

# FY 2015 FIRST QUARTER IN CUMULATIVE FINANCIAL REPORT

{ From April 1, 2015 }  
{ To June 30, 2015 }



FUNAI ELECTRIC CO., LTD.

First Quarter (April-June) Consolidated Financial Summary  
for the Period Ending March 2016

(Million yen)

	Previous Year First Quarter 〔 From April 1, 2014 to June 30, 2014 〕		Current Year First Quarter 〔 From April 1, 2015 to June 30, 2015 〕		Rate of increase or decrease
	Amount	%	Amount	%	
Net Sales	43,067	100.0	37,722	100.0	(12.4)
Operating Income(Loss)	(2,106)	(4.9)	(4,310)	(11.4)	—
Ordinary Income(Loss)	(2,462)	(5.7)	(3,726)	(9.9)	—
Income(Loss) before Income Taxes	(2,292)	(5.3)	(4,162)	(11.0)	—
Net Income(Loss) attributable to owners of parent	(2,331)	(5.4)	(4,039)	(10.7)	—
Net Income(Loss) per Share	(68.34)		(118.38)		

Notes:

1. We applied Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) in the first quarter of the fiscal year ending March 31, 2016 and has changed “net loss” to “net loss attributable to owners
2. Includes 23 consolidated subsidiaries, 1 non-consolidated subsidiary of equity method, 1 affiliated company of equity method.



## Financial Report for the 3-Month Period ended June 30, 2015

August 3, 2015

Listed company name: Funai Electric Co., Ltd. Securities Code: 6839 Tokyo Stock Exchange, First Section  
(URL <http://www.funai.jp/>)

Representative: President and CEO

Tomonori Hayashi

Inquiries: Director and Officer, Corporate Planning Division

Tetsuhiro Maeda

TEL: (072) 870-4395

Scheduled date of Quarterly Report; August 6, 2015

Scheduled date of Commencement of Annual Dividend Payment; —

Quarterly Financial Results Supplementation: Yes

Quarterly Financial Results Seminar: No

## 1. First Quarter Consolidated Results for the Period Ending March 2015 (April 1, 2015 – June 30, 2015)

## (1) Operating Results (Consolidated)

(% denotes year on year)

	Net Sales		Operating Income(Loss)		Ordinary Income (Loss)		Net Income(Loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1 <sup>st</sup> Quarter FY2015	37,722	(12.4)	(4,310)	—	(3,726)	—	(4,039)	—
1 <sup>st</sup> Quarter FY2014	43,067	(14.8)	(2,106)	—	(2,462)	—	(2,331)	—

(Reference) Comprehensive Income 1<sup>st</sup> Quarter FY 2015 ended June 30, 2015 (2,966) million yen (—%)  
1<sup>st</sup> Quarter FY 2014 ended June 30, 2014 (2,936) million yen (—%)

	Net Income(Loss) Per Share		Net Income(Loss) Per Share on a Fully Diluted Basis	
	Yen		Yen	
1 <sup>st</sup> Quarter FY2015	(118.38)		—	
1 <sup>st</sup> Quarter FY2014	(68.34)		—	

## (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
1 <sup>st</sup> Quarter FY2015	185,704	123,636	65.9
Fiscal Year 2014	189,695	127,881	66.8

(Reference) Equity 1<sup>st</sup> Quarter FY 2015 ended June 30, 2015 122,422 million yen  
Fiscal Year 2014 ended March 31, 2015 126,677 million yen

## 2. Dividends

	Dividend per Share				
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	Year-End	Annual
	yen	yen	yen	yen	yen
Fiscal Year 2014	—	0.00	—	35.00	35.00
Fiscal Year 2015	—				
Fiscal Year 2015 (Projection)		—	—	—	—

(Note) Revision of Annual Dividends Forecast in this 1<sup>st</sup> Quarter: No

The dividend for FY 2015 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 2016 (April 1, 2015 - March 31, 2016)  
(% denotes year on year)

	Net Sales		Operating Income(Loss)		Ordinary Income(Loss)		Net Income (Loss) attributable to owners of parent		Net Income (Loss)Per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending Sep.30.2015	91,100	(21.3)	(1,400)	—	(1,800)	—	(2,100)	—	(61.55)
Full Year	220,000	1.3	1,600	183.5	1,200	(37.6)	400	(70.5)	11.72

