

FY 2015 SECOND QUARTER IN CUMULATIVE FINANCIAL REPORT

〔 From April 1, 2015
To September 30, 2015 〕



FUNAI ELECTRIC CO., LTD.

Second Quarter (April-September) Consolidated Financial Summary
for the Period Ended March 2016

(Million yen)

	2nd Quarter FY2014 〔 From April 1, 2014 to September 30, 2014 〕		2nd Quarter FY2015 〔 From April 1, 2015 to September 30, 2015 〕		Rate of increase or decrease
	Amount	%	Amount	%	
Net Sales	115,808	100.0	86,898	100.0	(25.0)
Operating Income (Loss)	1,332	1.2	(5,442)	(6.3)	—
Ordinary Income (Loss)	2,785	2.4	(6,744)	(7.8)	—
Net Income (Loss) before Taxes and Other Adjustments	2,952	2.5	(7,172)	(8.3)	—
Net Income (Loss) attributable to owners of parent	2,624	2.3	(7,646)	(8.8)	—
Net Income (Loss) per Share (yen)	76.94		(224.13)		

Notes: Includes 22 consolidated subsidiaries, 1 non-consolidated subsidiary of equity method,



Financial Report for the 6-Month Period Ended September 30, 2015

November 9, 2015

Listed company name	Funai Electric Co., Ltd.	
Stock exchange listing	Tokyo First Section	
Securities code	6839	URL http://www.funai.co.jp
Representative	President and CEO	Tomonori Hayashi
Inquiries	General Manager	Keiichi Ikegami TEL: (072) 870-4395
Scheduled date of Quarterly Report	November 11, 2015	
Scheduled date of Commencement of Annual Dividend Payment	—	
Quarterly Financial Results Supplementation	Yes	
Quarterly Financial Results Seminar	Yes	

1. Consolidated Financial Results for the 6-Month Period Ended September 30, 2015 (April 1, 2015 – September 30, 2015)

(1) Consolidated Operating Results (% denotes year on year)

	Net Sales		Operating Income(Loss)		Ordinary Income(Loss)		Net Income(Loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
2 nd Quarter FY2015	86,898	(25.0)	(5,442)	—	(6,774)	—	(7,646)	—
2 nd Quarter FY2014	115,808	(3.9)	1,332	134.8	2,785	28.8	2,624	328.4

(Reference) Comprehensive Income 2nd Quarter FY 2015 ended September 30, 2015 (8,426) million yen (—%)
 2nd Quarter FY 2014 ended September 30, 2014 6,420 million yen (145.5%)

	Net Income(loss) Per Share		Net Income(loss) Per Share on a Fully Diluted Basis	
	Yen		Yen	
2 nd Quarter FY2015	(224.13)		—	
2 nd Quarter FY2014	76.94		—	

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity	Equity Ratio
	Million yen	Million yen	Million yen	%
As of September 30, 2015	187,223	118,173	116,990	62.5
As of December 31, 2014	189,695	127,881	126,677	66.8

2. Dividends

	Dividend per Share				
	1 st Quarter	2 nd Quarter	3 rd Quarter	Year-End	Annual
	yen	yen	yen	yen	yen
Fiscal Year 2014	—	0.00	—	35.00	35.00
Fiscal Year 2015	—	0.00			
Fiscal Year 2015 (Forecast)			—	—	—

(Note) Revision of Annual Dividends Forecast in this 2nd Quarter: Yes

The dividend for FY 2015 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 Results Forecast for the fiscal year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(% denotes year on year)

	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	187,900	(13.4)	(6,000)	—	(7,500)	—	(9,500)	—	(278.44)	

(Note) Revision to consolidated financial results forecast: Yes

*Note

(1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation): No

(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, 2015	36,130,796
	As of March 31, 2015	36,130,796
2. Number of shares of treasury stock	As of September 30, 2015	2,011,687
	As of March 31, 2015	2,011,665
3. The Average number of outstanding shares	On September 30, 2015	34,119,129
	On September 30, 2014	34,119,181

* 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 / Quarterly Financial Results

(1) Explanation on Financial Results

Economy of the United States, our key markets supported a steady recovering trend due to the improvement in the housing market, although employment and consumption was weaker than expected. In Europe, economy showed moderate recovery because of consumer spending. The economic expansion was slowing down in China. In Japan, the production and the exports stayed in a holding pattern due to the economic slowdown in China, but the consumption remained firm, and the economy sustained a gradual recovery trend.

