

**Fiscal 2006 Third Quarter, ended December 31, 2005**

# **Business Results**

1 February, 2006

Victor Company of Japan, Ltd.

**JVC**

The Perfect Experience / —

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## **1. Difficulty for Consumer Electronics business**

- Difficulty for Display business in U.S. and Audio/Video Systems business globally
- Decrease in sales for Digital Video Storage business due to reduced lineup
- Positive point: stable growth for Camcorder and Mobile Entertainment businesses

## **2. Continuous business recovery for Professional Electronics, Components & Devices and Software & Media**

- Hit music software from SAS, SMAP music artists, etc.

## **3. Reduction of inventory both in amount and in turnover days**

# Fiscal 2006 3Q Consolidated Financial Results



2006.2.1.

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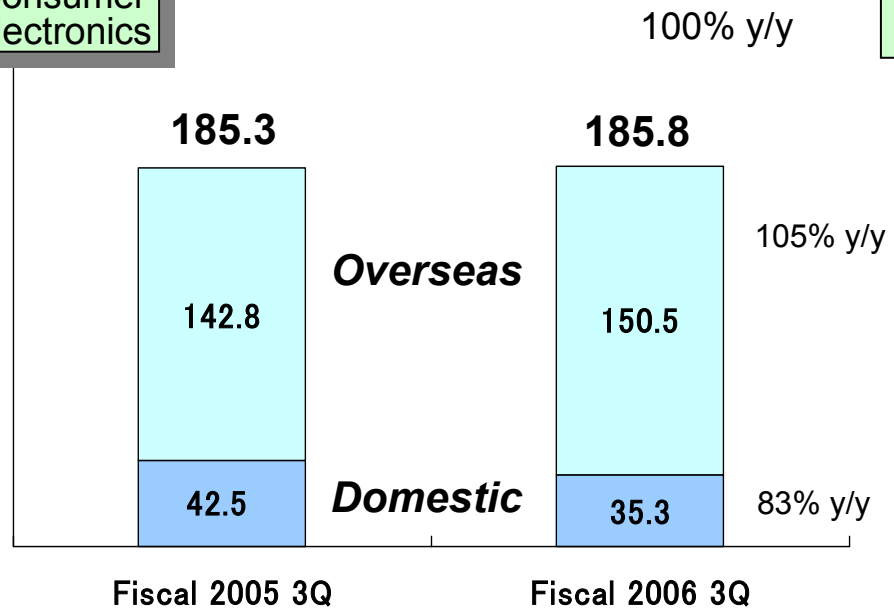
(¥billion)

	2005/10~2005/12			2005/4~2005/12		
	Results	FY05	Change vs FY05	Results	FY05	Change vs FY05
Net Sales	240.5	239.2	101%	627.8	649.3	97%
Operating income (loss)	0.6% 1.5	3.1% 7.4	20% -5.9	-0.4% (2.2)	1.8% 11.8	-14.0
Ordinary income (loss)	0.1% 0.1	2.7% 6.5	2% -6.3	-1.3% (8.3)	1.5% 9.7	-18.0
Net income (loss)	0.0% 0.1	2.0% 4.7	2% -4.6	-2.4% (15.2)	0.1% 0.3	-15.6

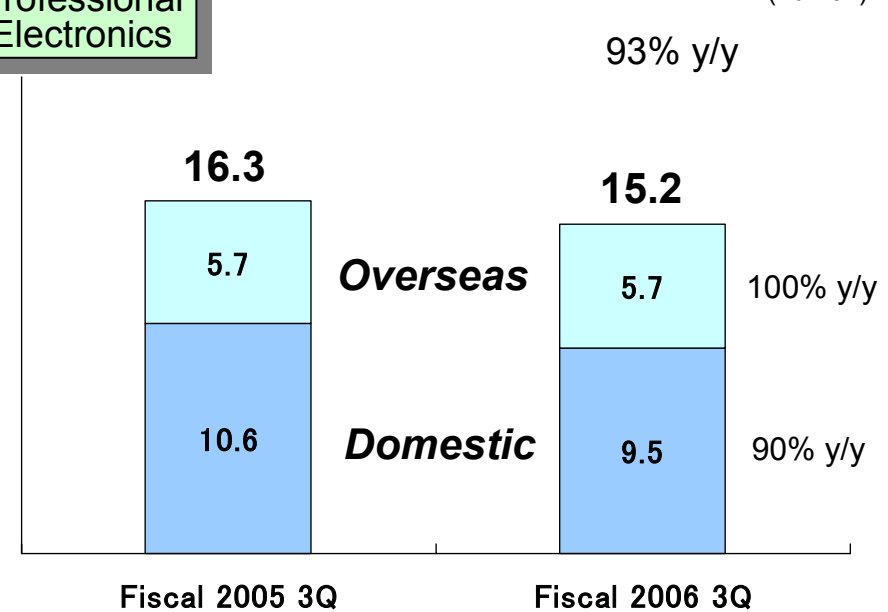
# Fiscal 2006 3Q Sales Results by Segment

(¥billion)