(Note) Revision of Forecast of Consolidated Results for the six month period or the Full Year in this 1<sup>st</sup> Quarter: No

\*Note

- (1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): No
- (2) Application of simplified accounting procedure and use of unique accounting procedure for preparation of financial statements covering consolidated accounting in this 1<sup>st</sup> quarter: Yes
- (3) Changes in Accounting Practices, Procedures and Presentation Methods for Consolidated Financial Results
1. Changes arising from revision of accounting standards: Yes
  2. Changes arising from other factors: No
  3. Changes in accounting estimates: No
  4. Restatement: No
- (4) Number of Shares Outstanding (Ordinary Shares)
1. Number of shares outstanding (including treasury stock) as of June 30, 2015; 36,130,796 shares  
as of March 31, 2015; 36,130,796 shares
  2. Number of shares of treasury stock as of June 30, 2015; 2,011,665 shares  
as of March 31, 2015; 2,011,665 shares
  3. The Average number of outstanding shares on June 30, 2015; 34,119,131 shares  
on June 30, 2014; 34,119,181 shares

\* The Recording of Implementation Conditions Regarding Quarterly Review Procedures

This quarterly financial summary does not fall within the scope of the Quarterly Review Procedures referenced in the Financial Instruments and Exchange Act. At the time of disclosure of the quarterly financial summary, the Group was in the process of implementing the quarterly review procedures for its quarterly financial statements.

Disclaimer;

This document contains forward-looking statements and projections regarding business performance which are not historical facts. Please note that these statements are based on information relating to factors that may impact future business performance that was available for analysis at the time this document was printed. These factors include industry trends relating to the business areas of Funai Electric Co., Ltd. or the Funai Group, such as audio-visual devices and information communication equipment, the economic conditions of both domestic and international markets, and fluctuations in currency exchange rates. Actual performance may greatly differ from projections included in this document because of the impacts of uncertainty in such areas as the competitive conditions of the electronics industry, market trends, currency exchange rate, introduction and success of new products, and various other global conditions that may affect the tax system and other systems.

## 1. Qualitative Information Regarding Quarterly Financial Results

### (1) Explanation of Business Performance

During the first quarter of the fiscal year ending March 31, 2016, the economy of the United States, which is the Funai Group's (the "Group") mainly market, could see a movement of improving, although consumer spending remained sluggish. because housing market and employment grew steadily. European economy shown continuously gradual recovery. On the other hand, China's economy has continued to slow down. And in Japan, the economy continued mild recovery trend, because the influence of the consumption tax hike came to an end.

Under these circumstances, the Group reported net sales of JPY 37,722 million, a 12.4% decrease compared with the same period last year.

Operating loss was JPY 4,310 million (the operating loss for the same period last year was JPY 2,106 million); ordinary loss was JPY 3,726 million (the ordinary loss for the same period last year was JPY 2,462 million); and net loss attributable to owners of parent was JPY 4,039 million (the net loss attributable to owners of parent for the same period last year was JPY 2,331 million).

The Group aims to improve profitability by strengthening the sales of 4K or large size LCD TVs of high value-added and expanding the sales of printers, while thoroughly managing inventories.

The Group applied Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) in the first quarter of the fiscal year ending March 31, 2016 and has changed "net loss" to "net loss attributable to owners of the parent."

Segment conditions by location were as follows:

#### i) Japan

Sales of LCD TVs increased, because the reaction to the rush demand of consumption tax hike has already passed through, but sales of Information Equipment such as printer decreased.

As a result, net sales were JPY 8,486 million, a decrease of 32.6% year by year. Our segment loss (operating loss) was JPY 2,486 million (the operating loss for this segment for the same period last year was JPY 640 million).

#### ii) Americas

LCD TVs increased slightly, and DVD-related products increased compared to the same period previous year. On the other hand, Audio Accessories and Home Theater system decreased.

As a result, net sales were JPY 27,966 million, a decrease of 3.2% year by year. Our segment loss (operating loss) was JPY 1,137 million (the operating loss for this segment for the same period last year was JPY 957 million).

