

BRIEF SETTLEMENT OF ACCOUNTS FOR THE FISCAL YEAR ENDED MARCH 31, 2006

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May 11, 2006  
Corporate Resolution

1. Summary of Operating Results (Consolidated)

(Million yen)

	Fiscal Year 2005 〔 From April 1, 2005 to March 31, 2006 〕		Fiscal Year 2004 〔 From April 1, 2004 to March 31, 2005 〕		Rate of increase or decrease
	Amount	%	Amount	%	
Net Sales	360,885	100.0	383,034	100.0	5.8
Operating Income	23,305	6.5	33,348	8.7	30.1
Ordinary Income	27,461	7.6	36,616	9.6	25.0
Net Income After Tax	21,596	6.0	25,722	6.7	16.0
Net Income Per Share	¥620.02		¥719.61		

Note: The Company has 12 consolidated subsidiaries and 2 equity-method affiliated companies.

2. Summary of Operating Results (Non-Consolidated)

(Million yen)

	Fiscal Year 2005 〔 From April 1, 2005 to March 31, 2006 〕		Fiscal Year 2004 〔 From April 1, 2004 to March 31, 2005 〕		Rate of increase or decrease
	Amount	%	Amount	%	
Net Sales	313,194	100.0	353,592	100.0	11.4
Operating Income	14,384	4.6	18,989	5.4	24.3
Ordinary Income	17,177	5.5	20,847	5.9	17.6
Net Income After Tax	11,161	3.6	12,004	3.4	7.0
Net Income Per Share	¥320.45		¥335.17		



## Financial Report for the 12-Month Period ended March 31, 2006 (Consolidated)

May 11, 2006

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

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

Inquiries: Representative's position and name      President      Tetsuro Funai  
Administrator's position and name      Executive Manager, Accounting Department      Katsumi Furukawa      TEL: (072) 870-4304

Date of the Board of Directors Meeting to approve the full year operating results report: May 11, 2006

Has the Company adopted U.S. accounting standards? No

### 1. Summary of Consolidated Results for the Fiscal Year Ended March 2006 (April 1, 2005 – March 31, 2006)

#### (1) Operating Results (Consolidated)

(Figures are rounded down to the nearest million yen)

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal Year 2005	360,885	5.8	23,305	30.1	27,461	25.0
Fiscal Year 2004	383,034	12.0	33,348	8.7	36,616	5.6

	Net Income		Net Income Per Share	Net Income Per Share on a Fully Diluted Basis	Net Income to Shareholder's Equity	Ordinary Income to Total Assets	Ordinary Income to Net Sales
	Million yen	%	Yen	Yen	%	%	%
Fiscal Year 2005	21,596	16.0	620.02	619.08	11.6	10.1	7.6
Fiscal Year 2004	25,722	2.1	719.61	716.95	15.9	15.3	9.6

Notes:

- Investment profit or loss recognized on equity basis  
Fiscal Year ended March 31, 2006      135 million yen  
Fiscal Year ended March 31, 2005      204 million yen
- Average number of shares outstanding during the period (consolidated)  
Fiscal Year ended March 31, 2006      34,831,117 shares  
Fiscal Year ended March 31, 2005      35,683,702 shares
- Are there any changes in the accounting method? No
- The percentage figures for consolidated net sales, operating income, ordinary income and net income are a comparison against results from the previous consolidated fiscal year.

#### (2) Consolidated Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Stockholders' Equity Per Share
	Million yen	Million yen	%	Yen
Fiscal Year 2005	288,524	197,870	68.6	5,752.92
Fiscal Year 2004	255,326	174,043	68.2	4,919.43

Note: Number of shares outstanding at the end of the period (consolidated):

Fiscal Year ended March 31, 2006      34,394,890 shares  
Fiscal year ended March 31, 2005      35,369,837 shares

### (3) Consolidated Cash Flows

	Cash Flows Provided by Operating Activities	Cash Flows Used in Investing Activities	Cash Flows Provided by Financing Activities	Outstanding Amount of Cash and Cash Equivalents at the End of Period
	Million yen	Million yen	Million yen	Million yen
Fiscal Year 2005	14,195	47,610	9,204	58,587
Fiscal Year 2004	22,018	32,508	419	101,156

#### (4) Consolidated subsidiaries and application of the equity method:

Number of consolidated subsidiaries: 12

Number of non-consolidated and equity-method subsidiaries: 0

Number of affiliates accounted by the equity method: 2

#### (5) Change in coverage of consolidated and equity-method accounting:

Number of firms newly included for consolidated accounting: 0

Number of firms excluded for consolidated accounting: 1

Number of firms newly included for equity-method accounting: 0

Number of firms excluded for equity-method accounting: 0

### 2. Forecast of Consolidated Results for the Full Year (April 1, 2006 - March 31, 2007)

	Net Sales	Ordinary Income	Net Income
	Million yen	Million yen	Million yen
Interim Period	165,500	11,000	7,900
Full Year	400,000	29,600	22,400