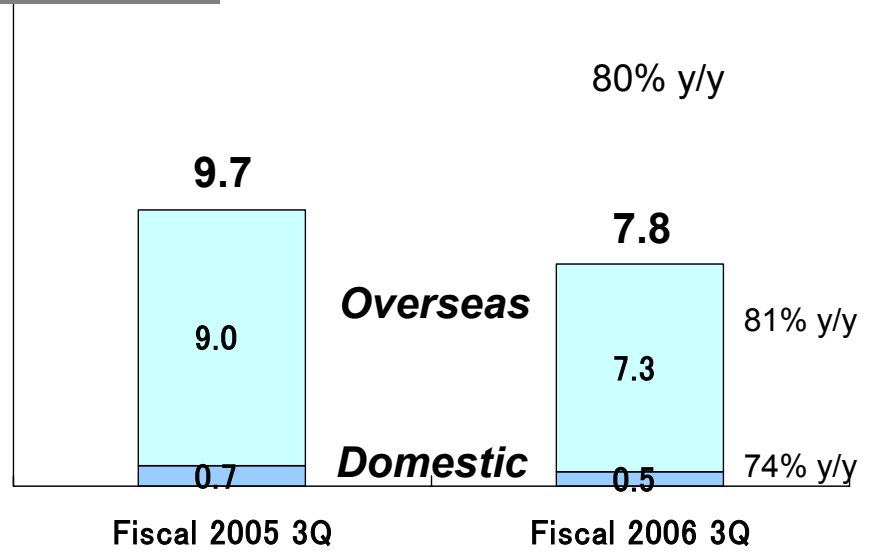
## Consumer Electronics



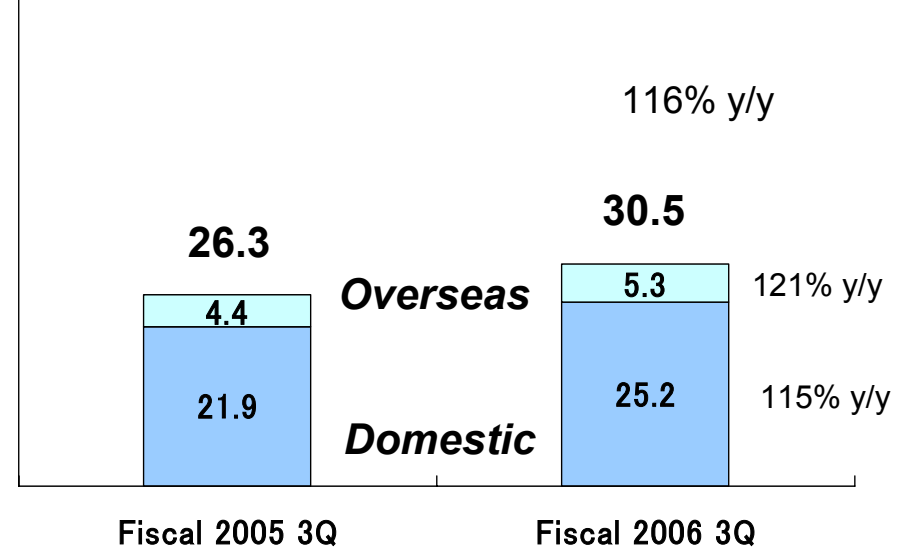
## Professional Electronics



## Components & Devices



