

October 26, 2006

Fiscal 2007 First Semester, ended September 30, 2006

Business Results



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

Operating income in line with forecast,
on a recovery trend

2

All business segments restoring
profitability in second quarter, resulting
company operating income in black

3

Drastic reduction in inventory

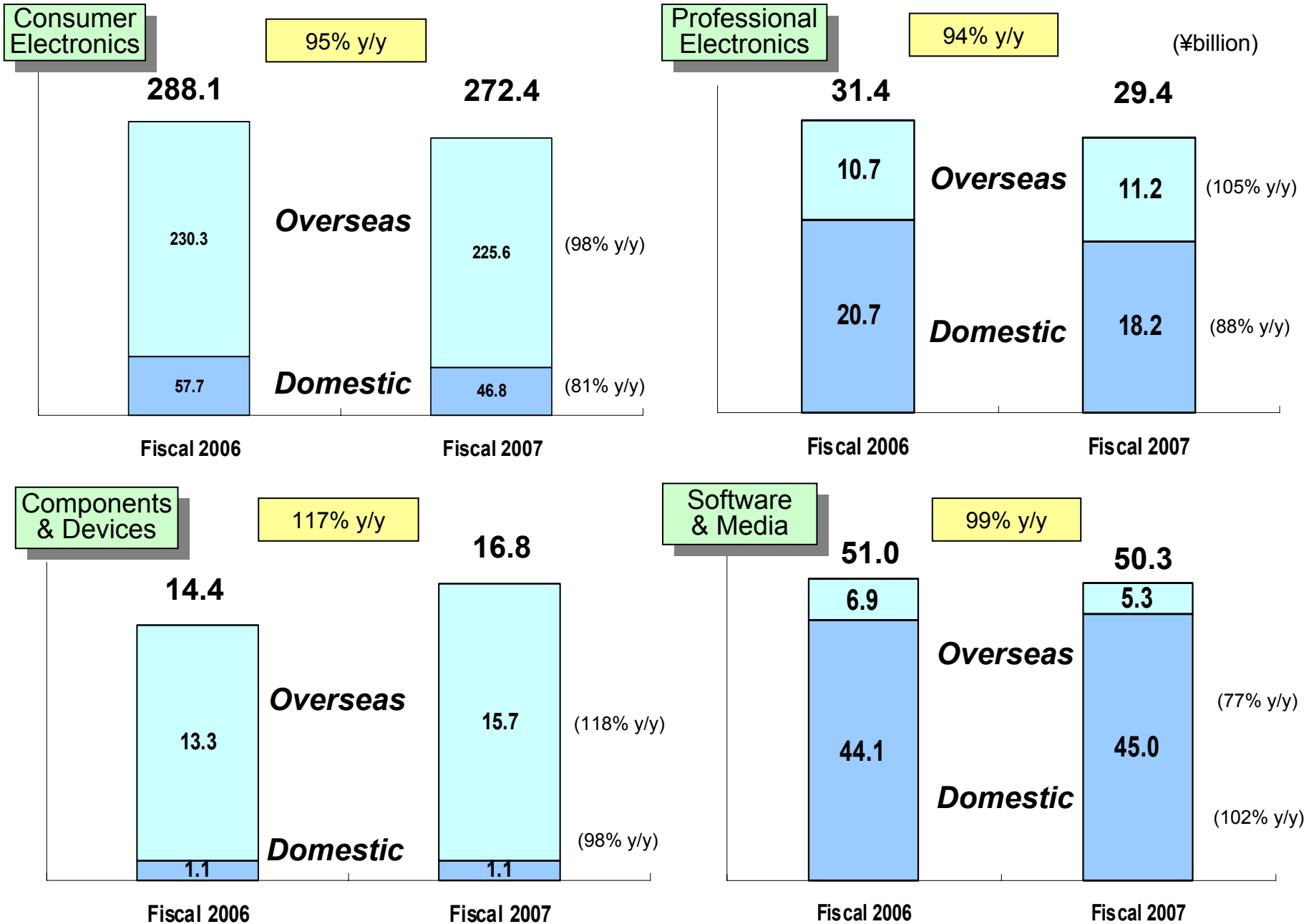
Consolidated Business Results in Fiscal 2007 1H

(¥billion)

