

## Press Room

April 26,2007

To Whom It May Concern:

Funai Electric Co.,Ltd.  
 Representative: Tetsuro Funai, President and CEO  
 (Code No.: 6839 1<sup>st</sup> section of TSE/OSE)

### Notice Concerning the Revised Forecast of the Full-Year Results

Funai Electric Co., Ltd. is revising the results forecast announced along with the results announcement for the 3rd quarter period ending February 5, 2007 as follows:

#### Revised Forecasted Results (April 1,2006 - March 31,2007)

[Consolidated]

(units:Million Yen)

	Net Sales	Operating Income	Ordinary Income	(Pre-deduction of prior fiscal year corporation taxes etc.) Current Period Net Income *	(Post-deduction of prior fiscal year corporation taxes etc.) Current Period Net Income
Previously Announced Forecast(A)	395,000	25,800	31,000	17,400	17,400
Revised Forecast(B)	396,700	20,700	26,500	15,500	-3,600
Increased/Decreased Amount (B-A)	1,700	-5,100	-4,500	-1,900	-21,000
Rate of Increase/Decrease (%)	0.4	-19.8	-14.5	-10.9	-
(Reference) Results from Previous Period (Ending Mar. 2006)	360,885	23,305	27,461	-	21,596

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#### Reasons for the Revisions of Consolidated Results Forecast

Net sales of information equipment and video equipment have both risen steadily, ending

slightly higher than planned. On the other hand, the decrease in the market price of LCD televisions in the European market was greater than previously anticipated. Although Funai Electric's sales subsidiary in Europe, Funai Europe, considered writing down the expected 4th quarter 3.4 billion yen loss in inventory valuation as a special loss, the decision was eventually made to appropriate this loss as an operating expense. Operating income fell greatly as a result of 7.5 billion yen in operating losses during the entire year, including the appropriation of the above loss. These results also reflect a decrease in January-March 2007 Funai Electric shipments to the United States.

Regarding the additional tax of 19.1 billion yen (including incidental taxes) previously announced on April 9, 2007 resulting from the application of the Taxation Act Concerning Tax Havens, the Japanese Institute of Certified Public Accountants (Auditing and Assurance Practice Committee) announced a revision of Auditing and Assurance Practice Committee Report No. 63 "Accounting Practices, Disclosure and Audit Treatment for Various Taxes" on March 8, 2007 clarifying the procedure by which to, as a rule, account for supplementary tax assessments during the business fiscal year in which they were levied. After repeated consultations with the MISUZU Auditing Corporation regarding this clarification, the decision was made to reverse the "long-term suspense payments of income taxes" in accordance with the recently announced Committee Report No. 63, and dispose of the amount during the current fiscal year as "prior fiscal year corporation taxes etc.". The result of this handling was a current period net loss.

[Non-Consolidated]

(units:Million Yen)

	Net Sales	Operating Income	Ordinary Income	(Pre-deduction of prior fiscal year corporation taxes etc.) Current Period Net Income *	(Post-deduction of prior fiscal year corporation taxes etc.) Current Period Net Income
Previously Announced Forecast(A)	352,500	17,100	17,000	8,400	8,400
Revised Forecast(B)	336,900	15,500	17,300	-1,000	-20,100
Increased/Decreased Amount (B-A)	-15,600	-1,600	300	-9,400	-28,500
Rate of Increase/Decrease (%)	-4.4	-9.4	1.7	-	-
(Reference) Results from Previous Period (Ending Mar. 2006)	313,194	14,384	17,177	-	11,161

### Reasons for the Revisions of Non-Consolidated Results Forecast

The fall in January-March 2007 shipments to the United States were the primary reason for the decreases in net sales and operating income. Regarding the current period net

income, in accordance with the worsened financial state, including large losses, of Funai Electric's sales subsidiary Funai Europe, and as a result of the establishment of an allowance for doubtful accounts totaling 5.8 billion yen with regard to a portion of Funai Europe's debts and the appropriation as a loss of 2.7 billion yen in investments, 8.5 billion yen was appropriated as special losses. Additionally, as outlined in the reasons for the revision in the consolidated results forecasts, an additional tax of 19.1 billion yen (including incidental taxes) resulting from the application of the Taxation Act Concerning Tax Havens was reversed from "long-term suspense payments of income taxes" and disposed of as "prior fiscal year corporation taxes etc." during the current fiscal year, resulting in a net loss for the current term.

However, the accounting treatment of these assessments does not have any relationship to the Company's policy concerning the complaint for rescission of the supplementary tax order currently being heard by the court, and the Company will continue to assert the correctness of its position via lawsuit or other means in the future.

Additionally, an end to the falling market prices in the European market is now in sight, and the Company's policy is to secure reasonable income while also promoting an expanding sales strategy.

(Note)

The aforementioned estimates are forward-looking statements about the future performance of Funai Electric Co., Ltd. and are based on management's assumptions and beliefs in light of information currently available, and involve known and unknown risks and uncertainties. Various factors such as a change in economic conditions overseas (especially changes in the main US market) and severe price fluctuations may cause actual events and results to differ materially from those anticipated in these statements.

\* Based upon Auditing and Assurance Practice Committee Report No. 63 "Accounting Practices, Disclosure and Audit Treatment for Various Taxes" the supplemental tax assessments have been reversed from "long-term suspense payments of income taxes" and disposed of as "prior fiscal year corporation taxes etc." in the current fiscal year. However, "Current Period Net Income" is displayed according to the previous method.

## INQUIRIES ABOUT THIS PRESS RELEASE

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