

FY 2013 THIRD QUARTER IN CUMULATIVE FINANCIAL REPORT

〔 From April 1, 2013
To December 31, 2013 〕



FUNAI ELECTRIC CO., LTD.

Third Quarter (April-December) Consolidated Financial Summary
for the Period Ending March 2014

(Million yen)

	Previous Year Third Quarter 〔 From April 1, 2012 to Decembr 31, 2012 〕		Current Year Third Quarter 〔 From April 1, 2013 to December 31, 2013 〕		Rate of increase or decrease
	Amount	%	Amount	%	
Net Sales	147,017	100.0	185,506	100.0	26.2
Operating Income (Loss)	(1,850)	(1.3)	437	0.2	—
Ordinary Income	142	0.1	4,800	2.6	—
Net Income (Loss) before Taxes and Other Adjustments	(1,277)	(0.9)	2,120	1.1	—
Net Income (Loss) after Tax	(2,294)	(1.6)	1,737	0.9	—
Net Income (Loss) per Share	(67.24)		50.93		

Notes: Includes 20 consolidated subsidiaries, 1 non-consolidated subsidiary of equity method, 1 affiliated company of equity method.



Financial Report for the 9-Month Period ended December 31, 2013

February 3, 2014

Listed company name: Funai Electric Co., Ltd. Securities Code: 6839 Tokyo Stock Exchange First Section

(URL <http://www.funai.jp/>)

Representative: President and CEO Yoshikazu Uemura

Inquiries: General Manager, Accounting Department Keichi Ikegami TEL: (072) 870-4395

Scheduled date of Quarterly Report; February 6, 2014

Scheduled date of Commencement of Annual Dividend Payment; —

Quarterly Financial Results Supplementation: Yes

Quarterly Financial Results Seminar: Yes

1. Third Quarter Consolidated Results for the Period Ending March 2014 (April 1, 2013 – December 31, 2013)

(1) Operating Results (Consolidated)

(% denotes year on year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3 rd Quarter FY2013	185,506	26.2	437	—	4,800	—	1,737	—
3 rd Quarter FY2012	147,017	(27.7)	(1,850)	—	142	(89.9)	(2,294)	—

(Reference) Comprehensive Income 3rd Quarter FY 2013 ended December 31, 2013 7,737 million yen (827.6%)
 3rd Quarter FY 2012 ended December 31, 2012 834 million yen (— %)

	Net Income Per Share		Net Income Per Share on a Fully Diluted Basis	
	Yen		Yen	
3 rd Quarter FY2013	50.93		—	
3 rd Quarter FY2012	(67.24)		—	

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Million yen	Million yen	%
3 rd Quarter FY2013	184,409	127,766	68.7
Fiscal Year 2012	194,524	121,398	61.7

(Reference) Equity 3rd Quarter FY 2013 ended December 31, 2013 126,618 million yen
 Fiscal Year 2012 ended March 31, 2013 120,103 million yen

2. Dividends

	Dividend per Share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Year-End	Annual
	yen	yen	yen	yen	yen
Fiscal Year 2012	—	0.00	—	35.00	35.00
Fiscal Year 2013	—	0.00			
Fiscal Year 2013 (Projection)			—	—	—

(Note) Revision of Annual Dividends Forecast in this 3rd Quarter: No

The dividend for FY 2013 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 of disclosure has become possible to public.

3. Forecast of Consolidated Results for the Fiscal Year ending March 2014 (April 1, 2013 - March 31, 2014)

(% denotes year on year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
Full Year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	229,000	19.3	500	—	2,100	—	100	—	2.93

(Note) Revision of Forecast of Consolidated Results for the 9-month period or the Full Year in this 3rd Quarter: No

*Note

(1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): Yes

New Subsidiary : Funai Electric Cebu, Inc.

(2) Application of simplified accounting procedure and use of unique accounting procedure for preparation of financial statements covering consolidated accounting in this 3rd quarter: Yes

(3) Changes in Accounting Practices, Procedures and Presentation Methods for Consolidated Financial Results

1. Changes arising from revision of accounting standards: No

2. Changes arising from other factors: 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 December 31, 2013; 36,130,796 shares
as of March 31, 2013; 36,130,796 shares

2. Number of shares of treasury stock as of December 31, 2013; 2,011,615 shares
as of March 31, 2013; 2,011,615 shares

3. The Average number of outstanding shares on December 31, 2013; 34,119,181 shares
on December 31, 2012; 34,119,187 shares

* 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.

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.

