

Fiscal 2006 First Semester, ended September 30, 2005

Business Results

27 October, 2005

Victor Company of Japan, Ltd.

JVC

The Perfect Experience 

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. Difficulty in Consumer Electronics business

- DVD recorder: product quality problem causing delay in introducing new products
- LCD TV: delay in introducing new products damaging sales especially in Europe
- ✧ Camcorder: drastic improvement
- ✧ Car electronics: continuing robust performance

2. Business performance improvement in

- Professional Electronics,
- Components & Devices,
- Software & Media businesses

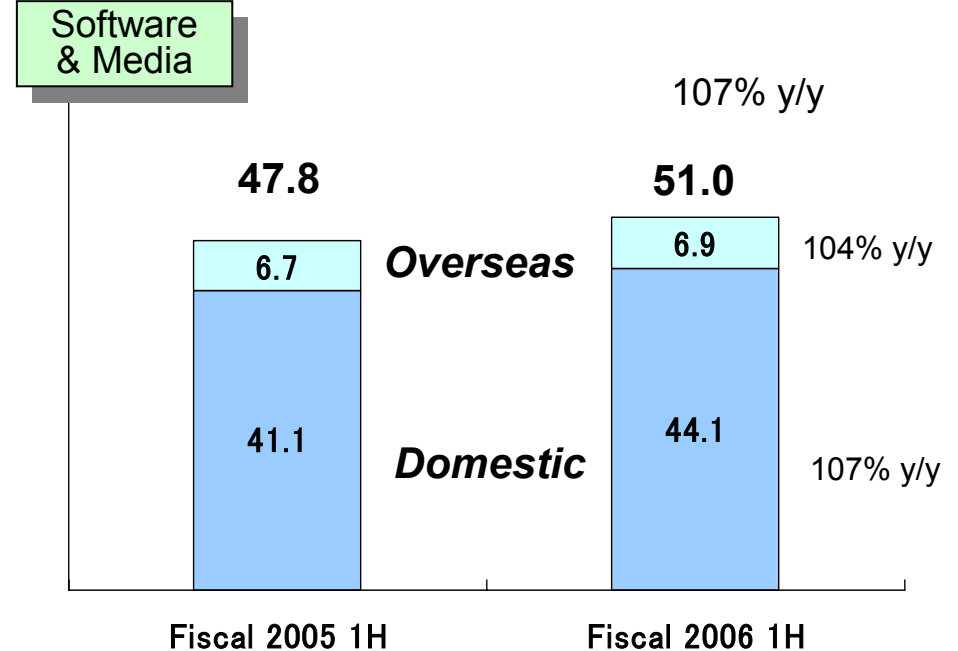
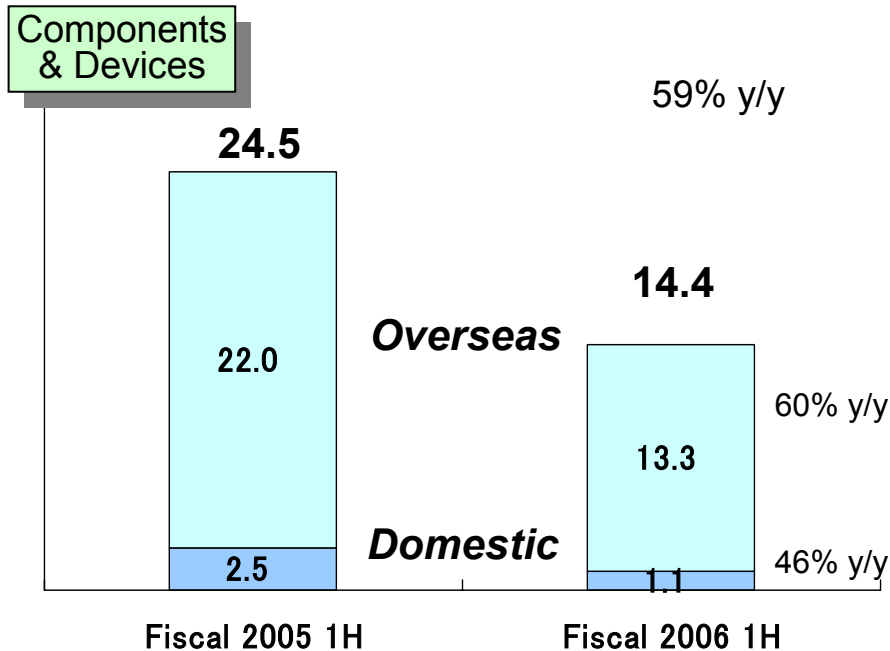
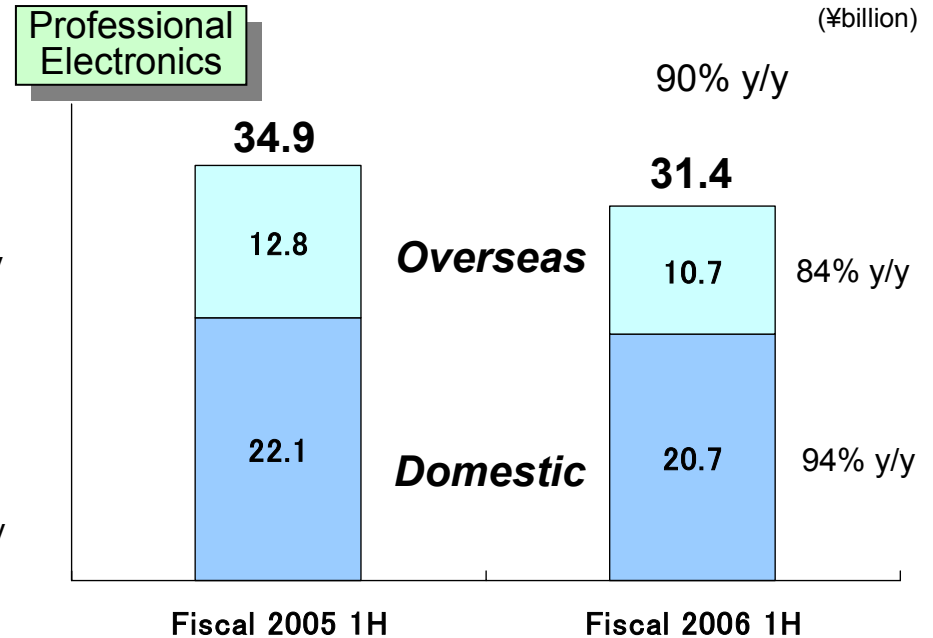
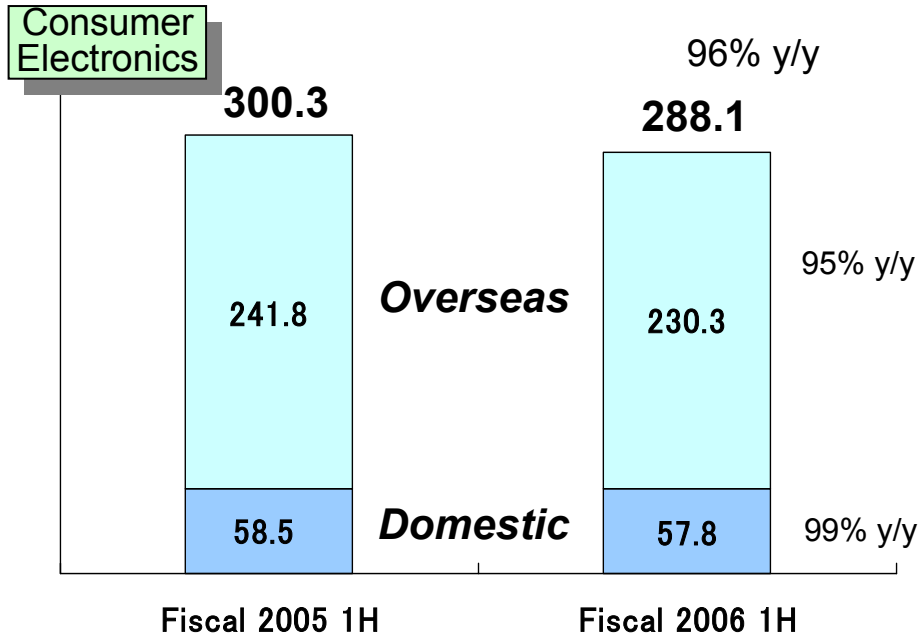
Fiscal 2006 1H Consolidated Financial Results

