

Presentation of Operating Results in 2nd Quarter (Apr.- Sep.) of FY 2010

November 9 , 2010

FUNAI ELECTRIC.,LTD.

Security code 6839

. Briefing of the 1st Half Operating Results, Future Outlook and Emphasizing Measures

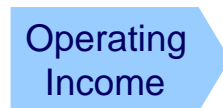
1. Briefing of the 1st Half of Operating Results
2. Macro Outlook of the 2nd Half
3. Projection of the 2nd Half and the Full Year Operating Results
4. Emphasizing Measures from the 2nd Half through Next Fiscal Year

(100 million yen)

	FY 2009	Forecast	FY 2010
Sales	1,670 →	1,700 →	1,540
Operating Income (Margin)	100 (6.0%) →	72 (4.2%) →	45 (3.0%)



Short of projection
(Changes from Forecast : 90.6%)



Short of projection

TV Segment



▶ Less than projection, mainly due to slump in large size LCD TV

DVD Segment



▶ Existing DVD : Less than projection
BD : In line with projection

Information Equip. Segment



▶ Better than projection

Global economy progressing to bipolarization between advanced country and emerging country, but untransparencny increasing

U.S. economic outlook

Serious job climate . . . Remaining high unemployment rate and outstanding long term jobless (in particular in middle income people)
 Prolonged decline of housing market . . . Ending tax cut of house purchase led the market downward again / increase in foreclosure
 → Shunning purchase of non-essential goods, untransparencny hanging over year-end sales

Climate of other major market

Europe : Prolonged dull economy in increasing fiscal deficit (except export oriented country)
 Japan : Deteriorating economy dull to the yen and the gov't subsidy running out the steam

Risk factors in the market

Further decline of the U.S. Dollar Unstable panel and material price
 Rise of Chinese competitors

3 . Projection of the 2nd Half and the Full Year Operating Results

(100 million yen)

		Revised	
	Results of 1H	Projection of 2H	Projection of FY
Sales	1,540	1,660	3,200
Operating Income (Margin)	45 (3.0%)	45 (2.7%)	90 (2.8%)

- ▶ Revised assumption of forex rate (USD:¥90 ¥83 / Euro:¥122 ¥113)
 Sales revised from 3,500 yen to 3,200 yen, taking account of price competition in LCD TV and other AVs.

4. Emphasizing Measures from the 2nd Half through Next Fiscal Year



Thorough and speedy execution of the following measures to restrengthen competitiveness

Cost

Rebuild procurement structure
Thoroughly pursue for cost down design
Reinforce SCM^{*1} / Speed-up PSI^{*2}
Reexamine process and system of development

Sales

Rebuild Philips business

- Promotion of brand strategy
- Thorough marketing
- Strengthen client oriented products

+

Take over
hospitality
business

Expansion of product line-up
Reinforce OEM / ODM business

Program for middle to long term growth

Reinforce new business

Internet · Communication relationship equip.
Cable TV related equip.

Acceleration of global development of production and sales base

Promotion of production base in Asia and Others
Reinforce market and sales diversification into Europe · Japan · China · Latin America

*1 SCM: Supply Chain Management

*2 PSI : Purchase Selling Inventory

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Outline of Operating Results

1. Summary of Operating Results (Jul.-Sep.)
2. Summary of Operating Results (Apr.-Sep.)
3. Breakdown of Sales by Equipment
4. Sales of DVD related Equipment
5. Sales of Television related Equipment
6. Geographic Breakdown of Sales
7. Factor of Changes of Operating Income
8. Financial Conditions
9. Changes of Inventories
10. Capital Expenditures, Depreciation Expense and R&D Expenditures
11. Forecast of Operating Results of FY2010 ending March 2011
12. Forecast of Sales by Equipment of FY2010 ending March 2011

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1. Summary of Operating Results (Jul.- Sep.)

(100 million yen)

	FY 2009	FY 2010	Changes From Previous 2Q
Net Sales	894	791	103 (11.5%)
Operating Income	63	20	43
Margin	(7.1%)	(2.6%)	+14 (1) +22 (2)
Ordinary Income	55	34	21
Margin	(6.2%)	(4.4%)	+14 (3)
Net Income after tax	41	34	7
Margin	(4.6%)	(4.4%)	

Average USD- JPY Exchange Rate	92. ⁸⁰	85. ⁰²
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Month End Exchange Rate (USD/JPY)	09/6	09/9	10/6	10/9
	96. ⁰¹	90. ²¹	88. ⁴⁸	83. ⁸²

(1) Interest receivables +2 、 Forex gain +12 (2) Forex loss +22 (3) less Income taxes +14

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2. Summary of Operating Results (Apr.- Sep.)

