(Translation)

Securities Code: 6839
June 3, 2009

NOTICE OF THE 57TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

Please take notice that the 57th Ordinary General Meeting of Shareholders of the Company will be held as described below and you are cordially invited to attend the meeting.

Since voting rights can be exercised in writing even if you are not present at the meeting, please go over the Reference Document for the General Meeting of Shareholders set forth below and send us by return mail the enclosed voting form indicating your approval or disapproval of the propositions no later than 5:00 p.m. on June 18 (Thursday), 2009.

Yours very truly,

Tomonori Hayashi
Director, President and CEO

Funai Electric Co., Ltd.
7-1, Nakagaito 7-chome,
Daito City, Osaka

<u>Description</u>

1. Date and hour:

   June 19 (Friday), 2009, 10:00 a.m.

2. Place:

   5F, Multipurpose Hall, Technology Bldg. of the Company
   7-1, Nakagaito 7-chome, Daito City, Osaka

3. Matters forming the objects of the meeting:

   Matters to be reported:

   1. Report on the business report, the consolidated financial statements and the results of audit of the consolidated financial statements by the account auditors and the Audit Committee for the 57th fiscal year (from April 1, 2008 to March 31, 2009)

   2. Report on the non-consolidated financial statements for the 57th fiscal year (from April 1, 2008 to March 31, 2009)

   Matters to be resolved:

   Proposition No. 1: Amendment to the Articles of Incorporation

   Proposition No. 2: Election of seven (7) Directors

   Proposition No. 3: Issuance of stock acquisition rights as stock options

- END -

In attending the meeting, please present the enclosed voting form to a receptionist at the place of the meeting.

In the event of the revision of any matter in the Reference Document for the General Meeting of Shareholders, the business report, the consolidated financial statements and the non-consolidated financial statements, it will be posted on our Internet website (http://www.funai.jp/).

(Attached documents)

BUSINESS REPORT

(April 1, 2008 to March 31, 2009)

1. Current state of the Funai Group (the "Group")

(1) Development and results of business activities:

During the consolidated fiscal year under review, economic and business conditions deteriorated rapidly, not only in the leading industrialized countries but in newly developing countries as well, particularly after the failure of a major U.S. investment bank in September 2008, and the global economy succumbed to a serious simultaneous slowdown as the financial crisis, which originated in the subprime loan problem in the United States, spread from the stock markets and foreign exchange markets to the real economy.

The Japanese economy showed clearly the economic downturn as a sharp decline in exports due to the deteriorating global economy caused a substantial decrease in capital investments, the deterioration of the employment situation and a slowdown of private consumption.

The home electronic appliances industry also confronted a harsh environment that included a rapid plunge in personal consumption against the backdrop of the global economic slowdown, and prices for leading products, including LCD televisions, continued to fall.

Given such conditions, the Funai Group focused its efforts on further expanding sales while enhancing competitiveness by reducing costs.

As a result, net sales for the fiscal year under review increased 9.2% compared with the previous fiscal year to ¥302,777 million. A geographic breakdown of net sales indicates that while sales in North America, Asia and other regions exceeded the level achieved in the previous fiscal year, sales of core LCD televisions in Europe fell below the level of the previous fiscal year.

Although affected by stiff price competition for key products, operating income was ¥1,409 million, compared with a loss of ¥2,405 million in the previous fiscal year. Ordinary income was ¥1,226 million, compared with a loss of ¥39 million one year earlier. The net loss for the fiscal year under review was ¥17,364 million, compared with a net loss of ¥5,376 million in the previous fiscal year. This partly reflected the recognition of ¥16,838 million as "income taxes for prior periods" in conjunction with an accounting revision based on application of tax system for dealing with tax havens.

The following are consolidated sales by product:

Audiovisual equipment:

In the audiovisual equipment category, the Company increased sales of LCD televisions as a result of expansion of its product lineup based on the brand licensing agreement with Royal Philips Electronics, despite the fact that the number of VCRs, CRT TVs and DVD-related products sold continued to decline as the market contracted. Strong sales of set-top boxes* for televisions in the United States, and the full-scale introduction of Blu-ray Disc players, for which demand is expected to grow in the future, also contributed to higher sales. As a result, net sales of these products rose 25.2% compared with the previous fiscal year to ¥230,600 million.

* Devices to convert digital signals into analog signals, enabling viewers to watch digital broadcasting on existing analog televisions.

Information equipment:

Net sales of information equipment fell 30.7% year-on-year to ¥45,005 million. Sales of digital still cameras exceeded the level of the previous fiscal year, thanks to a recovery in orders from OEM partners. Sales of printers, however, declined as our OEM partners reviewed their merchandise strategies in light of the severe competitive environment.

Others:

Net sales of other electronic devices slipped 3.0% compared with the previous fiscal year to ¥27,171 million.

<Consolidated net sales by product>

Division	Net sales (million yen)	Component rate (%)
Audiovisual equipment	230,600	76.1
Information equipment	45,005	14.9
Others	27,171	9.0
Total	302,777	100.0

(2) Investment in plant and equipment by the Group:

Investment in plant and equipment by the Group during the fiscal year under review totaled ¥5,013 million, comprised of ¥3,977 million by its manufacturing companies and ¥1,035 million by its sales companies. The amount was spent principally to improve manufacturing facilities.

(3) Fund-raising by the Group:

Nothing to be reported.

(4) Issued to be tackled:

As the severe economic environment continues in the form of a simultaneous slowdown of the global economy, in the home electronic appliances industry, the prevalence of digital products has created new user needs and product-life cycles are becoming shorter and shorter. Hence, it has become more important to accelerate product development. On the other hand, prices of manufactured goods continue to fall rapidly because of the severe competitive environment among firms. The foremost issue for the Group is to overcome these hard conditions and improve operating revenues. For that purpose, it is important to further enhance cost competitiveness, focus on creating products that will sell with an emphasis on speed to increase net sales and secure profits on a medium- and long-term basis.

The Funai Group will further enhance cost competiveness through further improvements based on the FPS (Funai Production System), the Company's unique productivity improvement system, strengthen global materials and parts purchasing capabilities, and thoroughly review fixed and variable costs. To develop viable products that will be in demand, the Group must optimize the allocation of its management resources and further increase the speed at which it completes the series of cycles from product planning to development, materials and parts purchasing, manufacturing and sales, by continuing to effectively apply IT and minimize the time lag in each operating division. Based on this approach, the Group will supply products on a timely basis that accurately meet market needs.

While the Group was building up these structures, in the core LCD television business, the Company concluded a basic brand licensing agreement in North America with Royal Philips Electronics in April 2008. The Company has been able to expand its product line and establish its brand position with the "Philips" and "Magnavox" names added to its existing products. Also, in June 2008, the Company incorporated P&F USA, INC., a distributor firm for "Philips" brand products, to strengthen its sales structure. The Company will focus on creating salable products that accurately meet market needs by carrying a fuller line of Blu-ray Disc-related products and launching new high value-added products and improve profitability.

(5) Supplementary tax assessment based on application of tax system for dealing with tax havens

On June 16, 2008, the Company received notice of a supplementary tax assessment from the Osaka Regional Taxation Bureau of aggregate taxation on the profits of its subsidiary in Hong Kong for the three fiscal years ending March 31, 2005 through March 31, 2007 recognized as income of the Company, as the subsidiary in Hong Kong did not satisfy the conditions for exclusion from the application of the tax system for dealing with tax havens.

The disposition was made while the previous assessment (dated June 28, 2005) based on the application of the tax system for dealing with tax havens was pending in the Osaka District Court. The Company was upset about the assessment and considered it to be unacceptable, and filed a request for examination thereof with the Osaka Regional National Tax Tribunal on August 6, 2008.

While the examination remained pending at the tribunal, three months had passed since the Company filed the request and the Company became eligible to file a revocation lawsuit. Accordingly, on November 14, 2008, the Company filed a lawsuit requesting the revocation of the supplementary tax assessment with the Osaka District Court. The lawsuit, jointly with the other lawsuit previously filed by the Company, is now pending at the court.

The additional tax payment amount was ¥15,038 million (¥16,838 million including incidental taxes), including corporate income taxes, inhabitant taxes and enterprise taxes. There were recognized as "income taxes for prior periods" for the fiscal year under review.

(6) Property and income/loss:

Item \ Fiscal year	54th (April 1, 2005 to March 31, 2006)	55th (April 1, 2006 to March 31, 2007)	56th (April 1, 2007 to March 31, 2008)	57th (April 1, 2008 to March 31, 2009)
Net sales (million yen)	360,885	396,712	277,167	302,777
Ordinary income (loss) (million yen)	27,461	26,591	(39)	1,226
Net income (loss) (million yen)	21,596	(3,665)	(5,376)	(17,364)
Net income (loss) per share (yen)	620.02	(107.01)	(157.71)	(509.33)
Total assets (million yen)	288,524	272,811	224,415	199,882
Net assets (million yen)	197,870	187,361	158,356	135,596
Net assets per share (yen)	5,752.92	5,484.38	4,630.58	3,963.72

(Note) Net income (loss) per share is calculated based on the average of the total number of shares issued and outstanding during the fiscal year. Net assets per share are calculated based on the total number of shares issued and outstanding as of the end of the fiscal year. Each such number of shares does not include the shares of treasury stock.

(7) Major subsidiaries:

Trade name	Capital stock	Ratio of equity participation of the Company (%)	Main business
DX ANTENNA Co., Ltd.	¥363 million	91.83	Manufacture and sale of electronic equipment related with receivers
FUNAI CORPORTION, INC.	US$68.5 million	100.0	Sale of the Company's products
P&F USA, INC.	US$30 million	100.0	Sale of the Company's products
Funai Electric (HK) Ltd.	HK$115 million	100.0	Manufacture of the Company's products

(Notes) 1. Each ratio of equity participation of the Company is obtained by calculating down to the third decimal place and thereafter rounding upward or downward to the nearest second decimal place, as the case may be.

2. P&F USA, INC. was incorporated in June 2008.

(8) Major businesses of the Group:

Division	Principal products
Audiovisual equipment	LCD TVs, DVD players, DVD recorders, VCRs, Blu-ray Disc players
Information equipment	Printers, digital still cameras
Others	Electronic equipment related to receivers

(9) Major business sites of the Group:

Category		Name	Location
Funai Electric Co., Ltd.		Head Office	Daito City, Osaka
		Tokyo Branch	Chiyoda-ku, Tokyo
Japan	Production and sales subsidiary	DX ANTENNA Co., Ltd.	Hyogo-ku, Kobe City
Overseas	Sales subsidiary	FUNAI CORPORTION, INC.	U.S.A.
		P&F USA, INC.	U.S.A.
		FUNAI EUROPE GmbH	Germany
	Production subsidiary	Funai Electric (HK) Ltd.	Hong Kong

(10) Employees of the Group:

Number of employees	As compared with the end of the previous fiscal year (+ or -) (persons)
2,590	- 38

(Notes) 1. The above number of employees represents those actually at work.

2. The number of employees of the consignment manufacturing factories for the fiscal year under review was 11,552, which is not included in the above number of employees.

(11) Major lenders

Nothing to be reported.

(12) Other important matters concerning the current state of the Group:

Nothing to be reported.

