

Fiscal 2004 Third Quarter
Business Results

February 5, 2004

Victor Company of Japan, Ltd.

1.43% increase of operating income

Operating income improvement : break even point 5% lower than previous year

2. Big improvement of net capital

Result in December 2003 : ¥-39.6 billion (improvement of ¥27.4 billion vs last year,
¥12.5 billion vs beginning of this fiscal year)

Drastic reduction of interest-bearing debt(¥21.9 billion of improvement vs last year)

3. Components & Devices business in difficulty

FY2004 3Q result : ¥ -1.1 billion (¥ - 0.7 billion vs last year)

FY2004 3Q Business Results (Consolidated)

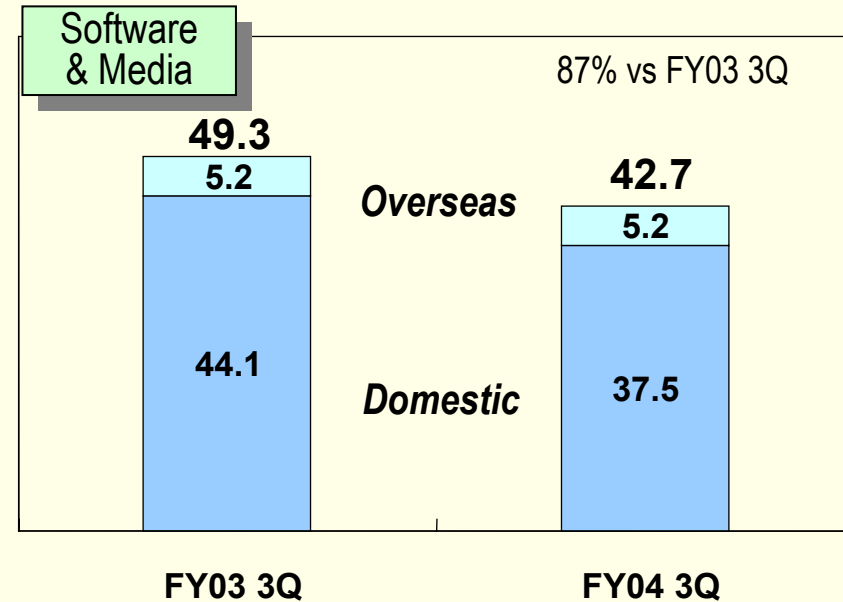
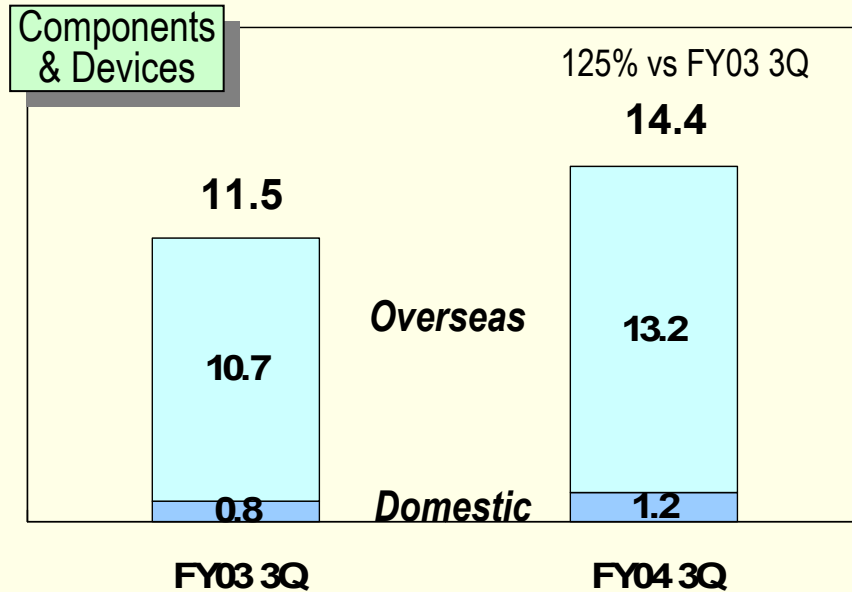
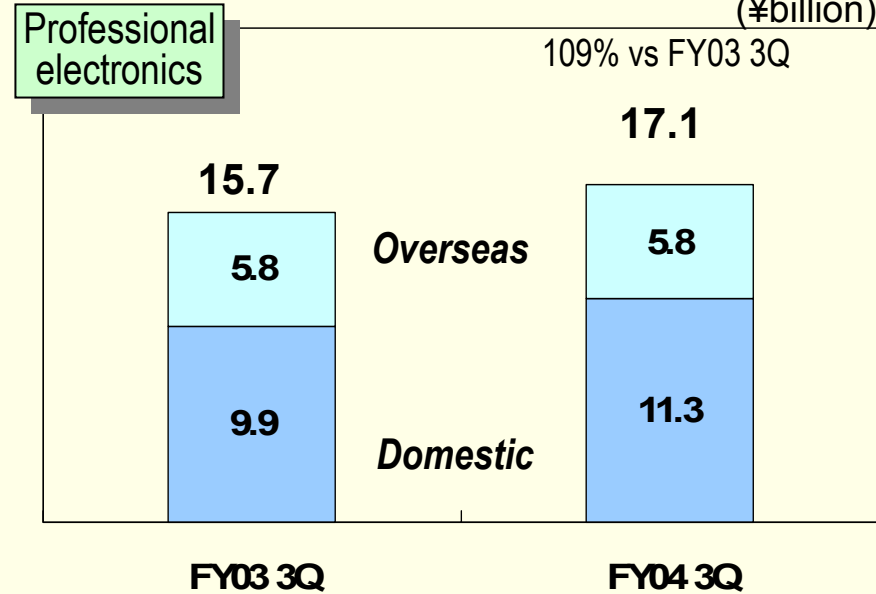
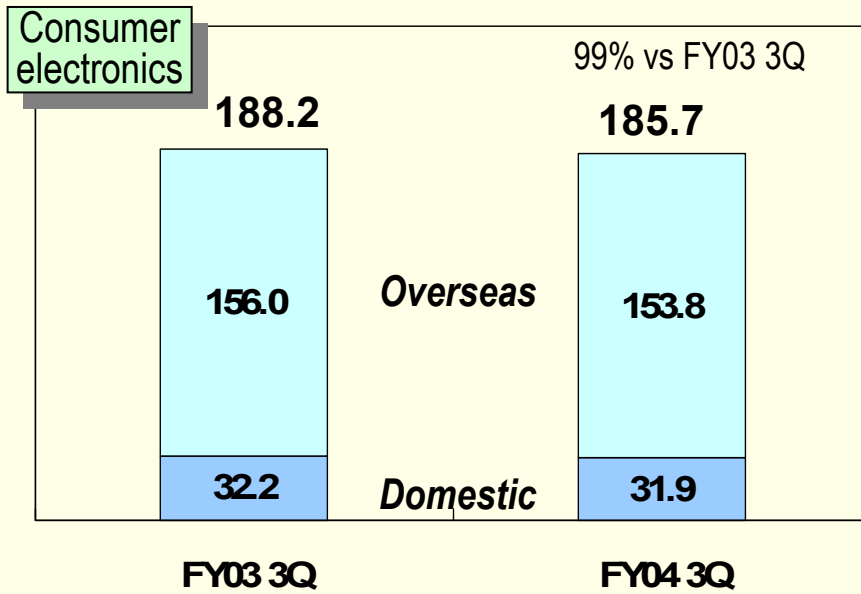
(¥billion)

