

First Quarters (April-June) Consolidated Financial Summary  
for Period Ending March 2008

	Current Year First Quarter 〔 From April 1, 2007 To June 30, 2007 〕		Previous Year First Quarter 〔 From April 1, 2006 To June 30, 2006 〕		% increase or decrease from the same period of the previous consolidated fiscal year
	Amount	Percent	Amount	Percent	
	Million yen	%	Million yen	%	%
Net Sales	77,361	100.0	62,643	100.0	23.5
Operating Income	1,172	1.5	2,437	3.9	- 51.9
Ordinary Income	4,480	5.8	2,790	4.5	60.6
Net Income before Taxes and Other Adjustments	4,463	5.8	2,669	4.3	67.2
Net Income after Tax	1,342	1.7	1,277	2.0	5.1
Earnings per Share (yen)	39.38		37.15		

Notes:

1. Includes 11 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.



## Summary of 1<sup>st</sup> Quarter Financial Results for the Period Ending March 2008

August 6, 2007

Company Name	Funai Electric Co., Ltd.	Listed Exchanges	1 <sup>st</sup> Section of the TSE/OSE
Code No.	6839	U R L	<a href="http://www.funai.jp/">http://www.funai.jp/</a>
Representative	Tetsuro Funai	President, CEO	TEL : ( 072 ) 870 - 4395
Inquiries	Katsumi Furukawa	Executive Manager, Accounting Department	

(Rounded up to millions of yen)

1. First Quarter Consolidated Results for the Period Ending March 2008 (April 1, 2007 – June 30, 2007).

(1) Consolidated Operating Results (% displayed represent increases/decreases from the same quarter of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Quarterly (Current Period) Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1 <sup>st</sup> Quarter FY 2007	77,361	23.5	1,172	51.9	4,480	60.6	1,342	5.1
1 <sup>st</sup> Quarter FY 2006	62,643	14.1	2,437	49.7	2,790	52.8	1,277	70.6
Full FY 2006	396,712	-	20,766	-	26,591	-	3,665	-

	Quarterly Net Income Per Share (Current Period)	Fully Diluted Quarterly Net Income Per Share (Current Period)
	Yen	Yen
1 <sup>st</sup> Quarter FY 2007	39.38	-
1 <sup>st</sup> Quarter FY 2006	37.15	37.10
Full FY 2006	107.01	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholder's Equity Ratio	Shareholder's Equity Per Share
	Millions of Yen	Millions of Yen	%	Yen
1 <sup>st</sup> Quarter FY 2007	285,315	189,221	66.2	5,538.48
1 <sup>st</sup> Quarter FY 2006	283,964	193,851	68.1	5,638.44
Full FY 2006	272,811	187,361	68.5	5,484.38

(3) Consolidated Cash Flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash-Equivalents at End of Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
1 <sup>st</sup> Quarter FY 2007	5,968	2,017	9,274	88,610
1 <sup>st</sup> Quarter FY 2006	2,910	8,145	4,240	65,378
Full FY 2006	46,507	3,038	26,564	83,320

2. Consolidated Results Forecast for the Period Ending March 2008 (April 1, 2007 – March 31, 2008). 【Reference】

(% displayed for the full-year and interim represent increases/decreases from the previous year and interim periods, respectively.)

	Net Sales		Operating Income		Ordinary Income		Current Period Net Income		Net Income Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Interim	200,800	23.1	10,800	4.2	13,000	5.7	6,100	12.7	178.92
Full-Year	420,000	5.9	22,000	5.9	26,500	0.3	16,000	-	469.30

(Note) Earnings per share are calculated based on the number of outstanding shares as of the end of the current 1<sup>st</sup> quarter (minus treasury stock).

3. Other

- (1) Transfers in vital subsidiaries during the year : No  
(transfers in specific subsidiaries resulting from changes in the range of consolidation)
- (2) Use of simplified accounting methods : No
- (3) Changes in accounting methods from the most recent consolidated fiscal year : Yes

(Note) Please refer to “4. Other” on page 3 under 【Qualitative Information, Financial Tables, etc.】 for details.

Please refer to “3. Qualitative Information Pertaining to Consolidated Results Forecasts” for warnings regarding the use of results forecasts and assumptions made in the creation of results forecasts.