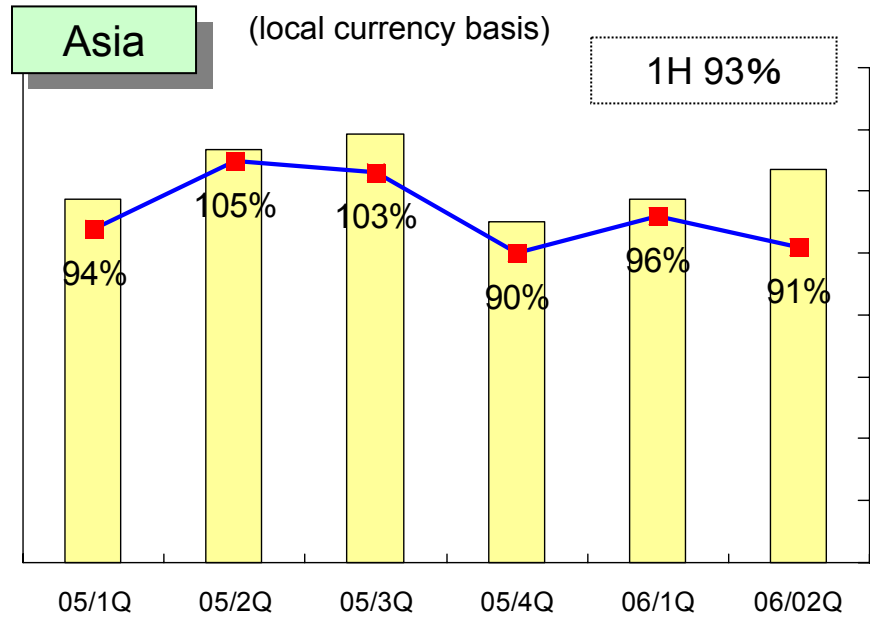
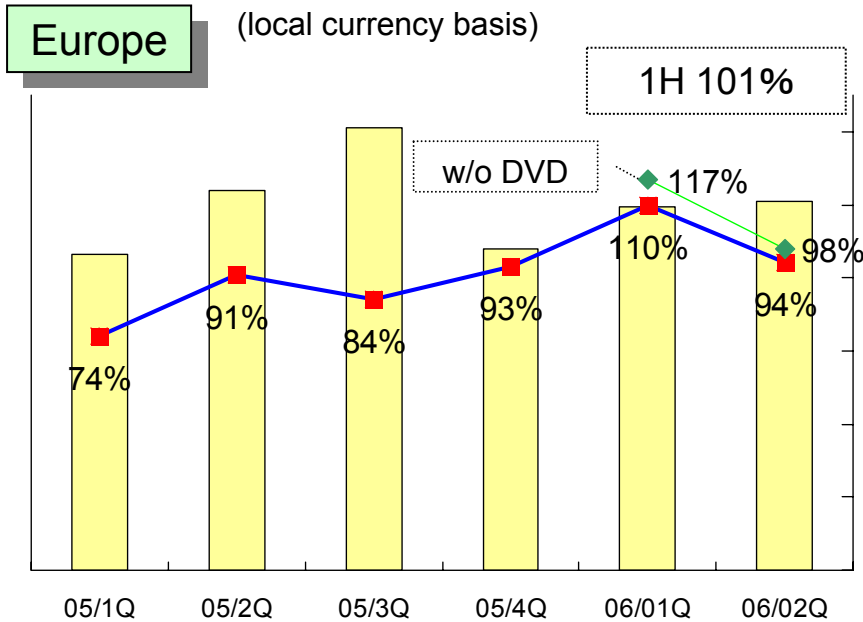
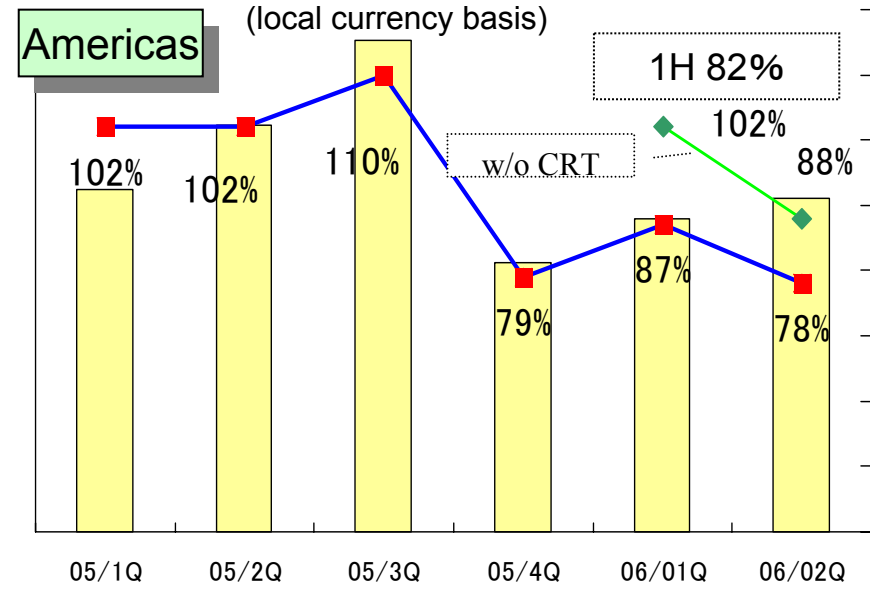
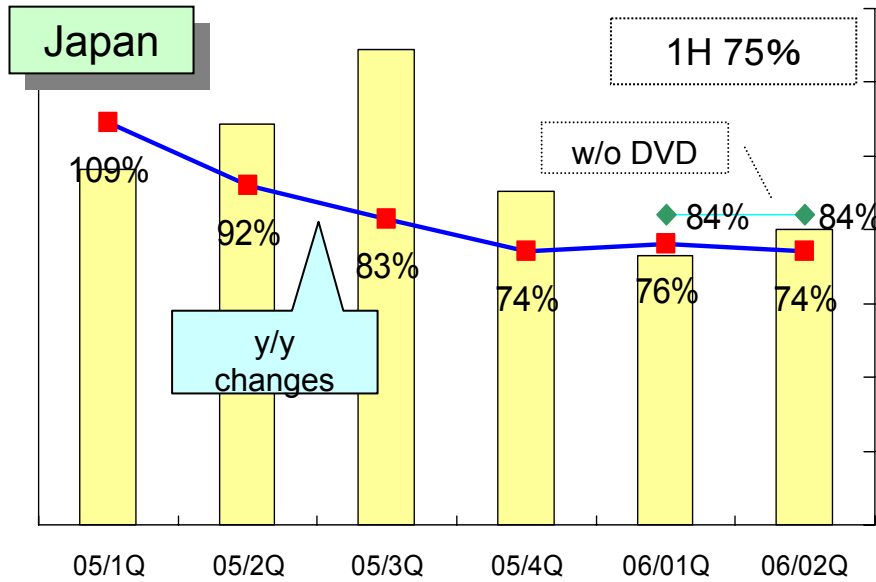
FY07 1H	Results	FY06 1H results	Changes vs FY06	Original forecast	Changes vs forecast
Net sales	371.2	387.3	96%	390.0	95%
Operating income (loss)	-0.2% (0.7)	-1.0% (3.7)	3.0	-0.5% (2.0)	1.3
Ordinary income (loss)	-0.9% (3.4)	-2.2% (8.5)	5.0	-1.3% (5.0)	1.6
Income (loss) before income tax	1.9% 7.0	-3.7% (14.2)	21.2	-	-
Net income (loss)	1.4% 5.0	-4.0% (15.3)	20.3	-1.8% (7.0)	12.0