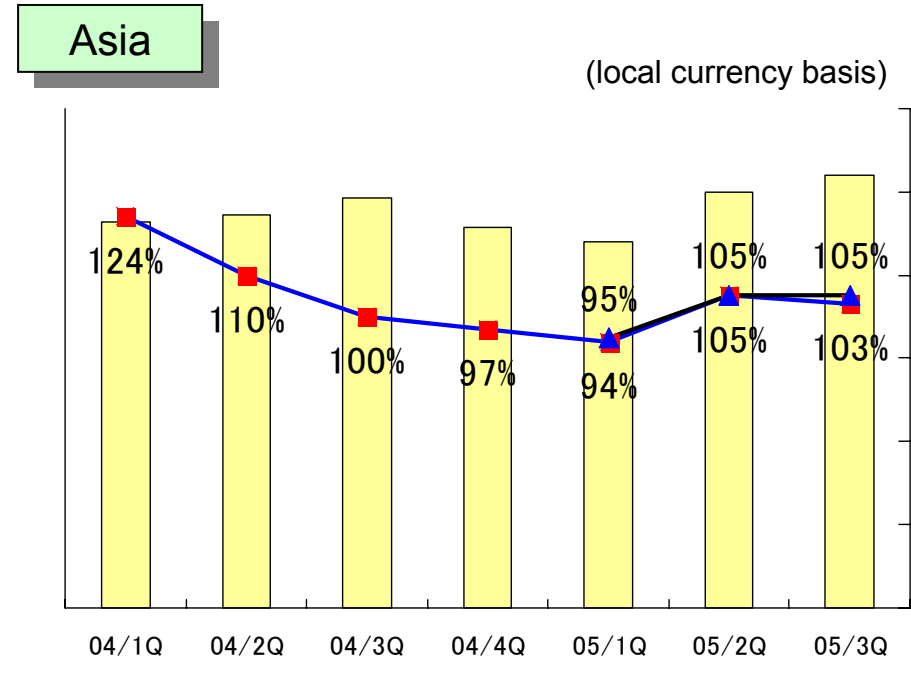
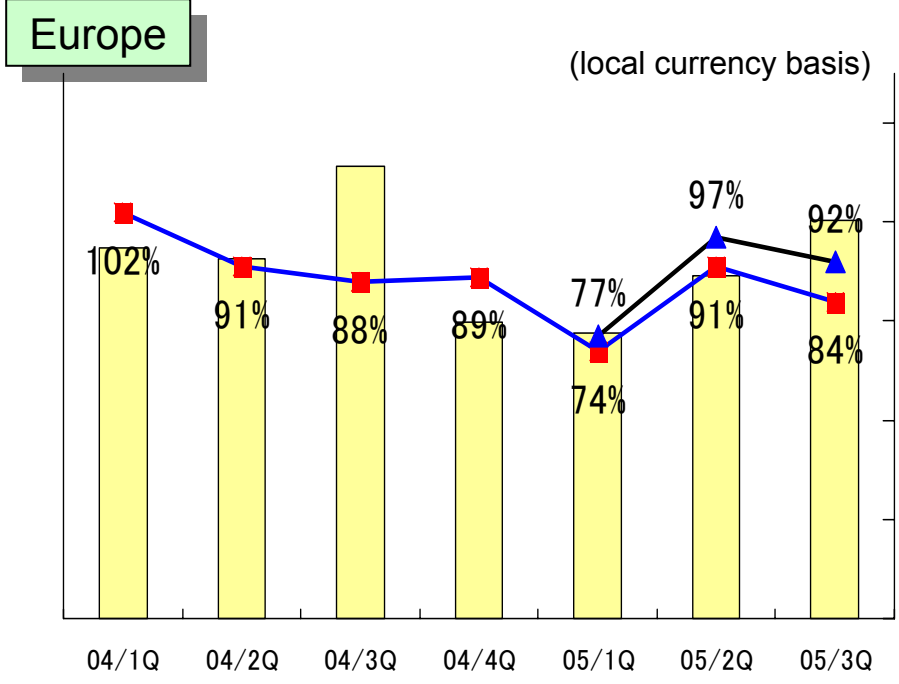
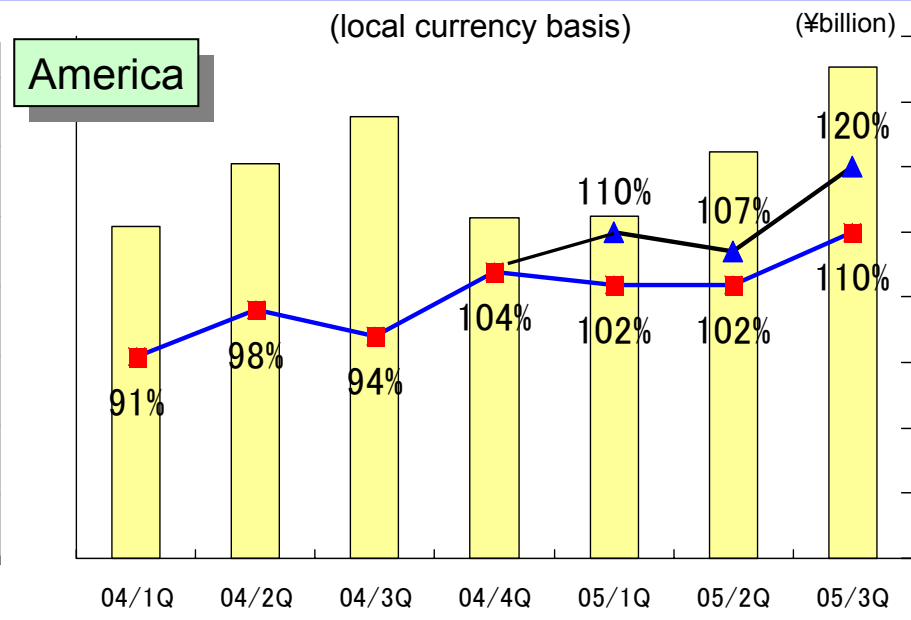
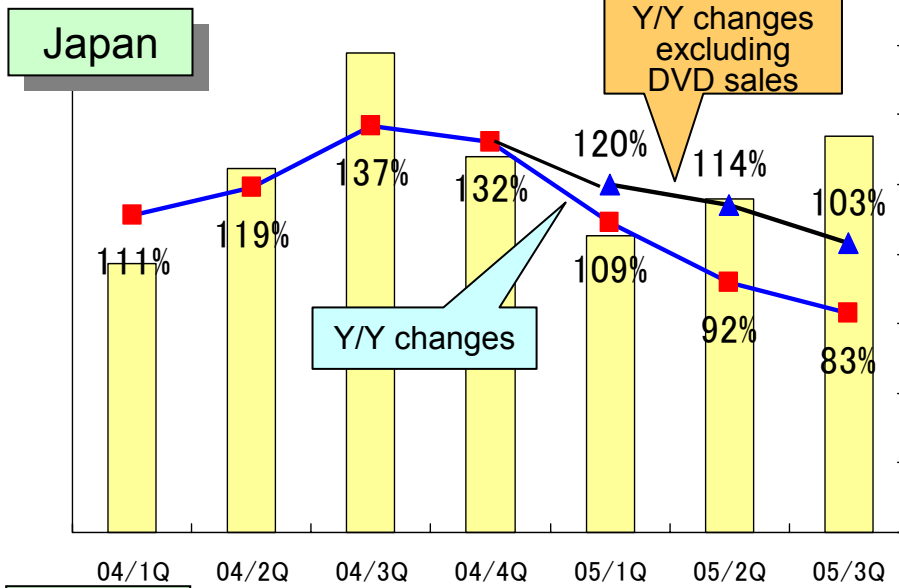
## Software & Media



