

# FY 2011 FIRST QUARTER IN CUMULATIVE FINANCIAL REPORT

〔 From April 1, 2011  
To June 30, 2011 〕



FUNAI ELECTRIC CO., LTD.

First Quarter (April-June) Consolidated Financial Summary for the Period Ending March 2012

(Million yen)

	Previous Year First Quarter 〔 From April 1, 2010 to June 30, 2010 〕		Current Year First Quarter 〔 From April 1, 2011 to June 30, 2011 〕		Rate of increase or decrease
	Amount	%	Amount	%	
Net Sales	74,958	100.0	65,618	100.0	12.5
Operating Income	2,518	3.4	322	0.5	87.2
Ordinary Income	1,284	1.7	75	0.1	94.1
Net Income before Taxes and Other Adjustments	1,196	1.6	60	0.1	95.0
Net Income/Loss after Tax *	433	0.6	1,414	2.2	-
Net Income/Loss after Tax **	433	0.6	2,350	3.6	-
Net Income/Loss per Share	12.71		68.90		

Notes: Includes 13 consolidated subsidiaries, 1 non-consolidated subsidiary accounted for by the equity method.

\*For the purpose of comparison the Net Income / Loss after Tax before the deduction of Income taxes for 936 million yen for prior periods is recorded.

\*\*Supplementary tax assessment based on rectification notice to Funai Electric Co., Ltd. for anti-tax haven system in HK for 936 million yen for the period of March 2008 to March 2010 was posted as a cost of income taxes for prior periods in First Quarter consolidated income statement of FY2011.



## Financial Report for the 3-Month Period ended June 30, 2011

August 1, 2010

Listed company name: Funai Electric Co., Ltd. Securities Code: 6839 Tokyo Stock Exchange and Osaka Securities Exchange, First Section

(URL <http://www.funai.jp/>)

Representative: President and CEO

Tomonori Hayashi

Inquiries: General Manager, Business Finance HQ

Hisao Fuke

TEL: (072) 870-4395

Scheduled date of Securities Report to be filed to the Kinki Finance Bureau; August 10, 2011

Scheduled date of Commencement of Annual Dividend Payment; -

Quarterly Financial Results Supplementation: Yes

Quarterly Financial Results Seminar: Yes

## 1. First Quarter Consolidated Results for the Period Ending March 2012 (April 1, 2011 – June 30, 2011)

## (1) Operating Results (Consolidated)

(% denotes year on year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1 <sup>st</sup> Quarter FY2011	65,618	12.5	322	87.2	75	94.1	2,350	-
1 <sup>st</sup> Quarter FY2010	74,958	3.5	2,518	32.0	1,284	68.5	433	86.3

(Reference) Comprehensive Income 1<sup>st</sup> Quarter FY 2011 ended June 30, 2011 4,667 million yen (- %)  
1<sup>st</sup> Quarter FY 2010 ended June 30, 2010 4,459 million yen (- %)

	Net Income Per Share	Net Income Per Share on a Fully Diluted Basis
	Yen	Yen
1 <sup>st</sup> Quarter FY2011	68.90	-
1 <sup>st</sup> Quarter FY2010	12.71	12.62

## (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Million yen	Million yen	%
1 <sup>st</sup> Quarter FY2011	196,046	125,638	63.6
Fiscal Year 2010	193,910	131,228	67.1

(Reference) Shareholders' Equity 1<sup>st</sup> Quarter FY 2011 ended June 30, 2011 124,632 million yen  
Fiscal Year 2010 ended March 31, 2011 130,088 million yen

## 2. Dividends

	Dividend per Share				
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	Year-End	Annual
	yen	yen	yen	yen	yen
Fiscal Year 2010	-	0.00	-	40.00	40.00
Fiscal Year 2011	-				
Fiscal Year 2011 (Projection)		0.00	-	40.00	40.00