#### iii) Asia

Net sales were JPY 971 million, a decrease of 6.0% year by year due to a decrease in Ink Cartridges. Our segment loss (operating loss) was JPY 438 million (the operating loss for this segment for the same period last year was JPY 134 million).

#### iv) Europe

Sluggish sales of LED TVs and DVD-related products continued. As a result, net sales were down 46.8% year by year, to JPY 299 million, and a segment loss (operating loss) was JPY 62 million (the operating loss for the same period last year was JPY 58 million).

Net sales by product group were as follows:

#### i) Audiovisual Equipment

In the Audiovisual Equipment sector, although home theater system has declined, sales of LCD TVs and DVD-related products increased year by year.

As a result, net sales of this sector were JPY 31,043 million, an increase of 4.9% year by year.

#### ii) Information Equipment

In the Information Equipment sector, net sales were JPY 1,540 million, a decrease of 73.1% year by year due to a reduce in Printer.

#### iii) Other

Net sales were JPY 5,139 million, a decrease of 33.7% year by year on a decline of Audio Accessories .

### (2) Qualitative Information Relating to Consolidated Financial Position

Our financial position at the end of first quarter is described below.

Total assets decreased by JPY 3,990 million as compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of JPY 620 million in notes and accounts receivable-trade, JPY 810 million in merchandise

and finished goods, JPY 9,225 million in raw materials and supplies and a decrease of JPY 14,377 million in cash and deposits.

Total liabilities increased by JPY 254 million as compared to the end of the previous consolidated fiscal year. This was mainly due to the decrease of JPY 2,093 million in notes and accounts payable-trade and increases of JPY 1,117 million in short-term loans payable, of JPY 1,062 million in other accounts payable.

Net assets decreased by JPY 4,245 million as compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of JPY 990 million in foreign currency translation adjustment and a decrease of JPY 5,313 million in retained earnings.

### (3) Qualitative Information Relating to Consolidated Performance Forecasts:

We have not revised its consolidated operating results forecast released on May 11, 2015.

Note: 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. Summary Information

### (1) Changes to principal subsidiaries of consolidated financial statements for fiscal quarter

Although this matter does not fall under a change in specified subsidiaries, the Group has included DX ANTENNA PHILIPPINES, INC. in the scope of consolidation from the beginning in the first quarter of the fiscal year ending March 31, 2016 due to an increase in materiality.

### (2) Unique accounting procedure for preparation of consolidated financial statements for fiscal quarter

Expenses relating to taxes are calculated by applying the estimated effective tax rates on the before-tax net profit for the fiscal quarter, through a practical estimation of the effective tax rates that will take effect after the application of the tax effect accounting for before-tax net profits of the consolidated fiscal year, including this first fiscal quarter.

### (3) Change in accounting policy

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the first quarter of the fiscal year under review, the Group has applied Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013), and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013) and has changed the accounting method to record the difference arising from changes in equity in subsidiaries the Company continues to control as capital surplus and to record acquisition-related costs as expenses in the fiscal year in which such costs are incurred. Regarding business combinations implemented on or after the beginning of the first quarter of the fiscal year ending March 31, 2016, the Group has changed the accounting method to retroactively reflect adjustments to the amount allocated to acquisition cost determined under provisional accounting treatment in the consolidated financial statements for the interim accounting period in which the date of the business combination occurs. In addition, the Group has changed the method of presentation of net income and has changed from "minority interest" to "non-controlling interest." The consolidated financial statements for the first quarter of the fiscal year ending March 31, 2014 and the consolidated financial statements for the fiscal year ended March 31, 2014 have been restated to reflect this change in presentation.

The Group has applied the Accounting Standard for Business Combinations and other accounting standards in accordance with the transitional treatment set forth in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures prospectively from the beginning of the first quarter of the fiscal year ending March 31, 2016.

The effect of the change of accounting standards on profit and loss is immaterial.