FY07 2Q	Results	FY06 2Q results	Changes vs FY06
Net sales	195.1	213.0	92%
Operating income (loss)	0.6% 1.3	-0.5% (1.0)	2.2
Ordinary income (loss)	-0.3% (0.5)	-1.4% (3.0)	2.5
Income (loss) before income tax	5.2% 10.1	-4.2% (9.0)	19.1
Net income (loss)	4.3% 8.4	-4.5% (9.7)	18.1

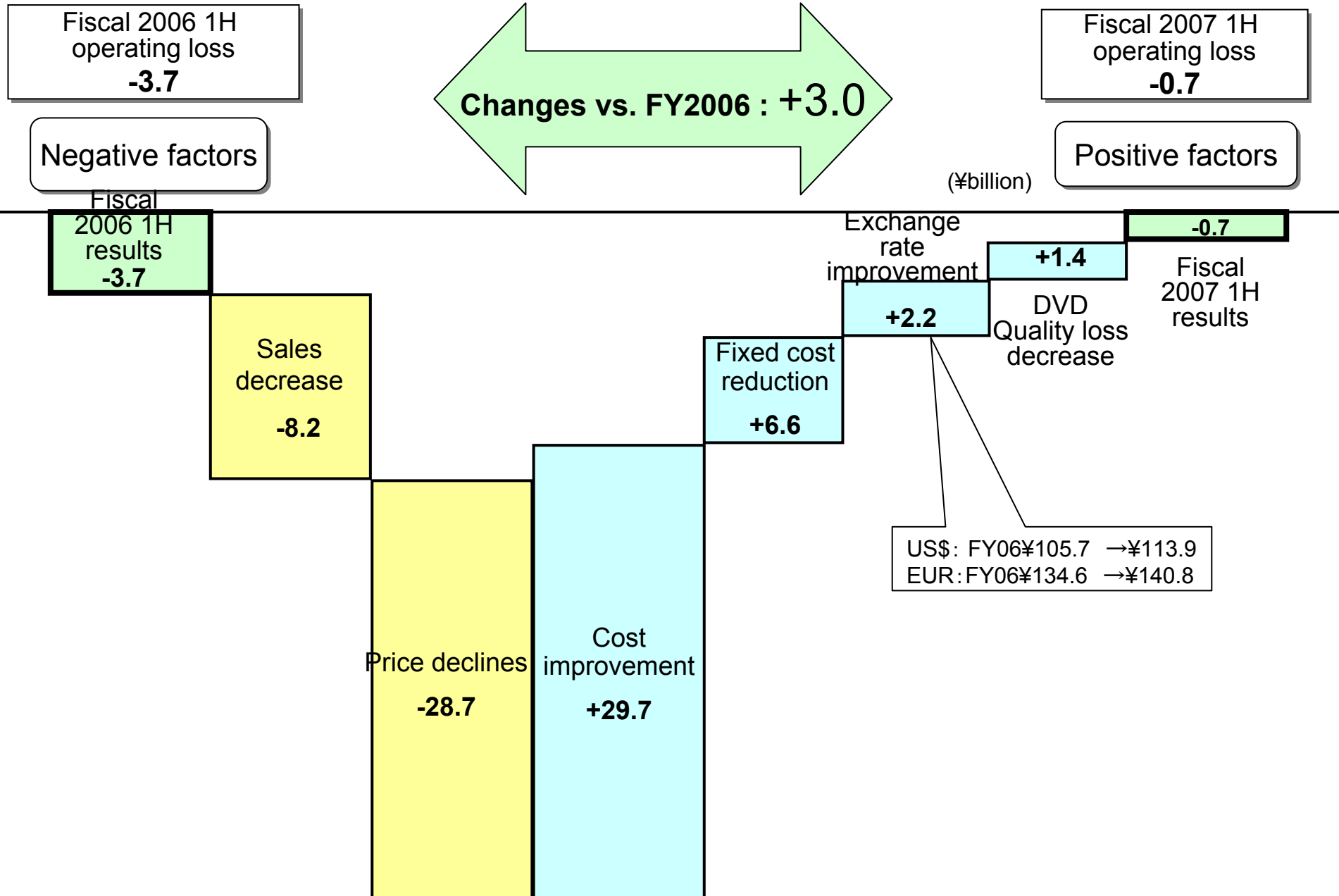
Fiscal 2007 1H Sales Results by Segment



Consumer Electronics Quarterly Y/Y Sales

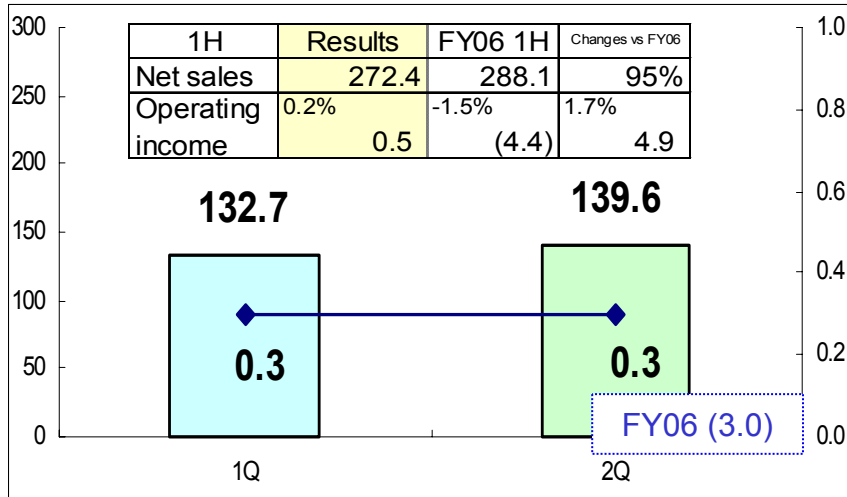


Fiscal 2007 1H Operating Loss Breakdown



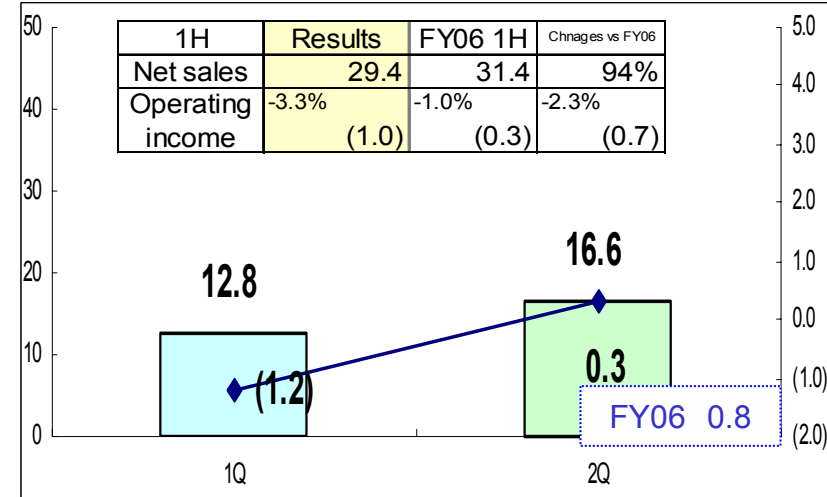