(Note) Revision of Annual Dividends Forecast in this 1<sup>st</sup> Quarter: No

## 3 Forecast of Consolidated Results for the Fiscal Year ending March 2012 (April 1, 2011 - March 31, 2012)

(% denotes year on year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending Sep.30.2011	156,800	1.8	3,400	25.9	3,400	28.8	200	94.9	5.86
Full Year	310,000	4.8	8,000	935.9	8,000	519.9	4,200	-	123.11

(Note) Revision of Forecast of Consolidated Results for the six month period or the Full Year in this 1<sup>st</sup> Quarter: Yes

#### 4 Other Information

- (1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): No
- (2) Application of simplified accounting procedure and use of unique accounting procedure for preparation of financial statements covering consolidated accounting in this 1<sup>st</sup> quarter: Yes
- (3) Changes in Accounting Practices, Procedures and Presentation Methods for Consolidated Financial Results  
Changes arising from revision of accounting standards: No  
Changes arising from other factors: Yes  
Changes in accounting estimates: No  
Restatement: No
- (4) Number of Shares Outstanding (Ordinary Shares)  
Number of shares outstanding (including treasury stock) as of June 30, 2011; 36,126,196 shares  
as of March 31, 2011; 36,123,596 shares  
Number of shares of treasury stock as of June 30, 2011; 2,011,607 shares  
as of March 31, 2011; 2,011,607 shares  
The Average number of outstanding shares on June 30, 2011; 34,112,710 shares  
on June 30, 2010; 34,092,627 shares

#### ※ The Recording of Implementation Conditions Regarding Quarterly Review Procedures

This quarterly financial summary does not fall within the scope of the Quarterly Review Procedures referenced in the Financial Instruments and Exchange Act. At the time of disclosure of the quarterly financial summary, the Group was in the process of implementing the quarterly review procedures for its quarterly financial statements.

#### Disclaimer:

This document contains forward-looking statements and projections regarding business performance which are not historical facts. Please note that these statements are based on information relating to factors that may impact future business performance that was available for analysis at the time this document was printed. These factors include industry trends relating to the business areas of Funai Electric Co., Ltd. or the Funai Group, such as audio-visual devices and information communication equipment, the economic conditions of both domestic and international markets, and fluctuations in currency exchange rates. Actual performance may greatly differ from projections included in this document because of the impacts of uncertainty in such areas as the competitive conditions of the electronics industry, market trends, currency exchange rate, introduction and success of new products, and various other global conditions that may affect the tax system and other systems.

## 1. Qualitative Information Regarding Quarterly Financial Results

### (1) Qualitative Information Relating to Consolidated Business Performance

Our main market is the United States, and during the period in which our first-quarter YTD consolidated earnings were calculated the recovery of the US economy slowed due to a decrease in personal consumption resulting from difficult employment situation marked by increased unemployment and a housing market that remains in the doldrums.

In the consumer electronics appliances industry, demand for LCD TVs continued to be strong in China and other emerging markets, while in Japan demand rose above the previous year despite worries about the effect of the cessation of the Eco-Points System, due to demand for digital-capable TVs prior to the transition to terrestrial digital broadcasting. At the same time, the trend in Europe and North America remained weak due to the effects of the product demand cycle and restrained buying due to consumer worries about income.

As a result of the above factors, the Group posted net sales of JPY 65,618 million, a 12.5% decrease compared with the same period last year.

On the profit front, operating income was JPY 322 million, down 87.2% year on year; ordinary income was JPY 75 million, down 94.1% year on year; and a quarterly net loss of JPY 2,350 million (the quarterly net income for the same period last year was JPY 433 million).

Segment conditions by location were as follows:

#### i) Japan

In addition to that for Blu-ray Disc recorders, revenues from sales of antennas and related devices increased as a result of the transition to digital terrestrial broadcasting. Nonetheless, due to stiff price competition in LCD TVs and the decrease in information equipment sales due to reduced orders for printers, net sales were JPY 35,041 million, a 9.1% decrease compared with the same period last year. Our operating profit (segment profit) was JPY 1,925 million, down 34.8% year on year.

