

FY 2011 FINANCIAL REPORT

〔 From April 1, 2011
To March 31, 2012 〕



FUNAI ELECTRIC CO., LTD.

Financial Summary for the Period Ending March 2012

1. Summary of Operating Results (Consolidated)

(Million yen)

	Fiscal Year 2010		Fiscal Year 2011		Rate of increase or decrease
	〔 From April 1, 2010 to March 31, 2011 〕		〔 From April 1, 2011 to March 31, 2012 〕		
	Amount	%	Amount	%	
Net Sales	295,923	100.0	246,147	100.0	16.8
Operating Income	772	0.3	461	0.2	40.2
Ordinary Income	1,290	0.4	174	0.1	86.5
Net Loss after Tax *	1,169	0.4	3,693	1.5	-
Net Loss after Tax **	1,169	0.4	4,629	1.9	-
Net Loss per Share	34.31		135.69		

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

2. Summary of Operating Results (Non-Consolidated)

(Million yen)

	Fiscal Year 2010		Fiscal Year 2011		Rate of increase or decrease
	〔 From April 1, 2010 to March 31, 2011 〕		〔 From April 1, 2011 to March 31, 2012 〕		
	Amount	%	Amount	%	
Net Sales	248,286	100.0	195,880	100.0	21.1
Operating Loss	233	0.1	307	0.2	-
Ordinary Income	5,943	2.4	10,165	5.2	71.0
Net Income after Tax *	6,267	2.5	3,557	1.8	43.2
Net Income after Tax **	6,267	2.5	2,621	1.3	58.2
Net Income per Share	183.79		76.86		

*For the purpose of comparison the Net Income / Loss after Tax before the deduction of Income taxes for 935 million yen for prior periods is recorded.

**Supplementary tax assessment based on rectification notice to Funai Electric Co., Ltd. for anti-tax haven system in HK for 935 million yen for the period of March 2008 to March 2010 was posted as a cost of income taxes for prior periods in First Quarter consolidated income statement of FY2011.



Financial Report for the 12-Month Period ended March 31, 2012

May 7, 2012

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

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

Representative: President and CEO

Tomonori Hayashi

Inquiries: Associate Officer, Administrative HQ

Hisao Fuke

TEL: (072) 870-4395

Scheduled date of Annual General Shareholders Meeting: June 22, 2012

Scheduled date of Securities Report to be filed to the Kinki Finance Bureau: June 22, 2012

Scheduled date of Commencement of Annual Dividend Payment: June 14, 2012

Financial Results Supplementation: Yes

Financial Results Seminar: Yes

1. Summary of Consolidated Results for the Fiscal Year ended March 2012 (April 1, 2011 – March 31, 2012)

(1) Operating Results (Consolidated)

(% denotes year on year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Year 2011	246,147	16.8	461	40.2	174	86.5	4,629	-
Fiscal Year 2010	295,923	6.0	772	93.1	1,290	89.0	1,169	-

(Note) Comprehensive Income Fiscal Year ended March 31, 2012 6,486 million yen (- %)
Fiscal Year ended March 31, 2011 10,252 million yen (- %)

	Net Income Per Share	Net Income Per Share on a Fully Diluted Basis	Net Income to Shareholders' Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Fiscal Year 2011	135.69	-	3.7	0.1	0.2
Fiscal Year 2010	34.31	-	0.9	0.6	0.3

(Reference) Equity in earning of affiliates Fiscal Year ended March 31, 2012 28 million yen
Fiscal Year ended March 31, 2011 27 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Million yen	Million yen	%	Yen
Fiscal Year 2011	176,607	123,843	69.5	3,598.03
Fiscal Year 2010	193,910	131,228	67.1	3,813.57

(Reference) Shareholders' Equity Fiscal Year ended March 31, 2012 122,762 million yen
Fiscal Year ended March 31, 2011 130,088 million yen

(3) Consolidated Cash Flows

	Net Cash Provided by (Used in) Operating Activities	Net Cash Provided by (Used in) Investing Activities	Net Cash Provided by (Used in) Financing Activities	Cash and Cash Equivalents at the End of Period
	Million yen	Million yen	Million yen	Million yen
Fiscal Year 2011	16,416	6,434	6,717	36,567
Fiscal Year 2010	5,165	4,070	2,465	33,745

2. Dividends

Corresponding Date	Dividend per Share					Total Dividend Payment	Pay-out Ratio (Consolidated)	Dividend on Equity Ratio (Consolidated)
	1Q End	2Q End	3Q End	Year-End	Annual			
	yen	yen	yen	yen	yen	Million yen	%	%
Fiscal Year 2010	-	0.00	-	40.00	40.00	1,364	-	1.0
Fiscal Year 2011	-	0.00	-	50.00	50.00	1,705	-	1.3
Fiscal Year 2012 (Projection)	-	-	-	-	-		-	

(Note) 1. Breakdown of dividends for FY 2011: Ordinary dividend, JPY 40 + Commemorative dividend, JPY 10

2. The dividend for FY 2012 has been undecided. The company's dividend policy of DOE is unchanged.

Because of the high impact stemmed from the recent fluctuations in exchange rates give to the consolidated net assets, the dividend is to be disclosed at the time of disclosure has become possible to public.

3 Forecast of Consolidated Results for the Fiscal Year ending March 2013 (April 1, 2012 - March 31, 2013)

(% denotes year on year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending Sep.30.2012	102,000	27.5	1,100	48.1	1,200	130.8	200	-	5.86
Full Year	229,000	7.0	4,000	766.7	4,000	-	2,500	-	73.27

Note

(1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): No

(2) Changes in Accounting Practices, Procedures and Presentation Methods for Consolidated Financial Results

Changes arising from revision of accounting standards: No

Changes arising from other factors: No

Changes in accounting estimates: No

Restatement: No

(3) Number of Shares Outstanding (Ordinary Shares)

Number of shares outstanding (including treasury stock) as of March 31, 2012; 36,130,796 shares
as of March 31, 2011; 36,123,596 shares

Number of shares of treasury stock as of March 31, 2012; 2,011,607 shares
as of March 31, 2011; 2,011,607 shares

The Average number of outstanding shares on March 31, 2012; 34,114,415 shares
on March 31, 2011; 34,099,994 shares

(Reference)

Summary of Non-consolidated Results for the Fiscal Year ended March 2012 (April 1, 2011– March 31, 2012)

(1) Operating Results (Non-consolidated)

(% denotes year on year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Year 2011	195,880	21.1	307	-	10,165	71.0	2,621	58.2
Fiscal Year 2010	248,286	2.1	233	-	5,943	-	6,267	-

	Net Income Per Share	Net Income Per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal Year 2011	76.86	76.71
Fiscal Year 2010	183.79	182.86

(2) Financial Position(Non-consolidated)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Million yen	Million yen	%	Yen
Fiscal Year 2011	112,717	77,584	68.7	2,270.78
Fiscal Year 2010	109,563	76,851	70.1	2,250.35

(Reference) Shareholders' Equity

Fiscal Year ended March 31, 2012
Fiscal Year ended March 31, 2011

77,477 million yen
76,763 million yen

Note:

This document contains forward-looking statements and projections regarding business performance which are not historical facts. Please note that these statements are based on the current expectations, assumptions, estimates and projections of the Funai Group in light of the information currently available to it. Actual performance may materially differ from projections included in this document because of the impacts of uncertainty in various factors. For the assumptions and other related matters concerning consolidated results forecast, please refer to “ (1)Analysis of Business Performance ” of “ 1 Business Performance. ”

1. Business Performance

(1) Analysis of Business Performance

Summary of the consolidated fiscal year under review

(Market environment)

During the fiscal year ended March 31, 2012, the economy of the United States, which is the Funai Group's principal market, was affected seriously in the first half by a sluggish housing market and a persistently high unemployment rate. In the second half, however, the job situation began to recover, centering on the private sector, and personal consumption showed signs of improvement. Meanwhile, uncertainty remains regarding the impact of rising gasoline prices on personal consumption and the effect of the European debt crisis on global economic conditions.

