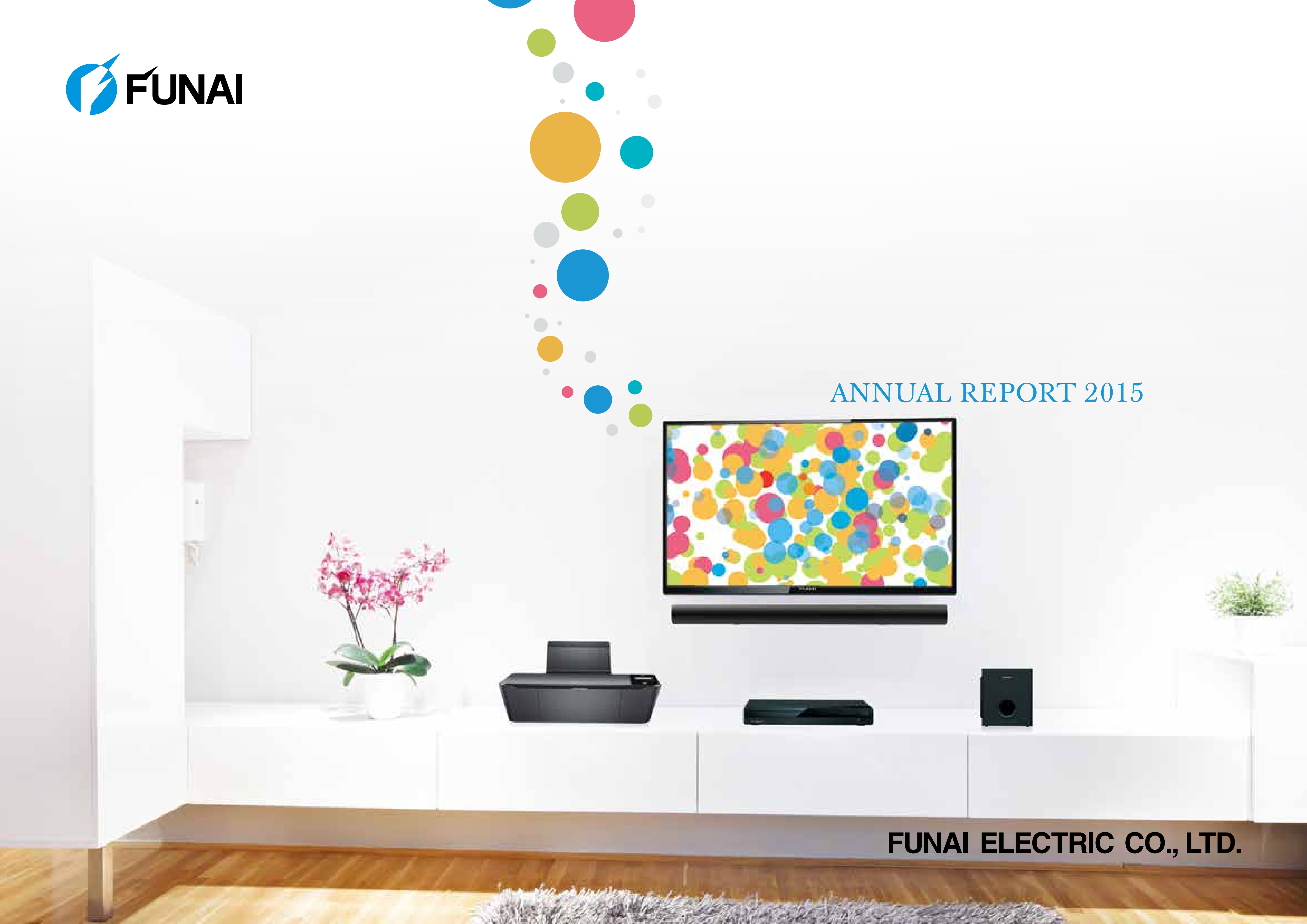
FUNAI

ANNUAL REPORT 2015



FUNAI ELECTRIC CO., LTD.

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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.

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Representative Director, President and CEO Tomonori Hayashi

Global operational reforms group-wide brought a return to profitability for the first time in five years.

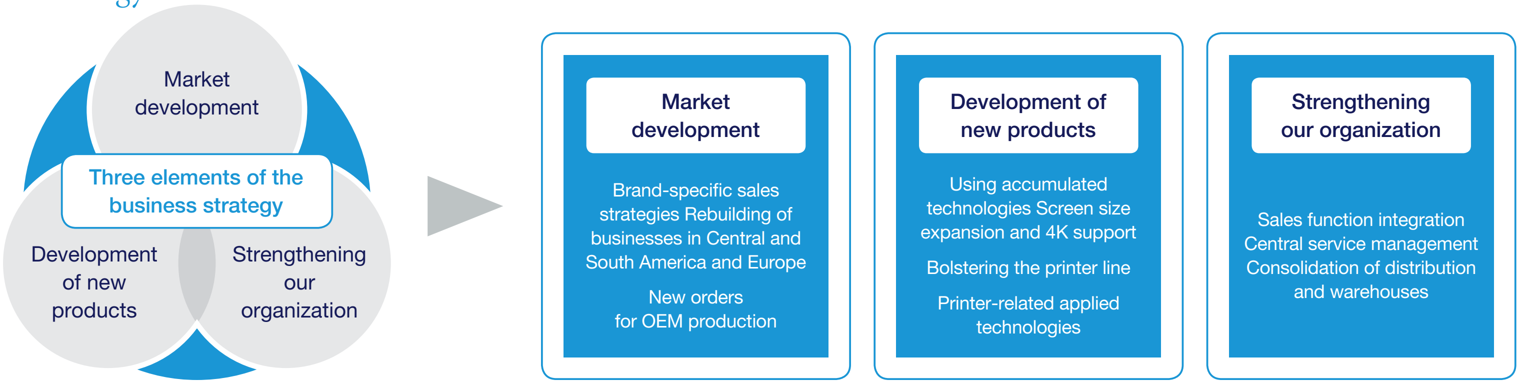
Business Environment and Operating Results

In recent years, the consumer electric products market has undergone tremendous transformation as a result of factors including intensifying international price competition, shortening of product life cycles, competition to develop new technologies and functions, and increased demand for smart devices fueled by the spread of the Internet.

In this environment, Funai commenced group-wide initiatives to achieve global earnings improvement. These included introducing new products in response to the trend toward larger LCD TVs, the Group's mainstay product, reinforcing sales activities up to and during the peak year-end sales period, increasing efficiency through selective reduction of the range of audio accessories to high-selling items, increasing the efficiency of the distribution and service systems of overseas sales subsidiaries, and strengthening global inventory control.

In the audiovisual equipment category, sales of mainstay LCD TVs were mostly unchanged from the previous fiscal year as a result of a decline in sales of TVs with integrated DVD players, despite the trend toward larger screen sizes and strong TV sales leading up to the peak year-end sales period. In addition, sales of DVD and Blu-ray Disc-related products fell as a result of market contraction. In the information equipment category, although sales of ink cartridges increased, printer sales declined. In the Others category, while sales of audio accessories increased slightly, sales of receiver-related equipment declined.

Future Growth Strategy



As a result of these initiatives, consolidated net sales in the fiscal year ended March 31, 2015 (fiscal 2014) declined 7.2% year on year to ¥217.0 billion. Nevertheless, operating income and net income were¥0.5 billion and ¥1.3 billion, respectively, and the Group returned to profitability for the first time in five years as a result of profitability improvement achieved through cost control and inventory management group-wide.

I believe that we have built a foundation for further growth and development through our efforts to create a business structure that can steadily and reliably generate earnings.

Initiatives under the Growth Strategy

Funai is implementing a number of strategic measures to make it possible to maintain sustained growth while coping with future changes in the business environment.

First of all, we will develop the business portfolio and implement a new product strategy. While securing sales and profits by strengthening existing businesses, mainly LCD TVs, we will undertake expansion of the printer business and aim to establish new businesses.

As a key measure to strengthen the competitiveness of existing businesses, we will increase the type of large LCD TVs and add value to LCD TVs. In the North American market, where we will offer TVs 60 inches and up and support 4K TV*, we plan to introduce new products on the market in the autumn of 2015.

In March 2015, we assumed the North American television operations of SANYO Electric Co., Ltd., a subsidiary of Panasonic Corporation. We have commenced sales of the SANYO brand in this market, focusing mainly on major mass merchandisers. At the same time, we extended the brand licensing agreement for Philips LCD TVs and video equipment with Netherlands-based Koniklijke Philips for three years until December 31, 2018.

In the printer business, in fiscal 2013 we commenced sales of inkjet printers developed in-house, leveraging the technologies and assets acquired from U.S.-based Lexmark International in April 2013. We also concluded a global comprehensive license agreement for Kodak brand consumer and small-office printer products and related consumable supplies in February 2015.

In efforts to establish new businesses, practical application of wireless-charging devices and in-vehicle displays developed by applying technologies Funai has accumulated over the years is expected before long. In addition, we are proceeding with joint development in the field of medical image processing.

*TVs with display panels offering four times the resolution of 1,080-pixel full high-definition TVs

The Funai Electric Group is implementing a number of strategic measures to make it possible to maintain sustained growth.

Future Business Strategy

Funai will focus enterprise resources on the three elements of the future business strategy: “market development,” “development of new products,” and “strengthening our organization.”

Funai’s market development initiatives will include implementation of new brand-specific sales strategies in each market, rebuilding of businesses in Central and South America and Europe, and efforts to obtain new orders for OEM production.

New product development efforts in the TV business will focus on screen size expansion and support for 4K as well as strengthening networking content and improving compatibility with smartphones and tablets. We will also meticulously respond to needs in the global market, such as regional preferences and the start of terrestrial digital broadcasting in emerging countries. In the printer business, we will aim for earnings growth over the medium to long term by bolstering our product lines, expanding beyond the consumer, business, and industrial printer markets into 3D printers and the field of medical and biological printing, while at the same time engaging in product development that leverages printer-related applied technologies.

A key initiative to strengthen the organization was the decision to establish during fiscal 2015 of a holding company over Funai’s U.S. sales subsidiaries FUNAI CORPORATION, INC. and P&F USA, Inc. for the purpose of strengthening and increasing the efficiency of the sales structure in the North American market. The holding company will work to increase sales utilizing the sales network of each sales subsidiary and increase Funai’s competitive advantage in the North American market by reducing administrative costs by means including consolidation of distribution and warehouses.

Outlook for the Fiscal Year Ending March 31, 2016

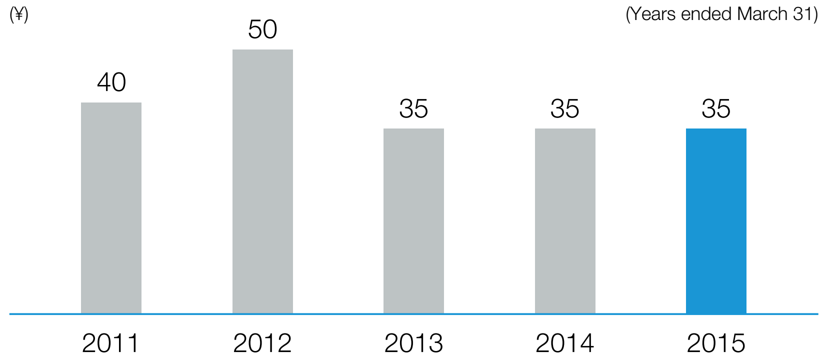
Funai considers sales growth and recovery in profitability its most important priorities. In the fiscal year ending March 31, 2016 (fiscal 2015), we will strive to increase revenue in each business by steadily implementing the above-mentioned business strategies. At the same time, we will undertake earnings improvement through further strengthening of purchasing, sales, and inventory management, development of a structure for supplying cost competitive products, further improvement of the Funai Production System (FPS), rigorous cost cutting, promotion of computerization, business process improvement, and strengthening of risk management.

By promptly and steadily implementing such measures, we will aim to achieve fiscal 2015 targets of net sales of ¥220,000 million (up 1.3% year on year), operating income of ¥1,600 million (up 183.5%), and net income of ¥400 million (down 70.5%).

Key Operating Results and Forecasts

Years ended March 31	Millions of Japanese Yen		
	Results for fiscal 2013	Results for fiscal 2014	Forecast for fiscal 2015
Net Sales	234,042	217,088	220,000
Operating Income (Loss)	(5,465)	564	1,600
Net Income (Loss)	(6,745)	1,354	400

Cash Dividends per Share

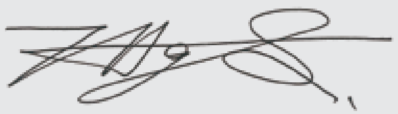


Basic Policy on Profit Distribution and Dividends

Funai considers providing returns to shareholders an important management priority and has adopted a basic policy of maintaining stable dividends while strengthening the business foundation. In implementing the dividend policy, we consider factors such as the business environment and use as a specific criterion a ratio of dividends to consolidated net assets of 1.0%. In principle, Funai pays a year-end dividend once a year. If we pay an interim dividend, we make a public announcement in advance.

In accordance with the above policy, Funai declared an ordinary dividend of ¥35 per share as the year-end dividend for fiscal 2014, the same as the previous term. Although the dividend for fiscal 2015 has not yet been determined, we will continue to strive to enhance corporate value and provide returns to the shareholders.

We look forward to receiving the continued support of our stakeholders in the coming years.

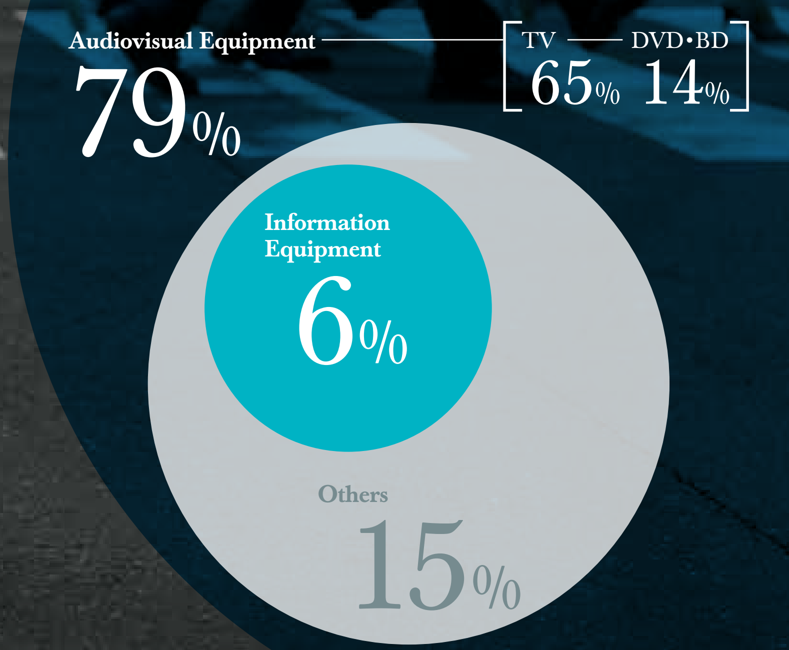


Representative Director, President and CEO Tomonori Hayashi

Business Areas

Constantly Evolving Business Operations

Sales Composition by Products



Consolidated Net Sales ¥217 billion
(March 31, 2015)

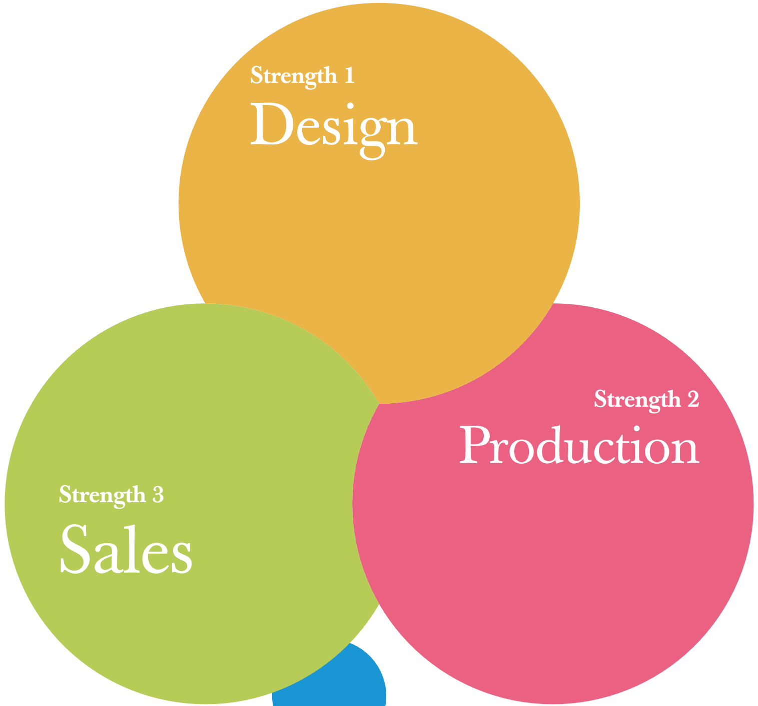
Since its founding in 1961, Funai has accurately identified the constantly changing needs of the times and applied a unique perspective to create digital home electronic appliances that combine superb cost performance with high quality.

Today we do business worldwide in three general product fields. The Audiovisual equipment segment consists of the Display Business, which manages our main products, LCD TVs, and the Digital Media Business, which handles products related to DVDs and Blu-ray Discs (BDs). The Information equipment segment comprises the Office Solutions Business, which focuses on inkjet printers, laser beam printers, and peripheral equipment. The Others segment, includes receiver-related products and other products.

We will seek greater growth to transform Funai into a globally outstanding business group by continuing to supply the world with products that meet the needs of the times and renewing our focus on speed in business activities, a trademark of the company since its founding.

