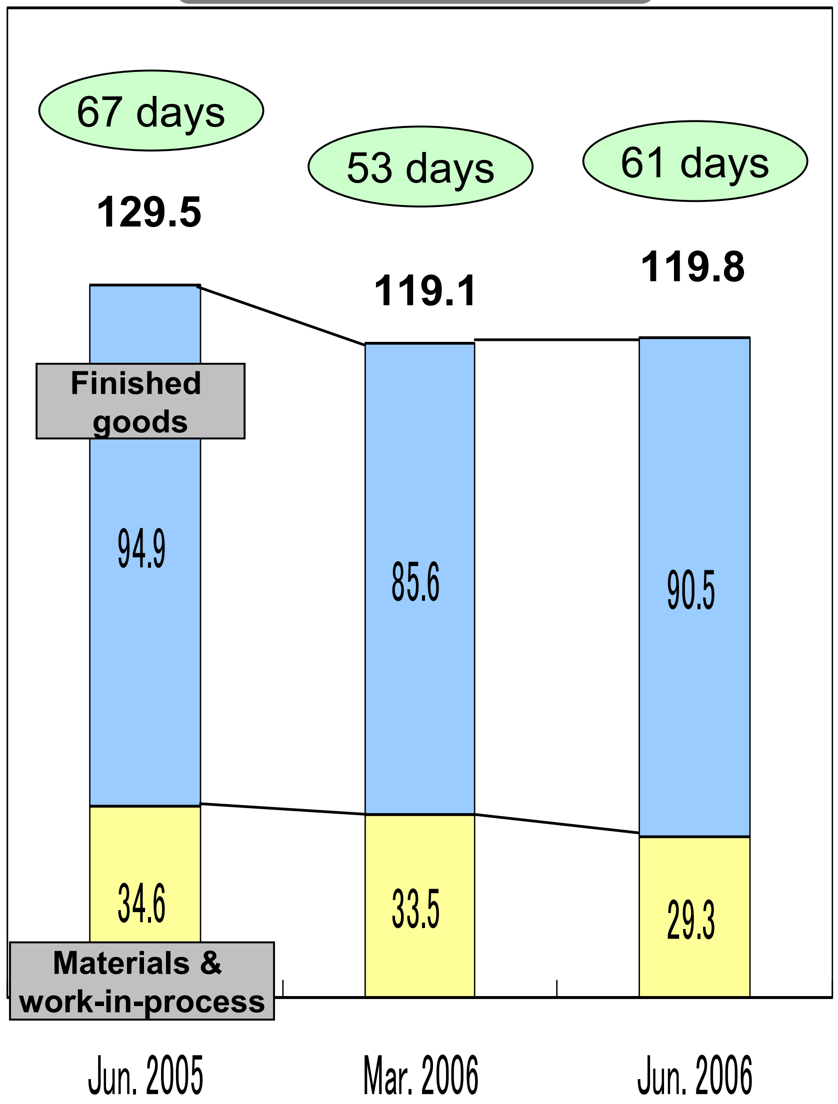
(¥billion)

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

Gross asset



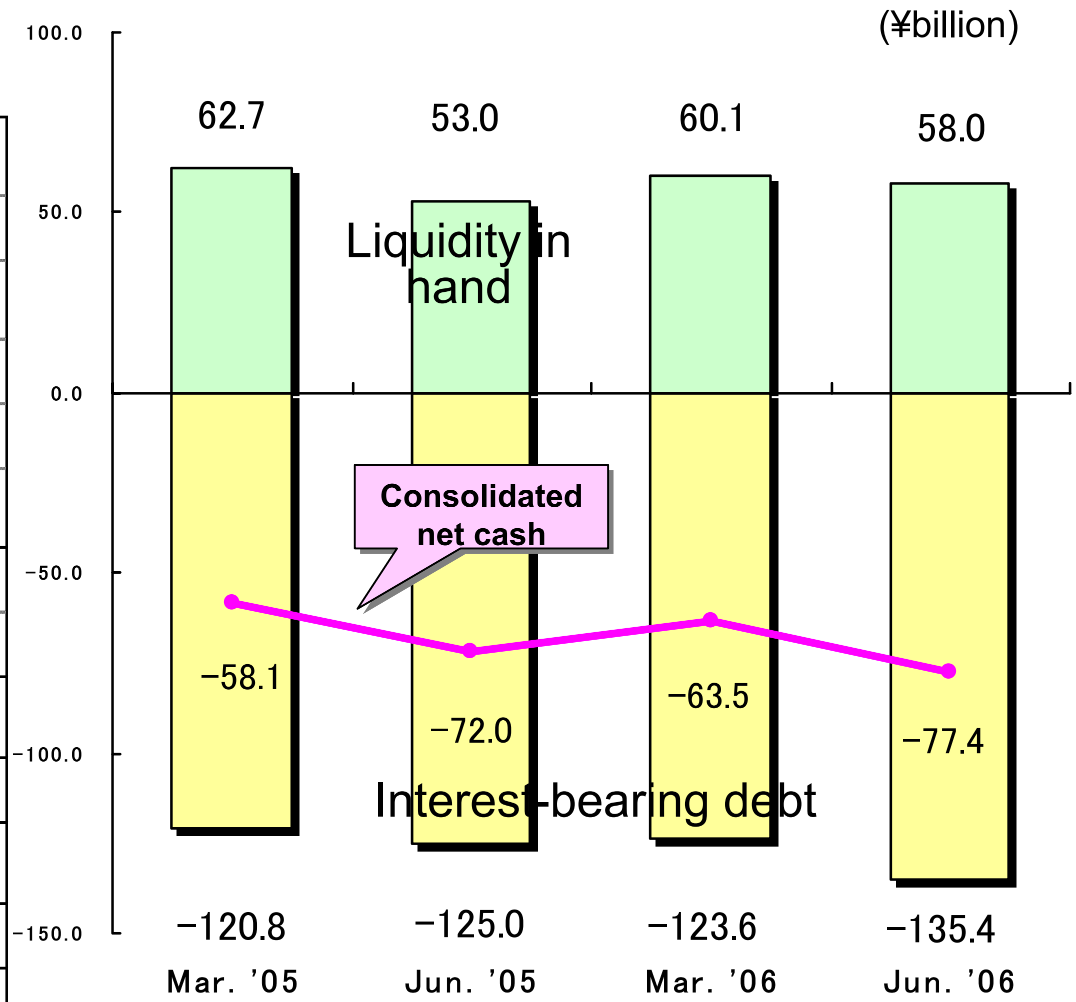
Inventory



Fiscal 2007 Q1 Cash Flow

Consolidated statements of cash flow

	Income (loss) before income taxes	(3.1)
	Depreciataion	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

(¥billion)

Fiscal 2007 H1

	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

	Current forecast	Original forecast	Changes vs original forecast	Changes vs FY06	FY06 results
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

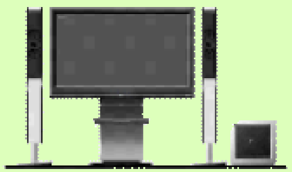
CRT TV

- 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 reorder

- 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