1. Qualitative Information Regarding Quarterly Financial Results

(1) Explanation of Business Performance

During the third quarter of the current fiscal term, the economy of the United States, which is the Funai Group's mainstay market, despite improvements job situation slower than expected, almost overall continued to grow mode. The housing market observations a continuous recovery, and a recovery in personal consumption. The European economy bottoming out, while the European Central Bank's responses to the debt crisis to have several countermeasures. But economic performance in China is seen some slowdown. In Japan, continued modest recovering after the countermeasures of monetary easing at the Bank of Japan, due to a personal consumption's mind and increasing amount of the capital investments.

Within the consumer electronics industry, still under these difficult conditions, despite global shipments of LCD TVs are seen some growth in the unit basis, still facing struggle due to increasing price competition in the market., while demand for smartphones and tablet devices has kept grown sharply, in a changing role of the products that are driving the market.

As a result of the above factors, the Funai Group posted net sales of JPY 185,506 million, a 26.2% increase compared with the same period last year.

On the profit front, operating income was JPY 437 million (the operating loss for the same period last year was JPY 1,850 million); ordinary income was JPY 4,800 million (the ordinary income for the same period last year was JPY 142 million); and a net income of JPY 1,737 million (the net loss for the same period last year was JPY 2,294 million).

Segment conditions by location were as follows:

i) Japan

Sales of information equipment recorded increases in revenues due to printer order increase. In addition, sales of LCD TVs increased.

As a result, net sales were JPY 41,238 million, an increase of 8.8% year on year. Our segment income (operating income) was JPY 1,540 million (the operating loss for this segment for the same period last year was JPY 559 million).

ii) North America

Revenues for LCD TVs increased year on year due to strong sales of large size products at a major mass retailer in addition to strong sales in holiday selling season. Additionally, the PHILIPS branded audio and accessories products contributed to the sales, and DVD-related equipment also increased as the result of healthy sales of Blu-ray Disc players.

As a result, net sales amounting to JPY 138,263 million, an increase of 31.0% year on year. In the other hand, our segment loss (operating loss) was JPY 723 million (the operating loss for this segment for the same period last year was JPY 184 million) due to decrease in profitability of the PHILIPS branded audio and accessories products.

iii) Asia

The ink cartridges contributed to the sales. As a result, net sales came to JPY 3,548 million, an increase of 442.1% year on year. Our segment income (operating income) was JPY 551 million, an increase of 9.1% year on year.

iv) Europe

Sales of LCD TVs declined due to sluggish market conditions. As a result, net sales down 15.3% year on year, to JPY 2,456 million, and an segment loss (operating loss) of JPY 358 million (operating loss for the same period last year was JPY 202 million).

Sales by product segment were as follows:

i) Audiovisual Equipment

In the audiovisual equipment sector, sales of LCD TVs increased revenue because of strong sales in holiday selling season. Sales of DVD-related equipment also increased year on year due to revenue growth of Blu-ray Disc players.

As a result, net sales of this equipment were JPY 145,658 million, an increase of 20.3% year on year.

ii) Information Equipment

In the information equipment sector, sales of printer increased due to increase in orders and ink cartridges contributed to the sales.

As a result, net sales of JPY 14,819 million, an increase of 96.1% year on year.

iii) Other Products

Net sales were JPY 25,027 million, an increase of 35.8% year on year due to contribution of the audio accessories products in North America.

(2) Qualitative Information Relating to Consolidated Financial Position

Our financial position at the end of first quarter is described below.

Total assets decreased by JPY 10,114 million as compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of JPY 23,035 million and JPY 5,302 million in cash and deposits, raw materials and supplies, and an increase of JPY 12,140 million and JPY 6,074 million in notes and accounts receivable-trade, tangible fixed asset.

Total liabilities decreased by JPY 16,482 million as compared to the end of the previous consolidated fiscal year. This was mainly due to a decrease of JPY 13,053 million and JPY 6,441 million in notes and accounts payable-trade, short-term loans payable, and an increase of JPY 1,050 million in long-term loans payable.

Net assets increased by JPY 6,367 million as compared to the end of the previous consolidated fiscal year. This was mainly due to an increase of JPY 5,565 million and JPY 543 million in the foreign currency translation adjustment account, retained earnings.

(3) Qualitative Information Relating to Consolidated Performance Forecasts:

We have not revised its consolidated operating results forecast released on November 11, 2013.

Note: The operating results outlook is a forward-looking statement about the future performance of the Company and is based on management's assumptions and beliefs in light of information currently available, and involves known and unknown risks and uncertainties. Various factors such as changes in economic conditions overseas, especially in the main U.S. market, and severe price fluctuations may cause actual events and results to differ materially from those anticipated in these statements.

