

# FY 2008 FINANCIAL REPORT

( From April 1, 2008  
To March 31, 2009 )



FUNAI ELECTRIC CO., LTD.

BRIEF SETTLEMENT OF ACCOUNTS FOR THE FISCAL YEAR ENDED MARCH 31, 2009

May 13, 2009  
Corporate Resolution

1. Summary of Operating Results (Consolidated)

(Million yen)

	Fiscal Year 2007 〔 From April 1, 2007 to March 31, 2008 〕		Fiscal Year 2008 〔 From April 1, 2008 to March 31, 2009 〕		Rate of increase or decrease
	Amount	%	Amount	%	
Net Sales	277,167	100.0	302,777	100.0	9.2
Operating Income/Loss	△ 2,405	△ 0.9	1,409	0.5	-
Ordinary Income/Loss	△ 39	△ 0.0	1,226	0.4	-
Net Income/Loss after Tax (Before subsidiary dividend)	△ 5,376	△ 1.9	△ 526	△ 0.2	-
Net Loss after Tax	△ 5,376	△ 1.9	△ 17,364	△ 5.7	-
Net Loss per Share	△ 157.71		△ 509.33		

Note: The Company has 13 consolidated subsidiaries and 2 equity-method affiliated companies.

2. Summary of Operating Results (Non-Consolidated)

(Million yen)

	Fiscal Year 2007 〔 From April 1, 2007 to March 31, 2008 〕		Fiscal Year 2008 〔 From April 1, 2008 to March 31, 2009 〕		Rate of increase or decrease
	Amount	%	Amount	%	
Net Sales	222,955	100.0	203,890	100.0	△ 8.6
Operating Income/Loss	△ 6,836	△ 3.1	△ 1,625	△ 0.8	-
Ordinary Income	19,454	8.7	10,997	5.4	△ 43.5
Net Income after tax	18,834	8.4	8,145	4.0	△ 56.8
Net Income/Loss after Tax	18,834	8.4	△ 8,693	△ 4.3	-
Net Income/Loss per Share	552.44		△ 254.98		



## Financial Report for the 12-Month Period ended March 31, 2009

May 13, 2009

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

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

Inquiries: Representative's position and name President and CEO Tomonori Hayashi  
Administrator's position and name Associate Director, Accounting Department Hisao Fuke  
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Scheduled date of Annual General Shareholders Meeting; June 19, 2009

Scheduled date of Securities Report to be filed to the Kinki Finance Bureau; June 19, 2009

Scheduled date of Commencement of Annual Dividend Payment; June 4, 2009

## 1. Summary of Consolidated Results for the Fiscal Year Ended March 2009 (April 1, 2008 – March 31, 2009)

## (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 2008	302,777	9.2	1,409	—	1,226	—	△ 17,364	—
Fiscal Year 2007	277,167	△30.1	△2,405	—	△39	—	△ 5,376	—

	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 2008	△ 509.33	—	△ 11.9	0.6	0.5
Fiscal Year 2007	△ 157.71	—	△ 3.1	△0.0	△ 0.9

(Reference) Investment profit or loss recognized on equity basis

Fiscal Year ended March 31, 2009 △ 171 million yen

Fiscal Year ended March 31, 2008 △ 39 million yen

## (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Million yen	Million yen	%	Yen
Fiscal Year 2008	199,882	135,596	67.6	3,963.72
Fiscal Year 2007	224,415	158,356	70.3	4,630.58

(Reference) Shareholders' Equity

Fiscal Year ended March 31, 2009 135,134 million yen

Fiscal Year ended March 31, 2008 157,871 million yen

## (3) Consolidated Cash Flows

	Cash Flows Provided by Operating Activities	Cash Flows Used in Investing Activities	Cash Flows Provided by Financing Activities	Outstanding Amount of Cash and Cash Equivalents at the End of Period
	Million yen	Million yen	Million yen	Million yen
Fiscal Year 2008	△ 728	△10,795	△ 2,563	40,180
Fiscal Year 2007	△13,713	△9,475	△ 8,141	57,100

## 2. Dividends

Corresponding Date	Dividend per Share					Total Dividend Payment	Pay-out Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	1Q End	2Q End	3Q End	Year-End	Annual			
	yen	yen	yen	yen	yen	Million yen	%	%
Fiscal Year 2007	—	0.00	—	50.00	50.00	1,704	—	1.0
Fiscal Year 2008	—	0.00	—	40.00	40.00	1,363	—	0.9
Fiscal Year 2009 (Projection)	—	0.00	—	40.00	40.00		35.0	

## 3 Forecast of Consolidated Results for the Full Year (April 1, 2008 - March 31, 2009)

(% 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.30.2009	174,500	20.6	4,100	△5.1	3,800	△36.6	3,000	—	87.99
Full Year	340,000	12.3	6,000	325.7	5,300	332.2	3,900	—	114.39

## 4 Other Information

(1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): Yes

Add: P&F USA Inc.

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

(1) Changes arising from revision of accounting standards: Yes, Changes of depreciation method on domestic tangible fixed assets in accordance with newly revised corporate tax law was enforced from April 1, 2007. Affect on the profit and loss statement is minimal.