Business Strengths

Unique Strengths that Define Funai Electric Group



Strength 1 Pursuit of Cost Performance through Innovations from the Design Stage

Strength 2 Continuous Productivity Improvement through the Funai Production System (FPS)

Strength 3 Marketing Products around the World under Multiple Brands Meeting Global Needs

Brand Competence

A Global Brand

FUNAI

Sales area: North America, Europe, India, Thailand

Simple

User-Friendly

Proven. Trusted

Timeless

Kodak *1

Sales area: Woldwide

Philips *2

Sales area: North America, Central and South America

Magnavox *3

Sales area: North America

Emerson

Sales area: North America

SANYO *4

Sales area: North America

DX ANTENNA

Sales area: Japan

DX BROADTEC

Sales area: Japan

*1, 2, 3, 4: See P52 "Important Contracts"

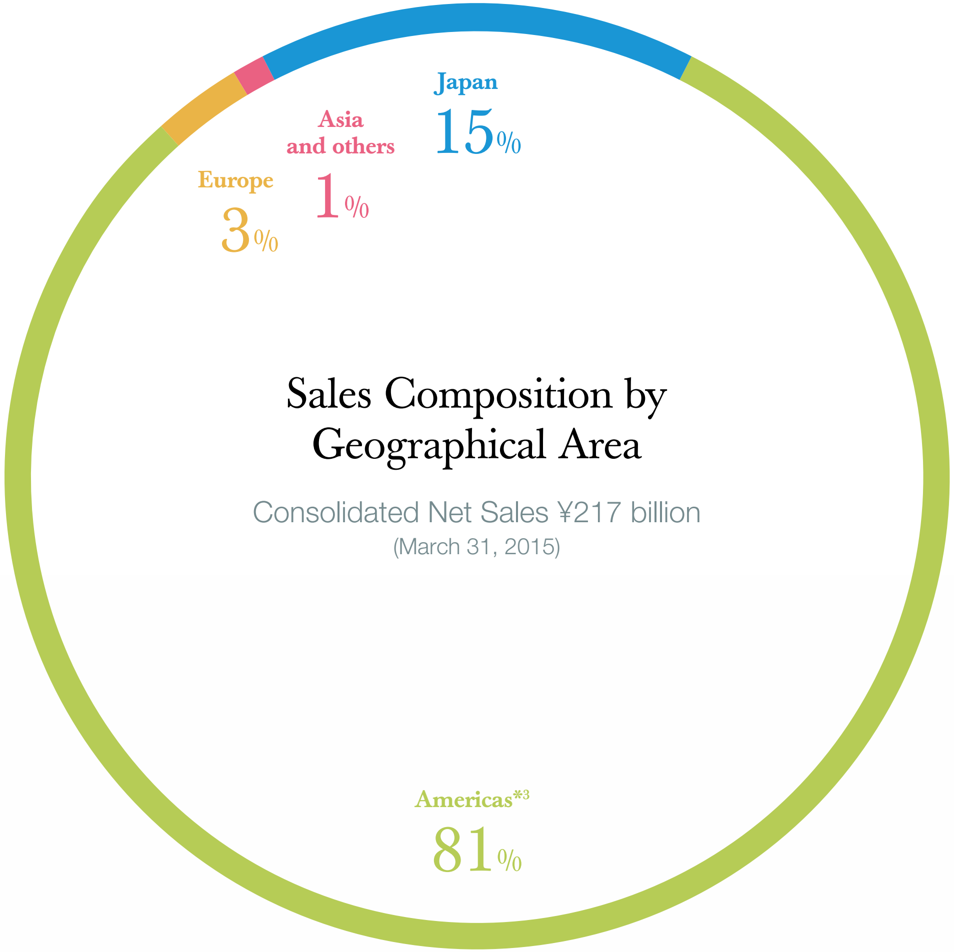
What's Funai?

Funai supplies markets and customers around the world with products that deliver excellent cost performance and high quality. We have seven brands that we selectively deploy according to individual market situations and product characteristics. We are developing a robust global business structure in which domestic and overseas group companies develop, manufacture, and market products around the world, supported by our competitive brands.

We market LCD TVs, our mainstay product, under six brands (FUNAI, Philips, Magnavox, SANYO, Emerson, and DX BROADTEC)*1 and DVD/BD-related products under five brands (FUNAI, Philips, DX BROADTEC, Magnavox and SANYO) worldwide. In addition, we sell antennas and other receiver-related products under the DX ANTENNA brand and LED sensor lights and other products under the DX DELCATEC brand. We also manufacture products under customers' brands under OEM agreements.

We intend to accelerate full-scale development of the printer business, which we strengthened in 2013 by acquiring inkjet-related assets. In June 2015, we began selling Kodak brand*2 inkjet printers and related consumable supplies under a license agreement concluded in February 2015. In addition, we plan to begin production of laser printers developed in-house around the summer of 2015.

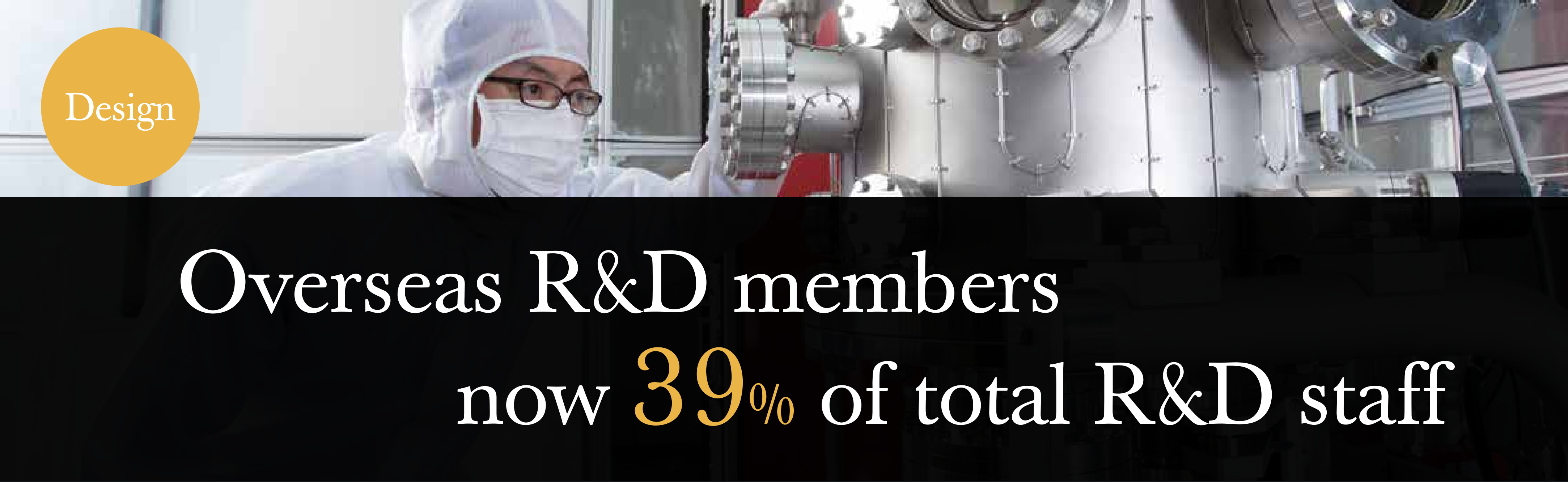
*1,2: See P52 "Important Contracts"



*3 Including sales of Central and South America

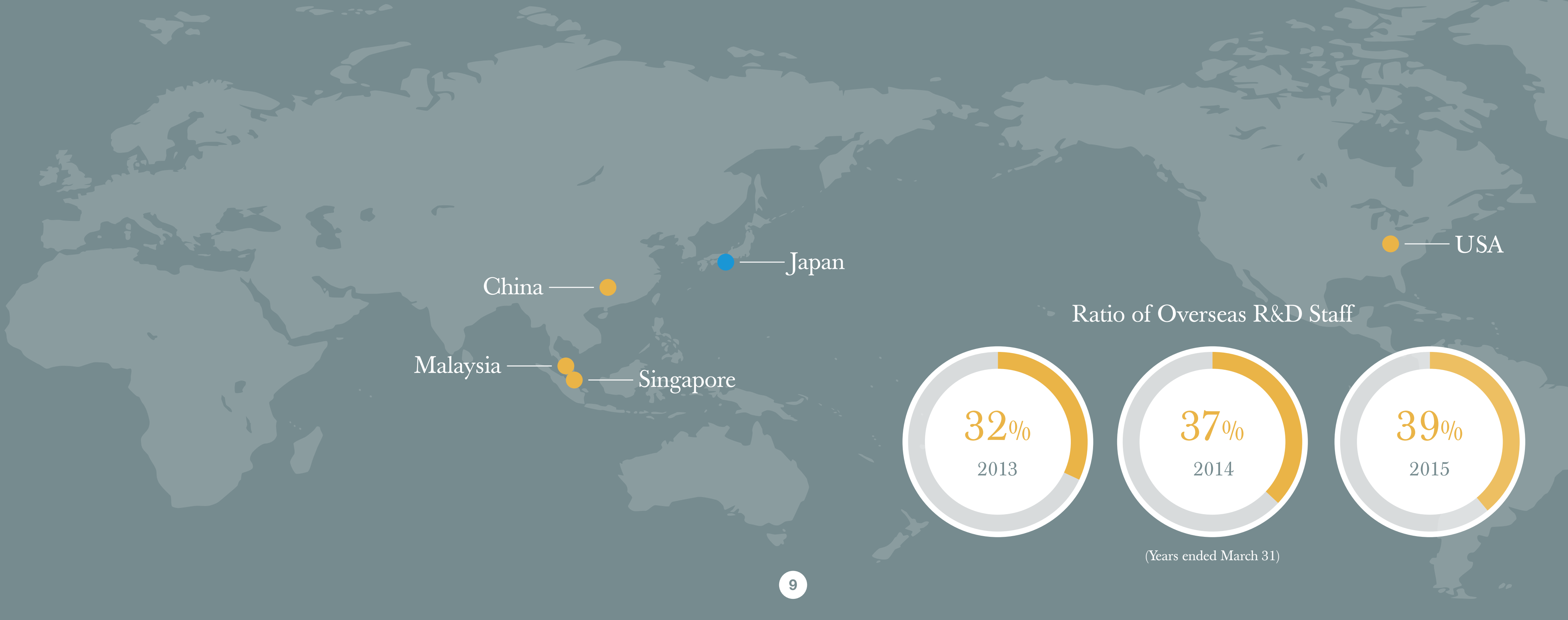
Global Operations

Brands and Operations that Span the Globe



Overseas R&D members now 39% of total R&D staff

Global Development Bases



Ratio of Overseas R&D Staff

(Years ended March 31)

Achieving formidable global cost competitiveness

Design Capabilities that Generate World-Class Cost Competitiveness

Funai's world-class cost performance is the result of three unique strengths: in-house production of core items, reducing the number of parts, and overseas onsite design. Our engineers are passionately committed to designing products that are easy to assemble and rigorously engage in design activities with productivity improvement in mind, such as reviews of parts and materials used, investigation of procurement methods, and process reduction.

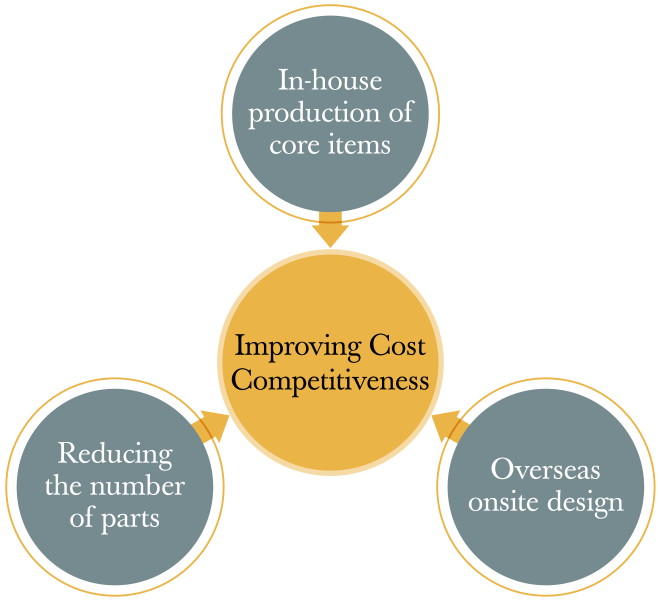
One example of this is in-house production of LCD modules, a key component of LCD TVs. Specifically, we have achieved parts reduction by procuring LCD-cell panels without backlights and engaging in design rationalization to integrate drive circuit design, backlight design, and chassis design. Furthermore, we perform OLB* processing (production of liquid crystal modules) in our plants. In this way, we pursue rationalization for the overall optimization of everything from parts to finished products.

In addition, we are transferring design work previously performed in Japan to development bases in Malaysia, China, Singapore, the U.S., and other countries and proceeding with offshoring of development by strengthening collaboration among these business sites. Development with short lead times and early adoption of local parts has contributed significantly to cost performance improvement.

Funai will continue to pursue world-class cost competitiveness by applying a global perspective to recruitment and development and continuing our tireless efforts and innovations to reduce product cost.

*OLB: Outer Lead Bonding

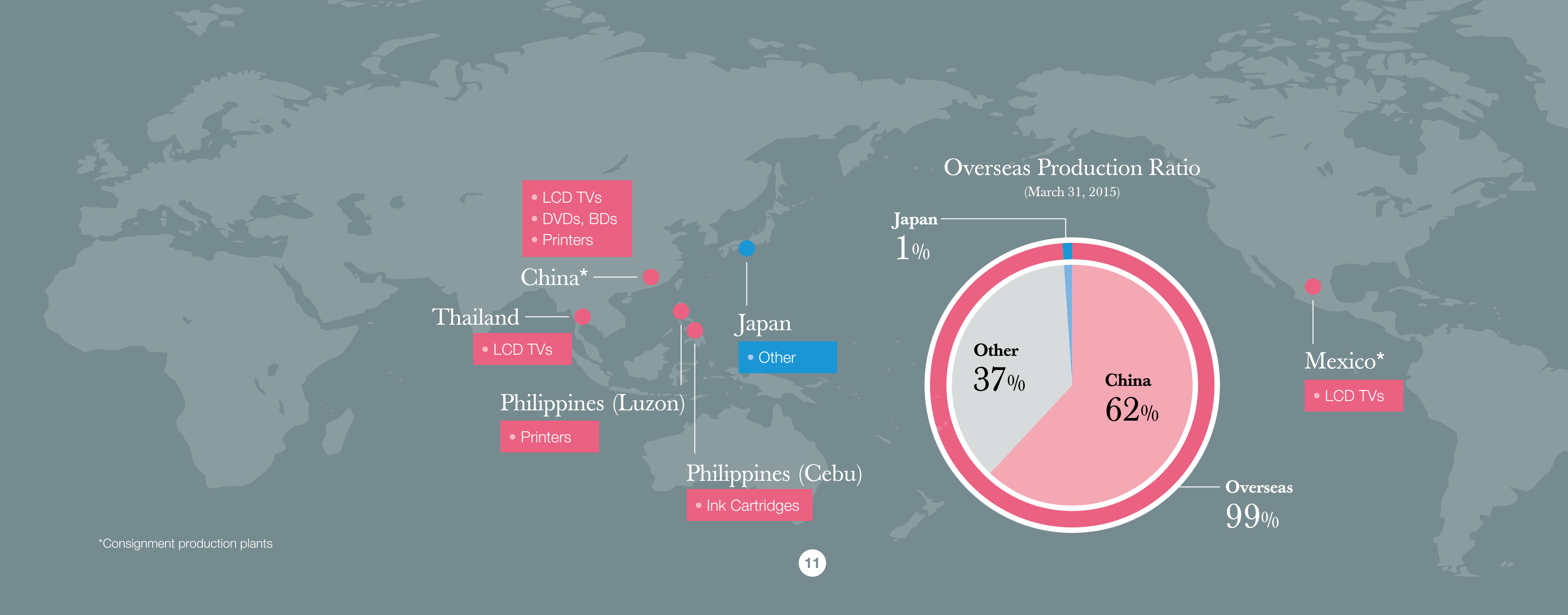
Three Unique Strengths in Design



Production

Six manufacturing facilities in Five countries

Global Development Bases



*Consignment production plants

Optimized quality, cost and delivery

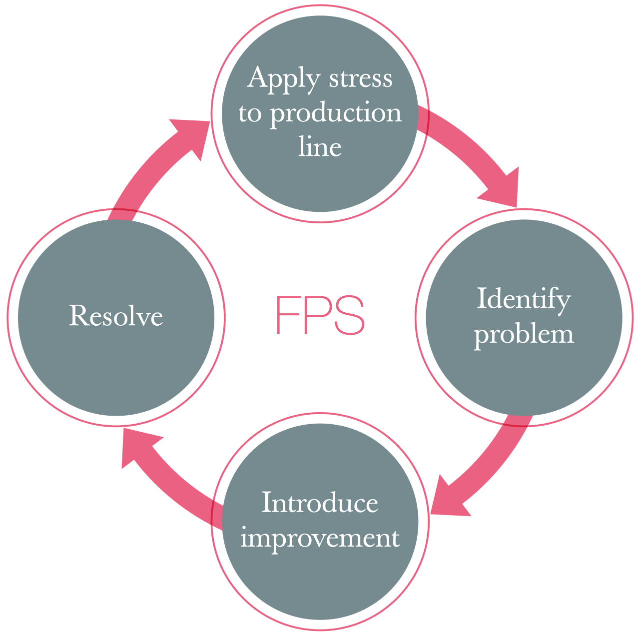
Our Quest to Improve Productivity with FPS and Optimize Production

Funai constantly strives to improve productivity to ensure that our products offer high quality, ease of use, and excellent cost performance. At the heart of this effort is the Funai Production System (FPS), our proprietary manufacturing system. With the FPS, we deliberately stress the production line, such as reducing the number of operators or increasing conveyor belt speed, to identify problems by causing the line to stop and implement improvements. By repeating this cycle, we strive for continuous productivity improvement. We consider the FPS a core group competence to be further developed and perfected in the coming years.