### (4) Additional Information

(About anti-tax haven law)

The Group received a rectification notice from the Osaka Regional Taxation Bureau on June 29, 2011. The Bureau determined that our Hong Kong subsidiary does not meet the requirements for exclusion under the anti-tax haven system and the Hong Kong subsidiary's income for the three fiscal years ended March 31, 2008 through 2010, will be considered, and taxed as our income. We objected to these supplementary tax assessments, and filed a petition with the Osaka Regional Tax Tribunal on August 25, 2011, to overturn the supplementary tax assessment order. Thereafter, we received written verdicts on this case on July 18, 2012 indicating that our assertions had been dismissed. This decision was truly regrettable for us, we couldn't quite approval it. On January 17, 2013, we filed a revocation claim litigation of correction disposal to the Tokyo District Court

The additional tax of JPY 825 million (JPY 935 million including incidental taxes) includes corporate, enterprise and residence taxes. We charged the tax assessments to income as "prior year's taxes" in the fiscal year ended March 31, 2012. The financial effect of applying the tax system beginning in the fiscal year ended March 31, 2011, the accounting

period after the fiscal year in which the tax examination concluded, has been charged to income.

### 3. Consolidated Financial Statements

#### (1) Consolidated Quarterly Balance Sheets

(Units : Million Yen)

	Fiscal year 2014 (As of March 31, 2015)	1st Quarter FY2015 (As of June 30, 2015)
<b>ASSETS;</b>		
Current Assets		
Cash and deposits	66,820	52,442
Notes and accounts receivable - trade	38,183	38,803
Merchandise and finished goods	26,398	27,209
Work in process	1,455	1,743
Raw materials and supplies	14,708	23,933
Other	7,598	6,688
Allowance for doubtful accounts	(389)	(382)
Total current assets	154,775	150,439
Noncurrent Assets		
Property, plant and equipment	21,306	20,790
Intangible assets	6,117	5,899
Investments and other assets		
Net defined benefit asset	1,716	1,711
Other	6,055	7,173
Allowance for doubtful accounts	(276)	(310)
Total investments and other assets	7,496	8,574
Total noncurrent assets	34,920	35,265
<b>TOTAL ASSETS</b>	<b>189,695</b>	<b>185,704</b>
<b>LIABILITIES;</b>		
Current Liabilities		
Notes and accounts payable - trade	31,625	29,531
Short-term loans payable	4,012	5,129
Income taxes payable	485	383
Provision	1,459	1,241
Other	13,796	15,371
Total current liabilities	51,378	51,658
Noncurrent Liabilities		
Long-term loans payable	6,683	6,726
Provision	1,093	1,089
Net defined benefit liability	548	517
Other	2,110	2,076
Total noncurrent liabilities	10,435	10,409
<b>TOTAL LIABILITIES</b>	<b>61,813</b>	<b>62,068</b>



(Units : Million Yen)

	Fiscal year 2014 (As of March 31, 2015)	1st Quarter FY2015 (As of June 30, 2015)
NET ASSETS;		
Shareholders' equity		
Capital stock	31,307	31,307
Capital surplus	33,272	33,272
Retained earnings	93,840	88,527
Treasury shares	(24,341)	(24,341)
Total shareholders' equity	134,079	128,766
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	421	473
Foreign currency translation adjustment	(8,188)	(7,197)
Remeasurements of defined benefit plans	365	381
Total accumulated other comprehensive income	(7,401)	(6,343)
Subscription rights to shares	142	146
Minority interests	1,061	1,067
Total net asset	127,881	123,636
TOTAL LIABILITIES AND NET ASSETS	189,695	185,704

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

(Units : Million Yen)

	1st Quarter FY2014 ( from April 1, 2014 to June 30, 2014)	1st Quarter FY2015 ( from April 1, 2015 to June 30, 2015)
Net sales	43,067	37,722
Cost of sales	36,566	32,141
Gross profit	6,501	5,581
Selling, general and administrative expenses	8,608	9,892
Operating loss	(2,106)	(4,310)
Non-operating income		
Interest income	30	57
Dividends income	89	4
Foreign exchange gains	—	527
Gain on investments in partnership	77	—
Other	62	61
Total non-operating income	260	651
Non-operating expenses		
Interest expenses	47	39
Share of loss of entities accounted for using equity meth	131	1
Foreign exchange losses	398	—
Other	38	27
Total non-operating expenses	616	67
Ordinary loss	(2,462)	(3,726)
Extraordinary income		
Gain on sales of non-current assets	46	—
Gain on sale of investment securities	—	10
Gain on sales of shares of subsidiaries and associates	134	—
Other	1	—
Total extraordinary income	183	10
Extraordinary losses		
Loss on disposal of non-current assets	12	1
Loss on liquidation of subsidiaries and associates	—	note1 434
Other	—	10
Total extraordinary loss	12	446
Income loss before income taxes	(2,292)	(4,162)
Income taxes	36	(134)
Loss before minority interests	(2,328)	(4,027)
Minority interests in income	2	11
Net Loss attributable to owners of parent	(2,331)	(4,039)