(2) Changes arising from other factors: No

(3) Number of Shares Outstanding (Ordinary Shares)

(1) Number of shares outstanding (including treasury stock) as of March 31, 2009; 36,104,196 shares  
as of March 31, 2008; 36,104,196 shares

(2) Number of shares of treasury stock as of March 31, 2009; 2,011,301 shares  
as of March 31, 2008; 2,011,003 shares

(Reference)

1. Summary of Non-consolidated Results for the Fiscal Year Ended March 2009 (April 1, 2008 – March 31, 2009)

(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 2008	203,890	△8.6	△ 1,625	—	10,997	△43.5	△8,693	—
Fiscal Year 2007	222,955	△33.8	△ 6,836	—	19,454	12.3	18,834	—

	Net Income Per Share	Net Income Per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal Year 2008	△254.98	—
Fiscal Year 2007	552.44	—

(2) Financial Position(Non-consolidated)

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Million yen	Million yen	%	Yen
Fiscal Year 2008	108,545	73,645	67.8	2,159.63
Fiscal Year 2007	122,739	84,019	68.5	2,464.41

(Reference) Shareholders' Equity

Fiscal Year ended March 31, 2009 73,628 million yen  
Fiscal Year ended March 31, 2008 84,019 million yen

## 1. Business Performance

### (1) Analysis of Business Performance

Summary of the consolidated fiscal year under review

#### (Market environment)

With the exception of the United States and newly developing countries, during the first quarter of the consolidated fiscal year under review the global economy slipped into negative growth and overall exhibited a slowing trend. During the second quarter 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 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.

#### (Net sales)

Given such conditions, the Funai Group focused its efforts on further expanding sales while enhancing competitiveness by reducing selling, general and administrative expenses, thoroughly managing inventories and limiting cost increases.

As a result, net sales for the consolidated fiscal year under review increased 9.2% compared with the previous consolidated fiscal year to JPY302,777 million.

Each of the businesses of the Funai Group is centered on the manufacture and sale of electronic equipment and devices. The Company does not classify its products into business segments, but a breakdown of net sales by type of device is provided below.

#### (a) Audio-visual equipment

In the audio-visual equipment category, the Company increased sales of LCD televisions as the result of expansion of its product lineup based on the brand licensing agreement with Royal Philips Electronics, despite the fact the number of VCRs, CRT TVs and DVD-related products 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 consolidated fiscal year to JPY230,600 million.

\* Devices to convert digital signals into analog signals, enabling viewers to watch terrestrial digital broadcasting on existing analog televisions. Terrestrial analog broadcasting in the United States is scheduled to end in June 2009.

#### (b) Information equipment

Net sales of information equipment fell 30.7% year-on-year to JPY45,005 million. Sales of digital still cameras exceeded the level of the previous consolidated 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.

#### (c) Other

Net sales of other electronic devices slipped 3.0% compared with the previous consolidated fiscal year to JPY27,171 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 consolidated fiscal year, sales of core LCD televisions in Europe fell below the level of the previous consolidated fiscal year.

#### (Earnings)

Although affected by stiff price competition for key products, operating income was JPY1,409 million, compared with a loss of JPY2,405 million in the previous consolidated fiscal year. Ordinary income was JPY1,226 million, compared with a loss of JPY39 million one year earlier. The net loss for the consolidated fiscal year under review was JPY17,364 million, compared with a net loss of JPY5,376 million in the previous consolidated fiscal year. This partly reflected the recognition of JPY16,838 million as "income taxes for prior periods" in conjunction with an accounting revision based on application of the "Anti-Tax Haven Law."

#### Outlook for the next consolidated fiscal year

Throughout the next consolidated fiscal year, the uncertain, harsh conditions affecting the global economy are expected to continue, with no signs of an economic recovery.

Although a severe environment is anticipated for the Funai Group as well, the Company will seek to improve operating results by increasing sales of growth products such as LCD televisions and Blu-ray Disc-related products. The Company will also pursue greater efficiency and profitability improvement through measures that include further promotion of the FPS (Funai Production System), thorough cost reductions based on a review of fixed and variable costs, applications of IT to various processes and operating improvements.

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

< Consolidated operating results >

Net sales	JPY340,000 million (12.3% increase year-on-year)
Operating Income	JPY6,000 million (325.7% increase year-on-year)
Ordinary income	JPY5,300 million (332.2% increase year-on-year)
Net income	JPY3,900 million (unchanged)

For its earnings estimates, the Company has assumed an exchange rate of JPY95 = 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

With regard to consolidated cash flow for the consolidated fiscal year under review, net cash used in operating activities was JPY728 million. Net cash used in investing activities was JPY10,795 million. Net cash used in financing activities was JPY2,563 million. The balance of cash and cash equivalents at end of the consolidated fiscal year under review was JPY40,180 million.

