

Presentation of Operating Results for the 2nd Quarter (Apr.-Sep.) of FY2012

November 6, 2012

FUNAI ELECTRIC CO., LTD.

Security code 6839

. Q2 Summary and Basic Future Policies

1. Summary of 1st Half (Apr.-Sep.) Operating Results
2. 2nd Half (Oct.-Mar.) Macro Outlook
3. 2nd Half (Oct.-Mar.) and Full-Year Projections
4. Growth Strategy
5. Recent Events

1 . Summary of 1st Half (Apr.-Sep.) Operating Results

(100 million yen)

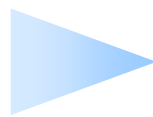
	FY 2011		Forecast		FY 2012
Net Sales	1,406	→	1,020	→	890
Operating Income (Margin)	21 (1.5%)	→	11 (1.1%)	→	-14 (- 1.6%)
Average USD-JPY Exchange Rate	79.15		80.00		78.96

Summary

Both of net sales and operating income, less than projected

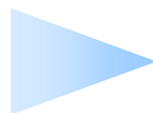
1 . Summary of 1st Half (Apr.-Sep.) Operating Results

Display Segment



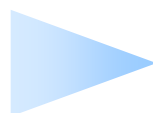
Less than projected

Digital Media Segment



Less than projected due to
BD-recorder weakness in Japan

Office Solutions Segment



Less than projected due to
increased competition

2. 2nd Half (Oct.-Mar.) Macro Outlook

Economic Trends

US: The economy is recovering but there is concern about the Fiscal Cliff

Europe: Economic contraction deepened last quarter and business conditions have become difficult

Emerging Markets: Consumer demand is growing, but the growth rate is decreasing

Japan: Economic stimulus measures have been drawn up as the post-quake recovery slows

Industry Trends

Continuing commoditization - especially for TVs

Rapid growth of the smartphone and tablet markets, accelerated fusion of AV, home appliance, auto vehicle, and Internet products.

Developed countries are mature, but emerging countries are tentatively expected to grow

TV and BD recorder markets in Japan have shrunk drastically year-over-year

4

3. 2nd Half (Oct.-Mar.) and Full-Year Projections

(100 million yen)

	1 st Half Actuals	Revised Earnings Forecast	
		2 nd Half Forecast	Full-Year Forecast
Net Sales	890	1,160	2,050
Operating Income	-14 (-1.6%)	-11 (-0.9%)	-25 (-1.2%)
Average USD-JPY Exchange Rate	78.96	78.00	78.48

Above changes have been made to the earnings forecast that was previously announced on May 7, 2012, due to reviews of 2nd half exchange rate (USD=JPY 80 to JPY 78), and increased competitions of LCD TVs/ DVD-related products.

We revised Full-Year net sales projections to 205 billion yen from original 229 billion.

5



<p>Corporate Action</p> <p>Boost sales and profit through cost competitiveness</p> <p>Sales</p> <ol style="list-style-type: none"> 1. Build trust with clients and customers 2. Emphasize existing business areas 3. Cultivate emerging markets <p>Profitability</p> <ol style="list-style-type: none"> 1. Accelerate shift to offshore engineering 2. Restructure manufacturing base 3. Strengthen patent portfolio 4. Aggressively curtail fixed costs 	<p>Display Division</p> <p>Manage PSI effectively Expand capacity and strengthen competitiveness at Thailand plant</p> <p>Digital Media Division</p> <p>Start production of 5th generation BD recorders Develop and launch new items</p> <p>Office Solutions Division</p> <p>Start production of laser printers Start production of Android OS devices Commercialize in-house developed printer</p>
--	---

Strong relationships with major retailers

We've received awards from Wal-Mart in rapid succession.



Supplier Collaboration Award in the Entertainment Department for 2012

This annual award recognizes suppliers that have made significant contributions to Wal-Mart's businesses by providing planning, design, manufacturing, shipping, PSI (Purchase, Sales, Inventory), and sales support.

Selected for this award out of a pool of over fifty electronics suppliers

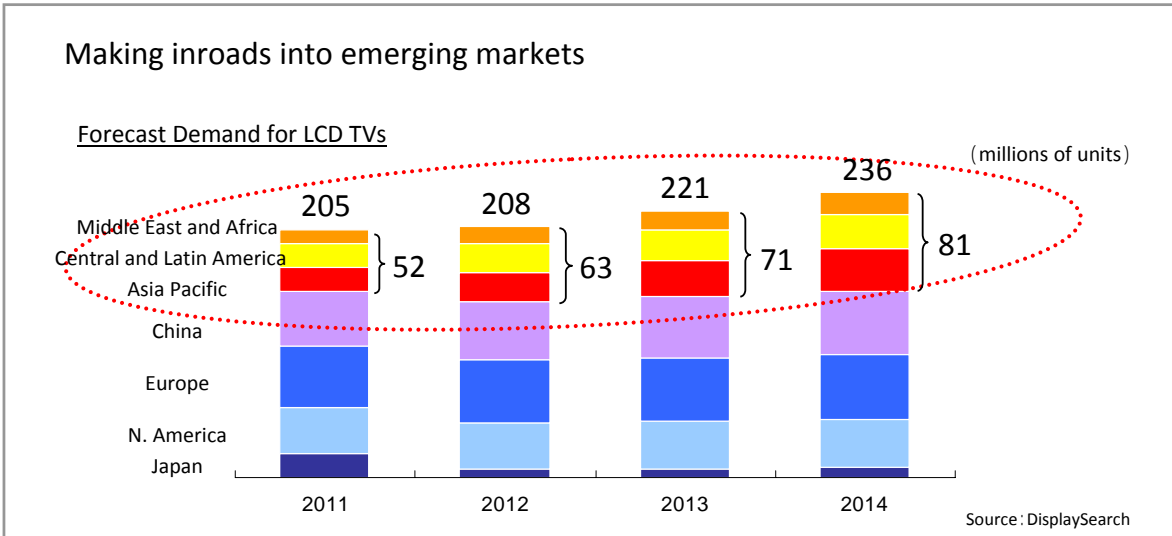


Supplier Award of Excellence for the first quarter of 2012

Each quarter, each Wal-Mart Stores buying team selects one supplier to receive a Supplier Award of Excellence. Selections are based upon a number of performance measurements, and one of the quarterly recipients will also be recognized as a Supplier of the Year.