## (Consolidated Quartely Statement of Comprehensive Income)

(Units : Million Yen)

	1st Quarter FY2014 ( from April 1, 2014 to June 30, 2014)	1st Quarter FY2015 ( from April 1, 2015 to June 30, 2015)
Income (loss) before minority interests	(2,328)	(4,027)
Other comprehensive income		
Valuation difference on available-for-sale securities	85	55
Foreign currency translation adjustment	(700)	989
Share of other comprehensive income of entities accounted for using equity method	(6)	0
Remeasurements of defined benefit plans, net of tax	13	17
Total other comprehensive Income	(607)	1,061
Comprehensive income	(2,936)	(2,966)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(2,941)	(2,981)
Comprehensive income attributable to minority interest:	4	15

(3) Consolidated Quarterly Statements of Income  
(Notes for Continuing Enterprises)  
Not Applicable

(Notes of remarkable changes in Shareholders Equity)  
Not Applicable

(Consolidated balance sheets)  
First Quarter Consolidated Fiscal Period – Year to Date (As of June 30, 2015)  
Contingent liabilities  
(Arbitration)

Funai Electric Co., Ltd. (hereinafter, “Funai”) resolved to acquire from Koninklijke PHILIPS N.V. (hereinafter, “PHILIPS”) all shares in a company that will hold the operation of the PHILIPS’ Lifestyle Entertainment Business and concluded a share purchase agreement on January 29, 2013. But PHILIPS filed against Funai a petition as of October 25, 2013 for arbitration to claim compensation for damages on the grounds of breach of the agreement by Funai and the petition has been served on November 8, 2013 by the International Chamber of Commerce.

With regard to this matter, Funai recognizes there to have been no breach of contract on its behalf. Consequently, on December 6, 2013, Funai filed with the International Chamber of Commerce a counterclaim for claiming compensation for damages on the grounds of breach of the agreement and undue action by PHILIPS.

On May 20, 2014 Funai received notice from PHILIPS of the amount of the claim for compensatory damages. Subsequently, on October 1, 2014 Funai filed a statement to the International Court of Arbitration including indication of the amount of compensatory damages claimed against PHILIPS.

On December 24, 2014 Funai received notice from PHILIPS of a revised amount of compensatory damages claimed by PHILIPS.

The results of these arbitral proceedings may affect the Funai Group’s operating performance, but given the difficulty of making a rational estimate of this impact during this first quarter consolidated fiscal period, such impact has not been reflected in the Funai Group’s operating performance or financial condition.

Following is the outline of arbitration filed against Funai and counterclaim filed by Funai.

#### 1. Outline of arbitration filed against Funai

##### (1) Institution and date of arbitration

- i) Institution where petition for arbitration is filed: International Chamber of Commerce
- ii) Date of petition for arbitration: October 25, 2013

##### (2) Petitioner of arbitration

- i) Name : Koninklijke PHILIPS N.V.
- ii) Location : Eindhoven, The Netherlands
- iii) Title & name of representative : Chief Executive Officer Frans van Houten

##### (3) Details of petition and claimed amount for damages

- i) Details of petition : A claim for damages on the grounds of breach of the agreement by Funai
- ii) Claimed amount : €189.6 million, statutory interest and arbitration costs

#### 2. Outline of counterclaim filed by Funai

##### (1) Institution with which counterclaim filed and date of filing

- i) Institution with which counterclaim filed : International Chamber of Commerce
- ii) Date of counterclaim: December 6, 2013

##### (2) Other party to counterclaim filing

- i) Name : Koninklijke PHILIPS N.V.
- ii) Location : Eindhoven, The Netherlands
- iii) Title & name of representative : Chief Executive Officer Frans van Houten

##### (3) Details of petition and claimed amount for damages

- i) Details of petition : Claim for damages on the grounds of breach of the agreement and undue action by PHILIPS
- ii) Claimed amount:€312.3 million, corporate tax equivalent and statutory interest, arbitration costs

An overview of the above-mentioned share purchase agreement is as follows.