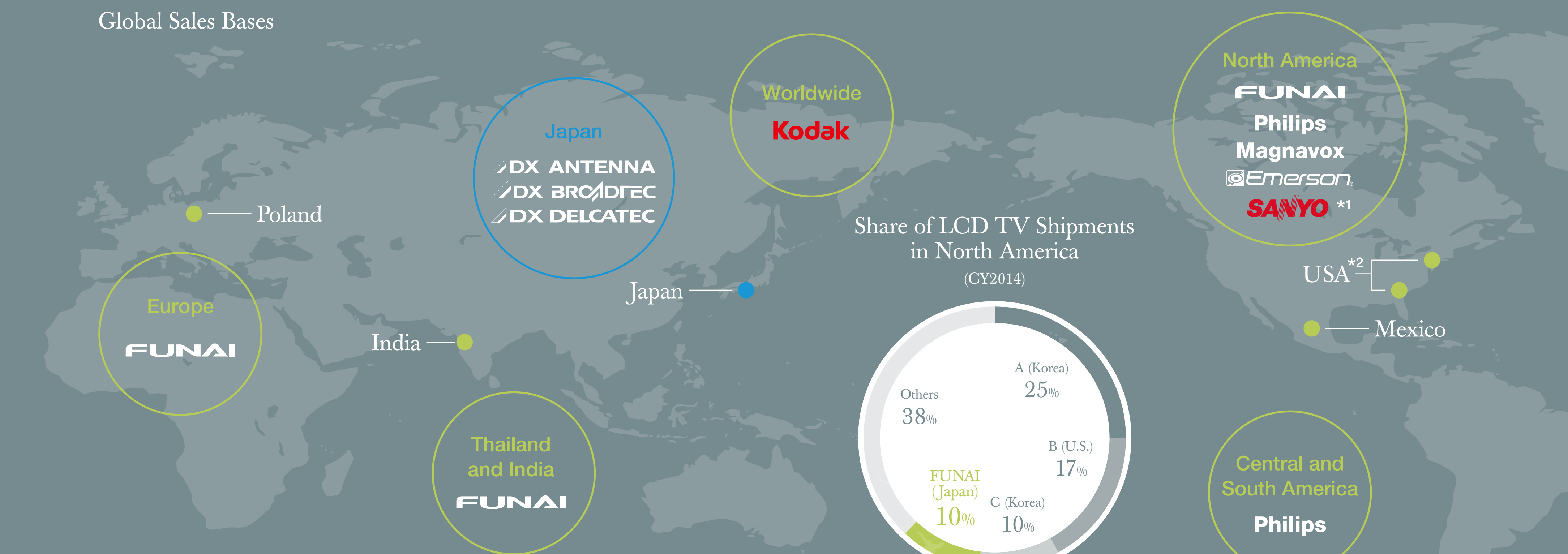
Since fiscal 2011, we have been shifting production capacity from production bases in China, where we had been producing 90% of our products, to other locations in Asia. At first, we have concentrated production activities in China into a plant in Huang Jiang (a consignment production plant), and expanded our Number 3 Plant in Thailand, increasing production capacity in that country. In addition, a new plant constructed on Luzon Island in the Philippines as a new production base is preparing to start operation during 2015. In April 2013, we acquired from Lexmark an ink cartridge plant located on Cebu Island and have begun in-house production of ink cartridges.

By reorganizing our production bases and increasing the local procurement ratio by concentrating production in optimal locations, we will work to achieve end-to-end production efficiency improvement and cost reduction in processes extending from procurement of parts and materials to delivery of finished products to our customers.

Funai Production System (FPS)



High LCD TV share in North America



*1: See P52 "Important Contracts"

*2: Establishment of a holding company over sales subsidiaries FUNAI CORPORATION, INC. and P&F USA, Inc. during fiscal 2015 is planned.

Pointing to future success in emerging markets

A Global Multi-Brand Strategy

Funai has established six major sales companies in Japan and overseas which implement sound sales strategies adapted to the individual characteristics of markets around the world.

North America is the world's largest market and our most important geographical area, where our Philips, Magnavox, Emerson and SANYO brands*[1] enjoy high name recognition. We have established close business relationships with leading mass merchandisers and have captured large market share for our products, especially LCD TVs.

In Mexico, we offer the Philips brand, where we captured the number-three share of LCD TV shipments in 2014.

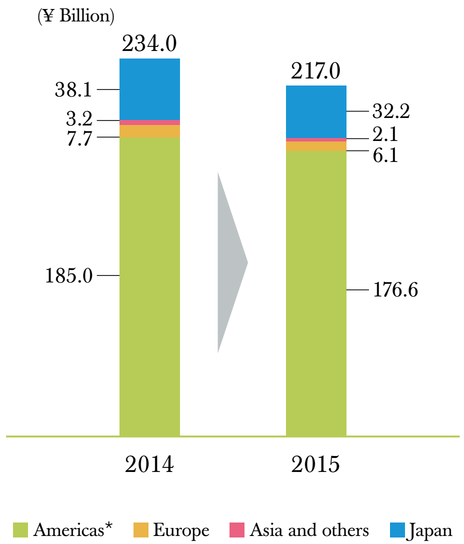
We have also begun sales under the FUNAI brand in Thailand and India. While continuing to emphasize North America, currently our main market, we will expand sales in emerging markets that continue to show rapid growth, particularly Central and South America.

In addition, we plan to leverage Lexmark's inkjet-related assets to not only sell printers developed in-house under the Kodak brand*[2], but also to produce and supply commercial and industrial ink cartridges and peripheral equipment to printer manufacturers.

*1, 2: See P52 "Important Contracts"

Sales by Geographical Area

(Years ended March 31)



*Including sales of Central and South America

US-Japan Youth Baseball Exchange

Funai supports the US-Japan Youth Baseball Exchange, a program organized by the Red Sox Foundation, the official team charity of the Boston Red Sox.

From July 26 to August 4, 2014, twelve youths and two coaches selected from youth baseball teams in Kyoto and Chiba visited Boston to engage in an international cultural exchange and experience home stay with local host families. The youths participated in a baseball clinic held by baseball coaches from Harvard University and Northeastern University and played friendly games with local youth baseball teams. In addition, a welcoming ceremony was held for directors of a Funai U.S. subsidiary, the twelve Japanese youths, and their host families on August 1 at Fenway Park, the home field of the Red Sox. Red Sox pitchers Junichi Tazawa and Koji Uehara, manager John Farrell, and coach Pat Sandora actively participated in the event, taking time from the busy mid-season practice schedule to meet with the participants.

US-Japan Youth Baseball Exchange

Red Sox Foundation

The Red Sox Foundation is a charitable organization operated by the Boston Red Sox Major League Baseball club that was founded in 2002. The primary focus of the foundation is in serving the health, education, recreation, and social service needs of children and families in the New England region.

Partnership Agreement with the Boston Red Sox

Funai has signed a partnership agreement with the Boston Red Sox that is beneficial in public relations. Under the terms of the agreement, the Funai logo was displayed in areas including the signboard below the backstop net and other locations during regular season games at Fenway Park, and Funai advertised in the Boston Red Sox magazine.

Support for the Make-A-Wish Foundation (Sponsored by a Leading U.S. Mass Merchandiser)

Since 2002, the Funai Group has supported the Make-A-Wish Foundation, which is sponsored by a leading mass merchandiser in the United States. The Make-A-Wish Foundation has enriched the lives of children with life-threatening medical conditions through its wish-granting work since 1980. The Foundation’s mission reflects the life-changing impact that a Make-A-Wish experience has on children, families, referral sources, donors, sponsors, and entire communities.

In 2014, we hosted the Make-A-Wish hospitality event at two NASCAR races at Richmond International Raceway: the ToyotaCare 250 in April, and the Virginia 529 College Savings 250 in September. Each event hosted 50 excited Make-A-Wish children, parents, and guests at a pre-race hospitality area complete with food, games and fun. In the evening after the races, the children were invited as special NASCAR guests to grant their wish of meeting with their favorite drivers!

We also support social contribution activities sponsored by major national and local retail chains and engage in sponsorship activities in New York and Los Angeles, where Funai Group sales subsidiaries are located.

Virginia 529 College Savings 250

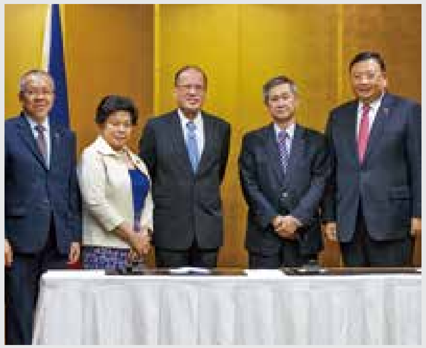
Successful Joint Technical Development of the World's First LED-Based Photoacoustic Imaging System with XTrillion, Inc.

Funai entered into a medical device business alliance with XTrillion, Inc. in November 2014 for the purpose of utilizing technologies developed over many years by the two companies and maximizing synergies in two categories: dental CT diagnostic equipment and photoacoustic imaging systems. Funai has already supplied XTrillion with components used in dental CT diagnostic equipment, and through the alliance the partners will expand this supply relationship and engage in joint development of a high-speed, high-definition CT image reconstruction technology and other elemental technologies for dental CT diagnostic equipment. In the photoacoustic imaging field, the companies have succeeded in joint technical development of a core elemental technology: the world's first LED excitation-based photoacoustic imaging system that utilizes the photoacoustic effect. They aim to pursue further research on this technology for application in the medical field.

Exhibition of the photoacoustic imaging technology at BiOS Expo 2015 in February 2015

Attendance at a Cluster Meeting Held by President Aquino of the Philippines

Funai President and CEO Tomonori Hayashi attended a cluster meeting held in June 2015 at Hotel New Otani Tokyo by President Benigno Aquino of the Philippines. Funai has production plants on Cebu Island and Luzon Island in the Philippines. Funai and nine other Japanese companies with business operations in the Philippines were invited to the meeting, where we engaged in discussion aimed at expanding trade with the government and investment from the perspective of private-sector companies, and continuing to contribute to the economic development of the Philippines.


Philippines President Benigno Aquino (center left) and Funai President and CEO Tomonori Hayashi (center right)

Funai Electric Succeeds the SANYO Brand Television Business in North America

Funai reached an agreement with Panasonic Corporation to succeed television business of Panasonic subsidiary SANYO Electric Co., Ltd. in North America. In March 2015, Funai succeeded supply and sales activities for SANYO brand televisions, DVD and Blu-ray Disc-related equipment, and sound bar products in North America. SANYO Electric had been supplying major U.S. retailer Wal-Mart Stores with approximately one million LCD TVs per year in North America under the SANYO brand. Funai also sells LCD TVs through Wal-Mart in North America under the Emerson brand and other brands. (See page 7.)

Succeeding the SANYO brand business will enable Funai to further strengthen its brand strategy and increase its share of the North American LCD TV market.


A SANYO brand large LCD TV

Conclusion of a License Agreement for the KODAK Brand

Funai entered into a brand license agreement with Eastman Kodak Company in February 2015 under which Funai will handle supply, transport, sales activities, and after-sale service for Kodak brand consumer and small office printer products and related consumable supplies worldwide.

The Kodak brand has a history of over 120 years and is familiar to people of all ages around the world. Funai aims to strengthen its printer business by expanding the Kodak brand presence and to increase sales and profits by attracting new customers.


A KODAK Verité brand printer

1) Basic Philosophy on Corporate Governance

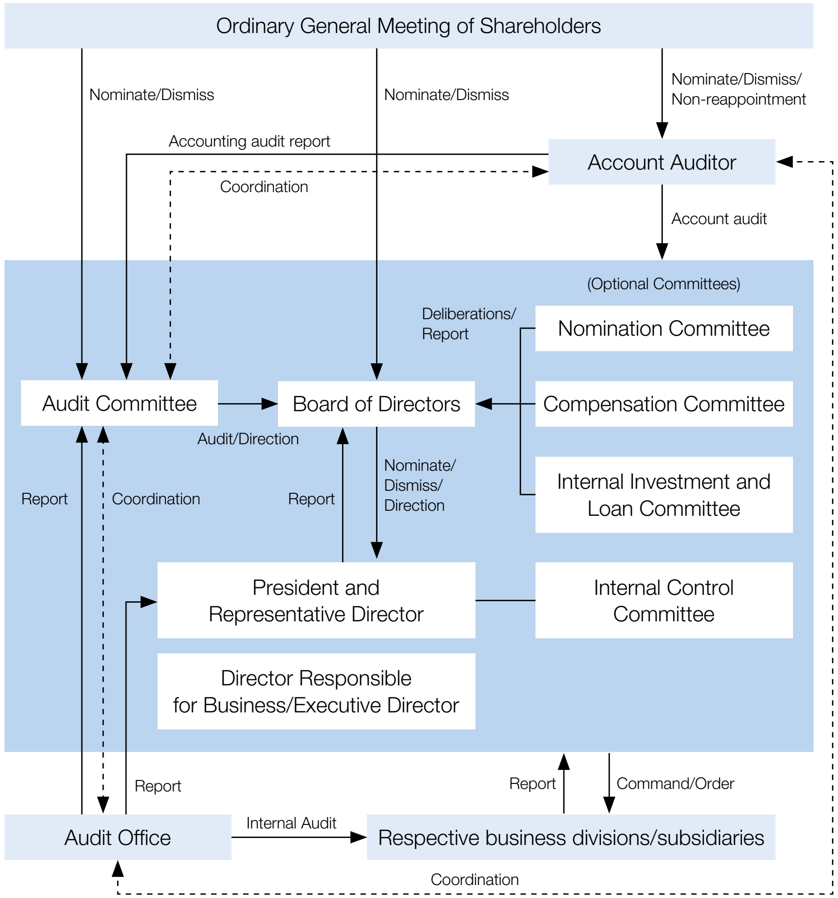
The Funai Electric Group's basic philosophy on corporate governance is to continuously increase corporate value by increasing the transparency of management to shareholders, consumers, vendors, local communities, employees, and other internal and external stakeholders and by responding to changes in the business environment by ensuring management soundness and efficiency and striving for prompt decision-making.

On the basis of this philosophy, the Group has introduced an executive officer system to ensure expeditious decision-making and establish a system for prompt business execution. The Group is also strengthening CSR activities. We have formulated the Funai Group Code of Conduct, which regulates the conduct of all officers and employees of the Funai Group, and the Funai Group Procurement Policy, which is based upon the Code of Conduct, and established the CSR Committee as an organization to promote corporate social responsibility.

2) Description of the Management Organization in the Fiscal Year under Review

Pursuant to a resolution at the ordinary general meeting of shareholders held on June 25, 2015 to amend the Articles of Incorporation to provide for a transition to an audit and supervisory committee governance structure, the Group transitioned from a board of corporate auditors governance structure to an audit and supervisory committee governance structure effective June 25, 2015. The purpose of the transition is to further strengthen the supervisory function of the Board of Directors and enhance corporate governance by granting to directors who are Audit and Supervisory Committee members voting rights on the Board of Directors. The Group has also introduced an executive officer system to establish a system for prompt business execution. We have also ensured objectivity and transparency in important decision-making processes by establishing the Nomination Committee, Compensation Committee, and Internal Investment and Loan Committee as discretionary advisory bodies to the Board of Directors other than the Audit and Supervisory Committee.

Corporate Governance Organization



a. Board of Directors

The Funai Electric Group Board of Directors consists of nine members: six directors who are not Audit and Supervisory Committee members (including two outside directors) and three directors who are Audit and Supervisory Committee members (all of whom are outside directors). At the same time as the Group strives for prompt decision-making by inside directors knowledgeable about the Group's business matters, participation in Board of Directors decision-making by outside directors with no special interest in the Group ensures management soundness and transparency. Meetings of the Board of Directors are held, in principle, at least once every three months, and extraordinary meetings are held as necessary.

Advisory Bodies

• Nomination Committee

The Nomination Committee consists of directors who are not Audit and Supervisory Committee members appointed by the Board of Directors. As an advisory body to the Board of Directors, it ensures the transparency and objectiveness of the candidate selection process by recommending candidates for director to the Board of Directors.

• Compensation Committee

The Compensation Committee consists of directors who are not Audit and Supervisory Committee members appointed by the Board of Directors. It ensures the transparency and objectiveness of the compensation decision process by deciding compensation and other payments for directors who are not Audit and Supervisory Committee members and executive officers under authority delegated by the Board of Directors. Compensation and other payments for corporate auditors are determined by consultation among the corporate auditors.

• Internal Investment and Loan Committee

The Internal Investment and Loan Committee consists of directors and executive officers appointed by the president. It ensures the transparency and objectiveness of the decision-making process regarding major investment and loan projects by discussing the details of individual projects from a group-wide perspective.

b. Audit and Supervisory Committee

The Audit and Supervisory Committee consists of three outside directors. No special interest exists between these outside directors and the Funai Electric Group. In principle, the Audit and Supervisory Committee meets once a month.

c. Independent Auditors

The Company has appointed Deloitte Touche Tohmatsu LLC as independent auditors. The status of accounting audits is recorded in "4) Status of Statutory Audits, Internal Audits, and Accounting Audits e. Status of Accounting Audits."