Selected for this award out of a pool of over thirty electronics suppliers

Launched in India, next is Thailand, the Middle East, and other Asian markets
Rapidly expanding in Central and Latin America



We are now the sole N.A. distributor of PHILIPS branded audio and accessory products.

(Effective: September, 2012)



PHILIPS



Sales Area · · · North America (USA, Canada), Mexico currently under study

Products · · · Audio and Accessories (headphones, docking speakers, portable audio and video, and other accessories)

LED Lighting Business

With the high quality and cost competitiveness, expand sales worldwide.

LED Bulb Light



LED MR16 Spot Light



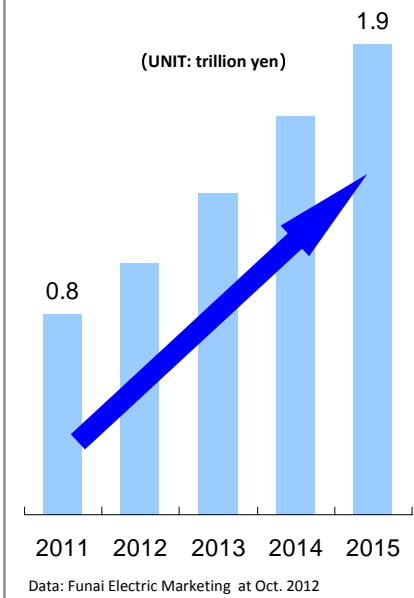
LED Tube Light



LED Tunnel Light



LED Lighting Demand Forecast (World Wide)



1

Ecology and Energy Efficiency

Launched LED lighting business in China, next is Japan, other areas
Recently started production of ecological materials

2

Networks

Launch Android tablet soon
Unveil Android internet devices shortly

3

Devices and Modules

Master high-density implementation skills and technologies
Develop applied MEMS related products

MEMS · · · Micro Electro Mechanical Systems

. Outline of Operating Results

1. Summary of 2nd Quarter (Jul.-Sep.)
2. Summary of 2nd Quarter (Apr.-Sep.)
3. Breakdown of Sales by Equipment
4. Sales of DVD related Equipment
5. Sales of Television related Equipment
6. Geographic Breakdown of Sales
7. Factor of Changes of Operating Income
8. Financial Conditions
9. Changes of Inventories
10. Capital Expenditures, Depreciation Expense and R&D Expenditures
11. Revised Forecast of Consolidated Operating Results
12. Revised Forecast of Sales by Equipment

1 . Summary of 2nd Quarter (Jul.-Sep.)

(100 million yen)

	FY 2011	FY 2012	Y / Y
Net Sales	750	490	-260 (-34.7%)
Operating Income (M a r g i n)	17 (2.4%)	-5 (-1.0%)	-22 -5 (1) + 8 (3)
Ordinary Income (M a r g i n)	4 (0.6%)	-10 (-2.0%)	-14 -1 (2) + 9 (4)
Net Income after tax (M a r g i n)	-6 (-0.9%)	-11 (-2.3%)	-5
Average USD-JPY Exchange Rate	77. ⁰⁸	78. ¹²	

(1) forex loss -5 (3) decrease of forex loss + 9, other -1
 (2) extraordinary loss -1 (4) decrease of income taxes + 9

Month End Exchange Rate (USD/JPY)	11/6	11/9	12/6	12/9
	80. ⁷³	76. ⁶⁵	79. ³¹	77. ⁶⁰

14

2 . Summary of 2nd Quarter (Apr.-Sep.)

(100 million yen)

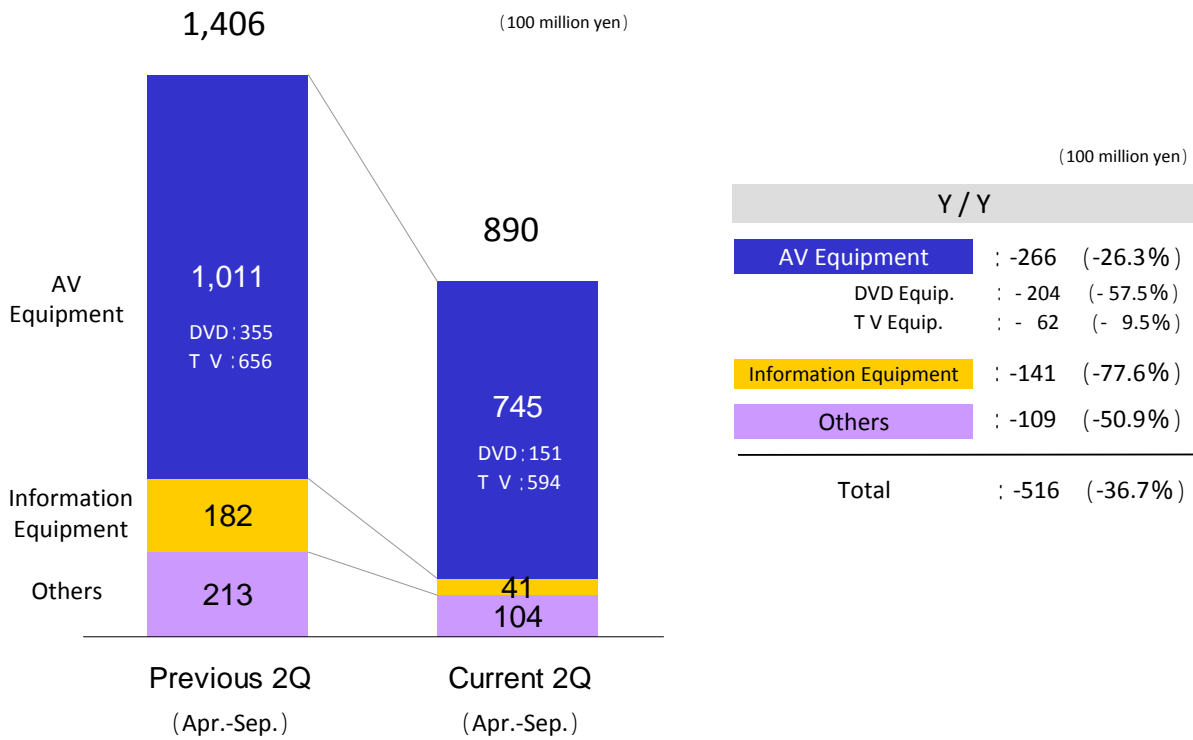
	FY2011	Forecast	FY2012	Y / Y (Actual base)	Y / Y (Forecast base)
Net Sales	1,406	1,020	890	-516 (-36.7%)	-130 (87.3%)
Operating Income (M a r g i n)	21 (1.5%)	11 (1.1%)	-14 (-1.6%)	-35 -16 (1) ± 0 (3)	-25 -17 (5)
Ordinary Income (M a r g i n)	5 (0.4%)	12 (1.2%)	-30 (-3.4%)	-35 + 1 (2) + 35 (4)	-42 + 11 (6)
Net Income after tax (M a r g i n)	-29 (-2.1%)	2 (0.2%)	-29 (-3.4%)	0	-31
Average USD-JPY Exchange Rate	79. ¹⁵	80. ⁰⁰	78. ⁹⁶		