#### ii) North America

In addition to the weak market, revenues for sales of LCD TVs, our main product, were broadly down due to falling prices. Sales of DVD players and Blu-ray Disc players also decreased, with net sales amounting to JPY 26,561 million, down 21.9% year on year. Our operating loss (segment loss) was JPY 712 million (the operating loss for this segment for the same period last year was JPY 201 million).

#### iii) Asia

Net sales came to JPY 2,879 million (net sales for the same period last year were JPY 82 million), but we posted an operating loss (segment loss) of JPY 84 million (operating profit for this segment for the same period last year was JPY 1,354 million).

#### iv) Europe

Sales of DVD-related equipment increased, but revenues decreased sharply due to the effects of the weak market for LCD TVs, with net sales down 51.1% year on year, to JPY 1,135 million, and an operating loss (segment loss) of JPY 440 million (operating loss for the same period last year was JPY 123 million).

Sales by Product Segment were as follows:

#### i) Audio-Visual Equipment

In the audio-visual equipment segment, while sales of Blu-ray Disc recorders contributed to an increase in revenues, sales of other DVD-related equipment were down, and due to weakness in the European and North American markets prices of LCD TVs also dropped, putting heavy pressure on revenues. As a result, net sales of this equipment were JPY 46,147 million, a decrease of 6.2% year on year.

#### ii) Information Equipment

In the information equipment sector, decreases in orders for printers resulted in net sales of this equipment were JPY 8,696 million, a decrease of 49.2% year on year.

#### iii) Others Products

Sales of other products that are not included in the above categories increased as strong demand for antennas and related devices as a result of the transition to digital terrestrial broadcasting took hold. As a result, net sales of this equipment were JPY 10,774 million, an increase of 24.6% year on year.

### (2) Qualitative Information Relating to Consolidated Financial Position

Our financial position at the end of first quarter is described below.

Total assets increased by JPY 2,136 million as compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of JPY 3,897 million in goods and products, and a decrease of JPY 2,523 million in raw materials and inventories.

Total liabilities increased by JPY 7,726 million as compared to the end of the previous consolidated

fiscal year. This was mainly due to the JPY 11,340 million increases in notes and accounts payables and decrease of JPY 2,255 million in short-term loans payable.

Net assets fell by JPY 5,590 million as compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of JPY 3,075 million and JPY 2,525 million in the retained earnings and foreign currency translation adjustment account.

(3) Qualitative Information Relating to Consolidated Performance Forecasts:

Please refer to the “Funai Reports Revised Forecast of Consolidated Operating Results” published on August 1, 2011 for information regarding earnings forecasts.

Note: Our performance forecasts include figures based on decisions according to the information available at the time and include items that are subject to risks and uncertainties. Actual performance may vary from these forecasts due to rapid changes in economic conditions in the United States, our primary market, and other regions overseas, as well as rapid fluctuations in product prices.

## 2. Summary Information

(1) Important changes relating to subsidiaries and affiliates during the fiscal term (changes involving specific subsidiaries that resulted in changes to the scope of consolidated accounting)

There are no relevant changes.

(2) Unique accounting procedure for preparation of consolidated financial statements for fiscal quarter

Expenses relating to taxes are calculated by applying the estimated effective tax rates on the before-tax net profit for the fiscal quarter, through a practical estimation of the effective tax rates that will take effect after the application of the tax effect accounting for before-tax net profits of the consolidated fiscal year, including this first fiscal quarter.

The corporate tax adjustment is included in the indicated corporate taxes.

(3) Changes arising from revision of accounting standards, Changes in accounting estimates, Restatement (Change in the Rate Applied for Currency Exchange Conversions)

In the past, the Group applied TTS<sup>\*1</sup> or TTB<sup>\*2</sup> rates when carrying out foreign currency exchange conversions. However, as of the previous second quarter of the consolidated fiscal year, the Group has decided to use TTM<sup>\*3</sup> rates instead. This change to utilize TTM rates across all exchange conversions was made in order to ensure clarity in every income category.