In the consumer electronics market, conditions were problematic. Unexpectedly high yen appreciation and supply chain disruptions stemming from the Great East Japan Earthquake and flooding in Thailand depressed corporate results. Performance in Japan fell off in the wake of the home electronics eco-point system, and in Europe and the United States demand decreased for LCD televisions (one of Funai Electric's main production lines). Also, in emerging markets, a driver of growth, the rate of expansion leveled off.

As a result of the above factors, the Group posted net sales of JPY 246,147 million, a 16.8% decrease compared with the same period last year.

On the profit front, operating income was JPY 461 million, down 40.2% year on year; ordinary income was JPY 174 million, down 86.5% year on year; and a net loss of JPY 4,629 million (the net loss for the same period last year was JPY 1,169 million).

Segment conditions by location were as follows:

i) Japan

Sales of Blu-ray Disc recorders were favorable in the first half. In the second half, however, supply chain disruptions stemming from the flooding in Thailand resulted in component supply issues, affecting sales. Furthermore, reduced orders for printers prompted a major falloff in revenue from sales of information equipment. Also, sales of LCD televisions and antennas and related devices declined, owing to a drop in the wake of the home electronics eco-point system and completion of the transition to digital terrestrial broadcasting. As a result, net sales were JPY 111,870 million, a 27.2% decrease compared with the same period last year. Our operating profit (segment profit) was JPY 4,690 million, down 35.0% year on year.

ii) North America

Revenues from sales of our mainstay LCD televisions fell substantially in the first half, as sluggish market conditions pushed down prices. Revenues were up slightly in the second half of the year, however, owing to favorable results from key customers during year-end sales. Meanwhile, owing to this factor and the growing prevalence of Internet-based content distribution through video on demand (VOD), which caused demand for DVD and Blu-ray Disc players to decline, net sales declined 6.7% year on year, to JPY 124,126 million. Our operating loss (segment loss) was JPY 1,343 million (the operating loss for this segment for the same period last year was JPY 6,663 million).

iii) Asia

Net sales were JPY 4,717 million, an increase of 75.0% year on year. Our operating profit (segment profit) was JPY 425 million, down 79.6% year on year.

iv) Europe

Sales of DVD-related equipment increased, but revenues fell due to the effects of the weak market for LCD televisions. As a result, net sales down 16.2% year on year, to JPY 5,432 million, and an operating loss (segment loss) of JPY 1,530 million (operating loss for the same period last year was JPY 1,748 million).

Sales by Product Segment were as follows:

i) Audio-Visual Equipment

In audio-visual equipment, revenues from sales in Japan of LCD televisions were down substantially, owing to the falloff in the wake of the home electronics eco-point system and completion of the transition to digital terrestrial broadcasting. In DVD-related equipment as well, although revenues from sales of Blu-ray Disc recorders were up, revenues from sales of DVD players and Blu-ray Disc players declined year on year. As a result, net sales of this equipment were JPY 183,507 million, a decrease of 7.6% year on year.

ii) Information Equipment

In the information equipment sector, decreases in orders for printers resulted in net sales of this equipment were JPY 30,013 million, a decrease of 46.8% year on year.

iii) Others Products

Sales of other products that are not included in the above categories amounted to JPY 32,627 million, a decrease of 20.3% year on year, as sales of antennas and related devices fell, reflecting the conclusion of the transition to digital terrestrial broadcasting.

Outlook for the next consolidated fiscal year

For the fiscal year ending March 31, 2013, the Funai Group expects the operating climate to remain problematic, plagued by ongoing uncertainty in its operating environment. To this end, we will further cultivate the Funai Production System (FPS), entrench cost reductions, promote the use of information technologies, improve operations and reinforce risk management.

The outlook for the next consolidated fiscal year is provided below.

< Consolidated operating results >

Net sales	JPY 229,000 million	(7.0% decrease year-on-year)
Operating income	4,000 million	(766.7% increase year-on-year)
Ordinary income	4,000 million	(-)
Net income	2,500 million	(-)

For its earnings estimates, the Company has assumed an exchange rate of JPY80 = US\$1.00. The operating results outlook is a forward-looking statement about the future performance of the Company and is based on management's assumptions and beliefs in light of information currently available, and involves known and unknown risks and uncertainties. Various factors such as changes in economic conditions overseas, especially in the main U.S. market, and severe price fluctuations may cause actual events and results to differ materially from those anticipated in these statements.

(2) Analysis of Financial Position

Condition of total assets, total liabilities and net assets

Total assets decreased by JPY 17,303 million as compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of JPY 4,071 million and JPY 8,472 million for notes receivable – trade and accounts receivable-trade, raw materials and inventories

Total liabilities decreased by JPY 9,918 million as compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of JPY 5,513 million and JPY 1,746 million for short-term loans payable and income taxes payable.

Net assets decrease by JPY 7,384 million as compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of JPY 5,354 million and JPY 1,430 million in the retained earnings and foreign currency translation adjustment account.

Condition of cash flow

With regard to consolidated cash flow for the consolidated fiscal year under review, net cash provided by operating activities was JPY 16,416 million. Net cash used in investing activities was JPY 6,434 million. Net cash used in financing activities was JPY 6,717 million. The balance of cash and cash equivalents at end of the consolidated fiscal year under review was JPY 36,567 million.

The cash flow indicator trends for the Funai Group are provided below.

	FY ended March 2008	FY ended March 2009	FY ended March 2010	FY ended March 2011	FY ended March 2012
Shareholders' equity ratio	70.3	67.6	69.6	67.1	69.5
Shareholders' equity ratio on a market capitalization basis	52.1	49.1	65.8	43.6	35.8
Ratio of cash flow to interest-bearing debt	—	—	1.9	—	0.3
Interest coverage ratio	—	—	43.7	—	130.5

Shareholders' equity ratio: Equity capital/total assets

Shareholders' equity ratio on a market capitalization basis: Total market capitalization/Total assets

Ratio of cash flow to interest-bearing debt: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flow/Interest payments

* All indicators are calculated using financial values on a consolidated basis.

* Total market capitalization is calculated by multiplying the closing share price at the end of the consolidated fiscal year by the number of shares outstanding (after deducting treasury stock) at the end of the consolidated fiscal year.