(1) interest received + 1, forex loss -17 (3) interest received ± 0, forex gain and loss ± 0 (5) increase of forex loss -17
 (2) extraordinary loss -2, income taxes + 3 (4) increase of extraordinary loss -1, decrease of income taxes + 27, decrease of income taxes for prior periods + 9 (6) increase of extraordinary loss -2, decrease of income taxes + 13

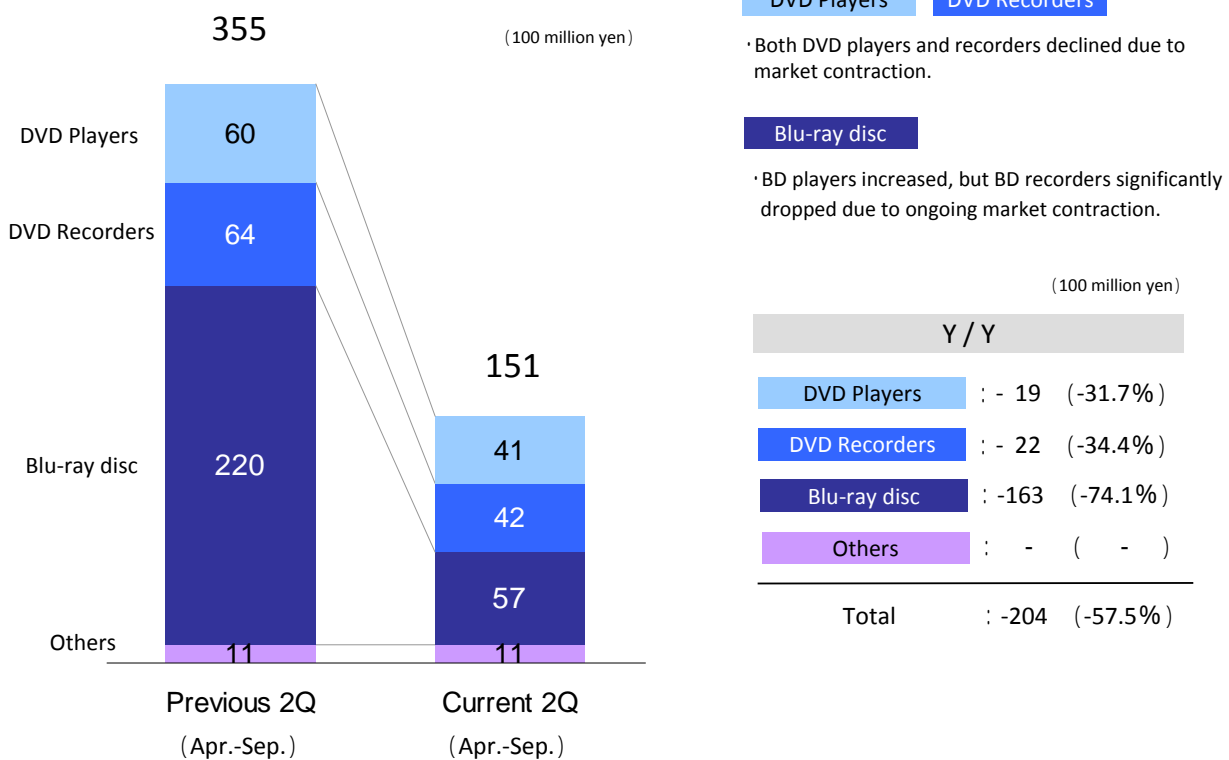
Month End Exchange Rate (USD/JPY)	11/3	11/9	12/3	12/9
	83. ¹⁵	76. ⁶⁵	82. ¹⁹	77. ⁶⁰