3) Status of Implementation of an Internal Control System

The Board of Directors has resolved the following with respect to an internal control system for the Funai Electric Group as a "System for ensuring the appropriateness of operations" and has implemented the system as follows.

a. Systems for ensuring that execution of duties of directors and employees compiles with laws and regulations and the Articles of Incorporation The Funai Group Code of Conduct and Executive Compliance Regulations clearly define proper conduct for directors and ensure that the execution of duties of directors and employees complies with laws and regulations and the Articles of Incorporation.

In addition, the Group has prepared Whistleblower Protection Regulations and prohibits disadvantageous treatment of employees who report compliance violations.

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Business Performance in the Fiscal Year ended March 31, 2015

In the Fiscal Year ended March 31, 2015, the economy of the United States, the Funai Group's principal market, showed an overall recovery trend from the turn of the year, despite a slowdown in growth due to such factors as labor disputes at West Coast ports and a cold wave. The European economy showed a modest recovery trend centered on Germany, despite the slowing Russian economy and a rekindling of the Greek debt crisis. Economic growth slowed in China, mainly as a result of deterioration of the housing market. The pace of recovery in Japan was sluggish because of a reaction to last-minute demand accompanying the consumption tax increase and bad weather.

Net Sales

Net sales decreased by 7.2% to ¥217,088 million. Although sales declined year on year in all regions, they fell only slightly in the Americas region, the Group's principal market.

Operating Income

The Company reported operating income of ¥564 million as profitability improved thanks to efforts to increase efficiency through rigorous inventory control.

Net Income

The Company reported a gain on sales of investment securities under extraordinary income and an impairment loss under extraordinary loss. As a result, net income was ¥1,354 million and increased year on year.

Net Sales by Geographical Area

Americas

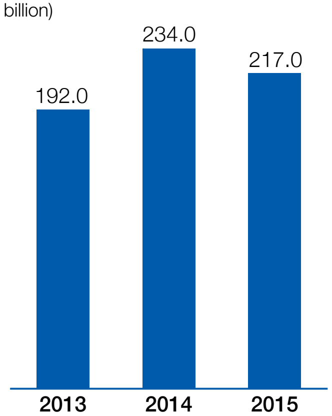
Sales of LCD TVs were nearly unchanged because of a decline in sales of TVs with integrated DVD players, despite an increase in screen size and strong sales during the peak year-end sales period. Sales of DVD/BD-related products fell due to market contraction, and sales of home theaters declined as well. As a result, sales were ¥176,644 million, down 4.5% year on year.

Japan

Lower sales of DVD/BD-related products contributed to a 15.5% decrease in sales from the previous fiscal year to ¥32,211 million.

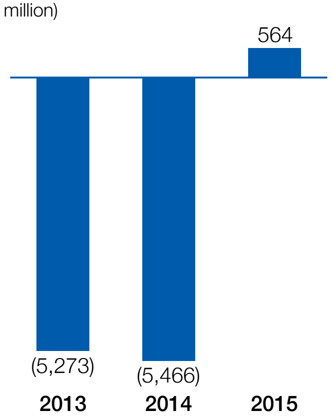
Net Sales

(¥ billion)



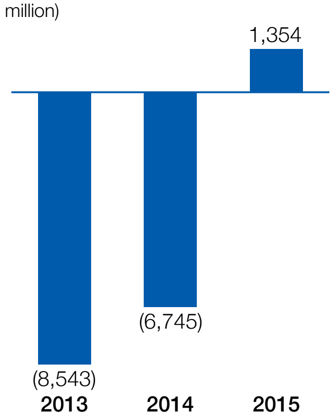
Operating Income (Loss)

(¥ million)



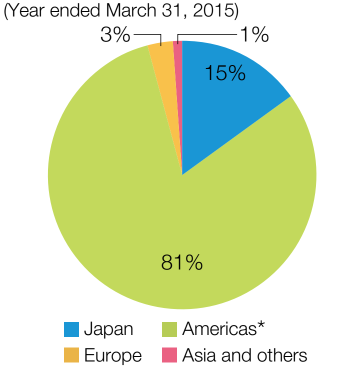
Net Income (Loss)

(¥ million)



Sales Composition by Geographical Area

(Year ended March 31, 2015)



*Including sales of Central and South America

Europe

Sales of printers and other products declined, and sales decreased by 20.9% year on year to ¥6,122 million.

Asia and Other

Sales were ¥2,109 million, down 36.4% year on year, on lower sales of LCD TVs and printers.

Net Sales by Product Group

Audiovisual Equipment

Sales of LCD TVs were flat, and sales of DVD/BD-related products fell due to market contraction. As a result, net sales were ¥172,367 million, down 5.9% year on year.

Information Equipment

In the information equipment sector, despite higher sales of ink cartridges, a decline in sales of printers led to net sales of ¥12,634 million, down 33.1% year on year.

Others

Although sales of electric reception device declined, sales of audio accessories and other products rose slightly. Net sales were ¥32,087 million, up 0.1% year on year.

Financial Position

Current Assets

Total current assets as of March 31, 2015 increased by ¥10,734 million to ¥154,775 million from the end of fiscal 2014.

The main changes included an increase of ¥18,273 million in time deposits but a decrease of ¥6,713 million in inventories, and a decrease of ¥579 million in prepaid expenses and other current assets from the end of fiscal 2014.

Property, Plant, and Equipment

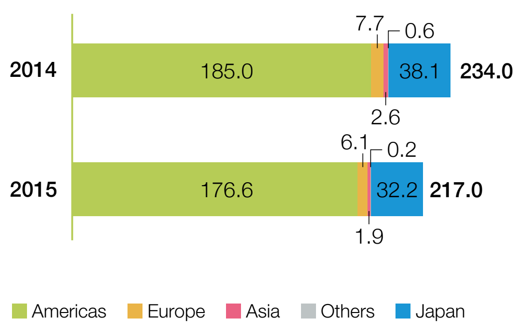
Net property, plant, and equipment as of March 31, 2015 decreased by ¥599 million to ¥21,306 million from the end of fiscal 2014.

Investments and Other Assets

Investments and other assets as of March 31, 2015 decreased by ¥1,781mil-

Sales by Geographical Area

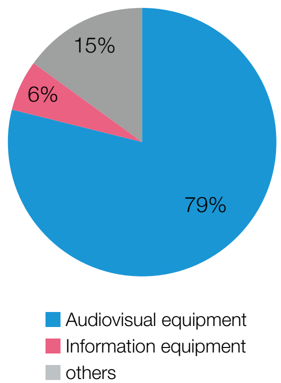
(¥ billion)



*See Notes to Consolidated Financial Statement, Note 22.

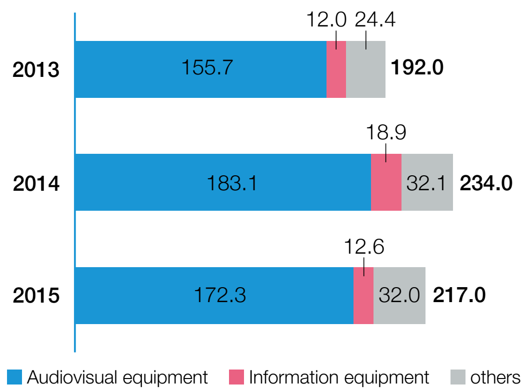
Sales Composition by Products

(Year ended March 31, 2015)



Sales by Products

(¥ billion)



lion to ¥13,613million from the end of fiscal 2014.

The main changes included a decrease of ¥1,261 million in investment securities and a decrease of ¥835 million in investments in and advances to unconsolidated subsidiaries and associated companies from the end of fiscal 2014.

Current Liabilities

Total current liabilities as of March 31, 2015 decreased by ¥2,314 million to ¥51,378 million from the end of fiscal 2014.

The main changes included a decrease of ¥514 million in short-term bank borrowings and a decrease of ¥1,317 million in trade payables from the end of fiscal 2014.

Long-Term Liabilities

Long-term liabilities as of March 31, 2015 increased by ¥471 million to ¥10,435 million from the end of fiscal 2014.

The main changes included an increase of ¥789 million in long-term debt from the end of fiscal 2014.

Total Equity

Total equity as of March 31, 2015 increased by ¥10,197 million to ¥127,881 million from the end of fiscal 2014.

The main changes included an increase of ¥644 million in retained earnings and an increase of ¥9,307 million in foreign currency translation adjustments from the end of fiscal 2014.

Cash Flows

Cash and cash equivalents on a consolidated basis as of March 31, 2015 decreased by ¥621 million to ¥42,991 million from the end of fiscal 2014.

Cash flows during the fiscal year under review and factors affecting cash flows are as follows.

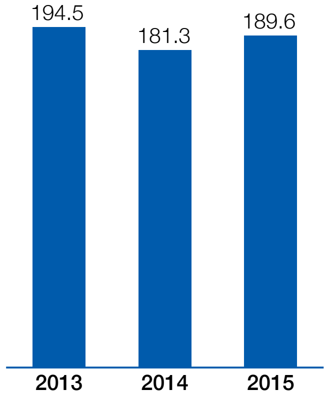
Cash Flows from Operating Activities

Net cash used in operating activities was ¥16,897 million, (Net cash used in operating activities for the previous fiscal year was ¥1,251 million).

The main changes included the report of net income before income taxes and minority interests and decreases in trade payables and in inventories.

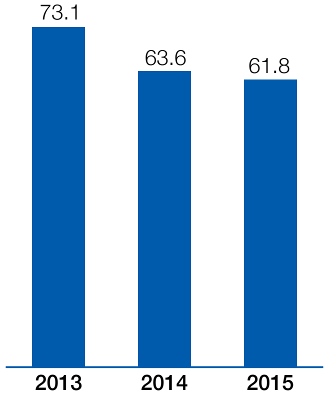
Total Assets

(¥ billion)



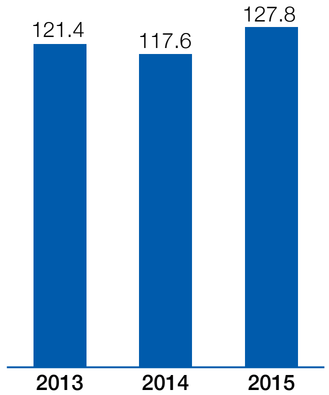
Total Liabilities

(¥ billion)



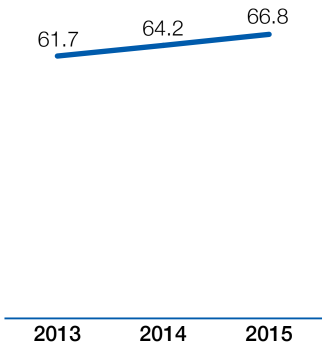
Total Equity

(¥ billion)



Shareholders' Equity Ratio

(%)



Cash Flows from Investing Activities

Net cash used in investing activities was ¥17,360 million, (Net cash used in investing activities for the previous fiscal year was ¥2,730 million). The main changes included a decrease in time deposits and purchases of property, plant and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities was ¥2,725 million, (Net cash used in financing activities for the previous fiscal year was ¥4,675 million). The main changes included a decrease in short-term bank loans and dividends paid.

Business and Other Risks

Risks that may have a significant impact on the Group's financial situation and operating results are outlined below.

(1) The Funai Group's Management Policy

The Group manufactures and sells as our principal products audiovisual equipment, information equipment, and other equipment. Price competition in these product areas is intense; product life cycles are short; and competition to develop new technologies and functions is growing more severe. Accordingly, these factors may affect the Group's financial situation and operating results.

1) Product cost and market prices

When the cost of parts and raw materials rises due to intense competition in the home electronic appliance industry, even though we have implemented various countermeasures, cost pressures may affect the Group's financial situation and operating results.

2) Response to new technologies

To respond to various issues, the Group improves its technological capabilities, focusing mainly on new business sectors, by means such as business alliances with other companies, collaboration with academia, and personnel development, and also considers mergers and acquisitions as an option. However, greater than expected diversification of market needs or technological innovation may affect the Group's financial situation and operating results.

3) Defects relating to products and services

The Group's departments responsible for quality management and technologies play a central role in an effort to maintain and improve quality. In addition, the Group have established service companies and put in place a service system in Japan and overseas. However, if a product defect occurs that requires repair or replacement of products, the impact of warranties, damage to the Group's reputation, and other resulting factors may affect the Group's financial situation and operating results.

4) Intellectual property rights

Recent years have seen an increase in activity by "patent trolls," entities that sell no products of their own, but rather attempt to generate income from patent royalties by filing lawsuits using intellectual property rights acquired from third parties. This is a worrisome trend for the manufacturing and sales industry as a whole. Should the Group be compelled to make large compensation payments as a result of the activities of patent trolls, this may affect the Group's financial situation and operating results.

5) Corporate acquisitions and business alliances

At times the Group engages in corporate acquisitions and business alliances to more efficiently increase sales and profits. However, if for various reasons agreement is not reached on a corporate acquisition, initially expected acquisition synergies do not materialize, or an alliance partnership cannot be continued, this may affect the Group's financial situation, operating results, and growth prospects.

(2) Impact of Overseas Market Trends

1) Dependence on the North American market

Since a large portion of the Group's net sales originates in the North American market, should the North American economy rapidly go into recession, this may affect the Group's financial situation and operating results.

2) Dependence on production in China

Since the Group has a high rate of production (consignment fabrication and own production) in China to take advantage of cost benefits, changes in the political system in China, the occurrence of conflict or natural disaster, or other unforeseen circumstances may affect the Group's financial situation and operating results.

3) Foreign currency risk

The majority of the Group's purchasing and sales transactions are conducted in U.S. dollars. We believe this reduces the risks that accompany currency fluctuations. However, since it is impossible to completely eliminate foreign currency risk, and foreign currency-denominated assets and liabilities are translated to yen at the exchange rates on the settlement date, large currency fluctuations may affect the Group's financial situation and operating results.

(3) Other Risks

1) Statutory regulations

In the countries where it does business, the Group is subject to the application of various laws and regulations pertaining to areas such as commercial transactions, import and export, antitrust, intellectual property rights, product liability, environmental protection, consumer protection, financial transactions, and taxation of business entities. Should these laws and regulations or the interpretation of laws and regulations by the authorities become stricter, this may affect the Group's financial situation and operating results.

2) Litigation

Various litigation risks pertaining to the operation of the Group's businesses in Japan and overseas continuously exist. The filing of a major lawsuit may affect the Group's financial situation and operating results.

3) Management of information

Although the Group has implemented measures to prevent information leaks and virus protection systems on its internal information systems, it may not be possible to completely prevent information leaks or system crashes caused by human error or new virus strains. The occurrence of such an event may affect the Group's financial situation and operating results.

4) Retirement benefit obligations

The Group and some Group companies have in place defined benefit corporate pension systems, and retirement benefit obligations are calculated based on actuarial assumptions such as long-term expected rates of return and discount rates on pension assets. However, should it become necessary to change those assumptions, should pension assets decrease due to deterioration in the investment environment or other factors, or should future retirement benefit costs increase due to changes in the pension system, this may affect the Group's financial situation and operating results.

5) Deferred tax assets

The Group bases its decisions on the recoverability of deferred tax assets on various forecasts and assumptions about future taxable earnings. Should the forecasts and assumptions about future taxable earnings change or should the Group determine that part or all of its deferred tax assets cannot be recovered, deferred tax assets will decrease, and this may affect the Group's financial situation and operating results.

6) Financing

The Group may be subject to restrictions on financing resulting in an increase in financing costs due to deterioration in business performance, and this may affect the Group's financial situation and operating results.

In addition, a portion of the Group's borrowings are subject to financial covenants. Any infringement of the covenants may result in interest rate increases or forfeiture of benefit of time and affect the Group's financial situation and operating results.

	Millions of Japanese yen (Note 1)					Thousands of U.S. dollars (Note 1, 2)
Years ended March 31	2011	2012	2013	2014	**2015**	**2015**
Net Sales	295,923	246,147	192,008	234,042	**217,088**	**1,809,071**
Operating Income (Loss)	772	461	(5,273)	(5,465)	**564**	**4,703**
Net Income (Loss)	(1,169)	(4,629)	(8,542)	(6,745)	**1,354**	**11,288**
Total Equity	131,229	123,844	121,398	117,684	**127,881**	**1,065,681**
Total Assets	193,910	176,607	194,524	181,341	**189,695**	**1,580,797**
Shareholders' Equity	130,088	122,762	120,103	116,509	**126,677**	**1,055,647**
Net Cash Provided by (Used in) Operating Activities	(5,165)	16,416	(8,022)	(1,251)	**16,897**	**140,816**
Net Cash (Used in) Provided by Investing Activities	4,070	(6,434)	12,863	(2,730)	**(17,360)**	**(144,674)**
Free Cash Flow*	(1,095)	9,981	4,841	(3,981)	**(462)**	**(3,851)**
Capital Investment	6,061	3,931	5,345	5,094	**3,275**	**27,294**
Depreciation Expense	4,867	4,970	4,056	5,239	**4,758**	**39,652**
Return on Assets (%)	(0.59)	(2.50)	(4.60)	(3.59)	**0.73**	
Return on Equity (%)	(0.86)	(3.66)	(7.03)	(5.70)	**1.11**	
Debt/Equity Ratio (%)	7.79	3.73	10.81	9.14	**8.44**	
	Japanese yen					U.S. dollars
	2011	2012	2013	2014	**2015**	**2015**
Shareholders' Equity per Share	3,813.57	3,598.03	3,520.11	3,414.77	**3,712.81**	**30.94**
Net Income (Loss) per Share	(34.31)	(135.69)	(250.38)	(197.70)	**39.70**	**0.33**
Cash Dividends per Share	40	50	35	35	**35**	**0.29**

Notes: 1. From the current fiscal year, the Company rounded down Japanese yen figures less than a million to the nearest million yen and U.S. dollar figures less than a thousand to the nearest thousand dollars, except for per share data.
2. The exchange rate of ¥120.00=U.S.$1.00 (the approximate rate of exchange at March 31, 2015) is used for the above calculations.