	FY2004 3Q			FY2004 1Q-3Q		
	Result	FY03 result	vs FY03	Result	FY03 result	vs FY03
Net sales	261.3	266.2	98%	724.1	758.7	95%
Operating income	3.8% 10.0	2.6% 7.0	143% 3.0	2.8% 20.3	2.1% 15.9	128% 4.4
Ordinary income	3.3% 8.7	2.1% 5.7	153% 2.9	2.2% 15.9	1.5% 11.7	136% 4.2
Net profit	2.6% 6.9	1.8% 4.8	144% 2.1	1.4% 10.4	0.8% 6.2	168% 4.2

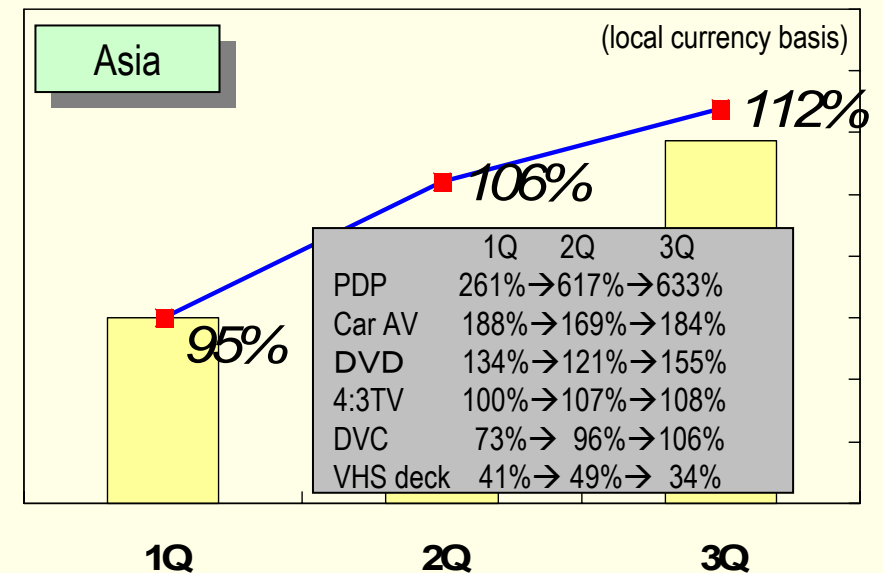
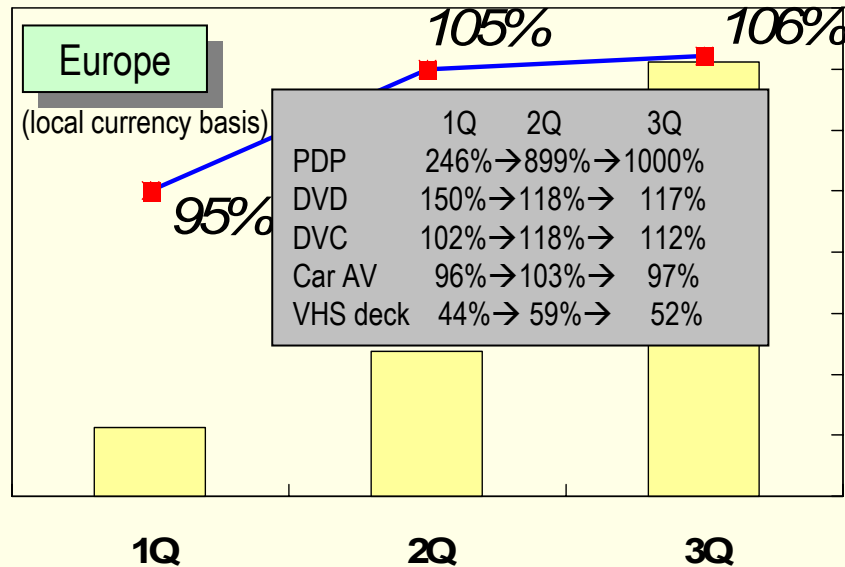
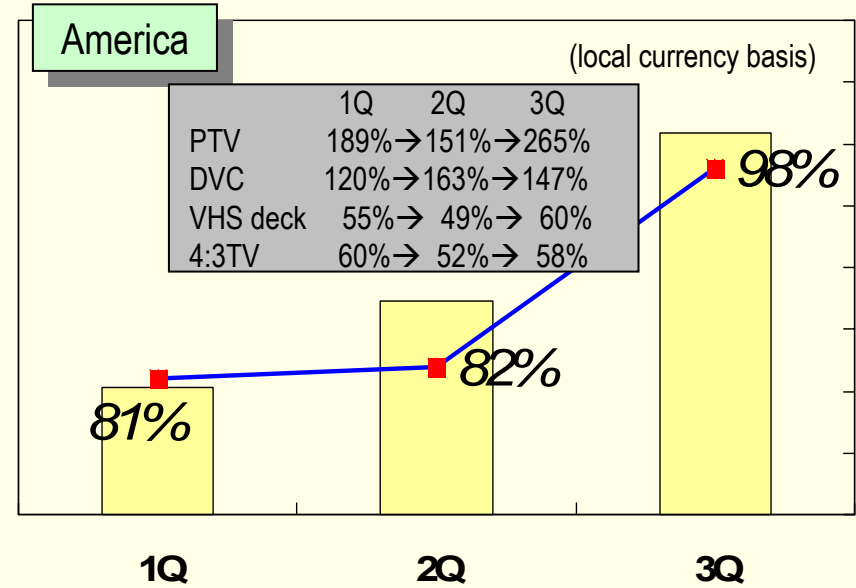
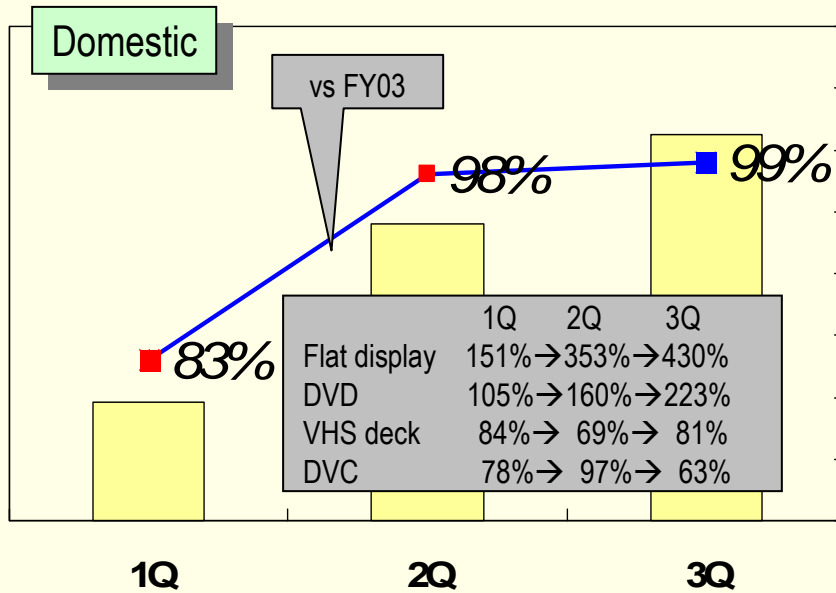
* FY03 results are indicated for reference.