Under these conditions, Net sales totaled ¥86,898 million, down 25.0% year on year. Operating loss totaled ¥5,442 million (the same quarter last year: operating income of ¥1,332 million). Ordinary loss totaled ¥6,744 million (the same quarter last year: ordinary income of ¥2,785 million). Net loss attributable to owners of parent totaled ¥7,646 million (the same quarter last year: net income attributable to owners of parent of ¥2,624 million).

Funai Group's ("the Group") applied Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) in the first quarter of this fiscal year has changed "net loss" to "net loss attributable to owners of the parent."

Results by Geographical Segment

i) Japan

LCD TVs increased, because the reaction to the rush demand of consumption tax hike has already passed through. However, printers and BD-related products decreased. As a result, net sales totaled ¥16,691 million, down 32.6% year on year, and segment loss (operating loss) totaled ¥1,352 million (the same quarter last year: segment loss of ¥294 million).

ii) Americas

Although DVD-related products increased, shipment and sales of LCD TVs decreased, because the Group tried to level out the sales that were focused on year-end sales season in North America. Audio Accessories and Home Theater system decreased. As a result, net sales totaled ¥67,724 million, down 22.4% year on year, and segment loss totaled ¥2,487 million (the same quarter last year: segment income of ¥1,402 million).

iii) Asia

Net sales totaled ¥1,722 million, down 30.4% year on year due to decrease on ink cartridges. Segment income (operating income) totaled ¥725 million, up 36.7% year on year.

iv) Europe

Weak sales of LED TVs and DVD-related products continued. Net sales totaled ¥760 million, down 41.5% year on year, and segment loss (operating loss) totaled ¥193 million, (the same quarter last year: segment loss of ¥42 million).

Results by product Segment

i) Audiovisual Equipment

Although DVD-related products increased, Shipment and sales of LCD TVs decreased because the Group tried to level out the sales that were focused on year-end sales season in North America. As a result, net sales of audiovisual equipment totaled ¥74,617 million, down 18.0% year on year.

ii) Information Equipment

Printers and Ink cartridges decreased. Net sales of information Equipment totaled ¥3,009 million, down 68.7% year on year.

iii) Other Products

Net sales of other products totaled ¥9,271 million, down 38.9% year on year, due to decrease of Audio accessories and Electronic reception devices.

(2) Explanation on Financial Position

Total assets decreased by ¥2,471 million compared to the end of the last fiscal year. The primary components of the change were as follows:

- ✓ Increase of ¥4,980 million in notes and accounts receivable-trade, ¥15,143 million in merchandise and finished goods, and ¥2,086 million in raw materials and supplies
- ✓ Decrease of ¥22,656 in cash and deposits

Total liabilities increased by JPY 7,236 million compared to the end of the last fiscal year. The primary components of the change were as follows:

- ✓ Decrease of ¥6,564 million in note and accounts payable-trade
- ✓ Increase of ¥11,769 million in short-term loans payable and ¥1,909 million in accounts payable included in other.

Net assets decreased by ¥9,708 million compared to the end of the last fiscal year. The primary components of the change were decrease of ¥8,920 million in retained earnings and ¥726 million in the foreign currency translation adjustment.

(3) Explanation Regarding Information of Consolidated Financial Results Forecast

The Group has revised consolidated financial results forecast announced on May 12, 2015. For details, please refer to the release announced today (November 9, 2015).

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 the scope of consolidation or equity method.

1) Change in the scope of consolidation

In the first quarter of this fiscal year, the Group has included DX ANTENNA PHILIPPINES, INC. in the scope of consolidation, because its importance has increased. In addition, the Group has excluded FUNAI CMET Optical Electronics Co., Ltd from the scope of consolidation in the second quarter of this fiscal year, as the result of its liquidation.

2) Change in the scope of equity method

The Group has excluded CMET FUNAI Optical Electronics Co., Ltd from the scope of consolidation, because of the sale of shares held by the Group In the second quarter of this fiscal year.

