October 26, 2006

Fiscal 2007 First Semester, ended September 30, 2006

Business Results

JVC

The Perfect Experience

Summary of Business Results in Fiscal 2007 1H

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

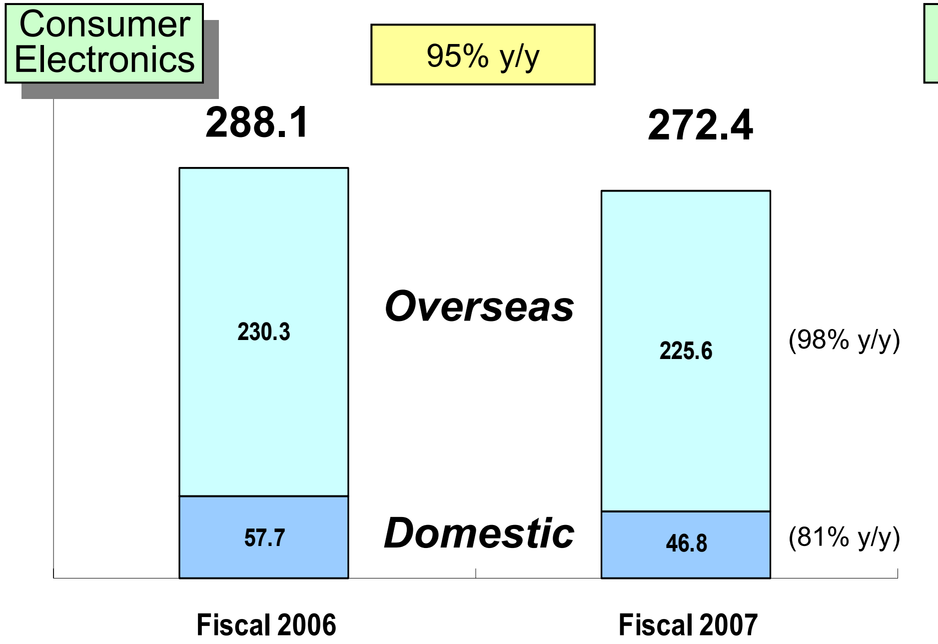
Consolidated Business Results in Fiscal 2007 1H

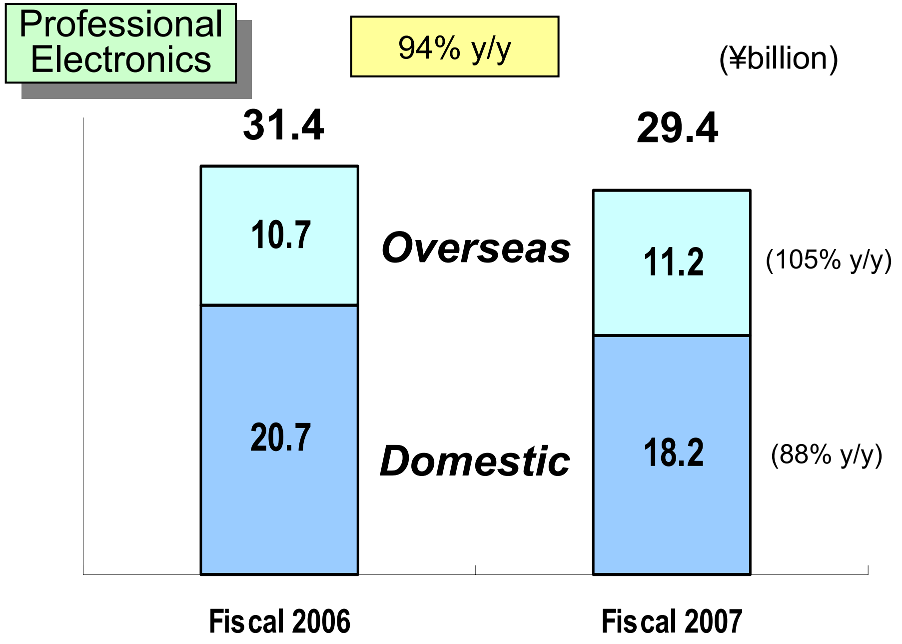
(¥billion)

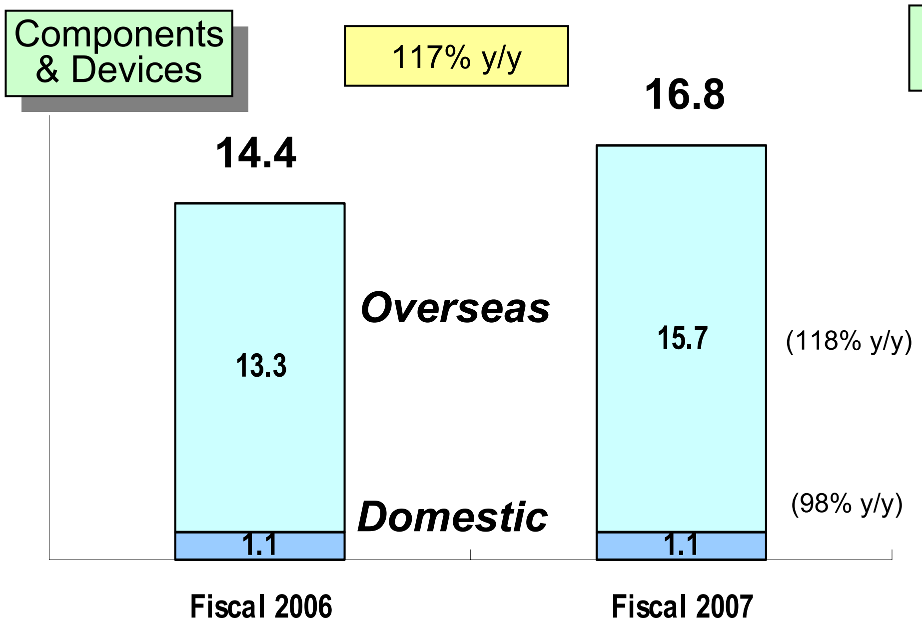
FY07 1H	Results	FY06 1H results	Changes vs FY06	Original forecast	Changes vs forecast
Net sales	371.2	387.3	96%	390.0	95%
Operating income (loss)	-0.2% (0.7)	-1.0% (3.7)	3.0	-0.5% (2.0)	1.3
Ordinary income (loss)	-0.9% (3.4)	-2.2% (8.5)	5.0	-1.3% (5.0)	1.6
Income (loss) before income tax	1.9% 7.0	-3.7%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