(100 million yen)

	FY 2009	Forecast	FY 2010	Changes From Previous 2Q	Changes From Projection
Net Sales	1,670	1,700	1,540	130 (7.8%)	160 (90.6%)
Operating Income	100	72	45	55	27
Margin	(6.0%)	(4.2%)	(3.0%)	+2 (1) +7 (3) +4 (5)	
Ordinary Income	95	70	47	48	23
Margin	(5.7%)	(4.1%)	(3.1%)	9 (2) +13 (4) +5 (6)	
Net Income after tax	73	56	38	35	18
Margin	(4.4%)	(3.3%)	(2.5%)		

Average USD- JPY Exchange Rate	94. ⁷⁸	90. ⁰⁰	88. ¹⁵
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Month End Exchange Rate (USD/JPY)	09/3	09/9	10/3	10/9
	98. ²³	90. ²¹	93. ⁰⁴	83. ⁸²

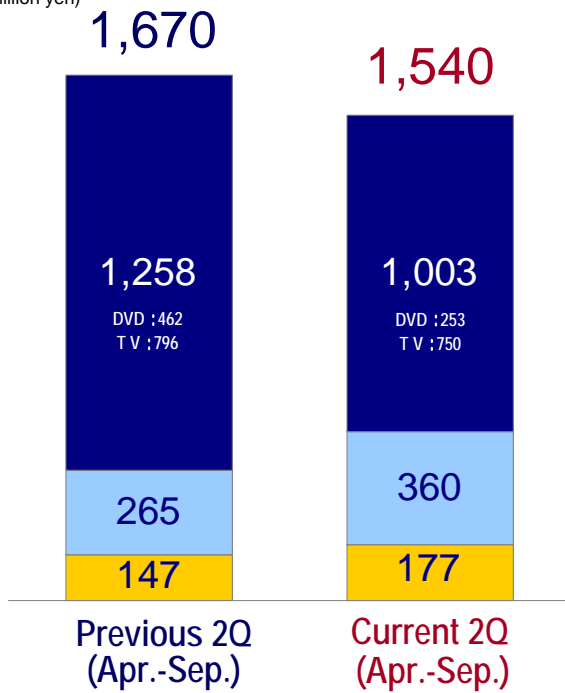
(1) Interest receivables +3 、 Forex loss 1 (3) Interest receivables 2 、 Forex loss +9 (5) Interest receivables +1 、 Forex loss +3
 (2) Extraordinary loss 1, Income taxes 8 (4) Extraordinary loss 1, Income taxes +14 (6) Extraordinary loss 1, Income taxes +6

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3. Breakdown of Sales by Equipment



(100 million yen)

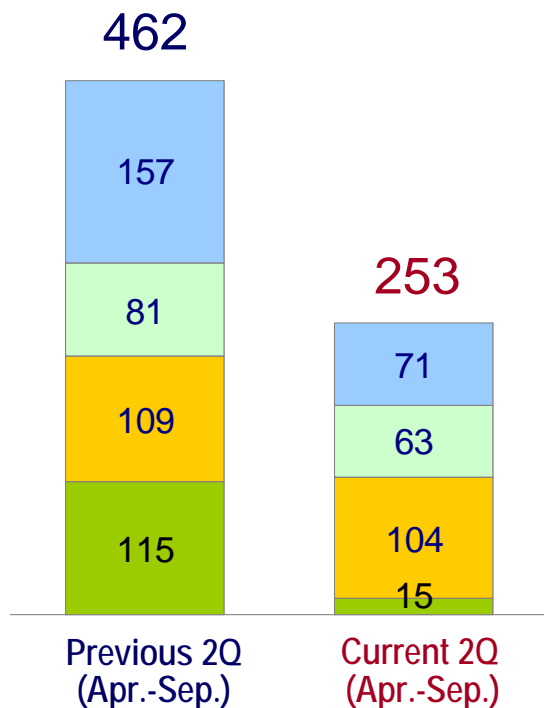


(100 million yen)

Comparison to Previous 2Q	
AV Equipment	: 255 (20.3%)
DVD Equip.	: 209 (45.2%)
T V Equip.	: 46 (5.8%)
Information Equipment	: + 95 (+ 35.9%)
Others	: + 30 (+ 20.4%)
Total	: 130 (7.8%)

From FY2010 antenna set for North America is classified in 'Others' from 'Others in TV related equipment on Audio Visual Equipment' which was classified in FY2009. The sales amount of antenna set for North America in the 2nd quarter in FY2009 was 2400 mil. yen.

4. Sales of DVD related Equipment



· Demand in U.S. for DVD player and DVD recorder tracked the market contraction.

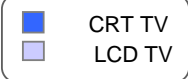
Blu-ray disc · BRD recorder, newly launched the product, contributed to sales, but less-than offset decline of BRD player.

Digital STB · Digital STB ended the life in the U.S market.

