Member, Financial Accounting Standards Foundation

Consolidated Financial Results for the Second Quarter Ended September 30, 2016

November 14, 2016

Listed company name	Funai Electric Co., Ltd.		
Stock exchange listing	Tokyo First Section		
Securities code	6839	URL http://www.funai.jp/en	
Representative	President and CEO	Tetsuhiro Maeda	
Inquiries	General Manager	Keiichi Ikegami	TEL: (072) 870-4395

Scheduled date of Quarterly Report November 14, 2016
Scheduled date of Commencement of Annual Dividend Payment ―
Quarterly Financial Results Supplementation Yes
Quarterly Financial Results Seminar Yes

1. Consolidated Financial Results for the Second Quarter Ended September 30, 2016 (April 1, 2016 – September 30, 2016)

(1) Consolidated Operating Results (% shows year on year rates)

	Net Sales		Operating Income(Loss)		Ordinary Income(Loss)		Net Income(Loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2nd Quarter FY2016	66,104	(23.6)	(3,606)	―	(7,490)	―	(7,648)	―
2nd Quarter FY2015	86,570	(25.2)	(5,815)	―	(7,093)	―	(7,996)	―

(Reference) Comprehensive Income 2rd Quarter FY 2016 ended September 30, 2016 (9,866) million yen (―%)
2nd Quarter FY 2015 ended September 30, 2015 (8,756) million yen(―%)

	Net Income(loss) Per Share	Net Income(loss) Per Share on a Fully Diluted Basis
	Yen	Yen
2nd Quarter FY2016	(224.18)	―
2nd Quarter FY2015	(234.36)	―

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity	Equity Ratio
	Million yen	Million yen	Million yen	%
As of September 30,2016	117,899	73,359	72,749	61.7
As of March 31,2016	154,191	84,439	83,328	54.0

2. Dividends

	Dividend per Share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-End	Annual
	yen	yen	yen	yen	yen
Fiscal Year 2015	―	0.00	―	30.00	30.00
Fiscal Year 2016	―				
Fiscal Year 2016 (Forecast)			―	―	―

(Note) Revision of Annual Dividends Forecast in this 2rd Quarter: No

The dividend for FY 2016 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 disclosure has become possible to public.

3. Consolidated Financial Forecast for the Fiscal 2016 (April 1, 2016 - March 31, 2017)

(% shows year on year rates)

	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
Full Year	134,500	(20.9)	△4,000	―	△8,000	―	△8,200	―	△240.33

(Note) Revision to consolidated financial forecast: No

*Note
(1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): No
In (Company name: —) Out (Company name: —)

(2) Adoption of special accounting methods of Quarterly consolidated financial statements: Yes

(3) Changes in accounting policies and estimates
1. Changes in accounting policies from revision of accounting standards: Yes
2. Changes in accounting policies from other reason: 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 September 30, 2016	36,130,796
	As of March 31, 2016	36,130,796
2. Number of shares of treasury stock	As of September 30, 2016	2,011,687
	As of March 31, 2016	2,011,687
3. The Average number of outstanding shares	On September 30, 2016	34,119,109
	On September 31, 2015	34,119,129

* 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.

1.Qualitative Information

(1) Consolidated Financial Results

In the first half of the fiscal year ended September 30, 2016, the United States the Company's main market experienced a steady increase in employment as well as relatively robust personal consumption. Europe continued on a moderate economic recovery track, although its economic outlook became increasingly uncertain. In China, compensation of employees (CE) grew, although it was likely supported by government initiatives.
In Japan, personal consumption bottomed out on the back of steady employment. Production and service activities also recovered, although the situation remained unpredictable due to foreign exchange fluctuations.