FY2004 3Q Sales Results by Segment

(¥billion)



FY2004 3Q Consumer Electronics Sales Results (vs FY03 3Q)



Breakdown of Change in Operating Income (vs FY03 3Q)

(¥billion)

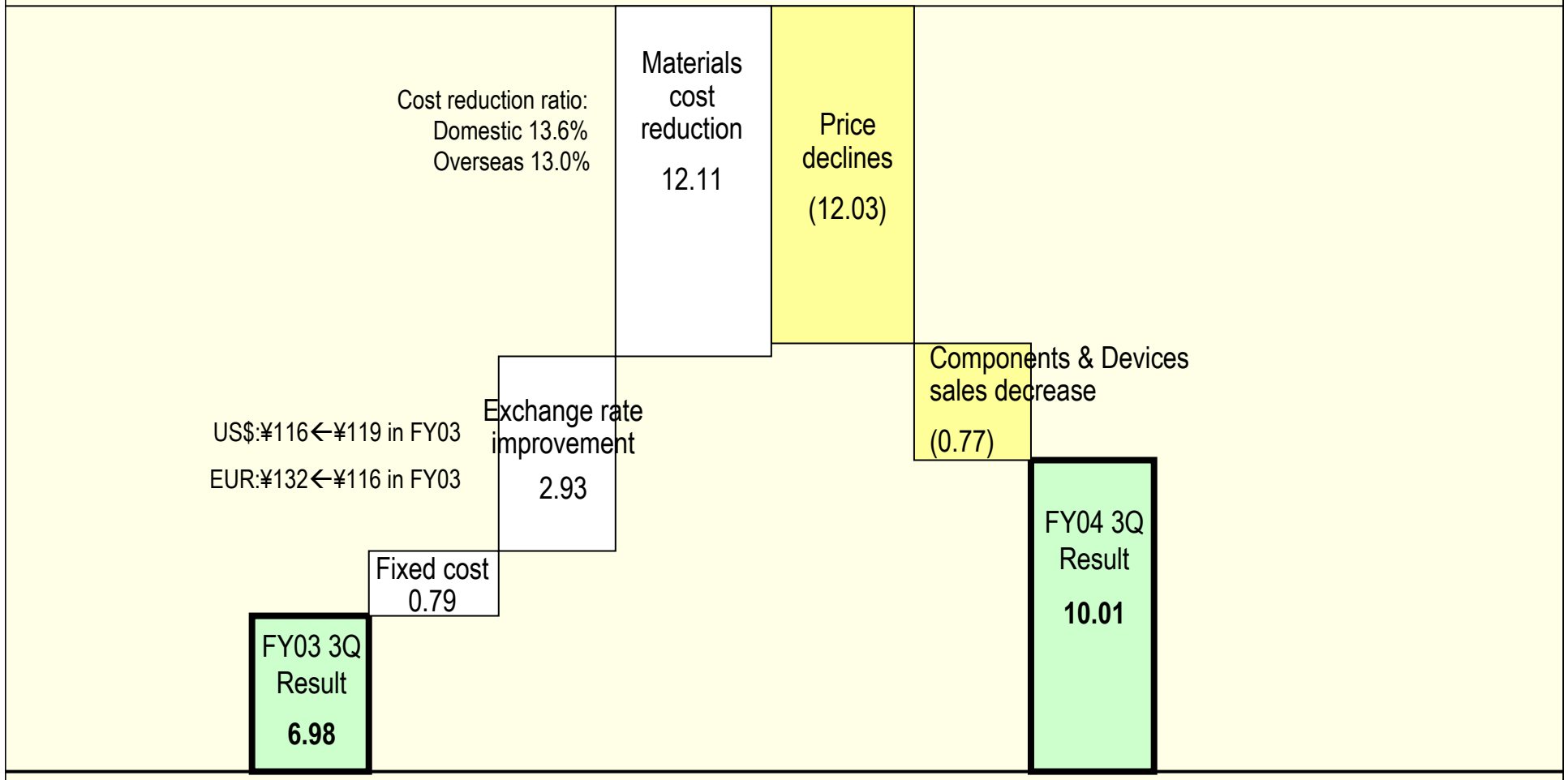
FY03 3Q
Operating income ¥6.98

Balance from FY03 3Q :
¥3.03 of improvement

FY04 3Q
Operating income ¥10.01

Positive factors

Negative factors



Net Sales and Operating Income by Segment

(¥billion)