2. Summary Information

(1) Important changes relating to subsidiaries and affiliates during the fiscal term

The newly-established Funai Electric Philippines Inc. has also been included within the scope of consolidation in the first quarter. In addition, we acquired all shares of manufacturing subsidiary where manufactures inkjet printer-related products located in Philippines from Lexmark International, Inc. And the newly-established Funai Electric Cebu, Inc. has also been included within the scope of consolidation.

(2) Unique accounting procedure for preparation of consolidated financial statements for fiscal quarter

Expenses relating to taxes are calculated by applying the estimated effective tax rates on the before-tax net profit for the fiscal quarter, through a practical estimation of the effective tax rates that will take effect after the application of the tax effect accounting for before-tax net profits of the consolidated fiscal year, including this third fiscal quarter.

(3) Additional Information

About Anti-Tax Haven Law

1. The Funai Group received a rectification notices from the Osaka Regional Taxation Bureau on June 28, 2005, and June 16, 2008. The Bureau determined that our Hong Kong subsidiary does not meet the requirements for exclusion under the anti-tax haven system and the Hong Kong subsidiary's income for the three fiscal years ended March 31, 2002 through 2004, and the three years from March 31, 2005 through 2007, will be considered, and taxed as, our income. We objected to this supplementary tax assessment, and filed petitions seeking a review of the decision with the Osaka Regional Tax Tribunal on July 25, 2006, and August 6, 2008. On July 3, 2008, and July 23, 2009, we received written verdicts on this case from the Administrative Review Office of the Osaka Regional Taxation Bureau, which indicated that our assertions had been dismissed. On November 16, 2006 and November 14, 2008, the Company filed suits in the Osaka District Court to overturn the supplementary tax assessment orders, and a hearing for consolidation of those actions was filed on November 26, 2008. The court dismissed the claims of our Company on June 24, 2011. As the Company is unable to accept the Osaka District Court's judgment, we filed a notice of appeal at the Osaka Superior Court on July 7, 2011. With respect to this action, on July 20, 2012, the court dismissed the claims of the Company. In response to this judgment, the company will promptly examine the contents of the judgment. We intend to appeal this matter with the High Court.

The additional taxes of JPY 16,651 million (JPY 19,184 million including incidental taxes) and JPY 15,038 million (JPY 16,838 million including incidental taxes) include corporate, enterprise and residence taxes. In accordance with the "Accounting Practices, Disclosure and Audit Treatment for Various Taxes" (Japanese Institute of Certified Public Accountants, Auditing and Assurance Practice Committee, Audit Committee Report No. 63) we charged the tax assessments to income as "prior year's taxes" in the fiscal year ended March 31, 2007, and the fiscal year ended March 31, 2009.

2. The Funai Group received a rectification 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 exclusion under the anti-tax haven system and the Hong Kong subsidiary's income for the three fiscal years ended March 31, 2008 through 2010, will be considered, and taxed as our income. We objected to these supplementary tax assessments, and filed a petition with the Osaka Regional Tax Tribunal on August 25, 2011, to overturn the supplementary tax assessment order. Thereafter, we received written verdicts on this case on July 24, 2012 indicating that our assertions had been dismissed. We will continue to assert the validity of its arguments in the future. The additional tax of JPY 825 million (JPY 935 million including incidental taxes) includes corporate, enterprise and residence taxes. We charged the tax assessments to income as "prior year's taxes" in the fiscal year ended March 31, 2012.
3. With regard to the actions The Funai Group filed with the Osaka District Court on June 28, 2005, and June 16, 2008, seeking the rescission of supplementary tax assessments, on June 24, 2011, a decision was reached in which the court dismissed the claims of the Company. Accordingly, we treated this amount as an expense during the fiscal year under review, which is the fiscal year ended March 31, 2012 following the year to which the assessment was applied.

3. Consolidated Financial Statements

(1) Consolidated Quarterly Balance Sheets

(Units : Million Yen)

	Fiscal year 2012 (As of March 31, 2013)	3rd Quarter FY2013 (As of December 31, 2013)
ASSETS;		
Current Assets		
Cash and deposits	67,813	44,778
Notes and accounts receivable-trade	33,193	45,334
Merchandise and finished goods	34,547	31,329
Work in process	2,095	1,641
Raw materials and supplies	18,997	13,695
Other	8,332	9,009
Allowance for doubtful accounts	(178)	(189)
Total current assets	164,802	145,598
Fixed assets		
Tangible fixed assets	16,675	22,749
Intangible fixed assets	3,107	6,832
Investment and other assets		
Other	10,131	9,430
Allowance for doubtful accounts	(192)	(201)
Total investments and other assets	9,938	9,228
Total noncurrent assets	29,721	38,810
TOTAL ASSETS	194,524	184,409
LIABILITIES;		
Current Liabilities		
Notes and accounts payable-trade	39,178	26,125
Short-term loans payable	12,981	6,539
Income taxes payable	1,690	670
Provision	1,188	1,164
Other	14,412	17,145
Total current liabilities	69,452	51,645
Noncurrent liabilities		
Long-term loans payable	—	1,050
Provision	2,008	2,116
Other	1,663	1,830
Total noncurrent liabilities	3,672	4,997
TOTAL LIABILITIES	73,125	56,643