Under these circumstances, our net sales for the reported period stood at ¥66,104 million (down 23.6% from the same period of the previous year). Combined with a fall in sales, the continued rise in LCD panel prices, adjustments to our inventory of older LCD-TV models, and the intensifying price competition in Mexico resulted in an operating loss of ¥3,606 million (compared to an operating loss of 5,815 million in the same period of the previous year). In addition, due to foreign exchange losses (¥3,868 million) incurred due to the rise of the Mexican peso and the Japanese yen against the US dollar, we posted an ordinary loss of ¥7,490 million (compared to an ordinary loss of 7,093 million in the same period of the previous year). As a result, we posted ¥7,648 million in net loss which is attributable to the parent (compared to a loss of ¥7,996 million which is attributable to the parent in the same period of the previous year).

Results by region

i) Japan
Blue-ray disc players enjoyed strong sales and an increase in revenue, while revenues from LCD-TVs and electronic reception devices declined. As a result, net sales amounted to ¥13,755 million, down 17.6% year on year, and segment loss (operating loss) amounted to ¥2,326 million (a segment loss of ¥1,352 million in the same quarter of the last fiscal year).

ii) Americas
Blue-ray disc players posted strong sales and a resultant growth in revenues, while revenue from LCD-TVs sales shrank reflecting poor sales in regional mass merchandise stores in the North American market and intensifying price competition in the Mexican market. As a result, net sales amounted to ¥51,938 million, down 22.9% year on year, and segment loss amounted to ¥1,337 million (a segment loss of ¥2,860 million in the same quarter of the last fiscal year).

iii) Asia
Net sales amounted to ¥142 million, down 91.7% year on year due to decrease of ink cartridges. Segment profit (operating profit) amounted to ¥148 million (down 79.5% compared to the same quarter of the last fiscal year).

iv) Europe
Despite an increase in revenue from the sale of ink-jet printers which we launched in the previous term, overall revenue contracted as we stopped selling LCD-TVs. Net sales amounted ¥268 million, down 64.7% year on year, and segment loss (operating loss) amounted to ¥9 million, (a segment loss of ¥193 million in the same quarter of the last fiscal year).

Results by product Segment

i) Audiovisual Equipment
For audio visual equipment, blue-ray disc players had strong sales and an increase in revenue, while LCD-TVs had lower revenue for reasons such as poor sales in regional mass merchandise stores in the North American market and intensifying price competition in the Mexican market. As a result net sales amounted to ¥57,461 million, down 22.8% year on year.

ii) Information Equipment
Overall, revenue from information equipment shrank despite ink-jet printers' contribution to sales as we were unable to make up for a drop in sales caused by lower sales of ink cartridges to OEMs. As a result, net sales of information Equipment amounted to ¥2,113 million, down 29.8% year on year.

iii) Other Products

In addition to the above, we lost sales from audio accessories as their contracts were terminated in the previous term. As a result, net sales stood at ¥6,529 million, down 28.7% year on year.

(2) Consolidated Financial Position

Total assets decreased by ¥36,291 million compared to the end of the last fiscal year. The primary components of the change were as follows:

Decrease of ¥20,706 million in cash and deposits, ¥6,342 million in notes and accounts receivable, ¥2,921 million in merchandise and finished goods, and ¥4,297 million in raw materials and supplies.

Total liabilities decreased by ¥25,211 million compared to the end of the last fiscal year. The primary components of the change were as follows:

Increase of ¥3,591 million in note and accounts payable-trade, Decrease of ¥1,531 million in short-term loans payable, ¥24,730 million in accounts payable and ¥1,992 million in long- term loans.

Net assets decreased by ¥11,079 million compared to the end of the last fiscal year. The primary components of the change were decrease of ¥8,672 million in retained earnings and ¥2,159 million in the foreign currency translation adjustment.

(3) Consolidated Financial Forecast

As stated in the Notice of Conclusion of Basic Agreement on Transfer of Subsidiary Shares which we released on November 7, 2016, we are currently investigating the impact of this signing on our financial results for the term ending March 2017. We therefore did not make any revisions to our consolidated financial forecasts that we announced on October 17, 2016.

Note: The above forecasts are based on information currently available to the Group and contain risk and uncertainty. Actual results may differ from these forecasts due to various factors including changes in the economic conditions of overseas markets such as the United States, and significant fluctuations in product prices and foreign exchange.