* Net cash provided by (used in) operating activities shown on the Consolidated Statements of Cash Flows is used as operating cash flow. Interest-bearing liabilities include all liabilities on which the Company pays interest that are accounted for on the Consolidated Balance Sheets. The amounts shown as interest expense on the Consolidated Statements of Cash Flows are used as interest payments.

* The ratio of cash flow to interest-bearing debt and the interest coverage ratio for the fiscal years ended March 2008, March 2009 and March 2011 have been omitted because cash flow from operating activities was negative.

(3) Basic Policy Concerning Distribution of Earnings and Dividends for the Consolidated Fiscal Year under Review and Next Fiscal Year

With regard to the distribution of earnings, the Company recognizes the return of earnings to shareholders is an important management issue, and considers the maintenance of stable dividends while taking steps to strengthen the Company's management base to be a fundamental policy. The Company implements a positive dividend policy, which takes into consideration factors such as the operating environment, based on a dividend ratio of 1.0% of consolidated net assets as a specific standard.

Based on this policy, for the fiscal year ended March 31, 2012, the Group plans to award a year-end dividend of JPY 50 per share. This includes a ordinary dividend of JPY 40 per share of common stock, as well as a JPY 10 dividend commemorating the Company's 50th anniversary of establishment. The dividend of the next fiscal year has been undecided. The Company plans to implement dividend payments as a year-end dividend (once a year).

(4) Business and Other Risks

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

(Funai Group management policy)

The Group has adopted a policy of providing high-quality, low-cost products to consumers based upon optimized production and sales systems on a global scale. We manufacture and sell our principal products, such as audiovisual equipment (DVD-related products, LCD TVs, etc.) and information equipment (printers, etc.), in addition to other products (antennas and related devices, etc.). Price competition in these product areas is intense. Additionally, the life cycle of digital products is short and the competition to develop new technologies and functions is also growing more severe. Accordingly, these factors may affect the Group's financial situation and operating results.

Product cost and market prices

The Group's primary target is customers of mass merchandisers such as Walmart and therefore we must deliver low prices. Consequently, the Group is working to cut costs through measures such as establishing production systems in optimal locations, pursuing further application of the Funai Production System (FPS), the unique productivity improvement system developed by Funai, and utilizing internal production of parts and centralized purchasing. However, competition in the home electronic appliance industry is intense and when the cost of parts and raw materials rise, cost pressures may affect the Group's financial situation and operating results regardless of the fact that we have implemented these measures.

Product supply through OEM (producing partner brands)

As part of our effort to collaborate with distributors and electronic appliance manufacturers, particularly overseas, OEM accounted for 33.0% of the Group's production supply during the fiscal year under review. While our OEM strategy is to efficiently increase our market share and improve productivity through mass production, entrusting the sales strategy to our partners may also result in unforeseen changes. Additionally, individual OEM contracts are relatively short in duration and Funai must be able to accurately respond to the needs of its partners. We must strengthen our OEM strategy and, at the same time, strengthen marketing in order to complement that strategy from a long-term perspective, and create a proposal-based sales strategy through the establishment of the Funai brand. The progress of these measures may affect the Group's financial situation and operating results.

New technologies

As the number of digital products in the home electronic appliance industry increases and the needs of the market become more diverse, Funai must improve the quality, volume and speed of its new product development. The Group must be able to respond to such issues and we will improve our technical capabilities, primarily in the digital product area, by collaborating with other companies, industry and academia, and through personnel training. We also will consider mergers and acquisitions among our options. However, a diversification of market needs or technological innovation beyond our expectations may affect the Group's financial situation and operating results.

Defects relating to products and services

The Group efforts to increase quality are centered on the departments that are responsible for quality management and technologies. In addition, a service platform consisting of service companies in both domestic and international markets has been established. However, if there is a defect in a product that requires the Group to respond by repairing or replacing such product, the impact of the warranty and/or the resultant decrease in corporate reputation may have negative implications for the Group's financial situation and operating results.

Intellectual Property Rights

Recent years have seen an increase in activity by so-called "patent trolls." These are entities that sell no products of their own, but that attempt to generate income from patent royalties by filing lawsuits using intellectual property rights acquired from third parties. This is a worrisome trend for all companies involved in manufacturing and sales. In the United States, legislation to limit trolls' activities has been submitted and is under deliberation. However, as a result of this trend we could be compelled to make high compensation payments that may affect the Group's financial situation and operating results.

(Impact of overseas market trends)

Dependence on the North American market

A large portion of the Group's net sales originates in overseas markets. The North American market in particular accounted for 54.5% of net sales in the current consolidated fiscal year.

Should the North American economy rapidly enter a recession, this may affect the Group's financial situation and operating results.

Dependence on Chinese production

The Group is working to improve the cost competitiveness of its products by concentrating production in positive cost-benefit regions and purchasing parts in bulk. In the current consolidated fiscal year 98.4% of our products were produced overseas, with 87.6% produced under consignment fabrication in China. Changes in the Chinese government, the outbreak of conflict or natural disasters or other unforeseen circumstances may affect the Group's financial situation and operating results.

Foreign currency risk

The Funai Group selects production sites for its principal products after giving consideration to optimal production sites and sales systems. DVD-related products, LCD TVs, and printers are produced in China, LCD TVs are produced in Poland, and LCD TVs are produced in Thailand.

Funai purchases products from overseas subsidiaries in these countries and sells them in overseas markets, particularly North America, either through Funai's overseas sales subsidiaries or through direct sales to OEM supply partners. Domestic sales are also conducted through direct sales and sales subsidiaries.

Purchases from overseas subsidiaries in these countries accounted for 85.9% of gross purchases during the current consolidated fiscal year. Likewise, overseas net sales accounted for 67.0% of net sales. The majority of our purchasing and sales are conducted in U.S. dollars. We believe this reduces the risks that accompany currency fluctuations.

However, it is impossible to completely eliminate foreign currency risk, and large currency fluctuations may affect the Group's financial situation and operating results.

2. Current Conditions of the Company's Group

The Company has omitted disclosure of this item because there are no material changes from the information reported in "Diagram of Operating Business Relationships (Business Contents)" and "Affiliated Companies" in the most recent financial statements (submitted on June 22, 2011).

3. Management Policies

(1) Basic Management Policy of the Company

As its basic management policy, Funai Electric Co., Ltd. will pursue its business activities by building strong trust and seeking the mutual prosperity of all parties related to the Company as its basic policy, by creating the most efficient development, manufacturing and sales organization possible and stably supplying high quality and fairly priced products to global markets, based on a corporate creed of continual product improvements, promotion of deeper trust and further harmony and mutual prosperity.

(2) Management Indicators Established as Objectives

As a management indicator for the Funai Group, the Company places the greatest emphasis on operating income margin, and will seek to achieve an operating income margin of at least 5% at all companies over the medium term.