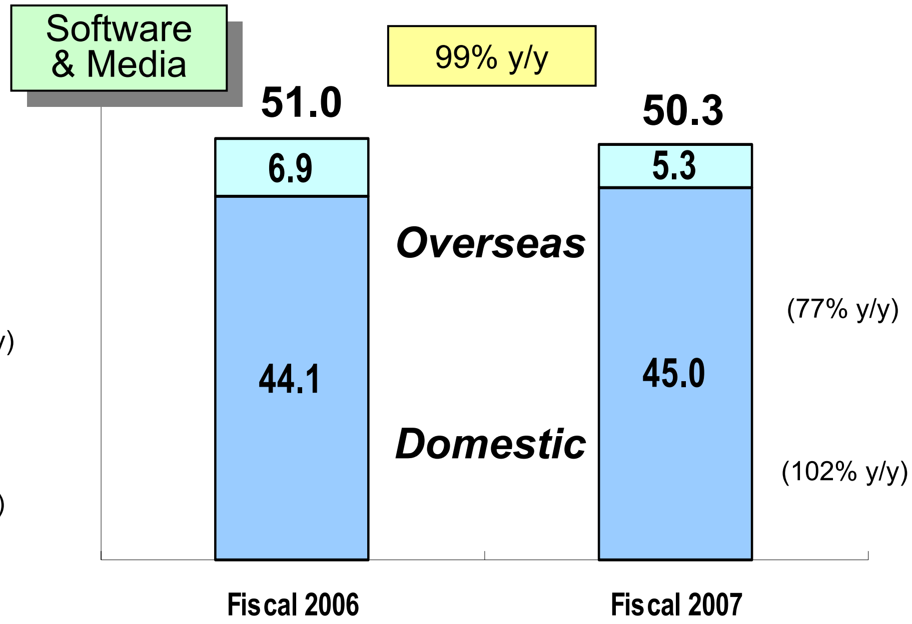
FY07 2Q	Results	FY06 2Q results	Changes vs FY06
Net sales	195.1	213.0	92%
Operating income (loss)	0.6% 1.3	-0.5% (1.0)	2.2
Ordinary income (loss)	-0.3% (0.5)	-1.4% (3.0)	2.5
Income (loss) before income tax	5.2% 10.1	-4.2% (9.0)	19.1
Net income (loss)	4.3% 8.4	-4.5% (9.7)	18.1