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

	FY Ended March 2005	FY Ended March 2006	FY Ended March 2007	FY Ended March 2008	FY Ended March 2009
Shareholders' equity ratio	68.2	68.6	68.5	70.3	67.6
Shareholders' equity ratio on a market capitalization basis	183.1	138.8	140.6	52.1	49.1
Ratio of cash flow to interest-bearing debt	0.5	—	0.3	—	—
Interest coverage ratio	63.8	—	38.7	—	—

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.
- \* Cash flow from 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 2006, March 2008 and March 2009 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 the policy indicated above, for the fiscal year under review the Company plans to pay a year-end dividend of JPY40 per share. The Company also projects a dividend of JPY40 per share in the next consolidated fiscal year.

The Company plans to implement dividend payments as a year-end dividend (once a year).

(4) Business and Other Risks

The Company has omitted disclosure of business and other risks because there are no material changes from the

information described in the most recent financial statements (submitted on June 20, 2008).

## 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 20, 2008).

## 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-term Management Strategy and Issues to be addressed

As the severe economic environment continues in the form of a simultaneous slowdown of the global economy, the home electronic appliances industry is under pressure to stimulate new consumer demand for digital-related products, and the acceleration of product development is becoming more and more important as prices of manufactured goods continue to fall rapidly because of shorter product life cycles and the severe competitive environment among firms. Given these conditions, the Company has prepared the management policies described below.

#### Expansion of net sales and improvement of earnings

The foremost issue for the Funai Group is to improve earnings. To achieve this objective, the Company has positioned three issues, namely (1) further enhancing cost competitiveness through further improvements based on the FPS (Funai Production System), the Company's unique productivity improvement system, a strengthening of materials and parts purchasing capabilities, and a thorough review of selling, general and administrative expenses including fixed and variable costs, (2) focusing on creating products that will sell with an emphasis on speed and (3) increasing net sales and ensuring earnings over the medium to long-term, as its most important strategies.

In the audio-visual equipment category, the Company was able to expand its lineup of LCD television and Blu-ray Disc-related products and establish its brand position by concluding a brand licensing agreement in April 2008 with Royal Philips Electronics for use of the "Philips" and "Magnavox" names in North America, and completed the groundwork that will enable the Company to execute its medium to long-term strategy for expanding market share in the North America market. The Company will also undertake the development of products that take advantage of network technologies expected to be available in the near future.

In the information equipment category, in addition to its traditional products the Company will increase sales and boost earnings by broadening the range of products that take advantage of Funai's strength in mechatronics, a sector in which the Company excels, to OEM and other customers.

Finally, the Company will seek further growth by also considering acquisitions of effective patents, as well as business and capital alliances, with an eye on the future.

#### Timely supply of products based on accurate responses to market needs

To develop viable products that will be in demand, the Company must 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. This means optimizing the allocation of management resources (materials, people and capital). Based on this approach the Company will supply products on a timely basis that accurately meet market needs.

#### Training and appointment of human resources

The Company recognizes that improving employee capabilities is critical for implementing the medium to long-term business strategy of the Funai Group. Therefore the Company will actively train and appoint employees, particularly younger employees, by strengthening and expanding its internal training systems.



## **4. Consolidated Financial Statements**

### **(1).Consolidated Balance Sheets**

(Mil. Yen)

	Fiscal year 2007 (As of March 31, 2008)	Fiscal year 2008 (As of March 31, 2009)
<b>ASSETS;</b>		
Current Assets		
Cash and deposits	68,074	96,503
Notes and accounts receivable-trade	26,841	28,844
Inventories	35,085	-
Merchandise and finished goods	-	20,925
Work in process	-	1,635
Raw materials and supplies	-	8,116
Deferred tax assets	3,604	2,763
Accrued refunded Income taxes	-	1,350
Other	13,802	3,843
Allowance for doubtful accounts	286	273
Total current assets	147,122	163,709
Noncurrent assets		
Tangible fixed assets		
Buildings and structures	15,078	13,370
Depreciation and amortization	7,969	7,505
Buildings and structures (net)	7,108	5,864
Machinery,equipment and motor vehicles	21,332	21,192
Depreciation and amortization	19,572	19,301
Machinery,equipment and motor vehicles (net)	1,759	1,891
Tools,furniture and fixtures	33,272	34,056
Depreciation and amortization	30,627	31,731
Tools,furniture and fixtures (net)	2,645	2,324
Lands	5,238	5,193
Lease assets	-	294
Depreciation and amortization	-	27
Lease assets (net)	-	266
Other	20	483
Total tangible fixed assets	16,772	16,025
Intangible assets		
Patent right	5,375	4,328
Other	847	1,319
Total intangible fixed assets	6,222	5,647

(Mil. Yen)