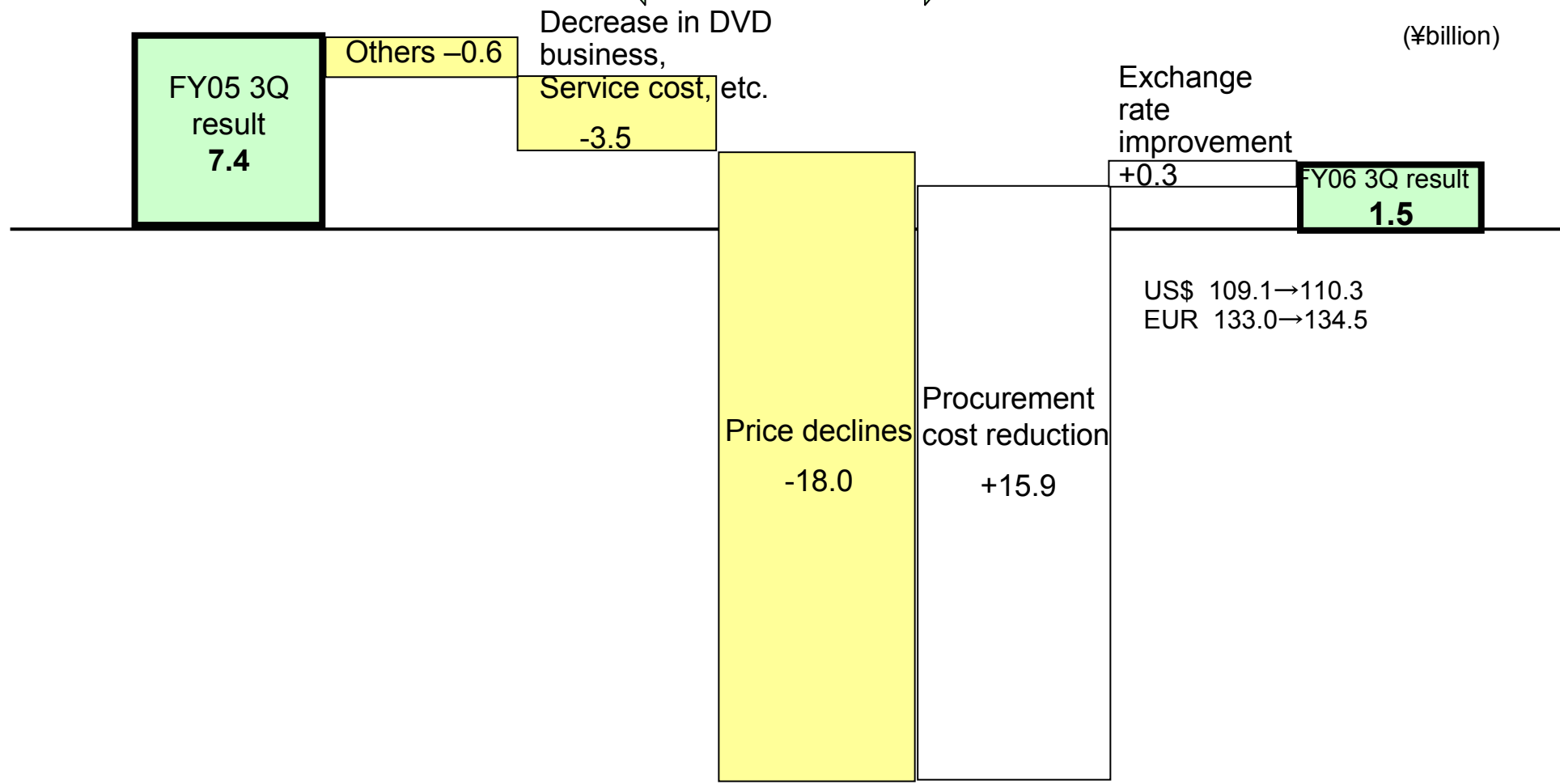
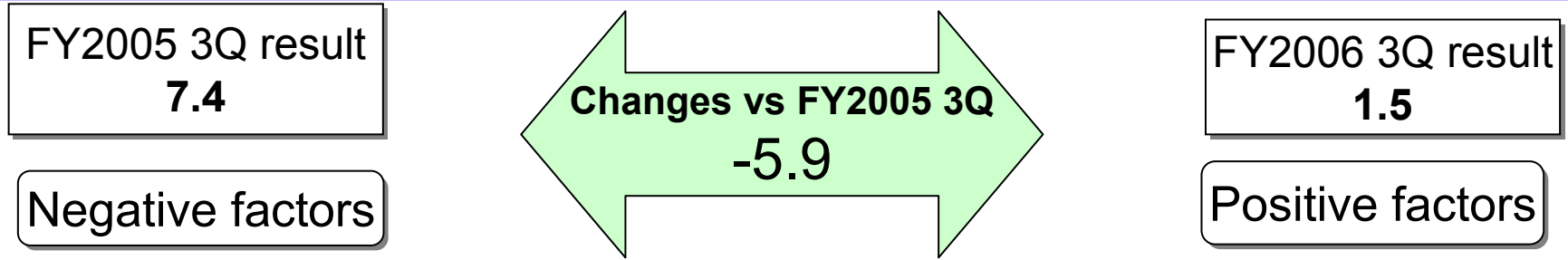
# Consumer Electronics Quarterly Sales by Region



2006.2.1.