(3) Medium to Long-term Management Strategy and Issues to be addressed

The consumer electronics market is globalizing with unprecedented speed. Amid such changes as business restructuring efforts that transcend traditional business borders, Internet proliferation and a growing societal focus on environmental issues, leading companies are undergoing a process of selection and focus, posting net losses or near-losses on an annual basis as the industry undergoes major structural reforms.

Operating in this difficult environment, the Funai Group faces such issues as raising management speed while ensuring quality and price levels to predominate against rival firms and at the same time expanding sales and recovering profitability by offering products that will sell.

We will also embark on the development of new businesses, centered on eco-products, which have a bright future.

In this environment, we will endeavor to enhance the Group's corporate value by implementing the policies outlined below.

Increasing net sales and returning to profitability

The Funai Group has positioned the increase of net sales and improvement of earnings as its highest priority issue.

(Product strategy)

In audio-visual equipment, revenues from sales of LCD televisions were down during the year. This stemmed from a sluggish Japanese market, reflecting a falloff in the wake of the home electronics eco-point system and completion

of the transition to digital terrestrial broadcasting. Our inventory levels improved from the preceding fiscal year, as we maintained appropriate inventories of both products and LCD backlight panels, a mainstay component. We are enhancing our PSI management (PSI standing for “purchase, sales and inventory”). We will continue to make our products more competitive pricewise through redesigns and by restructuring our component sourcing system, with a view to recovering profitability. In products related to Blu-ray Discs, sales of players dropped off owing to the growing popularity of video on demand (VOD), where content is distributed via the Internet, but sales of recorders rose, centered on provision in Japan under OEM agreements. Going forward, we aim to boost sales by further strengthening our relationships with OEM customers.

During the year, we extended our brand licensing agreements with Royal Philips Electronics through December 31, 2015, maintaining responsibility for the sourcing, distribution, marketing and sales activities of Philips consumer televisions and video products in the United States, Canada, Mexico and select South American countries. We plan to increase sales by fostering demand for Philips brand products.

In addition, during the fiscal year we purchased from IPG Electronics 503 Limited a portfolio of 360 patents applicable to its television and related businesses, augmenting our audio-visual segment’s patent portfolio. This acquisition should aid our efforts to respond to competitors’ patent claims.

In information equipment as well, orders of conventional products from OEM customers were down, lowering revenues during the fiscal year under review. In the future, we will strive to provide higher-value-added products to OEM customers by leveraging our base of expertise in mechatronics, as well as by commercializing printers developed in-house.

We have also embarked on the new business of providing LED lighting in the Chinese market. We expect to commence full-fledged production and sales activities in the upcoming fiscal year, and will work to develop cost-competitive products.

(Market strategy)

The Funai Group faces the challenges of reducing the risk of overemphasizing the US market, mitigating the effects of seasonality by smoothing production and sales throughout the year, and increasing sales. To address these issues, we are considering ways to develop our business in expansionary emerging markets in the ASEAN and Near and Middle East regions, as well as in our existing markets in Europe, Japan, Mexico and other Latin American countries. In February 2012, we established Funai India Private Limited in Mumbai, India, and we are now preparing to begin sales at this subsidiary in the upcoming fiscal year.

Conversely, we have made the comprehensive decision to revise our position that prioritized cultivation of the Brazilian market. We will forego this development for the time being.

Through the steady implementation of the above-mentioned strategies, we plan to minimize the time lags between product planning, development, material procurement, production and sales, enabling us to provide products in a timely manner that meet market needs precisely.

Reinforcing manufacturing and development systems

The Funai Group’s manufacturing structure is highly dependent on China, and we recognize this as a risk that must be mitigated. Accordingly, during the year we augmented FUNAI (THAILAND) CO., LTD. a production base that will become core to our provision of products in the Indian market. We also plan to continue looking into production in other regions.

To increase groupwide development efficiency, we moved forward with efforts to expand our development facilities in Asian countries, establishing a development facility in China during the year.

Training and appointment of human resources

The Company recognizes that improving each employee’s capabilities and being able to link this to bolstering the strength of the Funai Group will be critical for ensuring the Funai Group stays in the lead in the new era of global competition and implementing the Group’s medium to long-term business strategy. Therefore the Company’s policy is to actively train and assign employees, without regard to whether they are younger employees or mid-career staff, by strengthening and expanding its internal or external training systems.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million Yen)

	Fiscal year 2010 (As of March 31, 2011)	Fiscal year 2011 (As of March 31, 2012)
ASSETS:		
Current Assets		
Cash and deposits	70,076	68,146
Notes and accounts receivable-trade	36,367	32,296
Securities	-	4,500
Merchandise and finished goods	23,565	22,387
Work in process	1,795	1,570
Raw materials and supplies	18,477	10,005
Deferred tax assets	3,721	2,915
Other	4,956	3,989
Allowance for doubtful accounts	139	120
Total current assets	158,820	145,689
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	13,703	12,741
Depreciation and amortization	8,002	7,335
Buildings and structures (net)	5,700	5,406
Machinery, equipment and motor vehicles	20,807	10,850
Depreciation and amortization	17,982	9,101
Machinery, equipment and motor vehicles (net)	2,824	1,749
Tools, furniture and fixtures	29,400	21,241
Depreciation and amortization	27,171	19,215
Tools, furniture and fixtures (net)	2,228	2,025
Lands	5,136	5,170
Lease assets	650	773
Depreciation and amortization	258	420
Lease assets (net)	391	352
Other	7	80
Total tangible fixed assets	16,290	14,785
Intangible assets		
Patent right	2,786	3,813
Other	933	982
Total intangible fixed assets	3,720	4,795
Investment and other assets		
Investment securities	6,268	4,641
Deferred tax assets	4,239	3,661
Other	4,924	3,331
Allowance for doubtful accounts	352	297
Total investments and other assets	15,079	11,336
Total noncurrent assets	35,089	30,917
TOTAL ASSETS	193,910	176,607

(Million Yen)

	Fiscal year 2010 (As of March 31, 2011)	Fiscal year 2011 (As of March 31, 2012)
LIABILITIES;		
Current Liabilities		
Notes and accounts payable-trade	28,938	29,623
Short-term loans payable	10,096	4,583
Accounts payables	12,555	11,158
lease liabilities	205	224
Income taxes payable	2,071	325
Deferred tax liabilities	1	1
Allowance for bonus	484	248
Reserve for products guarantee	1,225	798
Other	3,347	3,091
Total current liabilities	58,926	50,054
Noncurrent liabilities		
Long-term loans payables	33	-
lease liabilities	368	281
Deferred tax liabilities	63	4
Revalued deferred tax liabilities	274	226
Reserve for retirement benefits	1,354	1,038
Allowance for officers' retirement gratuities	1,038	1,069
Other	623	87
Total noncurrent liabilities	3,755	2,708
TOTAL LIABILITIES	62,681	52,763
NET ASSETS;		
Shareholders' equity		
Capital stock	31,300	31,307
Capital surplus	33,265	33,272
Retained earnings	116,738	111,384
Treasury stock	24,341	24,341
Total shareholders' equity	156,962	151,623
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	612	56
Foreign currency translation adjustment	27,486	28,917
Total accumulated other comprehensive income	26,874	28,861
Subscription right to shares	87	106
Minority interests	1,052	974
Total net asset	131,228	123,843
TOTAL LIABILITIES AND NET ASSETS	193,910	176,607