(¥billion)

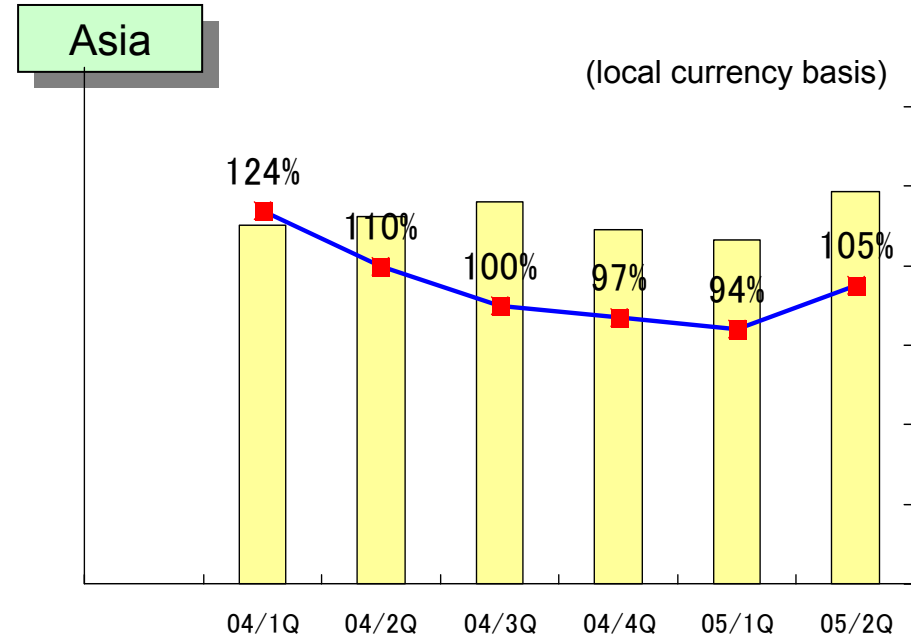
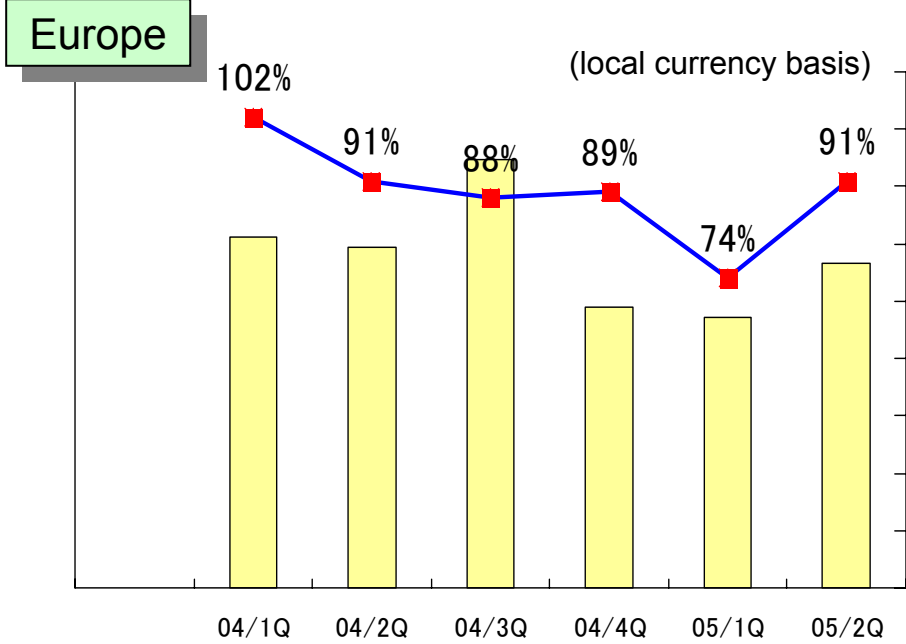
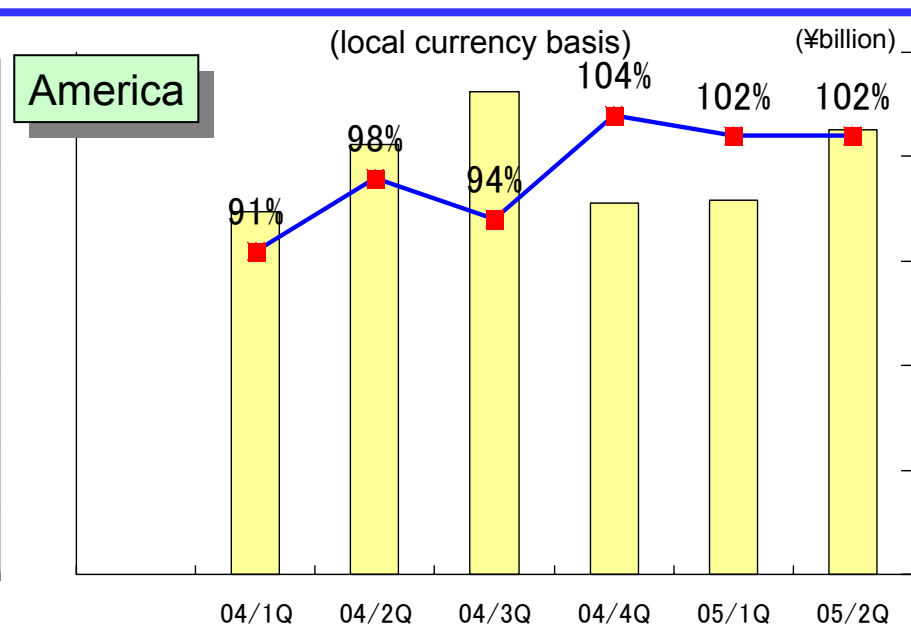
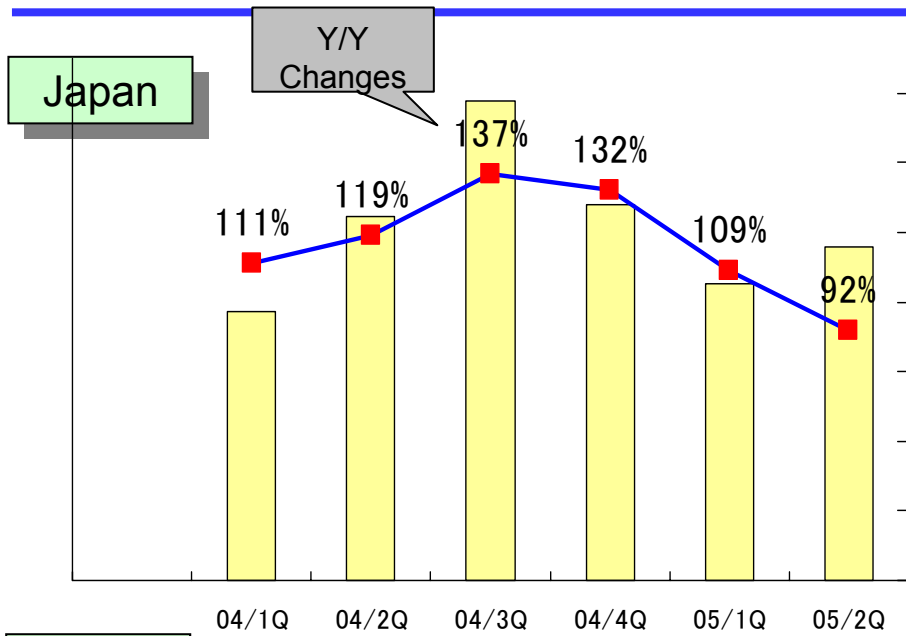
| | Results | Forecast revised on Oct.14 | FY05 results | Changes vs FY05 |
|------------------------------------|-------------------------------|-------------------------------|------------------------------|--------------------|
| Net sales | 387.3 | 385.0 | 410.2 | 94% |
| Operating income (loss) | -1.0% (3.7) | -1.0% (4.0) | 1.1% 4.3 | -8.1 |
| Ordinary income (loss) | -2.2% (8.5) | -2.3% (9.0) | 0.8% 3.3 | -11.7 |
| Net income (loss) | -4.0% (15.3) | -4.3% (16.5) | -1.1% (4.4) | -10.9 |