	Fiscal year 2007 (As of March 31, 2008)	Fiscal year 2008 (As of March 31, 2009)
Investment and other assets		
Investment securities	9,041	5,820
Long-term loans receivable	40,819	431
Deferred tax assets	2	4,329
Other	5,476	5,480
Allowance for doubtful accounts	△ 1,041	△ 1,561
Total investments and other assets	54,297	14,499
Total noncurrent assets	77,293	36,173
TOTAL ASSETS	224,415	199,882
LIABILITIES;		
Current Liabilities		
Notes and accounts payable-trade	25,811	28,157
Short-term loans payable	13,213	12,938
Accounts payables	11,399	12,130
lease liabilities	-	92
Income taxes payable	4,642	1,623
Deferred tax liabilities	0	1
Allowance for bonus	202	302
Reserve for products guarantee	409	2,191
Allowance for liquidation loss on affiliated company	578	-
Other	4,242	2,943
Total current liabilities	60,499	60,382
Noncurrent liabilities		
Long-term loans payables	1,086	666
lease liabilities	-	278
Deferred tax liabilities	617	26
Revalued deferred tax liabilities	291	291
Reserve for retirement benefits	1,464	1,316
Allowance for officers' retirement gratuities	1,020	1,026
Other	1,080	298
Total noncurrent liabilities	5,559	3,904
TOTAL LIABILITIES	66,058	64,286

(Mil. Yen)

	Fiscal year 2007 (As of March 31, 2008)	Fiscal year 2008 (As of March 31, 2009)
<b>NET ASSETS;</b>		
Shareholders' equity		
Capital stock	31,280	31,280
Capital surplus	33,245	33,245
Retained earnings	129,812	110,047
Treasury stock	△ 24,339	△ 24,340
Total shareholders' equity	169,998	150,233
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	△ 63	△ 98
Foreign currency translation adjustment	△ 12,063	△ 14,999
Total valuation and translation adjustments	△ 12,127	△ 15,098
Subscription right to shares	—	17
Minority interests	485	443
Total net asset	158,356	135,596
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>224,415</b>	<b>199,882</b>

## (2).Consolidated Statements of Income

(Mil. Yen)

	Fiscal year 2007 ( from April 1, 2007 to March 31, 2008 )	Fiscal year 2008 ( from April 1, 2008 to March 31, 2009 )
Net sales	277,167	302,777
Cost of sales	231,869	258,303
Gross profit	45,298	44,473
Selling, general and administrative expenses	47,704	43,064
Operating income/loss( )	2,405	1,409
Non-operating income		
Interest income	5,256	3380
Dividends income	67	58
Other	247	454
Total non-operating income	5,571	3,892
Non-operating expenses		
Interest expenses	592	351
Equity in losses of affiliates	39	171
Foreign exchange loss	2,026	2,892
Loss on investments in partnership	-	419
Other	547	241
Total non-operating expenses	3,205	4,076
Ordinary income/loss( )	39	1,226
Extraordinary income		
Gain on prior period adjustment	-	357
Gain on sales of noncurrent assets	353	6
Profit on Sales of Investment Securities	5,625	26
Allowance for Liquidation Loss on Affiliated Company Transfer	-	91
Other	10	11
Total extraordinary income	5,988	494
Extraordinary loss		
Loss on prior period adjustment	528	-
Loss on disposal of noncurrent assets	232	94
Special sales promotion	-	850
Estimated loss in value of securities	-	3,087
Liquidation loss on affiliated company	-	644
Allowance for Liquidation Loss on Affiliated Company Transfer	577	-
Special retirement expenses	448	-
Surcharge	391	-
Patent fee for prior period	718	-
Other	541	306
Total extraordinary loss	3,439	4,983
Income before income taxes	2,509	3,263
Income taxes	6,208	1,948
Refund of income taxes	-	1,335
Income taxes for prior periods	-	16,838
Income Tax Adjustments	1644	3,560
Total income taxes	7,852	13,891
Minority interests in income	34	210
Net income	5,376	17,364

## (3).Consolidated Statements of Changes in Shareholders' Equity

(Mil. Yen)

	Fiscal year 2007 ( from April 1, 2007 to March 31, 2008 )	Fiscal year 2008 ( from April 1, 2008 to March 31, 2009 )
Shareholders' equity		
Capital stock		
Balance at the end of previous period	31,278	31,280
Changes of items during the period		
Issuance of new shares	1	-
Total changes of items during the period	1	-
Balance at the end of current period	31,280	31,280
Capital surplus		
Balance at the end of previous period	33,243	33,245
Changes of items during the period		
Issuance of new shares	1	-
Total changes of items during the period	1	-
Balance at the end of current period	33,245	33,245
Retained earnings		
Balance at the end of previous period	139,468	129,812
Effect of change in accounting policies applied to foreign subsidiaries	-	△ 695
Changes of items during the period		
Dividends from surplus	△ 1,875	△ 1,704
Net loss	△ 5,376	△ 17,364
Loss on unification of accounting period of consolidated subsidiaries	△ 2,403	-
Total changes of items during the period	△ 9,655	△ 19,069
Balance at the end of current period	129,812	110,047
Treasury stock		
Balance at the end of previous period	△ 24,336	△ 24,339
Changes of items during the period		
Purchase of treasury stock	△ 2	△ 0
Total changes of items during the period	△ 2	△ 0
Balance at the end of current period	△ 24,339	△ 24,340
Total shareholders' equity		
Balance at the end of previous period	179,654	169,998
Effect of change in accounting policies applied to foreign subsidiaries	-	△ 695
Changes of items during the period		
Issuance of new shares	2	-
Dividends from surplus	△ 1,875	△ 1,704
Net loss	△ 5,376	△ 17,364
Purchase of treasury stock	△ 2	△ 0
Loss on unification of accounting period of consolidated subsidiaries	△ 2,403	-
Total changes of items during the period	△ 9,655	△ 19,069
Balance at the end of current period	169,998	150,233