(Reference) Expected net income after tax per share (Full-year basis) 651.26 yen

## CONSOLIDATED BALANCE SHEETS

(Mil. Yen)

	Fiscal year ended March 31,2006		Fiscal year ended March 31,2005		Amount of increase or decrease
	Amount	%	Amount	%	
<b>ASSETS:</b>					
Current Assets:	150,286	52.1	180,851	70.8	30,565
Cash and Deposits	58,592		101,846		
Trade Notes and Trade Accounts Receivables	49,415		45,520		
Inventories	34,453		27,303		
Deferred Tax Assets	2,927		2,990		
Others	5,491		3,995		
Allowance for Receivables	594		804		
Fixed Assets:	138,237	47.9	74,474	29.2	63,762
Tangible Fixed Assets	19,399	6.7	22,406	8.8	3,006
Buildings and Structures	5,984		6,494		
Machinery, Equipment and Motor Vehicles	4,078		5,535		
Tools, Furniture and Fixtures	4,222		5,266		
Lands	5,068		5,102		
Others	46		7		
Intangible Fixed Assets	7,257	2.5	7,932	3.1	674
Patent Right	6,137		7,057		
Others	1,120		874		
Investment and Other Assets	111,580	38.7	44,136	17.3	67,444
Investment Securities	42,681		41,282		
Long-Term Loans Receivables	47,199		498		
Long-Term Temporary Payment of Tax	19,184		-		
Deferred Tax Assets	136		422		
Others	3,235		2,442		
Allowance for Doubtful Receivables	857		509		
<b>TOTAL ASSETS</b>	<b>288,524</b>	<b>100.0</b>	<b>255,326</b>	<b>100.0</b>	<b>33,197</b>

(Mil. Yen)

	Fiscal year ended March 31,2006		Fiscal year ended March 31,2005		Amount of increase or decrease
	Amount	%	Amount	%	
<b>LIABILITIES:</b>					
Current Liabilities	76,495	26.5	68,098	26.7	8,396
Trade Notes and Trade Accounts Payables	32,124		38,639		
Short-Term Loans Payables	29,348		4,011		
Accounts Payables	9,080		13,277		
Accrued Corporate Taxes, etc.	2,566		8,746		
Reserve for Products Guarantee	312		275		
Other Current Liabilities	3,063		3,149		
Long-Term Liabilities:	13,823	4.8	12,939	5.0	883
Long-Term Loans Payables	5,317		6,041		
Deferred Tax Liabilities	4,805		682		
Reserve for Retirement Benefits	1,847		4,855		
Allowance for Officers' Retirement Gratuities	907		926		
Other Long-Term Liabilities	946		434		
<b>TOTAL LIABILITIES</b>	<b>90,319</b>	<b>31.3</b>	<b>81,038</b>	<b>31.7</b>	<b>9,280</b>
Minority Interests:					
Minority Interests	333	0.1	243	0.1	89
<b>SHAREHOLDERS' EQUITY:</b>					
Common Stock	31,240	10.8	31,118	12.2	
Additional Paid-in Capital	33,205	11.5	33,083	13.0	
Retained Earnings	145,029	50.3	125,246	49.1	
Revaluation Difference of Other Securities	8,504	3.0	5,410	2.1	
Foreign Exchange Translation Adjustment	1,104	0.4	11,943	4.7	
Treasury Stock	21,214	7.4	8,872	3.5	
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>197,870</b>	<b>68.6</b>	<b>174,043</b>	<b>68.2</b>	<b>23,826</b>
<b>TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY</b>	<b>288,524</b>	<b>100.0</b>	<b>255,326</b>	<b>100.0</b>	<b>33,197</b>

## CONSOLIDATED STATEMENTS OF INCOME

(Mil. Yen)