## 【Qualitative Information, Financial Tables, etc.】

### 1 . Qualitative Information Pertaining to Consolidating Operating Results

A slight expansion in the US economy was seen during the 1<sup>st</sup> quarter, and the European and Asian markets remained strong. The Japanese market continued to recover with an expansion in capital investments, primarily by export companies where profitability has increased due to a weakened yen.

In the electronics industry, sales of flat-panel TVs continued to grow rapidly. The market for electronics, however, continued to be difficult. Prices for liquid crystal panels rose due to the effects of demand pressure, while the price of finished products fell due to increasing competition.

Consolidated Funai Group net sales in the 1<sup>st</sup> quarter totaled 77,361 million yen (a 23.5% increase from the same period of the previous year). Net sales of audiovisual equipment grew to 48,900 million yen (a 22.4% increase) due to growth in flat-panel TVs and DVD players.

While sales of digital still cameras remained virtually unchanged, sales of printers increased, driving net sales of information equipment to 21,228 million yen (a 30.2% increase).

Additionally, net sales of other electronics, such as those related to receivers, rose to 7,232 million yen (a 13.1% increase).

In terms of profitability, operating income fell to 1,172 million yen (a 51.9% decrease), ordinary income rose to 4,480 million yen (a 60.6% increase) and net income for the 1<sup>st</sup> quarter rose to 1,342 million yen (a 5.1% increase).

### 2 . Qualitative Information Pertaining to Shifts in Consolidated Financial Positions

Funai's financial positions for the 1<sup>st</sup> quarter were as follows.

Assets increased by 12,504 million yen compared to the previous consolidated accounting year. The primary reason for this increase was a 10,828 million yen increase in inventories.

Liabilities increased by 10,644 million yen compared to the previous consolidated accounting year. The primary reason for this increase was a 4,750 million yen increase in accounts payable.

Net assets increased by 1,859 million yen compared to the previous consolidated accounting year.

### 3 . Qualitative Information Pertaining to Consolidated Results Forecasts

Funai Group results for the 1<sup>st</sup> quarter went essentially as planned. At present, there have been no revisions to the results forecast made public on May 10, 2007.

(Note) Results forecasts are based upon currently available information and include risks and include risks and uncertainty. Actual results may vary greatly due to rapid changes in product prices and overseas economic conditions in major markets, such as the United States.

### 4 . Other

( 1 ) Transfers in vital subsidiaries during the year (transfers in specific subsidiaries resulting from changes in the range of consolidation)

Not applicable.

( 2 ) Use of simplified accounting methods

Not applicable.

(3) Changes in accounting methods from the most recent consolidated fiscal year

Changes in depreciation method for fixed assets

In accordance with revisions in the Corporation Tax Law in 2007 (Law No. 6, March 30, 2007, the law revising portions of the Income Taxation Law, and Ordinance No. 83, March 30, 2007, the ordinance revising portions of the Corporation Taxation Law), fixed assets obtained after April 1, 2007 will be accounted for according to the revised Corporation Tax Law. The effects of these changes on profitability are minor.

(4) Tax assessment based on the application of the Taxation Act Concerning Tax Havens

On June 28, 2005, the Company received notice of a supplementary tax assessment from the Osaka Regional Taxation Bureau (the "Bureau") regarding aggregate taxation on the taxable income of subsidiaries in Hong Kong for the three fiscal years beginning March 31, 2002 and ending March 31, 2004. In the Bureau's assessment, taxable income earned by the Hong Kong subsidiaries should be added to the Company's taxable income as the subsidiaries in Hong Kong are deemed not to satisfy the conditions for exclusion from the application of the tax system for dealing with tax havens.

The additional tax payments, including residence tax and business tax, totaled 16,651 million yen (19,184 million yen including penalties). While these taxes have been accounted for as "Suspended Payments of Income Taxes" in the period ended March 2007, the Company has appealed this assessment, filing a request for review with the Bureau's Tax Tribunal and filing a lawsuit with the Osaka District Court to have the tax assessment revoked. At present, the request for review and the lawsuit being pursued simultaneously.