(Mil. Yen)

	Fiscal year 2007 ( from April 1, 2007 to March 31, 2008 )	Fiscal year 2008 ( from April 1, 2008 to March 31, 2009 )
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	4,038	△ 63
Changes of items during the period		
Net changes of items other than shareholders' equity	△ 4,102	△ 35
Total changes of items during the period	△ 4,102	△ 35
Balance at the end of current period	△ 63	△ 98
Foreign currency translation adjustment		
Balance at the end of previous period	3,287	△ 12,063
Effect of change in accounting policies applied to foreign subsidiaries	-	122
Changes of items during the period		
Net changes of items other than shareholders' equity	△ 15,351	△ 3,058
Total changes of items during the period	△ 15,351	△ 3,058
Balance at the end of current period	△ 12,063	△ 14,999
Total valuation and translation adjustments		
Balance at the end of previous period	7,326	△ 12,127
Effect of change in accounting policies applied to foreign subsidiaries	-	122
Changes of items during the period		
Net changes of items other than shareholders' equity	△ 19,454	△ 3,093
Total changes of items during the period	△ 19,454	△ 3,093
Balance at the end of current period	△ 12,127	△ 15,098
Subscription rights to shares		
Balance at the end of previous period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	17
Total changes of items during the period	-	17
Balance at the end of current period	-	17
Minority interests		
Balance at the end of previous period	380	485
Changes of items during the period		
Net changes of items other than shareholders' equity	104	△ 41
Total changes of items during the period	104	△ 41
Balance at the end of current period	485	443
Total net assets		
Balance at the end of previous period	187,361	158,356
Effect of change in accounting policies applied to foreign subsidiaries	-	△ 573
Changes of items during the period		
Issuance of new shares	2	-
Dividends from surplus	△ 1,875	△ 1,704
Net loss	△ 5,376	△ 17,364
Purchase of treasury stock	△ 2	△ 0
Loss on unification of accounting period of consolidated subsidiaries	△ 2,403	-
Net changes of items other than shareholders' equity	△ 19,349	△ 3,117
Total changes of items during the period	△ 29,005	△ 22,187
Balance at the end of current period	158,356	135,596

## (4).Consolidated quartely statements of cash flows

(Mil. Yen)

	Fiscal year 2007 ( from April 1, 2007 to March 31, 2008 )	Fiscal year 2008 ( from April 1, 2008 to March 31, 2009 )
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,509	△ 3,263
Depreciation and amortization	6,003	4,929
Increase(decrease) in allowance for doubtful accounts	△ 101	632
Increase(decrease)in provision for retirement benefits	△ 233	△ 147
Interest and dividends income	△ 5,324	△ 3,438
Interest expenses	592	351
Equity in (earnings) losses of affiliates	39	171
Loss (gain) on sales of property, plant and equipment	△ 229	△ 5
Loss (gain) on sales of investment securities	△ 5,621	△ 26
Loss (gain) on valuation of investment securities	46	3,087
Loss on liquidation of subsidiaries and affiliates	280	644
Decrease (increase) in notes and accounts receivable-trade	6,978	△ 3,892
Decrease (increase) in inventories	3,312	2,819
Increase (decrease) in notes and accounts payable-trade	△ 15,471	6,181
Other, net	△ 5,897	10,975
Subtotal	△ 13,116	19,019
Interest and dividends income received	5,381	2,489
Interest expenses paid	△ 594	△ 346
Income taxes paid	△ 5,384	△ 5,053
Prior year's taxes paid	-	△ 16,838
Net cash provided by (used in) operating activities	△ 13,713	△ 728
Net cash provided by (used in) investment activities		
Payments into time deposits	△ 12,443	△ 80,480
Repayments from time deposits	-	33,991
Purchase of property, plant and equipment	△ 4,825	△ 4,751
Proceeds from sales of property, plant and equipment	542	721
Purchase of intangible assets	△ 1,556	△ 758
Purchase of investment securities	△ 545	△ 750
Proceeds from sales of investment securities	9,746	1,147
Payment of partial purchase of shares of consolidated subsidiaries	△ 41	△ 71
Payments for loan receivables	△ 280	△ 105
Collection of loan receivables	28	40,151
Other, net	△ 99	111
Net cash provided by (used in) investment activities	△ 9,475	△ 10,795

(Mil. Yen)

	Fiscal year 2007 ( from April 1, 2007 to March 31, 2008 )	Fiscal year 2008 ( from April 1, 2008 to March 31, 2009 )
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	△ 5,648	△ 170
Repayment of long-term loans payable	△ 724	△ 1,419
Proceeds from issue of stock option	2	-
Purchase of fractional shares	△ 2	△ 0
Cash dividends paid	△ 1,875	△ 1,704
Other, net	105	731
Net cash provided by (used in) financing activities	△ 8,141	△ 2,563
Effect of exchange rate change on cash and cash equivalents	△ 2,172	△ 2,832
Net increase (decrease) in cash and cash equivalents	△ 33,504	△ 16,919
Cash and cash equivalents at beginning of period	83,320	57,100
Net increase in cash and cash equivalents due to the change of fiscal year end in consolidated subsidiaries	7,284	-
Cash and cash equivalents at end of period	57,100	40,180



## Information by Segment

### a; Operating Segment Information

The Funai Group concentrates on the single business segment of manufacture and sales of electric products. Therefore, we make no distinction between operating segments.