	FY2004 3Q						FY2004 1Q-3Q					
	Net sales			Operating income			Net sales			Operating income		
	Result	FY03 result	vs FY03	Result	FY03 result	vs FY03	Result	FY03 result	vs FY03	Result	FY03 result	vs FY03
Consumer Electronics	185.7	188.2	99%	4.8% 9.0	4.4% 8.3	0.7	492.5	529.3	93%	4.0% 19.7	3.6% 19.2	0.5
Professional Electronics	17.1	15.7	109%	-5.8% (1.0)	-12.7% (2.0)	1.0	53.6	49.2	109%	-4.1% (2.2)	-8.7% (4.3)	2.1
Components & Devices	14.4	11.5	125%	-8.3% (1.2)	-3.5% (0.4)	(0.8)	48.4	37.1	130%	-5.0% (2.4)	-1.1% (0.4)	(2.0)
Software & Media	42.7	49.3	87%	4.0% 1.7	1.4% 0.7	1.0	124.9	138.3	90%	3.3% 4.1	0.9% 1.3	2.8

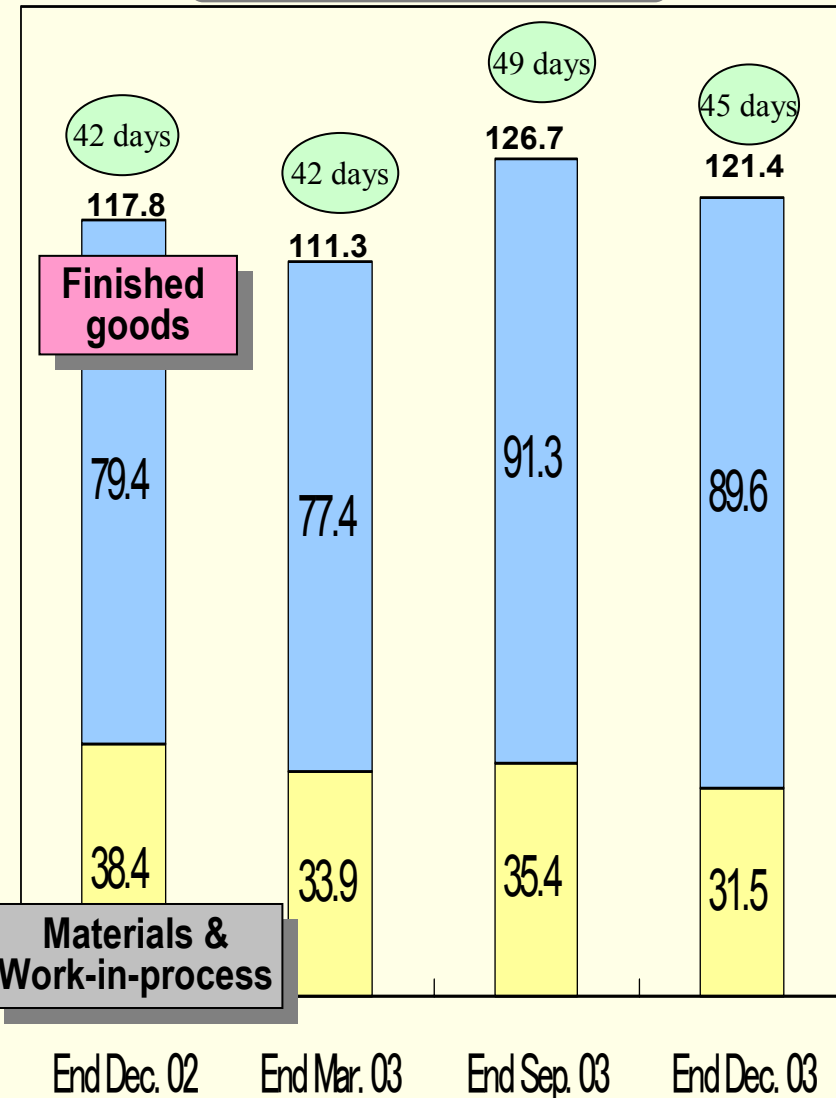
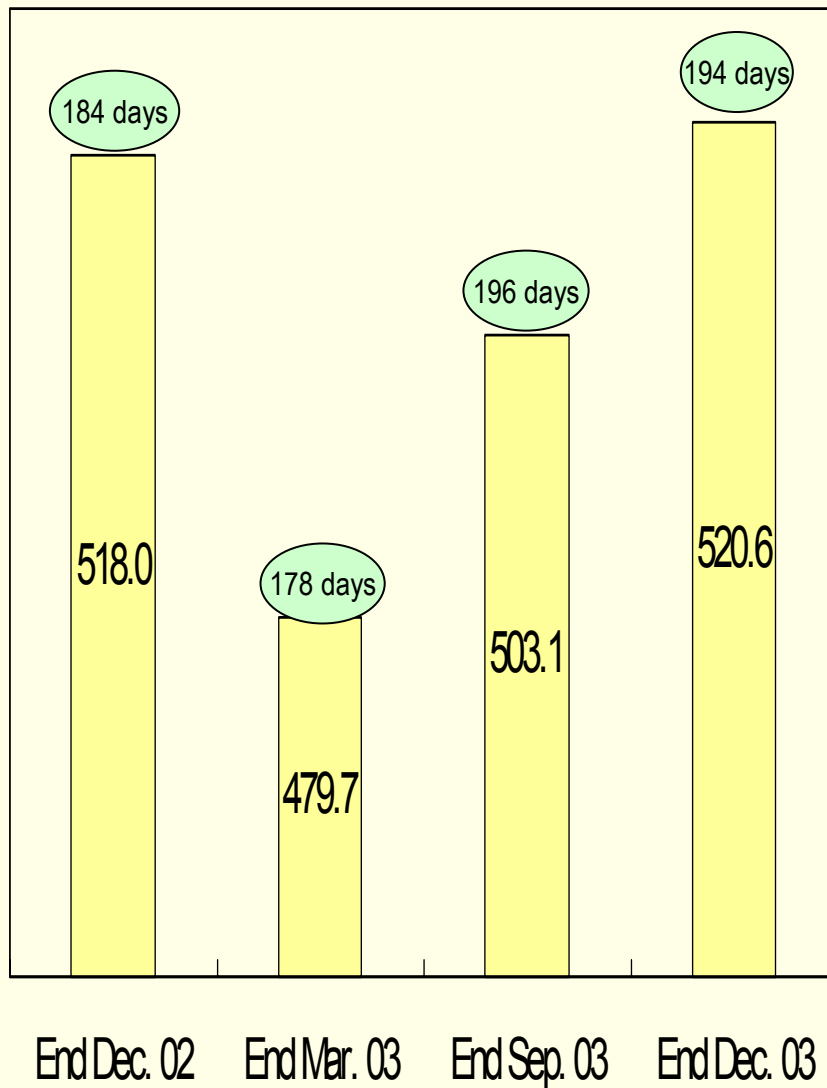
Trends in Assets and Inventory