Please note that the new rates were not applied for the previous first quarter year-to-date consolidated period as the Group’s systems were not updated until the previous second quarter.

Accordingly, the net sales, operating income, ordinary income and net income before taxes and other adjustments in the previous first quarter consolidated period were posted by less amount of JPY 301 million, JPY 382 million and JPY 362 million, respectively, compared with after the changes in the rate applied for currency exchange conversions.

(4) Additional information

(Adoption of accounting standards related to accounting changes or correction of errors)

As of the accounting changes or correction of errors made since the beginning of the first quarter of the consolidated fiscal year under review, the Group has adopted the Accounting Standard for Accounting Changes and Error Corrections (Statement No. 24 of the Accounting Standard Board of Japan dated December 4, 2009) and the corresponding Implementation Guidance (Implementation Guidance No. 24 dated December 4, 2009).

(5) Other

Corrective action implemented based on the application of the Anti-Tax Haven Law

1. On June 28, 2005 and June 16, 2008 we received a notice from the Osaka Regional Taxation Bureau regarding the implementation of corrective action. This notice indicated a decision regarding our subsidiary in Hong Kong, suggesting that it did not satisfy the conditions for exclusion from application of the Anti-Tax Haven Law.

The notification furthermore indicated that the Osaka Regional Taxation Bureau decided to incorporate the income generated by our subsidiary in Hong Kong into the income of our company for the duration of three years, from April 1, 2001, to March 31, 2004, from April 1, 2004, to March 31, 2007, or taxation purposes.

Because the Company objected to this corrective action, we applied for assessments by the Administrative Review Office of the Osaka Regional Taxation Bureau on July 25, 2006 and again on August 6, 2008. Thereafter, we received written verdicts on this case on July 3, 2008, and again on July 23, 2009, indicating that our assertions had been dismissed. We filed an appeal to have the action cancelled with the Osaka District Court on November 16, 2006 and again on November 14, 2008, and a hearing for consolidation of those actions was filed on November 26, 2008. The court dismissed the claims of our Company on June 24, 2011. Thereafter, as the Company is unable to accept the Osaka District Court’s judgment, we filed a notice of appeal at the Osaka Superior Court on July 7, 2011.

The additional tax amounts to JPY 16,651 million (JPY 19,184 million including incidental taxes) and JPY 15,038 million (JPY 16,838 million including incidental taxes), including corporate, residential, and business taxes. We processed these amounts in the fiscal term ending March 2007 as “retroactive corporate taxes,” since the accounting procedures relating to additional tax amounts have been clarified through the amendment of the “Handling of Audits Relating to Accounting Procedures and Disclosures for Taxes” (Report No. 63 of the Auditing and Guaranteeing Work Committee of the Japanese Institute of Certified Public Accountants) on March 8, 2007.

2. On June 29, 2011 we received a notice from the Osaka Regional Taxation Bureau indicating their decision to incorporate the income generated by our subsidiary in Hong Kong into the income of our company for the duration of three years, from April 1, 2007, to March 31, 2010, for taxation purposes.  
A provisional estimate for the additional tax, including corporate, residential, and business taxes, amounts to JPY 826 million (JPY 936 million including incidental taxes). This amount has been processed as expenses under the category of “income taxes for prior periods” in this first fiscal quarter of the consolidated fiscal term.

### **3. Consolidated Financial Statements**

#### **(1).Consolidated Quarterly Balance Sheets**

(Mil. Yen)