### b; Geographic Segment Information

Fiscal year 2007 (April 1, 2007 - March 31, 2008)

(Units: Million Yen)

	Japan	N. America	Asia	Europe	Total	Elimination	Consolidated
I Sales&operating profit/loss							
Net Sales						—	
(1) Sales to outside customers	135,774	116,605	2,592	22,195	277,167		277,167
(2) Inter-segment sales	109,668	10	194,318	0	303,998	(303,998)	—
Total	245,443	116,616	196,911	22,195	581,166	(303,998)	277,167
Operating Expenses	248,546	121,213	192,795	22,266	584,822	(305,248)	279,573
Operating Income and Losses(Δ)	Δ3,103	Δ4,597	4,116	Δ70	Δ3,655	1,249	Δ2,405
II Assets	108,383	25,429	144,602	20,357	268,772	(44,356)	224,415

Fiscal year 2008 (April 1, 2008 - March 31, 2009)

(Units: Million Yen)

	Japan	N. America	Asia	Europe	Total	Elimination	Consolidated
I Sales&operating profit/loss							
Net Sales							
(1) Sales to outside customers	103,933	182,990	768	15,084	302,777	—	302,777
(2) Inter-segment sales sales	120,412	39	166,481	12	286,946	(286,946)	—
Total	224,346	183,029	167,250	15,097	589,723	(286,946)	302,777
Operating Expenses	223,295	180,845	165,800	17,630	587,572	(286,204)	301,367
Operating Income and Losses(Δ)	1,050	2,184	1,449	Δ 2,532	2,151	(741)	1,409
II Assets	108,739	40,495	92,998	11,163	253,396	(53,513)	199,882

(Note) 1. Country and area classifications are determined by geographical proximity.

2. Primary countries and areas falling under classifications other than Japan are as follow:

- (1) North America . . . . United States of America
- (2) Asia . . . . Hong Kong, Malaysia, Thailand
- (3) Europe . . . . Germany, Poland

c; Overseas sales

Fiscal year 2007 (April 1, 2007 - March 31, 2008)

(Units:Million Yen)

	N. America	Asia	Europe	Other	Total
I Overseas sales	181,109	6,179	45,580	2,975	235,845
II Consolidated sales					277,167
III Ratio of overseas sales to consolidated sales (%)	65.3	2.2	16.5	1.1	85.1

Fiscal year 2008 (April 1, 2008 - March 31, 2009)

(Units:Million Yen)

	N. America	Asia	Europe	Other	Total
I Overseas sales	216,150	6,879	36,372	6,312	265,714
II Consolidated sales					302,777
III Ratio of overseas sales to consolidated sales (%)	71.4	2.3	12.0	2.1	87.8

(Note) 1. Country and area classifications are determined by geographical proximity.

2. Primary countries and areas falling under classifications other than Japan are as follow:

(1) North America . . . . United States of America, Canada

(2) Asia . . . . Hong Kong, Singapore

(3) Europe . . . . Germany, England, France

(4)Other . . . . Australia

3. Overseas sales stand for aggregate sales amount of outside Japan by the parent and the consolidated subsidiaries.

## 6. Other Information

Detailed Statement of Net Sales by Equipment Type and Region

(Units: Million Yen)

Classification		Fiscal year 2007		Fiscal year 2008		% increase or decrease from the same period of the previous consolidated fiscal year	
		〔 From April 1, 2007 To March 31, 2008 〕		〔 From April 1, 2008 To March 31, 2009 〕			
		Amount	Percent	Amount	Percent	Percent	
By Equipment Type			%		%	%	
	Audiovisual Equipment	184,183	66.5	230,600	76.1	25.2	
	Information Equipment	64,986	23.4	45,005	14.9	△30.7	
	Other Equipment	27,998	10.1	27,171	9.0	△3.0	
Total		277,167	100.0	302,777	100.0	9.2	
By Region	Japan	41,322	14.9	37,063	12.2	△ 10.3	
	Export	N. America	181,109	65.3	216,150	71.4	19.3
		Europe	45,580	16.5	36,372	12.0	△20.2
		Asia	6,179	2.2	6,879	2.3	11.3
		Other Areas	2,975	1.1	6,312	2.1	112.1
	Subtotal		235,845	85.1	265,714	87.8	12.7
Total		277,167	100.0	302,777	100.0	9.2	

(Note) Main Products by Equipment Type

Equipment	Main Products
Audiovisual Equipment	VCRs, DVD Players, DVD Recorders, Televisions, LCD Televisions, Blu-ray Disc Players
Information Equipment	Printers, Digital Still Cameras
Other Equipment	Receiver-Related Electronic Equipment