(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 "Accounting Standard for Business Combinations")

The Group has applied in the first quarter of this fiscal year:

- ✓ "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013),
- ✓ "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013),and
- ✓ "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013).

This change had no effect on the consolidated statements of income.

(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 July 18, 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.

3. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Units : Million Yen)

	Fiscal year 2014 (As of March 31, 2015)	2nd Quarter FY2015 (As of September 30, 2015)
ASSETS;		
Current Assets		
Cash and deposits	66,820	44,163
Notes and accounts receivable - trade	38,183	43,164
Merchandise and finished goods	26,398	41,541
Work in process	1,455	1,279
Raw materials and supplies	14,708	16,795
Other	7,598	6,865
Allowance for doubtful accounts	(389)	(530)
Total current assets	154,775	153,278
Noncurrent Assets		
Property, plant and equipment	21,306	20,102
Intangible assets	6,117	5,635
Investments and other assets		
Net defined benefit asset	1,716	1,708
Other	6,055	6,774
Allowance for doubtful accounts	(276)	(277)
Total investments and other assets	7,496	8,206
Total noncurrent assets	34,920	33,944
TOTAL ASSETS	189,695	187,223
LIABILITIES;		
Current Liabilities		
Notes and accounts payable - trade	31,625	25,060
Short-term loans payable	4,012	15,781
Income taxes payable	485	679
Provision	1,459	1,083
Other	13,796	15,847
Total current liabilities	51,378	58,452
Noncurrent Liabilities		
Long-term loans payable	6,683	6,524
Provision	1,093	1,095
Net defined benefit liability	548	484
Other	2,110	2,493
Total noncurrent liabilities	10,435	10,597
TOTAL LIABILITIES	61,813	69,050

	Fiscal year 2014 (As of March 31, 2015)	2nd Quarter FY2015 (As of September 30, 2015)
NET ASSETS;		
Shareholders' equity		
Capital stock	31,307	31,307
Capital surplus	33,272	33,272
Retained earnings	93,840	84,919
Treasury shares	(24,341)	(24,341)
Total shareholders' equity	134,079	125,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	421	362
Foreign currency translation adjustment	(8,188)	(8,914)
Remeasurements of defined benefit plans	365	383
Total accumulated other comprehensive income	(7,401)	(8,168)
Subscription rights to shares	142	143
Minority interests	1,061	1,039
Total net asset	127,881	118,173
TOTAL LIABILITIES AND NET ASSETS	189,695	187,223

(Consolidated Quarterly Statement of Comprehensive Income)

(Units : Million Yen)

	2nd Quarter FY2014 (from April 1, 2014 to September 30, 2014)	2nd Quarter FY2015 (from April 1, 2015 to September 30, 2015)
Income (loss) before minority interest adjustment	2,628	(7,658)
Other comprehensive Income		
Valuation difference on available-for-sale securities	109	(60)
Foreign currency translation adjustment	3,663	(711)
Share of other comprehensive income of associates accounted for using equity method	(8)	(17)
Retirement benefits adjustment	25	20
Total other comprehensive Income	3,791	(768)
Comprehensive income	6,420	(8,426)
(Breakdown)		
Comprehensive income attributable to owners of parent	6,411	(8,413)
Comprehensive income attributable to minority interest:	8	(12)

(3) Consolidated quarterly statements of cash flows

(Units : Million Yen)