However, this taxation system is applied based upon the situation of the relative foreign corporations at the end of their fiscal years. For reference only, total taxes, including corporation tax, residence tax and business tax, for the Hong Kong subsidiaries during the three year period from the period ended March 2005, the fiscal year following the fiscal year under review, to the period ended March 2007 are estimated to total approximately 11,100 million yen when the effects of this taxation system are taken into account. This figure, however, is not being used for accounting purposes due to the reasons outlined above.

(5) Changes in the closing date for consolidated subsidiaries

In order to have a more accurate understanding of the Funai Group's results, the closing date for major consolidated subsidiaries (December 31) was changed to match that of the Funai parent company (March 31) as of the period ending March 2008.

The subsidiaries whose closing dates were changed are as follows.

Funai Electric (Hong Kong) LTD.

Funai Corporation, Inc.

Three other subsidiaries.

In accordance with this change, the earnings statements for those subsidiaries whose closing dates were changed will cover the 12-month period beginning April 2007 and ending March 2008. Profits/losses in the 3-month period from January to March 2007 will be accounted for as paid-in capital gains/losses in the consolidated statement of changes in net assets.

## 5. (Summary) Quarterly Consolidated Financial Statements

(1) (Summary) First Quarter Consolidated Balance Sheets (Units : Million Yen)

Period Item	Current Year 1Q (As of June 30, 2007)		Previous Year 1Q (As of June 30, 2006)		Previous Period (As of March 31, 2007)	
	Amount	Percent	Amount	Percent	Amount	Percent
(Assets)		%		%		%
<b>C u r r e n t A s s e t s</b>	186,160	65.2	161,803	57.0	178,771	65.5
Cash and Deposits	88,615		65,625		83,598	
Trade Notes and Trade Accounts Receivable	39,738		43,497		49,024	
Inventories	45,873		42,798		35,045	
Others	11,933		9,882		11,103	
<b>F i x e d A s s e t s</b>	99,155	34.8	122,160	43.0	94,039	34.5
Tangible Fixed Assets	18,066	6.3	19,298	6.8	17,953	6.6
Intangible Fixed Assets	5,852	2.1	6,972	2.4	6,061	2.2
Investment and Other Assets	75,235	26.4	95,889	33.8	70,024	25.7
<b>T o t a l A s s e t s</b>	285,315	100.0	283,964	100.0	272,811	100.0
(Liabilities)						
<b>C u r r e n t L i a b i l i t i e s</b>	85,035	29.8	78,132	27.5	74,745	27.4
Trade Notes and Trade Accounts Payables	53,508		33,757		48,757	
Short-Term Loans Payables	10,962		28,074		9,018	
Others	20,564		16,300		16,969	
<b>L o n g - T e r m L i a b i l i t i e s</b>	11,058	3.9	11,980	4.2	10,703	3.9
Long-Term Loans Payables	4,412		5,136		4,593	
Others	6,646		6,844		6,110	
<b>T o t a l L i a b i l i t i e s</b>	96,093	33.7	90,113	31.7	85,449	31.3
(Net Asset Value)						
<b>S h a r e h o l d e r s ' E q u i t y</b>	176,720	62.0	186,852	65.8	179,654	65.8
Common Stock	31,280	11.0	31,254	11.0	31,278	11.4
Additional Paid-In Capital	33,245	11.7	33,219	11.7	33,243	12.2
Retained Earnings	136,532	47.8	144,411	50.9	139,468	51.1
Treasury Stock	- 24,337	- 8.5	- 22,032	- 7.8	- 24,336	- 8.9
Net Unrealized Holdings and Translation Gains	12,106	4.2	6,656	2.3	7,326	2.7
Net Unrealized Holding Gains on Other Securities	5,508	1.9	5,797	2.0	4,038	1.5
Foreign Exchange Translation Adjustment	6,598	2.3	859	0.3	3,287	1.2
Minority Interests	394	0.1	342	0.2	380	0.2
<b>Total Net Asset Value</b>	189,221	66.3	193,851	68.3	187,361	68.7
<b>Total Liabilities and Net Asset Value</b>	285,315	100.0	283,964	100.0	272,811	100.0

## (2) (Summary) First Quarter Consolidated Statements of Income

(Units: Million Yen)

