

Press Release



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Funai Electric Co., Ltd.
President and CEO: Tetsuro Funai
(Code No.: 6839 First Section of TSE/OSE)
Contact: Mutsuo Takei, General Manager
Investor / Public Relations Department
T e l : 8 1 - 3 - 3 2 5 4 - 5 6 1 2

For Immediate Release:

Funai Reports Revised Forecast of Consolidated Operating Results

Funai Electric Co., Ltd. has revised its consolidated operating results forecast for the first half and the full year released with the brief settlement of accounts announcement on May 12, 2008, as described below.

1. Revised consolidated forecast results for the first half (April 1, 2008 to September 30, 2008)

(Units: Million Yen)

	Net sales	Operating income	Ordinary income	(Before deduction of prior fiscal year income tax) Net income	(After deduction of prior fiscal year income tax) Net income
Previously Announced Forecast (A)	144,000	3,300	4,300	3,300	3,300
Revised Forecast (B)	144,000	3,300	4,300	3,300	- 13,900
Amount of Increase/Decrease (B-A)	-	-	-	-	- 17,200
Percentage Changed (%)	-	-	-	-	-
(Reference) Previous FY Results (Interim Period through September 2007)	156,317	2,069	5,053	- 4,245	- 4,245

2. Revised Consolidated Fiscal Year Results (April 1, 2008 to March 31, 2009)

(Units: Million Yen)

	Net sales	Operating income	Ordinary income	(Before deduction of prior fiscal year income tax) Net income	(After deduction of prior fiscal year income tax) Net income
Previously Announced Forecast (A)	340,000	6,000	8,000	5,800	5,800
Revised Forecast (B)	340,000	6,000	8,000	5,800	– 11,400
Amount of Increase/Decrease (B–A)	-	-	-	-	– 17,200
Percentage Changed (%)	-	-	-	-	-
(Reference) Previous FY Results (FY Ended March 2007)	277,167	– 2,405	– 39	– 5,376	– 5,376

3. Reasons For Revision of Consolidated Results Forecast

Funai Electric Co., Ltd. received a rectification notice from the Osaka Regional Taxation Bureau on June 16, 2008. The Bureau determined that Funai Electric Co., Ltd.'s Hong Kong subsidiary does not meet the requirements for exclusion under the anti-tax haven system and the Hong Kong subsidiary's income for the three fiscal years ending March 2005 through March 2007 will be considered, and taxed as, Funai Electric Co., Ltd.'s income. Using the corrected net income amount of 33,900 million yen, the amount of the penalty tax including local taxes and other amounts is provisionally calculated to total 17,200 million yen. To reflect the impact on Funai Electric's consolidated operating results for the current fiscal year, Funai Electric plans to report 17,200 million yen as prior fiscal year income tax. Based on the above factors, the company has revised its forecast of net income for the first half and fiscal year consolidated operating results announced on May 12, 2008.

Funai Electric believes it is indeed regrettable that the Osaka Regional Taxation Bureau has made a supplementary tax assessment during its tax examination for the current fiscal year, which is similar to its previous assessment, when hearings are proceeding in the Osaka District Court concerning the rectification notice based on the bureau's previous application of the anti-tax haven system (dated June 28, 2005). The company will assert the validity of its position based on an appeal in the future.