2. Matters concerning the shares of the Company

(1) Total number of issuable shares: 80,000,000 shares

(2) Total number of issued shares: 36,104,196 shares
(including 2,011,321 shares of treasury stock)

(3) Number of shareholders: 9,195 persons

(4) Principal shareholders:

Name	Equity participation in the Company	
	Number of shares (thousand shares)	Ratio of equity participation (%)
Tetsuro Funai	12,756	37.42
Japan Trustee Services Bank, Ltd. (Trust account)	2,356	6.91
Tetsuo Funai	1,739	5.10
Funai Information Science Promotion Foundation	1,540	4.52
The Master Trust Bank of Japan, Ltd. (Trust account)	1,311	3.85
Japan Trustee Services Bank, Ltd. (Trust account 4G)	988	2.90
Danske Bank Clients Holdings	716	2.10
RBC DEXIA INVESTOR SERVICESTRUST. LONDON – LENDING ACCOUNT	613	1.80
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUSACCOUNT	418	1.23
F2 Limited Liability Company	355	1.04
T&N Limited Liability Company	355	1.04

(Notes) 1. The Company, which holds 2,011 thousand shares of treasury stock, is not included in the above-listed principal shareholders.

2. Each ratio of equity participation is obtained by deducting 2,011 thousand shares of treasury stock of the Company and calculating down to the third decimal place and thereafter rounding upward or downward to the nearest second decimal place, as the case may be.

(5) Other important matters concerning shares:

Nothing to be reported.

3. Matters concerning stock acquisition rights:

(1) Stock acquisition rights issued and outstanding at the end of the fiscal year under review:

- Number of stock acquisition rights: 15,529 rights

(Note) The number of stock acquisition rights is shown by subtraction from the number of stock acquisition rights granted, the number of stock acquisition rights exercised and the number of stock acquisition rights that the persons entitled thereto ceased to have due to retirement.

- Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights: 1,552,900 shares of common stock (100 shares per stock acquisition right)

- Stock acquisition rights held by Directors and Corporate Officers by category:

Issue	Category	Number of rights	Holder	Exercise price	Exercise period
The first stock acquisition rights for the year ending March 31, 2003	Director	48	1	¥15,150	August 1, 2004 to July 31, 2011
	Outside Director	28	1		
	Corporate Officer	30	1		
The first stock acquisition rights for the year ending March 31, 2004	Director	14	1	¥13,646	August 1, 2005 to July 31, 2012
	Outside Director	28	1		
	Corporate Officer	28	1		
The first stock acquisition rights for the year ending March 31, 2005	Corporate Officer	42	1	¥16,167	August 1, 2006 to July 31, 2013
The first stock acquisition rights for the year ending March 31, 2006	Director	24	1	¥12,369	August 1, 2007 to July 31, 2014
	Corporate Officer	40	1		
The first stock acquisition rights for the year ending March 31, 2009	Corporate Officer	50	1	¥1,609	August 1, 2010 to July 31, 2017

(Note) All the above-listed Corporate Officers are concurrently serving as Directors. However, they are not included in the Directors and are shown separately as Corporate Officers.

(2) Stock acquisition rights delivered during the fiscal year under review:

- Stock acquisition rights resolved at the meeting of the Board of Directors held on November 12, 2008:
- Number of stock acquisition rights: 4,317 rights
- Class and number of shares to be issued or transferred upon exercise of the stock acquisition rights: 431,700 shares of common stock (100 shares per stock acquisition right)
- Cash to be paid for each stock acquisition right: No cash payment is required.
- Amount of property to be contributed upon exercise of stock acquisition rights: ¥160,900 per right (¥1,609 per share)
- Period for the exercise of stock acquisition rights: August 1, 2010 to July 31, 2017
- Delivery:

Category	Number of rights	Number of shares to be issued or transferred	Number of recipients
Corporate Officer	50	5,000	1
Employee	4,267	426,700	325

(Note) One Corporate Officer is concurrently serving as Director.

(3) Other important matters concerning stock acquisition rights, etc.:

New share subscription rights granted as stock options during the year ending March 31, 2002 (new share subscription rights pursuant to Article 280-19 of the former Commercial Code of Japan (the Commercial Code prior to amendment thereto made in 2001))

- Class and number of shares to be issued upon exercise of new share subscription rights: 311,600 shares of common stock
- Amount to be paid in upon exercise of new share subscription rights: ¥9,549 per share
- Period for exercising new share subscription rights: From January 1, 2004 to December 31, 2010

4. Matters concerning officers of the Company:

(1) Directors and Corporate Officers

(i) Directors:

Title	Name	Business in charge and representation of other companies
Director	Tetsuro Funai	Member (Chairman) of the Nomination Committee; Member of the Compensation Committee; Chairman of Funai Information Science Promotion Foundation; Chairman of Funai Scholarship Foundation
Director	Tomonori Hayashi	Chairman of the Board of Directors; Member of the Nomination Committee, Member (Chairman) of the Compensation Committee
Director	Akitaka Inoue	Member (Chairman) of the Audit Committee
Outside Director	Mitsuo Yonemoto	Member of the Nomination Committee; Member of the Compensation Committee
Outside Director	Morihiko Tashiro	Member of the Nomination Committee, Member of the Audit Committee; Member of the Compensation Committee
Outside Director	Akira Miyazaki	Member of the Nomination Committee; Member of the Compensation Committee
Outside Director	Shigemichi Asakura	Member of the Audit Committee; Member of the Compensation Committee
Outside Director	Yasuhisa Katsuta	Member of the Nomination Committee; Member of the Audit Committee; Member of the Compensation Committee; Chairman of Osaka University of Economics
Outside Director	Hidetoshi Nishimura	Member of the Audit Committee; Member of the Compensation Committee; Chairman of Nissho Iwai International Exchange Foundation

(Notes) 1. Directors Tetsuro Funai and Tomonori Hayashi are concurrently serving as Corporate Officers.

2. Member (Chairman) of the Audit Committee Akitaka Inoue, who is qualified as a certified public accountant, has considerable knowledge about financing and accounting.

(ii) Corporate Officers:

Title	Name	Business in charge and representation of other companies
Corporate Officer and Chairman	Tetsuro Funai	Chairman of Funai Information Science Promotion Foundation; Chairman of Funai Scholarship Foundation
Representative Corporate Officer, President and CEO	Tomonori Hayashi	

(For reference)

Corporate officers as of March 31, 2009

Senior Executive Officer	Takashi Kiyomoto
Senior Executive Officer	Hideo Nakai
Executive Officer	Noriyuki Yamamoto
Executive Officer	Shinji Seki
Executive Officer	Kiyoji Katagawa
Executive Officer	Toshio Otaku
Officer	Masahiko Naito
Officer	Fumiaki Kidera
Officer	Yukio Kobayashi
Officer	Nobuhisa Uchikawa
Officer	Kenji Sakata
Officer	Susumu Nojii

(2) Total amount of remuneration, etc. of Directors and Corporate Officers:

Category	Number of recipients	Amount of payments (thousand yen)
Director (Outside Director)	8 (7)	55,630 (37,960)
Corporate Officer	4	92,525
Total	12	148,155

(Notes) 1. No remuneration of Directors was paid to four Directors concurrently serving as Corporate Officers. Hence, they are not included in the number of Directors receiving remuneration of Directors.

2. The above-listed amount of payments includes the following amount as an allowance for retirement accounts for officers deducted as expenses for the fiscal year under review:

- ¥4,600 thousand for eight Directors (including ¥3,100 thousand for seven outside Directors)
- ¥17,000 thousand for four Corporate Officers

3. The above-listed amount of payments includes the following amount of remuneration in stock options deducted as expenses for the fiscal year under review:
   - ¥345 thousand for one Corporate Officer

4. The above-listed recipients include three Directors (including one outside Director) who retired from office at the close of the 56th Ordinary General Meeting of Shareholders held on June 19, 2008.

5. In addition, retirement gratuities were paid to the officers who retired from office at the close of the 56th Ordinary General Meeting of Shareholders held on June 19, 2008 as follows:
   - ¥2,500 thousand for one outside Director
   - ¥15,600 thousand for two Corporate Officers

(3) Other important matters concerning officers:

Nothing to be reported.

(4) Matters concerning Outside Directors:

(i) Concurrent holding of offices of executive directors, etc. of other corporations:

- Director Mitsuo Yonemoto is concurrently serving as Vice President and Director of T.P.S. Laboratory Co., Ltd.

  The Company has no special relationship with T.P.S. Laboratory Co., Ltd.

- Director Akira Miyazaki is concurrently serving as Chairman and Director of Dynamic Solutions Co., Ltd.

  The Company has no special relationship with Dynamic Solutions Co., Ltd.

(ii) Concurrent holding of offices of outside officers of other corporations:

- Director Mitsuo Yonemoto is concurrently serving as outside Director of The Sailor Pen Co., Ltd.

- Director Morihiko Tashiro is concurrently serving as outside Director of Inoac Corporation and Takachiho Koheki Co., Ltd.

- Director Akira Miyazaki is concurrently serving as outside Director of Okura Co., Ltd.

- Director Yasuhisa Katsuta is concurrently serving as outside Statutory Auditor of Otsuka Pharmaceutical Co., Ltd.

(iii) Kinship with executive officers of the Company and specified related enterprises:

Nothing to be reported.

(iv) Major activities during the fiscal year under review:

- Attendance at the meetings of the Board of Directors and the Audit Committee:

Name	Board of Directors		Audit Committee	
	Number of meetings	Number attended	Number of meetings	Number attended
Mitsuo Yonemoto	16	16		
Morihiko Tashiro	16	16	7	6
Akira Miyazaki	16	14		
Shigemichi Asakura	16	15	7	6
Yasuhisa Katsuta	16	11	7	6
Hidetoshi Nishimura	16	11	7	6

- Speeches at meetings of the Board of Directors and the Audit Committee:

Mitsuo Yonemoto attended meetings of the Board of Directors and expressed opinions principally from the standpoint of a management consultant.

Morihiko Tashiro attended meetings of the Board of Directors and the Audit Committee and expressed opinions principally from the standpoint of a veteran top executive.

Akira Miyazaki attended meetings of the Board of Directors and expressed opinions principally from the standpoint of a veteran top executive.

Shigemichi Asakura attended meetings of the Board of Directors and the Audit Committee and expressed opinions principally from the standpoint of a veteran top executive.

Yasuhisa Katsuta attended meetings of the Board of Directors and the Audit Committee and expressed opinions principally from the standpoint of a veteran top executive, as well as the standpoint of finance and treasury.

Hidetoshi Nishimura attended meetings of the Board of Directors and the Audit Committee and expressed opinions principally from the standpoint of a veteran top executive.

(v) Outline of liability limitation agreements:

In accordance with Article 427, paragraph 1 of the Corporation Law of Japan, the Company has entered into an agreement with each of the six outside Directors to limit the liability for any damage as provided for in Article 423, paragraph 1 of said law within the aggregate of the amounts listed in the items of Article 425, paragraph 1 of said law.

5. Matters concerning account auditors:

(1) Names of the account auditors:

Deloitte Touche Tohmatsu

(2) Amount of remuneration, etc. of the account auditors for the fiscal year under review:

(i)	Remuneration, etc. of the account auditors for the fiscal year under review:	¥50 million
(ii)	Total amount of cash and other proprietary benefits payable to the account auditors by the Company and its subsidiaries:	¥78 million

(Notes)

1. The amount of remuneration, etc. for audits under the Corporation Law of Japan and the amount of remuneration, etc. for audits under the Financial Instruments and Exchange Law of Japan are not separated in the audit agreement between the Company and the account auditors and cannot actually be separated. Hence, the amount in item (i) above includes both amounts.
2. Among the major subsidiaries of the Company, FUNAI CORPORATION, INC. and two other companies are subject to audits by audit firms (including persons having qualifications in foreign countries equivalent to those of the account auditors of the Company) other than the account auditors of the Company.

(3) Content of non-auditing services:

The Company has paid Deloitte Touche Tohmatsu remuneration for consulting services on establishing internal control systems, which are non-auditing services provided for in Article 2, paragraph 1 of the Certified Public Accountant Law of Japan.