*Net cash provided by operating activities plus net cash provided by investment activities.

Consolidated Balance Sheets

FUNAI ELECTRIC CO., LTD. and Consolidated Subsidiaries
March 31, 2015 and 2014

	Millions of Japanese yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2015**	2014	**2015**
CURRENT ASSETS:			
Cash and cash equivalents (Note 17)	**¥ 42,991**	¥ 43,612	**$ 358,259**
Time deposits (Note 17)	**23,828**	5,555	**198,574**
Receivables:			
Trade (Note 17)	**38,183**	37,681	**318,195**
Other	**2,875**	2,567	**23,964**
Allowance for doubtful accounts	**(389)**	(210)	**(3,242)**
Inventories (Notes 4 and 6)	**42,562**	49,275	**354,690**
Deferred tax assets (Note 16)	**2,245**	2,504	**18,713**
Prepaid expenses and other current assets	**2,476**	3,055	**20,638**
Total current assets	**154,775**	144,041	**1,289,795**
PROPERTY, PLANT, AND EQUIPMENT:			
Land (Note 5)	**6,343**	6,178	**52,865**
Buildings and structures (Note 5)	**20,314**	18,278	**169,289**
Machinery, equipment, and other (Notes 5 and 6)	**39,748**	36,126	**331,236**
Lease assets (Note 15)	**513**	490	**4,281**
Construction in progress	**19**	825	**159**
Total property, plant, and equipment	**66,939**	61,899	**557,832**
Accumulated depreciation	**(45,633)**	(39,994)	**(380,277)**
Net property, plant, and equipment	**21,306**	21,905	**177,555**
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 8 and 17)	**1,187**	2,448	**9,895**
Investments in and advances to unconsolidated subsidiaries and associated companies (Note 6)	**2,315**	3,150	**19,297**
Patents	**4,020**	4,654	**33,501**
Long-term loans	**216**	185	**1,800**
Long-term prepaid expenses (Notes 5 and 6)	**1,509**	1,976	**12,578**
Asset for retirement benefits (Note 10)	**1,716**	335	**14,306**
Deferred tax assets (Note 16)	**339**	400	**2,832**
Other assets	**2,584**	2,539	**21,534**
Allowance for doubtful accounts	**(276)**	(296)	**(2,300)**
Total investments and other assets	**13,613**	15,394	**113,447**
TOTAL	**¥189,695**	¥181,341	**$1,580,797**

	Millions of Japanese yen		Thousands of U.S. dollars (Note 1)
LIABILITIES AND EQUITY	**2015**	2014	**2015**
CURRENT LIABILITIES:			
Short-term bank borrowings (Notes 9 and 17)	**¥ 3,712**	¥ 4,226	**$ 30,933**
Current portion of long-term debt (Notes 9, 15, and 17)	**426**	388	**3,555**
Payables:			
Trade (Note 17)	**31,625**	32,942	**263,542**
Other (Note 17)	**11,944**	11,571	**99,539**
Income taxes payable	**485**	414	**4,043**
Other current liabilities	**3,184**	4,149	**26,537**
Total current liabilities	**51,378**	53,692	**428,152**
LONG-TERM LIABILITIES:			
Long-term debt (Notes 9, 15, and 17)	**6,974**	6,185	**58,120**
Liability for retirement benefits (Note 10)	**1,642**	1,863	**13,684**
Long-term payables—other	**193**	469	**1,611**
Deferred tax liabilities (Note 16)	**1,345**	1,153	**11,209**
Other	**280**	292	**2,337**
Total long-term liabilities	**10,435**	9,964	**86,963**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 15 and 21)			
EQUITY (Notes 11, 12, and 20):			
Common stock:			
Authorized, 80,000,000 shares; issued, 36,130,796 shares in 2015 and 2014	**31,307**	31,307	**260,896**
Capital surplus	**33,272**	33,272	**277,270**
Stock acquisition rights	**142**	132	**1,190**
Retained earnings	**93,840**	93,196	**782,003**
Treasury stock—at cost 2,011,665 shares in 2015 and 2,011,615 shares in 2014	**(24,341)**	(24,341)	**(202,844)**
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	**421**	672	**3,512**
Foreign currency translation adjustments	**(8,188)**	(17,495)	**(68,234)**
Defined retirement benefit plans	**365**	(103)	**3,043**
Total	**126,820**	116,641	**1,056,838**
Minority interests	**1,061**	1,042	**8,842**
Total equity	**127,881**	117,684	**1,065,681**
TOTAL	**¥189,695**	¥181,341	**$1,580,797**

See notes to consolidated financial statements.

Consolidated Statements of Operations

FUNAI ELECTRIC CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2015 and 2014

	Millions of Japanese yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
NET SALES	¥217,088	¥234,042	$1,809,071
COST OF SALES (Note 14)	179,515	201,456	1,495,959
Gross profit	37,573	32,586	313,112
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (Notes 13 and 14)	37,009	38,052	308,408
Operating income (loss)	564	(5,465)	4,703
OTHER INCOME (EXPENSES):			
Interest and dividend income	311	268	2,594
Interest expense	(187)	(193)	(1,559)
Foreign exchange gain—net	1,570	3,477	13,083
Gain (loss) on sale or disposal of property, plant and equipment	146	(45)	1,217
Equity in losses of an unconsolidated subsidiary and an associated company	(144)	(125)	(1,206)
Gain on sales of investment securities (Note 3)	824	0	6,868
Gain on sales of investments in unconsolidated subsidiaries and associated companies	134		1,124
Loss on impairment of investment securities (Note 8)		(222)	
Loss on impairment of investment in unconsolidated subsidiaries and an associated company		(290)	
Loss on disposal of inventories	(147)		(1,230)
Loss on impairment of long-lived assets (Note 5)	(618)	(266)	(5,155)
Compensation expenses		(529)	
Loss on closing of sales office	(131)		(1,094)
Advisory fees (Note 7)		(1,165)	
Business structure improvement expenses (Note 6)		(1,281)	
Other—net	(77)	199	(641)
Other income (expenses)—net	1,680	(174)	14,000
NET INCOME (LOSS) BEFORE INCOME TAXES AND MINORITY INTERESTS	2,244	(5,640)	18,703
INCOME TAXES (Note 16)**:**			
Current	635	518	5,292
Deferred	238	549	1,988
Total income taxes	873	1,068	7,281
NET INCOME (LOSS) BEFORE MINORITY INTERESTS	1,370	(6,708)	11,422
MINORITY INTERESTS	(16)	(37)	(134)
NET INCOME (LOSS)	¥ 1,354	¥ (6,745)	$ 11,288
	Japanese yen		**U.S. dollars**
PER SHARE OF COMMON STOCK (Notes 2.u and 19)**:**			
Basic net income (loss)	¥ 39.70	¥ (197.70)	$ 0.33
Cash dividends applicable to the year	35	35	0.29

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income (Loss)

FUNAI ELECTRIC CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2015 and 2014

	Millions of Japanese yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
NET INCOME (LOSS) BEFORE MINORITY INTERESTS	¥ 1,370	¥(6,708)	$11,422
OTHER COMPREHENSIVE INCOME (Note 18)**:**			
Unrealized gain on available-for-sale securities	(246)	223	(2,053)
Foreign currency translation adjustments	9,294	4,169	77,452
Defined retirement benefit plans	481	135	4,016
Share of other comprehensive income in associates	12	57	108
Total other comprehensive income	9,542	4,586	79,523
COMPREHENSIVE INCOME (LOSS)	¥10,913	¥(2,122)	$90,945
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the parent	¥10,879	¥(2,161)	$90,660
Minority interests	34	39	285

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

FUNAI ELECTRIC CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2015 and 2014

	Thousands	Millions of Japanese yen										
							Accumulated other comprehensive income (loss)					
	Number of shares of common stock outstanding	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Minority interests	Total equity
BALANCE, APRIL 1, 2013	34,119	¥31,307	¥33,272	¥122	¥101,135	¥(24,341)	¥ 451	¥(21,722)		¥120,225	¥1,173	¥121,398
Net loss					(6,745)					(6,745)		(6,745)
Cash dividends, ¥35 per share					(1,194)					(1,194)		(1,194)
Net change in the year				10			221	4,227	¥(103)	4,355	(130)	4,225
BALANCE, MARCH 31, 2014 (April 1, 2014, as previously reported)	34,119	31,307	33,272	132	93,196	(24,341)	672	(17,495)	(103)	116,641	1,042	117,684
Cumulative effect of change in accounting policy					483					483	(11)	472
BALANCE, APRIL 1, 2014 (as restated)	34,119	31,307	33,272	132	93,679	(24,341)	672	(17,495)	(103)	117,125	1,031	118,156
Net income					**1,354**					**1,354**		**1,354**
Cash dividends, ¥35 per share					**(1,194)**					**(1,194)**		**(1,194)**
Acquisition of treasury stock	**(0)**					**(0)**				**(0)**		**(0)**
Net change in the year				**10**			**(251)**	**9,307**	**468**	**9,535**	**29**	**9,564**
BALANCE, MARCH 31, 2015	**34,119**	**¥31,307**	**¥33,272**	**¥142**	**¥ 93,840**	**¥(24,341)**	**¥ 421**	**¥ (8,188)**	**¥ 365**	**¥126,820**	**¥1,061**	**¥127,881**

	Thousands of U.S. dollars (Note 1)										
						Accumulated other comprehensive income (loss)					
	Common stock	Capital surplus	Stock acquisition rights	Retained earnings	Treasury stock	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Defined retirement benefit plans	Total	Minority interests	Total equity
BALANCE, MARCH 31, 2014 (April 1, 2014, as previously reported)	$260,896	$277,270	$1,101	$776,636	$(202,843)	$ 5,606	$(145,794)	$ (861)	$ 972,011	$8,691	$ 980,703
Cumulative effect of change in accounting policy				4,029					4,029	(92)	3,937
BALANCE, APRIL 1, 2014 (as restated)	260,896	277,270	1,101	780,666	(202,843)	5,606	(145,794)	(861)	976,041	8,598	984,640
Net income				**11,288**					**11,288**		**11,288**
Cash dividends, $0.29 per share				**(9,951)**					**(9,951)**		**(9,951)**
Acquisition of treasury stock					**(0)**				**(0)**		**(0)**
Net change in the year			**88**			**(2,094)**	**77,560**	**3,904**	**79,460**	**243**	**79,704**
BALANCE, MARCH 31, 2015	**$260,896**	**$277,270**	**$1,190**	**$782,003**	**$(202,844)**	**$ 3,512**	**$ (68,234)**	**$3,043**	**$1,056,838**	**$8,842**	**$1,065,681**

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

FUNAI ELECTRIC CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2015 and 2014

	Millions of Japanese yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
OPERATING ACTIVITIES:			
Net income (loss) before income taxes and minority interests	¥ 2,244	¥ (5,640)	$ 18,703
Adjustments for:			
Income taxes—paid	(1,205)	(2,421)	(10,043)
Income taxes—refund	31	747	260
Depreciation and amortization	5,855	6,479	48,795
(Gain) loss on sale or disposal of property, plant, and equipment	(146)	45	(1,217)
Loss on impairment of long-lived assets	618	266	5,155
Equity in losses of an unconsolidated subsidiary and an associated company	144	125	1,206
Gain on sales of investment securities	(824)	(0)	(6,868)
Gain on sales of investments in unconsolidated subsidiaries and associated companies	(134)		(1,124)
Business structure improvement expenses		1,044	
Changes in assets and liabilities			
Decrease (increase) in trade receivables	2,289	(261)	19,083
Decrease in inventories	12,597	11,037	104,975
Decrease in trade payables	(5,435)	(12,057)	(45,298)
Decrease in liability for retirement benefits	(157)	(10)	(1,312)
Other—net	1,020	(607)	8,502
Total adjustments	14,653	4,388	122,112
Net cash provided by (used in) operating activities	16,897	(1,251)	140,816

	Millions of Japanese yen		Thousands of U.S. dollars (Note 1)
	2015	2014	2015
INVESTING ACTIVITIES:			
Increase in time deposits	¥(39,069)	¥ (5,500)	$(325,576)
Decrease in time deposits	22,256	18,377	185,471
Proceeds from sale of property, plant, and equipment	218	68	1,824
Purchases of property, plant, and equipment	(3,164)	(5,174)	(26,368)
Purchases of intangible assets	(343)	(4,320)	(2,864)
Proceeds from sales of investment securities	1,603	0	13,358
Purchases of investment securities	(154)	(362)	(1,291)
Purchases of investments in subsidiaries resulting in change in scope of consolidation		(5,832)	
Increase in loans receivable	(68)	(55)	(572)
Decrease in loans receivable	684	7	5,707
Other—net	676	63	5,635
Net cash used in investing activities	(17,360)	(2,730)	(144,674)
FINANCING ACTIVITIES:			
Decrease in short-term bank loans—net	(1,404)	(9,391)	(11,707)
Repayments of long-term debt		(525)	
Acquisition of treasury stock	(0)		(0)
Dividends paid	(1,194)	(1,194)	(9,951)
Other—net	(126)	6,433	(1,057)
Net cash used in financing activities	(2,725)	(4,676)	(22,716)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	2,567	2,032	21,393
NET DECREASE IN CASH AND CASH EQUIVALENTS	(621)	(6,625)	(5,181)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	43,612	50,238	363,441
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 42,991	¥43,612	$ 358,259

See notes to consolidated financial statements.

FUNAI ELECTRIC CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2015 and 2014

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards ("IFRS").

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made to the 2014 consolidated financial statements to conform to the classifications used in 2015.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Funai Electric Co., Ltd. (the "Company"), is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥120 to $1, the approximate rate of exchange at March 31, 2015. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

From the current fiscal year, the Company rounded down Japanese yen figures less than a million to the nearest million yen and U.S. dollar figures less than a thousand to the nearest thousand dollars, except for per share data.

Due to this fraction treatment change, the Company also rounded down the figures for the year ended March 31, 2014, that had been rounded in the prior year's annual report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. **Consolidation**—Consolidated financial statements as of March 31, 2015, include the accounts of the Company and its 22 significant (21 in 2014) subsidiaries (collectively, the "Group").

Under the control or influence concept, those companies over whose operations the Company, directly or indirectly, is able to exercise control are fully consolidated and those companies over which the Group has the ability to exercise significant influence are accounted for using the equity method.

In 2015, investments in one (one in 2014) unconsolidated subsidiary and one (one in 2014) associated company are accounted for using the equity method. Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. **Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements**—In May 2006, the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes that the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. However, financial statements prepared by foreign subsidiaries in accordance with either IFRS or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, except for the following items that should be adjusted in the consolidation process, so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in the equity through other comprehensive income; (c) expensing capitalized development costs of research and development (R&D); (d) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if included in net income.

c. **Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method**—In March 2008, the ASBJ issued ASBJ Statement No. 16, "Accounting Standard for Equity Method of Accounting for Investments." The new standard requires adjustments to be made to conform the associate's accounting policies for similar transactions and events under similar circumstances to those of the parent company when the associate's financial statements are used in applying the equity method, unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign associated companies in accordance with either IFRS or the generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted, so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been recorded in the equity through other comprehensive income; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant, and equipment and investment properties and incorporation of the cost model accounting; and (e) exclusion of minority interests from net income, if included in net income.

d. **Cash Equivalents**—Cash equivalents are short-term investments that are readily convertible into cash and exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit, commercial paper, and bond funds, all of which mature or become due within three months of the date of acquisition.

e. **Allowance for Doubtful Accounts**—Allowance for doubtful accounts is stated in amounts considered to be appropriate based on the companies' past credit loss experience and an evaluation of potential losses in the receivables outstanding.

f. **Inventories**—Inventories of the Company and its consolidated domestic subsidiaries are mainly stated at the lower of cost, determined using the average method for merchandise, finished products and work in process and using the first-in, first-out method for raw materials, or net selling value.

Inventories of the consolidated foreign subsidiaries are mainly stated at the lower of cost, determined using the first-in, first-out method, or net selling value.

g. **Investment Securities**—Investment securities are classified and accounted for depending on management's intent. All investment securities are classified as available-for-sale securities.

Marketable available-for-sale securities are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

h. **Property, Plant, and Equipment**—Property, plant, and equipment are stated at cost. Depreciation of property, plant, and equipment of the Company and its consolidated domestic subsidiaries is computed substantially using the declining-balance method, while the straight-line method is applied to buildings acquired after April 1, 1998, at rates based on the estimated useful lives of the assets. Depreciation of property, plant, and equipment of consolidated foreign subsidiaries is principally computed using the straight-line method at rates based on the estimated useful lives of the assets. The range of useful lives is principally from three to 50 years for buildings and structures and from one to 20 years for machinery, equipment, and other.

Lease assets are depreciated using the straight-line method over the respective lease periods.

i. **Patents**—Patents are carried at cost, less accumulated amortization, which is computed using the straight-line method over the estimated useful lives.

j. **Intangible Assets**—Intangible assets are stated at cost. Amortization of intangible assets of the Company and its consolidated subsidiaries is computed using the straight-line method. Amortization of software for internal use is computed using the straight-line method over the estimated useful life (five years).

k. **Long-Lived Assets**—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the sum of the discounted cash flows from the continued use and eventual disposition of the asset, or the net selling price at disposition.

l. **Retirement and Pension Plans**—The Company and certain consolidated subsidiaries have noncontributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. Certain consolidated foreign subsidiaries also have defined contributed pension plans.

Effective April 1, 2000, the Group adopted a new accounting standard for employees' retirement benefits and accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the consolidated balance sheet date. The total transitional obligation determined as of April 1, 2000, was charged to income when adopted, except that of a certain domestic subsidiary, which is being amortized over 15 years.