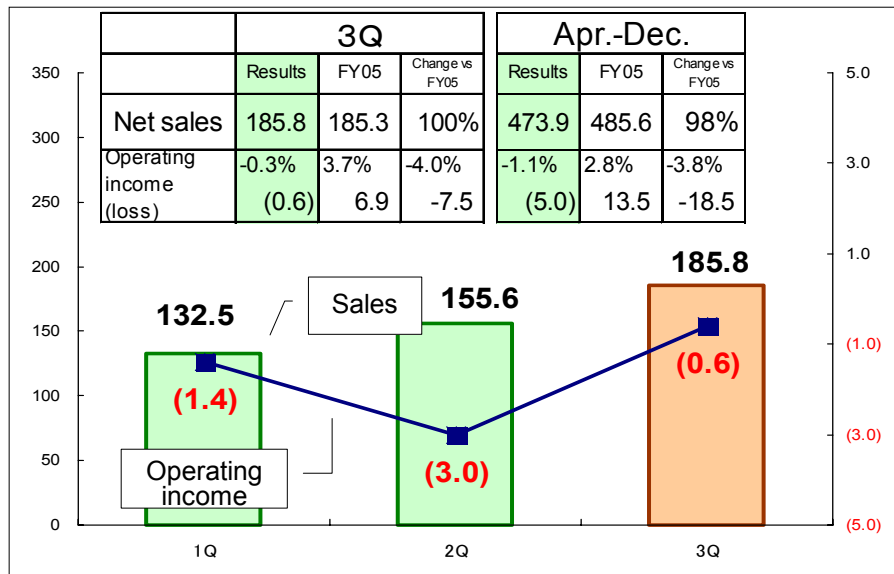


# Fiscal 2006 3Q Operating Income (Loss) Breakdown



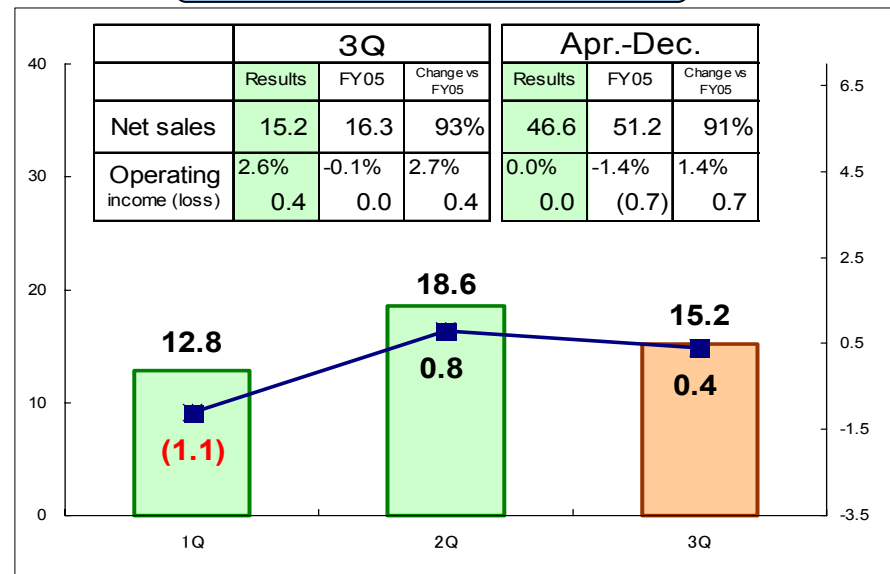
# FY2006 3Q Sales Results by Segment

## Consumer Electronics

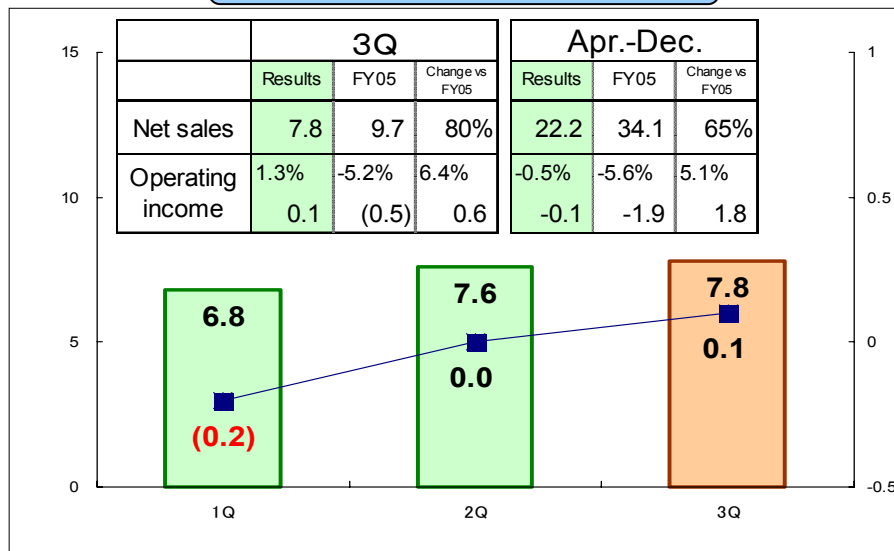


## Professional Electronics

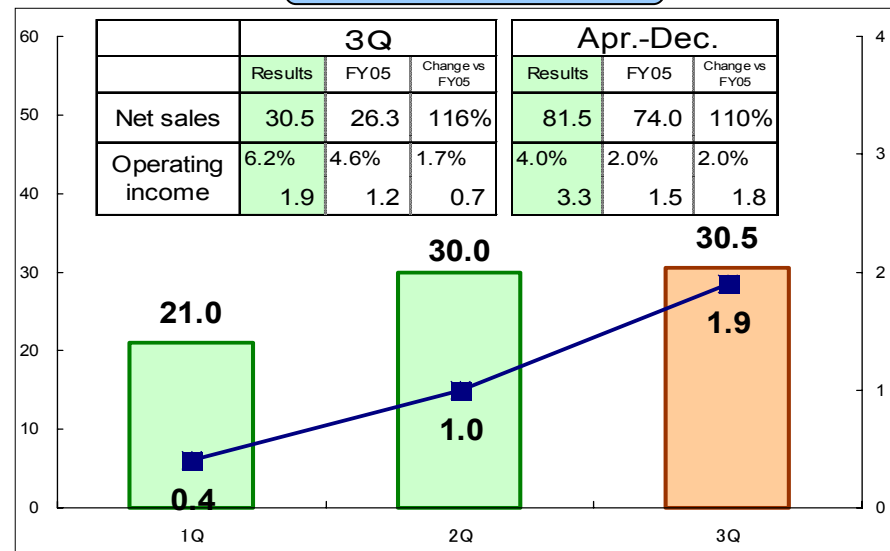
(¥billion)