Fiscal 2007 1H Sales Results by Segment

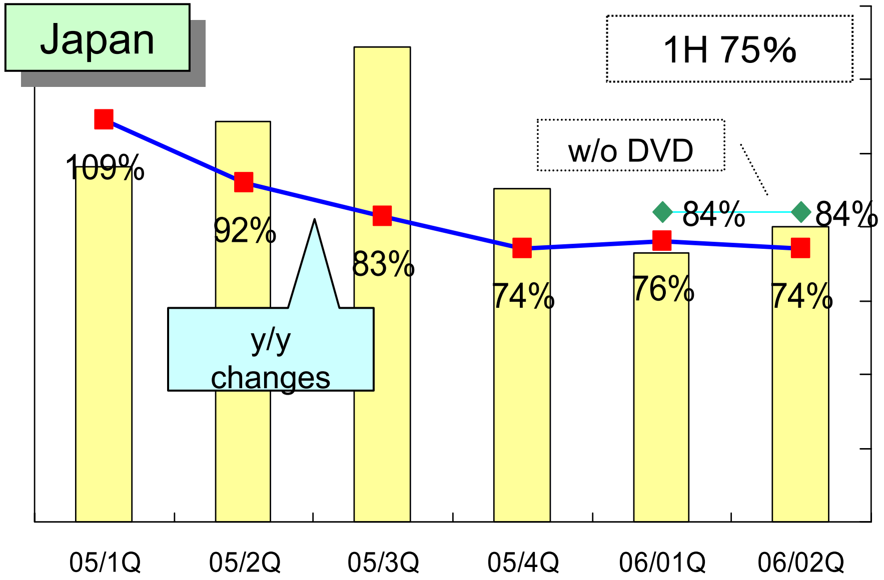


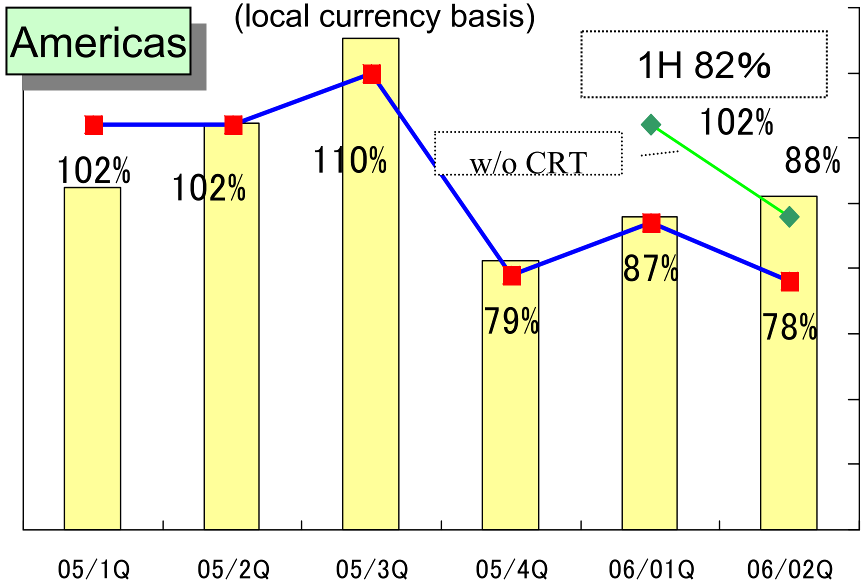


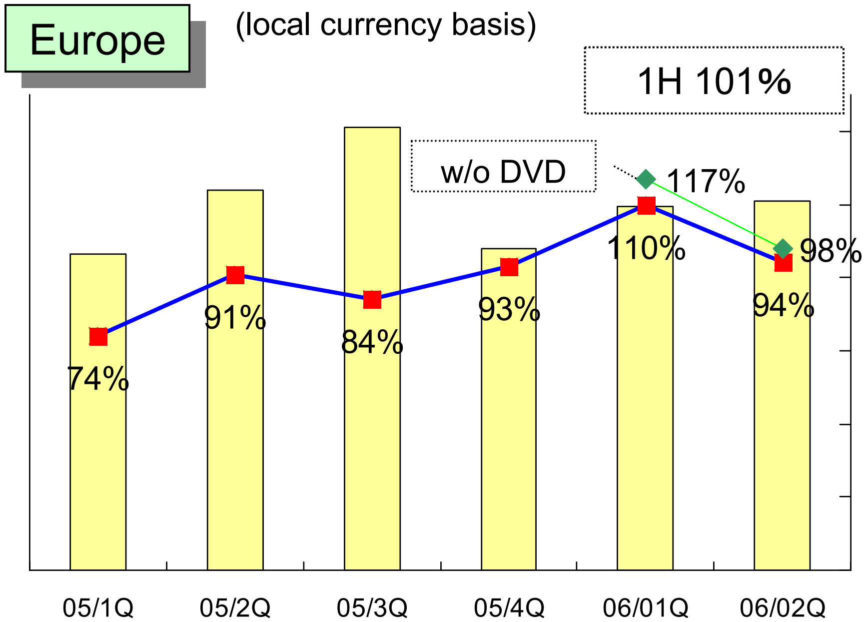


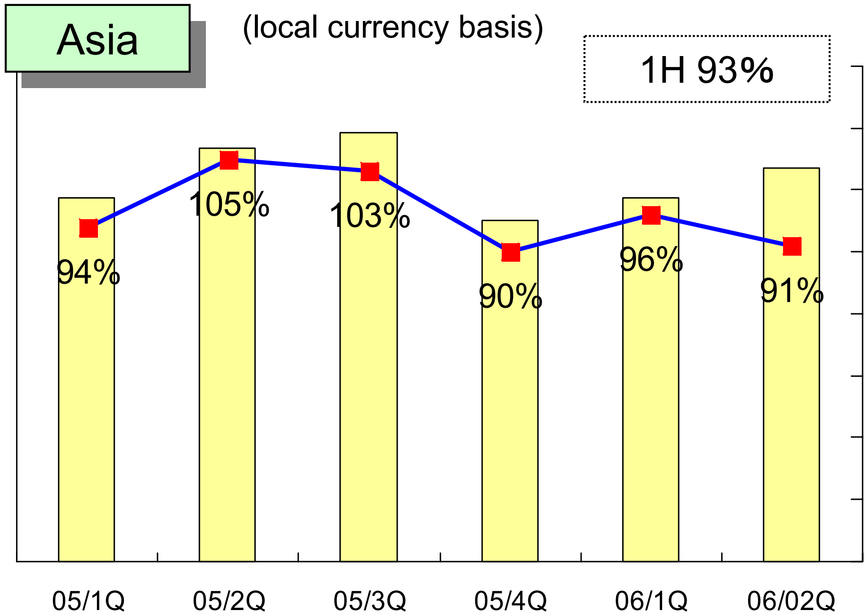


Consumer Electronics Quarterly Y/Y Sales

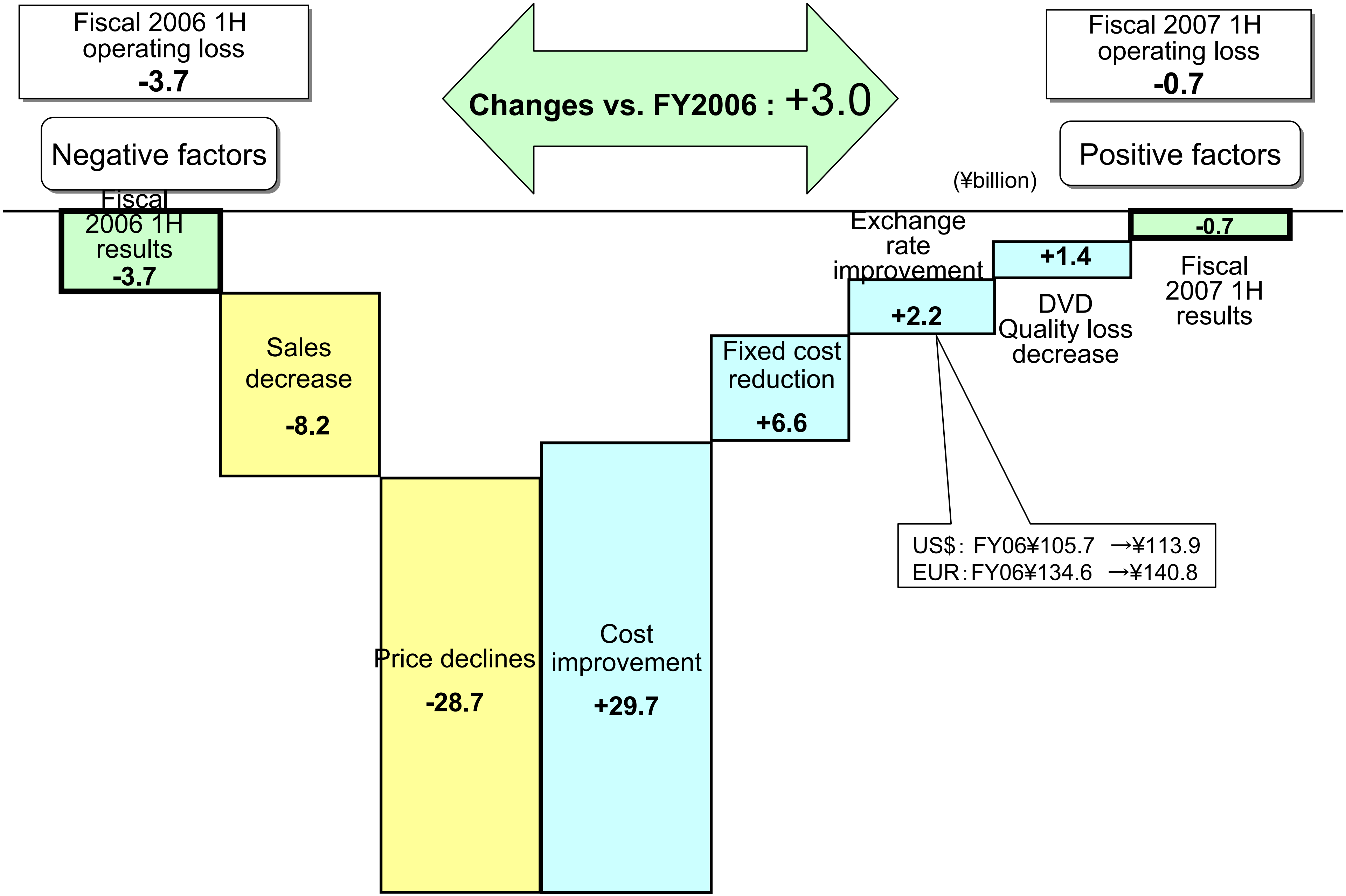