(4) Policy on the determination of dismissal and non-reappointment of the account auditors:

In the event that the account auditors are found to fall under any event of dismissal under the items of Article 340, paragraph 1 of the Corporation Law, the Audit Committee upon unanimous consent shall dismiss the account auditors. In addition, in the event that there arises any problem with the performance by the account auditors of their duties or the Audit Committee considers it otherwise necessary, the Audit Committee shall determine the details of a proposition for the dismissal or non-reappointment of the account auditors to be submitted to the General Meeting of Shareholders.

6. Systems and policies of the Company

(1) Systems to secure the properness of business activities:

(i) Matters provided as necessary in the ordinances of the Ministry of Justice for the Audit Committee to execute its duties

- Matters concerning the Directors and employees to assist the Audit Committee to execute its duties

  The Audit Office shall have employees to assist the Audit Committee to execute its duties. The Directors who are not concurrently serving as Corporate Officers shall cooperate with the Audit Committee in audits when they are requested to do so.

- Matters concerning the independence of the above-mentioned Directors and employees from the Corporate Officers

  In accordance with the "regulations concerning the employees to assist the Audit Committee to execute its duties", the Company shall respect the opinions of the Audit Committee with regard to personnel changes in the Audit Office and evaluations and disciplinary punishments thereof and ensure their independence from the Corporate Officers.

- System for reports by the Corporate Officers and employees to the Audit Committee and other systems for reporting to the Audit Committee

  The Company shall specify in the "regulations concerning reporting to the Audit Committee" all matters to be reported to the Audit Committee and timing, methods, etc. thereof, including facts that may inflict material damage on the Company and facts in violation of laws or ordinances or the Articles of Incorporation.

- Other systems to ensure effective audits by the Audit Committee

  The Company shall have a full-time member or members of the Audit Committee and allow them to regularly meet the executives, including President and CEO, and cooperate and exchange information with the account auditors or otherwise to ensure the effective audits by the Audit Committee.

(ii) Establishment of systems to secure the execution by the Corporate Officers of their duties to comply with laws or ordinances and the Articles of Incorporation and other systems provided as necessary in the ordinances of the Ministry of Justice to secure the properness of business activities of corporations

- Systems concerning storage and management of information on the execution by the Corporate Officers of their duties
  Important information shall be stored and managed in accordance with the

"document management regulations" and shall be made available for inspection by any member of the Audit Committee designated thereby at all times.

- Regulations concerning management of exposure to the risk of loss and other systems

  The Company shall institute "risk management regulations" with regard to the management of exposure to the risk of loss. Each division or department shall manage risks to its operations and also take measures to manage risks systematically.

- Systems to secure efficient execution by the Corporate Officers of their duties

  The Company shall have Officers under the auspices of the Corporate Officers to ensure that the operations determined by the Corporate Officers are performed swiftly.

- Systems to secure the execution by the Corporate Officers and employees of their duties to comply with laws or ordinances and the Articles of Incorporation

  In the "corporate charter of conduct" and "compliance regulations", the Company shall clearly demonstrate how the Corporate Officers and employees should act to comply with law to secure the execution by the Corporate Officers and employees of their duties to comply with laws or ordinances and the Articles of Incorporation.

- Systems to secure the appropriateness of business activities of the corporate group comprising a relevant corporation and its parent company and subsidiaries

  In accordance with the "related company control regulations", the Audit Office and the Operations Control Department of the Company shall audit and give guidance to its group companies to secure the properness of business activities of its corporate group.

(2) Policies on the determination of remuneration, etc. of individual Corporate Officers, etc.

To make the determination of remuneration of Corporate Officers, etc. of the Company appear objective and transparent to its shareholders and employees, such remuneration is categorized into monthly remuneration payable in a fixed amount each month, performance-linked remuneration (bonuses) payable based on performance, year-end allowances, stock options and retirement gratuities payable upon retirement.

(i) Remuneration, etc. of Directors

The principal duty of Directors, who are not involved directly in execution of individual business, is supervision. Hence, their remuneration, etc. is comprised of monthly remuneration, year-end allowances, stock options and retirement gratuities.

- Monthly remuneration is determined in consideration of full-time/part-time distinctions, standards of other companies, etc.

- The amount of year-end allowances is determined within the upper limit on 25% of annual remuneration based on monthly remuneration, for the Directors (internal Directors) who are not outside Directors.

- Stock options are determined by the Compensation Committee to afford incentives to contributing to higher stock prices and much improved results.

- Retirement gratuities are paid in an amount calculated in accordance with the "regulations of officers' retirement gratuities" established by the Compensation Committee.

Remuneration of Directors is not payable to any Director concurrently serving as a Corporate Officer.

(ii) Remuneration, etc. of Corporate Officers

Remuneration, etc. of Corporate Officers is comprised of monthly remuneration, performance-linked remuneration (bonuses), stock options and retirement gratuities.

- Monthly remuneration is determined by taking into account the position and responsibility of each Corporate Officer, the business conditions and operating results of the Company, standards of other companies, etc.

- Performance-linked remuneration (bonuses) is determined according to the operating results of the Group, the results of the operations each Corporate Officer is responsible for, etc.

- Stock options are determined by the Compensation Committee to afford incentives to contributing to higher stock prices and much improved results.

- Retirement gratuities are paid in an amount calculated in accordance with the "regulations of officers' retirement gratuities" established by the Compensation Committee.

(3) Policy on the determination of distribution of retained earnings, etc. by the Board of Directors:

The Company recognizes the paying out of earnings to its shareholders as one of the most important missions of management and attaches basic importance to strengthening its operating base and maintaining a constant payment of dividends. In concrete terms, the Company will implement its dividend policy, based on the dividend rate of 1.0% for net assets on a consolidated basis, while taking into consideration business conditions and other factors.

7. Important fact concerning the state of the Company:

On October 15, 2007, the Company and its subsidiary in the United States FUNAI CORPORATION, INC. filed a petition for injunction with the International Trade Commission (ITC) against 14 manufacturers and importers of digital television-related products. The Company sought from the ITC: (i) an exclusion order prohibiting the entry into the United States of all of the accused infringers' imported digital televisions and products containing digital televisions that are covered by the Company's digital television patents; and (ii) cease and desist orders directed to the accused infringers to halt them from selling such imported digital televisions and products in the United States.

On April 10, 2009, the ITC rendered a final decision to prohibit the accused infringers from importing and selling in the United States such digital televisions and products.

At present, it is difficult to determine the effect thereof on the income statement.

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(Note) In this business report, amounts and the number of shares are indicated by discarding any fraction of the indicated unit, and rates are indicated by rounding fractions of a half or more of the indicated unit upward and the rest downward unless otherwise indicated. Net income per share, net loss per share and net assets per share are indicated by rounding upward five-thousandths of one yen or more to the nearest one-hundredth of one yen.

CONSOLIDATED BALANCE SHEET
(As of March 31, 2009)

(million yen)

ASSETS:

Current assets:	**163,709**
Cash on hand and in banks	96,503
Trade notes and trade accounts receivable	28,844
Inventories	30,677
Deferred tax assets	2,763
Accrued refunded income taxes	1,350
Others	3,843
Allowance for doubtful accounts	(273)
Fixed assets:	**36,173**
Tangible fixed assets:	**16,025**
Buildings and structures	5,864
Machinery, equipment and motor vehicles	1,891
Tools, furniture and fixtures	2,324
Lands	5,193
Lease assets	266
Others	483
Intangible fixed assets	**5,647**
Patents	4,328
Lease assets	80
Software in process	601
Others	636
Investments and other assets:	**14,499**
Investment securities	5,820
Deferred tax assets	4,329
Other investments and other assets	5,911
Allowance for doubtful accounts	(1,561)
TOTAL ASSETS	**199,882**

(million yen)

LIABILITIES:	
Current liabilities:	**60,382**
Trade notes and trade accounts payable	28,157
Short-term loans payable	12,938
Lease liabilities	92
Other accounts payable	12,130
Accrued corporate taxes, etc.	1,623
Allowance for bonuses	302
Reserve for products guarantee	2,191
Others	2,944
Noncurrent liabilities:	**3,904**
Long-term loans payable	666
Lease liabilities	278
Deferred tax liabilities	26
Revaluated deferred tax liabilities	291
Reserve for employee retirement benefits	1,316
Allowance for officers' retirement benefits	1,026
Others	298
TOTAL LIABILITIES	**64,286**
NET ASSETS:	
Shareholders' equity:	**150,233**
Capital stock	31,280
Capital surplus	33,245
Retained earnings	110,047
Treasury stock	(24,340)
Valuation and translation adjustments:	**(15,098)**
Valuation difference on available-for-sale securities	(98)
Foreign currency translation adjustment	(14,999)
Stock acquisition rights:	**17**
Minority interests:	**443**
TOTAL NET ASSETS	**135,596**
TOTAL LIABILITIES AND NET ASSETS	**199,882**

CONSOLIDATED STATEMENT OF INCOME

(April 1, 2008 through March 31, 2009)

(million yen)

Net sales		302,777
Cost of sales		258,303
Gross profit		44,473
Selling, general and administrative expenses		43,064
Operating income		**1,409**
Non-operating income:		
Interest and dividend income	3,438	
Other non-operating income	454	3,892
Non-operating expenses:		
Interest expenses	351	
Foreign exchange loss	2,892	
Other	832	4,076
Ordinary income		**1,226**
Extraordinary income:		
Gain on prior period adjustment	357	
Income from sale of fixed assets	6	
Income from sale of investment securities	26	
Other	103	494
Extraordinary loss:		
Loss from disposition of fixed assets	94	
Liquidation loss on affiliated company	644	
Estimated loss in value of securities	3,087	
Other special expenses	1,157	4,983
Income before income taxes		**3,263**
Corporate, inhabitant and enterprise taxes	1,948	
Refund of income taxes	(1,335)	
Income taxes for prior periods	16,838	
Income tax adjustments	(3,560)	13,891
Minority interests in income		210
Net loss		**17,364**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
(April 1, 2008 through March 31, 2009)

(million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	31,280	33,245	129,812	(24,339)	169,998
Effect of change in accounting policies applied to foreign subsidiaries			(695)		(695)
Changes during the year					
Distribution of retained earnings			(1,704)		(1,704)
Net loss			(17,364)		(17,364)
Acquisition of treasury stock				(0)	(0)
Changes in items other than shareholders' equity during the year – net					
Total changes during the year	-	-	(19,069)	(0)	(19,069)
Balance as of March 31, 2009	31,280	33,245	110,047	(24,340)	150,233

	Valuation and translation adjustments			Stock acquisition rights	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustments			
Balance as of March 31, 2008	(63)	(12,063)	(12,127)	-	485	158,356
Effect of change in accounting policies applied to foreign subsidiaries		122	122			(573)
Changes during the year						
Distribution of retained earnings						(1,704)
Net loss						(17,364)
Acquisition of treasury stock						(0)
Changes in items other than shareholders' equity during the year – net	(35)	(3,058)	(3,093)	17	(41)	(3,117)
Total changes during the year	(35)	(3,058)	(3,093)	17	(41)	(22,187)
Balance as of March 31, 2009	(98)	(14,999)	(15,098)	17	443	135,596

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Notes on Matters Forming the Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 13

(2) Major consolidated subsidiaries:

DX ANTENNA Co., Ltd., FUNAI CORPORATION, INC. and Funai Electric (HK) Ltd.

P&F USA, INC., a subsidiary incorporated during the fiscal year under review, is included in consolidation.

(3) Major non-consolidated subsidiary:

FGS Co., Ltd.

(Reason for exclusion from consolidation)
The non-consolidated subsidiary is a small company and its aggregate amount of total assets, net sales, net income (based on the Company's equity interest) and retained earnings (based on the Company's equity interest) are not material to the consolidated financial statements.