15

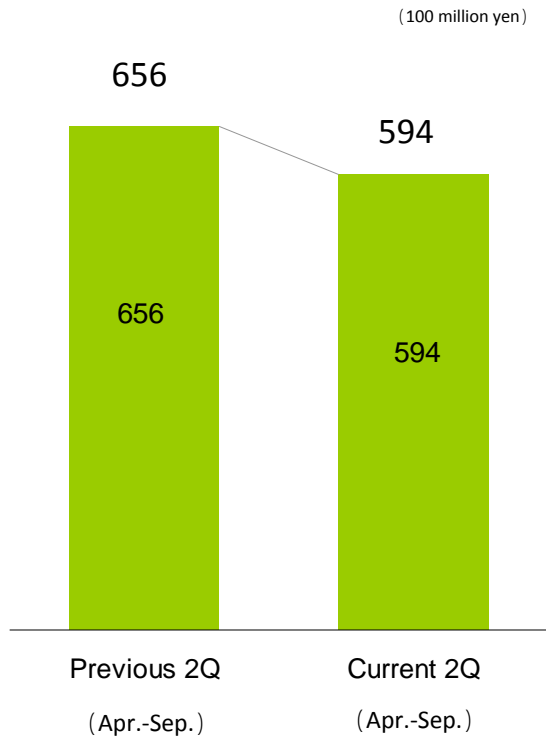
3 . Breakdown of Sales by Equipment



4 . Sales of DVD related Equipment



5 . Sales of Television related Equipment



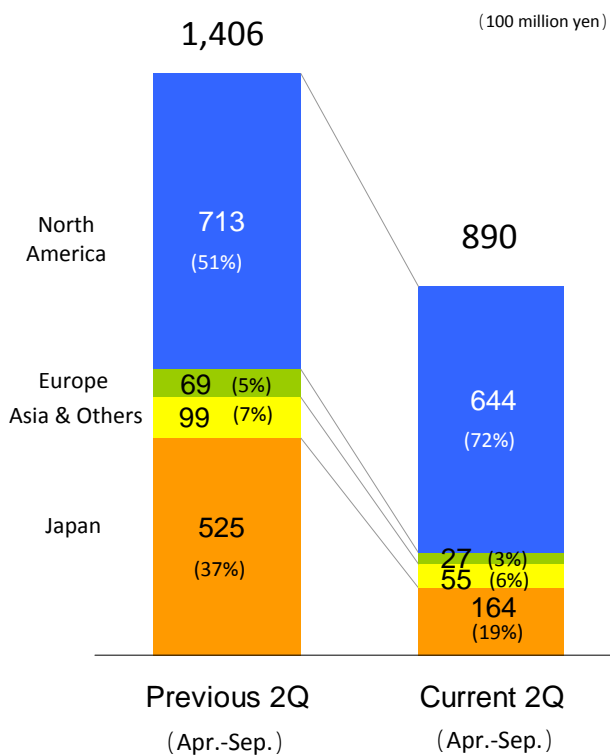
LCD TV

· LCD TVs declined due to reduced demand in the wake of transition to digital terrestrial broadcasting in Japan.

(100 million yen)

Y / Y	
LCD TV	: - 62 (- 9.5%)

6 . Geographic Breakdown of Sales



North America

· The sales of information equipment and DVD-related products declined.

Japan

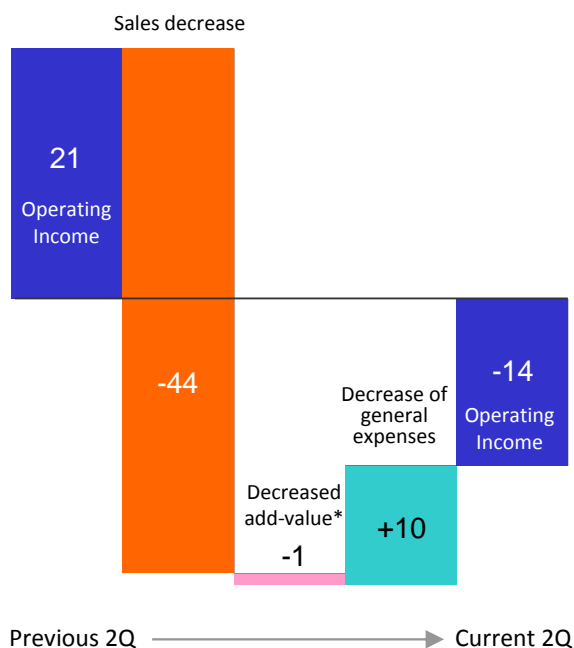
· The sales of BD recorders, LCD TVs, antenna and related devices fell in the wake of transition to digital terrestrial broadcasting and due to ongoing market contraction.

(100 million yen)

Y / Y	
North America	: - 69 (- 9.6%)
Europe	: - 42 (-61.1%)
Asia & Others	: - 44 (-44.4%)
Japan	: -361 (-68.7%)
Total	: -516 (-36.7%)

7 . Factor of Changes of Operating Income

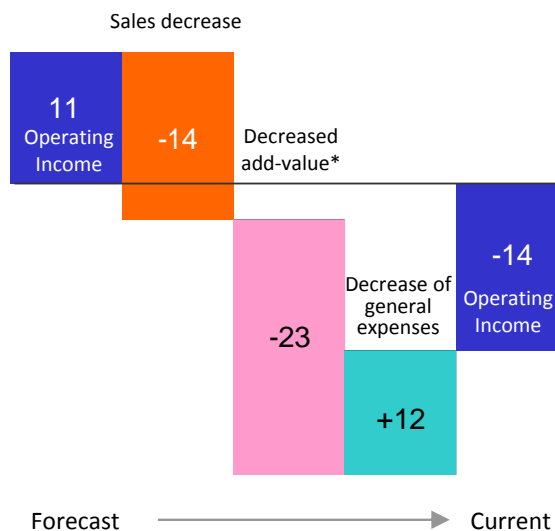
《Comparison to 2011/9》



* Add-value=Sales – (Cost of sales + selling expenses)