	Fiscal year 2010 (As of March 31, 2011)	1st Quarter FY2011 (As of June 30, 2011)
<b>ASSETS;</b>		
Current Assets		
Cash and deposits	70,076	70,727
Notes and accounts receivable-trade	36,367	35,988
Merchandise and finished goods	23,565	27,462
Work in process	1,795	1,913
Raw materials and supplies	18,477	15,954
Other	8,678	9,077
Allowance for doubtful accounts	139	139
Total current assets	158,820	160,984
Noncurrent assets		
Tangible fixed assets	16,290	16,177
Intangible assets	3,720	3,466
Investment and other assets		
Other	15,432	15,787
Allowance for doubtful accounts	352	369
Total investments and other assets	15,079	15,418
Total noncurrent assets	35,089	35,062
<b>TOTAL ASSETS</b>	<b>193,910</b>	<b>196,046</b>
<b>LIABILITIES;</b>		
Current Liabilities		
Notes and accounts payable-trade	28,938	40,278
Short-term loans payable	10,096	7,841
Income taxes payable	2,071	1,905
Provision	1,727	1,610
Other	16,090	14,622
Total current liabilities	58,926	66,258
Noncurrent liabilities		
Long-term loans payables	33	-
Provision	2,392	2,944
Other	1,329	1,204
Total noncurrent liabilities	3,755	4,149
<b>TOTAL LIABILITIES</b>	<b>62,681</b>	<b>70,408</b>



(Mil. Yen)

	Fiscal year 2010 (As of March 31, 2011)	1st Quarter FY2011 (As of June 30, 2011)
<b>NET ASSETS;</b>		
Shareholders' equity		
Capital stock	31,300	31,302
Capital surplus	33,265	33,267
Retained earnings	116,738	113,663
Treasury stock	24,341	24,341
Total shareholders' equity	156,962	153,892
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	612	752
Foreign currency translation adjustment	27,486	30,011
Total accumulated other comprehensive income	26,874	29,259
Subscription right to shares	87	92
Minority interests	1,052	913
Total net asset	131,228	125,638
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>193,910</b>	<b>196,046</b>

(2). Consolidated Quartely Statements of Income and Consolidated Quartely Statement of Comprehensive Income  
(Consolidated Quartely Statements of Income)

(Mil. Yen)

	1st Quarter FY2010 ( from April 1, 2010 to June 30, 2010 )	1st Quarter FY2011 ( from April 1, 2011 to June 30, 2011 )
Net sales	74,958	65,618
Cost of sales	61,938	56,037
Gross profit	13,020	9,580
Selling, general and administrative expenses	10,501	9,258
Operating income	2,518	322
Non-operating income		
Interest income	78	48
Dividends income	11	23
Rent income	26	27
Other	33	34
Total non-operating income	150	133
Non-operating expenses		
Interest expenses	16	34
Equity in losses of affiliates	1	19
Foreign exchange losses	1,346	304
Other	19	20
Total non-operating expenses	1,384	379
Ordinary income	1,284	75
Extraordinary income		
Reversal of allowance for doubtful accounts	4	-
Other	2	0
Total extraordinary income	6	0
Extraordinary loss		
Loss on disposal of noncurrent assets	5	-
Liquidation loss on affiliated company	88	-
Other	1	16
Total extraordinary loss	95	16
Income before income taxes	1,196	60
Income taxes	674	1,405
Income taxes for prior periods	-	936
Total income taxes	674	2,341
Income / loss before minority interests	521	2,281
Minority interests in income	88	68
Net income / loss	433	2,350

## (Consolidated Quartely Statement of Comprehensive Income)

(Mil. Yen)

	1st Quarter FY2010 ( from April 1, 2010 to June 30, 2010 )	1st Quarter FY2011 ( from April 1, 2011 to June 30, 2011 )
Loss before minority interest adjustment	521	2,281
Other comprehensive Income		
Valuation difference on available-for-sale securities	5	138
Foreign currency translation adjustment	5,121	2,531
Share of other comprehensive income of associates accounted for using equity method	133	5
Total other comprehensive Income	4,981	2,386
Comprehensive income	4,459	4,667
(Breakdown)		
Comprehensive income attributable to owners of parent	4,537	4,735
Comprehensive income attributable to minority interests	78	67

(3) Notes for Continuing Enterprises  
Not Applicable

(4) Information by Segment

[Segment Information]