	Fiscal year ended March 31, 2006		Fiscal year ended March 31, 2005		Amount / Rate of increase or decrease	
	( from April 1, 2005 to March 31, 2006 )		( from April 1, 2004 to March 31, 2005 )			
	Amount	%	Amount	%	Amount	%
Net Sales	360,885	100.0	383,034	100.0	22,148	5.8
Cost of Sales	294,032	81.5	305,165	79.7	11,132	3.7
Selling, General and Administrative Expenses	43,547	12.0	44,521	11.6	973	2.2
Operating Income	23,305	6.5	33,348	8.7	10,042	30.1
Non-Operating Income:						
Interest Income	3,042		1,549			
Investment Profit on Equity Method	135		204			
Exchange Gain	1,658		1,134			
Others	468		948			
Non-Operating Income	5,304	1.4	3,836	1.0	1,467	38.3
Non-Operating Expenses:						
Interest Expenses	875		352			
Others	273		215			
Non-Operating Expenses	1,148	0.3	568	0.1	580	102.1
Ordinary Income	27,461	7.6	36,616	9.6	9,154	25.0
Extraordinary Income						
Gains from Sales of Fixed Assets	66		734			
Return of the Entrusted Portion of the Employee Pension Fund	3,056		-			
Others	294		527			
Extraordinary Income	3,417	1.0	1,262	0.3	2,155	170.8
Extraordinary Losses						
Losses on Sales and Disposal of Fixed Assets	220		198			
Estimated Loss in Value of Securities	455		1,061			
Estimated Loss in Value of Inventory	-		786			
Others	783		515			
Extraordinary Losses	1,459	0.4	2,562	0.7	1,102	43.0
Income before Income Taxes	29,420	8.2	35,316	9.2	5,896	16.7
Corporate Income Taxes, Inhabitant Taxes and Enterprise Taxes	5,351	1.5	9,844	2.6		
Income Tax Adjustments	2,420	0.7	305	0.1		
Minority Shareholder's Interests	52	0.0	53	0.0		
Net Income after Tax	21,596	6.0	25,722	6.7	4,126	16.0



## Financial Report for the 12-Month Period ended March 31, 2006 (Non-consolidated)

May 11, 2006

Listed company name: Funai Electric Co., Ltd.

Securities Code: 6839 Tokyo Stock Exchange  
and Osaka Securities Exchange, First Sections

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

Inquiries: Representative's position and name	President	Tetsuro Funai	
Administrator's position and name	Executive Manager, Accounting Department	Katsumi Furukawa	TEL: (072) 870-4304

Date of the Board of Directors Meeting to  
approve the operating results report May 11, 2006

Does the Company have an interim dividend  
system? Yes

Date to begin payment of dividend June 7, 2006

Date of the annual general shareholder's meeting June 22, 2006

Has the Company adopted a unit stock  
system? Yes (One unit: 100 shares)

### 1. Summary of Results for the Fiscal Year Ended March 2006 (April 1, 2005 – March 31, 2006)

#### (1) Operating Results (Non-consolidated)

(Figures are rounded down to the nearest million yen)

	Net Sales		Operating Income		Ordinary Income	
	Million yen	%	Million yen	%	Million yen	%
Fiscal Year 2005	313,194	11.4	14,384	24.3	17,177	17.6
Fiscal Year 2004	353,592	16.2	18,989	6.2	20,847	22.7

	Net Income		Net Income Per Share	Net Income Per Share on a Fully Diluted Basis	Net Income to Shareholder's Equity	Ordinary Income to Total Assets	Ordinary Income to Net Sales
	Million yen	%	Yen	Yen	%	%	%
Fiscal Year 2005	11,161	7.0	320.45	319.97	11.1	12.2	5.5
Fiscal Year 2004	12,004	66.5	335.17	333.93	12.8	16.1	5.9

#### Notes:

1. Average number of shares outstanding during the period  
 Fiscal Year ended March 31, 2006 34,831,117 shares  
 Fiscal Year ended March 31, 2005 35,683,702 shares
2. Are there any changes in the accounting method? No
3. The percentage figures for net sales, operating income, ordinary income and net income are a comparison against results from the previous fiscal year.

#### (2) Dividend

	Annual Dividend per Share			Total Dividend Paid	Payout Ratio	Dividend on Shareholders' Equity
		Interim Period	End of Period	Million yen	%	%
Fiscal Year 2005	55.00	0.00	55.00	1,891	17.2	1.9
Fiscal Year 2004	50.00	0.00	50.00	1,768	14.9	1.8

Note: Dividend per share for the term ended March 2006 consists of a 55 yen ordinary dividend.

### (3) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Stockholders' Equity Per Share
	Million yen	Million yen	%	Yen
Fiscal Year 2005	141,353	100,601	71.2	2,924.89
Fiscal Year 2004	140,307	100,291	71.5	2,834.27

Notes:

1. Number of shares outstanding at the end of the period  
Fiscal Year ended March 31, 2006 34,394,890 shares  
Fiscal Year ended March 31, 2005 35,369,837 shares

1. Number of shares of treasury stock at the end of the period  
Fiscal Year ended March 31, 2006 1,701,006 shares  
Fiscal Year ended March 31, 2005 700,559 shares

### 2. Forecast of Results for the Full Year (April 1, 2006 - March 31, 2007)

	Net Sales	Ordinary Income	Net Income	Dividends Per Share		
				Interim Period	End of Period	
	Million yen	Million yen	Million yen	Yen	Yen	Yen
Interim Period	179,500	6,700	4,000			
Full Year	342,000	12,500	7,400		55.00	55.00

(Reference) Expected net income after tax per share (Full-year basis) 215.15yen