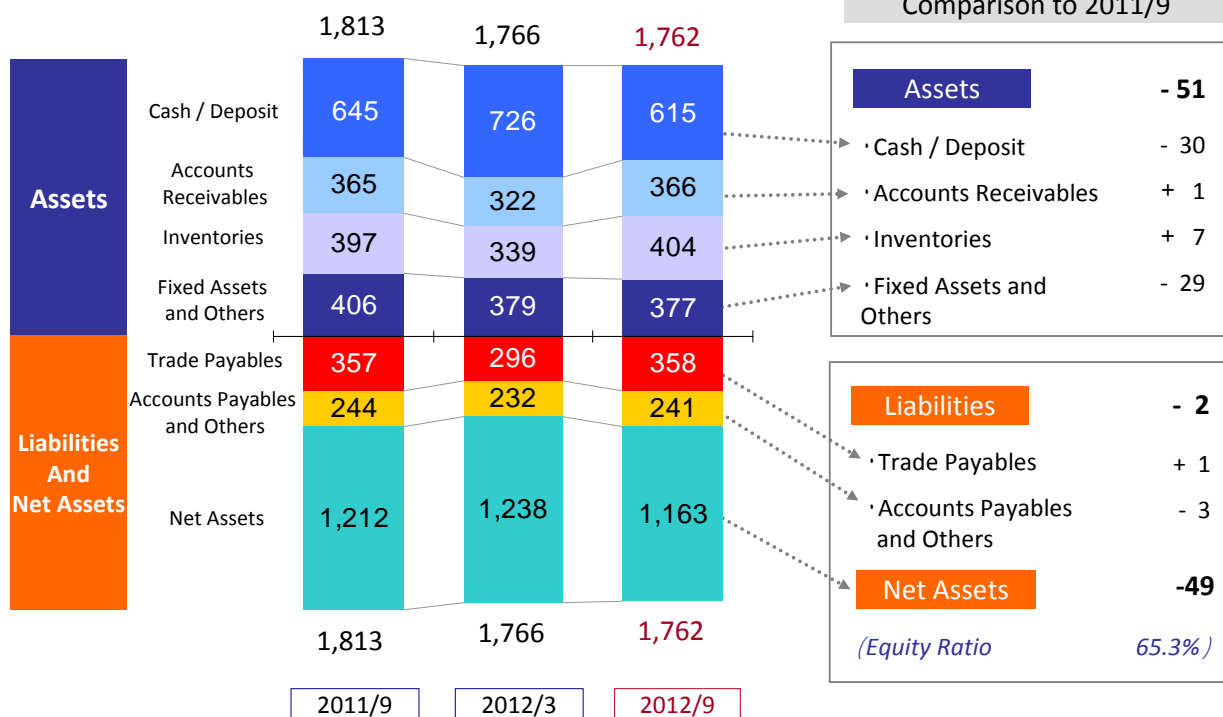
《Comparison to the forecast》

(100 million yen)

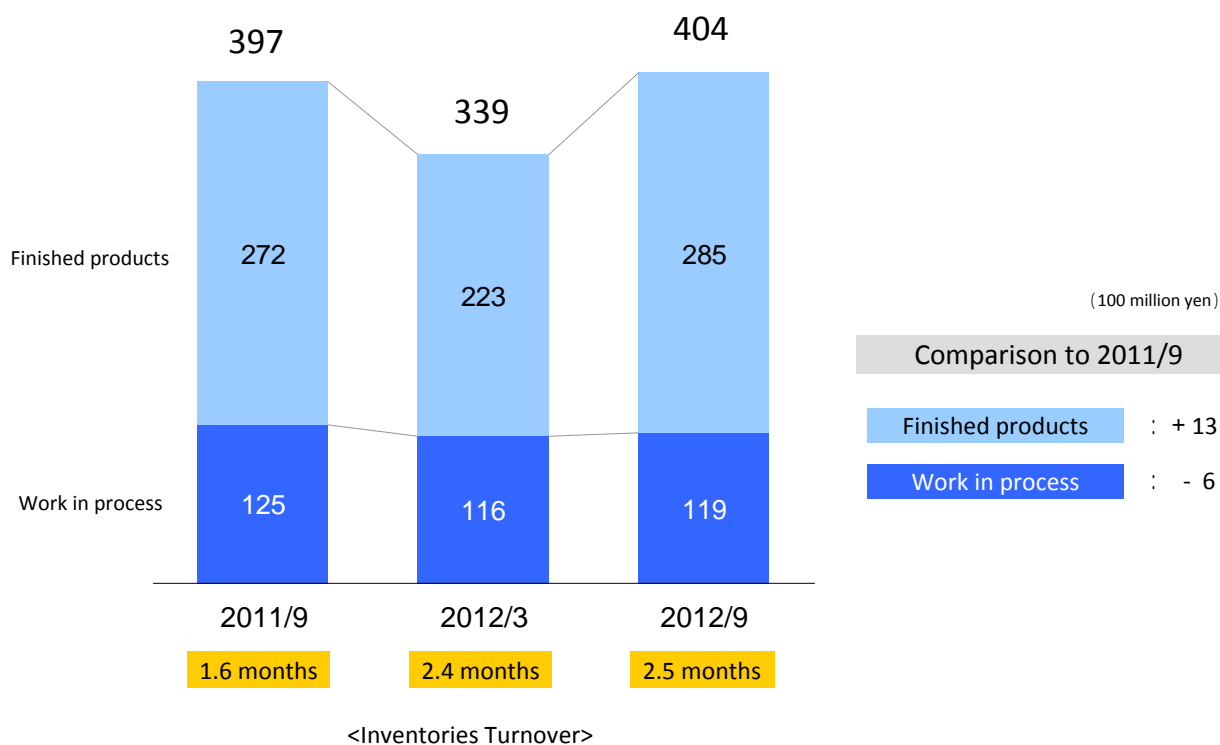


8 . Financial Conditions

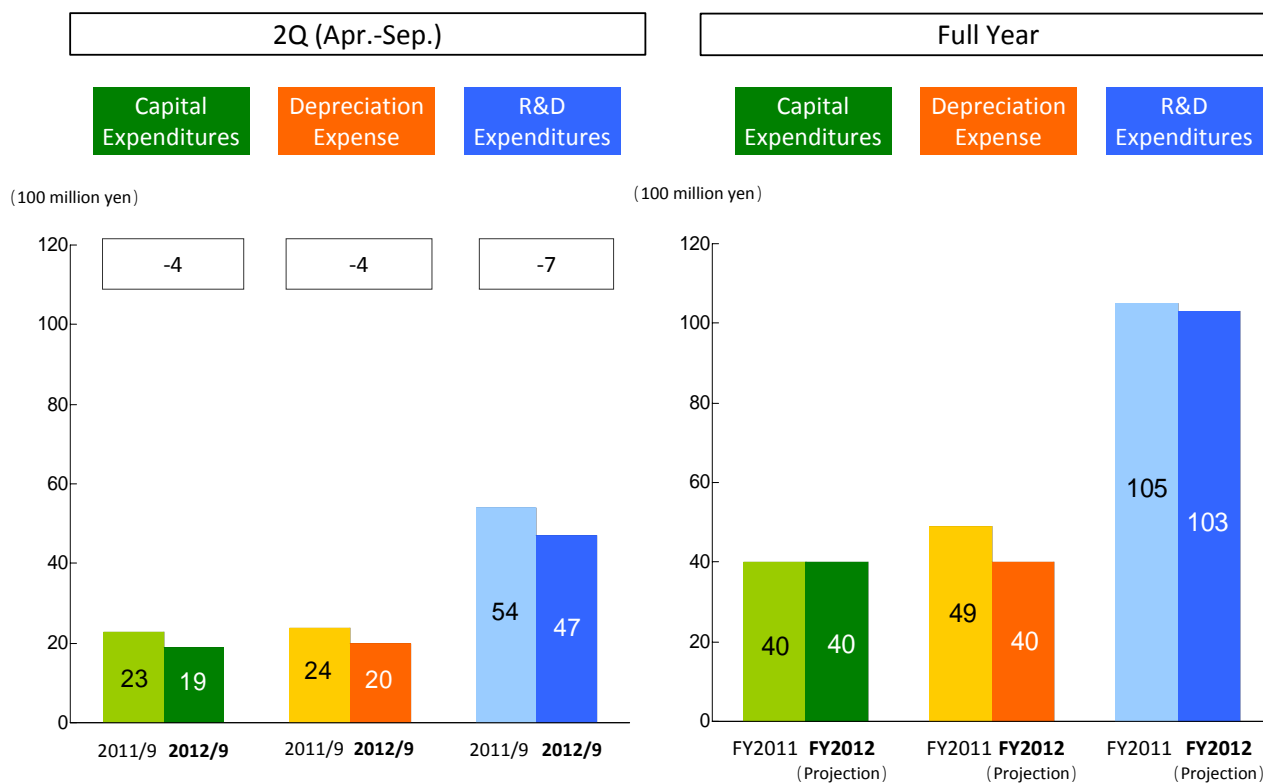
(100 million yen)