Fiscal 2007 1H Sales Results by Segment

Consumer Electronics

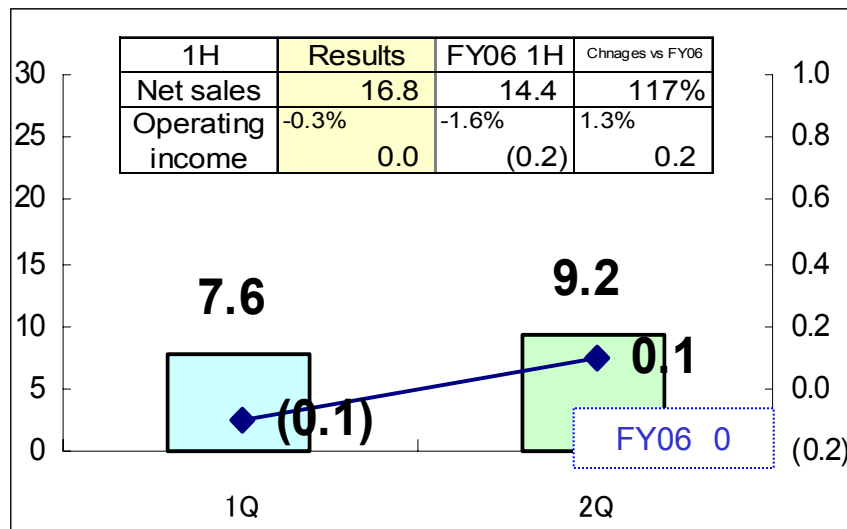


Professional Electronics

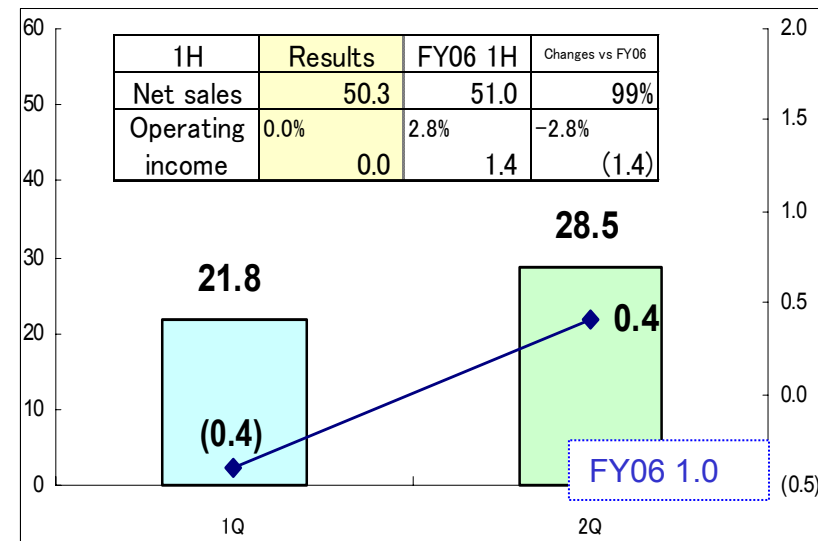
(¥billion)



Components & Devices



Software & Media



Fiscal 2007 1H Extraordinary Income (Loss)

(¥billion)

	Results
Gain on sales of property	11.9
Gain on sales of investment securities	2.5
Structural reform charges of overseas factories	(0.8)
Loss from DVD business inventory disposal	(2.2)
Imparement loss on display factory in the Americas	(1.1)
Total	10.4

