

May 11, 2016

To Whom It May Concern:

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

Notice of Posting Non-operating expenses, Reversal of Deferred tax assets and Revision for Consolidated Financial Forecast for the Fiscal Year Ended March 31, 2016

Osaka, Japan—Funai Electric Co., Ltd. (“Funai”) announces posting non-operating expenses and extraordinary loss, reversal of deferred tax assets and revision for consolidated financial forecast for the fiscal year ended March 31, 2016 as follows.

1. Posting non-operating expenses

Funai posts ¥3,276 million as foreign exchange loss in non-operating expenses due to the depreciation of the Mexican Peso against yen in accounts receivable and the appreciation of the yen against U.S. dollar.

2. Posting Extraordinary loss

As described in the announcement “Notice regarding arbitral award” disclosed on April 26, 2016, Funai posts ¥18,502 million as compensatory damages etc. that was determined by this arbitral award in extraordinary loss.

3. Posting reversal of deferred tax assets

Based on a recent reassessment of the realizability of deferred tax assets after consideration of recent performance trends, Funai posts a reversal of deferred tax assets of 1,322 million in income tax-adjustments.

4. Revision for consolidated financial forecast for the fiscal year ended March 31, 2016

(Million yen)

| | Net Sales | Operating Income(Loss) | Ordinary Income(Loss) | Net Income(Loss) attributable to owners of parent | Net Income(Loss) Per Share |
|--|-----------|------------------------|-----------------------|---|----------------------------|
| Previous Forecast (A) | 187,900 | (6,000) | (7,500) | (9,500) | (278.44) |
| Revised Forecast (B) | 168,000 | (12,900) | (16,100) | (36,100) | (1,058.06) |
| Change (B-A) | (19,900) | (6,900) | (8,600) | (26,600) | |
| Change in percentage (%) | (10.6) | — | — | — | |
| (Reference) Actual Results for the fiscal year Ended March 31, 2015 | 217,088 | 564 | 1,924 | 1,354 | 39.70 |

5. Reasons for the revision

Regarding of net sales, Funai focused on sales for LCD-TVs aggressively in this fourth quarter, but sales have been declining prominently than expected mainly in the U.S. due to intensified competition. As the result, net sales is expected to be lower than the previous forecast.

Sales promotion expenses in LCD-TVs and Audio accessory increased. In information equipment the loss was caused by low factory utilization because ink-cartridge and other items sales declined. Extraordinary loss was posted as above. From these results operating loss and ordinary loss are expected to be lower than the previous forecast.

Net loss attributable to owners of parent is expected to be lower than the previous forecast due to posting extraordinary loss and reversal of deferred tax assets as described above.

For further information, please contact

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