2. Application of equity method

(1) Number of equity-method affiliates: 2

(2) Names of equity-method affiliates:

Highsonic Industrial Ltd. and PT. DISPLAY DEVICES INDONESIA

(3) Names of major non-consolidated subsidiaries and affiliates to which the equity method is not applicable:

Non-consolidated subsidiary:	FGS Co., Ltd.
Affiliate:	Digitec Industrial Ltd.

(Reason for exclusion from the equity method)
The non-consolidated subsidiary and affiliate have no material impact on net income (based on the Company's equity interest) and retained earnings (based on the Company's equity interest) and generally, they are not material.

(4) The equity-method affiliates whose fiscal year-ends differ from the end of the

consolidated fiscal year-end, use their fiscal year ends for the financial statements.

(5) Fiscal years of consolidated subsidiaries

The consolidated subsidiaries whose fiscal year-ends differ from the end of the consolidated fiscal year-end are as follows:

Name	Fiscal year-end
DX ANTENNA Co., Ltd.	February 28
FUNAI ELECTRIC (MALAYSIA) SDN. BHD.	December 31
FUNAI ASIA PTE LTD.	December 31

For the above-listed consolidated subsidiaries, financial statements compiled as of their respective fiscal year-ends are used to tabulate consolidated results. However, significant transactions that occur between that time and the consolidated fiscal year-end are reflected in the consolidated financial statements as so required.

3. Matters concerning accounting standards

(1) Valuation basis and methods for major assets

(i) Marketable securities:

Other securities:

- Those with market value:

  At market value, determined by market prices, as of the close of the fiscal year (Revaluation differences are all transferred directly to net assets. Selling costs are determined by the moving average method.)

- Those without market value:

  At cost, determined by the moving average method

(ii) Inventories:

As to the Company and its consolidated subsidiaries in Japan, finished goods and goods in process are stated principally at cost under the gross average method (the balance sheet values are calculated by the write-down method based on declining margins). Raw materials are stated principally at cost by the first-in, first-out method (the balance sheet values are calculated by the write-down method based on declining margins).
As to the overseas consolidated subsidiaries, finished goods, goods in process and raw materials are stated principally at the lower of cost or market by the

first-in, first-out method.

(Change of accounting policies)
As from the fiscal year under review, the "Accounting Standard for Revaluation of Inventories" (the Accounting Standard Board of Japan ("ASBJ") Corporate Accounting Standard No. 9, issued July 5, 2006) is applicable.
The change had no material impact on the consolidated statement of income.

(2) Method of depreciation of important depreciable assets:

(i) Tangible fixed assets (excluding lease assets):

The fixed rate method is adopted by the Company and its consolidated subsidiaries in Japan (however, with regard to the buildings (excluding fixtures) acquired on or after April 1, 1998, the straight-line method has been adopted). The straight-line method is adopted by the overseas consolidated subsidiaries.

The main useful lives are as follows:

Buildings and structures:	3–50 years
Machinery, equipment and motor vehicles:	3–7 years
Tools, furniture and fixtures:	1–20 years

(Additional information)
The useful lives of machinery and equipment of the Company and some of its consolidated subsidiaries in Japan, which used to be 11 years, have been changed to seven years as of the fiscal year under review.
Upon the revisions of the tax law for the fiscal year ending March 31, 2009, the Company reviewed the useful lives.
The change had no material impact on the consolidated statement of income.

(ii) Intangible fixed assets (excluding lease assets):

Stated by the straight-line method by the Company and its consolidated subsidiaries in Japan. However, goodwill is depreciated equally for five years; patents are depreciated by the straight-line method based on the estimated economically usable period; and software for internal use is depreciated by the straight-line method based on the internal usable years (five years).

(iii) Lease assets:

Lease assets related to finance lease transactions that do not transfer ownership are depreciated by the straight-line method, based on the assumption that the useful life equals to the lease term and the residual value equals to zero.

Any finance lease transaction that does not transfer ownership and became effective prior to the fiscal year during which the "Accounting Standard for Lease

Transactions" (ASBJ Corporate Accounting Standard No. 13) first became applicable, is treated similarly to the manner in which ordinary lease transactions are treated.

(3) Basis for providing important allowances

(i) Allowance for doubtful accounts:

To meet losses from loan default, the Company sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of possible non-performing credits and other specific claims.

(ii) Allowance for bonuses:

To meet the payment of bonuses to employees, certain consolidated subsidiaries set aside a portion for each fiscal year of an estimated amount of bonuses to be paid in the future.

(iii) Reserve for products guarantee:

To meet expenses of after-sales services with regard to products sold, the Company sets aside an estimated amount based on the past record.

(iv) Reserve for employee retirement benefits:

To meet the payment of retirement benefits to employees, the Company provides an amount, based on estimated retirement benefit obligations and plan assets as of the close of the fiscal year.

Effects of change in accounting policies are deducted entirely as expenses for the fiscal year during which they are first applicable. Certain consolidated subsidiaries deduct such effects as expenses equally for 15 years.

Past service liabilities are treated as expenses, based on a straight-line basis for a specific period of years (10 years) not exceeding the average remaining years of service of employees when such past service liability occurs.

Actuarial differences are treated as expenses from the next fiscal year, based on a straight-line basis for a specific period of years (10 years) not exceeding the average remaining years of service of employees for each fiscal year during which such differences occur.

(v) Allowance for officers' retirement benefits:

To provide for the payment of retirement benefits to officers, an amount payable at the end of the fiscal year under the Company's internal rules is reserved.

(4) Other significant accounting policies forming the basis of preparation of consolidated financial statements

Accounting treatment of consumption taxes: By the tax-exclusive method

4. Evaluation of assets and liabilities of consolidated subsidiaries on the Day Acquiring Control Thereof

All assets and liabilities of acquired subsidiaries are evaluated by fair market value method.

5. Change in important matters forming the basis of preparation of consolidated financial statements

(Accounting Standard for Lease Transactions)

With regard to the treatment of finance lease transactions that do not transfer ownership, the method for lease transactions has similarly been applied. As from the fiscal year under review, the "Accounting Standard for Lease Transactions" (ASBJ Corporate Accounting Standard No. 13 (June 17, 1993 (ASBJ Committee Div. 1), as amended on March 30, 2007)) and the "Implementation Guidance on the Accounting Standard for Lease Transactions" (ASBJ Implementation Guidance No. 16 (January 18, 1994 (JICPA Accounting System Committee), as amended on March 30, 2007)) are applicable and any finance lease transaction that does not transfer ownership is treated similarly to the manner in which ordinary sales transactions are treated.

Any finance lease transaction that does not transfer ownership, which became effective prior to the fiscal year during which the Accounting Standard first became applicable, will continue to be treated similarly to the manner in which ordinary lease transactions are treated.

The change had no significant impact on the consolidated statement of income.

(Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

As from the fiscal year under review, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006) is applicable and adjustments as required are made to the consolidated financial statements.

The change had no significant impact on the consolidated statement of income.

Notes to Consolidated Balance Sheet:

1. Accumulated depreciation of assets

Accumulated depreciation of tangible fixed assets: ¥58,566 million

2. In accordance with the Land Revaluation Law (Law No. 34, promulgated on March 31, 1998) of Japan, one of the consolidated subsidiaries revaluated its land used for business. Of the revaluation difference, an amount equivalent to taxes was recognized in ¥291 million as revaluated deferred tax liabilities. The revaluation difference, which is offset on the balance sheet, is not presented in net assets.

Notes to Consolidated Statement of Income:

Disposition of supplementary tax assessment based on the application of tax system for dealing with tax havens

On June 16, 2008, the Company received notice of a supplementary tax assessment from the Osaka Regional Taxation Bureau of aggregate taxation on the profits of its subsidiary in Hong Kong for the three fiscal years ending March 31, 2005 through March 31, 2007 that were recognized as income of the Company, as the subsidiary in Hong Kong did not satisfy the conditions for exclusion from the application of the tax system for dealing with tax havens. The notice was received while the previous assessment (dated June 28, 2005) based on the application of tax system for dealing with tax havens was pending at the Osaka District Court. The Company was dissatisfied with the assessment and filed a petition with the Osaka Regional National Tax Tribunal on August 6, 2008. While the examination remained pending at the tribunal, three months passed since the Company filed the request and the Company became eligible to file a revocation lawsuit. Accordingly, on November 14, 2008, the Company filed a lawsuit requesting revocation of the supplementary tax assessment with the Osaka District Court. The lawsuit, jointly with the other lawsuit previously filed by the Company, is now pending at the court.

The additional tax payment amount was ¥15,038 million (¥16,838 million including incidental taxes), including corporate income taxes, inhabitant taxes and enterprise taxes. It was recognized as "income taxes for prior periods" for the fiscal year under review in accordance with the "Treatment of Accounting and Presentation of Taxes for the Purpose of Audits" (JICPA Audit and Assurance Practice Committee Report No. 63).

The taxation is judged based on the status of any relevant foreign company at the end of each fiscal year thereof. The effects of the taxation subsequent to the tax assessment would be estimated at approximately ¥700 million in total in corporate, inhabitant and enterprise taxes for the fiscal year ending March 31, 2008 and 2009, if the dividends received from the subsidiary in Hong Kong for the fiscal year ending March 31, 2008 are deducted from taxable income. The Company has not accounted for the effects due to the aforementioned reasons.

Notes to Consolidated Statement of Changes in Net Assets

1. Matters concerning the classes and total number of issued shares and the classes and number of shares of treasury stock

(thousand shares)

	Number of shares as of March 31, 2008	Increase in the number of shares during the year	Decrease in the number of shares during the year	Number of shares as of March 31, 2009
Issued shares				
Shares of common stock	36,104	-	-	36,104
Total	36,104	-	-	36,104
Shares of treasury stock				
Shares of common stock (Note)	2,011	0	-	2,011
Total	2,011	0	-	2,011

(Note) The increase of treasury common stock (0 thousand) is due to the purchase of less-than-one-unit shares.

2. Matters concerning distribution of retained earnings

(1) Amount of dividends paid:

(Resolution)	Class of shares	Total amount of dividends (million yen)	Amount of dividend per share (yen)	Record date	Effective date
Meeting of the Board of Directors held on June 2, 2008	Shares of common stock	1,704	50	March 31, 2008	June 4, 2008

(2) Dividends for which the record date falls during the fiscal year under review but the effective date falls during the next fiscal year:

Resolution	Class of shares	Total amount of dividends (million yen)	Source of dividend s	Amount of dividend per share (yen)	Record date	Effective date
Meeting of the Board of Directors to be held on June 1, 2009	Shares of common stock	1,363	Retained earnings	40	March 31, 2009	June 4, 2009

3. Matters concerning stock acquisition rights

Description of stock acquisition rights	Class of shares to be issued or transferred upon exercise of	Number of shares for stock acquisition rights (share)

	stock acquisition rights	As of March 31, 2009
The first stock acquisition rights for the year ending March 31, 2002	Shares of common stock	311,600
The first stock acquisition rights for the year ending March 31, 2003	Shares of common stock	399,600
The first stock acquisition rights for the year ending March 31, 2004	Shares of common stock	378,500
The first stock acquisition rights for the year ending March 31, 2005	Shares of common stock	359,900
The second stock acquisition rights for the year ending March 31, 2005	Shares of common stock	25,600
The first stock acquisition rights for the year ending March 31, 2006	Shares of common stock	346,400
Total		1,821,600

(Note) The first stock acquisition rights for the year ended March 31, 2002

Notes on the information per share

Net assets per share: ¥3,963.72

Net loss per share: 509.33

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(Note) All figures in the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to consolidated financial statements are shown by disregarding any fractions of the relevant units. Net assets per share and net loss per share are shown by rounding upward the five-thousandths of one yen or more to the nearest one-hundredth of one yen.