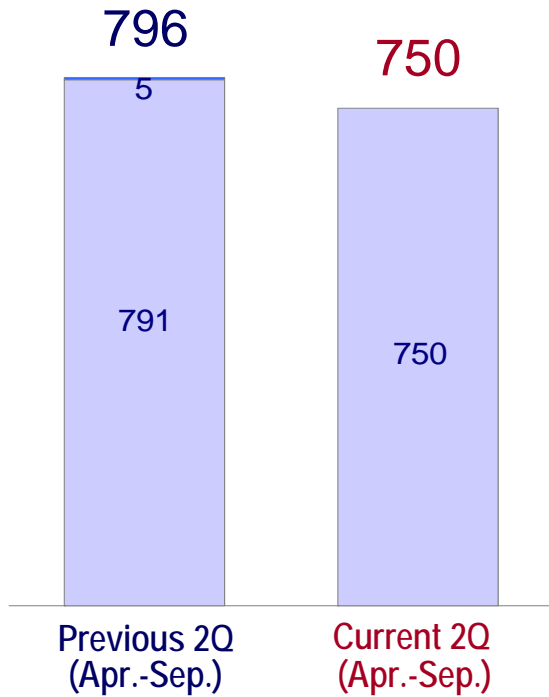
(100 million yen)

Comparison to Previous 2Q	
DVD Player Equipment	: 86 (54.8%)
DVD Recorder Equipment	: 18 (22.2%)
Blu-ray disc	: 5 (4.6%)
Digital STB	: 100 (87.0%)
Total	: 209 (45.2%)

5. Sales of Television related Equipment



(100 million yen)



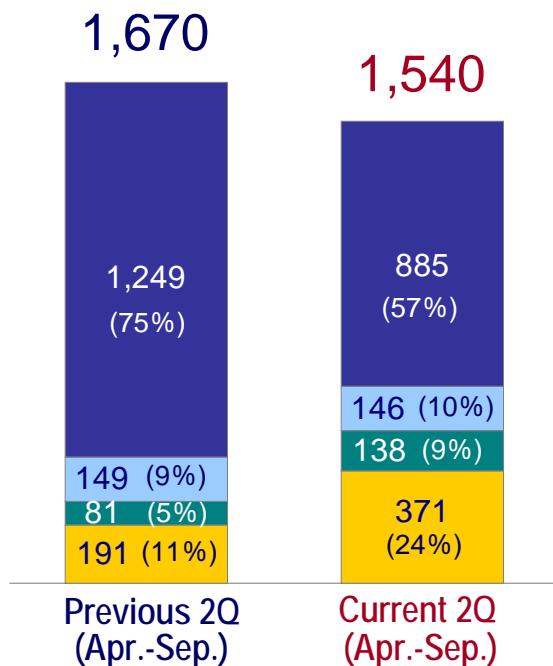
LCD TV

The overall sales declined due to sluggish demand, in particular for large size in North America, though Japan increased backed up by 'Eco-point'.

(100 million yen)

Comparison to Previous 2Q	
CRT TV	: 5 (-)
LCD TV	: 41 (5.2%)
Total	: 46 (5.8%)

6. Geographic Breakdown of Sales



North America

In addition to Digital STB ended the life in the U.S market and DVD and LCD TV decreased.

Europe

DVD declined.