Fiscal 2006 1H Sales Results by Segment

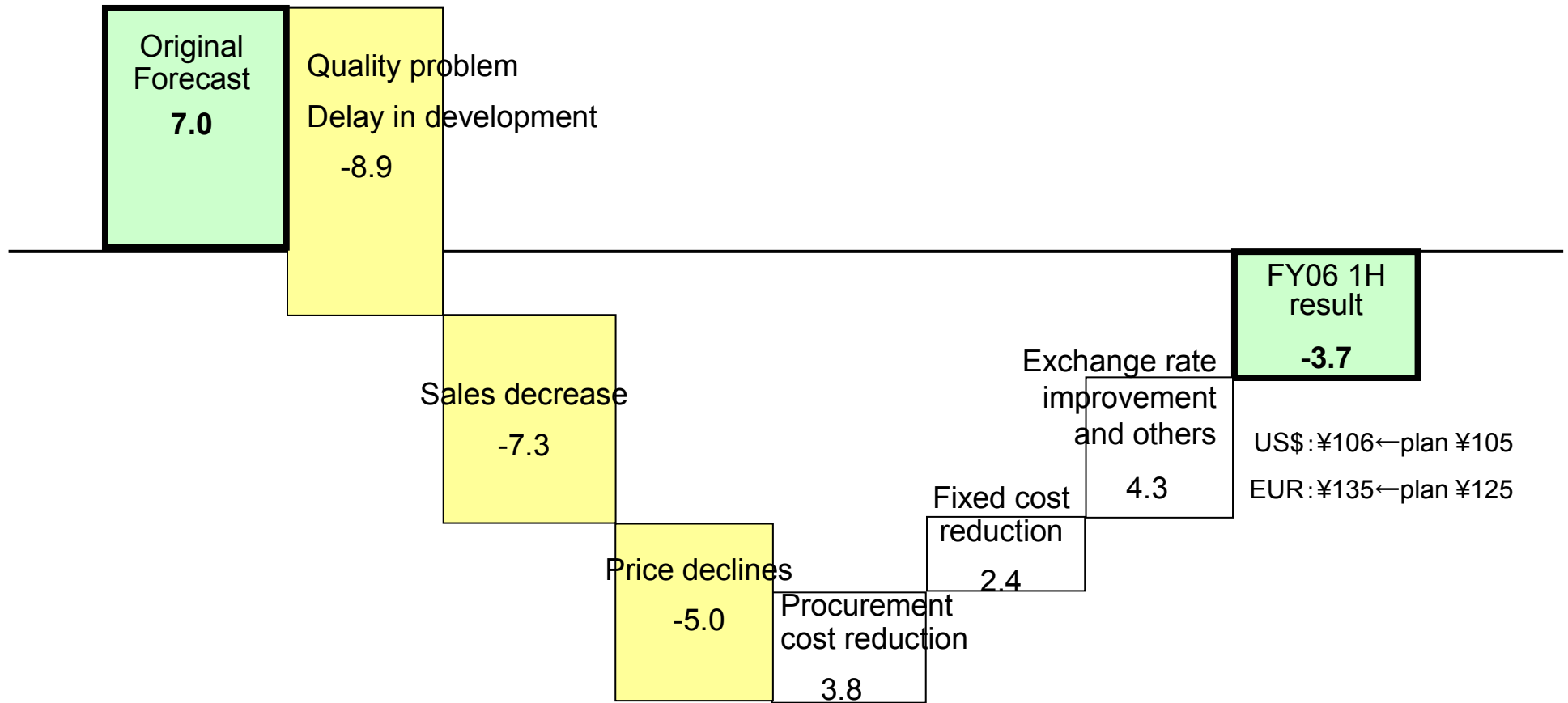
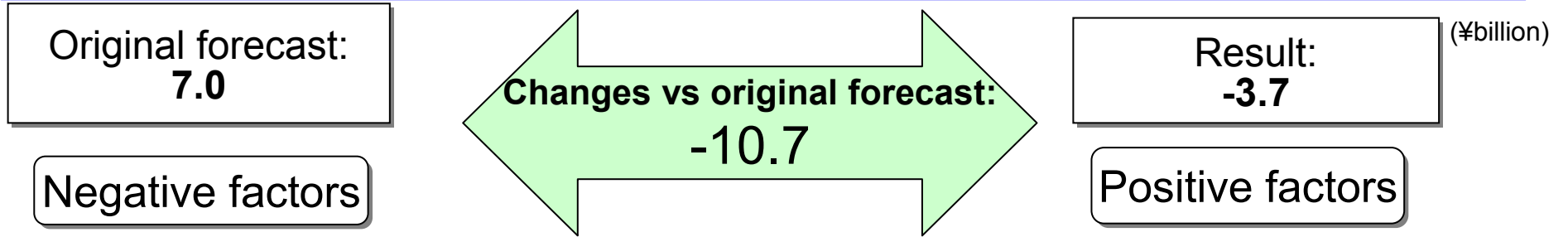
(¥billion)



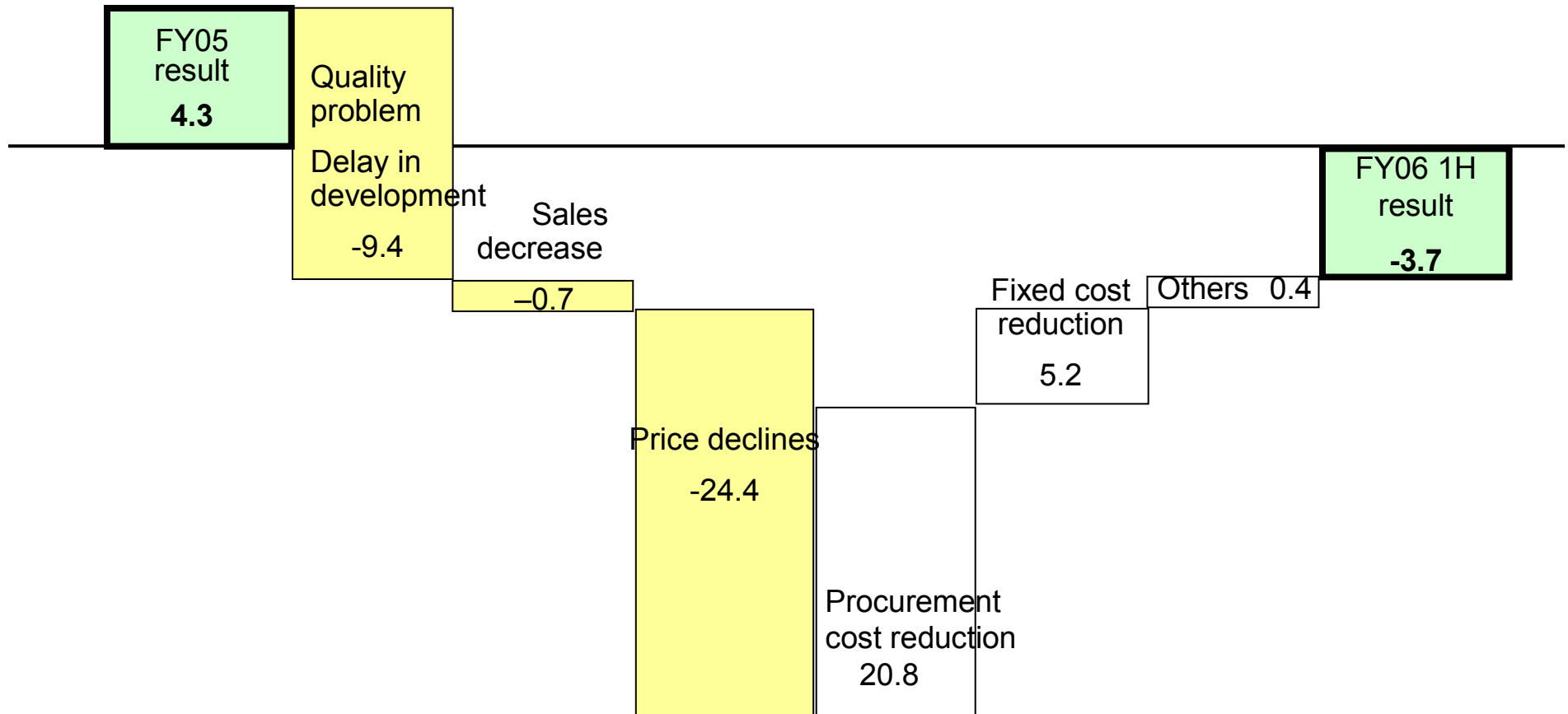
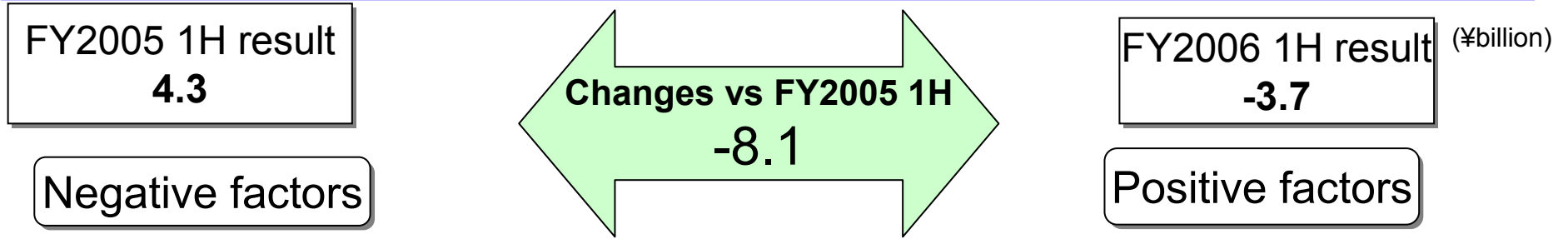
Consumer Electronics Quarterly Sales by Region JVC The Perfect Experience 2005.10.27. 4