	Fiscal year 2012 (As of March 31, 2013)	3rd Quarter FY2013 (As of December 31, 2013)
NET ASSETS;		
Shareholders' equity		
Capital stock	31,307	31,307
Capital surplus	33,272	33,272
Retained earnings	101,135	101,679
Treasury stock	(24,341)	(24,341)
Total shareholders' equity	141,374	141,918
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	451	709
Foreign currency translation adjustment	(21,722)	(16,157)
Post retirement liability adjustment for foreign companies	—	148
Total accumulated other comprehensive income	(21,271)	(15,299)
Subscription right to shares	122	129
Minority interests	1,173	1,017
Total net asset	121,398	127,766
TOTAL LIABILITIES AND NET ASSETS	194,524	184,409

(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statement of Comprehensive Income
(Consolidated Quarterly Statements of Income)

(Units : Million Yen)

	3rd Quarter FY2012 (from April 1, 2012 to December 31, 2012)	3rd Quarter FY2013 (from April 1, 2013 to December 31, 2013)
Net sales	147,017	185,506
Cost of sales	122,721	156,884
Gross profit	24,295	28,622
Selling, general and administrative expenses	26,146	28,184
Operating income (loss)	(1,850)	437
Non-operating income		
Interest income	213	95
Dividends income	35	39
Foreign exchange gains	1,749	4,776
Other	265	112
Total non-operating income	2,265	5,023
Non-operating expenses		
Interest expenses	62	146
Equity in losses of affiliates	23	89
Payment compensation cost	—	300
Penalty	68	—
Other	116	124
Total non-operating expenses	271	660
Ordinary income (loss)	142	4,800
Extraordinary income		
Gain on disposal of noncurrent assets	341	0
Gain on negative goodwill	—	8
Other	—	0
Total extraordinary income	341	9
Extraordinary loss		
Loss on disposal of fixed assets	62	81
Impairment loss	1,614	—
Expenses incurred on business restructuring	—	* ₁ 1,297
Advisory fees	—	1,166
Other	84	142
Total extraordinary loss	1,761	2,689
Income (loss) before income taxes	(1,277)	2,120
Income taxes	73	356
Income taxes for prior periods	* ₂ 922	—
Total income taxes	995	356
Income (loss) before minority interests	(2,273)	1,763
Minority interests in income	20	25
Net income (loss)	(2,294)	1,737

(Consolidated Quarterly Statement of Comprehensive Income)

(Units : Million Yen)

	3rd Quarter FY2012 (from April 1, 2012 to December 31, 2012)	3rd Quarter FY2013 (from April 1, 2013 to December 31, 2013)
Income (loss) before minority interest adjustment	(2,273)	1,763
Other comprehensive Income		
Valuation difference on available-for-sale securities	55	260
Foreign currency translation adjustment	3,053	5,525
Post retirement liability adjustment for foreign companies	—	148
Share of other comprehensive income of associates accounted for using equity method	(2)	39
Total other comprehensive Income	3,107	5,974
Comprehensive income	834	7,737
(Breakdown)		
Comprehensive income attributable to owners of parent	801	7,709
Comprehensive income attributable to minority interest:	33	28

(3) Notes of Consolidated Quarterly Financial Statements
(Notes for Continuing Enterprises)
Not Applicable

(Notes of remarkable changes in Shareholders Equity)
Not Applicable

(Consolidated quarterly balance sheets)
Third Quarter Consolidated Fiscal Period (As of December 31, 2013)
Contingent liabilities

Funai Electric Co., Ltd. (hereinafter, "Funai") resolved to acquire from Koninklijke PHILIPS N.V. (hereinafter, "PHILIPS") all shares in a company that will hold the operation of the PHILIPS' Lifestyle Entertainment Business and concluded a share purchase agreement on January 29, 2013. But PHILIPS filed against Funai a petition as of October 25, 2013 for arbitration to claim compensation for damages on the grounds of breach of the agreement by Funai and the petition has been served on November 8, 2013 by the International Chamber of Commerce.

With regard to this matter, Funai recognizes there to have been no breach of contract on its behalf. Consequently, on December 6, 2013, Funai filed with the International Chamber of Commerce a counterclaim for claiming compensation for damages on the grounds of breach of the agreement and undue action by PHILIPS.