Fiscal 2007 1H Operating Loss Breakdown

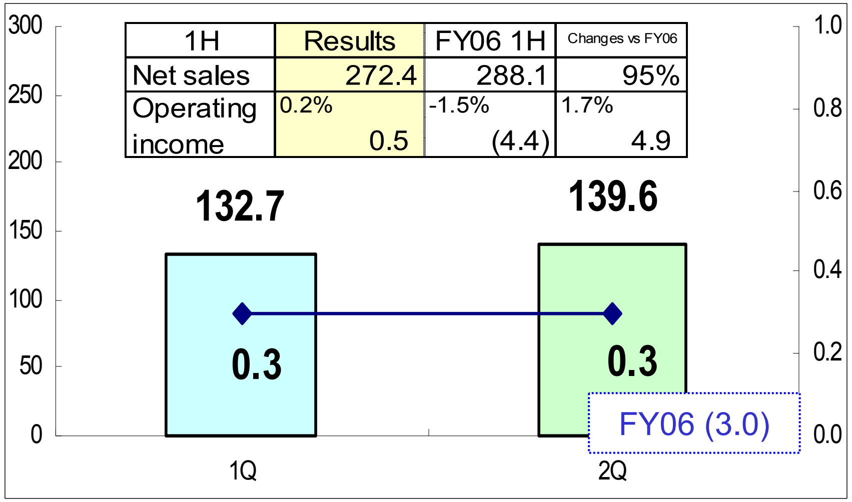


Fiscal 2007 1H Sales Results by Segment

(¥billion)

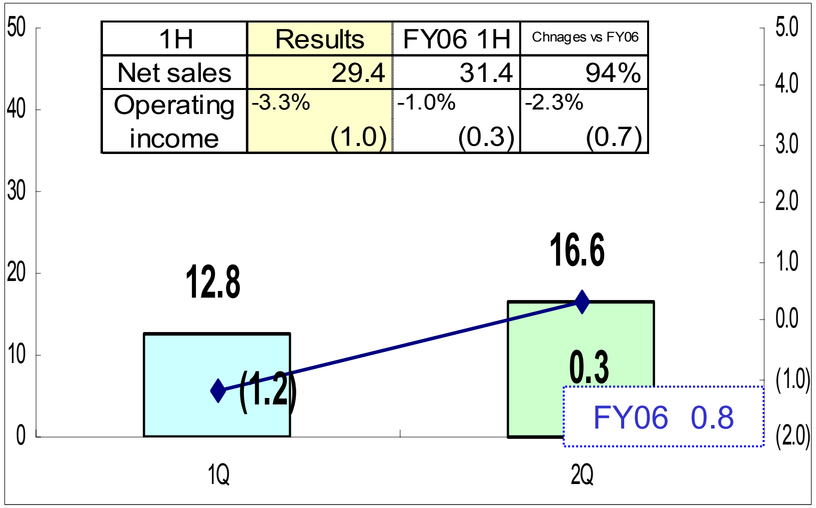
Consumer Electronics

1H	Results	FY06 1H	Changes vs FY06
Net sales	272.4	288.1	95%
Operating income	0.2% 0.5	-1.5% (4.4)	1.7% 4.9