Actuarial gains or losses are amortized using the straight-line method over a period within the average remaining years of service of the employees (10 years) starting from the following period. Past service cost is amortized using the straight-line method over a period within the average remaining years of service of the employees (10 years).

In May 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the accounting standard for retirement benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and were followed by partial amendments from time to time through 2009.

(a) Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus is recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts are recognized in profit or loss over a certain period no longer than the expected average remaining service period of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss are included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments (see Note 18).

(c) The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods, the discount rate, and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, all with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company applied the revised accounting standard and guidance for retirement benefits for (a) and (b) above, effective March 31, 2014, and for (c) above, effective April 1, 2014. With respect to (c) above, the Company changed the method of attributing the expected benefit to periods from the straight-line basis to the benefit formula basis, the method of determining the discount rate from using the average period until the estimated benefit payment date to using a single weighted average discount rate reflecting the estimated timing and amount of retirement benefit payment, and record the effect of (c) above as of April 1, 2014, in retained earnings.

As a result, assets and liabilities for the retirement benefits increased by ¥934 million ($7,791 thousand), ¥200 million ($1,672 thousand), respectively, and retained earnings increased by ¥483 million ($4,029 thousand), while minority interests decreased by ¥11 million ($92 thousand) as of April 1, 2014, and operating income and income before income taxes and minority interests for the year ended March 31, 2015, increased by ¥11 million ($92 thousand).

In addition, basic net income per share increased ¥0.20 ($0.00).

Retirement allowances for directors, corporate auditors, and executive officers are recorded as a liability at the amount that would be required if all directors, corporate auditors, and executive officers retired at each consolidated balance sheet date.

m. Asset Retirement Obligations—In March 2008, the ASBJ published ASBJ Statement No. 18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development, and normal operation of a tangible fixed asset and is associated with the retirement of such a tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an adjustment to the carrying amount of the liability and the capitalized amount of the related asset retirement cost.

n. Stock Options—In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006.

This standard requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to nonemployees based on the fair value of either the stock option or the goods or services received.

The Company recognizes compensation expense for stock options granted to directors, officers and employees of the Company, and corporate officers and employees of the subsidiaries based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. A domestic subsidiary also measures options at their intrinsic value if it cannot reliably estimate the fair value. In the consolidated balance sheets, the stock option is presented as "Stock acquisition right" as a separate component of equity until exercised.

o. R&D Costs—R&D costs are charged to income as incurred.

p. Leases—In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet.

q. Construction Contracts—In December 2007, the ASBJ issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts," and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts." Under this accounting standard, construction revenue and construction costs should be recognized using the percentage-of-completion method if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs, and the stage of completion of the contract at the balance sheet date are deemed to be reliably measured, the outcome of a construction contract can be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue,

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an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts.

r. Income Taxes—The provision for income taxes is computed based on pretax income and included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted income tax rates to the temporary differences.

s. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of operations to the extent that they are not hedged by forward exchange contracts.

t. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date, except for equity, which is translated at the historical rate.

Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income as a separate component of equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the average exchange rate.

u. Per Share Information—Basic net income (loss) per share ("EPS") is computed by dividing net income (loss) available to common shareholders by the weighted-average number of common shares outstanding for the period.

Diluted net income per share in 2015 is not disclosed because there are no latent shares with a dilutive effect.

Diluted net income per share in 2014 is not disclosed because it was antidilutive due to the Company's net loss position.

Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years, including dividends to be paid after the end of the year.

v. Accounting Changes and Error Corrections—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied after revision of an accounting standards, the new policy is applied retrospectively, unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

3. CHANGE IN PRESENTATION

Prior to April 1, 2014, gain on sales of investment securities was included in the other—net among the other income (expenses) section of the consolidated statements of operations. Since fiscal year ended March 31, 2015, the amount increased significantly and such amount is disclosed separately in the other income (expenses) section of the consolidated statements of operations for the year ended March 31, 2015. The amount included in other—net for the year ended March 31, 2014, was ¥0 million.

4. INVENTORIES

Inventories at March 31, 2015 and 2014, consisted of the following:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	**2015**
Merchandise and finished products	**¥26,398**	¥31,665	**$219,990**
Work in process	**1,455**	1,182	**12,126**
Raw materials and supplies	**14,708**	16,427	**122,573**
Total	**¥42,562**	¥49,275	**$354,690**

5. LONG-LIVED ASSETS

During the fiscal year ended March 31, 2015, the Group recorded losses on impairment in the following asset groups:

Use	Location	Type
Business assets	FUNAI ELECTRIC EUROPE Sp.zo.o. (Lubuskie, Poland)	Buildings and structures, land

In principle, on the impairment reviews, the Group categorizes business assets on the basis of a legal entity whose cash inflows and outflows are continuously recorded. Idle assets are separated individually.

The Company reduced the book values of the business assets for which profitability has declined significantly to the recoverable amounts in the fiscal year ended March 31, 2015, and recorded a decrease of ¥618 million ($5,155 thousand) as other income (expense). These losses include ¥596 million ($4,968 thousand) for buildings and structures and ¥22 million ($187 thousand) for land.

The recoverable amounts of the assets were determined at net realizable value and were calculated based on the real estate revaluations.

During the fiscal year ended March 31, 2014, the Group recorded losses on impairment in the following asset groups:

Use	Location	Type
Business assets	Zhong Yue Funai Electron Co. (Guangdong, China)	Machinery, equipment and other, etc.
Business assets	Zhong Shan Funai Electron Co. (Guangdong, China)	Machinery, equipment and other, etc.

As the prospects for future profitability are expected to worsen due to factors, including a decrease in orders for information equipment during the fiscal year ended March 31, 2014, the Company reduced the book value of manufacturing facilities, etc., to their recoverable amounts and recorded the decrease in value of ¥266 million as other income (expense). The details of the losses are ¥201 million for machinery, equipment, and other and ¥65 million for long-term prepaid expenses.

The recoverable amounts of the assets were determined at net realizable value. The net realizable value of long-term prepaid expenses and assets other than long-term prepaid expenses is determined at zero and reasonable estimates based on market value, respectively.

6. BUSINESS STRUCTURE IMPROVEMENT EXPENSES

The Group recorded business structure improvement expenses in the fiscal year ended March 31, 2014. Business structure improvement expenses were mainly expenses incurred due to shrinking of the overseas light emitting diode ("LED") business, including an inventory valuation loss of ¥205 million, a loss on revaluation of investment in nonconsolidated subsidiaries and associated companies of ¥651 million, and impairment losses of ¥393 million.

(Impairment losses)

During the fiscal year ended March 31, 2014, the Group recorded losses on impairment in the following asset groups:

Use	Location	Type
Business assets	Zhong Yue Funai Electron Co. (Guangdong, China)	Machinery, equipment and other, etc.
Business assets	Zhong Shan Funai Electron Co. (Guangdong, China)	Machinery, equipment and other, etc.
Business assets	FUNAI Optical Electronics Co., Ltd. (Guangdong, China)	Machinery, equipment and other, etc.

Mainly, as a result of the decision to downsize the overseas LED business, during the fiscal year ended March 31, 2014, the Company reduced the book value of manufacturing facilities, etc., with no prospects of future use to their recoverable amounts, and recorded the decrease in value of ¥393 million as business structure improvement expenses in other income (expense) section. The details of the losses are ¥337 million for machinery, equipment and other and ¥55 million for long-term prepaid expenses.

The recoverable amounts of the assets were determined at net realizable value. The net realizable value of long-term prepaid expenses and assets other than long-term prepaid expenses is determined at zero and reasonable estimates based on market value, respectively.

7. ADVISORY FEES

The Group recorded advisory fees in the fiscal year ended March 31, 2014. Advisory fees were paid as specified compensation and fees to third-party advisors to determine an acquisition price for the intended acquisition of all shares in a company handling the Lifestyle Entertainment Business of Koninklijke PHILIPS N.V. ("Philips"). However, the Company recorded these compensation and fees as expenses since Philips terminated the sale and purchase agreement and filed a petition for arbitration with the International Chamber of Commerce, and the Company filed a counterclaim in this regard (see Note 21).

8. INVESTMENT SECURITIES

The costs and aggregate fair values of investment securities at March 31, 2015 and 2014, were as follows:

	Millions of Japanese yen			
	Cost	Unrealized gains	Unrealized losses	Fair value
2015				
Securities classified as:				
Available-for-sale:				
Equity securities	**¥ 392**	**¥401**	**¥0**	**¥ 794**
2014				
Securities classified as:				
Available-for-sale:				
Equity securities	¥1,156	¥722	¥6	¥1,872

	Thousands of U.S. dollars			
	Cost	Unrealized gains	Unrealized losses	Fair value
2015				
Securities classified as:				
Available-for-sale:				
Equity securities	**$3,274**	**$3,348**	**$2**	**$6,619**

Available-for-sale securities whose fair values are not readily determinable as of March 31, 2015 and 2014, were as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	**2015**
Available-for-sale:			
Equity securities	**¥314**	¥252	**$2,623**
Investments in limited partnerships	**78**	322	**651**
Total	**¥393**	¥575	**$3,275**

The information for available-for-sale securities, which were sold during the years ended March 31, 2015 and 2014, was as follows:

	Millions of Japanese yen		
	Proceeds	Realized gains	Realized losses
2015			
Available-for-sale:			
Equity securities	**¥1,603**	**¥824**	
Total	**¥1,603**	**¥824**	
2014			
Available-for-sale:			
Equity securities	¥ 0	¥ 0	
Total	¥ 0	¥ 0	

	Thousands of U.S. dollars		
	Proceeds	Realized gains	Realized losses
2015			
Available-for-sale:			
Equity securities	**$13,360**	**$6,868**	
Total	**$13,360**	**$6,868**	

The impairment loss on available-for-sale equity securities for the year ended March 31, 2014, was ¥222 million.

9. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans bore interest at an annual average rate of 1.8% and 1.6% at March 31, 2015 and 2014, respectively.

Long-term debt at March 31, 2015 and 2014, consisted of the following:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	**2015**
Unsecured loans from banks and other financial institutions, due serially through 2019 with average interest rates of 1% (2015 and 2014)	**¥6,983**	¥6,421	**$58,195**
Obligations under finance leases	**417**	152	**3,479**
Total	**7,401**	6,573	**61,675**
Less current portion	**(426)**	(388)	**(3,555)**
Long-term debt, less current portion	**¥6,974**	¥6,185	**$58,120**

Annual maturities of long-term debt, excluding finance leases (see Note 15), at March 31, 2015, were as follows:

Year ending March 31	Millions of Japanese yen	Thousands of U.S. dollars
2016	¥ 300	$ 2,500
2017	300	2,500
2018	3,304	27,535
2019	3,079	25,660
Total	¥6,983	$58,195

10. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have severance payment plans for employees, directors, corporate auditors, and officers. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The Company and certain consolidated subsidiaries have noncontributory funded defined benefit pension plans for employees. Certain consolidated foreign subsidiaries also have defined contribution pension plans.

The liability for retirement benefits at March 31, 2015 and 2014, for directors, corporate auditors, and officers is ¥1,093 million ($9,114 thousand) and ¥1,088 million, respectively. The retirement benefits for directors and Board of Corporate Auditors members are paid subject to the approval by the shareholders.

(1) The changes in defined benefit obligation for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	**2015**
Balance at beginning of year (as previously reported)	**¥9,186**	¥9,257	**$76,557**
Cumulative effect of change in accounting policy	**(734)**		**(6,118)**
Balance at beginning of year (as restated)	**8,452**	9,257	**70,439**
Current service cost	**516**	525	**4,304**
Interest cost	**105**	116	**882**
Benefits paid	**(673)**	(747)	**(5,610)**
Actuarial losses (gains)	**156**	(213)	**1,302**
Increase in business combination		290	
Others	**25**	(41)	**212**
Balance at end of year	**¥8,583**	¥9,186	**$71,531**

(2) The changes in plan assets for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	**2015**
Balance at beginning of year	**¥8,747**	¥8,012	**$72,892**
Expected return on plan assets	**117**	91	**978**
Benefits paid	**(673)**	(747)	**(5,610)**
Contributions from the employer	**721**	755	**6,015**
Actuarial gains	**814**	661	**6,785**
Increase in business combination		37	
Others	**24**	(64)	**206**
Balance at end of year	**¥9,752**	¥8,747	**$81,268**

(3) Reconciliation between the liability recorded in the consolidated balance sheets and the balances of defined benefit obligation and plan assets at March 31, 2015 and 2014, were as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	2015
Plan assets	¥ 7,941	¥ 7,287	$ 66,182
Funded defined benefit obligation	(6,225)	(6,951)	(51,876)
Asset for retirement benefits	¥ 1,716	¥ 335	$ 14,306
Funded defined benefit obligation	¥(2,358)	¥(2,234)	$(19,655)
Plan assets	1,810	1,459	15,085
Liability for retirement benefits	¥ (548)	¥ (775)	$ (4,569)

(4) The components of net periodic benefit costs for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥ 516	¥ 525	$4,304
Interest cost	105	116	882
Expected return on plan assets	(117)	(91)	(978)
Amortization of past service cost	(108)	(108)	(907)
Recognized actuarial losses	72	108	607
Amortization of transitional obligation	124	124	1,040
Others	(1)	12	(14)
Net periodic benefit costs	¥ 592	¥ 687	$4,935

(5) Amounts recognized in other comprehensive income (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014, were as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	2015
Past service cost	¥(108)		$ (907)
Actuarial gains	730	¥142	6,090
Others	124		1,040
Total	¥ 746	¥142	$6,223

(6) Amounts recognized in accumulated other comprehensive income (loss) (before income tax effect) in respect of defined retirement benefit plans as of March 31, 2015 and 2014, were as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized past service cost	¥ 303	¥ 412	$ 2,525
Unrecognized actuarial gains (losses)	420	(309)	3,507
Others	(183)	(308)	(1,532)
Total	¥ 540	¥(206)	$ 4,500

(7) Plan assets

(a) Components of plan assets

Plan assets as of March 31, 2015 and 2014, consisted of the following:

	2015	2014
Debt investments	52%	51%
Equity investments	31%	32%
Cash and cash equivalents	0%	2%
Others	17%	15%
Total	100%	100%

(b) Method of determining the expected rate of return on plan assets

The expected rate of return on plan assets is determined considering the long-term rates of return that are expected currently and in the future from the various components of the plan assets.

(8) Assumptions used for the years ended March 31, 2015 and 2014, were set forth as follows:

	2015	2014
Discount rate	1.2%	1.3%
Expected rate of return on plan assets	1.4%	1.2%
Expected rates of pay raises	4.6%	4.9%
Lump-sum election rate	92.3%	92.5%

11. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(a) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria, such as (1) having a Board of Directors, (2) having independent auditors, (3) having a Board of Corporate Auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends in kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

(b) Increases/Decreases and Transfer of Common Stock, Reserve, and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts within equity under certain conditions upon resolution by the shareholders.

(c) Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined using a specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

12. STOCK OPTIONS

(1) The stock options outstanding as of March 31, 2015, are as follows:

(The Company)

Stock option	Persons granted	Number of options granted	Date of grant	Exercise price	Exercise period
2005 stock option	Two directors 293 employees Five other persons	346,400 shares	July 12, 2005	¥12,369 ($103)	From August 1, 2007 to July 31, 2014
2008 stock option	One director officer 10 officers 315 employees	431,700 shares	November 20, 2008	¥1,609 ($13)	From August 1, 2010 to July 31, 2017
2014 stock option	Three directors Two officers Two officers of a subsidiary One employee of a subsidiary	120,000 shares	October 10, 2014	¥1,296 ($11)	From September 1, 2016 to August 31, 2023

(DX ANTENNA CO., LTD.)

Stock option	Persons granted	Number of options granted	Date of grant	Exercise price	Exercise period
2010 stock option	Four directors 29 employees	152,000 shares	February 13, 2010	¥384 ($3)	From February 11, 2012 to February 10, 2019
2011 stock option	Two directors 39 employees	116,900 shares	May 27, 2011	¥807 ($7)	From May 27, 2013 to May 26, 2020

(2) The stock option activity is as follows:

① The number of stock options

(The Company)

	2005 stock option (Shares)	2008 stock option (Shares)	2014 stock option (Shares)
Year ended March 31, 2014			
Vested			
March 31, 2013—Outstanding	346,400	330,400	
Vested			
Exercised			
Canceled		19,600	
March 31, 2014—Outstanding	346,400	310,800	
Year ended March 31, 2015			
Unvested			
March 31, 2014—Outstanding			
Granted			120,000
Canceled			7,000
Vested			
March 31, 2015—Outstanding			113,000
Vested			
March 31, 2014—Outstanding	346,400	310,800	
Vested			
Exercised			
Canceled	346,400	40,300	
March 31, 2015—Outstanding		270,500	

(DX ANTENNA CO., LTD.)