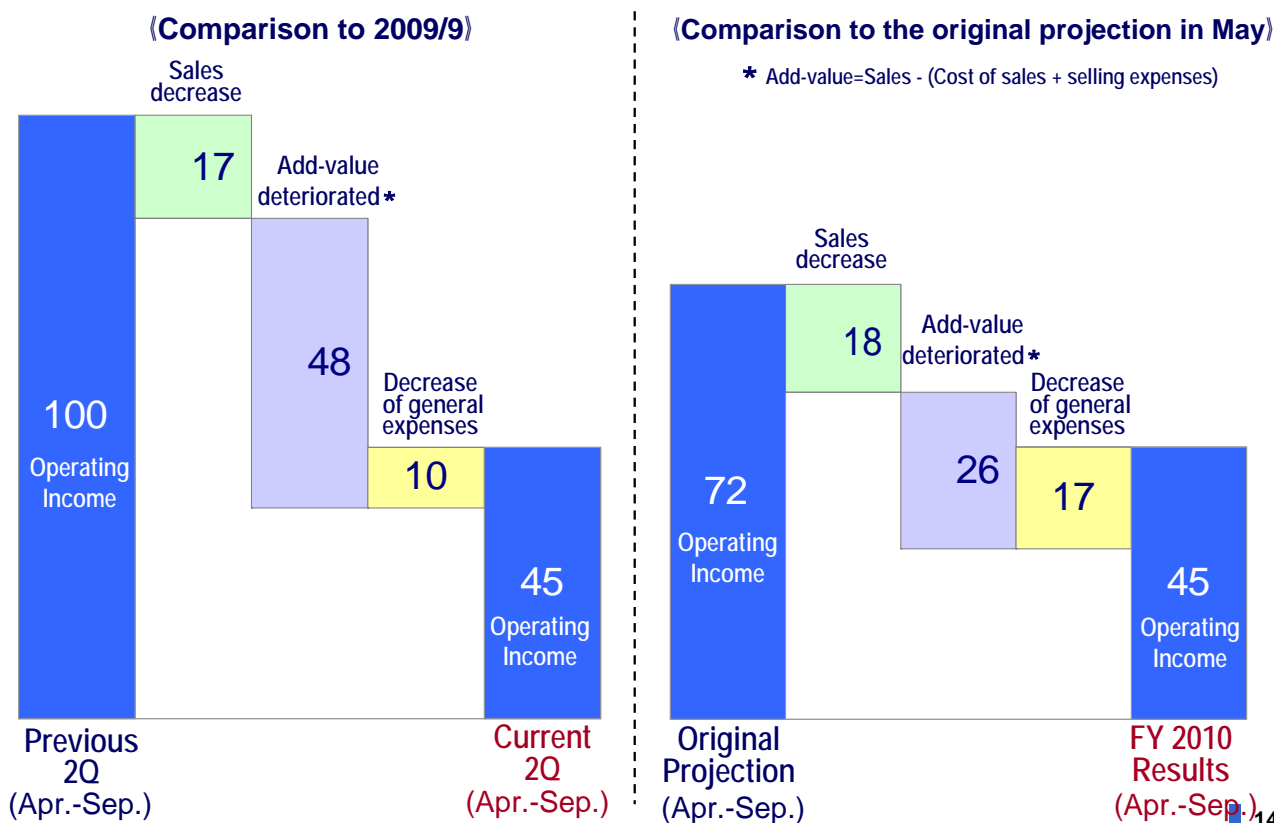
Japan

'Eco-point' contributed to increase in LCD TV, antennas and related devices and BD recorder.

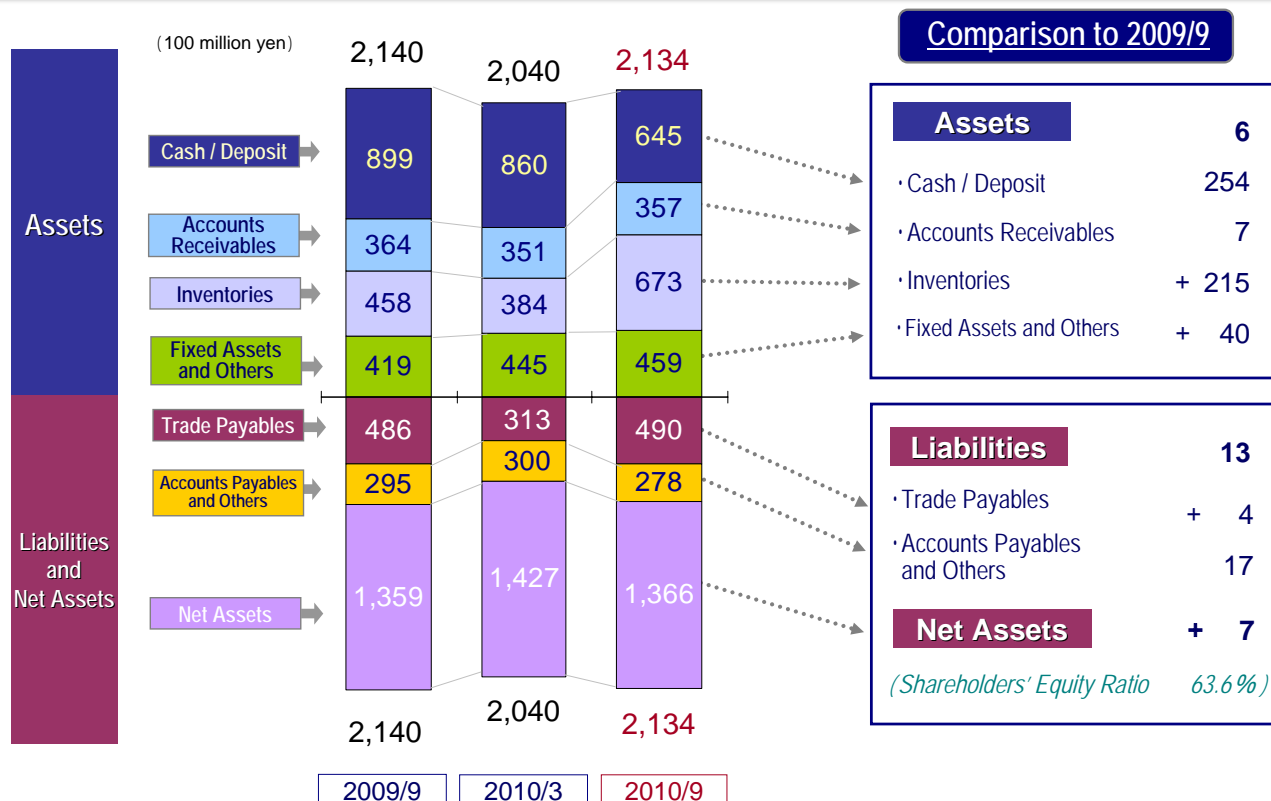
(100 million yen)