Item	Period	Current Year 1Q 〔 From April 1, 2007 To June 30, 2007 〕		Previous Year 1Q 〔 From April 1, 2006 To June 30, 2006 〕		% increase or decrease from the same period of the previous consolidated fiscal year
		Amount	Percent	Amount	Percent	
			%		%	%
Net Sales		77,361	100.0	62,643	100.0	23.5
Cost of Sales		64,721	83.7	48,997	78.2	32.1
Selling, General and Administrative Expenses		11,467	14.8	11,208	17.9	2.3
Operating Income		1,172	1.5	2,437	3.9	- 51.9
Non-Operating Income		3,687	4.8	991	1.6	271.9
Non-Operating Expenses		380	0.5	639	1.0	- 40.5
Ordinary Income		4,480	5.8	2,790	4.5	60.6
Extraordinary Income		16	0.0	7	0.0	108.4
Extraordinary Losses		33	0.0	128	0.2	- 73.9
Net Income Before Taxes and Other Adjustments		4,463	5.8	2,669	4.3	67.2
Corporate Taxes		3,115	4.1	1,380	2.3	125.6
Minority Interests		5	0.0	11	0.0	- 50.6
Net Income after Tax		1,342	1.7	1,277	2.0	5.1

## (3) (Summary) First Quarter Consolidated Statements of Cash Flows

(Units: Million Yen)

Item	Period	Current Year 1Q ( From April 1, 2007 ) ( To June 30, 2007 )	Previous Year 1Q ( From April 1, 2006 ) ( To June 30, 2006 )	Previous Period ( From April 1 2006 ) ( To March 31 2007 )
		Amount	Amount	Amount
<b>.Cash Flow from Operating Activities</b>				
Current Period Net Income Before Taxes and Other Adjustments		4,463	2,669	22,752
Depreciation and Amortization		1,887	2,025	8,204
Interest and Dividend Income		- 1,383	- 923	- 4,764
Interest Expenses		178	339	1,193
Decrease in Notes and Accounts Receivable		1,758	5,906	2,472
Increase in Inventories (Increase:-)		- 2,106	- 8,169	545
Increase (Decrease) in Accounts Payable (Decrease:-)		2,892	1,606	14,129
Other		- 478	- 1,281	2,359
Subtotal		7,211	2,173	46,893
Interest and Dividend Receipts		1,005	2,243	5,372
Interest Payments		- 178	- 340	- 1,202
Corporate Tax Payments		- 2,069	- 1,165	- 4,555
Net Cash Provided by (Used in ) Operating Activities		5,968	2,910	46,507
<b>.Cash Flow from Investing Activities</b>				
Payments for Purchase of Tangibles		- 1,917	- 1,591	- 5,583
Payments for Purchase of Intangibles		- 160	- 158	- 445
Proceeds from Sale of Investments in Securities		30	10,070	10,259
Payments for Loan Receivable		- 140	- 60	- 580
Other		170	- 113	- 612
Net Cash Provided by (Used in) Investing Activities		- 2,017	8,145	3,038
<b>.Cash Flow from Financing Activities</b>				
Increase in Short-Term Loans Payables (Decrease:-)		- 7,218	- 1,375	- 20,895
Payments for Purchase of Treasury Stock		- 0	- 818	- 3,122
Cash Dividends		- 1,875	- 1,891	- 1,891
Other		- 179	- 155	- 654
Net Cash Provided by (Used in) Financing Activities		- 9,274	- 4,240	- 26,564
.Effect of Exchange Rate Changes on Cash and Cash Equivalents		3,328	- 24	1,750
.Net Increase (Decrease) in Cash and Cash Equivalents (Decrease:-)		- 1,994	6,791	24,733
.Cash and Cash Equivalents at Beginning of Year		83,320	58,587	58,587
.Net increase in cash and cash equivalents due to the change of fiscal year end in consolidated subsidiaries		7,284	-	-
.Cash and Cash Equivalents at End of Year		88,610	65,378	83,320

(4) Information by Segment

[ Operating Segment Information ]

The Funai Group concentrates on the single business segment of manufacture and sales of electric products. Therefore, we make no distinction between operating segments.