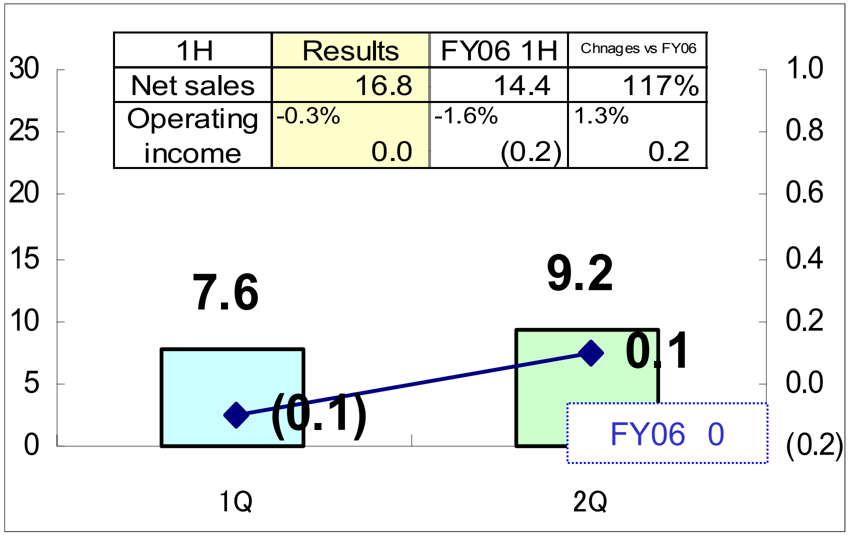
Professional Electronics

1H	Results	FY06 1H	Chnages vs FY06
Net sales	29.4	31.4	94%
Operating income	-3.3% (1.0)	-1.0% (0.3)	-2.3% (0.7)



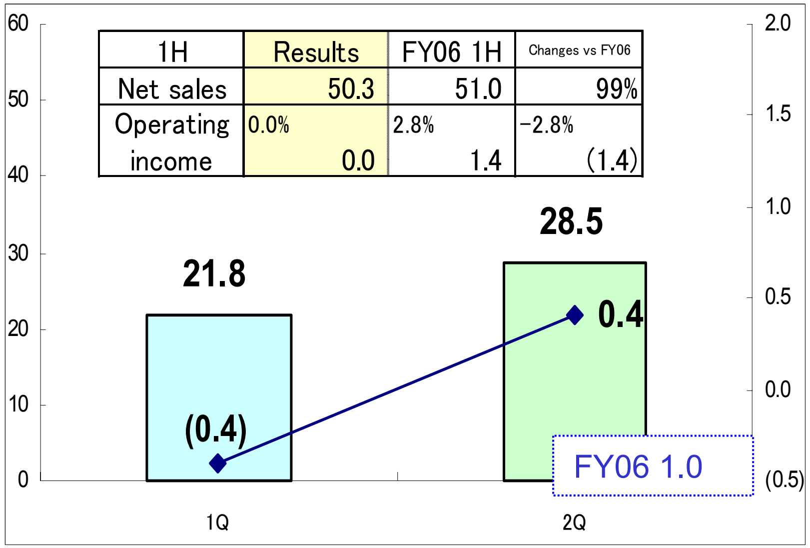
Components & Devices

1H	Results	FY06 1H	Chnages vs FY06
Net sales	16.8	14.4	117%
Operating income	-0.3% 0.0	-1.6% (0.2)	1.3% 0.2



Software & Media

1H	Results	FY06 1H	Changes vs FY06
Net sales	50.3	51.0	99%
Operating income	0.0% 0.0	2.8% 1.4	-2.8% (1.4)



Fiscal 2007 1H Extraordinary Income (Loss)

(¥billion)

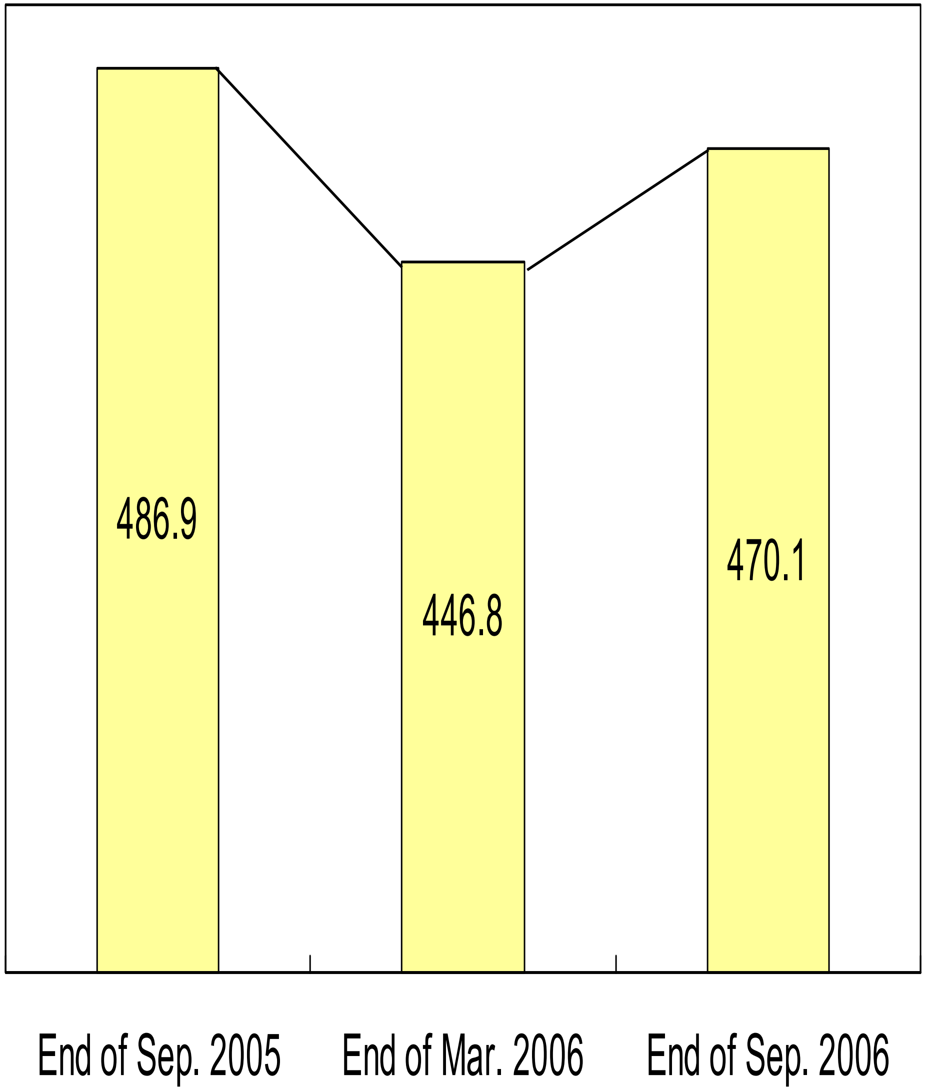
	Results
Gain on sales of property	11.9
Gain on sales of investment securities	2.5
Structural reform charges of overseas factories	(0.8)
Loss from DVD business inventory disposal	(2.2)
Imparement loss on display factory in the Americas	(1.1)
Total	10.4