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

(Million Yen)

	Fiscal year 2010 (from April 1, 2010 to March 31, 2011)	Fiscal year 2011 (from April 1, 2011 to March 31, 2012)
Net sales	295,923	246,147
Cost of sales	255,614	208,779
Gross profit	40,308	37,368
Selling, general and administrative expenses	39,536	36,906
Operating income	772	461
Non-operating income		
Interest income	370	240
Dividends income	27	94
Equity in profit of affiliates and unconsolidated subsidiaries	27	-
Foreign exchange gains	196	-
Rent income	107	103
Other	167	129
Total non-operating income	897	567
Non-operating expenses		
Interest expenses	132	126
Equity in losses of affiliates	-	28
Foreign exchange losses	-	378
Loss on investments in partnership	41	141
Other	205	179
Total non-operating expenses	379	854
Ordinary income	1,290	174
Extraordinary income		
Gain on sales of noncurrent assets	9	9
Gain on sales of investment securities	282	3
Other	36	-
Total extraordinary income	328	12
Extraordinary loss		
Loss on disposal of noncurrent assets	31	30
Liquidation loss on affiliated company	88	-
Loss on sales of investment securities	-	313
Loss on impairment	-	396
Other	45	7
Total extraordinary loss	166	748
Income before income taxes	1,453	560
Income taxes	1,642	1,385
Income taxes for prior periods	-	935
Income Tax Adjustments	633	1,617
Total income taxes	2,276	3,939
Loss before minority interests	823	4,500
Minority interests in income	346	129
Net loss	1,169	4,629

(Consolidated Statement of Comprehensive Income)

(Million Yen)

	Fiscal year 2010 (from April 1, 2010 to March 31, 2011)	Fiscal year 2011 (from April 1, 2011 to March 31, 2012)
Loss before minority interest adjustment	823	4,500
Other comprehensive Income		
Valuation difference on available-for-sale securities	142	555
Foreign currency translation adjustment	9,661	1,417
Share of other comprehensive income of associates accounted for using equity method	90	13
Total other comprehensive Income	9,428	1,986
Comprehensive income	10,252	6,486
(Breakdown)		
Comprehensive income attributable to owners of parent	10,578	6,616
Comprehensive income attributable to minority interests	326	129

(3) Consolidated Statements of Changes in Shareholders' Equity

(Million Yen)

	Fiscal year 2010 (from April 1, 2010 to March 31, 2011)	Fiscal year 2011 (from April 1, 2011 to March 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	31,280	31,300
Changes of items during the period		
New issue of stock	19	7
Total changes of items during the period	19	7
Balance at the end of current period	31,300	31,307
Capital surplus		
Balance at the end of previous period	33,245	33,265
Changes of items during the period		
New issue of stock	19	7
Total changes of items during the period	19	7
Balance at the end of current period	33,265	33,272
Retained earnings		
Balance at the end of previous period	119,272	116,738
Changes of items during the period		
Dividends from surplus	1,363	1,364
Net profit or net loss ()	1,169	4,629
Increase due to merger of a non-consolidated subsidiary by a consolidated subsidiary	-	639
Total changes of items during the period	2,533	5,354
Balance at the end of current period	116,738	111,384
Treasury stock		
Balance at the end of previous period	24,340	24,341
Changes of items during the period		
Purchase of treasury stock	0	-
Total changes of items during the period	0	-
Balance at the end of current period	24,341	24,341
Total shareholders' equity		
Balance at the end of previous period	159,457	156,962
Changes of items during the period		
New issue of stock	39	14
Dividends from surplus	1,363	1,364
Net loss	1,169	4,629
Purchase of treasury stock	0	-
Increase due to merger of a non-consolidated subsidiary by a consolidated subsidiary	-	639
Total changes of items during the period	2,494	5,339
Balance at the end of current period	156,962	151,623

(Million Yen)

	Fiscal year 2010 (from April 1, 2010 to March 31, 2011)	Fiscal year 2011 (from April 1, 2011 to March 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	470	612
Changes of items during the period		
Net changes of items other than shareholders' equity	141	555
Total changes of items during the period	141	555
Balance at the end of current period	612	56
Foreign currency translation adjustment		
Balance at the end of previous period	17,936	27,486
Changes of items during the period		
Net changes of items other than shareholders' equity	9,549	1,430
Total changes of items during the period	9,549	1,430
Balance at the end of current period	27,486	28,917
Total accumulated other comprehensive income		
Balance at the end of previous period	17,465	26,874
Changes of items during the period		
Net changes of items other than shareholders' equity	9,408	1,986
Total changes of items during the period	9,408	1,986
Balance at the end of current period	26,874	28,861
Subscription rights to shares		
Balance at the end of previous period	62	87
Changes of items during the period		
Net changes of items other than shareholders' equity	25	19
Total changes of items during the period	25	19
Balance at the end of current period	87	106
Minority interests		
Balance at the end of previous period	726	1,052
Changes of items during the period		
Net changes of items other than shareholders' equity	326	77
Total changes of items during the period	326	77
Balance at the end of current period	1,052	974
Total net assets		
Balance at the end of previous period	142,779	131,228
Changes of items during the period		
New issue of stock	39	14
Dividends from surplus	1,363	1,364
Net loss	1,169	4,629
Purchase of treasury stock	0	-
Increase due to merger of a non-consolidated subsidiary by a consolidated subsidiary	-	639
Net changes of items other than shareholders' equity	9,057	2,045
Total changes of items during the period	11,551	7,384
Balance at the end of current period	131,228	123,843

(4) Consolidated quarterly statements of cash flows

(Million Yen)

	Fiscal year 2010 (from April 1, 2010 to March 31, 2011)	Fiscal year 2011 (from April 1, 2011 to March 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,453	560
Depreciation and amortization	6,367	6,547
Loss on impairment	-	396
Increase(decrease) in allowance for doubtful accounts	13	69
Increase(decrease)in provision for retirement benefits	31	315
Interest and dividends income	398	334
Interest expenses	132	126
Equity in (earnings) losses of affiliates	27	28
Loss (gain) on sales of property, plant and equipment	1	7
Loss (gain) on sales of investment securities	282	310
Loss (gain) on valuation of investment securities	0	0
Loss on liquidation of subsidiaries and affiliates	88	-
Decrease (increase) in notes and accounts receivable-trade	5,248	3,472
Decrease (increase) in inventories	8,950	9,097
Increase (decrease) in notes and accounts payable-trade	2,288	1,087
Other, net	1,877	394
Subtotal	2,718	19,384
Interest and dividends income received	406	317
Interest expenses paid	128	125
Income taxes paid	2,970	3,577
Income taxes refund	246	1,353
	-	935
Net cash provided by (used in) operating activities	5,165	16,416
Net cash provided by (used in) investment activities		
Payments into time deposits	71,744	96,743
Repayments from time deposits	82,008	96,372
Purchase of property, plant and equipment	6,400	3,607
Proceeds from sales of property, plant and equipment	44	102
Purchase of intangible assets	235	2,678
Purchase of investment securities	138	290
Proceeds from sales of investment securities	482	485
Payment of partial purchase of shares of consolidated subsidiaries	-	196
Payments for loan receivables	2	3
Collection of loan receivables	45	10
Other, net	13	114
Net cash provided by (used in) investment activities	4,070	6,434