[ Geographic Segment Information ]

Current First Quarter (April 1, 2007 - June 30, 2007)

(Units: Million Yen)

	Japan	N. America	Asia	Europe	Total	Elimination	Consolidated
Net Sales	67,611	32,733	54,164	5,390	159,899	( 82,537)	77,361
Operating Expenses	66,177	33,612	53,422	5,328	158,540	( 82,351)	76,189
Operating Income and Losses(-)	1,434	- 878	741	62	1,359	( 186)	1,172

Previous First Quarter (April 1, 2006 - June 30, 2006)

(Units: Million Yen)

	Japan	N. America	Asia	Europe	Total	Elimination	Consolidated
Net Sales	82,545	21,795	44,071	5,359	153,773	( 91,129)	62,643
Operating Expenses	78,763	22,570	43,385	5,648	150,367	( 90,161)	60,205
Operating Income and Losses(-)	3,782	- 774	686	- 288	3,405	( 967)	2,437

(Note) 1. Country and area classifications are determined by geographical proximity.

2. Primary countries and areas falling under classifications other than Japan are as follow:

(1) North America . . . . United States of America

(2) Asia . . . . Hong Kong, Malaysia, Thailand

(3) Europe . . . . Germany, Poland

## (5) Detailed Statement of Net Sales by Equipment Type and Region

(Units: Million Yen)

Classification		Current Year First Quarter		Previous Year First Quarter		% increase or decrease from the same period of the previous consolidated fiscal year	
		From April 1, 2007 To June 30, 2007		From April 1, 2006 To June 30, 2006			
		Amount	Percent	Amount	Percent	Percent	
By Equipment Type	Audiovisual Equipment	48,900	63.2	39,947	63.8	22.4	
	Information Equipment	21,228	27.4	16,299	26.0	30.2	
	Other Equipment	7,232	9.4	6,397	10.2	13.1	
	Total	77,361	100.0	62,643	100.0	23.5	
By Region	Japan	9,593	12.4	10,491	16.7	- 8.6	
	Export	N. America	51,321	66.3	37,168	59.3	38.1
		Europe	12,621	16.3	12,454	19.9	1.3
		Asia	2,167	2.8	1,659	2.7	30.7
		Other Areas	1,657	2.2	871	1.4	90.3
	Subtotal	67,768	87.6	52,152	83.3	29.9	
Total	77,361	100.0	62,643	100.0	23.5		

## (Note) Main Products by Equipment Type

Equipment	Main Products
Audiovisual Equipment	VCRs, DVD Players, DVD Recorders, Televisions, LCD Televisions, Projectors
Information Equipment	Printers, Digital Still Cameras
Other Equipment	Receiver-Related Electronic Equipment

## (Reference) Change in Operating Results for the Most Recent Quarter

### Fiscal Period Ending March 2008 (Consolidated)

	Current Year First Quarter	Current Year Second Quarter	Current Year Third Quarter	Current Year Fourth Quarter
	April - June 2007	July - Sept 2007	Oct - Dec 2007	Jan - March 2008
	Million Yen	Million Yen	Million Yen	Million Yen
Net Sales	77,361	-	-	-
Gross Profit	12,640	-	-	-
Operating Income	1,172	-	-	-
Ordinary Income	4,480	-	-	-
Quarterly Net Income Before Taxes and Other Adjustments	4,463	-	-	-
Quarterly Net Income	1,342	-	-	-
	Yen	Yen	Yen	Yen
Quarterly Earnings per Share	39.38	-	-	- -
Fully Diluted Quarterly Earnings per Share	-	-	-	- -
	Million Yen	Million Yen	Million Yen	Million Yen
Total Assets	285,315	-	-	-
Net Assets	189,221	-	-	-
	Yen	Yen	Yen	Yen
Net Assets per Share	5,538.48	-	-	- -

### Fiscal Period Ending March 2007 (Consolidated)

	Current Year First Quarter	Current Year Second Quarter	Current Year Third Quarter	Current Year Fourth Quarter
	April - June 2006	July - Sept 2006	Oct - Dec 2006	Jan - March 2007
	Million Yen	Million Yen	Million Yen	Million Yen
Net Sales	62,643	100,507	119,918	113,641
Gross Profit	13,646	20,005	23,552	10,962
Operating Income	2,437	7,928	8,731	1,668
Ordinary Income	2,790	9,511	10,968	3,321
Quarterly Net Income Before Taxes and Other Adjustments	2,669	7,494	11,067	1,521
Quarterly Net Income/Loss	1,277	5,712	8,889	- 19,545
	Yen	Yen	Yen	Yen
Quarterly Earnings per Share	37.15	166.46	259.80	- 573.33
Fully Diluted Quarterly Earnings per Share	37.10	166.27	259.71	-
	Million Yen	Million Yen	Million Yen	Million Yen
Total Assets	283,964	298,523	311,308	272,811
Net Assets	193,851	197,303	205,348	187,361
	Yen	Yen	Yen	Yen
Net Assets per Share	5,638.44	5,738.76	6,012.74	5,484.38