Comparison to Previous 2Q	
North America	: 364 (29.1%)
Europe	: 3 (2.3%)
Asia & Others	: + 57 (+ 70.4%)
Japan	: + 180 (+ 94.4%)
Total	: 130 (7.8%)

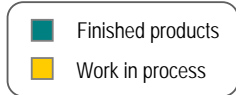
7. Factor of Changes of Operating Income



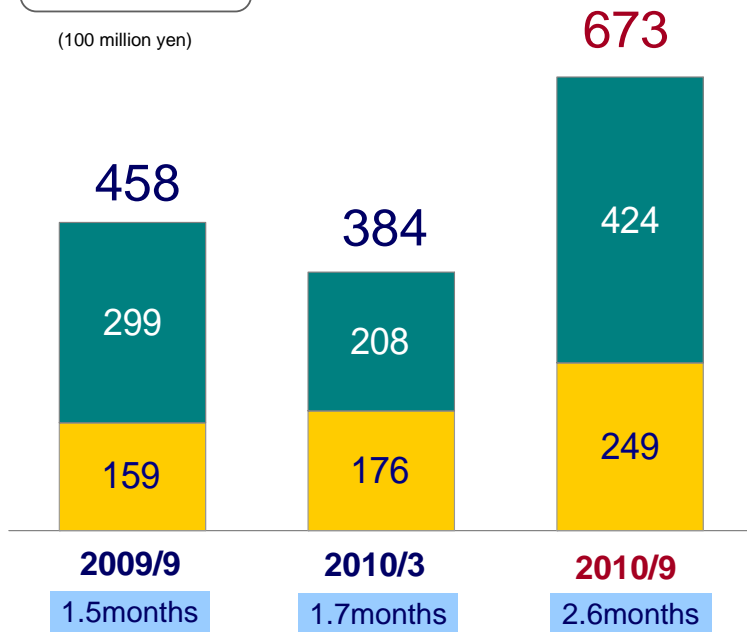
8. Financial Conditions



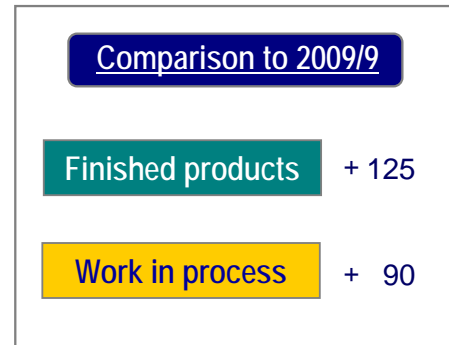
9. Changes of Inventories



(100 million yen)



(100 million yen)



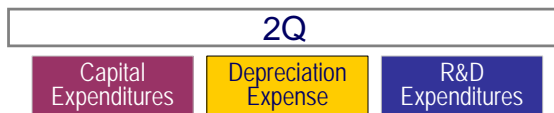
Inventories Turnover

1.5months

1.7months

2.6months

10. Capital Expenditures, Depreciation Expense and R&D Expenditures



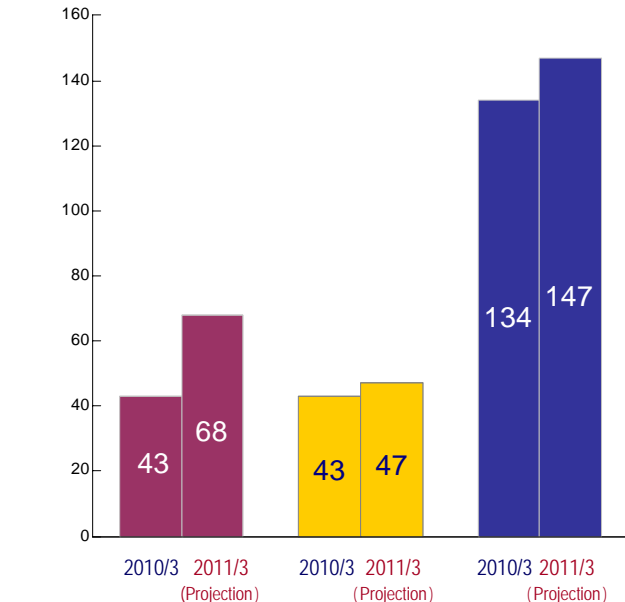
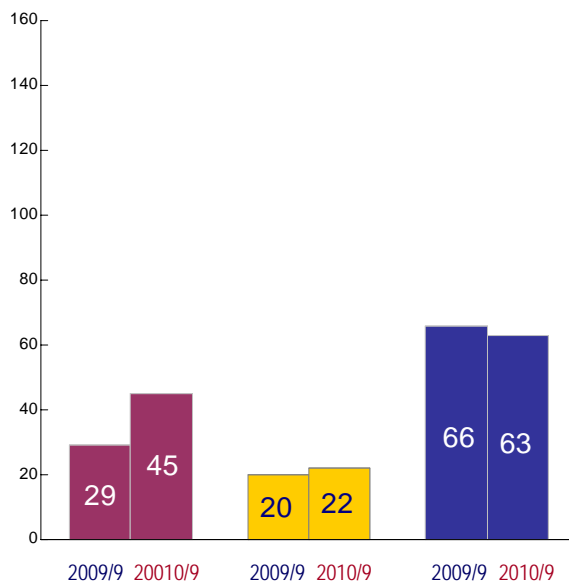
(100 million yen)