The results of these arbitral proceedings may affect the Funai Group's operating performance, but given the difficulty of making a rational estimate of this impact during this third quarter consolidated fiscal period, such impact has not been reflected in the Funai Group's operating performance or financial condition.

Following is the outline of arbitration filed against Funai and counterclaim filed by Funai.

1. Outline of arbitration filed against Funai

(1) Institution and date of arbitration

- i) Institution where petition for arbitration is filed: International Chamber of Commerce
- ii) Date of petition for arbitration: October 25, 2013

(2) Petitioner of arbitration

- i) Name : Koninklijke PHILIPS N.V.
- ii) Location : Eindhoven, The Netherlands
- iii) Title & name of representative : Chief Executive Officer Frans van Houten

(3) Details of petition and claimed amount for damages

- i) Details of petition : A claim for damages on the grounds of breach of the agreement by Funai
- ii) Claimed amount : A specific claimed amount has not been stipulated

2. Outline of counterclaim filed by Funai

(1) Institution with which counterclaim filed and date of filing

- i) Institution with which counterclaim filed : International Chamber of Commerce
- ii) Date of counterclaim: December 6, 2013

(2) Other party to counterclaim filing

- i) Name : Koninklijke PHILIPS N.V.
- ii) Location : Eindhoven, The Netherlands
- iii) Title & name of representative : Chief Executive Officer Frans van Houten

(3) Details of petition and claimed amount for damages

- i) Details of petition : Claim for damages on the grounds of breach of the agreement and undue action by PHILIPS
- ii) Claimed amount : A specific claimed amount has not been stipulated

An overview of the above-mentioned share purchase agreement is as follows.

1. Name of other company and content of acquired businesses

(1) Name of other company : Koninklijke PHILIPS N.V.

(2) Content of acquired businesses : Lifestyle Entertainment Business

(Note) The Lifestyle Entertainment Business involves the development and design, sales and (partial) manufacture of the PHILIPS-brand Audio Video Multimedia products, Home Communication products and Accessories products.

2. Reasons for Acquiring the Shares

In September 2008, Funai entered into a brand licensing agreement maintaining responsibility for the sourcing, distribution, marketing and sales activities of PHILIPS consumer televisions in the United States and Canada. Following this, in July 2012 Funai entered an agreement with PHILIPS involving the sale in the United States, Canada and Mexico of products that PHILIPS designed and developed through the operation.

Funai has positioned the "strengthening and expanding existing businesses," "making forays into new markets" and "developing new businesses" as the three pillars of its growth strategy. To achieve this growth strategy, in addition to reinforcing existing management resources Funai has searched for growth opportunities through business alliances and M&A activities with other companies such as those outlined above.

The Transaction to assume the operation will enable the Funai Group to expand the lineup of products that it handles and expand its sales region to include Asia, South America and other emerging markets, as well as advanced countries in Europe. Funai decided to acquire shares in the New Company, based on the belief that the acquisition would foster sustained growth of the Funai Group's business.

3. Acquisition price and percentage of shares held after acquisition

Acquisition price : € 150 million

Percentage of shares held after acquisition : 100%

(Consolidated quarterly statements of income)

*1. Expenses incurred on business restructuring stem

Third Quarter Consolidated Fiscal Period – Year to Date (April 1, 2013 to December 31, 2013)

Expenses incurred on business restructuring stem mainly from costs incurred due to the shrinking of the overseas LED business, principally including an inventory valuation loss of JPY 217 million, an impairment loss on investment in subsidiaries and associated companies of JPY 646 million and impairment losses of JPY 255 million.

* 2. Income taxes for prior periods

Third Quarter Consolidated Fiscal Period – Year to Date (April 1, 2012 to December 31, 2012)

A consolidated subsidiary, FUNAI EUROPE GmbH, is under investigation by the German tax authorities with regard to transfer pricing taxation on transactions with FUNAI ELECTRIC EUROPE Sp.z o.o., which is also a consolidated subsidiary. During the first nine months, we posted a "income taxes for prior periods" based on the anticipated additional tax amount, based on the belief that a request for correction by the German tax authorities was increasingly likely under the transfer pricing taxation scheme.