	2010 stock option (Shares)	2011 stock option (Shares)
Year ended March 31, 2014		
Unvested		
March 31, 2013—Outstanding		93,800
Granted		
Canceled		
Vested		93,800
March 31, 2014—Outstanding		
Vested		
March 31, 2013—Outstanding	122,500	
Vested		93,800
Exercised		
Canceled	14,000	4,200
March 31, 2014—Outstanding	108,500	89,600
Year ended March 31, 2015		
Vested		
March 31, 2014—Outstanding	108,500	89,600
Vested		
Exercised		
Canceled	7,000	5,600
March 31, 2015—Outstanding	101,500	84,000

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② The price information of the stock option is as follows:

(The Company)

	2005 stock option
Exercise price	¥12,369 ($103)
Average stock price at exercise	
Fair value price at grant date	

	2008 stock option
Exercise price	¥1,609 ($13)
Average stock price at exercise	
Fair value price at grant date (Exercise period)	
a. From August 1, 2010 to July 31, 2017	¥440 ($4)
b. From August 1, 2011 to July 31, 2017	¥447 ($4)
c. From August 1, 2012 to July 31, 2017	¥454 ($4)
d. From August 1, 2013 to July 31, 2017	¥458 ($4)
e. From August 1, 2014 to July 31, 2017	¥475 ($4)
f. From August 1, 2015 to July 31, 2017	¥487 ($4)
g. From August 1, 2016 to July 31, 2017	¥510 ($4)

	2014 stock option
Exercise price	¥1,296 ($11)
Average stock price at exercise	
Fair value price at grant date (Exercise period)	
a. From September 1, 2016 to August 31, 2023	¥236 ($2)
b. From September 1, 2017 to August 31, 2023	¥280 ($2)
c. From September 1, 2018 to August 31, 2023	¥330 ($3)
d. From September 1, 2019 to August 31, 2023	¥353 ($3)
e. From September 1, 2020 to August 31, 2023	¥359 ($3)
f. From September 1, 2021 to August 31, 2023	¥359 ($3)
g. From September 1, 2022 to August 31, 2023	¥356 ($3)

(DX ANTENNA CO., LTD.)

	2010 stock option	2011 stock option
Exercise price	¥384 ($3)	¥807 ($7)
Average stock price at exercise		
Fair value price at grant date		

(3) The Assumption Used to Measure the Fair Value

(The Company)

Estimate method: Black-Scholes option-pricing model

2014 stock option	a	b	c	d	e	f	g
Volatility of stock price	40.36%	44.58%	49.49%	51.35%	51.17%	50.46%	49.47%
Estimated remaining outstanding period	5.394 years	5.892 years	6.393 years	6.891 years	7.392 years	7.893 years	8.392 years
Estimated dividend	¥35 ($0.29)	¥35 ($0.29)	¥35 ($0.29)	¥35 ($0.29)	¥35 ($0.29)	¥35 ($0.29)	¥35 ($0.29)
Risk-free interest rate	0.162%	0.178%	0.208%	0.241%	0.284%	0.331%	0.373%

(DX ANTENNA CO., LTD.)

As DX ANTENNA CO., LTD. was a nonpublic company, the fair value prices of the stock options were measured at their intrinsic value.

The total intrinsic value of the stock options granted on February 13, 2010, for the year ended March 31, 2015, was ¥66 million ($552 thousand). The total intrinsic value of the stock options granted on May 27, 2011, for the year ended March 31, 2015, was ¥19 million ($160 thousand).

(4) Estimated Method of Number of Vested Options

(The Company)

Estimated number of vested options of the Company is determined based on historical data.

(DX ANTENNA CO., LTD.)

Estimated number of vested options of DX ANTENNA CO., LTD. is determined based on the actual cancellation data because the number of options canceled in the future cannot be reasonably estimated.

13. SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

Selling, general, and administrative expenses for the years ended March 31, 2015 and 2014, principally consisted of the following:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	**2015**
Promotion fee	**¥1,191**	¥ 1,229	**$ 9,929**
Royalty on patents	**8,700**	10,327	**72,500**
Depreciation	**1,336**	1,473	**11,139**
Amortization of goodwill	**0**	3	**7**
Net periodic retirement benefit costs	**337**	376	**2,811**

14. R&D COSTS

R&D costs charged to income were ¥7,535 million ($62,793 thousand) and ¥8,490 million for the years ended March 31, 2015 and 2014, respectively.

15. LEASES

The Group leases certain machinery and vehicles.

Obligations under finance leases were as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	**2015**
Due within one year	**¥126**	¥ 88	**$1,055**
Due after one year	**290**	64	**2,424**
Total	**¥417**	¥152	**$3,479**

The minimum rental commitments under noncancelable operating leases at March 31, 2015 and 2014, are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	**2015**
Due within one year	**¥ 823**	¥ 768	**$ 6,866**
Due after one year	**2,189**	2,013	**18,249**
Total	**¥3,013**	¥2,781	**$25,116**

16. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes, which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 35.6% for the years ended March 31, 2015 and 2014.

The tax effects of significant temporary differences and tax loss carryforwards, which resulted in deferred tax assets and liabilities at March 31, 2015 and 2014, were as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Liability for retirement benefits	¥ 546	¥ 625	$ 4,553
Accounts payable—other	1,716	1,475	14,304
Allowance for doubtful accounts	3,350	3,842	27,918
Accrued employees' bonuses	260	380	2,173
Loss on impairment of investment securities	222	422	1,850
Loss on impairment of inventories	577	817	4,808
Loss on impairment of long-lived assets	292	289	2,441
Transfer pricing adjustments	726	352	6,050
Tax loss carryforwards	10,675	11,500	88,960
Other	2,176	984	18,139
Less valuation allowance	(17,865)	(18,040)	(148,878)
Total deferred tax assets	2,678	2,642	22,321
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	199	368	1,660
Asset for retirement benefits	553	119	4,614
Other	685	403	5,711
Total deferred tax liabilities	1,438	892	11,986
Net deferred tax assets	¥ 1,240	¥ 1,750	$ 10,334

Reconciliation between the normal effective statutory tax rate and the actual effective tax rate reflected in the accompanying consolidated statements of operations for the year ended March 31, 2015, was as follows (for the year ended March 31, 2014, was not presented because of the net loss for the period):

	2015
Normal effective statutory tax rate	35.6%
Expenses not deductible for income tax purposes	4.8
Per capita inhabitants' tax	2.3
Effect of reduction of income tax rates on deferred tax assets	1.8
Lower income tax rates applicable to loss in certain foreign countries	22.3
Equity in losses of an unconsolidated subsidiary and an associated company	2.3
Estimated tax expense from advance pricing agreement for transfer price taxation	9.5
Valuation Allowance	(38.7)
Other—net	(1.0)
Actual effective tax rate	38.9%

As a result of the "Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Revision of the Local Tax Act, etc." (Act No. 2 of 2015) enacted on March 31, 2015, the corporate tax rate, etc., will be reduced from the fiscal year beginning on or after April 1, 2015. Accordingly, the effective statutory tax rate to be used for the calculation of deferred tax assets and deferred tax liabilities will be reduced from 35.6% to 33.1% for the temporary differences expected to be reversed for the fiscal year beginning on April 1, 2015, and to 32.3% for the temporary differences expected to be reversed for the fiscal year beginning on April 1, 2016, and thereafter.

The tax rate change decreased deferred tax assets (net of deferred tax liabilities) by ¥9 million ($78 thousand) and increased income taxes—deferred and unrealized gain on available-for-sale securities by ¥22 million ($184 thousand) and ¥12 million ($105 thousand), respectively.

Further, with the change of the scheme of tax loss carryforwards, the deductible amount is limited to 65% of taxable income for the fiscal years beginning on or after April 1, 2015, and to 50% of taxable income for the fiscal years beginning on or after April 1, 2017. Consequently, deferred tax assets decreased by ¥68 million ($569 thousand) and income taxes—deferred increased by ¥68 million ($569 thousand).

On June 29, 2011, the Company received notices from the Osaka Regional Taxation Bureau suggesting that a subsidiary in Hong Kong did not satisfy the conditions for exclusion from application of the tax system for dealing with tax havens and indicating its decision to incorporate the income generated by the subsidiary into the income of the Company for the duration of three years from April 1, 2007 to March 31, 2010, for taxation purposes. Because the Company objected to this corrective action, the Company applied for assessments by the Osaka National Tax Tribunal on August 25, 2011. On July 18, 2012, the Company received written verdicts on this case indicating that our assertions had been dismissed. The Company, unable to accept the verdicts, filed an appeal to have the action canceled with the Tokyo District Court on January 17, 2013.

The additional tax, including corporate income taxes, inhabitant taxes, and enterprise taxes, amounted to ¥825 million (¥935 million, including incidental taxes). This amount has been processed as expenses under the category of "Income taxes—prior years" in the fiscal year ended March 31, 2012, in accordance with Japanese Institute of Certified Public Accountants Audit and Assurance Practice Committee Report No. 63, "Treatment of Accounting and Presentation of Taxes for the purpose of Audits."

The Company has recorded the amount that would be affected if the taxation were applied from the fiscal year ended March 31, 2011, which is the fiscal year following the fiscal year to which the assessment was applied.

17. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

1. Status of Financial Instruments

(1) Group Policy for Financial Instruments

The Group obtains financing from banks and invests funds in short-term deposits, etc. In principle, the Group has a policy of not using derivatives.

(2) Nature and Extent of Risks Arising from Financial Instruments and Risk Management for Financial Instruments

Trade receivables, such as trade notes and trade accounts, are exposed to customer credit risk.

To avoid such risk, the Group has stipulated sales management rules and manages trading terms and credit lines by each customer.

The Group has many receivables and payables in foreign currencies due to its overseas operations. Generally, the Group does not use forward foreign currency contracts because most of the trades are denominated in U.S. dollar.

Investment securities, mainly equity instruments, are exposed to market risk. With regard to the risks, the market values and the financial positions of the issuers are reviewed periodically and reported to the Internal Investment and Loan Committee.

Payment terms of payables, such as trade notes and trade accounts, are less than one year.

Bank loans are principally for the Group's operations. The Group has a policy of not using derivatives. However, as floating-rate loans are exposed to interest rate risk, the Group may utilize derivatives (interest rate swap agreements) as hedging instruments according to individual loan contracts. To trade in derivatives, such derivatives are executed and managed in accordance with the internal rules. To mitigate credit risk, the Group enters into transactions solely with financial institutions with high ratings.

Trade receivables and loans are exposed to liquidity risks. The Group manages these risks by having each company perform monthly financial planning.

2. Fair Value of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, another rational valuation technique is used instead. The list below does not contain financial instruments whose fair values are not readily determinable.

(a) Fair value of financial instruments

	Millions of Japanese yen		
	Carrying amount	Fair value	Unrealized gain/loss
2015			
Cash and cash equivalents	**¥ 42,991**	**¥ 42,991**	
Time deposits	**23,828**	**23,828**	
Receivables—trade	**38,183**	**38,183**	
Investment securities	**794**	**794**	
Total	**¥105,797**	**¥105,797**	
Short-term bank loans (excluding finance lease obligation)	**¥ 4,012**	**¥ 4,012**	
Payables—trade	**31,625**	**31,625**	
Payables—other	**11,944**	**11,944**	
Long-term debt (excluding finance lease obligation)	**6,683**	**6,683**	
Total	**¥ 54,265**	**¥ 54,265**	
2014			
Cash and cash equivalents	¥ 43,612	¥ 43,612	
Time deposits	5,555	5,555	
Receivables—trade	37,681	37,681	
Investment securities	1,872	1,872	
Total	¥ 88,722	¥ 88,722	
Short-term bank loans (excluding finance lease obligation)	¥ 4,526	¥ 4,526	
Payables—trade	32,942	32,942	
Payables—other	11,571	11,571	
Long-term debt (excluding finance lease obligation)	6,121	6,121	
Total	¥ 55,160	¥ 55,160	

	Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain/loss
2015			
Cash and cash equivalents	$358,259	$358,259	
Time deposits	198,574	198,574	
Receivables—trade	318,195	318,195	
Investment securities	6,619	6,619	
Total	$881,649	$881,649	
Short-term bank loans (excluding finance lease obligation)	$ 33,433	$ 33,433	
Payables—trade	263,542	263,542	
Payables—other	99,539	99,539	
Long-term debt (excluding finance lease obligation)	55,695	55,695	
Total	$452,211	$452,211	

Assets

Cash and cash equivalents, time deposits, and receivables—trade

The carrying values of cash and cash equivalents, time deposits, and receivables—trade approximate fair values because of their short maturities.

Investment securities

Investment securities are measured at the quoted market prices on the stock exchange for the equity instruments.

Liabilities

Short-term bank loans, payables—trade, and payables—other

The carrying value of short-term bank loans and payables approximates fair value because of their short maturities.

Long-term debt

The carrying value of long-term debt approximates the fair value because loans are those with floating rates and they reflect the market interest rates timely.

Derivatives

Not applicable.

(b) Financial instruments whose fair values cannot be reliably determined

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	**2015**
Investments in equity instruments and investment in limited partnerships that do not have a quoted market price in an active market	¥2,020	¥2,491	$16,835

(c) Maturity analysis for financial assets and securities with contractual maturities

	Millions of Japanese yen			
	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
2015				
Cash and cash equivalents	¥ 42,991			
Time deposits	23,828			
Receivables—trade	38,183			
Total	¥105,003			
2014				
Cash and cash equivalents	¥ 43,612			
Time deposits	5,555			
Receivables—trade	37,681			
Total	¥ 86,849			

	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through 10 years	Due after 10 years
2015				
Cash and cash equivalents	$358,259			
Time deposits	198,574			
Receivables—trade	318,195			
Total	$875,029			

Please see Note 9 for annual maturities of long-term debt and Note 15 for obligations under finance leases.

18. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2015 and 2014, were as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
	2015	2014	2015
Unrealized gain on available-for-sale securities:			
Gain arising during the year	¥ 409	¥ 262	$ 3,408
Reclassification adjustments to profit or loss	(824)	87	(6,874)
Amount before income tax effect	(415)	349	(3,466)
Income tax effect	169	(125)	1,412
Total	¥ (246)	¥ 223	$ (2,053)
Foreign currency translation adjustments:			
Adjustments arising during the year	¥9,324	¥4,163	$77,705
Amount before income tax effect	9,324	4,163	77,705
Income tax effect	(30)	5	(252)
Total	¥9,294	¥4,169	$77,452
Defined retirement benefit plans:			
Adjustments arising during the year	¥ 657	¥ 142	$ 5,483
Reclassification adjustments to profit or loss	88		740
Amount before income tax effect	746	142	6,223
Income tax effect	(264)	(7)	(2,207)
Total	¥ 481	¥ 135	$ 4,016
Share of other comprehensive income in associates:			
Gain arising during the year	¥ 12	¥ 57	$ 108
Total	¥ 12	¥ 57	$ 108
Total other comprehensive income	¥9,542	¥4,586	$79,523

19. NET INCOME (LOSS) PER SHARE

Information on basic net EPS for the years ended March 31, 2015 and 2014, was as follows:

	Millions of Japanese yen	Thousands of shares	Japanese yen	Dollars
	Net income (loss)	Weighted-average shares	EPS	
For the year ended March 31, 2015:				
Basic EPS				
Net income available to common shareholders	¥ 1,354	34,119	¥ 39.70	$ 0.33
For the year ended March 31, 2014:				
Basic EPS				
Net loss available to common shareholders	¥ (6,745)	34,119	¥(197.70)	

Diluted net income per share in 2015 is not disclosed because there are no latent shares with a dilutive effect.

Diluted net income per share in 2014 is not disclosed due to the loss position.

20. SUBSEQUENT EVENT

Appropriations of Retained Earnings

The following appropriation of retained earnings at March 31, 2015, was approved at the meeting of the Company's Board of Directors held on May 25, 2015:

	Millions of Japanese yen	Thousands of U.S. dollars
Year-end cash dividends, ¥35 ($0.29) per share	¥1,194	$9,951

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21. CONTINGENT LIABILITIES

(Arbitration)

The Company resolved to acquire from Philips all shares in a company that would succeed the operation of Philips' Lifestyle Entertainment Business and concluded a sale and purchase agreement on January 29, 2013. However, Philips filed a petition against the Company a petition as of October 25, 2013, for arbitration to claim compensation for damages on the grounds of a breach of the agreement by the Company and the petition was served on the Company by the International Chamber of Commerce on November 8, 2013.

With regard to this matter, the Company does not recognize a breach of the agreement on its part. Consequently, on December 6, 2013, the Company filed with the International Chamber of Commerce a counterclaim for claiming compensation for damages on the grounds of a breach of the agreement and undue action by Philips.

On May 20, 2014, the Company was given notice of the amount of the claim for compensatory damages from Philips against the Company. Subsequently, on October 1, 2014, the Company filed a statement with the International Chamber of Commerce, including indication of the amount of compensatory damages claimed against Philips.

On December 24, 2014, the Company received notice from Philips of a revised amount of compensatory damages claimed by Philips.

The results of these arbitral proceedings may have an effect on the operating results of the Group. However, it is not possible to make a reasonable estimate of the effect of the arbitration proceedings as of the end of the fiscal year and the effect thereof, if any, on the operating results, and the financial position of the Group remains unclear.

The following is an outline of the petition for arbitration filed against the Company and counterclaim filed by the Company:

(1) Outline of the petition for arbitration filed against the Company
- (a) Institution and date of the petition for arbitration:
  - (i) Institution with which the petition for arbitration was filed: International Chamber of Commerce
  - (ii) Date of the petition for arbitration: October 25, 2013
- (b) Petitioner for arbitration:
  - (i) Name: Koninklijke Philips N.V.
  - (ii) Location: Eindhoven, The Netherlands
  - (iii) Title and name of representative: Frans van Houten, Chief Executive Officer
- (c) Details of the petition and claimed amount for damages:
  - (i) Details of the petition: A claim for damages on the grounds of a breach of the agreement by the Company
  - (ii) Claimed amount: €189.6 million (revised amount from the amount of €171.8 million filed by Philips on May 20, 2014), statutory interest thereon and arbitration expenses

(2) Outline of the counterclaim filed by the Company
- (a) Institution with which the counterclaim was filed and the date thereof:
  - (i) Institution with which the counterclaim was filed: International Chamber of Commerce
  - (ii) Date of the counterclaim: December 6, 2013
- (b) Party to the counterclaim filed:
  - (i) Name: Koninklijke Philips N.V.
  - (ii) Location: Eindhoven, The Netherlands
  - (iii) Title and name of representative: Frans van Houten, Chief Executive Officer
- (c) Details of the counterclaim and claimed amount for damages:
  - (i) Details of the counterclaim:
    Claim for damages on the grounds of a breach of the agreement and undue action by Philips
  - (ii) Claimed amount:
    €312.3 million, the amount of tax payable, conventional interest thereon and arbitration expenses.