+ 16

+ 2

3

(100 million yen)



11. Forecast of Operating Results of FY2010 ending March 2011



(100 million yen)

	FY2009 Results	Original Forecast	Revision of Forecast	Changes from Previous year	Changes From Original Forecast
Net Sales	3,149	3,500	3,200	+51 (+1.6%)	300 (91.4%)
Operating Income	111	130	90	21	40
Margin	(3.5%)	(3.7%)	(2.8%)	+2 (1)	3(3) +3(5)
Ordinary Income	116	129	92	24	37
Margin	(3.7%)	(3.7%)	(2.9%)	21 (2)	8(4) +8(6)
Net Income after tax	103	100	71	32	29
Margin	(3.3%)	(2.9%)	(2.2%)		
Average USD- JPY Exchange Rate	92. ⁶⁰	90. ⁰⁰	85. ⁵⁷		

(1) Interest receivables +4, Forex loss 1
Interest payable 1

(2) Extraordinary loss 1,
Income taxes 20

(3) Interest receivables 3

(4) Extraordinary loss 1, Extraordinary loss +8,
Income taxes 15

(5) Interest receivables +1, Forex loss +3
Other 1

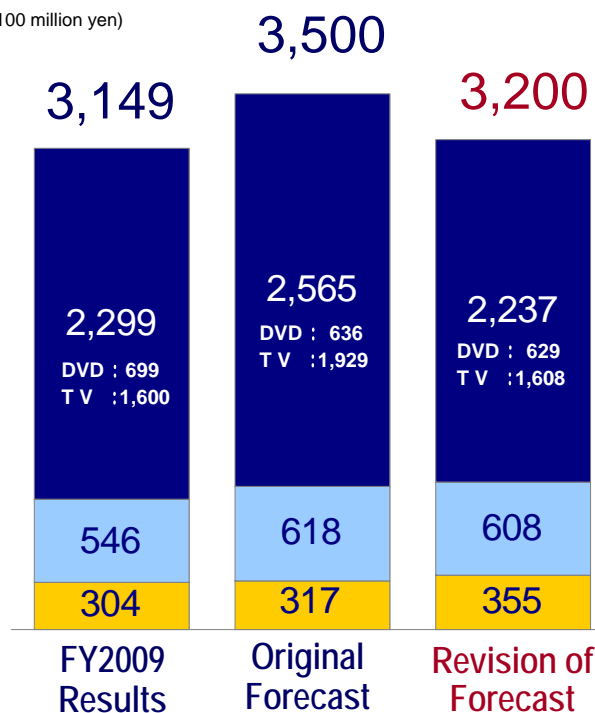
(6) Extraordinary loss 1,
Income taxes +9

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12. Forecast of Sales by Equipment of FY2010 ending March 2011



(100 million yen)



Comparison to Previous year

AV Equipment	: 62 (2.7%)
DVD Equip.	: 70 (10.0%)
T V Equip.	: + 8 (+ 0.5%)
Information Equipment	: + 62 (+ 11.4%)
Others	: + 51 (+ 16.8%)
Total	: + 51 (+ 1.6%)

Changes from Original Forecast

AV Equipment	: 328 (87.2%)
DVD Equip.	: 7 (98.9%)
T V Equip.	: 321 (83.4%)
Information Equipment	: 10 (98.4%)
Others	: + 38 (112.0%)
Total	: 300 (91.4%)

The sales amount of antenna set for North America in FY2009 was 3600 mil. yen.

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Supplemental Data

Summary of Operating Results (Jul.-Sep.)