## Components & Devices



## Software & Media



# Fiscal 2006 3Q Extraordinary Profit (Loss)

(¥billion)

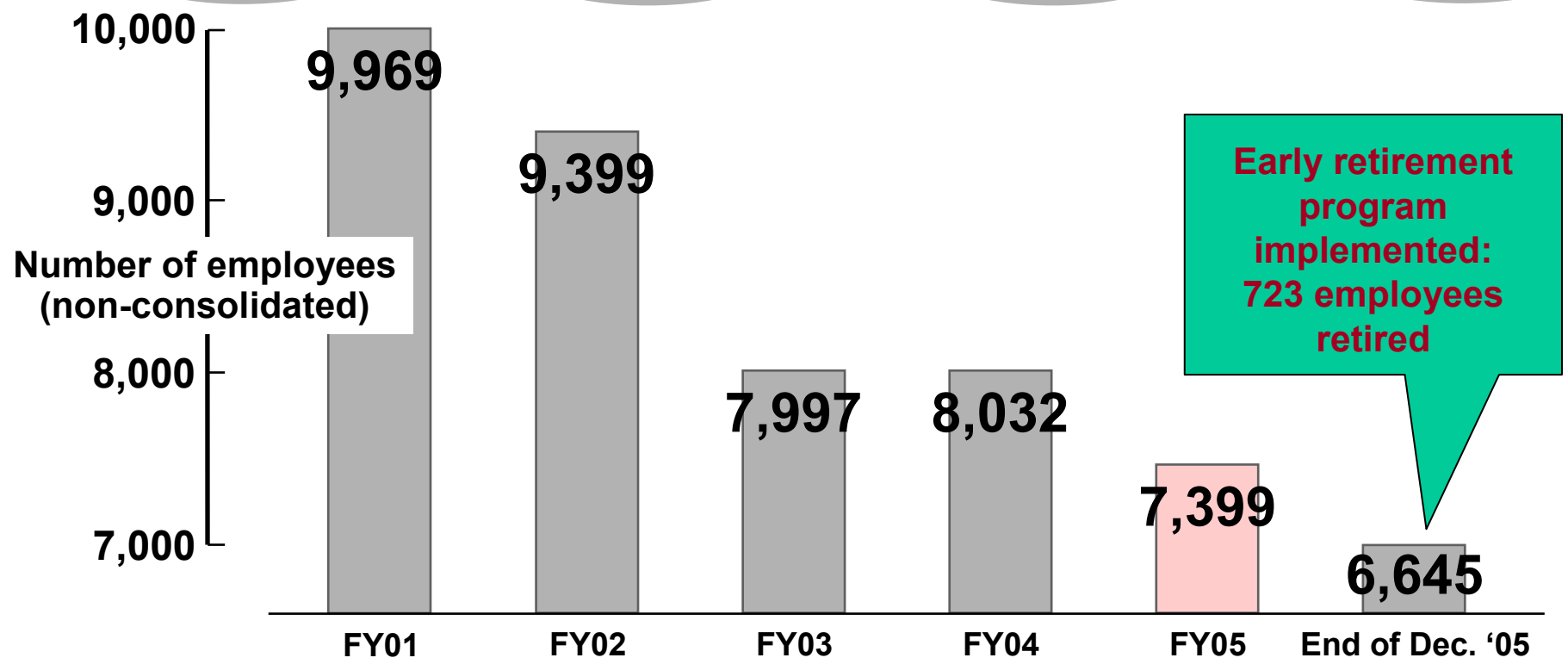
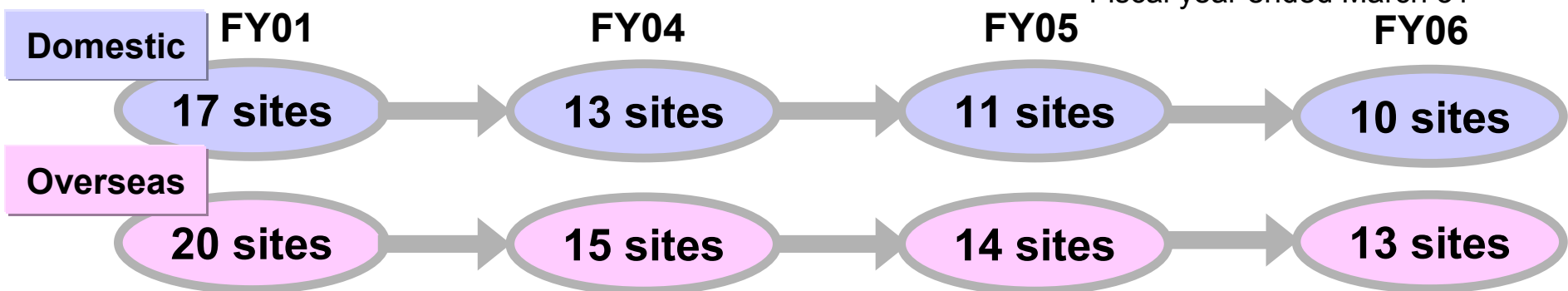
	Results
Gain on sales of property, plant and equipment	1.21
Others	(0.04)
Total	1.17