	2nd Quarter FY2014 (from April 1, 2014 to September 30, 2014)	2nd Quarter FY2015 (from April 1, 2015 to September 30, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,952	(7,172)
Depreciation and amortization	2,829	2,389
Increase(decrease) in allowance for doubtful accounts	85	150
Increase(decrease)in liabilities for retirement benefits	(56)	(52)
Interest and dividends income	(164)	(127)
Interest expenses	90	99
Equity in (earnings) losses of affiliates	139	3
Loss on retirement of property,plant and equipment	13	121
Loss (gain) on sales of property, plant and equipment	(42)	—
Loss (gain) on valuation of investment securities	—	(50)
Loss(gain) on sales of shares of subsidiaries and associates	(134)	(41)
Gain on liquidation of subsidiaries and associates	—	(46)
Decrease (increase) in notes and accounts receivable-trade	2,238	(5,500)
Decrease (increase) in inventories	2,399	(17,834)
Increase (decrease) in notes and accounts payable-trade	(4,696)	(5,620)
Increase(decrease) in accounts payable - other	4,171	2,077
Other, net	67	(1,213)
Subtotal	<u>9,892</u>	<u>(32,820)</u>
Interest and dividends income received	161	120
Interest expenses paid	(90)	(98)
Income taxes paid	(538)	(242)
Income taxes refund	24	28
Net cash provided by (used in) operating activities	<u>9,449</u>	<u>(33,012)</u>
Net cash provided by (used in) investment activities		
Repayments from time deposits	—	(4,756)
Proceeds from withdrawal of time deposits	—	14,092
Purchase of property, plant and equipment	(2,281)	(772)
Proceeds from sales of property, plant and equipment	99	15
Purchase of intangible assets	(195)	(116)
Purchase of investment securities	(6)	(61)
Proceeds from sales of investment securities	518	127
Other, net	194	17
Net cash provided by (used in) investment activities	<u>(1,671)</u>	<u>8,545</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,001	11,798
Cash dividends paid	(1,194)	(1,194)
Other, net	(211)	267
Net cash provided by (used in) financing activities	<u>(404)</u>	<u>10,871</u>
Effect of exchange rate change on cash and cash equivalents	2,361	114
Net increase (decrease) in cash and cash equivalents	<u>9,735</u>	<u>(13,481)</u>
Cash and cash equivalents at beginning of period	43,612	42,991
Increase in cash and cash equivalents from newly consolidated subsidia	—	51
Cash and cash equivalents at end of period	<u>53,348</u>	<u>29,560</u>

(4) Consolidated Quarterly Statements of Income

(Notes for Continuing Enterprises)
Not Applicable

(Notes of remarkable changes in Shareholders Equity)
Not Applicable

(Consolidated balance sheets)

Second quarter of the this fiscal year (As of September 30, 2015)

Contingent liabilities
(Arbitration)

Funai Electric Co., Ltd. ("Funai") resolved to acquire all shares in a company taking over PHILIPS' Lifestyle Entertainment Business from Koninklijke PHILIPS N.V. ("PHILIPS"). Funai concluded the share purchase agreement on January 29, 2013. However, PHILIPS filed against Funai a petition for arbitration to recover damages caused by breach of agreement of Funai as of October 25, 2013. Subsequently, they served the request of arbitration from the International Chamber of Commerce on November 8, 2013.

With regard to this matter, Funai recognizes there has been no breach of agreement on its behalf. Therefore, Funai filed a counterclaim for damages caused by breach of the agreement and unlawful actions by PHILIPS to the International Chamber of Commerce on December 6, 2013.

On May 20, 2014, Funai received notice from PHILIPS of the amount of the claim for damages. Then Funai filed the statement including the amount of compensatory damages claimed against PHILIPS to the International Court of Arbitration on October 1, 2014.

After that, Funai received notice-revised amount of compensatory damages claimed by PHILIPS on December 24, 2014 and September 1, 2015.

The results of these arbitral proceedings may affect consolidated financial results, but it is difficult to make a reasonable estimate of this impact in this second quarter. Therefore, Funai cannot tell how this impact will affect the business performance and financial conditions of the Group.

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: International Chamber of Commerce
- ii) Date: October 25, 2013

(2) Petitioner of arbitration

- i) Name: Koninklijke PHILIPS N.V.
- ii) Location: Eindhoven, The Netherlands
- iii) Title & name : 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 : €183 million (based on the notice by PHILIPS on September 1, 2015)

2. Outline of counterclaim filed by Funai

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

- i) Institution: International Chamber of Commerce
- ii) Date: December 6, 2013

(2) Other party to counterclaim filing

- i) Name: Koninklijke PHILIPS N.V.
- ii) Location: Eindhoven, The Netherlands
- iii) Title & name: 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: €312.3M tax payable, contractual interest and arbitration costs.

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

These transactions will enable the Group to expand the product portfolio and the sales network in Asia, South America, other emerging markets, and Europe. Funai decided to acquire shares in this new company, based on the belief that the acquisition would foster sustained growth of the Group.