Trend in Asset and Inventory

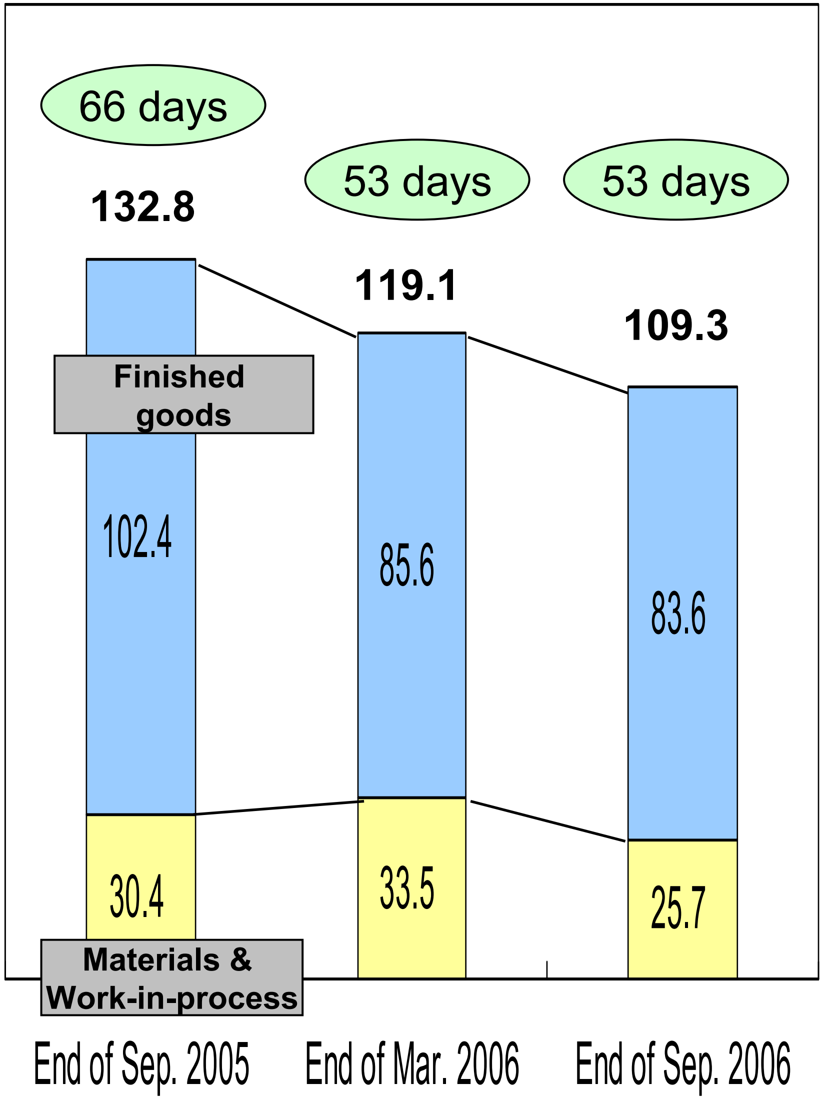
Exch.rate	2006/9	2005/9
US $	117.9	113.2
EUR	149.8	136.1

(¥billion)