# FINANCIAL RESULTS SUPPLEMENTATION

## FY2008

( from 2008.4.1  
to 2009.3.31 )

	Page
1. Summary of Full Year Financial Statements(Consolidated).....	1
(1) Operating Results, Financial Conditions .....	1
(2) Profitability and Per Share Data etc. ....	1
(3) Capital Expenditures, Depreciation, R&D Expenses .....	1
(4) Cash Flow .....	2
2. Operating Activities(Consolidated).....	2
(1) Sales by Equipment .....	2
(2) Sales by Area in Equipment .....	3
(3) Sales by Equipment in Areas .....	3
3. Summary of 4Q (Jan.-Mar.)Financial Statements(Consolidated)	4
(1) Operating Results .....	4
(2) Sales by Equipment .....	4



**FUNAI ELECTRIC CO.,LTD**

# 1. Summary of Full Year Financial Statements (Consolidated)

## (1) Operating Results, Financial Conditions

(Units:100million yen,%)

	FY2007			FY2008			FY2009 (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change
Net Sales	2,771	100.0	△ 30.1	3,027	100.0	9.2	3,400	100.0	12.3
Operating Income	△ 24	△ 0.9	—	14	0.5	—	60	1.8	325.7
Ordinary Income	△ 0	△ 0.0	—	12	0.4	—	53	1.6	332.2
Net Income/Loss after Tax(※1)	△ 53	△ 1.9	—	△ 5	△ 0.2	—	39	1.1	—
Net Income/Loss after Tax	△ 53	△ 1.9	—	△ 173	△ 5.7	—	39	1.1	—
Total Assets	2,244	—	—	1,998	—	—	—	—	—
Net Assets	1,583	—	—	1,355	—	—	—	—	—

(※) 1 For the purpose of comparison the Net Income/Loss after Tax before the deduction of Income taxes for 16.8 billion yen for prior periods is recorded.

(※) Yen—Dollars / exchange rate

(Units:Yen / Dollars)

	FY2007	FY2008	FY2009 (Projections)
Average Rate in each Period	113.80	100.66	95.00

## (2) Profitability and Per Share Data etc.

	FY2007	FY2008	FY2009 (Projections)
Gross Profit Ratio (%)	16.3	14.7	17.4
Operating Income Ratio (%)	△ 0.9	0.5	1.8
Ordinary Income Ratio (%)	△ 0.0	0.4	1.6
Shareholders' Equity Ratio (%)	70.3	67.6	—
Net Assets Per share (円)	4,630.58	3,963.72	—
Net Income Per Share (円)	△ 157.71	△ 509.33	114.39
Return On Assets (%)	△ 2.2	△ 8.2	—
Return On Shareholders' Equity (%)	△ 3.1	△ 11.9	—
Number of Total Employees (人)	2,628	2,590	—

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

(Units:100million yen,%)

	FY2007		FY2008		FY2009 (Projections)	
	Amount	Change	Amount	Change	Amount	Change
Capital Expenditures	49	△ 9.3	50	2.0	42	△ 16.0

(Units:100million yen,%)

	FY2007			FY2008			FY2009 (Projections)		
	Amount	% to Sale	Change	Amount	% to Sale	Change	Amount	% to Sale	Change
Depreciation Expenses	48	1.7	△ 32.4	36	1.2	△ 25.0	58	1.7	61.1
R&D	147	5.3	5.0	130	4.3	△ 11.6	142	4.2	9.2

#### (4) CashFlow

(Units:100million yen)

	FY2007	FY2008	FY2009 (Projections)
Cash flows provided by operating activities	△ 137	△ 7	—
Income Before Income Taxes	25	△ 32	—
Depreciation Expenses	60	49	—
Others	△ 222	△ 24	—
Cash flows used in investing activities	△ 94	△ 107	—
Free cash flows	△ 231	△ 114	—
Cash flows provided by financing activities	△ 81	△ 25	—
Effect of exchange rate changes on cash and cash equivalents	△ 21	△ 28	—
Net increase in cash and cash equivalents	△ 335	△ 169	—

## 2. Operating Activities (Consolidated)

### (1) Sales by Equipment

(Units:100million yen,%)

	FY2007			FY2008			FY2009 (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	1,841	66.5	△ 33.5	2,306	76.1	25.2	2,663	78.3	15.5
VCRs	45	1.6	△ 45.1	20	0.7	△ 55.6	7	0.2	△ 65.0
DVD	524	18.9	△ 40.7	402	13.3	△ 23.3	320	9.4	△ 20.4
BD Players	4	0.2	—	122	4.0	—	254	7.5	108.2
Televisions	256	9.2	△ 67.4	82	2.7	△ 68.0	6	0.2	△ 92.7
LCD Televisions	897	32.4	15.6	1,342	44.3	49.6	1,898	55.8	41.4
PDP Televisions	2	0.1	△ 97.8	0	0.0	—	0	0.0	—
Projectors	70	2.5	△ 43.5	0	0.0	—	0	0.0	—
Others	43	1.6	65.4	338	11.1	686.0	178	5.2	△ 47.3
Information Equipment	650	23.4	△ 30.3	450	14.9	△ 30.7	470	13.8	4.4
Others	280	10.1	5.6	271	9.0	△ 3.0	267	7.9	△ 1.5
Total	2,771	100.0	△ 30.1	3,027	100.0	9.2	3,400	100.0	12.3