3. Acquisition price and percentage of shares held after acquisition

(1) Acquisition price: €150 million

(2) Percentage of shares: 100%

(Consolidated quarterly statements of income)

*Notes.1 Expenses incurred on business restructuring

Second quarter of this 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. Second Quarter of previous fiscal year (April 1, 2014 to September 30, 2014)

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	24,767	87,265	2,475	1,299	115,808	—	115,808
(2) Inter-segment sales	69,640	434	77,795	-	147,870	(147,870)	—
Total	94,408	87,700	80,270	1,299	263,679	(147,870)	115,808
Segment Income (Loss)	(294)	1,402	531	(42)	1,596	(263)	1,332

Note:

1. ¥-263 million adjustment amount under segment income includes items such as ¥ 1 million relating to the cancellation of inter-segment transactions, ¥ -367 million of overall Group expenses that are not apportioned to each reporting segment, and ¥ 102 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 second quarter consolidated income statement.

II. Second Quarter of this 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	67,724	1,722	760	86,898	-	86,898
(2) Inter-segment sales	75,786	578	58,292	-	134,658	(134,658)	-
Total	92,478	68,303	60,014	760	221,556	(134,658)	86,898
Segment Income (Loss)	(1,352)	(2,487)	725	(193)	(3,307)	(2,135)	(5,442)

Note:

1. ¥-2,135 million adjustment amount under segment income includes items such as the ¥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 the ¥-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 second quarter consolidated income statement.

FINANCIAL RESULTS -appendix

FY 2015

(from 2015.4.1
to 2015.9.30)

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FUNAI ELECTRIC CO., LTD.

1. Summary of 2Q (April to September) Financial Statements (Consolidated)

(1) Operating Results, Financial Conditions

(Units : 100 million yen, %)

	FY 2014						FY 2015					
	2Q (Apr. - Sep.)			Full-Year			2Q (Apr. - Sep.)			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Net Sales	1,158	100.0	(3.9)	2,170	100.0	(7.2)	868	100.0	(25.0)	1,879	100.0	(13.4)
Operating Income (Loss)	13	1.2	134.8	5	0.3	—	(54)	(6.3)	—	(60)	(3.2)	—
Ordinary Income (Loss)	27	2.4	28.8	19	0.9	—	(67)	(7.8)	—	(75)	(4.0)	—
Net Income (Loss) after Tax	26	2.3	328.4	13	0.6	—	(76)	(8.8)	—	(95)	(5.1)	—
Total Assets	1,913	—	—	1,896	—	—	1,872	—	—	—	—	—
Net Assets	1,233	—	—	1,278	—	—	1,181	—	—	—	—	—

(※) Yen-Dollars / Exchange rate

(Units : Yen / Dollars)

	FY 2014		FY 2015	
	2Q (Apr. - Sep.)	Full-Year	2Q (Apr. - Sep.)	Full-Year (Projections)
Average Rate in each Period	103.61	110.62	121.72	119.86

(2) Profitability and Per Share Data etc.

	FY 2014		FY 2015	
	2Q (Apr. - Sep.)	Full-Year	2Q (Apr. - Sep.)	Full-Year (Projections)
Gross Profit Ratio (%)	18.0	17.3	17.4	17.0
Operating Income Ratio (%)	1.2	0.3	(6.3)	(3.2)
Ordinary Income Ratio (%)	2.4	0.9	(7.8)	(4.0)
Shareholders' Equity Ratio (%)	63.9	66.8	62.5	—
Net Assets Per Share (yen)	3,581.87	3,712.81	3,428.87	—
Net Income Per Share (yen)	76.94	39.70	(224.13)	(278.44)
Return on Assets (%)	1.4	0.7	(4.1)	—
Return on Shareholders' Equity (%)	2.2	1.1	(6.3)	—
Number of Total Employees	3,761	3,604	3,466	—

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

(Units : 100 million yen, %)

	FY 2014				FY 2015			
	2Q (Apr. - Sep.)		Full-Year		2Q (Apr. - Sep.)		Full-Year (Projections)	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Capital Expenditures	22	(76.1)	32	(70.6)	10	(54.5)	28	(12.5)