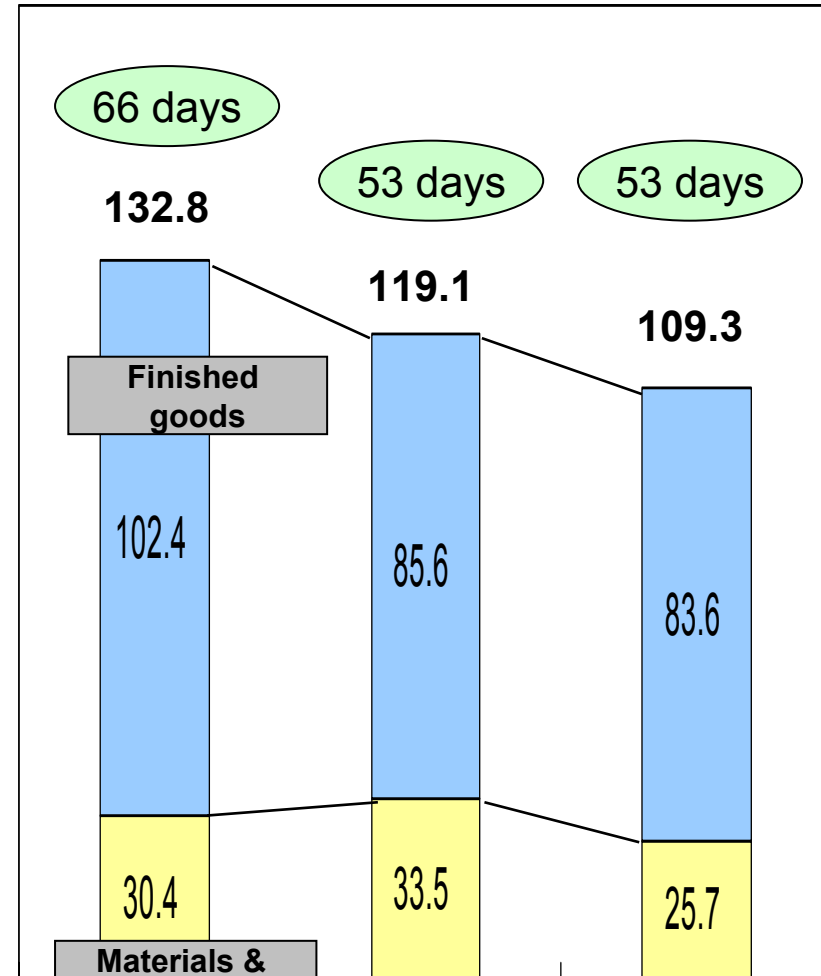
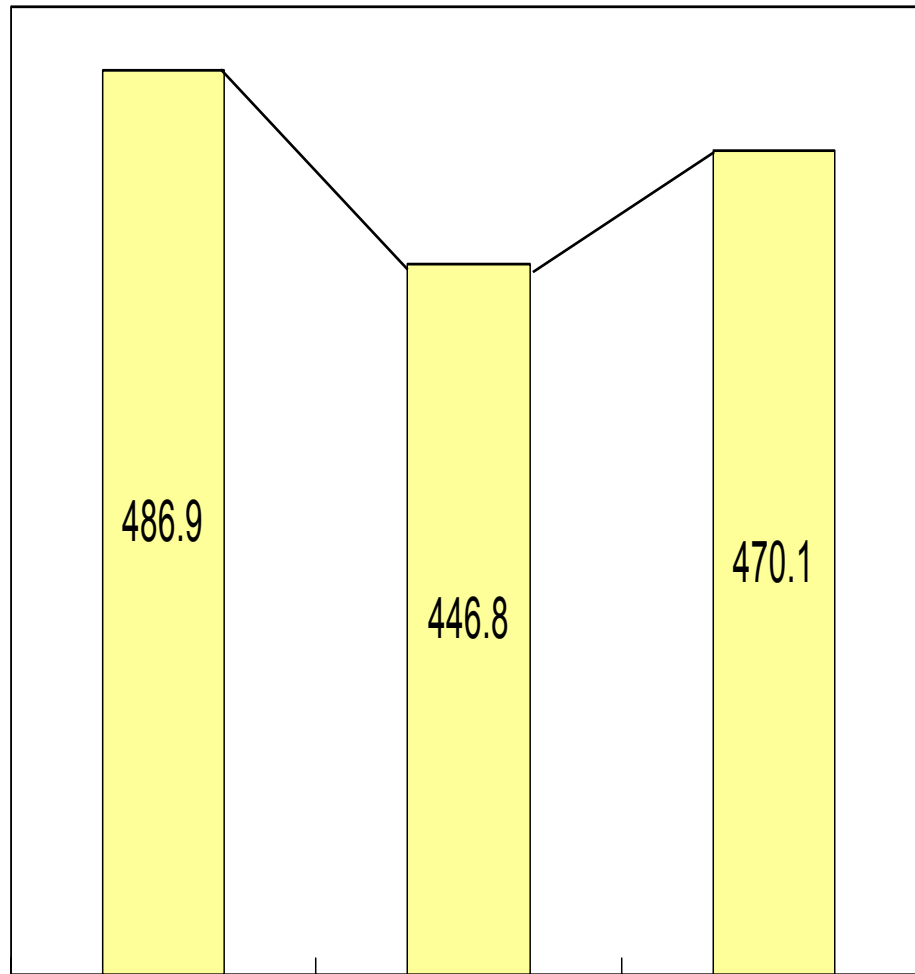
Trend in Asset and Inventory

Gross asset

Exch.rate	2006/9	2005/9
US \$	117.9	113.2
EUR	149.8	136.1

Inventory

(¥billion)



