

## **Presentation of Operating Results in 1st Quarter (Apr.- Jun.) of FY 2010**

**August 3, 2010**

**FUNAI ELECTRIC.,LTD.**

Security code 6 8 3 9

## **Outline of 1st Quarter (Apr.-Jun.) of FY2010 Operating Results (Consolidated)**

1. Summary of Operating Results (Apr.-Jun.)
2. Breakdown of Sales by Equipment
3. Sales of Audio and Visual Equipment
4. Sales of DVD related Equipment
5. Sales of Television related Equipment
6. Sales of Information Equipment
7. Geographic Breakdown of Sales
8. Factor of Changes of Operating Income
9. Financial Conditions
10. Changes of Inventories
11. Capital Expenditures, Depreciation Expense and R&D Expenditures
12. Forecast of Operating Results in 1H and Full FY2010 Ending March 2011

# 1 Summary of Operating Results (April-June)

(100 million yen)

	Previous 1Q	Current 1Q	Changes From Previous 1Q
Net Sales	776	749	27 ( 3.5%)
Operating Income	37	25	12
Margin	(4.8%)	(3.4%)	13 ( 1)    16 ( 3)
Ordinary Income	40	12	28
Margin	(5.3%)	(1.7%)	8 ( 2)    +1 ( 4)
Net Income after tax	31	4	27
Margin	(4.1%)	(0.6%)	
Average USD- JPY Exchange Rate	96.75	91.28	
Month End Exchange Rate (USD/JPY)	09/3 98.23	09/6 96.01	10/3 93.04
			10/6 88.48

( 1) Forex loss 13

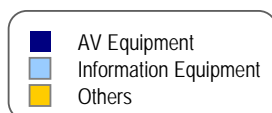
( 3) Interest receivables 2, Forex loss 14

( 2) Extraordinary loss 1, Income taxes 7

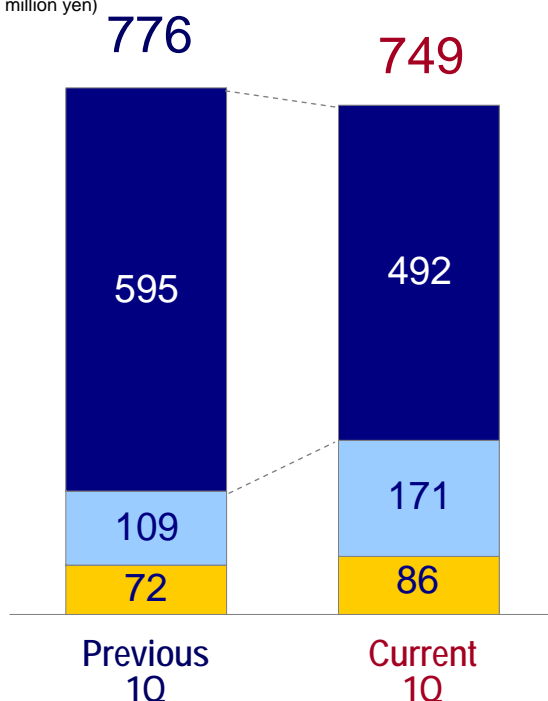
( 4) Extraordinary loss 1, less Income taxes +2

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## 2 Breakdown of Sales by Equipment



(100 million yen)



(100 million yen)

### Comparison to 2009/6

AV Equipment : 103 ( 17.3%)

Information Equipment : + 62 ( +56.0%)

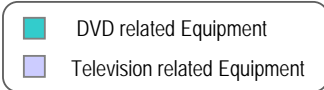
Others : + 14 ( +19.4%)

