

August 1, 2011

To Whom It May Concern:

Funai Electric Co., Ltd.
Representative Director
President and CEO: Tomonori Hayashi
(Code No.: 6839 First Section of TSE/OSE)

Funai Reports Revised Forecast of Consolidated Operating Results

This is to notify that the following changes have been made to the earnings forecast that was previously announced on May 9, 2011.

1. Revisions to the Second Quarter (2Q) Year-to-Date (YTD) Consolidated Earnings Forecast (April 1, 2011 to September 30, 2011)

(Units: Millions of Japanese Yen)

	Net Sales	Operating Income	Ordinary Income	Quarterly Net Income
Previous Forecast announced on May 9, 2011 (A)	156,800	3,400	3,400	1,200
Current Forecast (B)	156,800	3,400	3,400	200
Net Change (B-A)	-	-	-	1,000
Net Change (%)	-	-	-	83.3
(Reference) 2Q YTD Actuals from the Previous Fiscal Year ended March 2011	154,084	4,586	4,776	3,885

2. Revisions to the Full-Year Consolidated Earnings Forecast (April 1, 2011 to March 31, 2012)

(Units: Millions of Japanese Yen)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast announced on May 9, 2011 (A)	310,000	8,000	8,000	5,200
Current Forecast (B)	310,000	8,000	8,000	4,200
Net Change (B-A)	-	-	-	1,000
Net Change (%)	-	-	-	19.2
(Reference) Actuals from the Previous Fiscal Year ended March 2011	295,923	772	1,290	1,169

3. Factors Behind the Revisions to the Second Quarter Year-to-Date and Full-Year Consolidated Earnings Forecast

Funai Electric had objected to the reassessment notice from the Regional Commissioner of the Osaka Regional Taxation Bureau based on the decision that the Company's Hong Kong-based subsidiary did not meet the conditions that would allow it to be covered by the exceptions under the anti-tax haven taxation. The Company therefore filed an action with the Osaka District Court seeking the rescission of such tax assessment notice, pursuant to applicable laws and regulations. With respect to this action, on June 24, 2011, the court dismissed the claims of the Company.

The Company will continue to contest the validity of this ruling in court. However, we have estimated and recorded as an expense the cumulative amount that would be expected to apply during the fiscal year following the conclusion of the tax inquiry, which is the fiscal year ended March 31, 2011, through the first quarter of the fiscal year ending March 31, 2012.

As a result of this revision, above-stated revisions have been made to the forecasts for second quarter year-to-date consolidated net income and consolidated net income for the fiscal year ending March 31, 2012.

(Note)

The earnings forecast is based on information available to the Group at the time such forecast is made, and contains risk and uncertainty. Actual results may differ from the forecast due to a variety of factors including changes in the economic conditions of overseas markets such as the United States (a key market for the Group), and significant fluctuations in product prices.

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