(Information by Segment)
[Segment Information]

I . Third Quarter Consolidated Fiscal Period – Year to Date (April 1, 2012 to December 31, 2012)

1. Information Regarding Net Sales and Profit/Loss Conditions by Reporting Segment

(Units: Million Yen)

	Japan	N. America	Asia	Europe	Total	Adjustments (Note 1)	Consolidated (Note 2)
Net Sales							
(1) Outside customers	37,890	105,573	3,548	2,899	147,017	—	147,017
(2) Inter-segment sales	103,851	0	116,927	0	210,411	(210,411)	—
Total	141,742	105,573	120,475	2,899	357,428	(210,411)	147,017
Segment Income (Loss)	(559)	(184)	551	(202)	(440)	(1,410)	(1,850)

Note:

- 1) JPY -1,410 million adjustment amount under segment loss includes items such as the JPY 13 million relating to the cancellation of inter-segment transactions, JPY -647 million of overall Group expenses that are not apportioned to each reporting segment, and the JPY -776million negative 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 loss has been adjusted to operating loss noted on the third quarter consolidated income statement.

2. Information on Impairment Losses Relating to Fixed Assets and Goodwill by Reporting Segment
(Impairment Losses on Fixed Assets)

In the Japan segment, we revised its production model in line with decreasing global demand. As a result, we revalued its licensing of patents based on their expected future degree of use, thereby reducing the expected amount collectible for these assets by JPY 1,614 million. This impairment loss was recorded as an extraordinary loss.

II . Third Quarter Consolidated Fiscal Period – Year to Date (April 1, 2013 to December 31, 2013)

1. Information Regarding Net Sales and Profit/Loss Conditions by Reporting Segment

(Units: Million Yen)

	Japan	N. America	Asia	Europe	Total	Adjustments (Note 1)	Consolidated (Note 2)
Net Sales							
(1) Outside customers	41,238	138,263	2,126	2,456	185,506	—	185,506
(2) Inter-segment sales	109,376	0	83,207	0	226,304	(226,304)	—
Total	150,615	138,263	120,475	2,456	411,811	(226,304)	185,506
Segment Income (Loss)	1,540	(723)	551	(358)	1,010	(573)	437

Note:

- 1) JPY -573 million adjustment amount under segment income includes items such as the JPY 15 million relating to the cancellation of inter-segment transactions, JPY -612 million of overall Group expenses that are not apportioned to each reporting segment, and the JPY 24 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.

2. Information on Impairment Losses Relating to Fixed Assets and Goodwill by Reporting Segment
(Impairment Losses on Fixed Assets)

In the Asia segment, as part of our business restructuring efforts we have pared down the LED business, writing down the recoverable value of related assets to their book value and writing off these impairment losses as expenses incurred on business restructuring, posting them as an extraordinary loss. During the nine months of the fiscal year, we recorded impairment losses of JPY 389 million.

THIRD QUARTER IN CUMULATIVE FINANCIAL RESULTS SUPPLEMENTATION

FY 2013

(from 2013.4.1
to 2013.12.31)

	Page
1. Summary of 3Q (April to December) Financial Statements (Consolidated)	
(1) Operating Results, Financial Conditions	1
(2) Profitability and Per Share Data etc.	1
(3) Capital Expenditures, Depreciation, R&D Expenses	1
(4) Cash Flow	2
2. Operating Activities (Consolidated)	
(1) Sales by Equipment	2
(2) Sales by Area in Equipment	3
(3) Sales by Equipment in Areas	3
3. Summary of 3Q (October to December) Financial Statements (Consolidated)	
(1) Operating Results	4
(2) Sales by Equipment	4



FUNAI ELECTRIC CO., LTD.

1. Summary of 3Q (April to December) Financial Statements (Consolidated)

(1) Operating Results, Financial Conditions

(Units : 100 million yen, %)

	FY 2012						FY 2013					
	3Q (Apr. - Dec.)			Full-Year			3Q (Apr. - Dec.)			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Net Sales	1,470	100.0	(27.7)	1,920	100.0	(22.0)	1,855	100.0	26.2	2,290	100.0	19.3
Operating Income (Loss)	(18)	(1.3)	—	(52)	(2.7)	—	4	0.2	—	5	0.2	—
Ordinary Income (Loss)	1	0.1	(89.9)	(3)	(0.2)	—	48	2.6	—	21	0.9	—
Net Income (Loss) after Tax	(22)	(1.6)	—	(85)	(4.4)	—	17	0.9	—	1	0.0	—
Total Assets	1,796	—	—	1,945	—	—	1,844	—	—	—	—	—
Net Assets	1,231	—	—	1,213	—	—	1,277	—	—	—	—	—

(※) Yen-Dollars / Exchange rate

(Units : Yen / Dollars)

	FY 2012		FY 2013	
	3Q (Apr. - Dec.)	Full-Year	3Q (Apr. - Dec.)	Full-Year (Projections)
Average Rate in each Period	80.23	83.32	99.80	97.32

(2) Profitability and Per Share Data etc.