#### 1. Name of other company and content of acquired businesses

(1) Name of other company : Koninklijke PHILIPS N.V.

(2) Content of acquired businesses : Lifestyle Entertainment Business

(Note) The Lifestyle Entertainment Business involves the development and design, sales and (partial) manufacture of the

PHILIPS-brand Audio Video Multimedia products, Home Communication products and Accessories products.

2. Reasons for Acquiring the Shares

The Transaction to assume the operation will enable the Funai Group to expand the lineup of products that it handles and expand its sales region to include Asia, South America and other emerging markets, as well as advanced countries in Europe. Funai decided to acquire shares in the New Company, based on the belief that the acquisition would foster sustained growth of the Funai Group's business.

3. Acquisition price and percentage of shares held after acquisition

Acquisition price : €150 million

Percentage of shares held after acquisition : 100%

(Consolidated statement of Income)

Note 1. Loss on liquidation of subsidiaries and affiliates

First Quarter Consolidated Fiscal Period – Year to Date (April 1, 2015 to June 30, 2015)

The Group has recorded the estimated amount of losses in connection with a resolution to liquidate Funai India Private Limited, a consolidated subsidiary of the Group.

(Information by Segment)

[Segment Information]

I . First Quarter Consolidated Fiscal Period – Year to Date (April 1, 2014 to June 30, 2014)  
Information Regarding Net Sales and Profit/Loss Conditions by Reporting Segment

(Units: Million Yen)

	Japan	Americas	Asia	Europe	Total	Adjustments (Note 1)	Consolidated (Note 2)
Net Sales							
(1) Outside customers	12,585	28,886	1,033	562	43,067	—	43,067
(2) Inter-segment sales	23,321	220	26,224	—	49,766	(49,766)	—
Total	35,907	29,106	27,257	562	92,834	(49,766)	43,067
Segment Income (Loss)	(640)	(957)	(134)	(58)	(1,791)	(315)	(2,106)

Note: 1. JPY -315 million adjustment amount under segment loss includes items such as the JPY-5 million relating to the cancellation of inter-segment transactions, JPY -189 million of overall Group expenses that are not apportioned to each reporting segment, and the JPY -120 million adjustment relating to inventory assets. Overall Group expenses are comprised of general administrative expenses that do not belong to a specific reporting segment.

2. Segment loss has been adjusted to operating loss noted on the first quarter consolidated income statement.

II . First Quarter Consolidated Fiscal Period – Year to Date (April 1, 2015 to June 30, 2015)  
Information Regarding Net Sales and Profit/Loss Conditions by Reporting Segment

(Units: Million Yen)

	Japan	Americas	Asia	Europe	Total	Adjustments (Note 1)	Consolidated (Note 2)
Net Sales							
(1) Outside customers	8,486	27,966	971	299	37,722	—	37,722
(2) Inter-segment sales	27,228	277	19,872	—	47,378	(47,378)	—
Total	35,714	28,243	20,843	299	85,101	(47,378)	37,722
Segment Income (Loss)	(2,486)	(1,137)	(438)	(62)	(4,125)	(185)	(4,310)

Note: 1. JPY -185 million adjustment amount under segment loss includes items such as the JPY -1 million relating to the cancellation of inter-segment transactions, JPY -206 million of overall Group expenses that are not apportioned to each reporting segment, and the JPY 21 million adjustment relating to inventory assets. Overall Group expenses are comprised of general administrative expenses that do not belong to a specific reporting segment.

2. Segment loss has been adjusted to operating loss noted on the first quarter consolidated income statement.

# FINANCIAL RESULTS -appendix

## FY 2015

( from 2015.4.1  
to 2015.6.30 )

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FUNAI ELECTRIC CO., LTD.