9 . Changes of Inventories



10 . Capital Expenditures, Depreciation Expense and R&D Expenditures



11 . Revised Forecast of Consolidated Operating Results



(100 million yen)

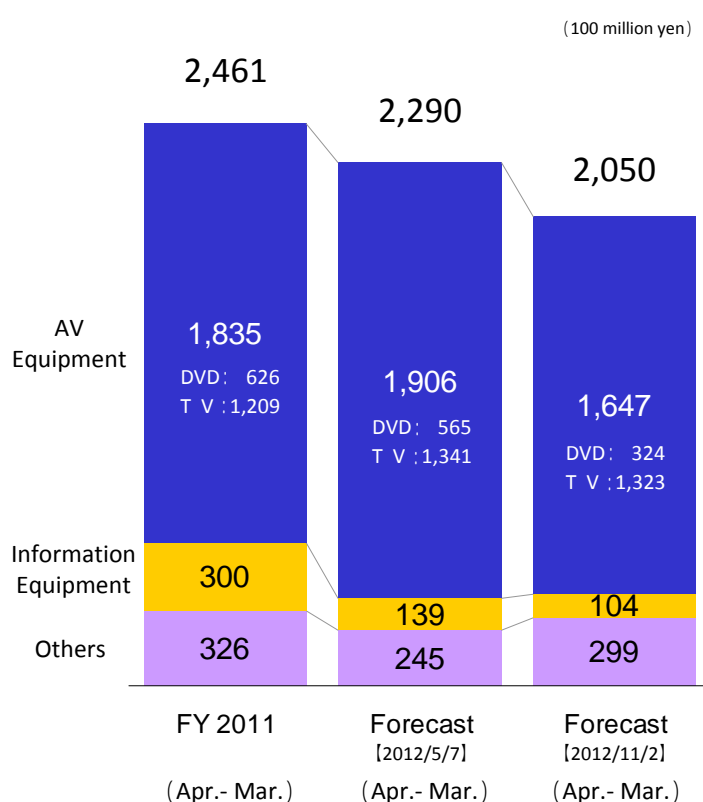
	FY2011	Forecast (2012/5/7)	Forecast (2012/11/2)	Y / Y (Actual base)	Y / Y (Forecast base)
Net Sales	2,461	2,290	2,050	-411 (-16.7%)	-240 (-10.5%)
Operating Income (M a r g i n)	4 (0.2%)	40 (1.7%)	-25 (-1.2%)	-29 -16 (1)	-65 -13 (3)
Ordinary Income (M a r g i n)	1 (0.1%)	40 (1.7%)	-41 (-2.0%)	-42 -17 (2)	-81 +30 (4)
Net Income after tax (M a r g i n)	-46 (-1.9%)	25 (1.1%)	-58 (-2.8%)	-12	-83
Average USD-JPY Exchange Rate	78. ⁸¹	80. ⁰⁰	78. ⁴⁸		

- (1) interest received +2, interest expense -1, forex loss -17
- (2) extraordinary loss -18, income taxes + 1
- (3) increase of forex loss -13
- (4) increase of extraordinary loss -11, decrease of income taxes + 32, decrease of income taxes for prior periods + 9
- (5) decrease of interest expense + 1, increase of forex loss -17
- (6) increase of extraordinary loss -18, decrease of income taxes + 16

12 . Revised Forecast of Sales by Equipment



(100 million yen)



Y / Y (Actual base)	
AV Equipment	: - 188 (-10.2%)
DVD Equip.	: - 302 (- 48.2%)
T V Equip.	: + 114 (+ 9.4%)
Information Equipment	: - 196 (-65.3%)
Others	: - 27 (- 8.3%)
Total	: -411 (-16.7%)

