

May 1, 2013

To Whom It May Concern:

Funai Electric Co., Ltd.  
 Representative Director  
 President and CEO: Tomonori Hayashi  
 (Code No.: 6839 First Section of TSE/OSE)

**Notice of the Reversal of Deferred Tax Assets and Changes in the Dividend Forecast Following a Revised Forecast of Consolidated Operating Results and the Posting of Non-Operating Income (Foreign Exchange Gains)**

The following changes have been made to the forecast of consolidated operating results announced on November 2, 2012, and the dividend forecast announced on May 7, 2012.

**1. Revisions to the Full-Year Consolidated Earnings Forecast**  
 (April 1, 2012 to March 31, 2013)

(Units: Millions of Japanese Yen)

|  | Net Sales | Operating Income | Ordinary Income | Net Income | Net Income Per Share |
|--|-----------|------------------|-----------------|------------|----------------------|
| Previous Forecast announced on November 2, 2012 (A)                        | 205,000   | (2,500)          | (4,100)         | (5,800)    | (169.99)             |
| Current Revised Forecast (B)   | 192,000   | (5,270)          | (350)           | (8,540)    | (250.38)             |
| Net Change (B-A)   | (13,000)  | (2,770)          | 3,750           | (2,740)    |                      |
| Net Change (%)   | (6.3)     | -                | -               | -          |                      |
| (Reference)<br>Actual for the Previous Term<br>(Year Ended March 31, 2012) | 246,147   | 461              | 174             | (4,629)    | (135.69)             |

**[Reasons for Revisions]**

Performance involving of LCD TVs, which had been firm through the second quarter, turned downward, particularly from the fourth quarter. In addition, the profit margin was declined. Consequently, net sales and operating income are now expected to fall below their previously forecast figures. Owing to the posting of foreign exchange gains, ordinary income should improve compared with the substantial loss previously expected. However, net income is likely to fall below previously forecast figures, due to such factors as the reversal of deferred tax assets and booking of corporate tax adjustment.

**2. Recording of Non-Operating Income (Foreign Exchange Gains)**

During the first nine months of the fiscal year, the Company posted foreign exchange gains of JPY 1,749 million. As a result of rapid yen depreciation subsequently, settlements of the Funai Group's assets and liabilities denominated in foreign currencies and valuations according to exchange rates as of the end of the fiscal year resulted in the posting of foreign exchange gains of JPY 4,690 million.

### 3. Reversal of Deferred Tax Assets

After carefully forecasting operating performance in the year under review and the upcoming fiscal year to determine the recoverability of deferred tax assets, the Company elected to reverse deferred tax assets on March 31, 2013, and posted JPY 4,320 million as a corporate tax adjustment. As this item involves no cash disbursements, it will have no effect on consolidated cash flows.

### 4. Dividend Forecast Revision

|   | Annual Dividend (Yen) |          |          |          |          |
|---|-----------------------|----------|----------|----------|----------|
|   | 1Q End                | 2Q End   | 3Q End   | Year-End | Annual   |
| Previous Forecast<br>(May 7, 2012)                          | yen<br>-              | yen<br>0 | yen<br>- | yen<br>- | yen<br>- |
| Current Revised Forecast                                    | -                     | 0        | -        | 35       | 35       |
| Actual for the Current Term                                 | -                     | 0        | -        | -        | -        |
| Actual for the Previous Term<br>(Year Ended March 31, 2012) | -                     | 0        | -        | * 50     | * 50     |

\* (Breakdown for previous term) Regular dividend: 40, Commemorative dividend: 10

#### [Reasons for Revisions]

Because of the major impact of exchange rate fluctuations on consolidated net assets, the previous forecast did not include a year-end dividend forecast. Calculated in accordance with the Company's policy of maintaining a dividend-to-consolidated net assets ratio of 1.0%, we now forecast a dividend of JPY 35 per share.

#### (Note)

The earnings forecast is based on information available to the Company at the time such forecast is made, and contains risk and uncertainty. Actual results may differ from the forecast due to a variety of factors including changes in the economic conditions of overseas markets such as the United States (a key market for the Group), and significant fluctuations in product prices and foreign exchange.

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