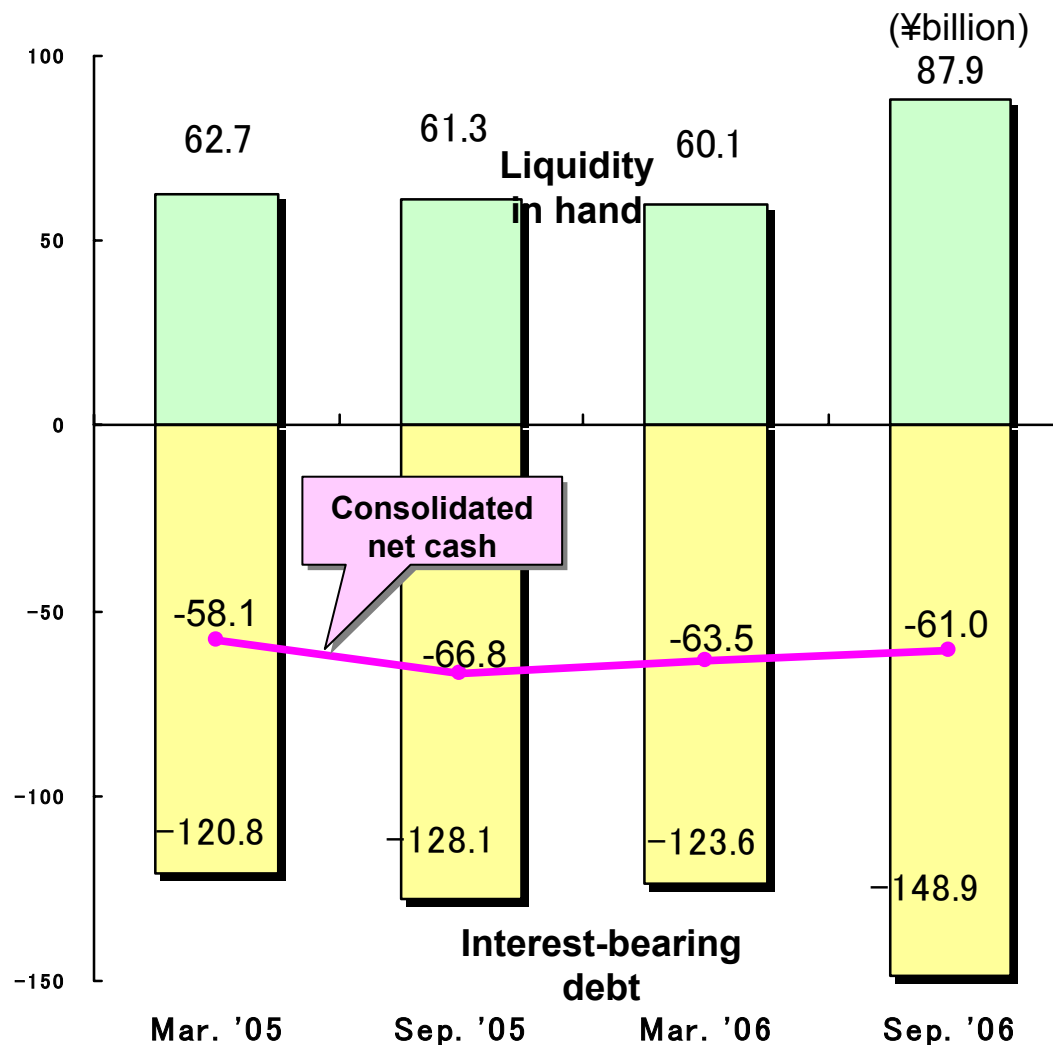
End of Sep. 2005 End of Mar. 2006 End of Sep. 2006

End of Sep. 2005 End of Mar. 2006 End of Sep. 2006

Fiscal 2007 1H Cash Flow

Consolidated statements of cash flow

Income before income taxes	7.0
Depreciation	10.7
Inventory	11.9
Operating capital	(21.7)
Others	(14.5)
Net cash provided by operating activities	(6.6)
Investment on fixed assets	(5.6)
Investment on molds	(4.4)
Proceeds from sales of property	13.2
Others	2.9
Net cash used in investing activities	6.1
Free cash flow	(0.6)
Net cash used in financing activities	27.3
Net increase in cash	27.8
Cash at the beginning of the year	60.1
Cash at the end of 1H	87.9



<Tangible fixed assets excluding mold cost> <Capital expenditure plan for fiscal 2007>

Cash flow basis for Fiscal 2007 1H

Capital expenditure	5.6	Capital expenditure	18.0
Depreciation & amortization	6.1	Depreciation & amortization	17.0

Fiscal 2007 Business Forecast

<Consolidated>

(¥billion)

	Current forecast	Original forecast	Changes vs current forecast	FY06 results	Changes vs FY06
Net sales	830.0	830.0	100%	806.9	103%
Operating income (loss)	1.2% 10.0	1.2% 10.0	0.0	-0.9% (6.9)	16.9
Ordinary income (loss)	0.5% 4.0	0.5% 4.0	0.0	-1.9% (15.0)	19.0
Net income (loss)	0.2% 2.0	0.2% 2.0	0.0	-3.8% (30.6)	32.6

<Non-consolidated>

Net sales	420.0	420.0	100%	433.1	97%
Ordinary income (loss)	0.6% 2.5	0.6% 2.5	0.0	-1.1% (4.8)	7.3
Net income (loss)	1.0% 4.0	1.0% 4.0	0.0	-3.9% (16.7)	20.7

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Progress of Management Reform and Activities in 2nd Half