## 1. Summary of 1Q Financial Statements (Consolidated)

### (1) Operating Results, Financial Conditions

(Units : 100 million yen, %)

	FY 2014						FY 2015					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Net Sales	430	100.0	(14.8)	2170	100.0	(7.2)	377	100.0	(12.4)	2,200	100.0	1.3
Operating Income (Loss)	(21)	(4.9)	—	5	0.3	—	(43)	(11.4)	—	16	0.7	183.5
Ordinary Income (Loss)	(24)	(5.7)	—	19	0.9	—	(37)	(9.9)	—	12	0.5	(37.6)
Net Income(Loss) attributable to owners of parent	(23)	(5.4)	—	13	0.6	—	(40)	(10.7)	—	4	0.2	(70.5)
Total Assets	1,763	—	—	1,896	—	—	1,857	—	—	—	—	—
Net Assets	1,140	—	—	1,278	—	—	1,236	—	—	—	—	—

### (※) Yen-Dollars / Exchange rate

(Units : Yen / Dollars)

	FY 2014		FY 2015	
	1Q	Full-Year	1Q	Full-Year (Projections)
Average Rate in each Period	101.87	110.62	121.72	118.00

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

	FY 2014		FY 2015	
	1Q	Full-Year	1Q	Full-Year (Projections)
Gross Profit Ratio (%)	15.1	17.3	14.8	16.2
Operating Income Ratio (%)	(4.9)	0.3	(11.4)	0.7
Ordinary Income Ratio (%)	(5.7)	0.9	(9.9)	0.5
Shareholders' Equity Ratio (%)	64	66.8	65.9	—
Net Assets Per Share (yen)	3307.73	3712.81	3588.10	—
Net Income(Loss) Per Share (yen)	(68.34)	39.70	(118.38)	11.7
Return on Assets (%)	(1.2)	0.7	(2.2)	—
Return on Shareholders' Equity (%)	(2.0)	1.1	(3.2)	—

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

(Units : 100 million yen, %)

	FY 2014				FY 2015			
	1Q		Full-Year		1Q		Full-Year (Projections)	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Capital Expenditures	11	(84.7)	32	(70.6)	4	(63.6)	30	(6.3)

	FY 2014						FY 2015					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Depreciation Expenses	11	2.6	(15.4)	47	2.2	(9.6)	10	2.7	(9.1)	47	2.1	0.0
R&D	16	3.7	(27.3)	74	3.4	(11.9)	21	5.6	31.3	96	4.4	29.7



## (4) CashFlow

(Units : 100 million yen)

	FY 2014			FY 2015		
	1Q		Full-Year	1Q		Full-Year (Projections)
Cash flows provided by operating activities	(37)		168	(136)		—
Income Before Income Taxes	(22)		22	(41)		—
Depreciation Expenses	14		58	13		—
Others	(29)		88	(108)		—
Cash flows used in investing activities	(10)		(173)	108		—
Free cash flows	(47)		(5)	(28)		—
Cash flows provided by financing activities	14		(27)	(2)		—
Effect of exchange rate changes on cash and cash equivalents	(3)		25	(4)		—
Net increase in cash and cash equivalents	(35)		(6)	(34)		—

## 2. Operating Activities (Consolidated)

## (1) Sales by Equipment

(Units : 100 million yen, %)

	FY 2014						FY 2015					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	296	68.7	(22.1)	1,724	79.4	(5.9)	311	82.3	4.9	1,913	87.0	11.0
DVD	27	6.2	(37.2)	124	5.7	(28.7)	31	8.2	16.5	84	3.8	(32.3)
BD	22	5.1	(47.6)	135	6.2	(20.1)	24	6.3	10.2	130	5.9	(3.7)
LCD TV	236	54.9	(17.5)	1,421	65.5	(1.1)	251	66.5	6.2	1,649	75.0	16.0
Others	11	2.5	37.5	44	2.0	(17.0)	5	1.3	(61.4)	50	2.3	13.6
Information Equipment	57	13.3	17.8	126	5.8	(33.1)	15	4.1	(73.1)	100	4.5	(21.0)
Others	77	18.0	0.8	320	14.8	0.1	51	13.6	(33.7)	187	8.5	(41.7)
Total	430	100.0	(14.8)	2,170	100.0	(7.2)	377	100.0	(12.4)	2,200	100.0	1.3