Fiscal 2006 1H Operating Income (Loss) Breakdown (I)

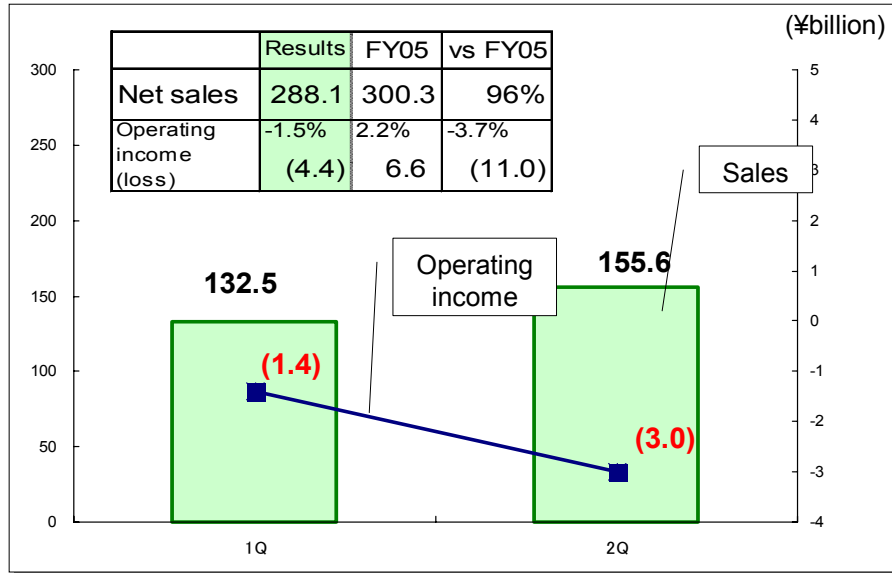


Fiscal 2006 1H Operating Income (Loss) Breakdown (II)