## (2) Sales by Areas in Equipment

(Units:100million yen,%)

	FY2007			FY2008			FY2009 (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	1,841	66.5	△ 33.5	2,306	76.1	25.2	2,663	78.3	15.5
North America	1,391	50.2	△ 38.5	1,971	65.1	41.7	2,394	70.4	21.5
Europe	288	10.4	△ 15.8	211	7.0	△ 26.7	143	4.2	△ 32.2
Asia and Others	3	0.1	△ 72.7	1	0.0	△ 66.7	0	0.0	—
Japan	159	5.8	3.9	123	4.0	△ 22.6	126	3.7	2.4
Information Equipment	650	23.4	△ 30.3	450	14.9	△ 30.7	470	13.8	4.4
North America	403	14.5	△ 16.9	174	5.8	△ 56.8	229	6.7	31.6
Europe	164	5.9	△ 49.5	149	4.9	△ 9.1	167	4.9	12.1
Asia and Others	77	2.8	△ 37.4	122	4.0	58.4	74	2.2	△ 39.3
Japan	6	0.2	—	5	0.2	△ 16.7	0	0.0	—
Others	280	10.1	5.6	271	9.0	△ 3.0	267	7.9	△ 1.5
Total	2,771	100.0	△ 30.1	3,027	100.0	9.2	3,400	100.0	12.3

## (3) Sales by Equipment in Areas

(Units:100million yen,%)

	FY2007			FY2008			FY2009 (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change
North America	1,811	65.3	△ 34.6	2,161	71.4	19.3	2,623	77.1	21.4
Audio Visual Equipment	1,391	50.2	△ 38.5	1,971	65.1	41.7	2,394	70.4	21.5
Information Equipment	403	14.5	△ 16.9	174	5.8	△ 56.8	229	6.7	31.6
Others	17	0.6	△ 26.1	16	0.5	△ 5.9	0	0.0	—
Europe	456	16.5	△ 32.3	364	12.0	△ 20.2	310	9.1	△ 14.8
Audio Visual Equipment	288	10.4	△ 15.8	211	7.0	△ 26.7	143	4.2	△ 32.2
Information Equipment	164	5.9	△ 49.5	149	4.9	△ 9.1	167	4.9	12.1
Others	4	0.2	△ 33.3	4	0.1	0.0	0	0.0	—
Asia and Others	91	3.3	△ 34.5	132	4.4	45.1	74	2.2	△ 43.9
Audio Visual Equipment	3	0.1	△ 72.7	1	0.0	△ 66.7	0	0.0	—
Information Equipment	77	2.8	△ 37.4	122	4.0	58.4	74	2.2	△ 39.3
Others	11	0.4	120.0	9	0.4	△ 18.2	0	0.0	—
Japan	413	14.9	7.7	370	12.2	△ 10.3	393	11.6	6.2
Audio Visual Equipment	159	5.8	3.9	123	4.0	△ 22.6	126	3.7	2.4
Information Equipment	6	0.2	—	5	0.2	△ 16.7	0	0.0	—
Others	248	8.9	7.4	242	8.0	△ 2.4	267	7.9	10.3
Total	2,771	100.0	△ 30.1	3,027	100.0	9.2	3,400	100.0	12.3

### 3. Summary of Fourth Quarter (Jan.-Mar.) Financial Statements (Consolidated)

#### (1) Operating Results

(Units:100million yen,%)

	FY2007			FY2008		
	4Q			4Q		
	Amount	%	Change	Amount	%	Change
Net Sales	513	100.0	△ 54.9	627	100.0	22.2
Operating Income	△ 36	△ 7.0	—	△ 18	△ 3.0	—
Net Income	△ 58	△ 11.3	—	△ 11	△ 1.9	—
Net Income/Loss after Tax	△ 23	△ 4.5	—	△ 13	△ 2.1	—

(※) Yen—Dollars / exchange rate

(Units:Yen / Dollars)

	FY2007	FY2008
	4Q	4Q
Average Rate in each Period	103.79	95.19

#### (2) Sales by Equipment

(Units:100million yen,%)

	FY2007			FY2008		
	4Q			4Q		
	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	340	66.3	△ 60.4	490	78.2	44.1
VCRs	8	1.6	△ 57.9	4	0.6	△ 50.0
DVD	95	18.5	△ 64.8	58	9.3	△ 38.9
BD Players	3	0.6	—	14	2.2	366.7
Televisions	45	8.8	△ 81.5	6	1.0	△ 86.7
LCD Televisions	171	33.3	△ 30.8	313	49.9	83.0
Others	18	3.5	100.0	95	15.2	427.8
Information Equipment	85	16.6	△ 59.5	66	10.5	△ 22.4
Others	88	17.1	27.5	71	11.3	△ 19.3
Total	513	100.0	△ 54.9	627	100.0	22.2





## **FUNAI ELECTRIC CO., LTD.**

(Company)

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