

First Quarter Consolidated Financial Summary for Period Ending March 2005

(Units: millions of yen)

Item	Current Year 1 st Quarter 〔 From April 1, 2004 to June 30, 2004 〕		Previous Year 1 st Quarter 〔 From April 1, 2003 to June 30, 2003 〕		% increase or decrease from previous quarter
	Amount	Percentage	Amount	Percentage	
Net Sales	64,912	100.0	63,402	100.0	2.4
Operating Income	7,052	10.9	7,470	11.8	- 5.6
Ordinary Income	8,208	12.6	7,398	11.7	10.9
Quarterly Net Income before taxes and other adjustments	8,253	12.7	7,348	11.6	12.3
Quarterly Net Income	5,044	7.8	4,074	6.4	23.8
Quarterly Earnings per Share (yen)	141.99		115.53		
Fully Diluted Quarterly Earnings Per Share(yen)	141.16		115.20		

Notes:

1. Includes 13 consolidated subsidiaries and 2 affiliated companies accounted for by the equity method.
2. The figures above have not been audited or reviewed by a corporate auditor.

August 5, 2004

Summary of 1st Quarter Consolidated Financial Results for Period Ending March 2005

Company Name: Funai Electric Co., Ltd.

Code No. 6839 1st Section of TSE/OSE

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1. Items Pertaining to the Preparation of the Quarterly Financial Report

- 1) Adoption of simplified accounting method NONE
- 2) Variations from accounting method used in most recent consolidated fiscal year NONE
- 3) Change in Scope of Consolidation and Equity Method NONE

2. Summary of 1st Quarter Financial Results for Period Ending March 2005 (April 1, 2004 ~ June 30, 2004)

(1) Operating Results (Consolidated)

(Figures are rounded to the nearest million)

	Net Sales		Operating Income		Ordinary Income		Quarterly Net Income	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
1 st Quarter FY2004	64,912	2.4	7,052	-5.6	8,208	10.9	5,044	23.8
1 st Quarter FY2003	63,402	-5.5	7,470	-5.6	7,398	38.9	4,074	15.6
(Reference) Full-Year Results for FY2003	342,133	3.2	36,534	4.0	34,667	2.4	26,280	36.2

	Earnings Per Share	Fully Diluted Earnings Per Share
	(yen)	(yen)
1 st Quarter FY2004	141.99	141.16
1 st Quarter FY2003	115.53	115.20
(Reference) Full-Year Results for FY2003	744.13	741.52

(Note: The % figures for net sales, operating income, etc. are a comparison against quarterly results from the previous fiscal year).

[Qualitative Information Pertaining to Consolidated Operating Results]

During the 1st quarter of the fiscal year ending March 2005, the world economy saw positive movements led by the US and China. In the US, consumption grew in addition to employment as a result of increased corporate activities, while growth of China's economy continued thanks to steady increases in both consumption and exports.

Japan's economy also shifted in a positive manner due to improvement of the employment market and increased capital investments from the recovery of corporate earnings, backed by favorable condition of the export market and growth in demand for digital appliances.

Although the electronics industry that Funai Electric is a part of was severe as the sharp rise in raw material prices and intensifying price competition led to falling prices, digital devices such as DVD recorders, LCD/plasma displays, and digital still cameras enjoyed a favorable market condition continuing from the previous period.

In this sort of environment, consolidated net sales for the first quarter of the current fiscal year increased 2.4% from the same period last year to ¥64,912 million. When analyzed by device type, the sales volume of DVD players and other related equipment increased in the audio and video equipment category. In terms of net sales however, this was still a slight decrease from the previous period because of falling prices. In addition, shrinking market for analog devices, such as TV-Video combo sets resulted in a reduction in sales. Consequently, net sales in this category of devices declined by 10.2% from the same period last year to ¥36,152 million.

On the other hand, sales of information and communication equipment improved as multiple function inkjet printer (e.g. printers with scanning and copying capabilities) continued to grow. Consequently, net sales in this category of devices increased by 43.8% from the same period last year to ¥21,261 million.

Finally, sales of receivers and other related electronic devices fell 10.5% from the same period last year to ¥7,498 million.

In terms of income, although operating income fell by 5.6% from the same period last year to ¥7,052 million, ordinary income and quarterly net income reached ¥8,208 million (increase of 10.9%) and ¥5,044 million (increase of 23.8%) respectively, due to an exchange gain of ¥933 million.

(2) Shifts in Consolidated Financial Position

(Figures are rounded to the nearest million)

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	(million yen)	(million yen)	(%)	(yen)
1 st Quarter FY2004	236,217	163,326	69.1	4,532.27
1 st Quarter FY2003	207,853	131,813	63.4	3,741.21
(Reference) Full-Year Results for FY2003	223,191	149,748	67.1	4,244.78

[Consolidated Cash Flows]

(Figures are rounded to the nearest million)

	Net cash provided by operating activities	Net cash used in investing activities	Net cash provided by(used in) financing activities	Cash and cash equivalents at end of year
	(million yen)	(million yen)	(million yen)	(million yen)
1 st Quarter FY2004	-5,189	-1,249	9,593	116,229
1 st Quarter FY2003	4,111	-2,303	-1,652	92,847
(Reference) Full-Year Results for FY2003	36,538	-9,497	1,727	113,606

[Qualitative Information Pertaining to Shifts in Consolidated Financial Position]

The Financial Position of Funai Electric Co., Ltd. for the first quarter of this fiscal year ending March 2005 is shown below.

Total Assets increased by ¥13,025 million from the end of the previous fiscal year. The main reason for this rise in total assets is the ¥2,615 million increase in cash and deposits, ¥5,696 million increase in trade notes and accounts receivable, and ¥2,317 million increase in inventory.

Liabilities decreased by ¥559 million from the end of the previous fiscal year, due mainly to the decrease in

procurement liabilities.

Shareholders' Equity increased by ¥13,578 million from the end of the previous fiscal year due to the treasury stock disposal (sale) of ¥10,448 million, which took place on May 28, 2004. As a result, the shareholders' equity ratio increased by 2.0 points to 69.1%.

[Reference]

Consolidated Financial Forecasts for Period Ending March 2005 (April 1, 2004 ~ March 31, 2005)

	Net Sales Forecast	Ordinary Income Forecast	Net Income Forecast
	(million yen)	(million yen)	(million yen)
Interim Period	160,500	16,200	10,400
Full-Year	400,000	37,200	26,100

Reference: Forecasted net income per share (full-year) is ¥722.89.

Note: Forecasted net income per share is calculated based on the number of shares issued at the end of the first quarter under review. This is due to the treasury stock disposal (sale) of 766,600 shares, which took place on May 28, 2004.

[Qualitative Information Pertaining to Financial Forecasts]

Despite some uncertainties such as the tightening of US economy and China's prospects, Funai's outlook remains positive since the demand for digital devices such as flat panel displays are expected to rise with the opening of the Olympic Games in Athens. The Funai Group's current performance is in line with its plans, and hence no revision has been made to the forecast figures announced on May 12, 2004.

NOTE: The aforementioned estimates are forward-looking statements about the future performance of Funai Electric Co., Ltd. and are based on management's assumptions and beliefs in light of information currently available, and involve known and unknown risks and uncertainties. Various factors such as a change in economic conditions overseas (especially in the main US market) and severe price fluctuations may cause actual events and results to differ materially from those anticipated in these statements.