Gross asset

Exch. rate	2003/12	2002/12
US \$	107.1	119.9
EUR	133.7	125.1

Inventory

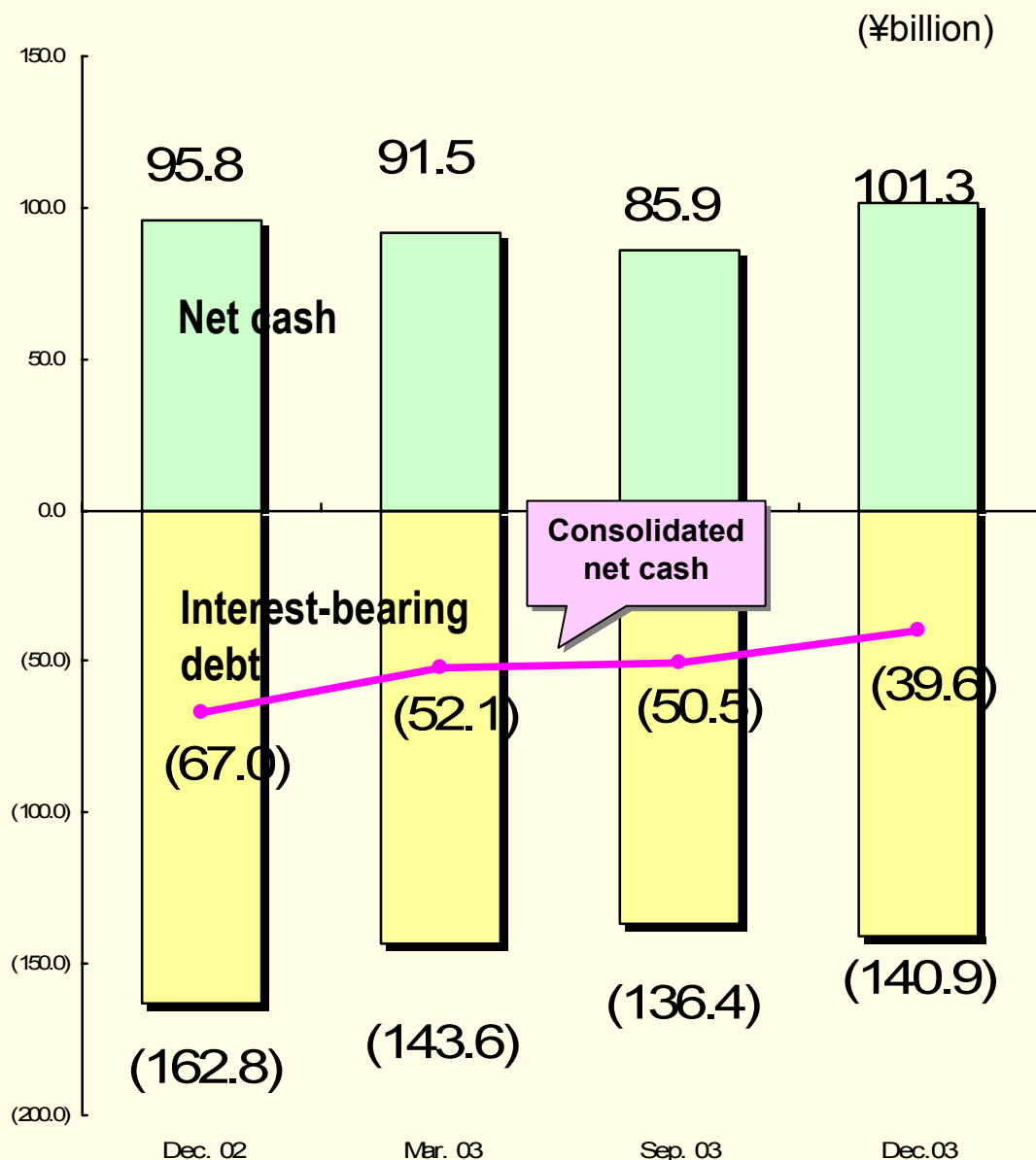
(¥billion)