Copy of Account Auditors' Audit Report on Consolidated Financial Statements
(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

May 25, 2009

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

Deloitte Touche Tohmatsu

Designated Partner,
Engagement Partner,
Certified Public Accountant:
Fumihiko Kimura

Designated Partner,
Engagement Partner,
Certified Public Accountant:
Hiroshi Shirai

Designated Partner,
Engagement Partner,
Certified Public Accountant:
Masaki Mizoguchi

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of March 31, 2009 of Funai Electric Co., Ltd. (the "Company"), and the related consolidated statements of income and changes in net assets, and the related notes for the 57th fiscal year from April 1, 2008 to March 31, 2009. These consolidated financial statements are the responsibility of the Company's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and consolidated subsidiaries as of March 31, 2009, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Additional Information

As described in the notes to consolidated statement of income, disposition of a supplementary tax assessment based upon the application of the tax system for dealing with tax havens is disclosed.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

- END –

Copy of the Audit Committee's Audit Report on Consolidated Financial Statements

AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We, members of the Audit Committee of the Company, audited the consolidated financial statements (the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements) for the 57th fiscal year from April 1, 2008 to March 31, 2009. We hereby report the method and results thereof as follows:

1. Method of Audit and the Content thereof:

The Audit Committee, in accordance with the audit policy, assignment of duties, etc., as determined by the Audit Committee, received from the Corporate Officers, etc. reports on the consolidated financial statements and demanded their explanations whenever necessary.
We also monitored and verified whether the account auditors had maintained an independent position and conducted adequate audits, and received from the account auditors reports on the state of performance of their duties and demanded their explanations whenever necessary.
In addition, we received from the account auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Regulations on Corporate Accounts) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary.
In accordance with such methods, we investigated the consolidated financial statements for the fiscal year under review.

2. Results of Audit:

We are of the opinion that the method and results of the audit made by the Company's account auditors, Deloitte Touche Tohmatsu, are proper.

May 25, 2009

Audit Committee
Funai Electric Co., Ltd.

Akitaka Inoue (seal)
Chairman of the Audit Committee

Morihiko Tashiro (seal)
Member of the Audit Committee

Shigemichi Asakura (seal)
Member of the Audit Committee

Yasuhisa Katsuta (seal)
Member of the Audit Committee

Hidetoshi Nishimura (seal)
Member of the Audit Committee

(Note) Members of the Audit Committee Morihiko Tashiro, Shigemichi Asakura, Yasuhisa Katsuta and Hidetoshi Nishimura are outside directors as provided for in Article 2, item 15 and Article 400, paragraph 3 of the Corporation Law.

NON-CONSOLIDATED BALANCE SHEET
(As of March 31, 2009)

ASSETS	(million yen)
Current assets:	**51,340**
Cash on hand and in banks	18,380
Trade notes receivable	422
Trade accounts receivable	25,775
Finished products	249
Raw materials	2,206
Prepaid expenses	522
Deferred tax assets	1,343
Accrued refunded income taxes	1,350
Others	1,112
Allowance for doubtful accounts	(23)
Fixed assets:	**57,205**
Tangible fixed assets:	**9,039**
Buildings	3,692
Structures	76
Machinery and equipment	28
Motor vehicles	1
Tools, furniture and fixtures	934
Lands	4,086
Lease assets	219
Intangible fixed assets:	**5,327**
Patents	4,328
Software	245
Lease assets	49
Goodwill	90
Telephone rights	12
Software in process	601
Investments and other assets:	**42,838**
Investment securities	3,141
Capital stock of associated companies	27,162
Long-term loans receivable	15,197
Deferred tax assets	4,449
Other investments and other assets	4,720
Allowance for doubtful accounts	(11,833)
TOTAL ASSETS	**108,545**

LIABILITIES (million yen)

Current liabilities:	**32,490**
Trade accounts payable	18,215
Short-term loans payable	5,000
Lease liabilities	69
Other accounts payable	6,578
Accrued expenses	1,740
Deposit received	538
Reserve for products guarantee	305
Others	43
Noncurrent liabilities:	**2,408**
Lease liabilities	212
Reserve for employee retirement benefits	319
Allowance for officers' retirement benefits	1,026
Allowance for liquidation loss on affiliated company	784
Others	65
TOTAL LIABILITIES	**34,899**

NET ASSETS

Shareholders' Equity	**73,724**
Capital stock	**31,280**
Capital surplus:	**33,245**
Capital reserve	32,806
Other capital surplus	438
Retained earnings:	**33,539**
Earned surplus reserve	209
Other retained earnings	33,330
Reserve for deferred income tax on fixed assets	514
General reserve	23,400
Retained earnings carried forward	9,415
Treasury stock	**(24,340)**
Valuation and translation adjustments:	**(96)**
Valuation difference on available-for-sale securities	**(96)**
Stock acquisition rights	**17**
TOTAL NET ASSETS	**73,645**
TOTAL LIABILITIES AND NET ASSETS	**108,545**

NON-CONSOLIDATED STATEMENT OF INCOME

(April 1, 2008 through March 31, 2009)

(million yen)

Net sales		**203,890**
Cost of sales		**180,469**
Gross profit		**23,421**
Sales, general and administrative expenses		**25,046**
Operating loss		**1,625**
Non-operating income:		
Interest and dividend income	15,933	
Other	108	16,041
Non-operating expenses:		
Interest expenses	49	
Foreign exchange loss	2,783	
Other	585	3,418
Ordinary income		**10,997**
Extraordinary income:		
Gain on prior period adjustment	357	
Other	37	395
Extraordinary loss:		
Loss from disposition of fixed assets	76	
Transfer to allowance for doubtful accounts of related companies	2,233	
Estimated loss in value of securities	2,297	
Estimated loss in value of capital stock of associated companies	811	
Amount transferred to allowance for liquidation loss on affiliated company	784	
Other	922	7,124
Income before income taxes		**4,268**
Refund of income taxes	(1,335)	
Income taxes for prior periods	16,838	
Income tax adjustments	(2,541)	12,961
Net income		**8,693**

<u>NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS</u>

(April 1, 2008 through March 31, 2009)

(million yen)

	Shareholders' equity										
		Capital surplus			Retained earnings						
						Other retained surplus					
	Capital stock	Capital reserve	Other capital surplus	Total capital surplus	Earned surplus reserve	Reserve for deferred income tax on fixed assets	General reserve	Retained earnings carried forward	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2008	31,280	32,806	438	33,245	209	527	23,400	19,800	43,937	(24,339)	84,123
Changes during the year											
Reversal of reserve for deferred income tax on fixed assets						(13)		13	-		-
Distribution of retained earnings								(1,704)	(1,704)		(1,704)
Net loss								(8,693)	(8,693)		(8,693)
Acquisition of treasury stock										(0)	(0)
Changes in items other than shareholders' equity during the year – net											
Total changes during the year	-	-	-	-	-	(13)	-	(10,384)	(10,397)	(0)	(10,398)
Balance as of March 31, 2009	31,280	32,806	438	33,245	209	514	23,400	9,415	33,539	(24,340)	73,724

(million yen)

	Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of March 31, 2008	(103)	(103)	-	84,019
Changes during the year				
Reversal of reserve for deferred income tax on fixed assets				-
Distribution of retained earnings				(1,704)
Net loss				(8,693)
Acquisition of treasury stock				(0)
Changes in items other than shareholders' equity during the year – net	6	6	17	24
Total changes during the year	6	6	17	(10,373)
Balance as of March 31, 2009	(96)	(96)	17	73,645

NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS

Matters Concerning Significant Accounting Policies:

1. Basis and method of valuation of assets

(1) Basis and method of valuation of marketable securities:

Investment in subsidiaries' stock and affiliates' stock:

At cost, determined by the moving average method.

Other securities:

Those with market value:

At market value, determined by market prices, etc. as of the close of the fiscal year (Revaluation differences are all transferred directly to capital. Selling costs are determined by the moving average method.)

Those without market value:

At cost, determined by the moving average method.

(2) Basis and method of valuation of inventories:

Finished products:	At cost, determined by the gross average method (the balance sheet values are calculated by the write-down method based on declining margins).
Raw materials:	At cost, determined by the first-in, first-out method (the balance sheet values are calculated by the write-down method based on declining margins).

(Change of accounting policies)
As from the fiscal year under review, the "Accounting Standard for Revaluation of Inventories" (ASBJ Corporate Accounting Standard No. 9, issued July 5, 2006) is applicable.
The change had no material impact on the non-consolidated statement of income.

2. Method of depreciation of fixed assets:

(1) Tangible fixed assets (excluding lease assets):

Stated by the fixed rate method.

However, with regard to the buildings (excluding fixtures) acquired on or after April

1, 1998, the straight-line method has been adopted.

(Additional information)
The useful lives of machinery and equipment, which used to be 11 years, have been changed to seven years as from the fiscal year under review.
Upon the revisions of the taxation for the fiscal year ended March 31, 2009, the Company reviewed the useful lives.
The change had no material impact on the non-consolidated statement of income.

(2) Intangible fixed assets (excluding lease assets):

Stated by the straight-line method.

However, goodwill is depreciated equally for five years; patents are depreciated by the straight-line method based on the estimated economically usable period; and software for internal use is depreciated by the straight-line method based on the internal usable years (five years).

(3) Lease assets:

Lease assets related to finance lease transactions that do not transfer ownership are depreciated by the straight-line method, based on the assumption that the useful life equals to the lease term and the residual value equals to zero.

Any finance lease transaction that does not transfer ownership, which became effective prior to the fiscal year during which the "Accounting Standard for Lease Transactions" (ASBJ Corporate Accounting Standard No. 13) first became applicable, is treated similarly to the manner in which ordinary lease transactions are treated.

3. Basis for providing allowances:

(1) Allowance for doubtful accounts:

To meet losses from loan default, the Company sets aside an estimated uncollectible amount, by taking into consideration the actual loss rate in respect of general credits and the individual possibilities of collection in respect of possible non-performing credits and other specific claims.

(2) Reserve for product guarantees:

To meet expenses of after-sales services with regard to the products sold, the Company sets aside an estimated amount based on the past record.

(3) Reserve for employee retirement benefits:

To meet the payment of retirement benefits to employees, the Company provides an amount, based on estimated retirement benefit obligations and plan assets as of the close of the fiscal year.

Past service liability is treated as a expense, based on a straight-line basis for a specific period of years (10 years) not exceeding the average remaining years of service of employees when such past service liability occurs.

Actuarial differences are treated as expenses from the next fiscal year, based on a straight-line basis for a specific period of years (10 years) not exceeding the average remaining years of service of employees for each fiscal year during which such differences occur.

(4) Allowance for officers' retirement benefits:

To provide for the payment of retirement benefits to officers, an amount payable at the end of the fiscal year under the Company's internal rules is reserved.

(5) Allowance for liquidation loss on affiliated company:

To provide for a loss on liquidation of any affiliated company, the Company sets aside the estimated amount of such loss.

4. Other significant accounting policies for preparation of financial statements

Accounting treatment of consumption taxes: By the tax-exclusive method

5. Change in matters concerning significant accounting policies

(Accounting Standard for Lease Transactions)

With regard to the treatment of finance lease transactions that do not transfer ownership, the method for lease transactions has similarly been applied. As from the fiscal year under review, the "Accounting Standard for Lease Transactions" (ASBJ Corporate Accounting Standard No. 13 (June 17, 1993 (ASBJ Committee Div. 1), as amended on March 30, 2007)) and the "Implementation Guidance on the Accounting Standard for Lease Transactions" (ASBJ Implementation Guidance No. 16 (January 18, 1994 (JICPA Accounting System Committee), as amended on March 30, 2007)) are applicable and any finance lease transaction that does not transfer ownership is treated similarly to the manner in which ordinary sales transactions are treated.