# FIRST QUARTER FINANCIAL RESULTS SUPPLEMENTATION 2007

{ from 2007.4.1  
to 2007.6.30 }

	Page
1. Summary of 1Q Operating Results (Consolidated) .....	1
(1) Operating Results, Financial Conditions .....	1
(2) Major Operating Indices and Per Share Data .....	1
(3) Capital Expenditures, Depreciation, R&D Expenses .....	1
(4) Cash Flow .....	2
2. Operating Activities (Consolidated) .....	2
(1) Sales by Equipment .....	2
(2) Sales by Area in Equipment .....	3
(3) Sales by Equipment in Areas .....	3
 < Reference >	
Summary of First Quarter Operating Results after Unification of Fiscal Year end (Consolidated)	4
(1) Operating Results .....	4
(2) Operating Activities (Sales by Equipment) .....	4



FUNAI ELECTRIC CO.,LTD.

# 1. Summary of First Quarter Operating Results (Consolidated)

## (1) Operating Results, Financial Conditions

(Units: 100million yen, %)

	FY2006						FY2007					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Net Sales	626	100.0	14.1	3,967	100.0	9.9	773	100.0	23.5	4,200	100.0	5.9
Operating Income	24	3.9	49.7	207	5.2	10.9	11	1.5	51.9	220	5.2	5.9
Ordinary Income	27	4.5	52.8	265	6.7	3.2	44	5.8	60.6	265	6.3	0.3
Net Income/Loss after Tax	12	2.0	70.6	36	0.9	-	13	1.7	5.1	160	3.8	-
Total Assets	2,839	-	-	2,728	-	-	2,853	-	-	-	-	-
Net Assets	1,938	-	-	1,873	-	-	1,892	-	-	-	-	-

## ( ) Yen - Dollars / exchange rate

(Units: Yen / Dollars)

	FY2006		FY2007	
	1Q	Full-Year	1Q	Full-Year (Projections)
Average Rate in each Period	113.96	116.95	121.58	115.00

## (2) Major Operating Indices and Per Share Data

	FY2006		FY2007	
	1Q	Full-Year	1Q	Full-Year (Projections)
Gross Profit Ratio (%)	21.8	17.2	16.3	17.8
Operating Income Ratio (%)	3.9	5.2	1.5	5.2
Ordinary Income Ratio (%)	4.5	6.7	5.8	6.3
Shareholders' Equity Ratio (%)	68.1	68.5	66.2	-
Net Assets Per Share (Yen)	5,638.44	5,484.38	5,538.48	-
Net Income Per Share (Yen)	37.15	107.01	39.38	469.30
Return On Asset (%)	0.5	1.3	0.5	-
Return On Shareholders' Equity (%)	0.7	1.9	0.7	-

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

(Units: 100million yen, %)

	FY2006				FY2007			
	1Q		Full-Year		1Q		Full-Year (Projections)	
	Amount	Change	Amount	Change	Amount	Change	Amount	Change
Capital Expenditures	15	50.0	54	45.9	26	73.3	110	103.7

	FY2006						FY2007					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	% to Sales	Change	Amount	% to Sales	Change	Amount	% to Sales	Change	Amount	% to Sales	Change
Depreciation Expenses	17	2.7	5.6	71	1.8	1.4	16	2.1	5.9	65	1.5	8.5
R&D	35	5.6	25.0	140	3.5	0.7	34	4.4	2.9	150	3.6	7.1

## (4) Cash Flow

(Units : 100million yen)