**Total** : 27 ( 3.5%)

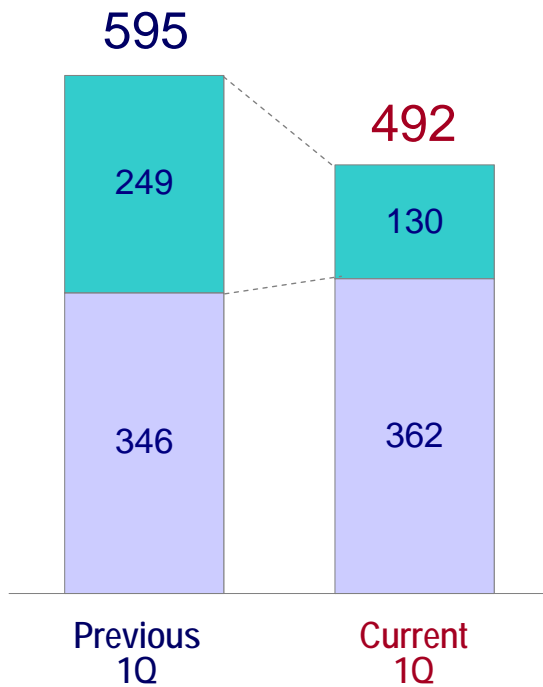
From FY2010 antenna set for North America is classified in 'Others' from 'Others in TV related equipment on Audio Visual Equipment' which was classified in FY2009. The sales amount of antenna set for North America in the 1st quarter in FY2009 was 1100 mil. yen.

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### 3 Sales of Audio and Visual Equipment



(100 million yen)



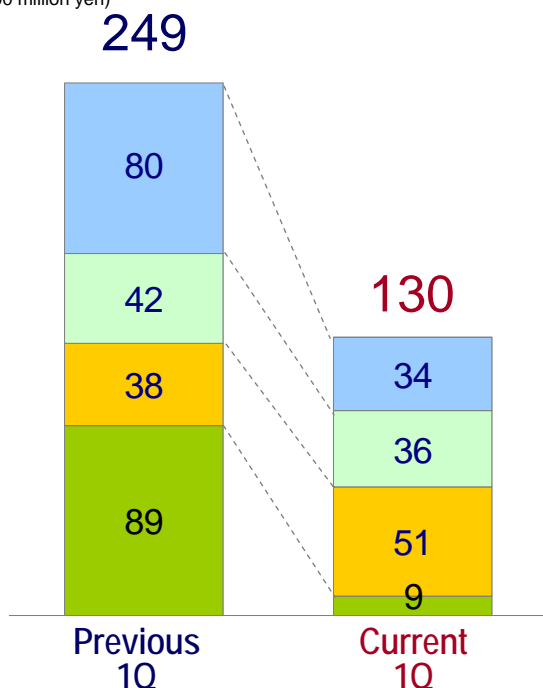
(100 million yen)

Comparison to 2009/6	
DVD related Equipment	: 119 ( 47.8%)
Television related Equipment	: + 16 (+ 4.6%)
<b>Total</b>	<b>: 103 ( 17.3%)</b>

### 4 Sales of DVD related Equipment



(100 million yen)



**DVD Players**      **DVD Recorders**

• Despite of the market contraction, demand in U.S. for DVD player was stronger than expected. DVD recorder tracked the market trend.

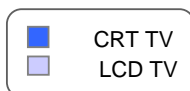
**Blu-ray disc**      • BRD recorder which was newly commercially marketed in previous 4Q contributed.

**Digital STB**      • Digital STB ended the life in the U.S market.

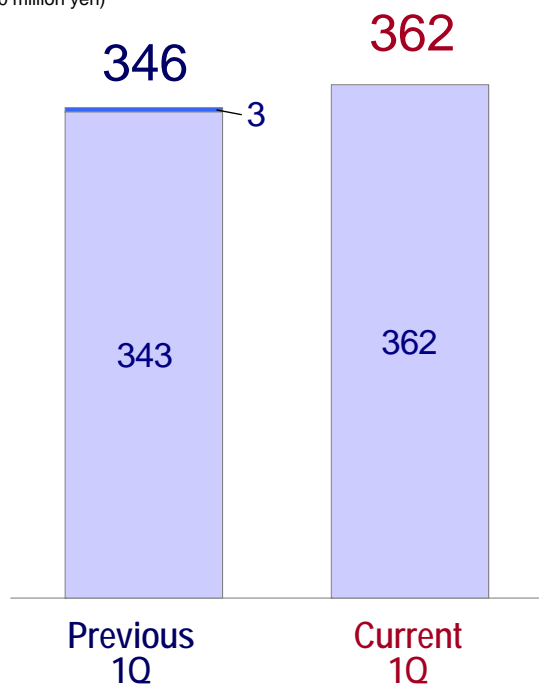
(100 million yen)