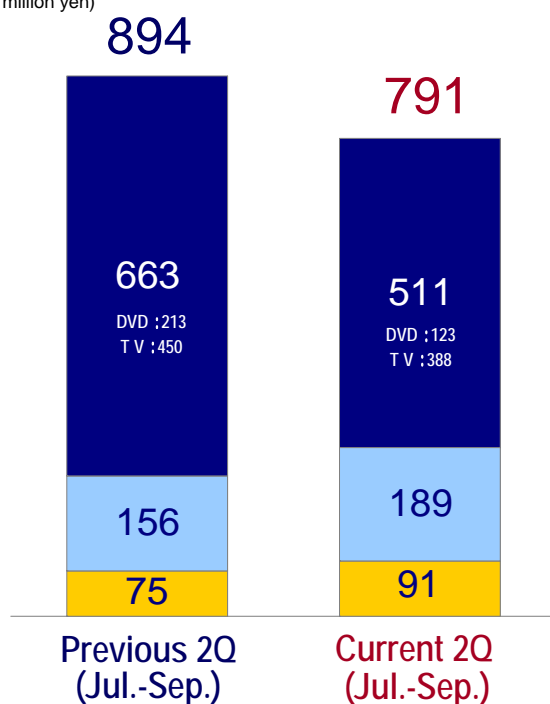
1. Breakdown of Sales by Equipment
2. Sales of Audio and Visual Equipment
3. Geographic Breakdown of Sales

1. Breakdown of Sales by Equipment



(100 million yen)

(100 million yen)

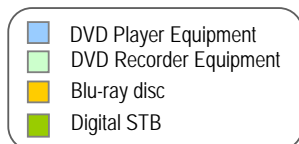


Comparison to Previous 2Q

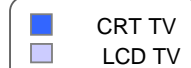
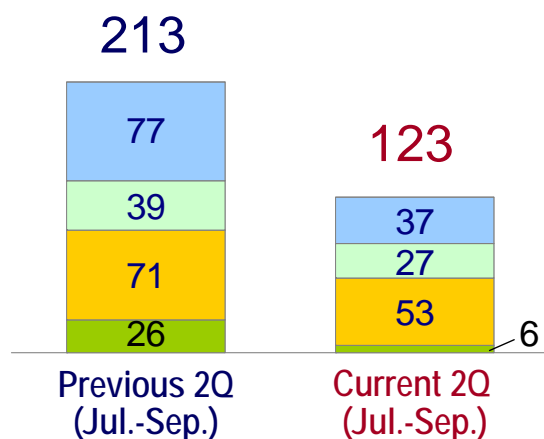
AV Equipment	: 152 (22.9%)
DVD Equip.	: 90 (42.3%)
T V Equip.	: 62 (13.8%)
Information Equipment	: + 33 (+ 21.2%)
Others	: + 16 (+ 21.3%)
Total	: 103 (11.5%)

The sales amount of antenna set for North America in the 2nd quarter in FY2009 was 1300 mil. yen.

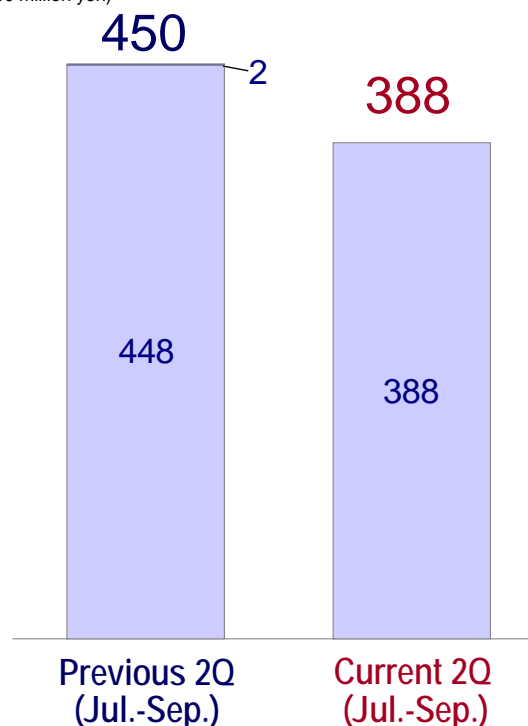
2. Sales of Audio and Visual Equipment



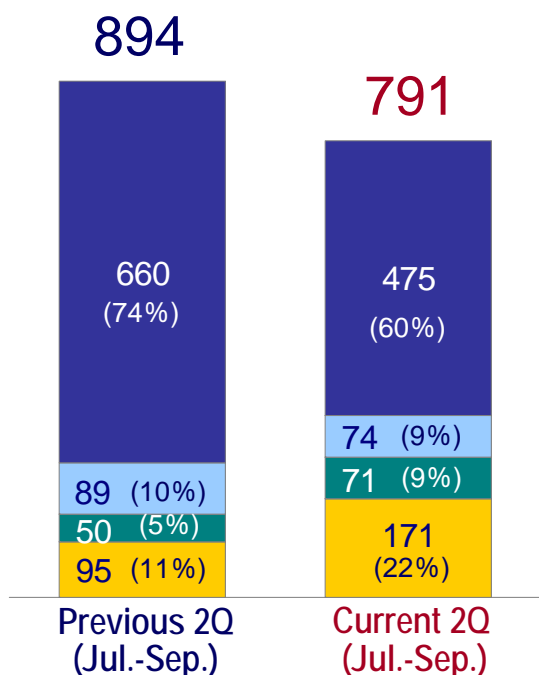
(100 million yen)