(Million Yen)

	Fiscal year 2010 (from April 1, 2010 to March 31, 2011)	Fiscal year 2011 (from April 1, 2011 to March 31, 2012)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	4,496	5,068
Repayment of long-term loans payable	533	33
Proceeds from issue of stock option	31	11
Purchase of fractional shares	0	-
Cash dividends paid	1,363	1,364
Other, net	164	263
Net cash provided by (used in) financing activities	2,465	6,717
Effect of exchange rate change on cash and cash equivalents	1,628	227
Net increase (decrease) in cash and cash equivalents	258	3,490
Cash and cash equivalents at beginning of period	34,063	33,745
Decrease in cash and cash equivalents due to exclusion from consolidation	59	669
Cash and cash equivalents at end of period	33,745	36,567

(7) Notes on Consolidated Financial Statements

(Consolidated Balance Sheet)

Contingent Liabilities

A consolidated subsidiary, FUNAI EUROPE GmbH, is under investigation by the German tax authorities with regard to transfer pricing taxation on transactions with FUNAI ELECTRIC EUROPE Sp.z o.o., which is also a consolidated subsidiary. So far, the results of this investigation are inconclusive. As at present it is not possible to rationally estimate the amount of impact such an investigation could have, this factor has not been reflected in the Group's consolidated financial statements.

(Consolidated Statement of Income)

Impairment Losses

During the fiscal year under review, the Funai Electric Group recorded losses on impairment in the following asset groups.

Use	Location	Type
Business Assets	DX Antenna Co., Ltd. (Hyogo-ku, Kobe City)	Buildings and structures
Business Assets	DX Antenna Co., Ltd. (Ono City, Hyogo Pref.)	Buildings and structures
Research Facility	DX Antenna Co., Ltd.. (Tarumi-ku, kobe City)	Buildings and structures , Lands

In principle, the Funai Electric Group groups business assets on the basis of legal units, while idle assets are grouped by individual asset.

During the fiscal year under review, we reduced the book values of structures earmarked for demolition and land scheduled for sale to their recoverable values. These reductions, along with estimated removal costs associated with demolition, were recorded as a loss on impairment (JPY 396 million) and posted as an extraordinary loss. This loss breaks down into JPY 353 million on buildings and structures, and JPY 43 million on land.

We reduced to zero the recoverable value of those assets that are slated for demolition. For assets scheduled for sale, we reduced their recoverable value to their net sale value, based on real estate appraisal values.

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

1. On June 28, 2005 and June 16, 2008 we received a notice from the Osaka Regional Taxation Bureau regarding the implementation of corrective action. This notice indicated a decision regarding our subsidiary in Hong Kong, suggesting that it did not satisfy the conditions for exclusion from application of the Anti-Tax Haven Law. The notification furthermore indicated that the Osaka Regional Taxation Bureau decided to incorporate the income generated by our subsidiary in Hong Kong into the income of our company for the duration of three years, from April 1, 2001, to March 31, 2004, from April 1, 2004, to March 31, 2007, or taxation purposes. Because the Company objected to this corrective action, we applied for assessments by the Administrative Review Office of the Osaka Regional Taxation Bureau on July 25, 2006 and again on August 6, 2008. Thereafter, we received written verdicts on this case on July 3, 2008, and again on July 23, 2009, indicating that our assertions had been dismissed. We filed an appeal to have the action cancelled with the Osaka District Court on November 16, 2006 and again on November 14, 2008, and a hearing for consolidation of those actions was filed on November 26, 2008. The court dismissed the claims of our Company on June 24, 2011. Thereafter, as the Company is unable to accept the Osaka District Court's judgment, we filed a notice of appeal at the Osaka Superior Court on July 7, 2011. The additional tax amounts to JPY 16,651 million (JPY 19,184 million including incidental taxes) and JPY 15,038 million (JPY 16,838 million including incidental taxes), including corporate, residential, and business taxes. We processed these amounts in the fiscal term ending March 2007 as "retroactive corporate taxes," since the accounting procedures relating to additional tax amounts have been clarified through the amendment of the "Handling of Audits Relating to Accounting Procedures and Disclosures for Taxes" (Report No. 63 of the Auditing and Guaranteeing Work Committee of the Japanese Institute of Certified Public Accountants) on March 8, 2007.
2. On June 29, 2011 we received a notice from the Osaka Regional Taxation Bureau indicating their decision to incorporate the income generated by our subsidiary in Hong Kong into the income of our company for the duration of three years, from April 1, 2007, to March 31, 2010, for taxation purposes. Because the Company objected to this corrective action, we applied for assessments by the Administrative Review Office of the Osaka Regional Taxation Bureau on August 25, 2011. The additional tax, including corporate, residential, and business taxes, amounts to JPY 825 million (JPY 935 million including incidental taxes). This amount has been processed as expenses under the category of "income taxes for prior periods" in this fiscal year.
3. With regard to the actions the Company filed with the Osaka District Court on June 28, 2005, and June 16, 2008, seeking the rescission of supplementary tax assessments, on June 24, 2011, a decision was reached in which the court dismissed the claims of the Company. Accordingly, the Company treated this amount as an expense during the fiscal year under review, which is the fiscal year following the year to which the assessment was applied.

(Consolidated Comprehensive Income)
Fiscal year 2011 (April 1, 2011- March 31, 2012)

(Million yen)

Reclassification adjustment and tax effect amount involved in other comprehensive income	
Valuation difference on available-for-sale securities	
Accrued amount on the current term	1,388
Reclassified amount	<u>445</u>
Pre-adjustment of tax effect	942
Tax effect amount	<u>387</u>
Valuation difference on available-for-sale securities	555
Foreign currency translation adjustment:	
Accrued amount on the current term	<u>1,417</u>
Share of other comprehensive income of associates accounted for using equity method:	
Accrued amount on the current term	<u>13</u>
Total other comprehensive income	<u>1,986</u>

[Segment Information]

1. Summary of Reporting Segments

The Group's reporting segments are based on those units within the Group where separate financial information is available and where the Chief Executive Officer (Representative Director, President and Executive Officer) of the Group periodically deliberates over matters such as the distribution of management resources and financial performance of such segments.

The Group's main business is to manufacture and sell electrical equipment and devices. Within Japan, such functions are the responsibility of DX Antenna Co., Ltd. Overseas, the areas of the United States, Asia and Europe are managed by Funai Corporation, Inc. (North America), P&F USA, Inc. (North America), Funai Electric (H.K.) Ltd. (Asia), FUNAI ELECTRIC EUROPE Sp.z o.o (Europe), and other locally domiciled entities. Each locally domiciled entity is an independently managed unit that engages in business activities after formulating comprehensive strategies on the products to carry in the region.