Gross asset



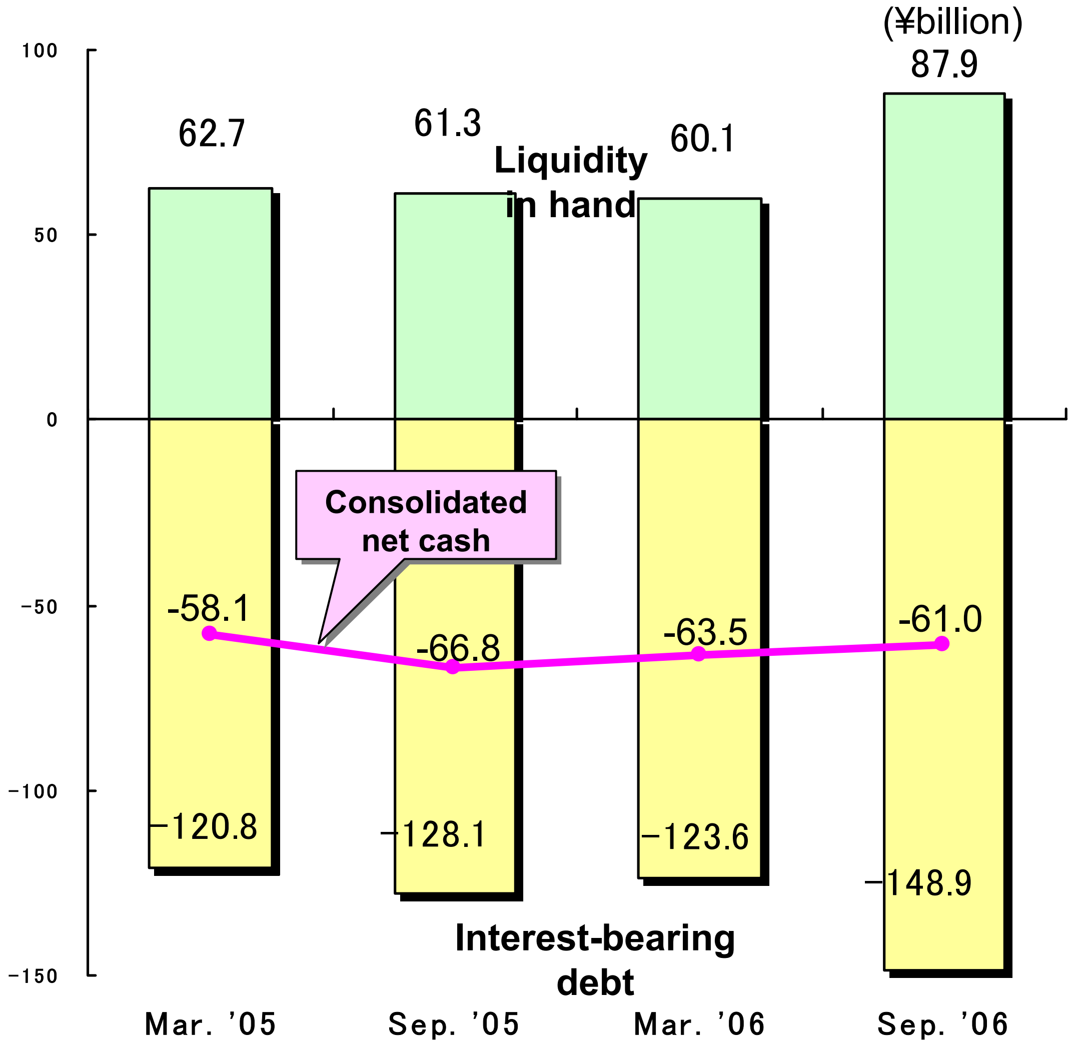
Inventory



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)
	Investement 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 begenning of the year		60.1
Cash at the end of 1H		87.9



(¥billion)

<Tangible fixed assets excluding mold cost>

Cash flow basis for Fiscal 2007 1H

Capital expenditure	5.6
Depreciation & amortization	6.1

<Capital expenditure plan for fiscal 2007>

Capital expenditure	18.0
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>

	Current forecast	Original forecast	Changes vs current forecast	FY06 results	Changes vs FY06
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

October 26, 2006

Progress of Management Reform and Activities in 2nd Half

President Masahiko Terada

JVC
The Perfect Experience

1. Management Reform Framing

- Process of reforms -

- **FY07** Restore profitability
- **FY08** Establish management bases
- **FY09** Shift to growth track

Regain market confidence → **New medium-term plan**

- 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

2. Management operation reform progress in 1H

1 **Reinforce Technology Development Power**	• Establish Consumer AV Development Center in order to speed up product development • Establish Engineering Innovation Promotion Center in order to promote product development process reform
2 **Reform Product quality**	• Promote product development process reform for thorough development schedule control • Reinforce software development management capability in order to find and solve problems in early stage
3 **Reform Manufacturing**	• Reinforce display production structure in Europe and Americas • Implement structural reform to unify two factories in Malaysia • Operate globally unified manufacturing control system
4 **Procurement Strategy**	• Build new alliances with manufacturers in Japan, Korea and Taiwan to procure LCD panels • Organize regular technical contact meetings with suppliers
5 **Reform Marketing**	• Concentrate consumer marketing function for both Japanese and overseas markets in Global marketing department • Establish North American car electronics specialty sales company

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

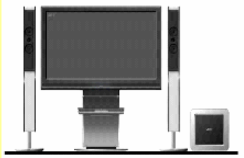
* Thoroughly promote High/Low strategy with big screen/ high picture quality/ clear motion drive as differentiation points
  - Introduce 37 inch LCD with Clear Motion Drive and 46 inch Full HD LCD in Europe
  - Expand low-end lineup in Europe, Japan, Americas