	FY 2014						FY 2015					
	2Q (Apr. - Sep.)			Full-Year			2Q (Apr. - Sep.)			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Depreciation Expenses	23	2.0	(11.5)	47	2.2	(9.6)	17	2.0	(26.1)	42	2.2	(10.6)
R&D	39	3.4	(9.3)	74	3.4	(11.9)	41	4.7	5.1	91	4.8	23.0

(4) CashFlow

(Units : 100 million yen)

	FY 2014		FY 2015	
	2Q (Apr. - Sep.)	Full-Year	2Q (Apr. - Sep.)	Full-Year (Projections)
Cash flows provided by operating activities	94	168	(330)	—
Income Before Income Taxes	29	22	71	—
Depreciation Expenses	28	58	23	—
Others	37	88	(424)	—
Cash flows used in investing activities	(16)	(173)	85	—
Free cash flows	78	(5)	(245)	—
Cash flows provided by financing activities	(4)	(27)	108	—
Effect of exchange rate changes on cash and cash equivalents	23	25	0	—
Net increase in cash and cash equivalents	97	(6)	(134)	—

2. Operating Activities (Consolidated)

(1) Sales by Equipment

(Units : 100 million yen, %)

	FY 2014						FY 2015					
	2Q (Apr. - Sep.)			Full-Year			2Q (Apr. - Sep.)			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	910	78.6	(3.1)	1,724	79.4	(5.9)	746	85.9	(18.0)	1,660	88.3	(3.7)
DVD	53	4.6	(34.6)	124	5.7	(28.7)	66	7.6	24.5	131	7.0	5.6
BD	69	6.0	(8.0)	135	6.2	(20.1)	48	5.5	(30.4)	105	5.6	(22.2)
LCD TV	764	66.0	(0.4)	1,421	65.5	(1.1)	617	71.1	(19.2)	1,388	73.8	(2.3)
Others	24	2.0	50.0	44	2.0	(17.0)	15	1.7	(37.5)	36	1.9	(18.2)
Information Equipment	96	8.3	(10.4)	126	5.8	(33.1)	30	3.5	(68.7)	47	2.5	(62.7)
Others	152	13.1	(4.8)	320	14.8	0.1	92	10.6	(38.9)	172	9.2	(46.3)
Total	1,158	100.0	(3.9)	2,170	100.0	(7.2)	868	100.0	(25.0)	1,879	100.0	(13.4)

(2) Sales by Areas in Equipment

(Units : 100 million yen, %)

	FY 2014						FY 2015					
	2Q (Apr. - Sep.)			Full-Year			2Q (Apr. - Sep.)			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	910	78.6	(3.1)	1,724	79.4	(5.9)	746	85.9	(18.0)	1,660	88.3	(3.7)
Americas	807	69.7	(3.2)	1,506	69.4	(4.1)	653	75.1	(19.1)	1,469	78.1	(2.5)
Europe	13	1.1	(7.1)	35	1.6	9.4	4	0.5	(69.2)	7	0.4	(80.0)
Asia and Others	3	0.3	(40.0)	5	0.2	(58.3)	1	0.1	(66.7)	3	0.2	(40.0)
Japan	87	7.5	1.2	178	8.2	(18.0)	88	10.2	1.1	181	9.6	1.7
Information Equipment	96	8.3	(10.4)	126	5.8	(33.1)	30	3.4	(68.7)	47	2.5	(62.7)
Americas	67	5.8	(8.2)	92	4.2	(27.0)	24	2.7	(64.2)	35	1.9	(62.0)
Europe	22	1.9	(12.0)	26	1.2	(42.2)	5	0.6	(77.3)	10	0.5	(61.5)
Asia and Others	6	0.5	(14.3)	8	0.4	(50.0)	1	0.1	(83.3)	2	0.1	(75.0)
Japan	1	0.1	(50.0)	0	0.0	—	0	0.0	—	0	0.0	—
Others	152	13.1	(4.8)	320	14.8	0.1	92	10.7	(38.9)	172	9.2	(46.3)
Total	1,158	100.0	(3.9)	2,170	100.0	(7.2)	868	100.0	(25.0)	1,879	100.0	(13.4)