## (2) Sales by Areas in Equipment

(Units : 100 million yen, %)

	FY 2014						FY 2015					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	296	68.7	(22.1)	1,724	79.4	(5.9)	311	82.3	4.9	1,913	87.0	11.0
Americas	258	59.9	(19.1)	1,506	69.4	(4.1)	264	69.9	2.3	1,685	76.6	11.9
Europe	6	1.4	(25.0)	35	1.6	9.4	1	0.4	(83.3)	25	1.1	(28.6)
Asia and Others	1	0.2	—	5	0.2	(58.3)	1	0.2	0.0	12	0.6	140.0
Japan	31	7.2	(39.2)	178	8.2	(18.0)	45	11.8	45.2	191	8.7	7.3
Information Equipment	57	13.3	17.8	126	5.8	(33.1)	15	4.1	(73.1)	100	4.5	(21.0)
Americas	42	9.8	31.3	92	4.2	(27.0)	13	3.5	(69.0)	72	3.3	(21.7)
Europe	11	2.6	—	26	1.2	(42.2)	2	0.5	(81.8)	11	0.5	(57.7)
Asia and Others	4	0.9	—	8	0.4	(50.0)	0	0.1	(100.0)	16	0.7	100.0
Japan	0	0.0	—	0	0.0	—	0	0.0	—	1	0.0	—
Others	77	18.0	0.8	320	14.8	0.1	51	13.6	(33.7)	187	8.5	(41.7)
Total	430	100.0	(14.8)	2,170	100.0	(7.2)	377	100.0	(12.4)	2,200	100.0	1.3

## (3) Sales by Equipment in Areas

(Units : 100 million yen, %)

	FY 2014						FY 2015					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Americas	336	78.1	(12.7)	1,766	81.4	(4.5)	291	77.1	(13.5)	1,794	81.5	1.6
Audio Visual Equipment	258	59.9	(19.1)	1,506	69.4	(4.1)	264	69.9	2.3	1,685	76.6	11.9
Information Equipment	42	9.8	31.3	92	4.2	(27.0)	13	3.5	(69.0)	72	3.3	(21.7)
Others	36	8.4	5.9	168	7.8	9.1	14	3.7	(61.1)	37	1.6	(78.0)
Europe	17	4.0	(10.5)	61	2.8	(20.9)	3	0.9	(79.9)	36	1.6	(41.5)
Audio Visual Equipment	6	1.4	(25.0)	35	1.6	9.4	1	0.4	(83.3)	25	1.1	(28.6)
Information Equipment	11	2.6	—	26	1.2	(42.2)	2	0.5	(81.8)	11	0.5	(57.7)
Others	0	0.0	—	0	0.0	—	0	0.0	—	—	—	—
Asia and Others	6	1.4	—	21	1.0	(34.6)	4	1.0	(37.4)	28	1.3	32.7
Audio Visual Equipment	1	0.2	—	5	0.2	(58.3)	1	0.2	0.0	12	0.6	140.0
Information Equipment	4	0.9	—	8	0.4	(50.0)	0	0.1	(100.0)	16	0.7	100.0
Others	1	0.3	—	8	0.4	100.0	3	0.7	200.0	—	—	—
Japan	71	16.5	(25.3)	322	14.8	(15.5)	79	21.0	11.5	342	15.6	6.3
Audio Visual Equipment	31	7.2	(39.2)	178	8.2	(18.0)	45	11.8	45.2	191	8.7	7.3
Information Equipment	0	0.0	—	0	0.0	—	—	—	—	1	0.0	—
Others	40	9.3	(4.8)	144	6.6	(11.1)	34	9.2	(15.0)	150	6.9	4.2
Total	430	100.0	(14.8)	2,170	100.0	(7.2)	377	100.0	(12.4)	2,200	100.0	1.3



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

(Company)

**FUNAI ELECTRIC CO., LTD.**

INVESTOR / RELATIONS OFFICE

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

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