Consequently, the Group is comprised of location-specific segments that are based on its manufacturing and sales structure and have established "Japan", "North America", "Asia" and "Europe" as its four reporting segments.

2. Measurement of the amount of sales, income/loss, assets and liabilities and other in each reporting segment

The accounting policies of the reporting segment are the same as "Basis of presenting consolidated financial statements"

Net sales of intersegment are based on sales price to outside customers.

3. Information of the amount of sales, income/loss, assets, liabilities and other in each reporting segment

Fiscal year 2010 (April 1, 2010 - March 31, 2011)

(Units: Million Yen)

	Japan	N. America	Asia	Europe	Total	Adjustments (Note 1)	Consolidated (Note 2)
Net Sales							
(1) Sales to outside customers	153,662	133,079	2,696	6,486	295,923	-	295,923
(2) Inter-segment sales	126,433	3	194,332	8	320,777	(320,777)	-
Total	280,096	133,082	197,028	6,494	616,701	(320,777)	295,923
Segment Income and Losses()	7,219	6,663	2,086	1,748	893	(121)	772
Segment Assets	122,295	38,856	86,868	5,919	253,939	(60,029)	193,910
Other							
Depreciation and amortization	2,866	132	3,139	229	6,368	(0)	6,367
Amortization of goodwill	31	-	-	-	31	-	31
Investment amount to equity method affiliate	-	-	272	-	272	-	272
Increase in tangible fixed assets and intangible assets	1,188	33	5,353	56	6,630	(200)	6,430

Fiscal year 2011 (April 1, 2011 - March 31, 2012)

(Units: Million Yen)

	Japan	N. America	Asia	Europe	Total	Adjustments (Note 1)	Consolidated (Note 2)
Net Sales							
(1) Sales to outside customers	111,870	124,126	4,717	5,432	246,147	-	246,147
(2) Inter-segment sales	112,132	0	160,757	4	272,895	(272,895)	-
Total	224,003	124,127	165,475	5,437	519,043	(272,895)	246,147
Segment Income and Losses()	4,690	1,343	425	1,530	2,241	(1,780)	461
Segment Assets	111,956	35,895	77,704	4,285	229,842	(53,234)	176,607
Other							
Depreciation and amortization	2,420	109	3,913	106	6,550	(2)	6,547
Amortization of goodwill	20	-	-	-	20	-	20
Investment amount to equity method affiliate	-	-	231	-	231	-	231
Increase in tangible fixed assets and intangible assets	3,522	23	3,170	20	6,737	(128)	6,608

(Note) 1. Adjustments were as follows.

Segment Income

(Units: Million Yen)

	Fiscal year 2010	Fiscal year 2011
Eliminations	6	10
Corporate expenses *	994	948
Inventories	866	841
Total	121	1,780

* Corporate expenses that are categorized under adjustments are within segment income mainly comprise general & administration expenses that do not correspond to the reporting segments

Segment Assets

(Units: Million Yen)

	Fiscal year 2010	Fiscal year 2011
Total assets *	17,934	27,148
Adjustments of inventories	116	958
Eliminations	77,847	79,424
Total	60,029	53,234

* Total assets that are categorized under adjustments within segment assets mainly comprise excess cash/deposits, long term securities for investment that do not correspond to the reporting segments.

(Note) 2. Segment income are adjusted with the operating income reported in the consolidated statements of income.

[Related Information]

Fiscal year 2010 (April 1, 2010 - March 31, 2011)

1. Information every product and service

(Units: Million Yen)

	Audiovisual Equipment	Information Equipment	Other Equipment	Total
Sales to outside customers	198,606	56,405	40,912	295,923

2. Information every area

(1) Sales

(Units: Million Yen)

Japan	N. America		Asia	Europe	Other	Total
	U.S.	Other				
94,196	147,876	7,878	8,505	23,836	13,630	295,923

(Note) Geographical sales are groupings of nations and regions based on geographical location of customers.

(2) Tangible fixed assets

(Units: Million Yen)

Japan	N. America	Asia		Europe		Total
		China	Other	Poland	Other	
9,814	159	3,437	1,182	1,686	8	16,290

Fiscal year 2011 (April 1, 2011- March 31, 2012)

1. Information every product and service

(Units: Million Yen)

	Audiovisual Equipment	Information Equipment	Other Equipment	Total
Sales to outside customers	183,507	30,013	32,627	246,147

2. Information every area

(1) Sales

(Units: Million Yen)

Japan	N. America		Asia	Europe	Other	Total
	U.S.	Other				
81,290	127,989	6,122	9,290	12,592	8,862	246,147

(Note) Geographical sales are groupings of nations and regions based on geographical location of customers.

(2) Tangible fixed assets

(Units: Million Yen)

Japan	N. America	Asia		Europe	Total
		China	Other		
9,472	105	2,569	1,203	1,433	14,785

3. Information every main customer

(Units: Million Yen)

Name of the customer	Sales	Associated segment
WAL-MART STORES, INC.	82,791	N. America

[Information of impairment loss in each reporting segments]

Fiscal year 2010 (April 1, 2010 - March 31, 2011)

No Applicable

Fiscal year 2011 (April 1, 2011 - March 31, 2012)

(Units: Million Yen)

	Japan	N. America	Asia	Europe	All of the companies Elimination	Total
Impairment loss	396	-	-	-	-	396

[Information of goodwill in each reporting segments]

Fiscal year 2010 (April 1, 2010 - March 31, 2011)

(Units: Million Yen)

	Japan	N. America	Asia	Europe	All of the companies Elimination	Total
Amortization of current year	31	-	-	-	-	31
Balance at the end of current year	34	-	-	-	-	34

Fiscal year 2011 (April 1, 2011 - March 31, 2012)

(Units: Million Yen)

	Japan	N. America	Asia	Europe	All of the companies Elimination	Total
Amortization of current year	20	-	-	-	-	20
Balance at the end of current year	13	-	-	-	-	13

[Information of amortization of negative goodwill in each reporting segments]

Fiscal year 2010 (April 1, 2010 - March 31, 2011)

No Applicable

Fiscal year 2011 (April 1, 2011 - March 31, 2012)

Not Applicable

FINANCIAL RESULTS SUPPLEMENTATION

FY 2011

(from 2011.4.1
to 2012.3.31)

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FUNAI ELECTRIC CO., LTD.

1 . Summary of Full Year Financial Statements (Consolidated)

(1) Operating Results, Financial Conditions

(Units : 100 million yen, %)

	FY2010			FY2011			FY2012 (Projection)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change
Net Sales	2,959	100.0	6.0	2,461	100.0	16.8	2,290	100.0	7.0
Operating Income	7	0.3	93.1	4	0.2	40.2	40	1.7	766.7
Ordinary Income	12	0.4	89.0	1	0.1	86.5	40	1.7	-
Net Income / Loss after Tax (Before income tax for prior periods)	11	0.4	-	36	1.5	-	25	1.1	-
Net Income / Loss after Tax	11	0.4	-	46	1.9	-	25	1.1	-
Total Assets	1,939	-	-	1,766	-	-	-	-	-
Net Assets	1,312	-	-	1,238	-	-	-	-	-

() Yen-Dollars / Exchange rate

(Units : Yen / Dollars)

	FY2010	FY2011	FY2012 (Projection)
Average Rate in each Period	85.21	78.81	80.00

(2) Profitability and Per Share Data etc.

