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**JVC REPORTS BUSINESS RESULTS FOR THE THIRD QUARTER OF FISCAL 2004
(October 1 - December 31, 2003)**

Victor Company of Japan, Ltd. (JVC) announced today it registered consolidated sales of ¥261.3 billion for the third quarter of the fiscal 2004 (October 1, 2003 – December 31, 2003). JVC posted operating income of ¥10 billion for the third quarter due to raw cost improvements, more favorable foreign-exchange rates, and fixed cost reductions, despite adverse factors such as falling prices and lower sales in the components and devices division. Net income was ¥6.8 billion for the third quarter of fiscal 2004, although the total sales for the period were down 1.8% from the same period of fiscal 2003. (Note: JVC's fiscal year ends March 31.)

**Consolidated Financial Highlights for the Third Quarter of Fiscal 2004
(October 1, 2003 – December 31, 2003)**

Selected Operating Results

	3rd Q of FY 2004		3rd Q of FY 2003		YOY	Nine-month period		YOY
	(Oct. 1 – Dec. 31, 2003)		(Oct. 1 – Dec. 31, 2002)			(April 1-Dec. 31, 2003)	(April 1-Dec. 31, 2002)	
Total Sales	261,333		266,180		98%	724,076	758,651	95%
Operating Income	10,010		6,978		143%	20,268	15,916	127%
Ordinary Income	8,666		5,743		151%	15,919	11,697	136%
Net Income	6,870		4,800		143%	10,382	6,191	168%
Net Income Per Share	27.04 yen		18.89 yen			40.86 yen	24.36 yen	

*Amounts indicated in millions of yen, except net income per share

Note1: Based on the principals of mid-term consolidated financial documents, JVC employs a simple procedure within the range of not misleading stakeholders including stock holders.

Note2: There are 78 consolidated companies and an affiliate company.

Sales by Product Lines

	3rd Q of FY 2004		3rd Q of FY 2003		YOY	Nine-month period		YOY		
	(Oct. 1-Dec. 31, 2003)		(Oct. 1-Dec. 31, 2002)			(April 1-Dec. 31, 2003)	(April 1-Dec. 31, 2002)			
Consumer electronics	185,689	71%	188,169	71%	99%	492,535	68%	529,326	70%	93%
Professional electronics	17,054	7%	15,661	6%	109%	53,619	7%	49,223	6%	109%
Electronic components & devices	14,359	5%	11,461	4%	125%	48,392	7%	37,059	5%	131%
Software and media products	42,687	16%	49,304	18%	87%	124,909	17%	138,284	18%	90%
Others	1,544	1%	1,582	1%	98%	4,619	1%	4,757	1%	97%
Total	261,333	100%	266,180	100%	98%	724,076	100%	758,651	100%	95%
Domestic	83,356	32%	88,528	33%	94%	237,032	33%	252,247	33%	94%
Overseas	177,977	68%	177,651	67%	100%	487,043	67%	506,404	67%	96%

*Amounts indicated in millions of yen

*Major products of each product line as follows:

Consumer electronics:	Video cassette recorders, camcorders, color TVs, stereo components and related equipment, car audio, DVD players, DVD recorders, and CD portable systems
Professional electronics:	Professional and educational equipment, information-related equipment, karaoke systems, and projectors
Electronic components & devices:	Parts for display equipment, optical pickups, motors, and high-density printed wiring boards (PWBs)
Software and media products:	Music and video software, such as CDs, videodiscs, prerecorded music and video tapes, and blank-media
Others:	Home furniture, production facility, etc.

Overview of the Third quarter of Fiscal 2004:

- The Japanese economy showed some signs of recovery during the third quarter of the year, with the stock market going up due to improved business results of Japanese corporations, etc. Overseas markets were strong as well. In the US, a large tax cut triggered a recovery in consumer spending and capital investment. Europe also showed signs of improvement, with exports taking a turn for the better. The end of the SARS epidemic enabled Asian economies to enter recovery as well.
- Within this context, JVC continues to strengthen its operations and seek higher added-value from "Only One" products under its core guidelines of "Continuing with a thorough change in thinking, leading to rebirth and reform," "Developing 'Only One' products in five priority business areas and improving both market share and brand value," and "Maintaining revenue and earnings gains and accelerating funds creation and balance sheet improvements."
- Consolidated domestic sales for the term declined 5.8% compared to the third quarter of the previous year. Enhanced lineups of digital products such as flat panel TVs and DVD recorders in the third quarter helped to expand sales, but declines in sales of analog equipment such as VCRs and 4:3 TVs to push total domestic sales downwards. Overseas, sales were relatively steady in Europe and Asia, but slumping sales in the Americas resulted in a 0.2% year-on-year growth in the third quarter. Total net sales for the third quarter were approximately ¥261.3 billion, a decline of 1.8% from last year's ¥266.1 billion.