2.Summary Information

(1) Change in important subsidiaries.

Nothing to be reported.

Although not corresponding to changes in specified subsidiaries, Funai Trading Corp. and Funai Manufacturing S.A.DE C.V. have been included in the scope of consolidation from the First Quarter Ended June 30, 2016, due to their increased significance. Furthermore, HIGH DEFINITION COMMERCIAL SOLUTIONS has been excluded from the scope of consolidation due to the completion of liquidation.

(2) Adoption of special accounting methods of Quarterly consolidated financial statements

Tax expenses are calculated by multiplying income before income taxes by a reasonably estimated effective tax rate for income before income taxes after application of deferred tax accounting.

(3) Change in the accounting policy

(Application of the Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Following a revision to the Corporation Tax Act, the Company has applied the Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016 (PITF No.32, June 17, 2016) for the First Quarter Ended June 30, 2016, and changed its depreciation method for equipment attached to buildings and structures acquired after April 1, 2016 from the fixed-rate method to the straight-line method.

Profits and losses will not be affected by this change.

(4) Additional Information

(About anti-tax haven law)

The Group received a reassessment 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 exemption under the anti-tax haven rules. In addition, they imposed a tax on us adding up with the Hong Kong subsidiary’s income for the three fiscal years ended March 31, 2008 through 2010, which deems as our income.

We objected to this reassessment of income taxes, and filed a request for examination to the Osaka National Tax Tribunal on August 25, 2011. However, we received written verdicts that reject our petition on July18, 2012. The Group filed a suit for cancellation of reassessment to the Tokyo District Court on January 17, 2013.

The additional tax amount is totally ¥825 million including corporate, enterprise and residence taxes (¥935 million including incidental taxes). We recorded this additional tax as “prior year’s taxes” in the fiscal year ended March 31, 2012. Also, the financial impact, when applying this tax rules has been recorded in the fiscal year ended March 31, 2011 when tax investigation was completed.

(Application of the Implementation Guidance on Recoverability of Deferred Tax Assets)
The Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26, March 28, 2016) has been applied from the First Quarter Ended June 30, 2016.

3.Important Information about Going Concern Assumption

Since the Group recorded a significant operating loss, ordinary loss, net loss attributable to owners of the parent, and negative operating cash flow during the first quarter ended June 30, 2016, events or circumstances that cast significant doubt on the going concern assumption exist now.
Since the Group’s balance of cash and deposits is sufficient to cover working capital, repayment of borrowings, and other requirements for some time, there is no significant concern about fundraising.
Since the Group is already implementing the following countermeasures in stages, the Group believes that a resolution of the matter can be achieved.

i) Sales expansion
Increase sales and obtain orders for LCD-TVs for the year-end sales season mainly in U.S. market by offering UHD models and multiple models developed for individual customers. Begin selling a multi-model line of inkjet printers and open up new customers.

ii) Securing of profits from the LCD-TVs business
Reduce inventory through rigorous control of purchasing, sales, and inventories (PSI) between production subsidiaries, sales subsidiaries, and corporate divisions and reduce expenses through integration of U.S. subsidiaries.

iii) Improvement of the rate of return from the Information Equipment Business
Improve the rate of return by reducing R&D expenses through selection and concentration in product development, improve plant utilization rates through sales expansion, and sell high-value-added products.

Accordingly, Funai judges that there is no significant uncertainty related to the going concern assumption as of June 30, 2016 and has omitted the Notes on Going Concern Assumption from the consolidated financial statements.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position (Units : Million Yen)