Any finance lease transaction that does not transfer ownership, which became effective prior to the fiscal year during which the Accounting Standard first became applicable, will continue to be treated similarly to the manner in which ordinary lease transactions are treated.

The change has no significant impact on the statement of income.

Notes to Non-Consolidated Balance Sheet:

1. Accumulated depreciation of assets:

Accumulated depreciation of tangible fixed assets:	¥9,258 million

2. Money debts due from and to associated companies:

Short-term money debts due from associated companies:	¥17,016 million
Long-term money debts due from associated companies:	¥15,669 million
Short-term money debts due to associated companies:	¥18,846 million

3. New share subscription rights granted as stock options:

New share subscription rights pursuant to the previous Article 280-19 of the Commercial Code of Japan (prior to the amendment to the Commercial Code of Japan in 2001):

Date of special resolution of the General Meeting of Shareholders:	June 27, 2001
Number of new share subscription rights:	-
Class and number of shares to be issued or transferred upon exercise of new share subscription rights:	311,600 shares of common stock
Amount to be paid in upon exercise of new share subscription rights:	¥9,549 per share
Period of exercise of new share subscription rights:	From January 1, 2004 to December 31, 2010

Notes to Non-Consolidated Statement of Income:

1. Amount of transactions with associated companies

Trading:

Sales amount:	¥129,358 million
Purchase amount:	¥175,183 million
Other operating expenses:	¥2,672 million
Amount of transactions other than trading:	¥15,675 million

2. Disposition of supplementary tax assessment based on the application of tax system for dealing with tax havens

On June 16, 2008, the Company received notice of a supplementary tax assessment from the Osaka Regional Taxation Bureau of aggregate taxation on the profits of its subsidiary in Hong Kong for the three fiscal years ending March 31, 2005 through March 31, 2007 that were recognized as income of the Company, as the subsidiary in Hong Kong did not satisfy the conditions for exclusion from the application of the tax system for dealing with tax havens. The notice was received while the previous assessment (dated June 28, 2005) based on the application of tax system for dealing with tax havens was pending at the Osaka District Court. The Company was dissatisfied with the assessment and filed a petition with the Osaka Regional National Tax Tribunal on August 6, 2008. While the examination remained pending at the tribunal, three months had passed since the Company filed the request and the Company became eligible to file a revocation lawsuit. Accordingly, on November 14, 2008, the Company filed a lawsuit requesting the revocation of the supplementary tax assessment with the Osaka District Court. The lawsuit, jointly with the other lawsuit previously filed by the Company, is now pending at the court.

The additional tax payment amount was ¥15,038 million (¥16,838 million including incidental taxes), including corporate income taxes, inhabitant taxes and enterprise taxes. It was recognized as "income taxes for prior periods" for the fiscal year under review in accordance with the "Treatment of Accounting and Presentation of Taxes for the Purpose of Audits" (JICPA Audit and Assurance Practice Committee Report No. 63).

The taxation is judged based on the status of any relevant foreign company at the end of each fiscal year thereof. The effects of the taxation subsequent to the tax assessment would be estimated at approximately ¥700 million in total in corporate, inhabitant and enterprise taxes for the fiscal year ending March 31, 2008 and 2009, if the dividends received from the subsidiary in Hong Kong for the fiscal year ending March 31, 2008 are deducted from taxable income. The Company has not accounted for the effects due to the aforementioned reasons.

Notes to Non-Consolidated Statement of Changes in Net Assets

Matters concerning the number of shares of treasury stock:

(thousand shares)

	Number of shares at March 31, 2008	Increase in shares in the year ending March 31, 2009	Decrease in shares in the year ending March 31, 2009	Number of shares at March 31, 2009
Common stock (Note)	2,011	0	-	2,011

(Note) The increase of treasury common stock (0 thousand) is due to the purchase of less-than-one-unit shares.

Notes on Tax-Effect Accounting

Principal components of deferred tax assets and deferred tax liabilities

	(million yen)
Deferred tax assets	
Reserve for employee retirement benefits	129
Allowance for officers' retirement gratuities	417
Other accounts payable	785
Allowance for doubtful accounts	3,512
Accrued expenses (bonuses)	372
Estimated loss in value of securities	260
Estimated loss in value of capital stock of associated companies	1,135
Amount reserved for tax assessments on specific foreign subsidiary	4,659
Other	1,117
Subtotal	12,390
Valuation allowance	(5,646)
Total	6,744
Deferred tax liabilities	
Reserve for deferred income tax on fixed assets	(352)
Prepaid pension expense	(599)
Subtotal	(952)
Deferred tax assets, net	5,792

Notes on the Fixed Assets Used by Lease

Finance lease agreements that do not transfer ownership and which became effective on or before March 31, 2008 are treated similarly to the manner in which ordinary lease transactions are treated.

1. Amounts equivalent to the acquisition prices, accumulated depreciation and balance at the end of the year:

(million yen)

	Amount equivalent to the acquisition prices	Amount equivalent to accumulated depreciation	Amount equivalent to balance at the end of the year
Tools, furniture and fixtures	898	648	250
Others	7	4	2
Total:	906	652	253

2. Amount equivalent to the unearned rent at the end of the year

Amount equivalent to the balance of unearned rent at the end of the year

Lease within one year:	¥137 million
Lease exceeding one year:	¥120 million
Total:	¥257 million

Transactions with Related Parties

(Additional Information)

For the fiscal year under review, the "Accounting Standard for Disclosure of Related Parties" (ASBJ Corporate Accounting Standard No. 11, October 17, 2006) and the "Implementation Guidance on the Accounting Standard for Disclosure of Related Parties" (ASBJ Implementation Guidance No. 13, October 17, 2006) are applicable.
However, no change has occurred in the scope of disclosure of related parties.

Subsidiaries

(million yen)

Type	Name	Voting Rights Held by Company (or held by others)	Relationship	Transactions	Amount of transaction	Account item	Balance as of March 31, 2009
Subsidiary	DX ANTENNA Co., Ltd.	Direct, 91.83%	Sale of products of the Company; interlocking directorate	Sale of electronic products	8,854	Trade accounts receivable	3,859
Subsidiary	Funai Electric (HK) Ltd.	Direct, 100%	Production of products of the Company	Purchase of electronic products	160,027	Trade accounts payable	15,057
Subsidiary	FUNAI CORPORATION INC.	Direct, 100%	Sale of products of the Company; interlocking directorate	Sale of electronic products	102,845	Trade accounts receivable	5,512
				Payment for discounts, etc.	9,101	Other accounts payable	1,681
Subsidiary	P&F USA, INC.	Direct, 100%	Sale of products of the Company	Sale of electronic products	5,448	Trade accounts receivable	4,534
Subsidiary	FUNAI ELECTRIC (POLSKA) Sp.z o.o.	Direct, 100%	Production of products of the Company	Sale of electronic products	10,670	Trade accounts receivable	1,641
Subsidiary	FUNAI EUROPE GmbH	Direct, 100%	Sale of products of the Company; interlocking directorate	Loan of funds	-	Long-term loans receivable	12,257
Subsidiary	FUNAI ASIA PTE LTD.	Direct, 100%	Sale of products of the Company	Loan of funds	-	Long-term loans receivable	2,508

(Note) Transaction terms and policies on the determination of transaction terms.

Like the terms of ordinary transactions, transaction terms are determined in consideration of market prices and other factors.

Note on the information per share

Net assets per share:	¥2,159.63
Net loss per share:	¥254.98

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- All figures in the non-consolidated balance sheet, non-consolidate statement of income, non-consolidated statement of changes in net assets, etc. and notes to non-consolidated financial statements are shown by disregarding any fractions of the relevant units, respectively. Net assets per share and net loss per share are shown by rounding upward the five-thousandths of one yen or more to the nearest one-hundredth of one yen.

Copy of Account Auditors' Audit Report
(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

May 25, 2009

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

Deloitte Touche Tohmatsu

Designated Partner,
Engagement Partner,
Certified Public Accountant:
Fumihiko Kimura

Designated Partner,
Engagement Partner,
Certified Public Accountant:
Hiroshi Shirai

Designated Partner,
Engagement Partner,
Certified Public Accountant:
Masaki Mizoguchi

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of March 31, 2009 of Funai Electric Co., Ltd. (the "Company"), and the related statements of income and changes in net assets, and the related notes for the 57th fiscal year from April 1, 2008 to March 31, 2009, and the accompanying supplemental schedules. These financial statements and the accompanying supplemental schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules 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 financial statements and the accompanying supplemental schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the accompanying supplemental schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and the accompanying supplemental schedules presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Additional Information

As described in the notes to non-consolidated statement of income, disposition of a supplementary tax assessment based upon the application of the tax system for dealing with tax havens is disclosed.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

- END -

Copy of the Audit Committee' Audit Report

AUDIT REPORT

We, members of the Auditor Committee of the Company, audited the performance by Directors and Corporate Officers of their duties during the 57th fiscal year from April 1, 2008 to March 31, 2009. We hereby report the method and results thereof as follows:

1. Method of Audit and the Content thereof:

We monitored and examined the contents of the resolutions of the Board of Directors concerning the matters as listed in Article 416, paragraph 1, item 1, b. and e. of the Corporation Law of Japan and the state of the internal control system established thereunder, and in accordance with the audit policy, assignment of duties, etc., as determined by the Audit Committee and in collaboration with the internal audit sections and other sections in charge of the internal control of the Company, attended important meetings, received from the Directors, Corporate Officers, etc. reports on matters concerning the performance of their duties, demanded their explanations whenever necessary, inspected important decision documents, etc., and investigated the state of the activities and property at the head office and principal business offices of the Company. With regard to its subsidiaries, we maintained constant communication and exchanged information with the directors, corporate auditors, etc. thereof and received from the subsidiaries reports on their business operations whenever necessary.

We also monitored and verified whether the account auditors had maintained an independent position and conducted adequate audits, and received from the account auditors reports on the state of performance of their duties and demanded their explanations whenever necessary. In addition, we received from the account auditors a notice that the "systems to secure adequate performance of duties" (as listed in the items of Article 131 of the Regulations on Corporate Accounts) had been established in accordance with the "Standard for Quality Control Concerning Audits" (the Accounting Standards Board of Japan, October 28, 2005) and demanded their explanations whenever necessary.

In accordance with such methods, we investigated the business report, the non-consolidated financial statements (the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity, etc. and the notes to non-consolidated financial statements) and their accompanying detailed statements for the fiscal year under review.

2. Results of Audit:

(1) Results of audit of the business report, etc.:

We are of the opinion:

(i) That the business report and its accompanying detailed statements present fairly the state of the Company in accordance with laws or ordinances and the Articles of Incorporation;

(ii) That in connection with the performance by the Directors and Corporate Officers of their duties, no dishonest act or material fact of violation of laws or ordinances or the Articles of Incorporation exists; and

(iii) That the details of the resolutions of the Board of Directors on internal control systems are proper and that the performance by the Directors and Corporate Officers of their duties concerning such internal control systems contains nothing to be pointed out.

(2) Results of audit of the non-consolidated financial statements and their accompanying detailed statements:

We are of the opinion that the methods and results of the audit made by the account auditors, Deloitte Touche Tohmatsu, are proper.

May 25, 2009

Audit Committee
Funai Electric Co., Ltd.