Divisional Breakdown:

- The consumer electronics division saw growth in the domestic market for flat panel TVs and DVD recorders, but struggled in VCRs and digital video cameras. With regard to overseas market, sales during the third quarter were higher than the year before in Europe and Asia in local currency terms. In Americas, sales recovered during the third quarter due to strong sales of projection TVs and digital video cameras from a year-on-year decline of 18% for the second half to a year-on-year decline of 2% in local currency terms. In terms of products, digitization accelerated as sales grew for DVD players, projection TVs, and digital video cameras, while sales were slumped for CRT TVs, VCRs, and VHS-C video cameras. Total sales for the division were ¥185.6 billion for the third quarter (a decline of 1.3% over the ¥188.1 billion recorded for the third quarter of last year).
- The professional electronics division reported strong results for domestic security products such as surveillance camera systems and presentation products such as professional cameras, etc. Overseas, the division resulted in a year-on-year growth for D-ILA projection systems and PDPs. The division recorded total sales of slightly over ¥17.0 billion during the third quarter (a gain of 8.9% from the ¥15.6 billion posted for the third quarter of last year).
- The electronic components & devices division reported steady sales for high-density build-up printed wiring boards (PWBs) and motors, but sales were sluggish for optical pickups. Also, sales were weak for deflection yokes due to drastic changes in the market. The division recorded total sales of ¥14.3 billion for the third quarter (a gain of 25.3% compared to the ¥11.4 billion posted for the third quarter of last year. Without new consolidated company, a loss of 19.3%).
- The software and media products division experienced generally difficult conditions during the third quarter due to the overall slump of the Japanese music CD industry, though JVC was helped by major hit DVD titles. The division posted total sales of ¥42.6 billion for the third quarter (a 13.4% decline over the ¥49.3 billion posted for the third quarter of last year).
- Other divisions posted third quarter sales of ¥1.5 billion for the third quarter, a 2.4% decline from the ¥1.5 billion posted for the third quarter of last year.

- On the profit loss statement, JVC posted operating income of ¥10 billion for the third quarter (a gain of ¥3 billion and 43% from the profit of ¥6.9 billion for the third quarter of last year). The company was able to post this profit because of the raw cost improvements, more favorable foreign-exchange rates, and fixed cost reductions despite adverse factors such as falling prices and lower sales in the components and devices division. Ordinary income was ¥8.6 billion (compared to a gain of ¥5.7 billion for the third quarter of last year). Net income was ¥6.8 billion (compared to a profit of ¥4.8 billion for the third quarter of last year).

Forecast for the year to March 2004

JVC forecasts continued severity in the business environment as domestic and international competition gears up in digital products and foreign exchange rates move in unfavorable directions.

The company will continue to work towards the achievement of the results targets announced on April 25, 2003 by expanding sales of the PDPs, LCD TVs, DVD recorders and other products, which were launched in the third quarter.

Below is a summary of current full-year forecasts:

Consolidated results forecast (full-year)

Sales	¥1,000.0 billion	(103% year-on-year)
Ordinary income	¥20.0 billion	(116% year-on-year)
Net income	¥11.0 billion	(174% year-on-year)

*Results forecasts are based on certain assumptions deemed by the company to be reasonable at the current point in time. Actual results may vary widely from forecasts.

Below are the main factors that may cause results to differ from forecasts:

- Drastic changes in economic conditions and product supply and demand in major markets (Japan, Europe, The Americas, Asia etc.)
- Changes in trade regulations and other regulatory changes in major domestic and international markets
- Drastic changes in foreign exchange rates (yen-dollar, yen-euro etc.)
- Sharp moves in the capital markets
- Changes in social infrastructure caused by drastic changes in technology etc.

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For further information, please contact:

Toshiya Ogata, Manager

Or

Fusako Adachi

Public Relations Office

Corporate Communications Department

Victor Company of Japan, Limited (JVC)

Tel: +81-(0)3-3289-1458

Fax: +81-(0)3-3289-0376

E-mail: ogata-toshiya@jvc-victor.jp

adachi-fusako@jvc-victor.jp

URL: <http://www.jvc.co.jp/english>