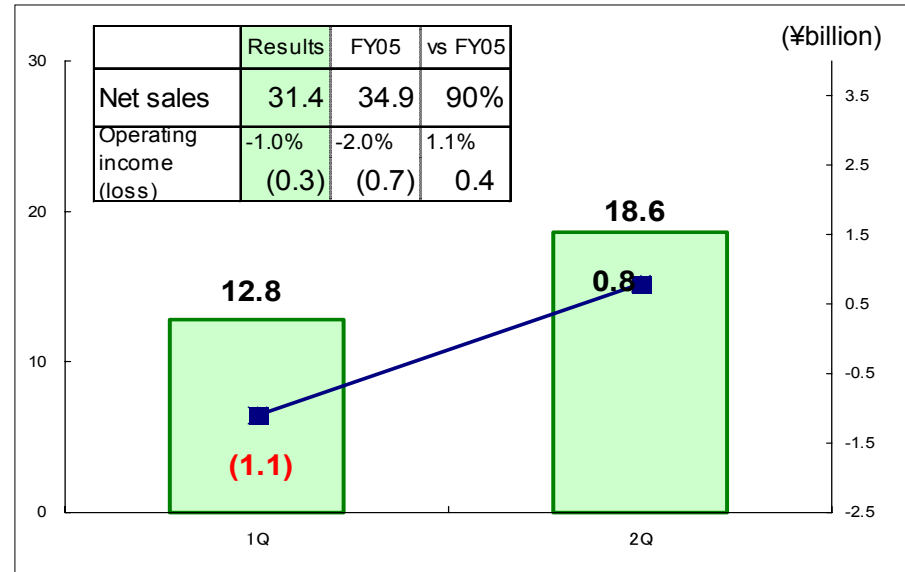


Fiscal 2006 1H Sales by Segment

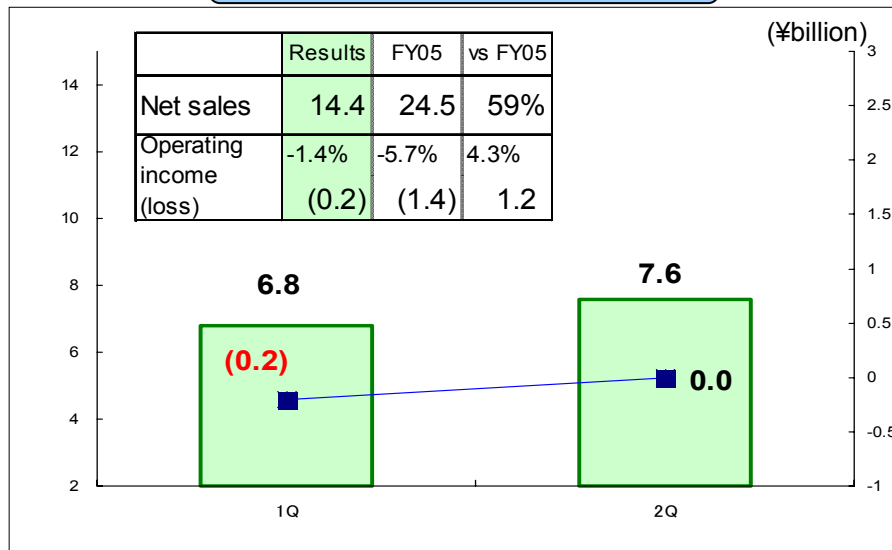
Consumer Electronics



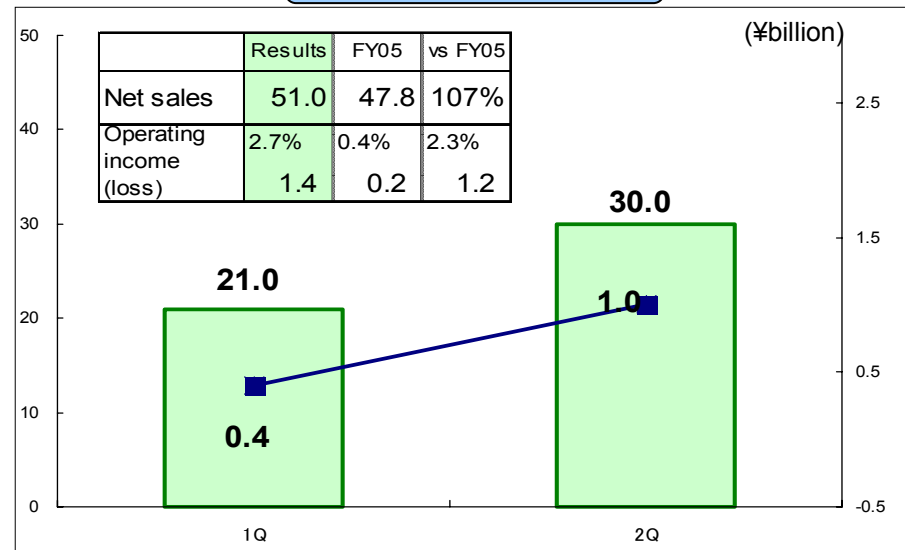
Professional Electronics



Components & Devices



Software & Media



Fiscal 2006 1H Extraordinary Profit (Loss)

(¥billion)

| | Results |