An overview of the above-mentioned sale and purchase agreement is as follows:

1. Name of other party and the content of the business to be acquired
   (1) Name of other party: Koninklijke Philips N.V.
   (2) Content of business to be acquired: Lifestyle Entertainment Business
   (Note) The Lifestyle Entertainment Business involves the development, design, sales, and (partial) manufacture of the Philips-brand audio, video, and multimedia products; home communication products; and accessories products.
2. Reasons for acquiring the shares
   The transaction to assume the Lifestyle Entertainment Business from Philips will enable the Group to expand the lineup of products that it handles and expand its sales region to include Asia, South America, and other emerging markets, as well as advanced countries in Europe. The Company decided to acquire shares based on the belief that the acquisition would foster sustained growth of the Group's business.
3. Acquisition price and the percentage of shares held after the acquisition
   Acquisition price: €150 million
   Percentage of shares held after the acquisition: 100%

(Financial covenants)

With regard to bank loans, a syndicated loan agreement (balances at March 31, 2015 and 2014, were ¥6,008 million ($50,070 thousand) and ¥5,146 million, respectively) includes financial covenants; if the Company breaches any of the following clauses, it shall forfeit the benefit of time in relation to the entire obligation under the agreement and immediately pay the principal of and interest on the loan:

(Clauses)

(1) The Company shall maintain the amount in the equity section in the consolidated balance sheets as of the end of each fiscal year at no less than ¥100 billion.

(2) The Company shall, for two consecutive fiscal years, not report an operating loss in the consolidated statements of operations for the fiscal year ending March 31, 2015, and for each fiscal year thereafter.

(3) The Company shall, for two consecutive fiscal years, not report an ordinary loss in the consolidated statements of operations for the fiscal year ending March 31, 2015, and for each fiscal year thereafter.

22. SEGMENT INFORMATION

Under ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) Description of Reportable Segments

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group. The Group is engaged in the manufacture and sale of consumer electronics products. Mainly, the Company and DX ANTENNA CO., LTD. cover the Japan region, FUNAI CORPORATION, INC. and P&F USA, INC. cover the Americas region, FUNAI ELECTRIC (H.K.) LTD. covers the Asia region, and FUNAI ELECTRIC EUROPE Sp.zo.o. covers the Europe region. Each of overseas subsidiaries is independent management units, which develops product strategies and business activities in their respective regions. Therefore, the Group consists of the geographic segments based on the manufacturing and sales structures, which are identified four segments: "Japan," "Americas," "Asia," and "Europe."

(2) Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, and Other Items for Each Reportable Segment

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies." Sales price between the segments are set on arm's-length basis.

(Application of Accounting Standard for Retirement Benefits)

The Company applied the revised accounting standard and guidance for retirement benefits, effective April 1, 2014. The method of attributing estimated retirement benefits to each period has been changed from the straight-line basis to the benefit formula basis. The method of determining the discount rate has been changed from using the discount rate based on the average period until the estimated benefit payment date to using a single weighted average discount rate reflecting the estimated timing and amount of retirement benefit payment.

As a result, segment loss of the Japan segment for the year ended March 31, 2015, decreased by ¥11 million ($92 thousand).

(Reportable Segment Name Change)

From this fiscal year, the Group changed the name of the reportable segment from "North America" to "Americas." This change does not have any impact on the segment information except for the change of the name. The information for the year ended March 31, 2014, is disclosed by the changed name.

(3) Information about Sales, Profit (Loss), Assets, and Other Items

	Millions of Japanese yen						
	2015						
	Japan	Americas	Asia	Europe	Total	Reconciliations (Note A)	Consolidated
Sales:							
Sales to external customers	¥ 42,489	¥165,887	¥ 4,894	¥3,817	¥217,088		¥217,088
Intersegment sales or transfers	124,248	969	130,273		255,491	¥(255,491)	
Total	¥166,738	¥166,856	¥135,167	¥3,817	¥472,579	¥(255,491)	¥217,088
Segment profit (loss) (Note B)	¥ (938)	¥ 1,200	¥ (202)	¥ 57	¥ 117	¥446	¥ 564
Segment assets	121,725	62,605	69,025	3,057	256,413	(66,717)	189,695
Other							
Depreciation	1,606	44	4,152	52	5,855		5,855
Amortization of goodwill	0				0		0
Investment in equity method affiliate	4		175		180		180
Increase in property, plant, and equipment and intangible assets	332	562	2,939	6	3,840	(0)	3,840
Impairment losses of assets				618	618		618

	Millions of Japanese yen						
	2014						
	Japan	Americas	Asia	Europe	Total	Reconciliations (Note A)	Consolidated
Sales:							
Sales to external customers	¥ 56,493	¥169,698	¥ 4,563	¥3,286	¥234,042		¥234,042
Intersegment sales or transfers	135,566	0	148,674	0	284,241	¥(284,241)	
Total	¥192,059	¥169,698	¥153,237	¥3,287	¥518,284	¥(284,241)	¥234,042
Segment (loss) profit (Note B)	¥ (1,328)	¥ (3,786)	¥ 408	¥ (425)	¥ (5,130)	¥ (335)	¥ (5,465)
Segment assets	129,869	61,921	70,795	3,392	265,978	(84,637)	181,341
Other							
Depreciation	2,032	47	4,317	83	6,480	(0)	6,479
Amortization of goodwill	3				3		3
Investment in equity method affiliate	30		195		225		225
Increase in property, plant, and equipment and intangible assets	5,466	254	4,178	15	9,914	(54)	9,860
Impairment losses of assets			659		659		659

	Thousands of U.S. dollars						
	2015						
	Japan	Americas	Asia	Europe	Total	Reconciliations (Note A)	Consolidated
Sales:							
Sales to external customers	$ 354,082	$1,382,394	$ 40,786	$31,808	$1,809,071		$1,809,071
Intersegment sales or transfers	1,035,405	8,077	1,085,609		2,129,093	$(2,129,093)	
Total	$1,389,487	$1,390,472	$1,126,395	$31,808	$3,938,165	$(2,129,093)	$1,809,071
Segment profit (loss) (Note B)	$ (7,820)	$ 10,007	$ (1,686)	$ 480	$ 980	$ 3,722	$ 4,703
Segment assets	1,014,380	521,709	575,209	25,480	2,136,779	(555,982)	1,580,797
Other							
Depreciation	13,386	369	34,605	433	48,795		48,795
Amortization of goodwill	7				7		7
Investment in equity method affiliate	41		1,464		1,505		1,505
Increase in property, plant, and equipment and intangible assets	2,771	4,685	24,495	56	32,008	(0)	32,008
Impairment losses of assets				5,155	5,155		5,155

Note A—Components of reconciliation are as follows:

	Millions of Japanese yen		Thousands of U.S. dollars
Segment profit (loss)	2015	2014	2015
Elimination of intersegment transactions	¥ 899	¥1,071	$ 7,494
Corporate expenses (*1)	(726)	(839)	(6,057)
Adjustment of inventory	274	(567)	2,285
Total	¥ 446	¥ (335)	$ 3,722

	Millions of Japanese yen		Thousands of U.S. dollars
Segment assets	2015	2014	2015
Corporate assets (*2)	¥ 26,306	¥ 21,077	$ 219,216
Adjustment of inventory	(1,990)	(2,265)	(16,591)
Assets for retirement benefits		315	
Elimination of intersegment balances etc.	(91,032)	(103,765)	(758,607)
Total	¥(66,717)	¥ (84,637)	$(555,982)

(*1) Corporate expenses are mainly general and administrative expenses not attributable to any reportable segments.
(*2) Corporate assets mainly consist of cash surpluses (cash and cash equivalents and time deposits) and long-term-investments (investment securities, etc.) that are not attributable to any reportable segment.

Note B—Segment profit (loss) is adjusted to operating income (loss) in the consolidated statements of operations.

(4) Related Information

1. Information about products and services

	Millions of Japanese yen			
	2015			
	Audiovisual equipment	Information equipment	Other	Total
Sales to external customers	¥172,367	¥12,634	¥32,087	¥217,088

	Millions of Japanese yen			
	2014			
	Audiovisual equipment	Information equipment	Other	Total
Sales to external customers	¥183,108	¥18,876	¥32,058	¥234,042

	Thousands of U.S. dollars			
	2015			
	Audiovisual equipment	Information equipment	Other	Total
Sales to external customers	$1,436,394	$105,284	$267,392	$1,809,071

2. Information about geographical areas

a. Sales

Note: Sales are classified by country or region based on the location of customers.

Millions of Japanese yen							
2015							
	Americas						
Japan	USA	Mexico	Other	Asia	Europe	Other	Total
¥32,211	**¥147,332**	**¥22,460**	**¥6,851**	**¥1,870**	**¥6,122**	**¥239**	**¥217,088**

Millions of Japanese yen							
2014							
	Americas						
Japan	USA	Mexico	Other	Asia	Europe	Other	Total
¥38,109	¥154,736	¥20,409	¥9,824	¥2,635	¥7,735	¥591	¥234,042

Thousands of U.S. dollars							
2015							
	Americas						
Japan	USA	Mexico	Other	Asia	Europe	Other	Total
$268,426	**$1,227,768**	**$187,171**	**$57,098**	**$15,588**	**$51,019**	**$1,998**	**$1,809,071**

(Change in Presentation)

Prior to April 1, 2014, sales to Mexico and other Latin America were included in "Other." Since fiscal year ended March 31, 2015, the amount of the sales increased significantly, "North America" is changed to "Americas" and such amount is included in "Americas." In accordance with this change, the amount included in "Other" ¥24,320 million ($202,668 thousand) is reclassified into "Mexico" ¥20,409 million and "Other" ¥3,319 million among "Americas," and "Other" ¥591 million in the year ended March 31, 2014.

b. Property, plant, and equipment

Millions of Japanese yen						
2015						
		Asia				
Japan	Americas	Philippines	Thailand	Other	Europe	Total
¥9,469	**¥135**	**¥7,448**	**¥2,409**	**¥1,007**	**¥836**	**¥21,306**

Millions of Japanese yen						
2014						
		Asia				
Japan	Americas	Philippines	Thailand	Other	Europe	Total
¥9,787	¥115	¥6,668	¥2,663	¥1,076	¥1,593	¥21,905

Thousands of U.S. dollars						
2015						
		Asia				
Japan	Americas	Philippines	Thailand	Other	Europe	Total
$78,914	**$1,125**	**$62,071**	**$20,076**	**$8,398**	**$6,969**	**$177,555**

3. Information about a major customer

	Sales			
	Millions of Japanese yen		Thousands of U.S. dollars	
Name of Customer	**2015**	2014	**2015**	Related segment name
WAL-MART STORES, INC.	**¥113,349**	¥121,529	**$944,582**	Americas

(5) Goodwill by reportable segment

	Millions of Japanese yen					
	2015					
	Japan	Americas	Asia	Europe	Elimination	Total
Amortization of goodwill	**¥0**					**¥0**
Goodwill at March 31, 2015						

	Millions of Japanese yen					
	2014					
	Japan	Americas	Asia	Europe	Elimination	Total
Amortization of goodwill	¥3					¥3
Goodwill at March 31, 2014	0					0

	Thousands of U.S. dollars					
	2015					
	Japan	Americas	Asia	Europe	Elimination	Total
Amortization of goodwill	**$7**					**$7**
Goodwill at March 31, 2015						

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Funai Electric Co., Ltd.:

We have audited the accompanying consolidated balance sheet of Funai Electric Co., Ltd. and its consolidated subsidiaries as of March 31, 2015, and the related consolidated statements of operations, comprehensive income (loss), changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Funai Electric Co., Ltd. and its consolidated subsidiaries as of March 31, 2015, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

As discussed in the "Notes to Consolidated Financial Statements: 21. Contingent Liability, (Arbitration)," Koninklijke Philips N.V. filed a petition against Funai Electric Co., Ltd. a petition for arbitration to claim compensation for damages, and the petition was served on Funai Electric Co., Ltd. by the International Chamber of Commerce. With regard to this matter, Funai Electric Co., Ltd. filed with the International Chamber of Commerce a counterclaim to claim compensation for damages against Koninklijke Philips N.V. The petition and counterclaim may have an effect on the operating results of Funai Electric Co., Ltd. However, it is not possible to make a reasonable estimate of the effect of the arbitration proceedings, and the effect thereof, if any, on the operating results, and financial position of Funai Electric Co., Ltd. remains unclear.

Our opinion is not modified in respect of this matter.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 22, 2015

History

1961
- FUNAI ELECTRIC CO., LTD. established in Osaka, capitalized at ¥20 million.

1962
- Representative office established in Chicago,United States.

1964
- CHUGOKU FUNAI ELECTRIC CO., LTD. established as a production subsidiary in Hiroshima Prefecture.

1968
- FUNAI ELECTRIC COMPANY OF TAIWAN established as a production subsidiary in Taiwan.

1969
- Construction of new headquarters building completed in the city of Daito, Osaka.

1970
- FUNAI AMERICA ELECTRIC SERVICE CORP. established in the United States as a sales subsidiary.

1977
- Training started which formed the basis for establishing the Funai Production System (FPS).

1980
- FUNAI ELECTRIC TRADING (EUROPE) GmbH established in Germany as a sales subsidiary.

1983
- Tokyo Branch Office opened.

1987
- FUNAI AMSTRAD LIMITED established as a production joint venture in U.K.

1989
- FUNAI ELECTRIC (MALAYSIA) SDN. BHD. established as a production subsidiary in Malaysia.

1991
- FUNAI CORPORATION, INC. established as a sales subsidiary in the United States.

1992
- HIGHSONIC INDUSTRIAL LTD. (now FUNAI ELECTRIC (H.K.), LTD.) established in Hong Kong.

1996
- FUNAI SERVICE CO., LTD. established as a domestic service subsidiary.

1999
- Listed on the Second Section of the Osaka Securities Exchange.

2000
- Listed on the First Section of the Tokyo Stock Exchange and Osaka Securities Exchange.

2001
- Acquired stocks of DX ANTENNA CO., LTD.

2003
- FUNAI (THAILAND) CO., LTD. established as a production subsidiary in Thailand.
- Huang Jiang Plant started operation as a consignment production plant in China.

2004
- FUNAI ELECTRIC ADVANCED APPLIED TECHNOLOGY RESEARCH INSTITUTE INC. established.

2006
- FUNAI ELECTRIC (POLSKA) Sp. z o.o. (now a sales subsidiary, FUNAI ELECTRIC EUROPE Sp. z o.o.) established as a production subsidiary in Poland.

2007
- FUNAI SERVICE CORPORATION established as a service subsidiary in the United States.

2008
- P&F USA, Inc. established in the United States as a sales subsidiary for Philips-brand products.
- Founder Tetsuro Funai assumed post of chairman, Tomonori Hayashi became President and CEO.

2009
- P&F MEXICANA, S.A. DE C.V. established in Mexico as a sales subsidiary for Philips-brand products.

2012
- Funai India Private Limited established as a sales subsidiary in India.

2013
- FUNAI ELECTRIC CEBU, INC. (formerly, Lexmark International (Philippines), Inc.) acquired from Lexmark.

2014
- Tetsuro Funai became Representative Director and Chairman, Tomonori Hayashi Representative Director, President and CEO, and Tetsuhiro Maeda Representative Director and Officer.

Name	FUNAI ELECTRIC CO., LTD.
Established	August 1961
Head Office	7-7-1 Nakagaito, Daito, Osaka 574-0013
TEL	+81-72-870-4303
FAX	+81-72-871-1112
URL	http//www.funai.jp/en/
Capital	¥31,307 million (as of March 31, 2015)
Employees (non-consolidated)	868 (as of March 31, 2015)
Business Category	Electrical Equipment

Head Office

Principal Businesses

Display Business
LCD TVs

Digital Media Business
DVD Players/Recorders
Blu-ray Disc Players/Recorders

Office Solutions Business
Printers
Ink Cartridges

Other Businesses
Antennas

Executives

Members of the Board

Representative Director
Chairman ··· Tetsuro Funai

Representative Director
President and CEO ··· Tomonori Hayashi

Representative Director
and Officer ··· Tetsuhiro Maeda

Director and Officer ··· Jyoji Okada

Outside Director ··· Mitsuo Yonemoto

Outside Director ··· Yoshiaki Bannai

Outside Director (Audit and Supervisory Committee Members)

Outside Director ··· Shinichi Komeda

Outside Director ··· Masahide Morimoto

Outside Director ··· Hiroyuki Makiura

Officers

Officer ··· Hideaki Funakoshi

Officer ··· Kazuo Uga

Officer ··· Takeshi Ito

Officer ··· Kazuhiko Yamamoto

Officer ··· Motoyoshi Adachi

Important Contracts

*1: Exclusive licensee for Philips consumer TVs in North America, Mexico and select LATAM countries. Exclusive licensee for Philips hospitality TVs in North America. Exclusive licensee for Philips DVD/BD-related products and home theater in North America and Mexico.
P&F USA Inc. is the distributor for Philips-branded audio and video consumer products, including home and portable audio products, headphones, portable DVD and other accessories.

*2: Exclusive licensee for Magnavox consumer TVs, DVD/BD-related products and home theater in North America

*3: Licensee for supply and sales activities for SANYO brand TVs, DVD/BD-related equipment, and sound bar products in North America

*4: Use of Kodak trademarks and designs for Funai printers under a brand license agreement with the Eastman Kodak Company

FUNAI ELECTRIC CO., LTD.

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