	FY2006		FY2007	
	1Q	Full-Year	1Q	Full-Year (Projections)
Cash flows provided by operating activities	29	465	59	-
Income Before Income Taxes	26	227	44	-
Depreciation Expenses	20	82	18	-
Others	17	156	3	-
Cash flows used in investing activities	81	30	20	-
Free Cash flows	110	495	39	-
Cash flows provided by financing activities	42	265	92	-
Effect of exchange rate changes on cash and cash equivalents	1	17	33	-
Net increase in cash and cash equivalents	67	247	52	-

## 2. Operating Activities (Consolidated)

## (1) Sales by Equipment

(Units : 100million yen, %)

	FY2006						FY2007					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	399	63.8	1.0	2,769	69.8	17.6	489	63.2	22.4	3,054	72.7	10.3
VCRs	14	2.2	54.8	82	2.1	42.3	13	1.7	7.1	42	1.0	48.8
DVD	131	20.9	13.2	883	22.2	5.9	153	19.8	16.8	900	21.4	1.9
Televisions	105	16.8	30.5	786	19.8	21.2	99	12.8	5.7	580	13.8	26.2
LCD Televisions	74	11.8	393.3	776	19.6	364.7	203	26.2	174.3	1,393	33.2	79.5
PDP Televisions	23	3.7	475.0	92	2.3	84.0	0	0.0	100.0	0	0.0	100.0
Projectors	46	7.4	21.1	124	3.1	13.3	21	2.7	54.3	109	2.6	12.1
Others	6	1.0	20.0	26	0.7	23.8	0	0.0	100.0	30	0.7	15.4
Information Equipment	163	26.0	36.5	933	23.5	2.8	212	27.4	30.2	847	20.2	9.2
Printers	135	21.5	34.8	746	18.8	3.4	183	23.7	35.6	816	19.4	9.4
Digital Still Cameras	28	4.5	44.0	187	4.7	0.0	29	3.7	3.6	31	0.8	83.4
Others	64	10.2	17.2	265	6.7	10.1	72	9.4	13.1	299	7.1	12.8
Total	626	100.0	14.1	3,967	100.0	9.9	773	100.0	23.5	4,200	100.0	5.9

## (2) Sales by Areas in Equipment

(Units: 100million yen, %)

	FY2006						FY2007					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	399	63.8	1.0	2,769	69.8	17.6	489	63.2	22.4	3,054	72.7	10.3
North America	284	45.4	14.7	2,263	57.0	14.3	382	49.4	34.5	2,386	56.8	5.4
Europe	65	10.3	261.1	342	8.6	135.9	70	9.0	7.7	440	10.5	28.7
Asia and Others	1	0.3	94.7	11	0.3	87.1	1	0.2	0.0	27	0.6	145.5
Japan	49	7.8	96.0	153	3.9	6.3	36	4.6	26.5	201	4.8	31.4
Information Equipment	163	26.0	36.5	933	23.5	2.8	212	27.4	30.2	847	20.2	9.2
North America	83	13.2	42.8	485	12.2	7.1	121	15.7	45.8	448	10.7	7.6
Europe	58	9.3	24.7	325	8.2	0.9	55	7.1	5.2	310	7.4	4.6
Asia and Others	22	3.5	37.1	123	3.1	12.8	36	4.6	63.6	89	2.1	27.6
Japan	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Others	64	10.2	17.2	265	6.7	10.1	72	9.4	13.1	299	7.1	12.8
Total	626	100.0	14.1	3,967	100.0	9.9	773	100.0	23.5	4,200	100.0	5.9

## (3) Sales by Equipment in Areas

(Units: 100million yen, %)