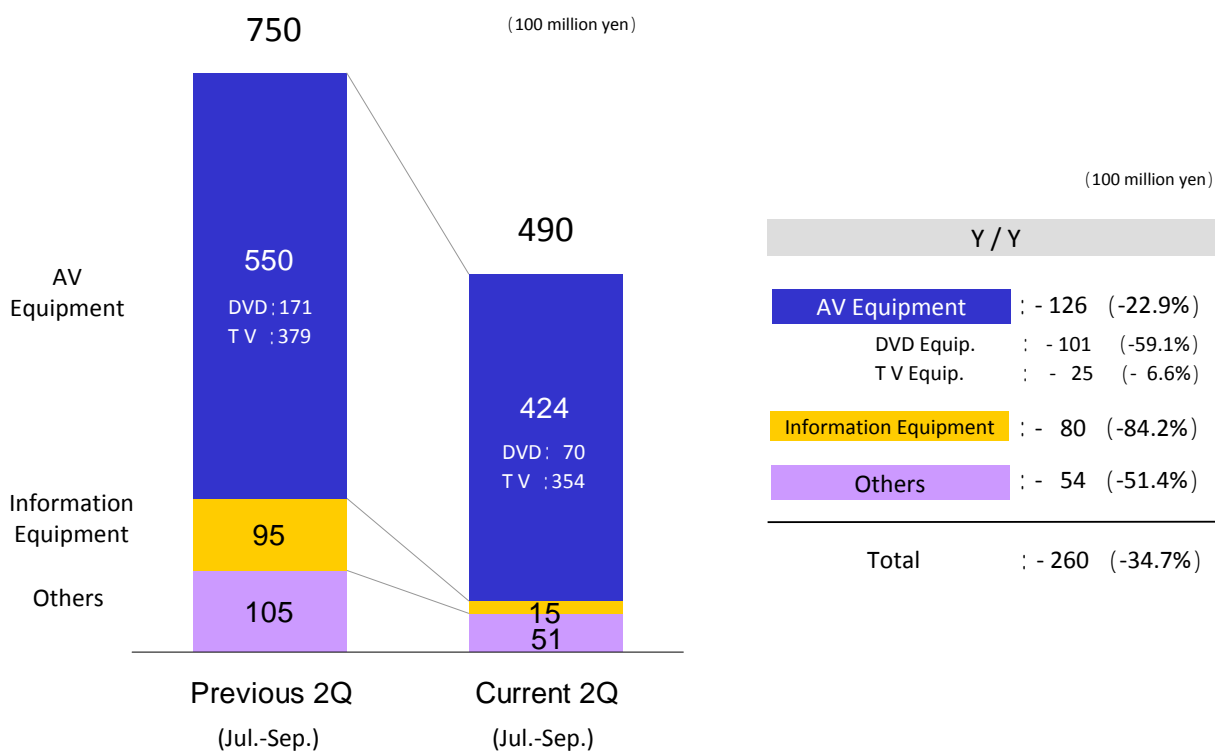
Y / Y (Forecast base)	
AV Equipment	: - 259 (- 13.6%)
DVD Equip.	: - 241 (- 42.7%)
T V Equip.	: - 18 (- 1.3%)
Information Equipment	: - 35 (- 25.2%)
Others	: + 54 (+ 22.0%)
Total	: - 240 (- 10.5%)

Supplemental Data

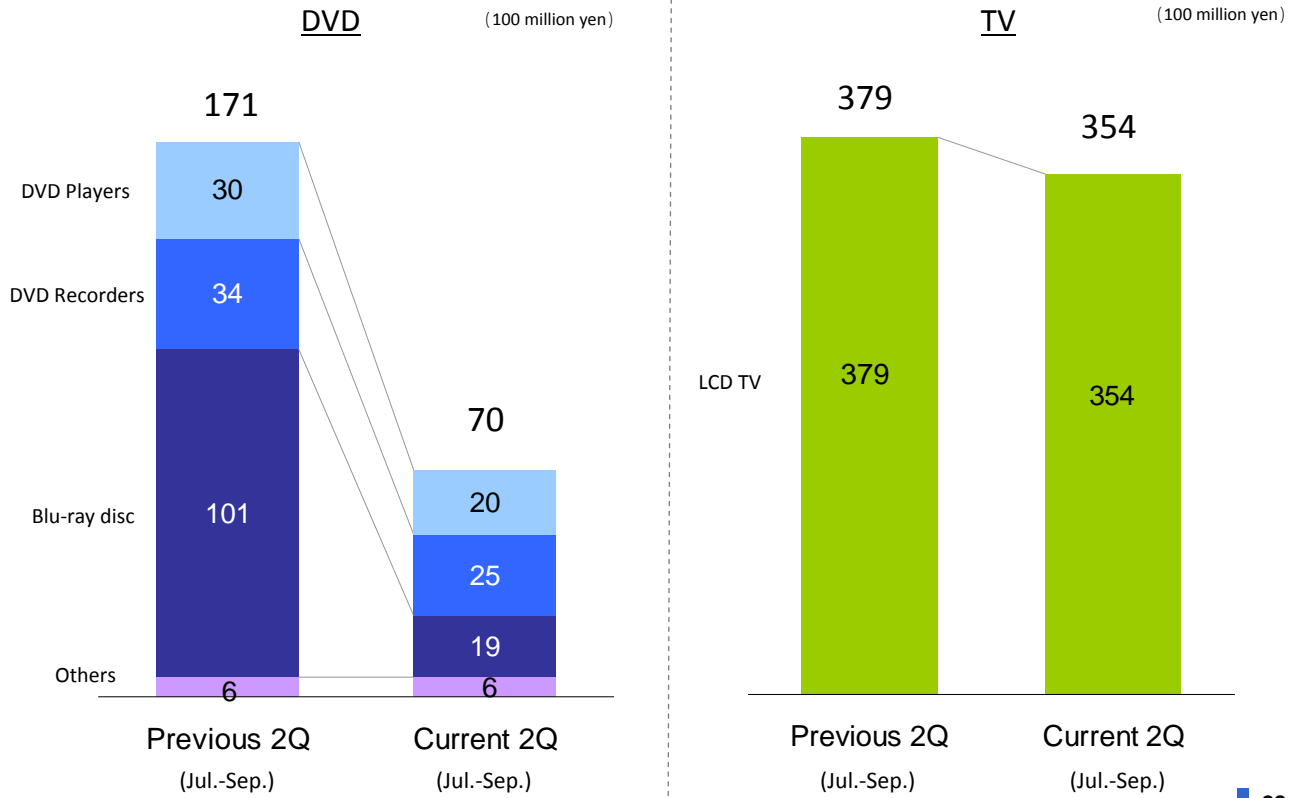
Summary of Operating Results (Jul.-Sep.)