	Fiscal year 2015 (As of March 31, 2016)	2rd Quarter FY2016 (As of September 30, 2016)
ASSETS;		
Current Assets		
Cash and deposits	57,609	36,902
Notes and accounts receivable - trade	24,092	17,749
Merchandise and finished goods	22,768	19,847
Work in process	1,196	1,142
Raw materials and supplies	13,212	8,914
Other	4,735	4,605
Allowance for doubtful accounts	(400)	(707)
Total current assets	123,214	88,455
Noncurrent Assets		
Property, plant and equipment	18,203	17,171
Intangible assets	4,860	4,229
Investments and other assets		
Net defined benefit asset	1,555	1,552
Other	6,627	6,560
Allowance for doubtful accounts	(271)	(70)
Total investments and other assets	7,912	8,042
Total noncurrent assets	30,976	29,444
TOTAL ASSETS	154,191	117,899
LIABILITIES;		
Current Liabilities		
Notes and accounts payable - trade	15,604	19,196
Short-term loans payable	5,118	3,586
Accounts payable included in other	34,149	9,419
Income taxes payable	783	874
Provision	925	778
Other	3,241	2,921
Total current liabilities	59,823	36,776
Noncurrent Liabilities		
Long-term loans payable	6,009	4,017
Provision	1,106	1,042
Net defined benefit liability	395	476
Other	2,416	2,227
Total noncurrent liabilities	9,927	7,763
TOTAL LIABILITIES	69,751	44,540

	Fiscal year 2015 (As of March 31, 2016)	2rd Quarter FY2016 (As of September 30, 2016)
NET ASSETS;		
Shareholders' equity		
Capital stock	31,307	31,307
Capital surplus	33,301	33,603
Retained earnings	54,789	46,117
Treasury shares	(24,341)	(24,341)
Total shareholders' equity	95,058	86,686
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	160	131
Foreign currency translation adjustment	(12,204)	(14,364)
Remeasurements of defined benefit plans	314	296
Total accumulated other comprehensive income	(11,729)	(13,936)
Subscription rights to shares	145	145
Minority interests	965	463
Total net asset	84,439	73,359
TOTAL LIABILITIES AND NET ASSETS	154,191	117,899

(2) Consolidated Quarterly Statements of Income

(Units : Million Yen)

	2rd Quarter FY2015 (from April 1, 2015 to September 30, 2015)	2rd Quarter FY2016 (from April 1, 2016 to September 30, 2016)
Net sales	86,570	66,104
Cost of sales	71,768	56,109
Gross profit	14,801	9,995
Selling, general and administrative expenses	20,617	13,601
Operating income (loss)	(5,815)	(3,606)
Non-operating income		
Interest income	107	102
Dividends income	20	16
Fixed assets rent income	117	62
Other	30	22
Total non-operating income	276	204
Non-operating expenses		
Interest expenses	99	80
Equity in losses of affiliates	3	1
Foreign exchange loss	1,311	3,868
Other	140	137
Total non-operating expenses	1,554	4,088
Ordinary income (loss)	(7,093)	(7,490)
Extraordinary income		
Gain on sales of non-current assets	—	184
Gain on sales of investment securities	50	31
Loss on sales of stocks of subsidiaries and affiliates	41	—
Gain on liquidation of subsidiaries and affiliates	46	—
Other	—	14
Total extraordinary income	137	230
Extraordinary loss		
Loss on disposal of noncurrent assets	121	46
Impairment loss	—	Notes.1 59
Loss on liquidation of subsidiaries and associates	Notes.2 434	—
Other	10	—
Total extraordinary loss	566	105
Income (loss) before income taxes	(7,522)	(7,364)
Income taxes	485	284
Income (loss) before minority interests	(8,007)	(7,649)
Minority interests in income (loss)	(11)	0
Net income (loss) attributable to owners of parent	(7,996)	(7,648)

(3) Consolidated Quarterly Statement of Comprehensive Income

(Units : Million Yen)

	2rd Quarter FY2015 (from April 1, 2015 to September 30, 2015)	2rd Quarter FY2016 (from April 1, 2016 to September 30, 2016)
Income (loss) before minority interest adjustment	(8,007)	(7,649)
Other comprehensive Income		
Valuation difference on avaiable-for-sale securities	(60)	(31)
Foreign currency translation adjustment	(692)	(2,135)
Share of other comprehensive income of entities accounted for using equity method	(17)	(24)
Remeasurements of defined benefit plans, net of tax	20	(25)
Total other comprehensive Income	(749)	(2,216)
Comprehensive income	(8,756)	(9,866)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(8,743)	(9,855)
Comprehensive income attributable to minority interests	(12)	(10)