. First Quarter Consolidated Fiscal Period – Year to Date (April 1, 2010 to June 30, 2010)  
Information Regarding Net Sales and Profit/Loss Conditions by Reporting Segment

(Units: Million Yen)

	Japan	N. America	Asia	Europe	Total	Elimination	Consolidated
Net Sales							
(1) Outside customers	38,554	33,999	82	2,322	74,958	-	74,958
(2) Inter-segment sales	39,846	0	56,188	0	96,035	(96,035)	-
Total	78,401	33,999	56,270	2,322	170,993	(96,035)	74,958
Segment Income and Loss( )	2,951	201	1,354	123	3,980	(1,461)	2,518

Note:

1. The negative JPY1,461 million adjustment amount under segment income includes items such as the JPY16 million relating to the cancellation of inter-segment transactions, JPY277 million of overall Group expenses that are not apportioned to each reporting segment, and the JPY1,200 million negative adjustment relating to inventory assets. Overall Group expenses are comprised of general administrative expenses that do not belong to a specific reporting segment.
2. Segment income has been adjusted to operating income noted on the first quarter consolidated income statement.

. First Quarter Consolidated Fiscal Period – Year to Date (April 1, 2011 to June 30, 2011)

1. Information Regarding Net Sales and Profit/Loss Conditions by Reporting Segment

(Units: Million Yen)

	Japan	N. America	Asia	Europe	Total	Elimination	Consolidated
Net Sales							
(1) Outside customers	35,041	26,561	2,879	1,135	65,618	-	65,618
(2) Inter-segment sales	23,665	0	40,143	0	63,810	(63,810)	-
Total	58,707	26,561	43,023	1,136	129,428	(63,810)	65,618
Segment Income and Loss( )	1,925	712	84	440	687	(364)	322

Note:

1. The negative JPY364 million adjustment amount under segment income includes items such as the JPY0 million relating to the cancellation of inter-segment transactions, JPY262 million of overall Group expenses that are not apportioned to each reporting segment, and the JPY101 million negative adjustment relating to inventory assets. Overall Group expenses are comprised of general administrative expenses that do not belong to a specific reporting segment.
2. Segment income has been adjusted to operating income noted on the first quarter consolidated income statement.

(Change in the Rate Applied for Currency Exchange Conversions)

In the past, the Group applied TTS\*<sup>1</sup> or TTB\*<sup>2</sup> rates when carrying out foreign currency exchange conversions. However, as of the previous second quarter of the consolidated fiscal year, the Group has decided to use TTM\*<sup>3</sup> rates instead. This change to utilize TTM rates across all exchange conversions was made in order to ensure clarity in every income category.

Please note that the new rates were not applied for the previous first quarter year-to-date consolidated period as the Group's systems were not updated until the previous second quarter.

Accordingly, the sales and segment income for "Japan" in the previous first quarter consolidated period were posted by less amount of JPY301 million and JPY382 million, respectively, compared with after the changes in the rate applied for currency exchange conversions .

(5) Notes of remarkable changes in Shareholders Equity:

Not Applicable

(6) Important Subsequent Event

Not Applicable

# FIRST QUARTER IN CUMULATIVE FINANCIAL RESULTS SUPPLEMENTATION

## FY 2011

( from 2011.4.1  
to 2011.6.30 )

	頁
1. Summary of 1Q Financial Statements (Consolidated)	
(1) Operating Results, Financial Conditions .....	1
(2) Profitability and Per Share Data etc. ....	1
(3) Capital Expenditures, Depreciation, R&D Expenses .....	1
(4) Cash Flow .....	2
2. Operating Activities (Consolidated)	
(1) Sales by Equipment .....	2
(2) Sales by Area in Equipment .....	3
(3) Sales by Equipment in Areas .....	3



FUNAI ELECTRIC CO., LTD.