	FY2006						FY2007					
	1Q			Full-Year			1Q			Full-Year (Projections)		
	Amount	%	Change	Amount	%	Change	Amount	%	Change	Amount	%	Change
North America	372	59.3	24.0	2,771	69.8	9.5	513	66.3	38.1	2,839	67.6	2.5
Audio Visual Equipment	284	45.4	14.7	2,263	57.0	14.3	382	49.4	34.5	2,386	56.8	5.4
Information Equipment	83	13.2	42.8	485	12.2	7.1	121	15.7	45.8	448	10.7	7.6
Others	5	0.7	54.5	23	0.6	20.7	10	1.2	100.0	5	0.1	78.3
Europe	125	19.9	28.6	673	17.0	40.2	126	16.3	1.3	750	17.9	11.4
Audio Visual Equipment	65	10.3	261.1	342	8.6	135.9	70	9.0	7.7	440	10.5	28.7
Information Equipment	58	9.3	24.7	325	8.2	0.9	55	7.1	5.2	310	7.4	4.6
Others	2	0.3	0.0	6	0.2	14.3	1	0.2	50.0	0	0.0	100.0
Asia and Others	24	4.1	55.1	139	3.5	31.5	38	5.0	51.1	116	2.7	16.5
Audio Visual Equipment	1	0.3	94.7	11	0.3	87.1	1	0.2	0.0	27	0.6	145.5
Information Equipment	22	3.5	37.1	123	3.1	12.8	36	4.6	63.6	89	2.1	27.6
Others	1	0.3	50.0	5	0.1	44.4	1	0.2	0.0	0	0.0	100.0
Japan	105	16.7	20.2	384	9.7	2.6	96	12.4	8.6	495	11.8	28.9
Audio Visual Equipment	49	7.8	96.0	153	3.9	6.3	36	4.6	26.5	201	4.8	31.4
Information Equipment	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0
Others	56	8.9	9.7	231	5.8	7.6	60	7.8	7.1	294	7.0	27.3
Total	626	100.0	14.1	3,967	100.0	9.9	773	100.0	23.5	4,200	100.0	5.9

< Reference >

## Summary of First Quarter Operating Results after Unification of Fiscal Year end (Consolidated)

### (1) Operating Results

(Unit:100million yen, %)

	FY2006				FY2007					
	1Q (After Unification )		Full-year (After Unification )		1Q			Full-Year (Projections)		
	Amount	%	Amount	%	Amount	%	Change	Amount	%	Change
Net Sales	834	100.0	3,958	100.0	773	100.0	7.3	4,200	100.0	6.1
Operating Income	29	3.6	187	4.7	11	1.5	60.5	220	5.2	17.6
Ordinary Income	39	4.8	246	6.2	44	5.8	12.2	265	6.3	7.7
Net Income After Tax	31	3.7	48	—	13	1.7	57.0	160	3.8	—

From the first quarter of FY2007 the primary overseas consolidated subsidiaries are changed the fiscal year end from December 31 to March 31 in order to unify the group's fiscal term. For comparison purpose, the figures of 1Q and full year of FY 2006 are recalculated to reflect this change of fiscal year end in primary overseas consolidated subsidiaries.

### (2) Operating Activities (Sales by Equipment)

(Unit:100million yen, %)

	FY2006				FY2007					
	1Q (After Unification )		Full-year (After Unification )		1Q			Full-Year (Projections)		
	Amount	%	Amount	%	Amount	%	Change	Amount	%	Change
Audio Visual Equipment	61	73.3	2,751	69.5	489	63.2	20.0	3,054	72.7	11.0
VCRs	26	3.1	83	2.1	13	1.7	50.0	42	1.0	49.4
DVD	172	20.6	865	21.9	153	19.8	11.0	900	21.4	4.0
Televisions	190	22.8	808	20.4	99	12.8	47.9	580	13.8	28.2
LCD Televisions	159	19.1	775	19.6	203	26.2	27.7	1,393	33.2	79.7
PDP Televisions	15	1.8	77	1.9	0	0.0	100.0	0	0.0	100.0
Projectors	46	5.5	124	3.1	21	2.7	54.3	109	2.6	12.1
Others	3	0.4	19	0.5	0	0.0	100.0	30	0.7	57.9
Information Equipment	163	19.5	933	23.6	212	27.4	30.2	847	20.2	9.2
Printers	135	16.2	746	18.9	183	23.7	35.6	816	19.4	9.4
Digital Still Cameras	28	3.3	187	4.7	29	3.7	3.6	31	0.8	83.4
Others	60	7.2	274	6.9	72	9.4	20.0	299	7.1	9.1
Total	834	100.0	3,958	100.0	773	100.0	7.3	4,200	100.0	6.1



## **FUNAI ELECTRIC CO., LTD.**

( Company )

**FUNAI ELECTRIC CO., LTD.**

INVESTOR / PUBLIC RELATIONS DEPARTMENT

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

TEL 81-72-870-4395 • FAX 81-72-874-8027