Comparison to 2009/6	
DVD Player related Equipment	: 46 ( 57.5%)
DVD Recorder related Equipment	: 6 ( 14.3%)
Blu-ray disc	: + 13 (+ 34.2%)
Digital STB	: 80 ( 89.9%)
<b>Total</b>	<b>: 119 ( 47.8%)</b>

## 5 Sales of Television related Equipment



(100 million yen)



### LCD TV

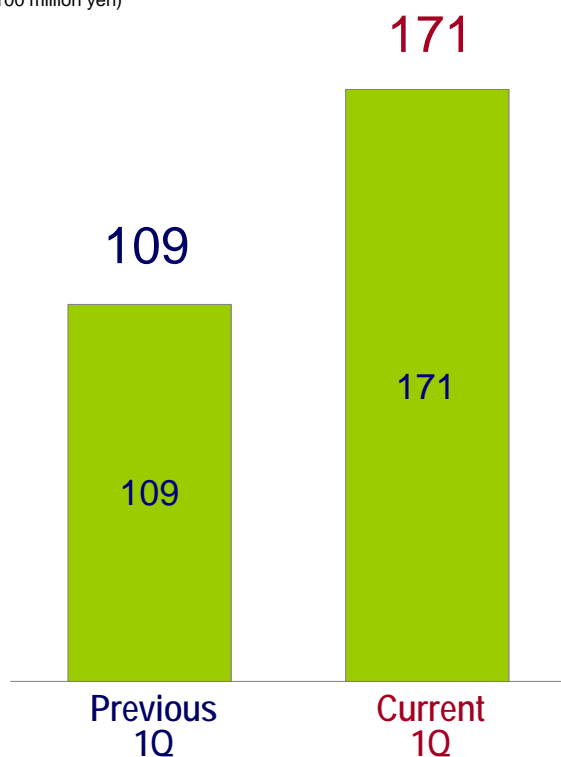
• Sales of large sized for North America were slower than expected which was more offset by Japan and Europe.

(100 million yen)

Comparison to 2009/6	
CRT TV	: 3 ( - )
LCD TV	: + 19 ( + 5.5%)
<b>Total</b>	<b>: + 16 ( + 4.6%)</b>

## 6 Sales of Information Equipment

(100 million yen)



### Information Equipment

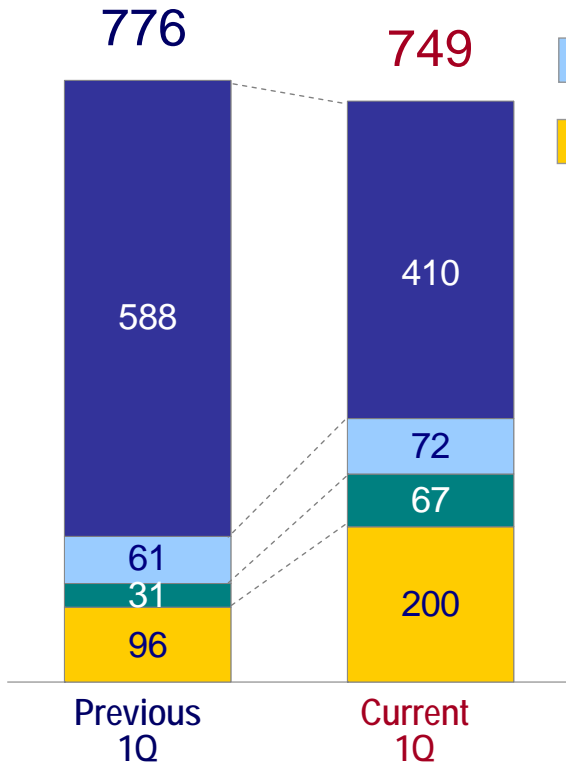
• In line with the recovery of the market ,incoming orders of ink jet printer increased.