President Masahiko Terada



1. Management Reform Framing

- Process of reforms -



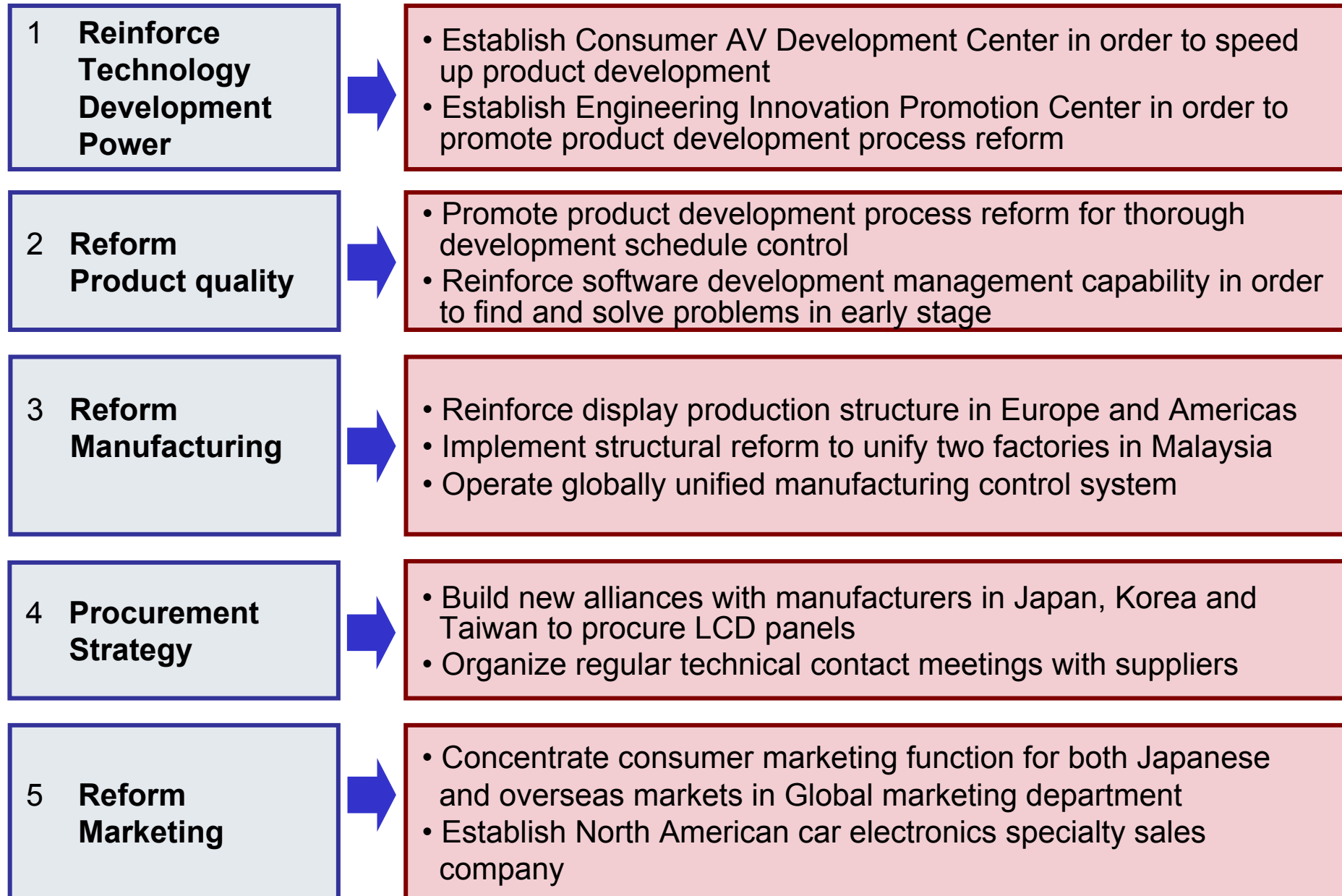
Regain market confidence

- Key points of reforms -

- » Continue and reinforce management operations
- » Thorough product strategy based on “Only One” niche top strategy
- » Businesses review and approach to new businesses

New medium-term plan

2. Management operation reform progress in 1H



3. “Only One” Niche Top Strategy in 2H: D-ILA

Propose new life style by promoting new appeal for D-ILA by making it with thinner form

* Expand sales channel in North America by increasing full HD lineup (70% of total sales)

* Launch slim type HD-ILA rear projection TV
- 27cm depth with wall hanging capability

* Launch D-ILA Full HD home projector
- Company's first home use front projector



3. “Only One” Niche Top Strategy in 2H: LCD

Promote High/Low strategy mainly in Europe and expand sales

* Thoroughly promote High/Low strategy with big screen/ high picture quality/ clear motion drive as differentiation points

- Introduce 37 inch LCD with Clear Motion Drive and 46 inch Full HD LCD in Europe
- Expand low-end lineup in Europe, Japan, Americas

* Reinforce Sales in Europe with High/Low strategy, where JVC gains good market position

- European sales composition: 60%



3. “Only One” Niche Top Strategy in 2H: Audio

Reflecting our original audio concept “closer to musical truth”, launch products with “high definition audio”, unique to JVC

- * New “Sophisti” Advanced Living Entertainment System: Reinforce sales of Sophisti DD system