	FY 2012		FY 2013	
	3Q (Apr. - Dec.)	Full-Year	3Q (Apr. - Dec.)	Full-Year (Projections)
Gross Profit Ratio (%)	16.5	14.9	15.4	16.2
Operating Income Ratio (%)	(1.3)	(2.7)	0.2	0.2
Ordinary Income Ratio (%)	0.1	(0.2)	2.6	0.9
Shareholders' Equity Ratio (%)	67.8	61.7	68.7	—
Net Assets Per Share (yen)	3,571.51	3,520.11	3,711.08	—
Net Income Per Share (yen)	(67.24)	(250.38)	50.93	2.93
Return on Assets (%)	(1.3)	(4.6)	1.0	—
Return on Shareholders' Equity (%)	(1.9)	(7.0)	1.4	—

(3) Capital Expenditures, Depreciation, R&D Expenses

(Units : 100 million yen, %)

	FY 2012				FY 2013			
	3Q (Apr. - Dec.)		Full-Year		3Q (Apr. - Dec.)		Full-Year (Projections)	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Capital Expenditures	28	—	53	32.5	99	253.6	122	130.2

	FY 2012						FY 2013					
	3Q (Apr. - Dec.)			Full-Year			3Q (Apr. - Dec.)			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Depreciation Expenses	29	2.0	(19.4)	40	2.1	(18.4)	39	2.1	34.5	60	2.6	50.0
R&D	69	4.7	(12.7)	93	4.8	(11.4)	64	3.5	(7.2)	93	4.1	—

(4) CashFlow

(Units : 100 million yen)

	FY 2012		FY 2013	
	3Q (Apr. - Dec.)	Full-Year	3Q (Apr. - Dec.)	Full-Year (Projections)
Cash flows provided by operating activities	(69)	(80)	(49)	—
Income Before Income Taxes	(12)	(25)	21	—
Depreciation Expenses	40	52	48	—
Others	(97)	(107)	(118)	—
Cash flows used in investing activities	(53)	128	(13)	—
Free cash flows	(122)	48	(62)	—
Cash flows provided by financing activities	(26)	51	(76)	—
Effect of exchange rate changes on cash and cash equivalents	7	36	34	—
Net increase in cash and cash equivalents	(141)	136	(105)	—

2. Operating Activities (Consolidated)

(1) Sales by Equipment

(Units : 100 million yen, %)

	FY 2012						FY 2013					
	3Q (Apr. - Dec.)			Full-Year			3Q (Apr. - Dec.)			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	1,211	82.3	(19.9)	1,557	81.1	(15.2)	1,457	78.5	20.3	1,766	77.1	13.4
DVD	143	9.7	(22.7)	184	9.6	(16.0)	137	7.4	(4.2)	158	6.9	(14.1)
BD	107	7.3	(65.9)	141	7.3	(62.9)	119	6.4	11.2	162	7.1	14.9
LCD TV	934	63.5	(5.7)	1,199	62.5	(0.8)	1,164	62.7	24.6	1,396	60.9	16.4
Others	27	1.8	22.7	33	1.7	22.2	37	2.0	37.0	50	2.2	51.5
Information Equipment	75	5.2	(70.0)	119	6.2	(60.1)	148	8.0	96.1	185	8.1	55.5
Others	184	12.5	(32.3)	244	12.7	(25.3)	250	13.5	35.8	339	14.8	38.9
Total	1,470	100.0	(27.7)	1,920	100.0	(22.0)	1,855	100.0	26.2	2,290	100.0	19.3

(2) Sales by Areas in Equipment

(Units : 100 million yen, %)

	FY 2012						FY 2013					
	3Q (Apr. - Dec.)			Full-Year			3Q (Apr. - Dec.)			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	1,211	82.5	(19.9)	1,557	81.1	(15.2)	1,457	78.5	20.3	1,766	77.1	13.4
North America	978	66.5	(2.5)	1,213	63.2	(0.7)	1,147	61.8	17.3	1,326	57.9	9.3
Europe	38	2.5	(33.3)	43	2.2	(35.8)	25	1.3	(34.2)	28	1.2	(34.9)
Asia and Others	60	4.1	160.9	117	6.1	172.1	145	7.8	141.7	237	10.4	102.6
Japan	135	9.2	(68.5)	184	9.6	(63.4)	140	7.6	3.7	175	7.6	(4.9)
Information Equipment	75	5.2	(70.0)	119	6.2	(60.1)	148	8.0	96.1	185	8.1	55.5
North America	36	2.5	(57.6)	53	2.8	(48.5)	85	4.6	136.1	113	4.9	113.2
Europe	8	0.6	(84.3)	19	1.0	(67.8)	35	1.9	337.5	45	2.0	136.8
Asia and Others	31	2.1	(71.6)	42	2.2	(67.9)	26	1.4	(16.1)	24	1.0	(42.9)
Japan	0	0.0	—	5	0.2	(28.6)	2	0.1	—	3	0.2	(40.0)
Others	184	12.5	(32.3)	244	12.7	(25.3)	250	13.5	35.8	339	14.8	38.9
Total	1,470	100.0	(27.7)	1,920	100.0	(22.0)	1,855	100.0	26.2	2,290	100.0	19.3