(100 million yen)

Comparison to 2009/6	
Information Equipment	: + 62 ( + 56.0%)

# 7 Geographic Breakdown of Sales

(100 million yen)



### North America

· In addition to Digital STB ended the life in the U.S market and DVD and LCD TV decreased.

### Europe

· LCD TV increased from previous 1Q which was the worst period for us.

### Japan

· LCD TV increased due to 'Eco point'. BRD recorder which was newly commercially marketed also contributed.

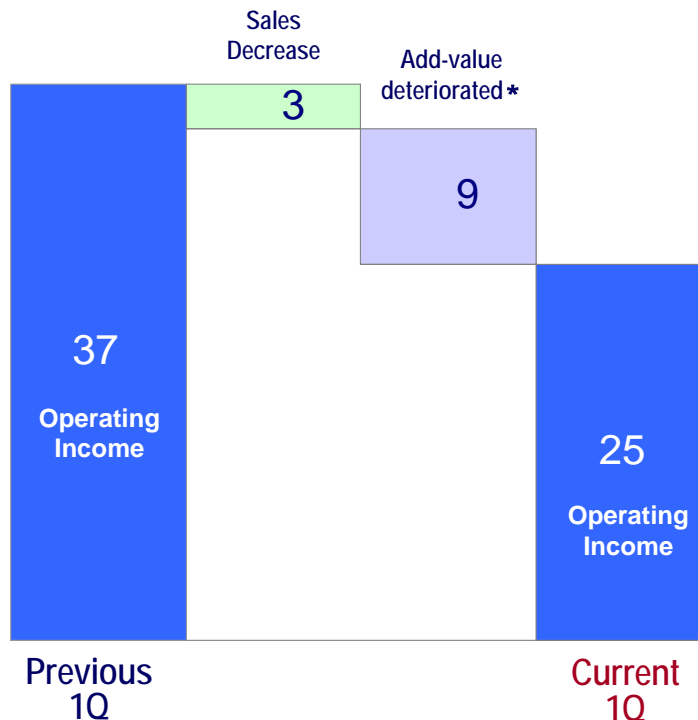
(100 million yen)

Comparison to 2009/6	
North America	: 178 ( 30.3%)
Europe	: + 11 (+ 18.3%)
Asia & Others	: + 36 (+ 116.1%)
Japan	: + 104 (+ 109.2%)
<b>Total</b>	<b>: 27 ( 3.5%)</b>

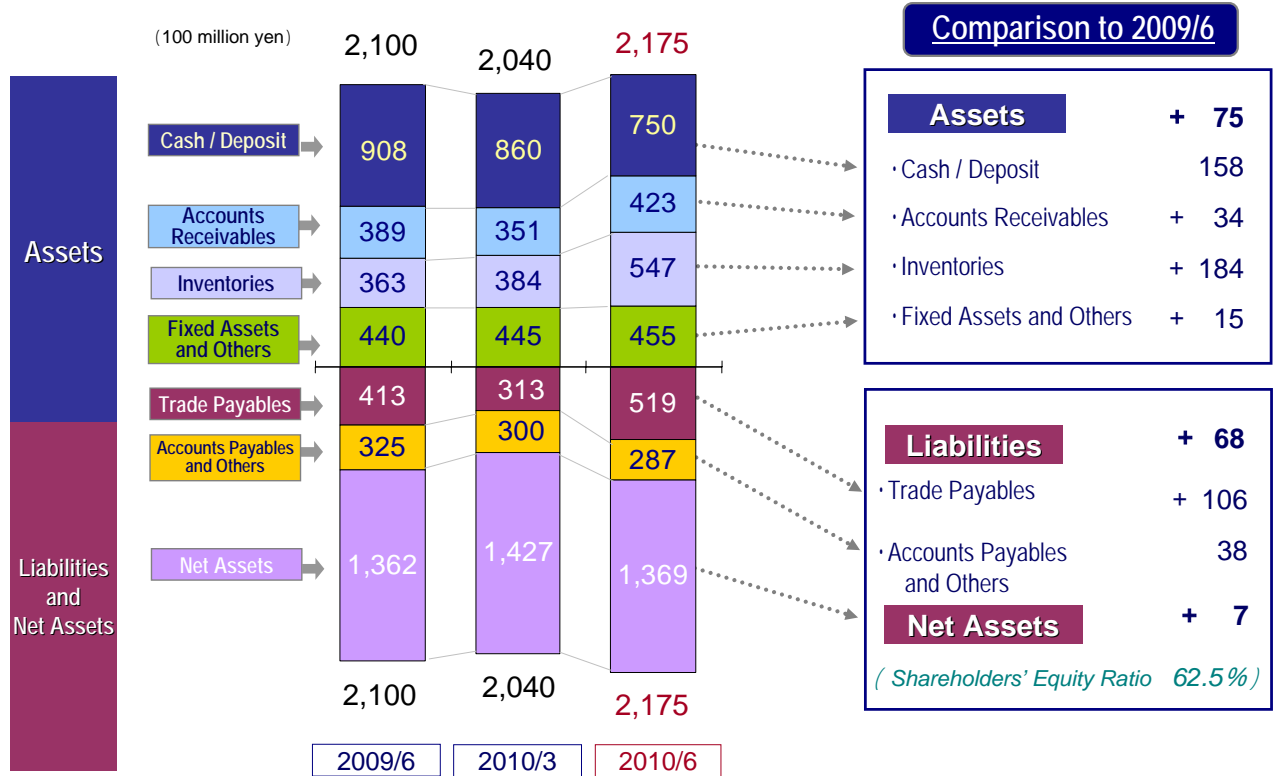
# 8 Factor of Changes of Operating Income