|--|---------|
| Gain on sales of property, plant and equipment | 0.96 |
| Loss from write-down of investment securities | (0.31) |
| Employment structural reform charges | (6.58) |
| Others | 0.20 |
| Total | (5.73) |

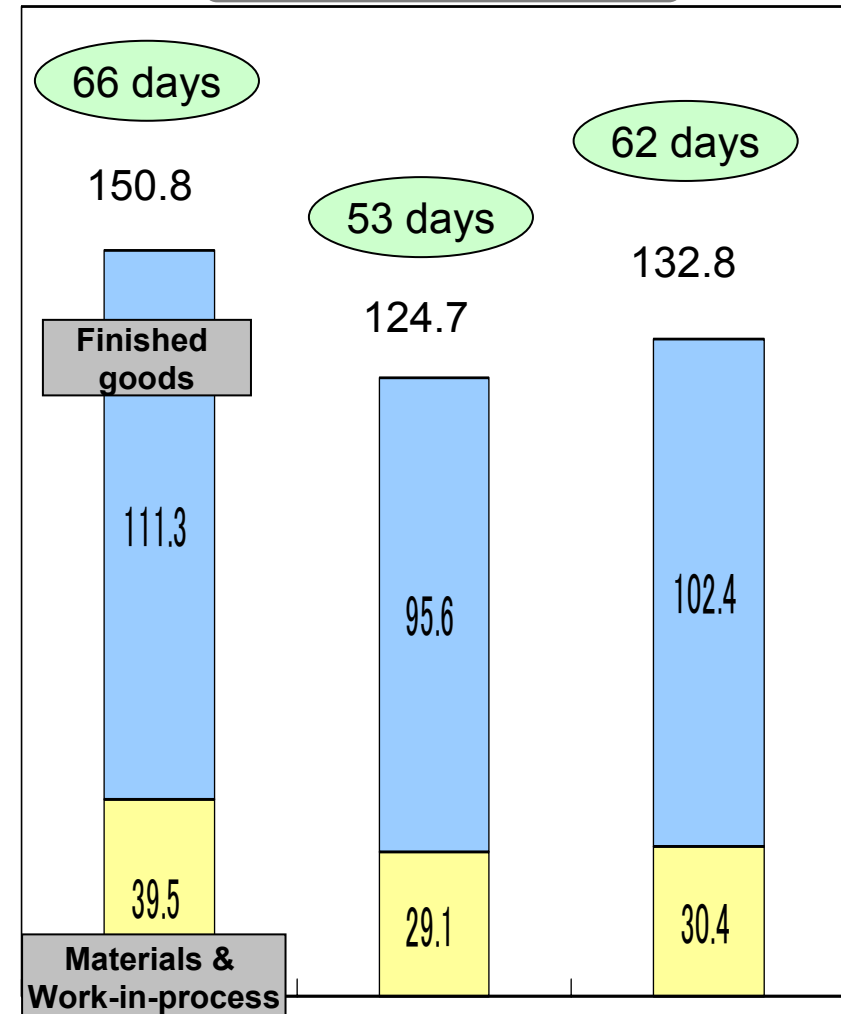
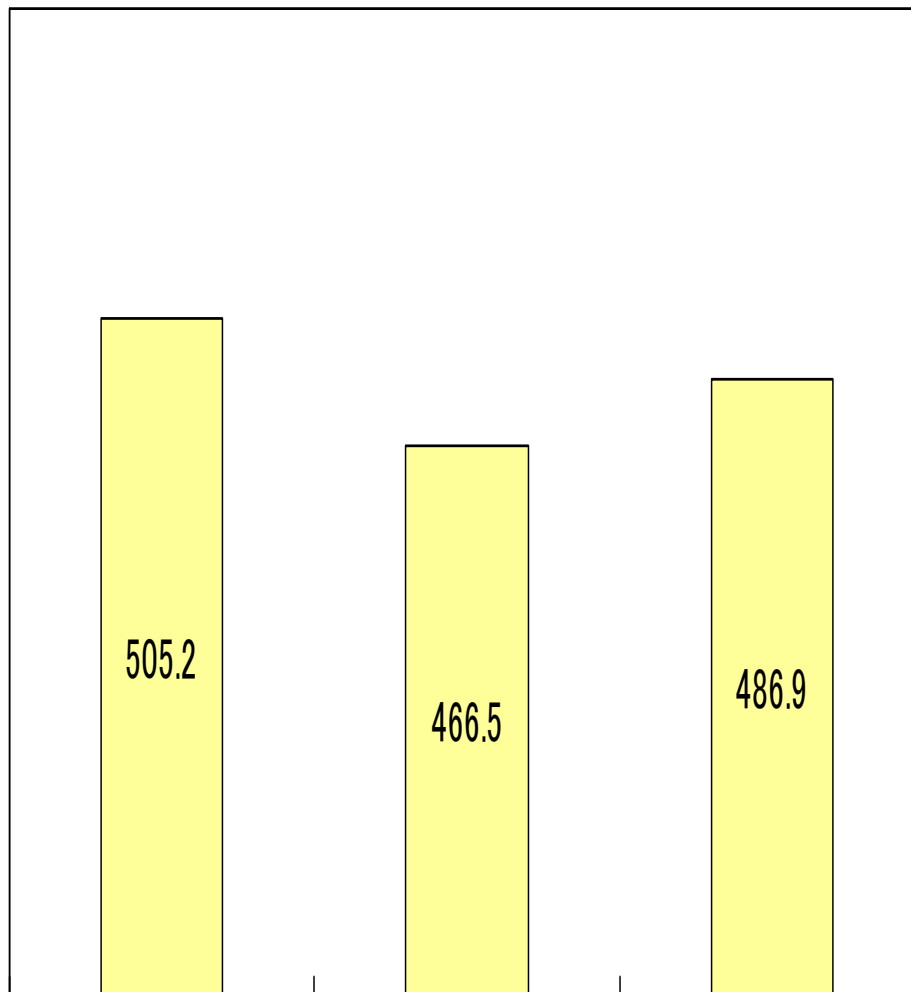
Trend in Asset and Inventory

