Press Release

February 13, 2017

To Whom It May Concern:

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

Notice of Posting of Non-Operating Expenses (Foreign Exchange Loss) and Revision of Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2017

Funai Electric Co., Ltd. ("Company") announces that it has posted non-operating expenses during the first nine months of the fiscal year ending March 31, 2017 (April 1, 2016 ¬– December 31, 2016) and revised its consolidated financial forecasts for the fiscal year ending March 31, 2017 that were announced on October 17, 2016, in view of the recent trend of business results.

1. Posting of non-operating expenses (foreign exchange loss)

In the first six months of the fiscal year ending March 31, 2017 (April 1, 2016 ¬– September 30, 2016), the Company had posted a foreign exchange loss of ¥3,868 million in accounts receivable from the depreciation of the Mexican Peso as well as the appreciation of the yen against the U.S. dollar. Due to subsequent fluctuation in the exchange rates, we have posted a foreign exchange gain of ¥3,507 million for the third quarter of the fiscal year ending March 31, 2017 (October 1, 2016 – December 31, 2016). As a result, we will post a foreign exchange loss of ¥361 million for the nine months of the fiscal year ending March 31, 2017 (April 1, 2016 – December 31, 2016).

This is mainly due to fair value adjustments of assets and liabilities denominated in foreign currencies held by the Group on December 31, 2016 using the exchange rates of the same day, and are subject to change according to future exchange rates.

2. Revision of full-year consolidated financial forecasts (April 1, 2016 – March 31, 2017)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Forecast announced on October 17, 2016 (A)	Million yen 134,500	Million yen (4,000)	Million yen (8,000)	Million yen (8,200)	yen (240.33)
Revised forecast (B)	134,500	(6,900)	(7,800)	(6,900)	(202.23)
Change (B-A)	0	(2,900)	200	1,300	
Change (%)	0	—	—	—	
(Reference) Actual figures of the previous term (Fiscal year ended March 31, 2016)	170,041	(10,539)	(13,653)	(33,839)	(991.81)

3. Reason for the revision of full-year consolidated financial forecasts

Net sales are expected to be roughly the same as the net sales forecast that was announced previously. We have revised our U.S. dollar exchange rate assumptions for the fourth quarter and onward from ¥108 against the dollar to ¥110.

With regard to operating income, the gross profit of the LCD-TV business is expected to decrease significantly due to difficulty in transferring the rise in LCD-TV panel prices in the overall market on to sale prices in the fourth quarter and onward.

Ordinary income/loss is expected to improve from the previous forecast due to the decrease in foreign exchange losses compared to the first six months on the back of the depreciation of the yen since the third quarter.

Net income/loss is expected to improve from the previous forecast due to the posting of ¥1,100 million of gain from sale of non-current assets under extraordinary income, as stated in the "Notice of Transfer of Non-Current Asset and the Posting of Extraordinary Income" disclosed today.

Note: The above forecast has been prepared based on information available as of the date of the announcement. Actual earnings, etc. may differ from the forecast figures in the future due to various factors.

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