(3) Sales by Equipment in Areas

(Units : 100 million yen, %)

	FY 2014						FY 2015					
	2Q (Apr. - Sep.)			Full-Year			2Q (Apr. - Sep.)			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Americas	950	82.0	(3.3)	1,766	81.4	(4.5)	701	80.6	(26.2)	1,541	82.0	(12.7)
Audio Visual Equipment	807	69.7	(3.2)	1,506	69.4	(4.1)	653	75.1	(19.1)	1,469	78.1	(2.5)
Information Equipment	67	5.8	(8.2)	92	4.2	(27.0)	24	2.7	(64.2)	35	1.9	(62.0)
Others	76	6.5	1.3	168	7.8	9.1	24	2.8	(68.4)	37	2.0	(78.0)
Europe	35	3.0	(9.9)	61	2.8	(20.9)	9	1.1	(73.5)	17	0.9	(72.1)
Audio Visual Equipment	13	1.1	(7.1)	35	1.6	9.4	4	0.5	(69.2)	7	0.4	(80.0)
Information Equipment	22	1.9	(12.0)	26	1.2	(42.2)	5	0.6	(77.3)	10	0.5	(61.5)
Others	0	0.0	—	0	0.0	—	0	0.0	—	0	0.0	—
Asia and Others	12	1.1	(12.5)	21	1.0	(34.6)	5	0.6	(55.2)	8	0.4	(60.9)
Audio Visual Equipment	3	0.3	(40.0)	5	0.2	(58.3)	1	0.1	(66.7)	3	0.2	(40.0)
Information Equipment	6	0.5	(14.3)	8	0.4	(50.0)	1	0.1	(83.3)	2	0.1	(75.0)
Others	3	0.3	50.0	8	0.4	100.0	3	0.4	0.0	3	0.1	(62.5)
Japan	161	13.9	(5.6)	322	14.8	(15.5)	153	17.7	(4.6)	315	16.7	(2.7)
Audio Visual Equipment	87	7.5	1.2	178	8.2	(18.0)	88	10.2	1.1	181	9.6	1.7
Information Equipment	1	0.1	(50.0)	0	0.0	—	0	0.0	—	0	0.0	—
Others	73	6.3	(11.0)	144	6.6	(11.1)	65	7.5	(11.0)	132	7.1	(8.3)
Total	1,158	100.0	(3.9)	2,170	100.0	(7.2)	868	100.0	(25.0)	1,879	100.0	(13.4)

3. Summary of 2Q (July to September) Financial Statements (Consolidated)

(1) Operating Results

(Units : 100 million yen, %)

	FY 2014			FY 2015		
	2Q (Jul. - Sep.)			2Q (Jul. - Sep.)		
	Amount	%	Change	Amount	%	Change
Net Sales	728	100.0	3.8	491	100.0	(32.5)
Operating Income (Loss)	34	4.7	50.6	(11)	(2.3)	—
Ordinary Income (Loss)	52	7.2	160.9	(30)	(6.1)	—
Net Income (Loss) after Tax	49	6.8	685.2	(36)	(7.5)	—

(※) Yen-Dollars / Exchange rate

(Units : Yen / Dollars)

	FY 2014		FY 2015	
	2Q (Jul. - Sep.)		2Q (Jul. - Sep.)	
Average Rate in each Period		105.34		121.72

(2) Sales by Equipment

(Units : 100 million yen, %)

	FY 2014			FY 2015		
	2Q (Jul. - Sep.)			2Q (Jul. - Sep.)		
	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	614	84.3	9.6	435	88.6	(29.2)
DVD	26	3.6	(31.6)	35	7.1	34.6
BD	47	6.5	42.4	24	4.9	(48.9)
LCD TV	528	72.5	9.8	366	74.6	(30.7)
Others	13	1.8	62.5	10	2.0	(23.1)
Information Equipment	39	5.4	(32.8)	15	3.1	(61.5)
Others	75	10.3	(8.5)	41	8.3	(45.3)
Total	728	100.0	4.0	491	100.0	(32.5)



FUNAI ELECTRIC CO., LTD.

(Company)

FUNAI ELECTRIC CO., LTD.

INVESTOR / RELATIONS OFFICE

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

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