Akitaka Inoue (seal)
Chairman of the Audit Committee

Morihiko Tashiro (seal)
Member of the Audit Committee

Shigemichi Asakura (seal)
Member of the Audit Committee

Yasuhisa Katsuta (seal)
Member of the Audit Committee

Hidetoshi Nishimura (seal)
Member of the Audit Committee

(Note) Members of the Audit Committee Morihiko Tashiro, Shigemichi Asakura, Yasuhisa Katsuta and Hidetoshi Nishimura are outside directors as provided for in Article 2, item 15 and Article 400, paragraph 3 of the Corporation Law.

- END -

Reference Document for the General Meeting of Shareholders

Propositions and reference information

Proposition No. 1: Amendment to the Articles of Incorporation

1. Reasons for the amendment:

Upon the enforcement of the "Law to Amend Part of the Law Concerning Book-Entry Transfer of Bonds, Etc. to Streamline Settlements for Trading in Stocks, Etc." (2004 Law No. 88"), all listed shares have uniformly been placed in a book-entry system (or a share certificate computerized management system).

Accordingly, the Company intends to delete the provisions based on the existence of share certificates and make other required amendments to the existing Articles of Incorporation, and establish required supplementary provisions as a transitional measure with regard to such amendments.

2. Particulars of the amendment:

The particulars of the proposed amendment are set forth below:

(Underlines show amendment)

<table>
<tr><th>Existing Articles of Incorporation</th><th>Proposed amendment</th></tr>
<tr><td><u>(Issuance of share certificates)</u>

<u>Article 7. The Company shall issue certificates in respect of its shares.</u></td><td>(To be deleted)</td></tr>
<tr><td>(Number of shares constituting one unit of shares and <u>non-issuance of certificates for less-than-one-unit shares</u>)

Article <u>8</u>. The number of shares constituting one unit of shares of the Company shall be 100.</td><td>(Number of shares constituting one unit of shares)

Article <u>7</u>. The number of shares constituting one unit of shares of the Company shall be 100.</td></tr>
<tr><td><u>2. Notwithstanding the provision of Article 7, the Company shall not issue certificates for less-than-one-unit shares, unless provided for in the Share Handling Regulations.</u></td><td>(To be deleted)</td></tr>
</table>

Existing Articles of Incorporation	Proposed amendment
(Rights in respect of less-than-one-unit shares)	(Rights in respect of less-than-one-unit shares)
Article 9. Any shareholder (including beneficial shareholder; the same applies hereinafter) of the Company cannot exercise any right other than those listed below, in respect of his/her less-than-one-unit shares:	Article 8. Any shareholder of the Company cannot exercise any right other than those listed below, in respect of his/her less-than-one-unit shares:
(1) (Descriptions omitted)	(1) (Same as existing)
(2) (Descriptions omitted)	(2) (Same as existing)
(3) (Descriptions omitted)	(3) (Same as existing)
(Share registrar)	(Share registrar)
Article 10. (Descriptions omitted)	Article 9. (Same as existing)
2. (Descriptions omitted)	2. (Same as existing)
3. The preparation and keeping of the register of shareholders (including the register of beneficial shareholders; the same applies hereinafter), the register of stock acquisition rights and the register of loss of share certificates of the Company and other business relating to the register of shareholders, the register of stock acquisition rights and the register of loss of share certificates shall be delegated to the share registrar and shall not be handled by the Company.	3. The preparation and keeping of the register of shareholders and the register of stock acquisition rights of the Company and other business relating to the register of shareholders and the register of stock acquisition rights shall be delegated to the share registrar and shall not be handled by the Company.
(Share Handling Regulations)	(Share Handling Regulations)
Article 11. The handling of the shares of the Company and the fees therefor shall be governed by the Share Handling Regulations to be established by the Board of Directors or the Corporate Officers as authorized by resolution of the Board of Directors, in addition to laws or ordinances or these Articles of Incorporation.	Article 10. The procedures for the exercise of shareholders' rights and other handling of the shares of the Company shall be governed by the Share Handling Regulations to be established by the Board of Directors or the Corporate Officers as authorized by resolution of the Board of Directors, in addition to laws or ordinances or these Articles of Incorporation.
Article 12 to Article 13 (Descriptions omitted)	Article 11 to Article 12 (Same as existing)

Existing Articles of Incorporation	Proposed amendment
(Convener and chairman)	(Convener and chairman)
Article 14. (Descriptions omitted)	Article 13. (Same as existing)
2. If the office of the President and CEO, who shall be Director, is vacant or he is unable to act, one of the other Directors shall act in his place in the order previously determined by the Board of Directors.	2. If the office of the President and CEO, who shall be Director, is vacant or he is unable to act, one of the other Directors shall act in his place in the order previously determined by the Board of Directors.
Article 15 to Article 37 (Descriptions omitted)	Article 14 to Article 36 (Same as existing)
(To be newly established)	Supplementary Provisions
(To be newly established)	Article 1. The preparation and keeping of the register of loss of share certificates of the Company and other businesses relating thereto shall be delegated to the share registrar and shall not be handled by the Company.
(To be newly established)	Article 2. The preceding Article and this Article shall remain effective through January 5, 2010 and shall be deleted as of January 6, 2010.

Proposition No. 2: Election of seven (7) Directors

The term of office of all the (9) Directors currently in office will expire at the close of this Ordinary General Meeting of Shareholders. It is hereby proposed that seven (7) Directors, including five (5) outside Directors, be elected.

The candidates for Directors are as follows:

Candi-date No.	Name (Date of birth)	Brief history, business in charge and representation of other companies	Number of shares of the Company held by Candidate
1.	Tetsuro Funai (January 24, 1927)	April 1951 Established Funai Sewing Machine Company December 1952 Representative Director of Funai Sewing Machine Co., Ltd. August 1961 Founding President and Representative Director of the Company June 2005 Director of the Company; President and CEO of the Company June 2008 Director of the Company (To date) Chairman and Corporate Officer of the Company (To date) (Chairman and Representative Director of FGS Co., Ltd.) (Chairman of Funai Information Science Promotion Foundation) (Chairman of Funai Scholarship Foundation)	12,756,188 shares
2.	Tomonori Hayashi (March 13, 1947)	April 1969 Joined the Company October 2002 Officer of the Company June 2005 Executive Officer of the Company March 2006 CEO of FUNAI CORPORATION INC. June 2007 Senior Executive Officer of the Company March 2008 General Manager of AV Headquarters of the Company June 2008 Director of the Company (To date); President and CEO of the Company (To date)	10,200 shares

Candi-date No.	Name (Date of birth)	Brief history, business in charge and representation of other companies		Number of shares of the Company held by Candidate
3.	Mitsuo Yonemoto (March 18, 1939)	July 1995	Vice President and Director of T.P.S. Laboratory Co., Ltd.	100 shares
		September 1998	Outside Director of the Company (To date)	
		March 2009	Outside Director of The Sailor Pen Co., Ltd. (To date)	
4.	Akira Miyazaki (March 13, 1939)	April 1964	Joined Kanematsu Corporation	-
		April 1997	Managing Director of Kanematsu Corporation	
		June 1999	Vice President and Director of Kanematsu Corporation	
		June 2003	Chairman and Director of Kanematsu Electronics Ltd.	
		June 2004	Outside Corporate Auditor of Daio Paper Corporation;	
			Outside Director of the Company (To date)	
		July 2006	Chairman and Director of Dynamic Solutions Co., Ltd. (To date)	
		June 2008	Outside Director of Okura Co., Ltd. (To date)	
5.	Shigemichi Asakura (January 1, 1934)	April 1957	Joined Nichimen Company Limited (Now, Sojitz Corporation)	200 shares
		February 1987	Director of Zo Jirushi Corporation	
		February 1991	Managing Director of Zo Jirushi Corporation	
		July 2003	Representative and Senior Managing Director of Zak! Designs Japan Co., Ltd.	
		June 2004	Outside Corporate Auditor of the Company	
		June 2005	Outside Director of the Company (To date)	

Candi-date No.	Name (Date of birth)	Brief history, business in charge and representation of other companies		Number of shares of the Company held by Candidate
6.	Yasuhisa Katsuta (February 20, 1942)	April 1965	Joined The Daiwa Bank, Limited (now Resona Bank, Limited)	-
		June 2001	President of The Daiwa Bank, Limited	
		December 2001	President and Representative Director of Daiwa Gin Holdings, Inc. (Now Resona Holdings, Inc.) Director of Daiwa Gin Trust Bank (Now, Resona Bank, Limited)	
		July 2004	Adviser of the Company	
		June 2005	Outside Director of the Company (To date)	
		June 2006	Outside Auditor of Otsuka Pharmaceutical Co., Ltd.	
		July 2008	Chairman of Osaka University of Economics (To date)	
		Chairman of Osaka University of Economics		
7.	Hidetoshi Nishimura (April 29, 1942)	April 1965	Joined Nissho Company (Now, Sojiz Corporation)	300 shares
		June 1994	Director of Nissho Iwai Corporation	
		June 1998	Managing Director of Nissho Iwai Corporation	
		June 2002	President and Representative Director of Nissho Iwai Corporation	
		April 2003	President and Representative Director of Nissho Iwai-Nichimen Holdings Corporation (Now Sojiz Corporation)	
		June 2005	Special Advisor of Nissho Iwai-Nichimen Holdings Corporation	
		January 2006	Advisor of the Company	
		June 2006	Outside Director of the Company (To date)	
		June 2008	Advisor of Sojiz Corporation (To date)	
		Chairman of Nissho Iwai International Exchange Foundation		

(Note) 1. Candidate for Director Mr. Tetsuro Funai is concurrently serving as Representative Director of FGS, which has business with the Company with regard to non-life insurance.

2. Candidates for Director other than the above-mentioned persons and the Company are not special interested parties with regard to each other.

3. Candidates for Directors Messrs. Mitsuo Yonemoto, Akira Miyazaki, Shigemichi Asakura, Yasuhisa Katsuta and Hidetoshi Nishimura are candidates for outside Directors.

4. Reasons for the selection of the candidate for outside Directors:
Management has judged that Mr. Mitsuo Yonemoto will be able to offer advice based on his broad experience as a management consultant.

Management has judged that Messrs. Akira Miyazaki, Shigemichi Asakura and Hidetoshi Nishimura will be able to use their experiences in and capabilities in corporate management in the management of the Company.

Management has judged that Mr. Yasuhisa Katsuta will be able to use his experience in and capabilities in corporate management and banking and financing in the management of the Company.

5. Years of service of outside Directors of the Company:

Mr. Mitsuo Yonemoto will have served as outside Director for 11 years at the close of this Ordinary General Meeting of Shareholders.

Mr. Akira Miyazaki will have served as outside Director for five years at the close of this Ordinary General Meeting of Shareholders.

Mr. Shigemichi Asakura will have served as outside Director for four years at the close of this Ordinary General Meeting of Shareholders.

Mr. Yasuhisa Katsuta will have served as outside Director for four years at the close of this Ordinary General Meeting of Shareholders.

Mr. Hidetoshi Nishimura will have served as outside Director for three years at the close of this Ordinary General Meeting of Shareholders.

6. Conclusion of liability limitation agreements:

The Company has entered into an agreement with each of the outside Directors Mitsuo Yonemoto, Akira Miyazaki, Shigemichi Asakura, Yasuhisa Katsuta and Hidetoshi Nishimura to limit his liability for any damage as provided for in Article 423, paragraph 1 of the Corporation Law of Japan within the aggregate amount as provided for in the items of Article 425, paragraph 1 of the said law, pursuant to Article 427, paragraph 1 of the said law. If each of them is reelected, such agreement will be renewed.

7. Title and business in charge:

As stated on page 11 of the business report.

Proposition No. 3: Issuance of stock acquisition rights as stock options

It is hereby proposed that pursuant to the provisions of Article 236, Article 238 and Article 239 of the Corporation Law of Japan, the determination of the terms and conditions of the offering for subscription of stock acquisition rights to be issued as stock options be left to the Board of Directors of the Company or the Corporate Officer of the Company authorized to do so by the resolution of the Board of Directors.