# Changes in Number of Employees and Manufacturing Sites



\*Fiscal year ended March 31



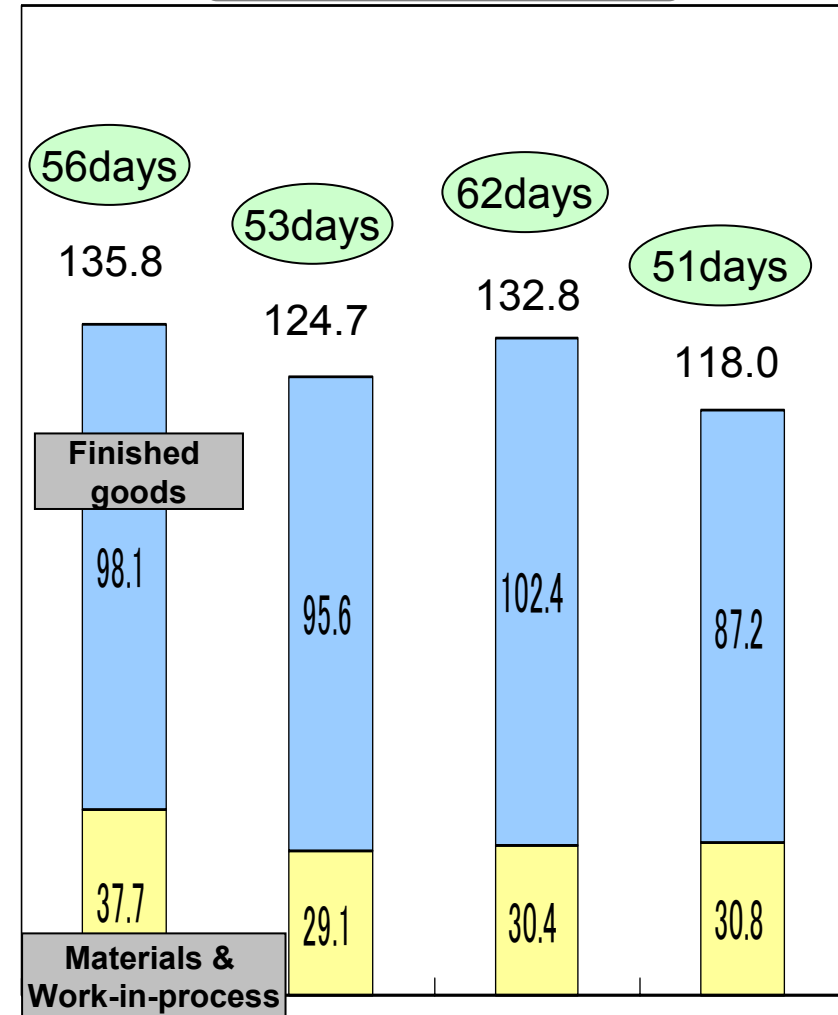
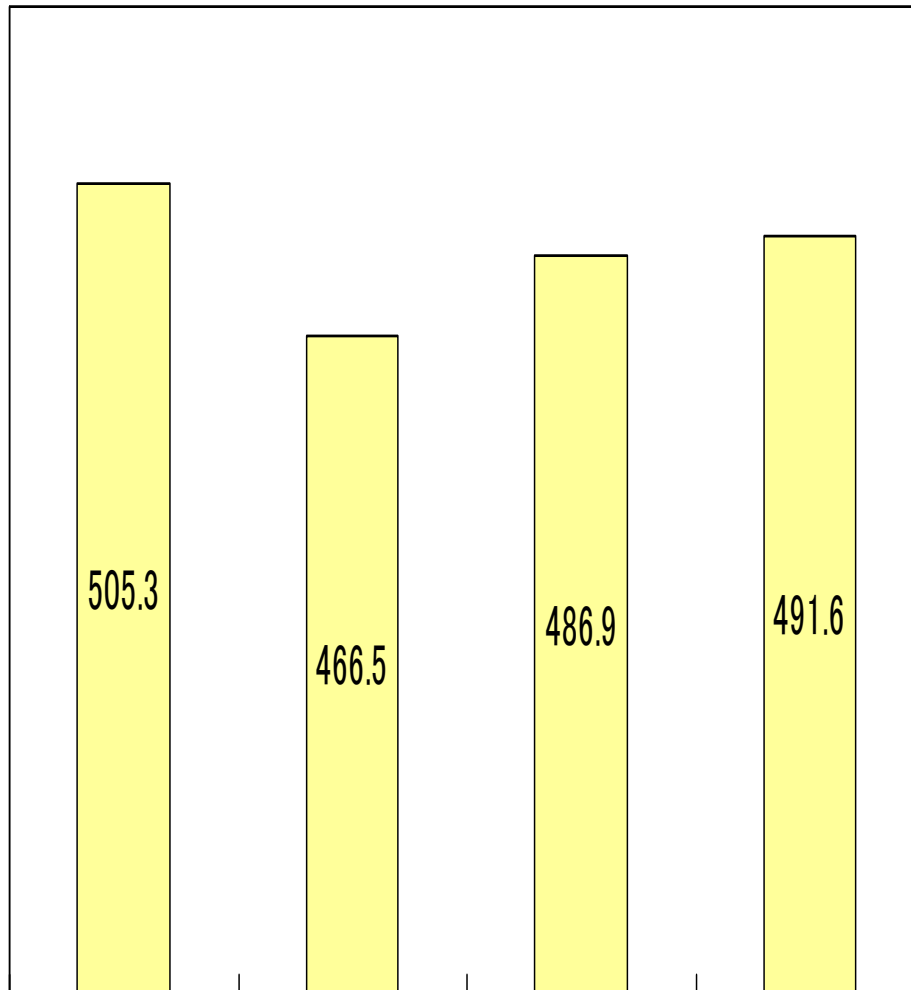
# Trend in Asset and Inventory

## Gross asset

Exch.rate	2005/3	2005/9	2005/12
US \$	107	113	118
EUR	139	136	140

## Inventory

(¥billion)