Cash Flow

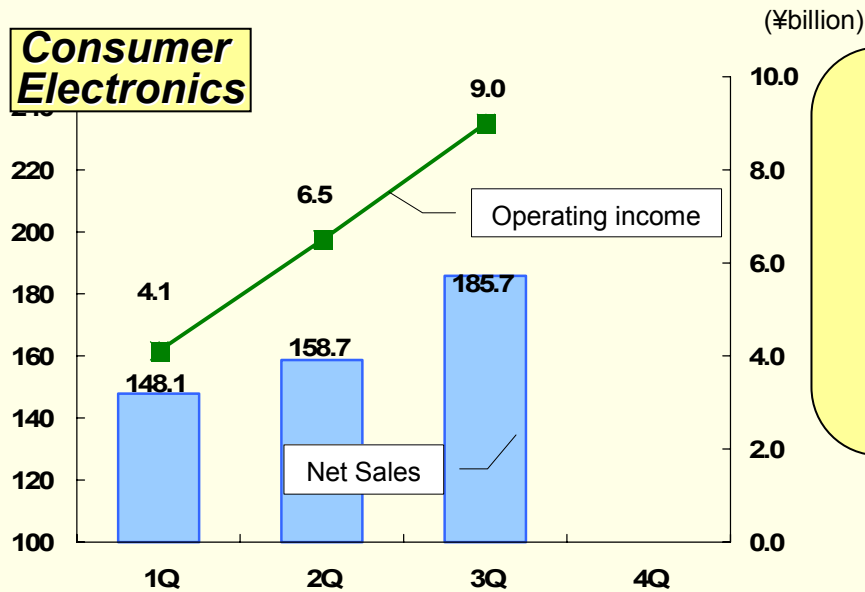
Consolidated cash flow statement

	2003 Oct.-Dec.	2003 Apr.-Dec.
Pre-tax income	8.3	14.7
Depreciation	5.6	15.7
Operating capital	(5.6)	0.3
Inventory	4.5	(13.5)
Others	2.7	7.5
C/F from operating activities	15.5	24.7
Capital asset	(5.0)	(15.0)
Others	1.3	8.8
C/F from investing activities	(3.7)	(6.2)
Free cash flow	11.8	18.4
C/F from financing activities	4.9	(1.5)
Other adjustment	(1.3)	(1.0)
Net increase in cash	15.3	15.9
Cash and cash equivalent at the beginning of the year	84.0	83.4
Cash and cash equivalent at the end of the year	99.3	99.3



Objectives for 4Q (Consumer / Professional Electronics)

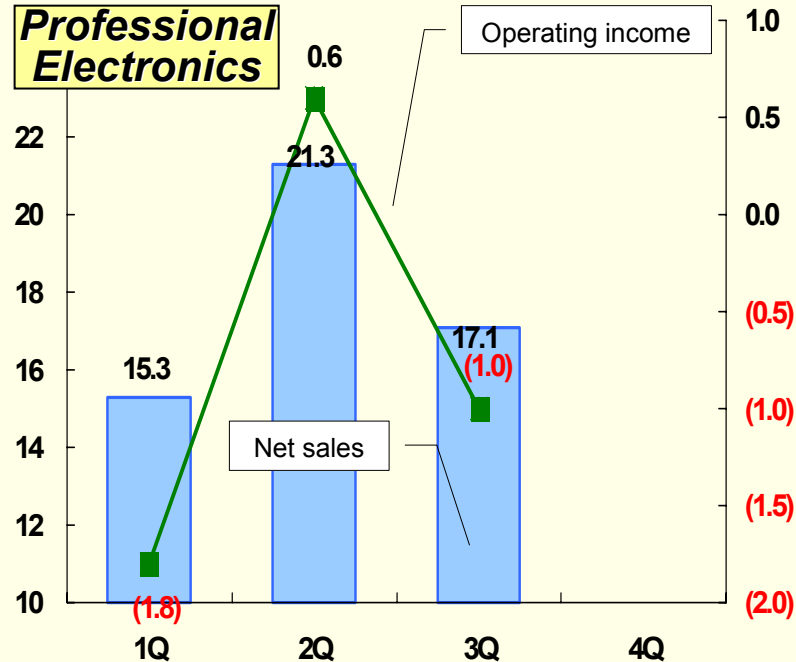
Consumer Electronics



[Key points]

