

November 4, 2014

To Whom It May Concern:

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

## Funai Electric Announces Differences between Forecasts and Actual Performance for the First Six Months of the Fiscal Year Ending March 31, 2015, the Recording of Non-operating Income (Exchange Gains), and Revision of the Full-Year Consolidated Operating Performance Forecasts

The following changes have been made to the forecast of consolidated operating results announced on May 12, 2014.

### 1. Revisions to the Second Quarter (2Q) Year-to-Date (YTD) Consolidated Earnings Forecast (April 1, 2014 to September 30, 2014)

(Units: Millions of Japanese Yen)

|  | Net Sales | Operating Income | Ordinary Income | Net Income | Net Income Per Share |
|--|-----------|------------------|-----------------|------------|----------------------|
| Previous Forecast announced on May 12, 2014 (A)                            | 93,700    | 500              | 400             | 200        | 5.86                 |
| Actual performance (B)   | 115,808   | 1,332            | 2,785           | 2,624      | 76.94                |
| Net Change (B-A)   | 22,108    | 832              | 2,385           | 2,424      |                      |
| Net Change (%)   | 23.60     | 166.43           | 596.47          | 1212.48    |                      |
| (Reference)<br>Actual for the Previous Term<br>(FY2013 September 30, 2013) | 120,570   | 567              | 2,163           | 612        | 17.96                |

### 2. Revisions to the Full-Year Consolidated Earnings Forecast (April 1, 2013 to March 31, 2014)

(Units: Millions of Japanese Yen)

|  | Net Sales | Operating Income | Ordinary Income | Net Income | Net Income Per Share |
|--|-----------|------------------|-----------------|------------|----------------------|
| Previous Forecast announced on May 12, 2014 (A)                        | 200,000   | 500              | 400             | 10         | 0.29                 |
| Current Revised Forecast (B)   | 203,000   | 500              | 1,400           | 900        | 26.38                |
| Net Change (B-A)   | 3,000     | —                | 1,000           | 890        |                      |
| Net Change (%)   | 1.5       | —                | 250.00          | 8900.00    |                      |
| (Reference)<br>Actual for the Previous Term<br>(FY2013 March 31, 2014) | 232,042   | (5,465)          | (2,253)         | (6,745)    | (197.70)             |

### 3. Reasons for Differences between Forecast and Actual Figures for the First Six Months of the Fiscal Year

During the first six months of the fiscal year ending March 31, 2015, due to continuing economic recovery in the U.S., a key market for the Funai Group, the Company's net sales exceeded the previous forecast as a result of an increase in screen sizes and strong shipments of LCD TVs, a key product, ahead of the peak year-end selling season. Operating income was also higher than the previous forecast due to factors including the impact of a net sales increase coupled with improved efficiency from selective reduction of the range of audio accessories to high-selling items and rigorous inventory control. Ordinary income and net income also exceeded the previous forecasts because of the abovementioned factors and exchange gains resulting from yen depreciation.

### 4. Recording of Non-operating Income (Exchange Gains)

As a result of weakening of the yen in the foreign exchange market, the Company recorded foreign exchange gains of JPY 1,397 million as non-operating income in the consolidated results for the first six months of the fiscal year ending March 31, 2015. This is the amount of foreign exchange gains at the end of the first six months of the fiscal year ending March 31, 2015 and will change according to future conditions in the foreign exchange market.

### 5. Reasons for Revising Operating Performance Forecasts for the Full Fiscal Year

Although the economy of the United States in the first six months of the year was as described above, at the present time retail sales are below the prior-year level, and the outlook for the second-half business environment remains uncertain. Although the Company has therefore left the previous forecast for operating income unchanged, it has revised the previously announced forecasts for ordinary income and net income taking into account the continuing impact of yen depreciation.

#### (Note)

The earnings forecast is based on information available to the Group 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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