(Comparison to 2009/6)

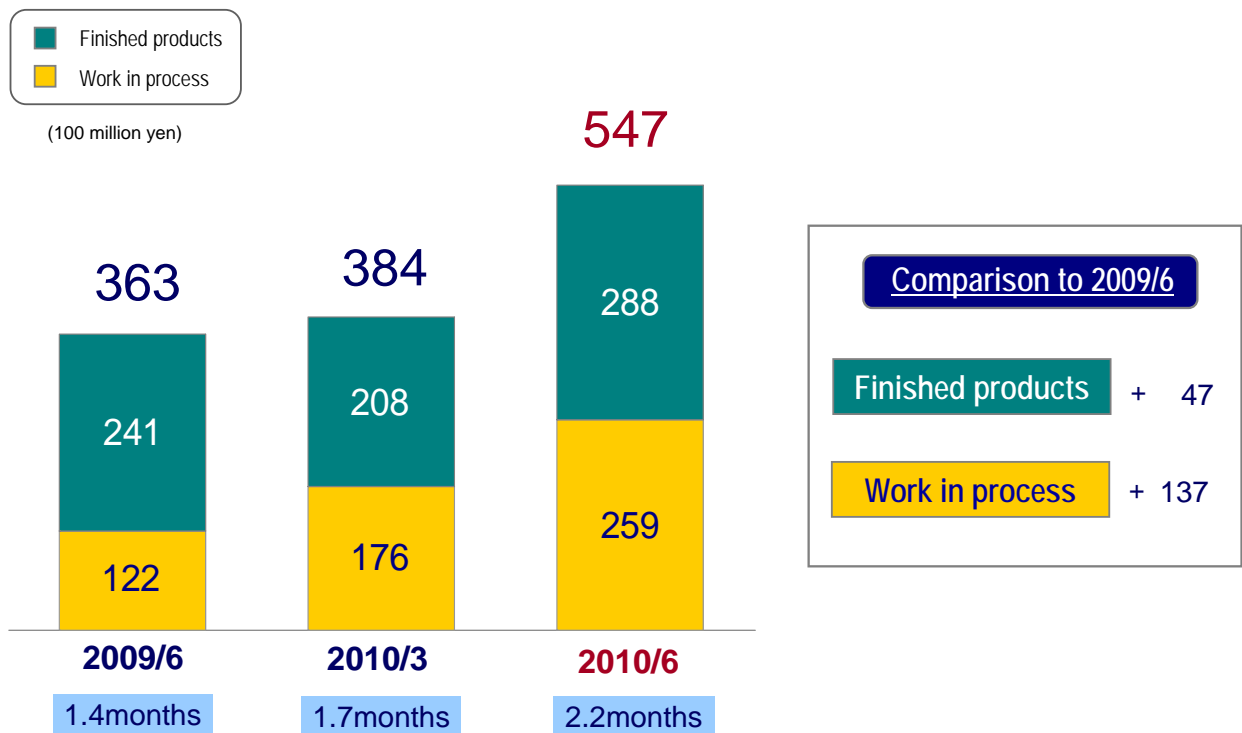
\* Add-value=Sales - (Cost of sales + selling expenses)