- Expand sales in both domestic and overseas market with digital products
- Materials cost improvement with further promotion of design VE and purchasing cost reduction

Professional Electronics

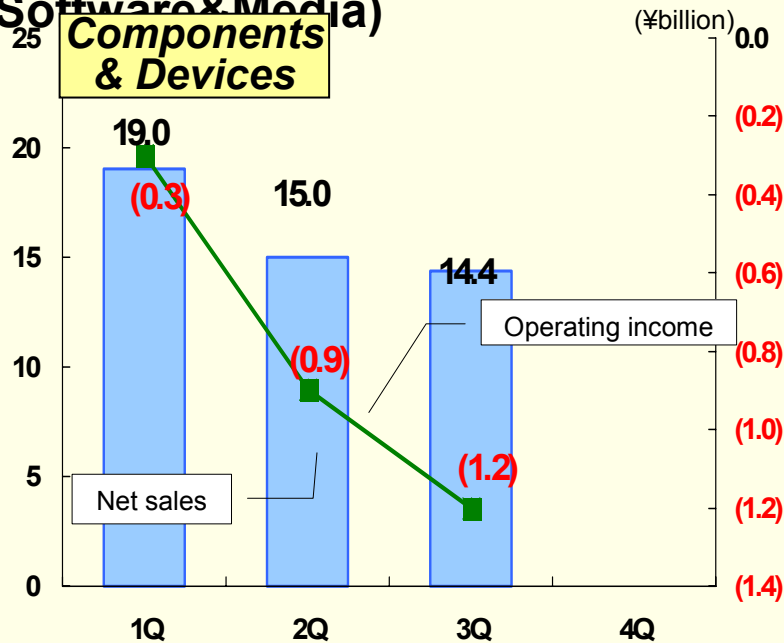


[Key points]

- Ensure sales
 - Harvest from educational and municipal business objects
 - Expand sales of security business with new products in the US and Europe

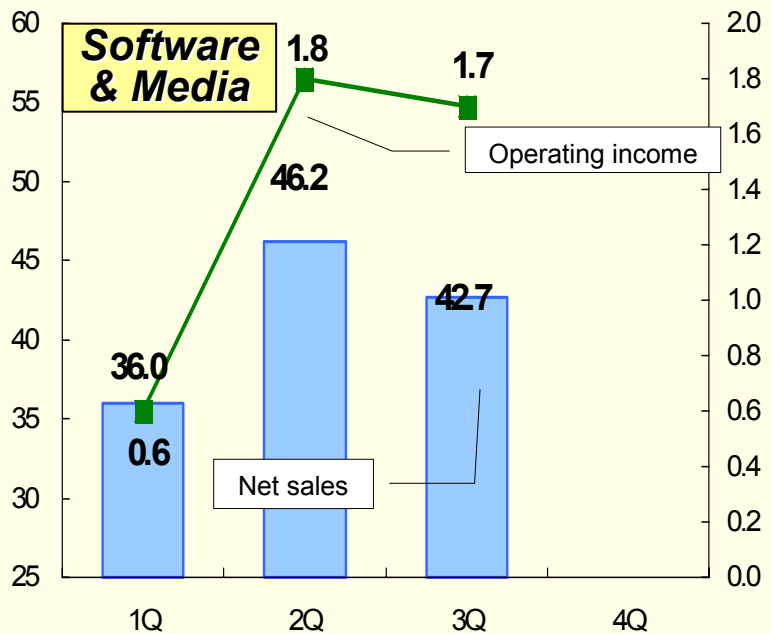
Objectives for 4Q (Components&Devices /

Software & Media



[Key points]

- Reconstruct business base with :
 Reorganization of manufacturing bases in DY business
 Reorganization of business structure in multi-layered high-density circuit board business



[Key points]

- Recording media : expand sales of digital products and increase sales outlets
- Software : enhance new artists development and rights business
- Promote structural reform including closing of tape factory in the US

FY2004 Business Forecast

(Consolidated) (¥billion)

	Forecast	FY03 result	vs FY03
Net sales	1,000.0	967.6	103%
Operating income	2.5% 25.0	2.3% 22.3	2.7
Ordinary income	2.0% 20.0	1.8% 17.3	2.7
Net income	1.1% 11.0	0.7% 6.3	4.7

(Non-consolidated)

Net sales	526.9	522.8	101%
Operating income	1.7% 9.0	1.4% 7.3	1.7
Ordinary income	1.7% 8.7	1.1% 5.8	2.9
Net income	1.2% 6.5	0.4% 2.2	4.3