(3) Sales by Equipment in Areas

(Units : 100 million yen, %)

	FY 2012						FY 2013					
	3Q (Apr. - Dec.)			Full-Year			3Q (Apr. - Dec.)			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
North America	1,065	72.5	(3.5)	1,333	69.4	(0.6)	1,347	72.6	26.4	1,590	69.4	19.3
Audio Visual Equipment	978	66.5	(2.5)	1,213	63.2	(0.7)	1,147	61.8	17.3	1,326	57.9	9.3
Information Equipment	36	2.5	(57.6)	53	2.8	(48.5)	85	4.6	136.1	113	4.9	113.2
Others	51	3.5	240.0	67	3.4	318.8	115	6.2	125.5	151	6.6	125.4
Europe	46	3.1	(57.1)	62	3.2	(50.8)	60	3.2	29.1	73	3.2	17.7
Audio Visual Equipment	38	2.5	(33.3)	43	2.2	(35.8)	25	1.3	(34.2)	28	1.2	(34.9)
Information Equipment	8	0.6	(84.3)	19	1.0	(67.8)	35	1.9	337.5	45	2.0	136.8
Others	0	0.0	—	0	0.0	—	0	0.0	—	0	0.0	—
Asia and Others	93	6.3	(32.6)	166	8.7	(8.3)	184	9.9	97.8	286	12.5	72.3
Audio Visual Equipment	60	4.1	160.9	117	6.1	172.1	145	7.8	141.7	237	10.4	102.6
Information Equipment	31	2.1	(71.6)	42	2.2	(67.9)	26	1.4	(16.1)	24	1.0	(42.9)
Others	2	0.1	(66.7)	7	0.4	—	13	0.7	550.0	25	1.1	257.1
Japan	266	18.1	(61.2)	359	18.7	(55.9)	264	14.3	(0.6)	341	14.9	(5.0)
Audio Visual Equipment	135	9.2	(68.5)	184	9.6	(63.4)	140	7.6	3.7	175	7.6	(4.9)
Information Equipment	0	0.0	—	5	0.2	(28.6)	2	0.1	—	3	0.2	(40.0)
Others	131	8.9	(47.8)	170	8.9	(43.9)	122	6.6	(6.9)	163	7.1	(4.1)
Total	1,470	100.0	(27.7)	1,920	100.0	(22.0)	1,855	100.0	26.2	2,290	100.0	19.3

3. Summary of 3Q (October to December) Financial Statements (Consolidated)

(1) Operating Results

(Units : 100 million yen, %)

	FY 2012			FY 2013		
	3Q (Oct. - Dec.)			3Q (Oct. - Dec.)		
	Amount	%	Change	Amount	%	Change
Net Sales	580	100.0	(7.6)	650	100.0	12.1
Operating Income (Loss)	(3)	(0.7)	—	(1)	(0.2)	—
Ordinary Income (Loss)	32	5.5	300.0	26	4.1	(18.8)
Net Income (Loss) after Tax	6	1.2	—	11	1.7	83.3

(※) Yen-Dollars / Exchange rate

(Units : Yen / Dollars)

	FY 2012		FY 2013	
	3Q (Oct. - Dec.)		3Q (Oct. - Dec.)	
Average Rate in each Period		82.78		102.10

(2) Sales by Equipment

(Units : 100 million yen, %)

	FY 2012			FY 2013		
	3Q (Oct. - Dec.)			3Q (Oct. - Dec.)		
	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	466	80.3	(6.8)	518	79.7	11.2
DVD	60	10.3	(1.6)	56	8.6	(6.7)
BD	50	8.6	(46.8)	44	6.8	(12.0)
LCD TV	340	58.6	1.8	397	61.1	16.8
Others	16	2.8	45.5	21	3.2	31.3
Information Equipment	34	5.9	(50.7)	41	6.3	20.6
Others	80	13.8	35.6	91	14.0	13.8
Total	580	100.0	(7.6)	650	100.0	12.1



(Company)

FUNAI ELECTRIC CO., LTD.

INVESTOR / PUBLIC RELATIONS DEPARTMENT

7-7-1 Nakagaito Daito-city, Osaka 574-0013, Japan

TEL 81-72-870-4395 • FAX 81-72-870-4613