(4) Consolidated quartely statements of cash flows

(Million Yen)

	2rd Quarter FY2015 (from April 1, 2015 to September 30, 2015)	2rd Quarter FY2016 (from April 1, 2016 to September 30, 2016)
Cash flows from operating activities		
Income (Loss) before income taxes and minority interests	(7,522)	(7,364)
Depreciation	2,389	1,967
Increase (decrease) in allowance for doubtful accounts	150	345
Increase (decrease) in net defined benefit liability	(52)	(16)
Interest and dividend income	(127)	(118)
Interest expenses	99	80
Share of (profit) loss of entities accounted for using equity method	3	1
Loss on retirement of property, plant and equipment	121	46
Loss (gain) on sales of property, plant and equipment	-	(184)
Loss (gain) on sales of investment securities	(50)	(31)
Decrease (increase) in notes and accounts receivable - trade	(5,500)	4,419
Decrease (increase) in inventories	(18,010)	3,609
Increase (decrease) in notes and accounts payable - trade	(5,620)	3,605
Increase (decrease) in notes and accounts payable - other	2,469	(23,506)
Other, net	(1,166)	(1,233)
Subtotal	(32,820)	(18,380)
Interest and dividend income received	120	121
Interest expenses paid	(98)	(80)
Income taxes paid	(242)	(36)
Income taxes refund	28	49
Net cash provided by (used in) operating activities	(33,012)	(18,326)
Cash flows from investing activities		
Payments into time deposits	(4,756)	(4,399)
Proceeds from withdrawal of time deposits	14,092	8,747
Purchase of property, plant and equipment	(772)	(1,534)
Proceeds from sales of property, plant and equipment	15	187
Purchase of intangible assets	(116)	(51)
Purchase of investment securities	(61)	(5)
Proceeds from sales of investment securities	127	54
Other, net	17	8
Net cash provided by (used in) investment activities	8,545	3,006
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	11,798	(2,556)
Purchase of treasury shares	-	(188)
Cash dividends paid	(1,194)	(1,023)
Other, net	267	(109)
Net cash provided by (used in) financing activities	10,871	(3,876)
Effect of exchange rate change on cash and cash equivalents	114	3,168
Net increase (decrease) in cash and cash equivalents	(13,481)	(16,027)
Cash and cash equivalents at beginning of period	42,991	47,116
Increase in cash and cash equivalents from newly consolidated subsidiary	51	-
Cash and cash equivalents at end of period	29,560	31,088

(5) Consolidated Quarterly Statements of Income

(Notes for Continuing Enterprises)
Not Applicable

(Notes of remarkable changes in Shareholders Equity)
Not Applicable

(Consolidated quarterly statements of income)
*Notes.1 Impairment loss
The Group recorded losses on impairment in the following asset groups
In principle, the Group groups business assets on the basis of legal units that strive to maintain an ongoing understanding of income and expenses. The idle assets are grouped by individual asset.

First half of this fiscal year (April 1, 2016 to September 30, 2016)

Use	Location	Type
Retirement Assets	Funai Electric Cebu, Inc. (Philippine Cebu)	Machinery, equipment and vehicles

Since acquiring the shares of a manufacturing subsidiary of Lexmark International, Inc. (now Funai Electric Cebu, Inc.), the Group has engaged in contract production of inkjet cartridges through the acquired company. Although we previously grouped assets scheduled for retirement in connection with the end of production of some models as business assets, we wrote down the book value to the recoverable amount and recorded the reduction (¥59 million) in extraordinary loss.
The recoverable amount of the assets has been calculated using net selling price based on disposal value.