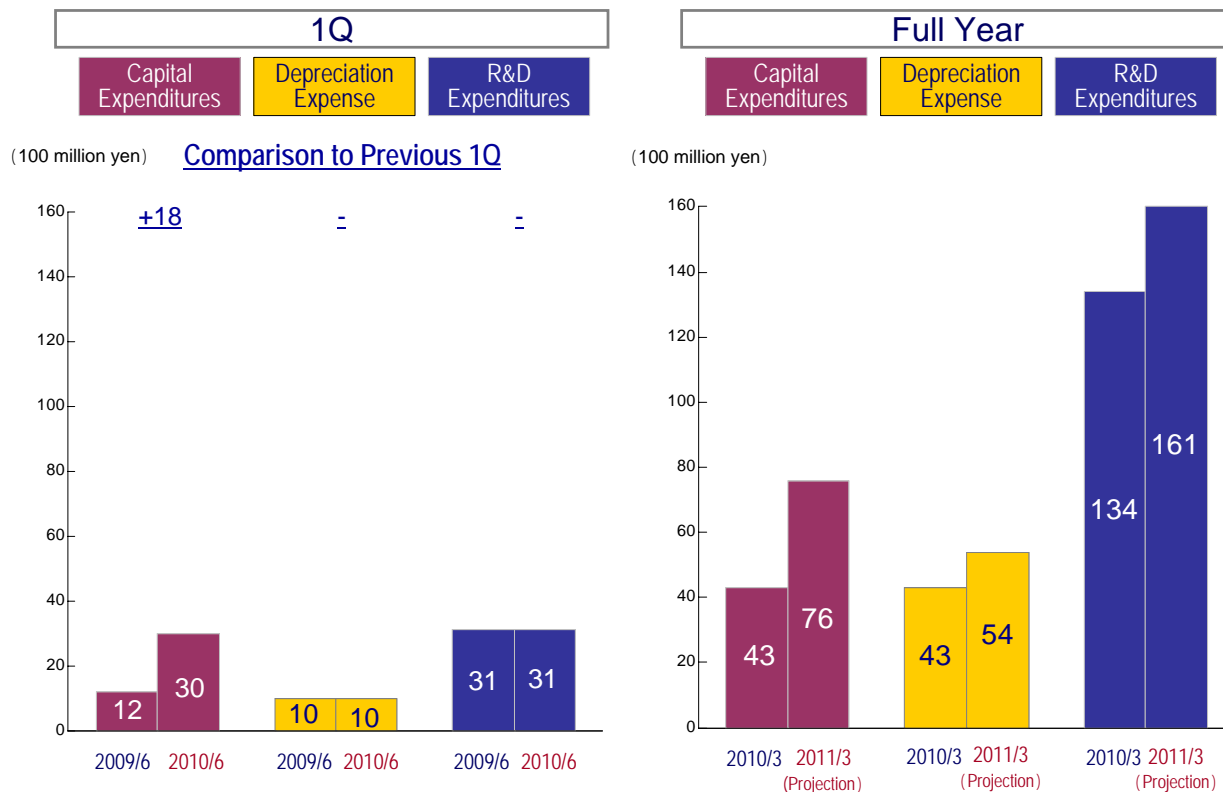
# 9 Financial Conditions



# 10 Changes of Inventories



Inventories Turnover



(100million yen)

	Forecast 1H	Forecast FY2010
Net Sales	1,700	3,500
Operating Income ( Margin )	72 (4.2%)	130 (3.7%)
Ordinary Income ( Margin )	70 (4.1%)	129 (3.7%)
Net Income After Tax ( Margin )	56 (3.3%)	100 (2.9%)
USD-JPY Exchange Rate on Budget	90. <sup>00</sup>	