## 1. Summary of 1Q Financial Statements (Consolidated)

### (1) Operating Results, Financial Conditions

(Units : 100 million yen, %)

	FY 2010						FY 2011					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Net Sales	749	100.0	3.5	2,959	100.0	6.0	656	100.0	12.5	3,100	100.0	4.8
Operating Income	25	3.4	32.0	7	0.3	93.1	3	0.5	87.2	80	2.6	935.9
Ordinary Income	12	1.7	68.5	12	0.4	89.0	0	0.1	94.1	80	2.6	519.9
Net Income / Loss after Tax (Before income tax for prior periods)	4	0.6	86.3	11	0.4	-	14	2.2	-	33	1.1	-
Net Income / Loss after Tax	4	0.6	86.3	11	0.4	-	23	3.6	-	42	1.4	-
Total Assets	2,175	-	-	1,939	-	-	1,960	-	-	-	-	-
Net Assets	1,369	-	-	1,312	-	-	1,256	-	-	-	-	-

### ( ) Yen-Dollars / Exchange rate

(Units : Yen / Dollars)

	FY 2010		FY 2011	
	1Q	Full-Year	1Q	Full-Year (Projections)
Average Rate in each Period	91.28	85.21	81.23	83.00

### (2) Profitability and Per Share Data etc.

	FY 2010		FY 2011	
	1Q	Full-Year	1Q	Full-Year (Projections)
Gross Profit Ratio (%)	17.4	13.6	14.6	16.3
Operating Income Ratio (%)	3.4	0.3	0.5	2.6
Ordinary Income Ratio (%)	1.7	0.4	0.1	2.6
Shareholders' Equity Ratio (%)	62.5	67.1	63.6	-
Net Assets Per Share (yen)	3,991.75	3,813.57	3,653.36	-
Net Income Per Share (yen)	12.71	34.31	68.90	123.11
Return on Assets (%)	0.2	0.6	1.1	-
Return on Shareholders' Equity (%)	0.3	0.9	1.8	-

### (3) Capital Expenditures, Depreciation, R&D Expenses

(Units : 100 million yen, %)

	FY 2010				FY 2011			
	1Q		Full-Year		1Q		Full-Year (Projections)	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Capital Expenditures	30	150.0	60	39.5	12	60.0	35	41.7

	FY 2010						FY 2011					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Depreciation Expenses	10	1.3	0.0	48	1.6	11.6	12	1.8	20.0	47	1.5	2.1
R&D	31	4.1	0.0	129	4.4	3.7	27	4.1	12.9	140	4.5	8.5

## (4) CashFlow

(Units : 100 million yen)

	FY 2010		FY 2011	
	1Q	Full-Year	1Q	Full-Year (Projections)
Cash flows provided by operating activities	0	51	74	-
Income Before Income Taxes	11	14	0	-
Depreciation Expenses	14	63	16	-
Others	25	128	58	-
Cash flows used in investing activities	101	40	131	-
Free cash flows	101	11	205	-
Cash flows provided by financing activities	48	24	34	-
Effect of exchange rate changes on cash and cash equivalents	10	16	2	-
Net increase in cash and cash equivalents	42	2	162	-

## 2. Operating Activities (Consolidated)

## (1) Sales by Equipment

(Units : 100 million yen, %)

	FY 2010						FY 2011					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	492	65.7	18.8	1,986	67.1	15.0	461	70.3	6.2	2,375	76.6	19.6
DVD	70	9.4	42.6	269	9.1	30.3	60	9.2	14.3	206	6.7	23.4
BD	51	6.8	34.2	353	11.9	86.8	119	18.1	133.3	456	14.7	29.2
LCD TV	362	48.3	5.5	1,330	44.9	16.6	277	42.2	23.5	1,650	53.2	24.1
Others	9	1.2	91.3	34	1.2	79.5	5	0.8	44.4	63	2.0	85.3
Information Equipment	171	22.8	56.0	564	19.1	3.3	87	13.3	49.2	420	13.6	25.5
Others	86	11.5	42.5	409	13.8	52.9	108	16.4	24.6	305	9.8	25.4
Total	749	100.0	3.5	2,959	100.0	6.0	656	100.0	12.5	3,100	100.0	4.8