*Notes.2 Expenses incurred on business restructuring Settlement received
First half of last fiscal year (April 1, 2015 to September 30, 2015)
The Group has recorded the estimated losses connected with the liquidation of Funai India Private Limited, a consolidated subsidiary of the Group.

(Information by Segment)
[Segment Information]

I. First half of the last fiscal year (April 1, 2015 to September 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	16,691	67,396	1,722	760	86,570	―	86,570
(2) Inter-segment sales	75,786	578	58,292	-	134,658	(134,658)	―
Total	92,478	67,975	60,014	760	221,228	(134,658)	86,570
Segment Income (Loss)	(1,352)	(2,860)	725	(193)	(3,680)	(2,135)	(5,815)

Note:
1. ¥-2,135 million adjustment amount under segment income includes items such as ¥ 17 million relating to the cancellation of inter-segment transactions, ¥ -377 million of overall Group expenses that are not apportioned to each reporting segment, and ¥ 1,775 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 income has been adjusted to operating income noted on the third quarter consolidated income statement.

II. First half of this fiscal year (April 1, 2016 to September 30, 2016)
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	13,755	51,938	142	268	66,104	—	66,104
(2) Inter-segment sales	44,867	586	45,068	—	90,521	(90,521)	—
Total	58,623	52,524	45,210	268	156,626	(90,521)	66,104
Segment Income (Loss)	(2,326)	(1,337)	148	(9)	(3,525)	(81)	(3,606)

Note:
1. ¥-81 million adjustment amount under segment income includes items such as the ¥23 million relating to the cancellation of inter-segment transactions, ¥399 million of overall Group expenses that are not apportioned to each reporting segment, and the ¥294 million adjustments relating to inventory assets. Overall Group expenses are comprised of general administrative expenses that do not belong to a specific reporting segment.
2. Segment income has been adjusted to operating income noted on the third quarter consolidated income statement.

(Material subsequent event)

(Assignment of shares of a consolidated subsidiary)

Our Board of Directors made a resolution on entering into a basic agreement with ELECOM Co., Ltd. (hereinafter, "ELECOM") concerning the assignment of shares of our consolidated subsidiary, DX Antenna Co., Ltd. (hereinafter, "DX Antenna"), at the Board meeting held on November 7, 2016. We own 96% of the outstanding shares issued by DX Antenna. Based on this resolution, we signed a Letter of Intent on the same day.

1. Reason for share assignment

We made DX Antenna our subsidiary in November 2001, and have since developed its domestic business as a manufacturing and sales company of antennas and TV reception equipment in Japan.

The company has had declining sales of LCD-TVs for reasons such as the intensifying price competition with competitors in the North American market—the company's main market. Given this situation, we were looking for an appropriate buyer for the company so that we could focus the management resources of the Funai Electric Group in core areas, and ELECOM offered to purchase all of the DX Antenna shares we held.

The markets for the products manufactured and sold by ELECOM and DX Antenna are geographically close. In addition, there is no overlap in sales channels. It is therefore expected that ELECOM's acquisition of DX Antenna will create synergies in terms of sales. In particular, ELECOM's sales capabilities, mainly through mass merchant home appliance stores, are likely to significantly boost DX Antenna's sales. We therefore decided to assign DX Antenna shares to ELECOM based on the view that this transaction would benefit both companies.

2. Name of the buyer

ELECOM Co., Ltd.

3. Timing of assignment

November 7, 2016	Signed a Letter of Intent
By January 31, 2017	Sign a share assignment agreement (schedule)
February 28, 2017	Share assignment date (schedule)

4. Subsidiary's name, business and transactions with Funai Electric

Name: DX Antenna Co., Ltd.
Business: Sales of electric machinery and equipment
Transactions with Funai Electric: DX Antenna purchases electric machinery and equipment from us.

5. Number and price of shares to be assigned and shareholding ratio after assignment

The number and price of shares to be assigned and other details will be determined upon discussions with DX Antenna.

6. Impact on profit/loss

The impact of the above assignment of shares on our consolidated financial results is not clear as its details including the assignment price are yet to be determined.