- * Reinforce Sales of embedded flash memory audio system



- * Launch new wood cone speaker system equipped with big diameter woofer



4. Perspective of New Medium-term Plan (1)

Basic concept

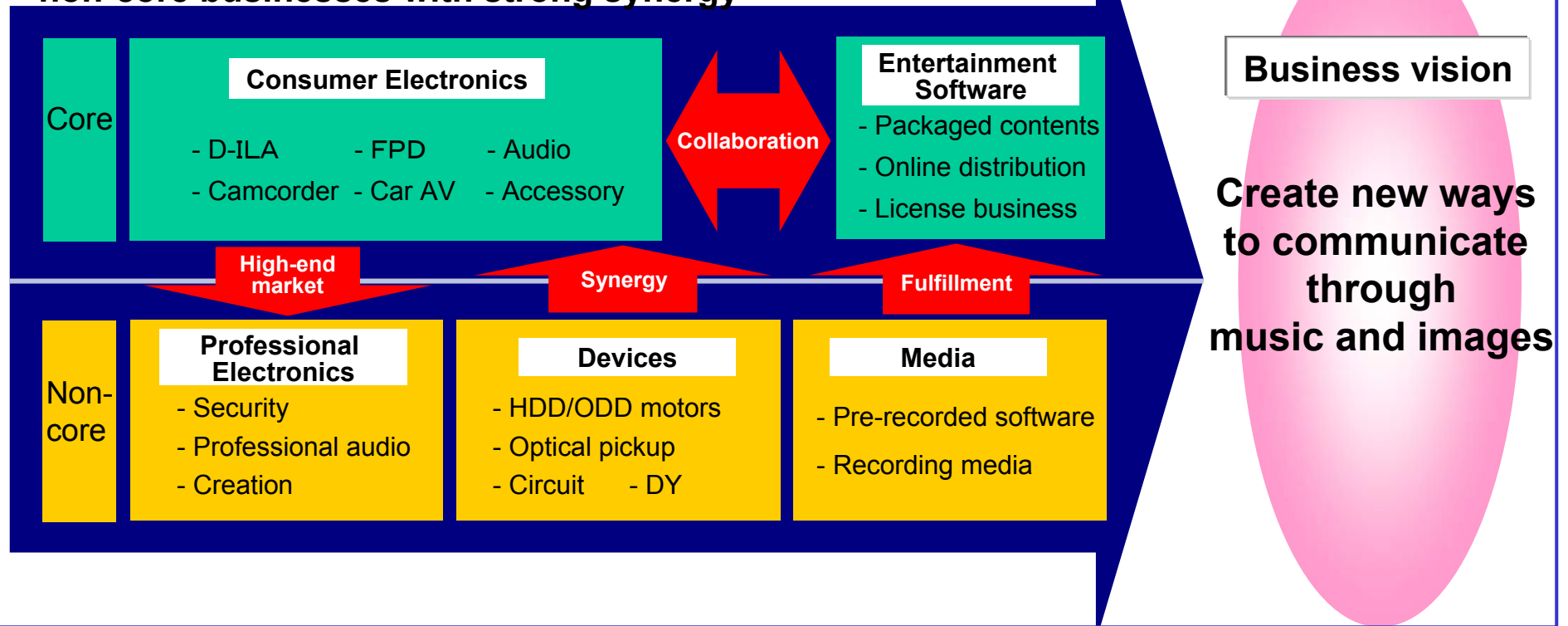
”The Perfect Experience”

To deliver truly moving experiences and total customer satisfaction

Deeply pursue basic brand concept philosophy

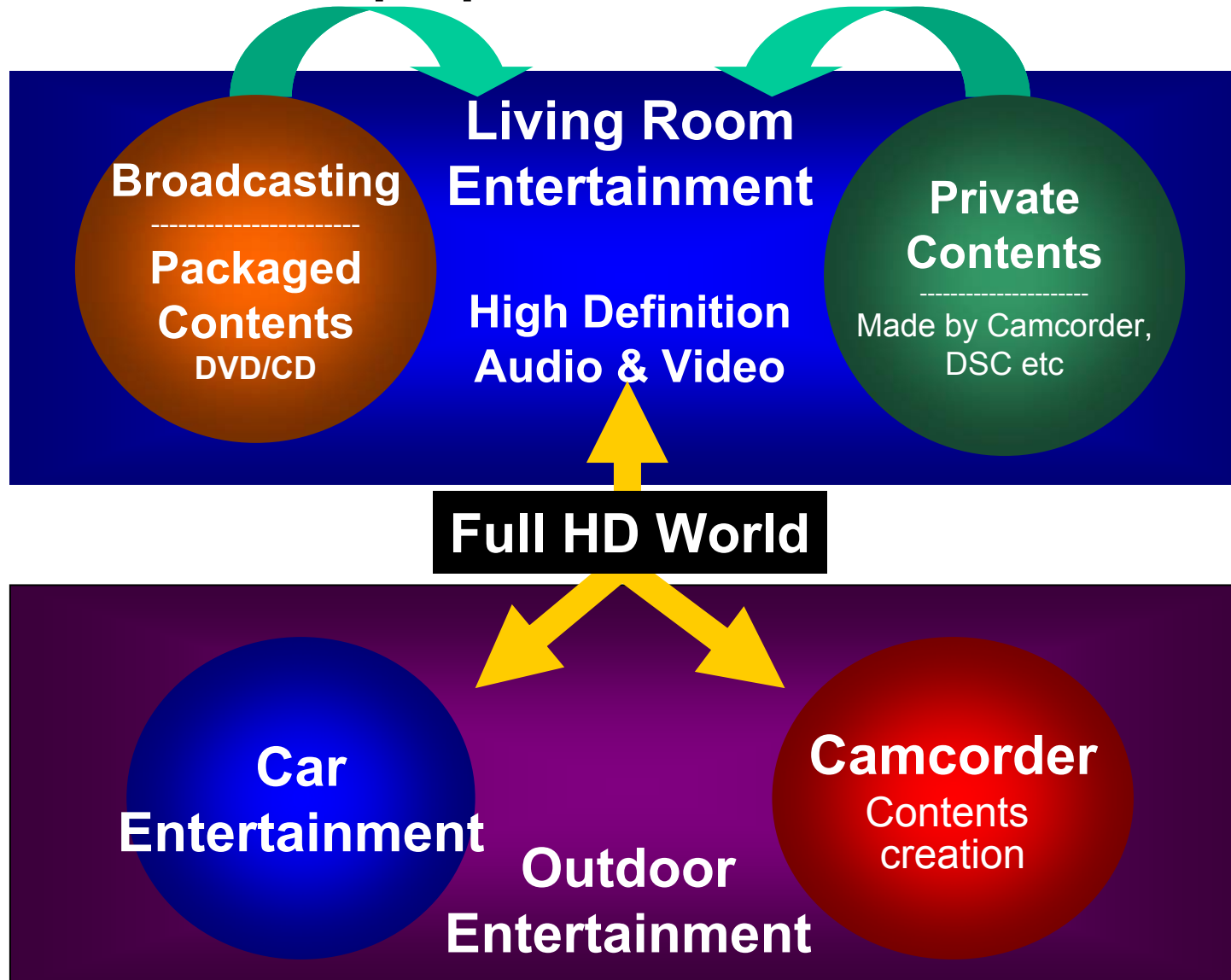
Key points of new medium-term plan

Form a solid structure company, connecting core and non-core businesses with strong synergy



4. Perspective of Medium-term Plan (2)

Now the environment for HD is ready,
we would like to propose our new HD World concept.



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<Consolidated>

(¥billion)

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