(100 million yen)



3. Geographic Breakdown of Sales



(100 million yen)

Comparison to Previous 2Q

North America	: 185 (28.0%)
Europe	: 15 (16.9%)
Asia & Others	: + 21 (+ 42.0%)
Japan	: + 76 (+ 80.0%)
Total	: 103 (11.5%)

Supplemental Data

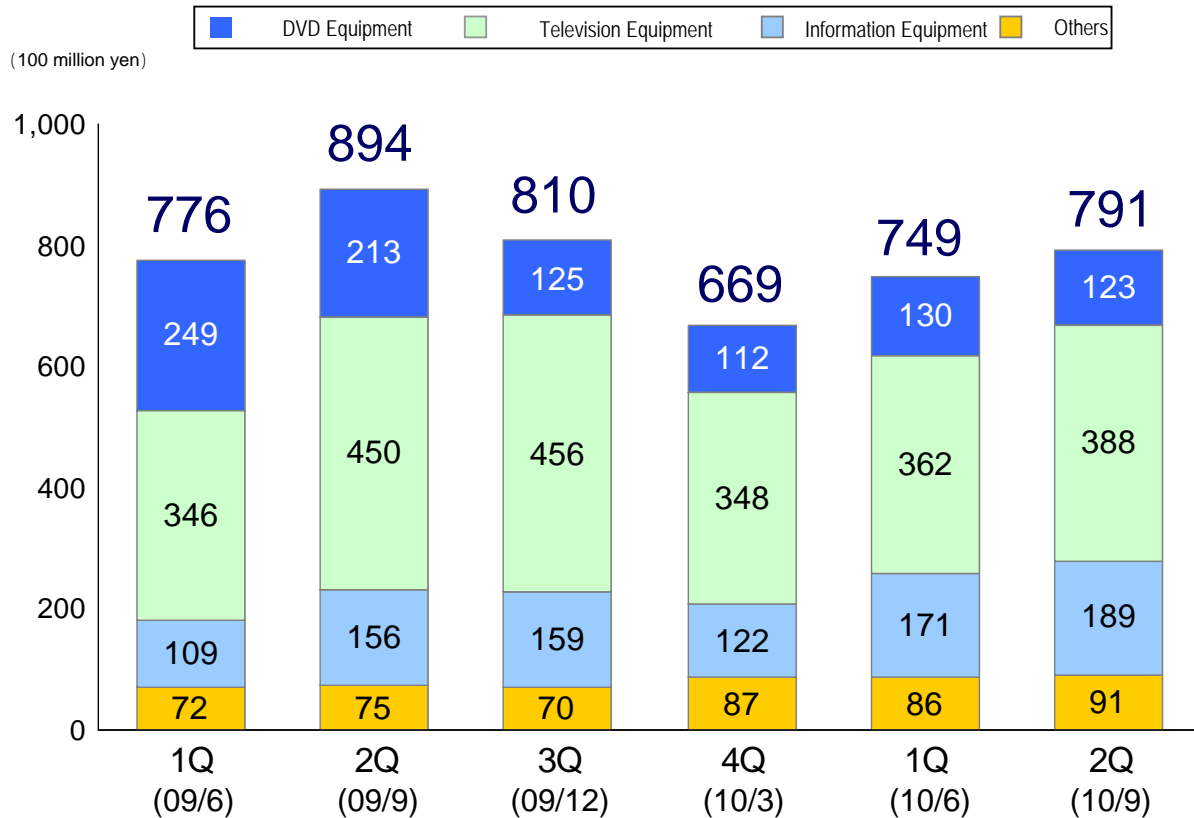
1. Quarterly Operating Summary of FY 2009, 2010
2. Quarterly Changes of Sales Amount by Equipment

1. Quarterly Operating Summary of FY 2009, 2010

(100million yen)

	FY 2009				FY 2010	
	1Q	2Q	3Q	4Q	1Q	2Q
Net Sales	776	894	810	669	749	791
Operating Income	37	63	14	3	25	20
Margin	(4.8%)	(7.1%)	(1.8%)	(0.6%)	(3.4%)	(2.6%)
Ordinary Income	40	55	24	3	12	34
Margin	(5.3%)	(6.2%)	(3.0%)	(0.5%)	(1.7%)	(4.4%)
Net Income After Tax	31	41	18	11	4	34
Margin	(4.1%)	(4.6%)	(2.3%)	(1.8%)	(0.6%)	(4.4%)

2. Quarterly Changes of Sales Amount by Equipment



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Disclaimer



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