* 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

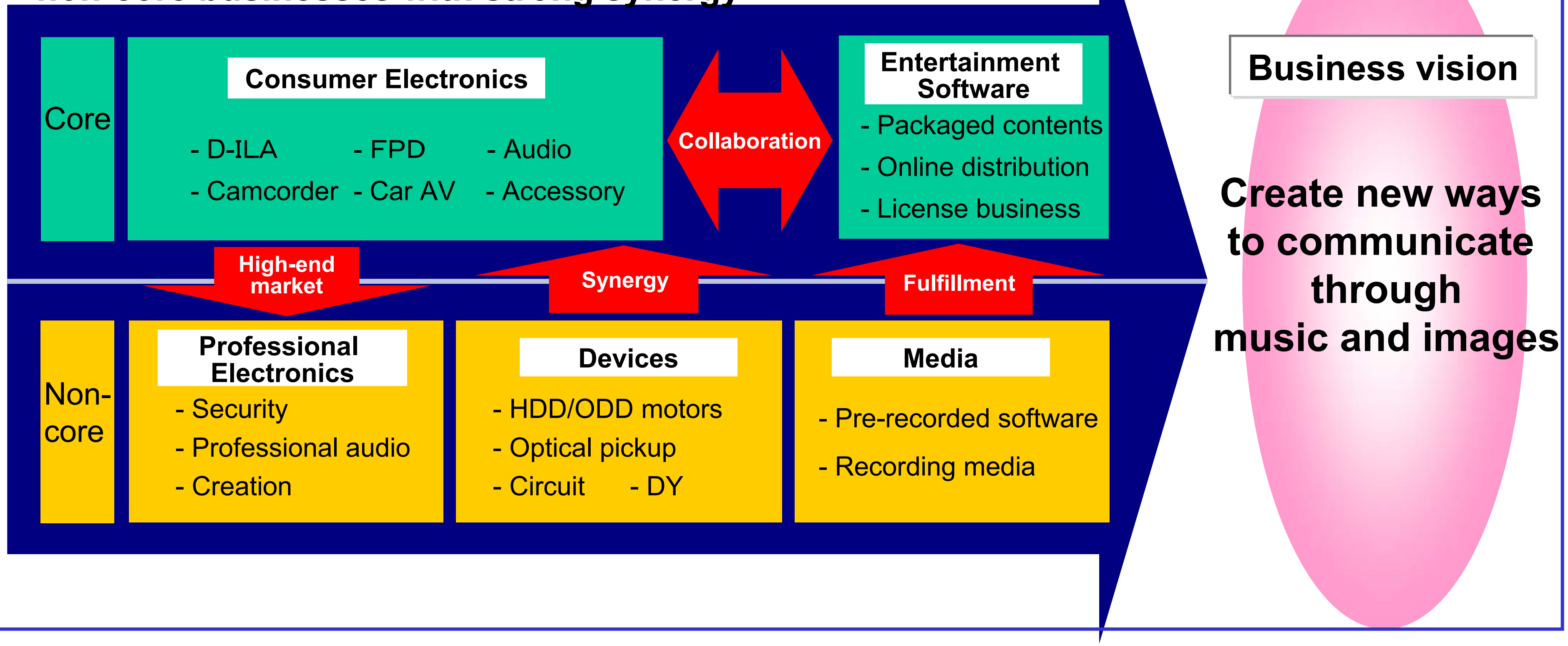
"The Perfect Experience"

To deliver truly moving experiences and total customer satisfaction

Deeply pursue basic brand concept philosophy

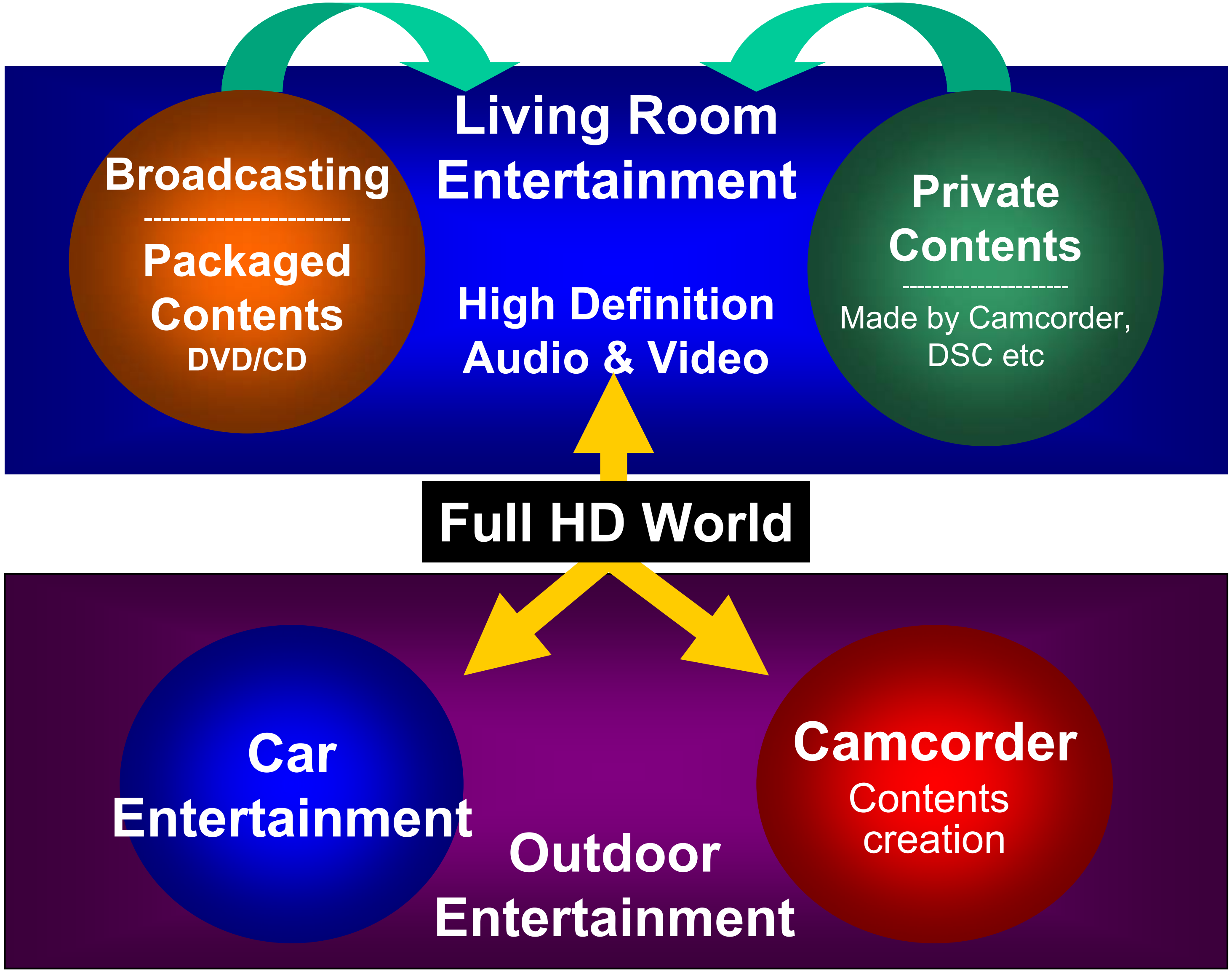
Key points of new medium-term plan

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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