Gross asset

| Exch.rate | 2004/9 | 2005/3 | 2005/9 |
|-----------|--------|--------|--------|
| US \$ | 111 | 107 | 113 |
| EUR | 137 | 139 | 136 |

Inventory

(¥billion)



End of Sep. '04

End of Mar. '05

End of Sep. '05

End of Sep. '04

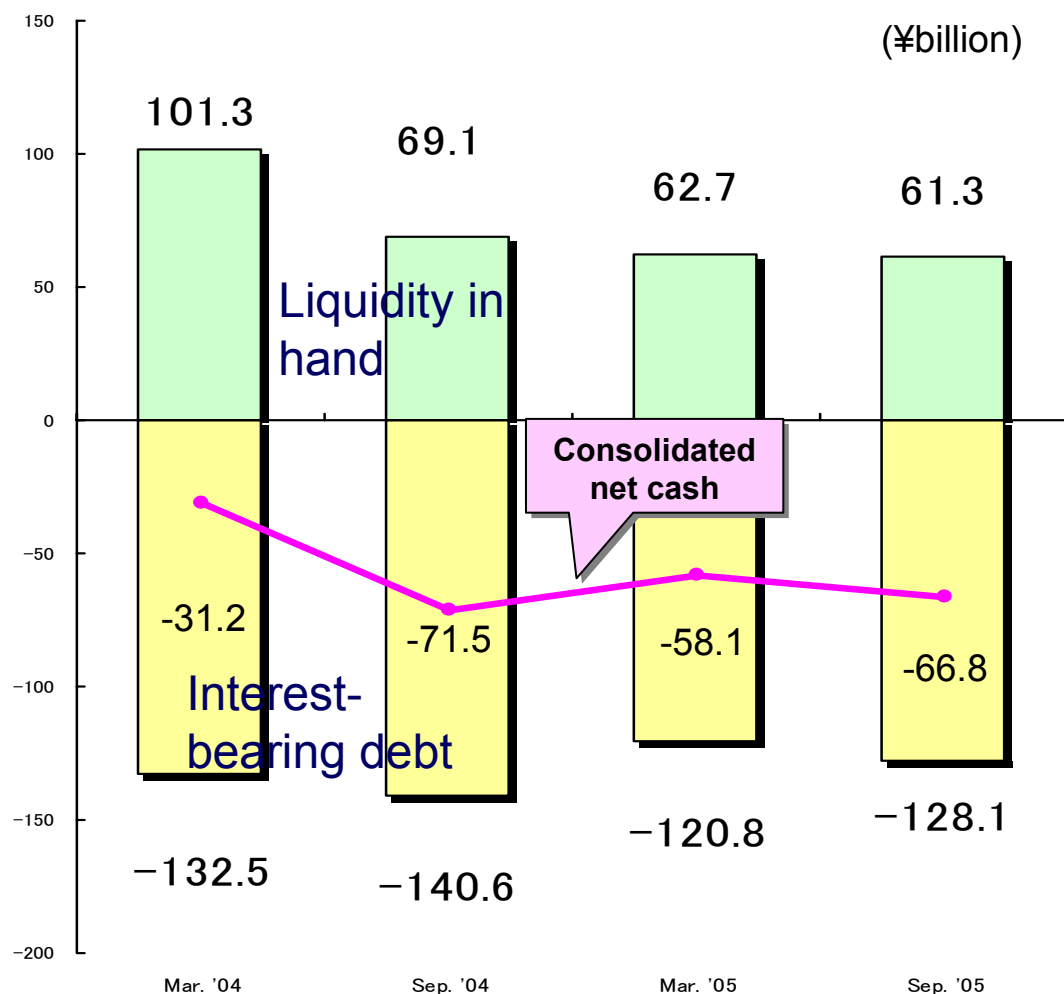
End of Mar. '05

End of Sep. '05

Fiscal 2006 1H Cash Flow

Consolidated statements of cash flow

| | |
|---|--------|
| Income (loss) before income taxes | (14.2) |
| Depreciation | 10.6 |
| Decrease (increase) in inventory | (5.7) |
| Operating capital | 17.6 |
| Net cash provided by operating activities | 8.3 |
| Fixed asset | (15.7) |
| Others | 1.1 |
| Net cash used in investing activities | (14.6) |
| Free cash flow | (6.3) |
| Net cash used in financing activities | 4.1 |
| Other adjustments | 0.8 |
| Net increase (decrease) in cash | (1.4) |
| Cash at the beginning of the year | 62.7 |
| Cash at the end of 1H | 61.3 |