	FY2010	FY2011	FY2012 (Projection)
Gross Profit Ratio (%)	13.6	15.2	18.1
Operating Income Ratio (%)	0.3	0.2	1.7
Ordinary Income Ratio (%)	0.4	0.1	1.7
Shareholders' Equity Ratio (%)	67.1	69.5	-
Net Assets Per Share (yen)	3,813.57	3,598.03	-
Net Income Per Share (yen)	34.31	135.69	73.27
Return on Assets (%)	0.6	2.5	-
Return on Shareholders' Equity (%)	0.9	3.7	-
Number of Total Employees	2,861	3,990	-

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

(Units : 100 million yen, %)

	FY2010		FY2011		FY2012 (Projection)	
	Amount	Change	Amount	Change	Amount	Change
Capital Expenditures	60	39.5	40	33.3	52	30.0

	FY2010			FY2011			FY2012 (Projection)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change
Depreciation Expenses	48	1.6	11.6	49	2.0	2.1	48	2.1	2.0
R&D	129	4.4	3.7	105	4.3	18.6	117	5.1	11.4

(4) CashFlow

(Units : 100 million yen)

	FY2010	FY2011	FY2012 (Projection)
Cash flows provided by operating activities	51	164	-
Income Before Income Taxes	14	5	-
Depreciation Expenses	63	65	-
Others	128	104	-
Cash flows used in investing activities	40	64	-
Free cash flows	11	100	-
Cash flows provided by financing activities	24	67	-
Effect of exchange rate changes on cash and cash equivalents	16	2	-
Net increase in cash and cash equivalents	2	28	-

2. Operating Activities (Consolidated)

(1) Sales by Equipment

(Units : 100 million yen, %)

	FY2010			FY2011			FY2012 (Projection)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	1,986	67.1	15.0	1,835	74.5	7.6	1,906	83.2	3.9
DVD	269	9.1	30.3	219	8.9	18.6	173	7.5	21.0
BD	353	11.9	86.8	380	15.4	7.6	354	15.4	6.8
LCD TV	1,330	44.9	16.6	1,209	49.1	9.1	1,341	58.6	10.9
Others	34	1.2	79.5	27	1.1	20.6	38	1.7	40.7
Information Equipment	564	19.1	3.3	300	12.2	46.8	180	7.9	40.0
Others	409	13.8	52.9	326	13.3	20.3	204	8.9	37.4
Total	2,959	100.0	6.0	2,461	100.0	16.8	2,290	100.0	7.0

(2) Sales by Areas in Equipment

(Units : 100 million yen, %)

	FY2010			FY2011			FY2012 (Projection)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	1,986	67.1	15.0	1,835	74.5	7.6	1,906	83.2	3.9
North America	1,289	43.6	34.6	1,222	49.7	5.2	1,423	62.1	16.4
Europe	83	2.8	33.6	67	2.7	19.3	69	3.0	3.0
Asia and Others	38	1.3	111.1	43	1.7	13.2	101	4.4	134.9
Japan	576	19.4	159.5	503	20.4	12.7	313	13.7	37.8
Information Equipment	564	19.1	3.3	300	12.2	46.8	180	7.9	40.0
North America	214	7.2	15.7	103	4.2	51.9	67	3.0	35.0
Europe	154	5.2	13.0	59	2.4	61.7	30	1.3	49.2
Asia and Others	179	6.1	6.5	131	5.3	26.8	59	2.6	55.0
Japan	17	0.6	6.3	7	0.3	58.8	24	1.0	242.9
Others	409	13.8	52.9	326	13.3	20.3	204	8.9	37.4
Total	2,959	100.0	6.0	2,461	100.0	16.8	2,290	100.0	7.0

(3) Sales by Equipment in Areas

(Units : 100 million yen, %)

	FY2010			FY2011			FY2012 (Projection)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change
North America	1,558	52.6	28.0	1,341	54.5	13.9	1,490	65.1	11.1
Audio Visual Equipment	1,289	43.6	34.6	1,222	49.6	5.2	1,423	62.1	16.4
Information Equipment	214	7.2	15.7	103	4.2	51.9	67	3.0	35.0
Others	55	1.8	511.1	16	0.7	70.9	0	0.0	-
Europe	238	8.1	21.8	126	5.1	47.2	99	4.3	21.4
Audio Visual Equipment	83	2.8	33.6	67	2.7	19.3	69	3.0	3.0
Information Equipment	154	5.2	13.0	59	2.4	61.7	30	1.3	49.2
Others	1	0.1	66.7	0	0.0	-	0	0.0	-
Asia and Others	221	7.5	12.8	181	7.4	18.1	160	7.0	11.6
Audio Visual Equipment	38	1.3	111.1	43	1.8	13.2	101	4.4	134.9
Information Equipment	179	6.1	6.5	131	5.3	26.8	59	2.6	55.0
Others	4	0.1	60.0	7	0.3	75.0	0	0.0	-
Japan	942	31.8	94.7	813	33.0	13.7	541	23.6	33.5
Audio Visual Equipment	576	19.4	159.5	503	20.4	12.7	313	13.7	37.8
Information Equipment	17	0.6	6.3	7	0.3	58.8	24	1.0	242.9
Others	349	11.8	41.9	303	12.3	13.2	204	8.9	32.7
Total	2,959	100.0	6.0	2,461	100.0	16.8	2,290	100.0	7.0

3. Summary of 4Q (January to March) Financial Statements (Consolidated)

(1) Operating Results

(Units : 100 million yen, %)

	FY2010			FY2011		
	4Q (Jan.-Mar.)			4Q (Jan.-Mar.)		
	Amount	%	Change	Amount	%	Change
Net Sales	659	100.0	1.4	427	100.0	35.2
Operating Loss	32	5.0	-	24	5.8	-
Ordinary Loss	27	4.2	-	12	2.9	-
Net Loss after Tax	33	5.1	-	10	2.4	-

() Yen-Dollars / Exchange rate

(Units : Yen / Dollars)

	FY2010	FY2011
	4Q (Jan.-Mar.)	4Q (Jan.-Mar.)
Average Rate in each Period	82.33	79.75

(2) Sales by Equipment

(Units : 100 million yen, %)

	FY2010			FY2011		
	4Q (Jan.-Mar.)			4Q (Jan.-Mar.)		
	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	474	71.9	1.3	324	75.9	31.6
DVD	64	9.7	16.4	34	8.0	46.9
BD	107	16.2	98.1	66	15.4	38.3
LCD TV	300	45.5	13.8	219	51.3	27.0
Others	3	0.5	72.7	5	1.2	66.7
Information Equipment	79	12.0	35.2	49	11.5	38.0
Others	106	16.1	34.2	54	12.6	49.1
Total	659	100.0	1.4	427	100.0	35.2



FUNAI ELECTRIC CO., LTD.

(Company)

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INVESTOR / RELATIONSDEPARTMENT

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

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