## (2) Sales by Areas in Equipment

(Units : 100 million yen, %)

	FY 2010						FY 2011					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	492	65.7	18.8	1,986	67.1	15.0	461	70.3	6.2	2,375	76.6	19.6
North America	331	44.2	39.4	1,289	43.6	34.6	263	40.1	20.5	1,602	51.7	24.3
Europe	30	4.0	30.4	83	2.8	33.6	15	2.4	50.0	144	4.6	73.5
Asia and Others	8	1.1	-	38	1.3	111.1	7	1.0	12.5	59	1.9	55.3
Japan	123	16.4	232.4	576	19.4	159.5	176	26.8	43.1	570	18.4	1.0
Information Equipment	171	22.8	56.0	564	19.1	3.3	87	13.3	49.2	420	13.6	25.5
North America	66	8.8	65.0	214	7.2	15.7	28	4.3	57.6	216	7.0	0.9
Europe	42	5.6	10.5	154	5.2	13.0	15	2.3	64.3	129	4.2	16.2
Asia and Others	58	7.7	107.1	179	6.1	6.5	41	6.2	29.3	59	1.9	67.0
Japan	5	0.7	66.7	17	0.6	6.3	3	0.5	40.0	16	0.5	5.9
Others	86	11.5	42.5	409	13.8	52.9	108	16.4	24.6	305	9.8	25.4
Total	749	100.0	3.5	2,959	100.0	6.0	656	100.0	12.5	3,100	100.0	4.8

## (3) Sales by Equipment in Areas

(Units : 100 million yen, %)

	FY 2010						FY 2011					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
North America	410	54.7	30.3	1,558	52.6	28.0	298	45.4	27.3	1,825	58.9	17.1
Audio Visual Equipment	331	44.2	39.4	1,289	43.6	34.6	263	40.1	20.5	1,602	51.7	24.3
Information Equipment	66	8.8	65.0	214	7.2	15.7	28	4.3	57.6	216	7.0	0.9
Others	13	1.7	550.0	55	1.8	511.1	7	1.0	46.2	7	0.2	87.3
Europe	72	9.6	18.3	238	8.1	21.8	30	4.7	57.7	273	8.8	14.7
Audio Visual Equipment	30	4.0	30.4	83	2.8	33.6	15	2.4	50.0	144	4.6	73.5
Information Equipment	42	5.6	10.5	154	5.2	13.0	15	2.3	64.3	129	4.2	16.2
Others	0	0.0	-	1	0.1	66.7	0	0.0	-	0	0.0	-
Asia and Others	67	9.0	116.1	221	7.5	12.8	51	7.7	23.9	118	3.8	46.6
Audio Visual Equipment	8	1.1	-	38	1.3	111.1	7	1.0	12.5	59	1.9	55.3
Information Equipment	58	7.7	107.1	179	6.1	6.5	41	6.2	29.3	59	1.9	67.0
Others	1	0.2	66.7	4	0.1	60.0	3	0.5	200.0	0	0.0	-
Japan	200	26.7	109.2	942	31.8	94.7	277	42.2	38.2	884	28.5	6.2
Audio Visual Equipment	123	16.4	232.4	576	19.4	159.5	176	26.8	43.1	570	18.4	1.0
Information Equipment	5	0.7	66.7	17	0.6	6.3	3	0.5	40.0	16	0.5	5.9
Others	72	9.6	28.6	349	11.8	41.9	98	14.9	36.1	298	9.6	14.6
Total	749	100.0	3.5	2,959	100.0	6.0	656	100.0	12.5	3,100	100.0	4.8



# **FUNAI ELECTRIC CO., LTD.**

( Company )

**FUNAI ELECTRIC CO., LTD.**

**INVESTOR / RELATIONSDEPARTMENT**

7-7-1 Nakagaito Daito-city, Osaka 574-0013, Japan

TEL 81-72-870-4395 • FAX 81-72-870-4613