1. Reason for the necessity to make an offering for subscription for stock acquisition rights on specifically favorable conditions:

To afford incentives to and raise the morale of the Directors, Corporate Officers, Officers and employees of the Company to contribute to achieving much improved results, secure good human resources and promote their long-term contribution, management intends to issue stock acquisition rights as stock options.

2. Outline of the issuance of stock acquisition rights in respect of which the terms and conditions of the offering may be determined as authorized by resolution of this Ordinary General Meeting of Shareholders:

(1) Qualified grantees of stock acquisition rights:

Directors, Corporate Officers, Officers and employees of the Company

Any person who will become a Director, Corporate Officer, Officer or employee after the close of this Ordinary General Meeting of Shareholders shall be included among the qualified grantees of stock acquisition rights.

(2) Class and number of shares to be issued or transferred upon exercise of stock acquisition rights:

The class of shares to be issued or transferred upon exercise of stock acquisition rights shall be shares of common stock of the Company and the number of shares to be so issued or transferred for each stock acquisition right shall be 100 shares.

In the event that the Company makes a stock division (which shall include scrip issues; the same applies hereinafter) or stock consolidation which shall become effective after the close of this Ordinary General Meeting of Shareholders, the said number of shares to be issued or transferred upon exercise of the stock acquisition rights shall be adjusted in accordance with the following formula. Such adjustment shall be made only to the number of shares in respect of which the said stock acquisition rights have not been exercised by then, with any fraction of one share occurring upon such adjustment discarded.

Number of shares as adjusted	=	Number of shares before adjustment	×	Division (or consolidation) ratio

In addition, in the event that the Company undertakes a merger, consolidation, corporate division to transfer business or incorporate a corporation, share exchange or share transfer which shall become effective after the close of this Ordinary General Meeting of Shareholders or otherwise for any inevitable reason, the said number of shares to be issued or transferred upon exercise of the stock acquisition rights shall be adjusted to a reasonable extent.

(3) Maximum number of stock acquisition rights:

Not exceeding 8,200 rights. The total number of shares to be issued or transferred upon exercise of stock acquisition rights shall not exceed 820,000 shares of common stock of the Company; provided, however, that in the event of an adjustment to the number of shares as set forth in paragraph (2) above, the total number of shares to be issued or transferred upon exercise of stock acquisition rights shall also be adjusted accordingly.

(4) Cash to be paid in for stock acquisition rights:

No cash shall be required to be paid in for stock acquisition rights.

(5) Amount of property to be contributed upon exercise of a stock acquisition right or the method of determination thereof:

The amount of property to be contributed upon exercise of a stock acquisition right shall be an amount obtained by multiplying the paid-in amount per share to be determined below (the "Exercise Price"), multiplied by the number of shares to be issued or transferred for each stock acquisition right as set forth in paragraph (2) above.

The Exercise Price shall be the higher of (i) an amount obtained by multiplying by 1.05 the average of the daily closing prices (the "Closing Price") (regular way) of the shares of common stock of the Company on Osaka Securities Exchange Co., Ltd. for the days (exclusive of any day on which transactions are not validly made) of the month immediately preceding the month under which the date on which the stock acquisition rights shall be allocated (the "Allotment Date") falls (with any fraction of one yen rounded upward to the nearest one yen) and (ii) the Closing Price on the Allotment Date (if the Closing Price is not available on that day, the Closing Price on any day immediately preceding that day).

In the event that the Company makes a stock division or stock consolidation which shall become effective after the close of this Ordinary General Meeting of Shareholders, the said Exercise Price shall be adjusted in accordance with the following formula, with any fraction of one yen occurring upon such adjustment rounded upward to the nearest one yen:

$$\text{Exercise Price as adjusted} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Division (or consolidation) ratio}}$$

In the event that the Company issues new shares or disposes of its shares of treasury stock at a price lower than the current market price (exclusive of the issuance of new shares or the disposition of its shares of treasury stock upon exercise of stock acquisition rights or exercise of rights to subscribe for new shares pursuant to the provision of Article 280-19, paragraph 1 of the Commercial Code prior to the enforcement of the Law to Amend Part of the Commercial Code, Etc. (2001 Law No. 128)), the said Exercise Price shall be adjusted in accordance with the following formula, with any fraction of one yen occurring upon such adjustment rounded upward to the nearest one yen:

$$\text{Exercise Price as adjusted} = \text{Exercise Price before adjustment} \times \frac{\text{Number of already issued shares} + \dfrac{\text{Number of newly issued shares} \times \text{Paid-in price per share}}{\text{Current market price before the issuance of new shares}}}{\text{Number of already issued shares} + \text{Number of newly issued shares}}$$

In the above calculation formula, "Number of already issued shares" represents the number of shares obtained by deducting the number of shares of treasury stock of the Company in respect of the shares of common stock of the Company from the total number of shares of common stock of the Company issued and outstanding, and in the event that the shares of treasury stock are disposed of in respect of the shares of common stock of the Company, "Number of newly issued shares" shall be read "Number of shares of treasury stock disposed" and "Paid-in price per share" shall be read "Disposal price per share".

In addition, in the event that the Company undertakes a merger, consolidation, corporate division to transfer business or incorporate a corporation, share exchange or share transfer which shall become effective after the close of this Ordinary General Meeting of Shareholders or otherwise for any inevitable reason, the said Exercise Price shall be adjusted to a reasonable extent.

(6) Exercise period of the stock acquisition rights:

From August 1, 2011 to July 31, 2018; provided, however, that if the final day of such period falls on a holiday of the Company, the immediately preceding business day shall be the final day.

(7) Terms and conditions of the exercise of stock acquisition rights:

(i) The number of stock acquisition rights exercisable by any person entitled to exercise stock acquisition rights in any given year (from August 1 through July 31 of the following year) during the period for exercising stock acquisition rights shall be governed by the rule to be established by the Board of Directors.

If any person entitled to exercise his/her stock acquisition rights does not exercise all or any part of his/her rights exercisable in any given year during the period for exercising stock acquisition rights, the rights remaining unexercised in such any given year may be carried over to any subsequent year until the period for exercising stock acquisition rights expires.

(ii) Any person entitled to exercise stock acquisition rights who is a director, corporate officer, statutory auditor, accounting officer, executive officer or employee of the Company or any of its related companies shall not be entitled to exercise his/her rights in any given year (from August 1 through July 31 of the following year) during the period for exercising stock acquisition rights set forth in paragraph (6) above unless he/she obtains approval from the Company in such given year.

(iii) If any person entitled to exercise stock acquisition rights who is a Director, Corporate Officer, executive officer or employee of the Company ceases to be a director, corporate officer, statutory auditor, accounting officer, executive officer or employee of the Company or any of its related companies, he/she shall not be entitled to exercise his/her stock acquisition rights.

(iv) If any person entitled to exercise his/her stock acquisition rights dies, his/her heir may succeed to the stock acquisition rights.

(8) Matters concerning capital and capital reserve to be increased in the event that the Company issues shares upon exercise of the stock acquisition rights:

(i) In the event that the Company issues shares upon exercise of the stock acquisition rights, the amount of capital to be increased shall be a half of the maximum increase amount of capital calculated pursuant to Article 17, paragraph 1 of the Regulations on Corporate Accounts, with any fraction of one yen rounded upward to the nearest one yen.

(ii) In the event that the Company issues shares upon exercise of the stock acquisition rights, the amount of capital reserve to be increased shall be an amount obtained by deducting the amount of capital to be increased as set forth in item (i) above from the maximum increase amount of capital set forth in item (i) above.

(9) Events of acquisition of stock acquisition rights:

(i) In the event that before any person entitled to exercise stock acquisition rights exercises his/her rights, a proposition for the approval of a merger agreement under which the Company shall be merged, or a proposition for the approval of a share exchange agreement or a share transfer plan under which the Company shall become a wholly-owned subsidiary is approved at a General Meeting of Shareholders (or a resolution therefor is adopted by the Board of Directors of the Company when such resolution of the General Meeting of Shareholders is not required), the Company may acquire the stock acquisition rights without consideration on a day separately specified by its Board of Directors.

(ii) In the event that before any person entitled to exercise stock acquisition rights exercises his/her rights, he/she ceases to be entitled to do so due to any of the terms and conditions set forth in paragraph (7) above, the Company may acquire the stock acquisition rights without consideration on a day separately specified by its Board of Directors.

(iii) In the event that any person entitled to exercise stock acquisition rights waives all or any part of his/her rights, the Company may acquire the stock acquisition rights without consideration on a day separately specified by its Board of Directors.

(10) Treatment of stock acquisition rights upon reorganization by the Company:

In the event that the Company is merged or consolidated (as a result of which, the Company shall be dissolved), is divided to transfer business or incorporate a corporation, does a share exchange or does a share transfer (collectively, "reorganization"), the Company shall deliver to any person entitled to exercise the stock acquisition rights outstanding (the "Outstanding Rights") on the day on which the reorganization becomes effective, stock acquisition rights of relevant corporations ("reorganizing companies") listed in Article 236, paragraph 1, items 8 (a) through (e) of the Corporation Law, in accordance with the following terms and conditions. In such case, the Outstanding Rights shall become null and void and the reorganizing companies shall issue new stock acquisition rights, only if and when the delivery of stock acquisition rights of the reorganizing companies in accordance with the following terms and conditions is stipulated in the relevant merger agreement, consolidation agreement, agreement of corporate division to transfer business, plan for corporate division to incorporate a company, share exchange agreement or share transfer plan:

(i) Number of stock acquisition rights of reorganizing company to be delivered:

The same number as that of the stock acquisition rights held by each person entitled to exercise the Outstanding Rights

(ii) Class of shares of reorganizing company to be issued or transferred upon exercise of stock acquisition rights:

Shares of common stock of the reorganizing company

(iii) Number of shares of reorganizing company to be issued or transferred upon exercise of stock acquisition rights:

The number of shares shall be determined in accordance with paragraph (2) above, taking into account the terms and conditions of the reorganization.

(iv) Amount of property to be contributed upon exercise of a stock acquisition right:

The amount of property to be contributed upon exercise of each stock acquisition right to be delivered shall be an amount obtained by multiplying by the number of shares of the reorganizing company to be issued or transferred upon exercise of each such stock acquisition right determined as set forth in item (iii) above, the paid-in amount after the reorganization obtained by adjustment to the Exercise Price set forth in paragraph (5) above by taking into account the conditions of the reorganization.

(v) Exercise period of stock acquisition rights:

From the later of the first day of the exercise period of stock acquisition rights set forth in paragraph (6) above and the day on which the reorganization becomes effective, to the last day of the exercise period of stock acquisition rights set forth in paragraph (6) above.

(vi) Terms and conditions of the exercise of stock acquisition rights:

To be determined in accordance with paragraph (7) above.

(vii) Matters concerning capital and capital reserve to be increased in the event that shares are issued upon exercise of the stock acquisition rights:

To be determined in accordance with paragraph (8) above.

(viii) Restriction on acquisition of stock acquisition rights by transfer:

Any acquisition of stock acquisition rights by transfer shall be subject to the approval of the reorganizing company.

(ix) Events of acquisition of stock acquisition rights:

To be determined in accordance with paragraph (9) above.

(11) Restriction on acquisition of the stock acquisition rights by transfer:

Any acquisition of the stock acquisition rights by transfer shall be subject to the approval of the Board of Directors of the Company.

(12) Treatment of fractions of a share upon exercise of the stock acquisition rights:

For the purpose of delivery of shares to any person entitled to exercise stock acquisition rights who exercises his/her rights, any fraction of one share shall be discarded.

- END -