(Tangible fixed assets excluding mold cost based on cash flow)

| | |
|-----------------------------|------|
| FY2006 1H | |
| Capital expenditure | 10.2 |
| Depreciation & amortization | 6.1 |

Fiscal 2006 Business Forecast

(¥billion)

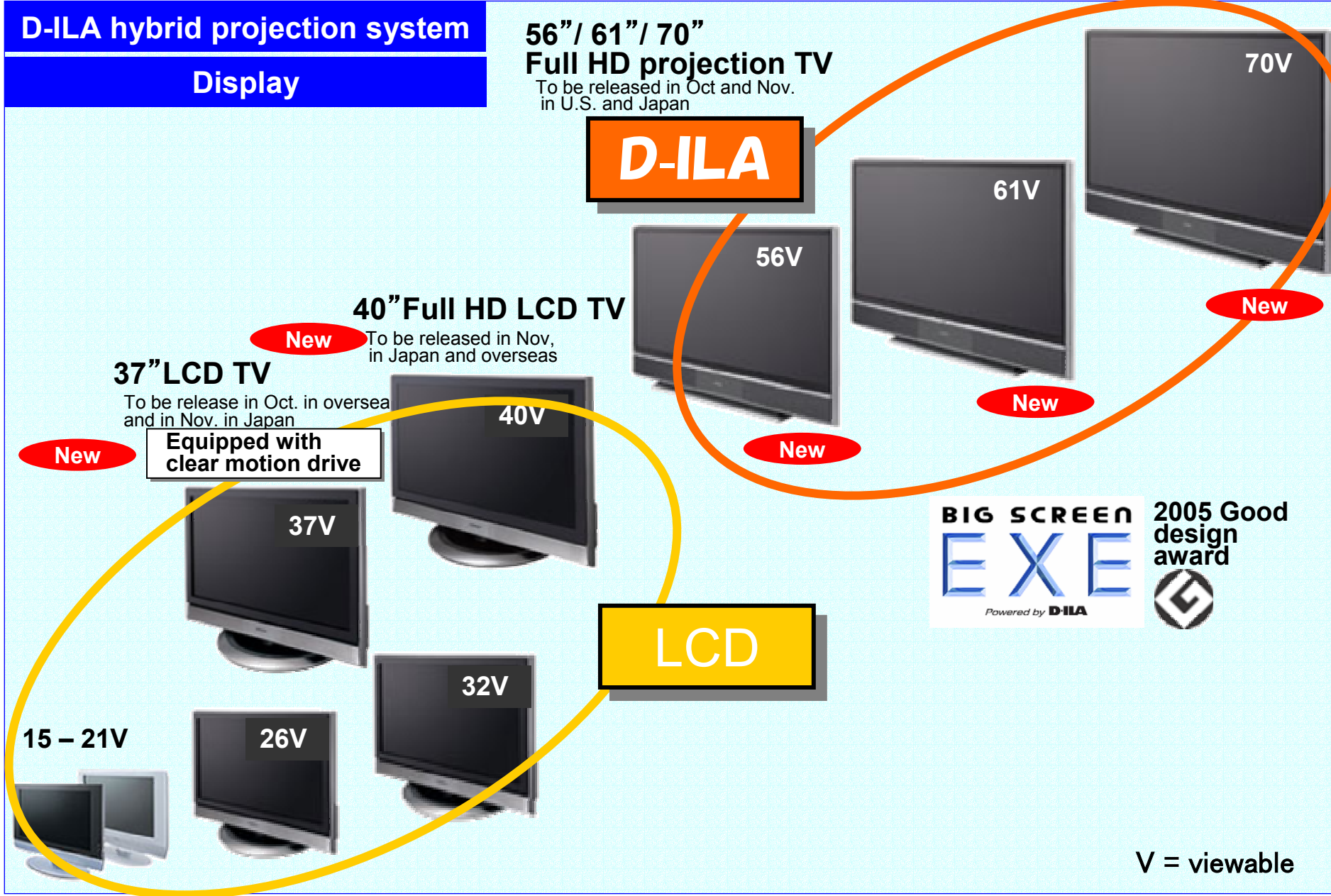
<Consolidated>

| | Revised forecast | Original forecast | FY05 results | Changes vs original forecast | Changes vs FY05 |
|-------------------------|------------------|-------------------|----------------|------------------------------|-----------------|
| Net sales | 860.0 | 930.0 | 840.6 | 92% | 102% |
| Operating income (loss) | 0.8% 7.0 | 2.7% 25.0 | 1.2% 10.4 | -18.0 | -3.4 |
| Ordinary income (loss) | 0.0% 0.0 | 1.9% 18.0 | 0.9% 7.3 | -18.0 | -7.3 |
| Net income (loss) | -1.3% (11.5) | 0.8% 7.0 | -0.2% (1.9) | -18.5 | -9.6 |

<Non-consolidated>

| | Revised forecast | Original forecast | FY05 results | Changes vs original forecast | Changes vs FY05 |
|------------------------|------------------|-------------------|--------------|------------------------------|-----------------|
| Net sales | 465.0 | 485.0 | 448.8 | 96% | 104% |
| Operating income(loss) | 0.5% 2.5 | 2.8% 13.5 | 1.3% 5.9 | -11.0 | -3.4 |
| Net income (loss) | -1.1% (5.0) | 1.1% 5.5 | 1.0% 4.6 | -10.5 | -9.6 |

Key Consumer Electronics Products in Fiscal 2006 2H (I)



Camcorder

2005 Good design award



GZ-MG40

Hard disk camcorder
Everio



GZ-MG50



GZ-MG70

Everio

New



DVC

New



Car electronics

DVD receiver with built-in monitor

New



CD receiver

New



Portable navigation

New



AV system

Compact component system featuring wood cone speaker

New



Micro component system

UX-WD700



Compact component with front surround system

NX-DD30

New



Fiscal 2006 Business Forecast

(¥billion)

<Consolidated>

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<Non-consolidated>

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