1. Sales by Equipment
2. Sales by AV Equipment
3. Geographic Sales

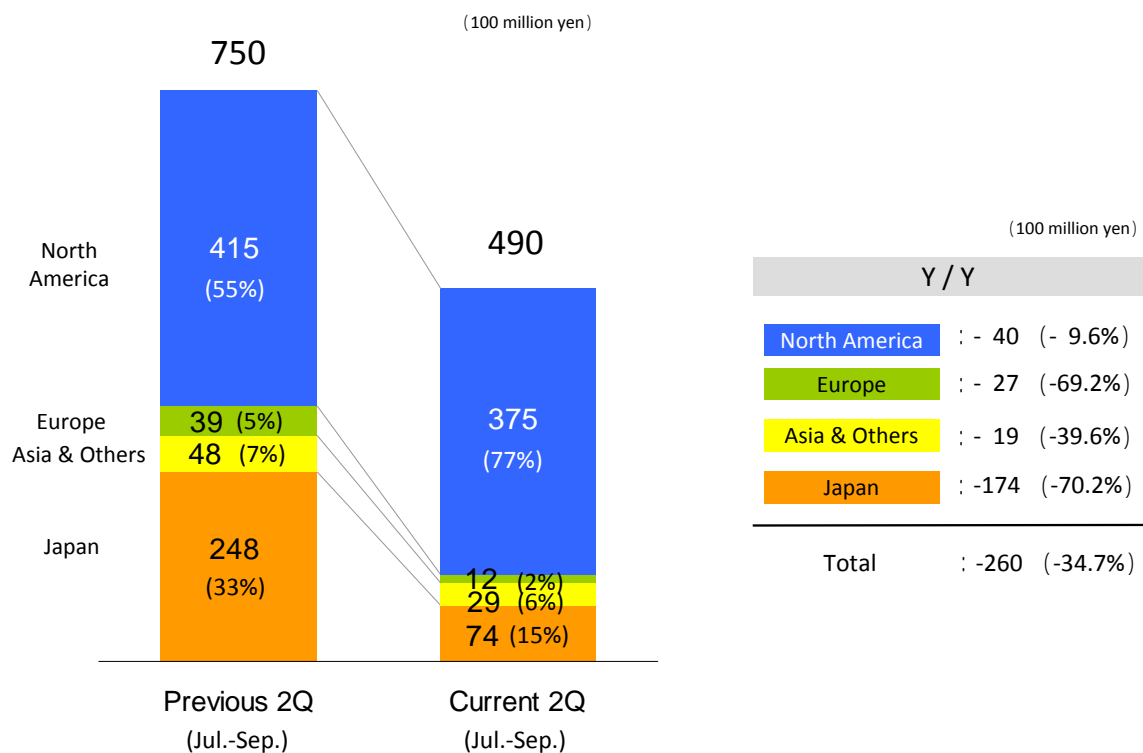
1 . Sales by Equipment



2 . Sales by AV Equipment



3 . Geographic Sales



. Supplemental Data

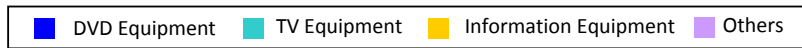
1. Quarterly Operating Summary of FY 2011 / 2012
2. Quarterly Changes of Sales Amount by Equipment

1 . Quarterly Operating Summary of FY 2011 / 2012

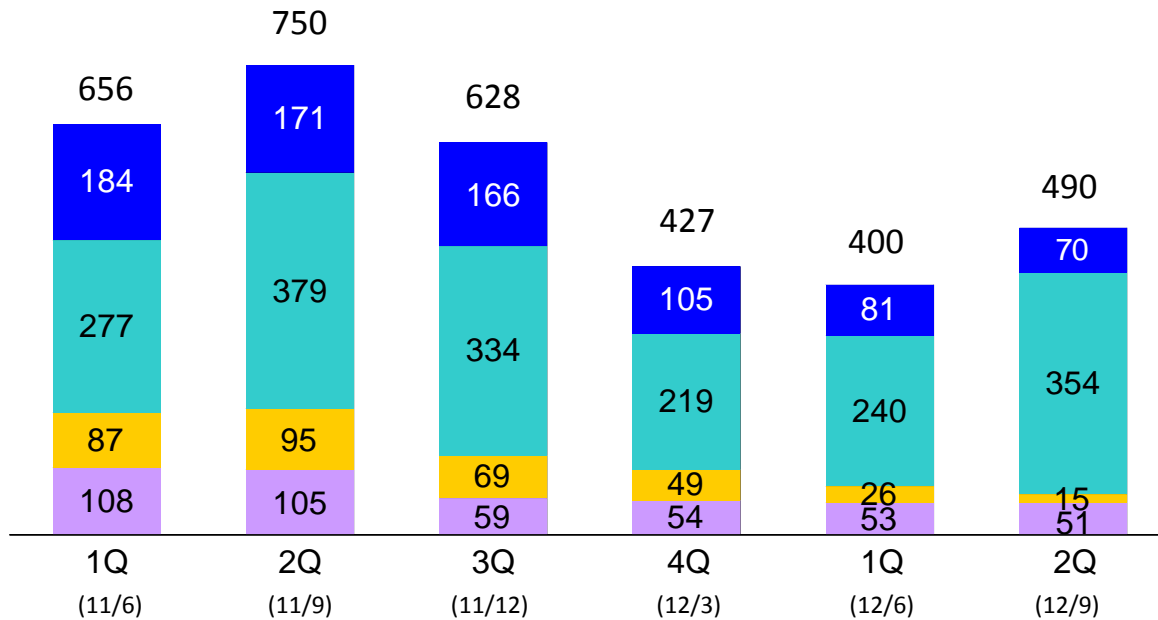
(100 million yen)

	FY2011				FY2012	
	1Q	2Q	3Q	4Q	1Q	2Q
Net Sales	656	750	628	427	400	490
Operating Income	3	17	8	-24	-9	-5
(Margin)	(0.5%)	(2.4%)	(1.3%)	(-5.8%)	(-2.4%)	(-1.0%)
Ordinary Income	0	4	8	-12	-20	-10
(Margin)	(0.1%)	(0.6%)	(1.4%)	(-2.9%)	(-5.1%)	(-2.0%)
Net Income after tax	-23	-6	-5	-10	-18	-11
(Margin)	(-3.6%)	(-0.9%)	(-1.0%)	(-2.4%)	(-4.6%)	(-2.3%)

2 . Quarterly Changes of Sales Amount by Equipment



(100 million yen)



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.