## Supplemental Data

1. Quarterly Operating Summary of FY 2009, 2010
2. Quarterly Changes of Sales Amount by Equipment

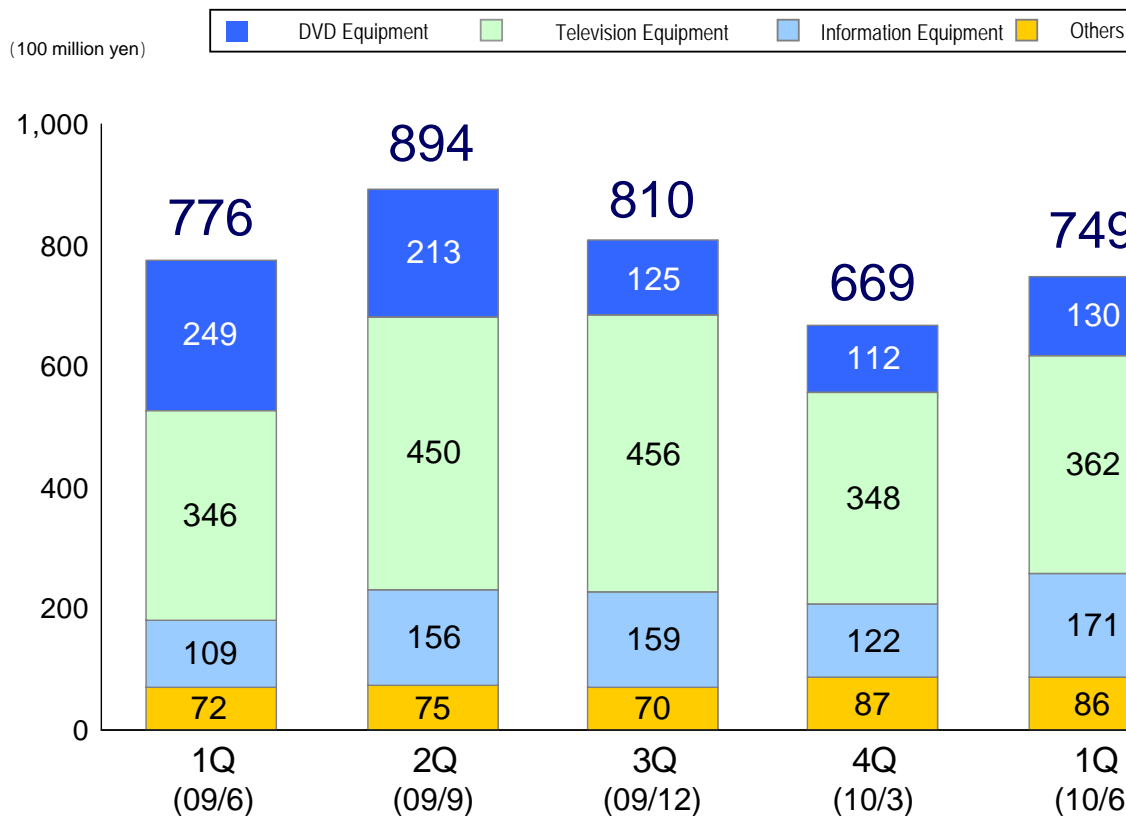
### 1 Quarterly Operating Summary of FY 2009, 2010

(100million yen)

	FY 2009				FY 2010
	1Q	2Q	3Q	4Q	1Q
<b>Net Sales</b>	776	894	810	669	749
<b>Operating Income</b>	37	63	14	3	25
<b>Margin</b>	(4.8%)	(7.1%)	(1.8%)	( 0.6%)	(3.4%)
<b>Ordinary Income</b>	40	55	24	3	12
<b>Margin</b>	(5.3%)	(6.2%)	(3.0%)	( 0.5%)	(1.7%)
<b>Net Income After Tax</b>	31	41	18	11	4
<b>Margin</b>	(4.1%)	(4.6%)	(2.3%)	(1.8%)	(0.6%)



## 2 Quarterly Changes of Sales Amount by Equipment



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## 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.

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