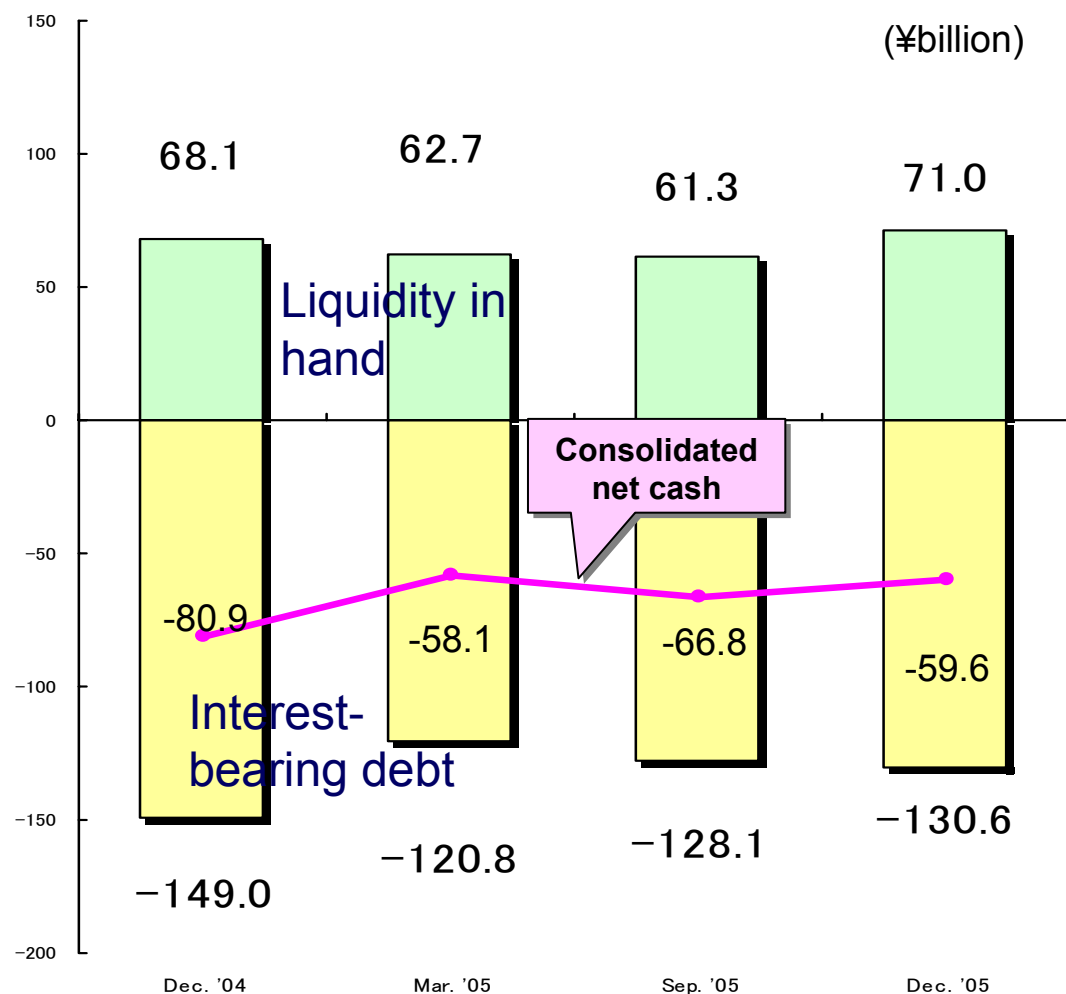
End of Dec. '04   End of Mar. '05   End of Sep. '05   End of Dec. '05

End of Dec. '04   End of Mar. '05   End of Sep. '05   End of Dec. '05

# Fiscal 2006 3Q Cash Flow

## Consolidated statements of cash flow

Income (loss) before income taxes	1.3
Depreciation	6.5
Decrease (increase) in inventory	17.8
Operating capital	(13.4)
Net cash provided by operating activities	12.2
Fixed asset	(5.3)
Others	1.3
Net cash used in investing activities	(4.0)
Free cash flow	8.2
Net cash used in financing activities	0.7
Other adjustments	0.8
Net increase (decrease) in cash	9.7
Cash at the beginning of the year	61.3
Cash at the end of 1H	71.0



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

FY2006 3Q	
Capital expenditure	2.0
Depreciation & amortization	3.6

# Objectives in Fiscal 2006 4Q

## Consumer Electronics

Launch of:

- New LCD TVs featuring new GENESSA/DynaPix
- New HD-ILA Hybrid projection TV
- New Hard Disk Drive camcorder “Everio”
- New Car DVD/CD receiver

## Professional Electronics

- Sales expansion of HDV camcorder for professional
- Launch of new security purpose products (disk recorder and surveillance camera)

## Components & Devices

- Sales expansion of FDB motor
- Launch of new pick up for Car CD/DVD
- Turning business profitable by expanding sales of VIL circuit board

## Software & Media

- Software: new DVD release from music artists SAS, Love Psychedelico, Lemioromen, and new CD release from COCCO
- Media: sales expansion of 8cm DVD disc and DVC tape

# Fiscal 2006 Business Forecast

(¥billion)

## (Consolidated)

	Forecast announced on Oct.14	Fiscal 2005 results	Change vs fiscal 2005
Net Sales	860.0	840.6	102%
Operating income	0.8% 7.0	1.2% 10.4	-3.4
Ordinary income	0.0% 0.0	0.9% 7.3	-7.3
Net income (loss)	-1.3% (11.5)	-0.2% (1.9)	-9.6

## (Non-consolidated)

	Forecast announced on Oct.14	Fiscal 2005 results	Change vs fiscal 2005
Net Sales	465.0	448.8	104%
Ordinary income	0.5% 2.5	1.3% 5.9	-3.4
Net income (loss)	-1.1% (5.0)	1.0% 4.6	-9.6