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82- SUBMISSIONS FACING SHEET

**Follow-Up
Materials**

MICROFICHE CONTROL LABEL

[Empty box for Microfiche Control Label]

REGISTRANT'S NAME

Luna Electric Co, Atol

*CURRENT ADDRESS

PROCESSED

**FORMER NAME

**NEW ADDRESS

JUL 13 2007
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FINANCIAL

FILE NO. 82-

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FISCAL YEAR

9-31-07

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OFFICE OF INTERNAL AUDIT
CORPORATE FINANCE

(Excerpt translation)

THE 55TH
REPORT OF THE SETTLEMENT OF ACCOUNTS FOR
THE YEAR ENDED MARCH 31, 2007

(April 1, 2006 to March 31, 2007)

AR/S
3-31-07

FUNAI ELECTRIC CO., LTD.

May 10, 2007
Corporate Resolution

1. Summary of Operating Results (Consolidated)

(Million yen)

	Fiscal Year 2006 〔 From April 1, 2006 to March 31, 2007 〕		Fiscal Year 2005 〔 From April 1, 2005 to March 31, 2006 〕		Rate of increase or decrease
	Amount	%	Amount	%	
Net Sales	396,712	100.0	360,885	100.0	9.9
Operating Income	20,766	5.2	23,305	6.5	△ 10.9
Ordinary Income	26,591	6.7	27,461	7.6	△ 3.2
Net Income/Loss After Tax ※	15,518	3.9	21,596	6.0	△ 28.1
Net Income/Loss After Tax	△ 3,665	△ 0.9	21,596	6.0	-
Net Income/Loss Per Share	△ ¥107.01		¥620.02		

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

2. Summary of Operating Results (Non-Consolidated)

(Million yen)

	Fiscal Year 2006 〔 From April 1, 2006 to March 31, 2007 〕		Fiscal Year 2005 〔 From April 1, 2005 to March 31, 2006 〕		Rate of increase or decrease
	Amount	%	Amount	%	
Net Sales	336,941	100.0	313,194	100.0	7.6
Operating Income	15,543	4.6	14,384	4.6	8.1
Ordinary Income	17,317	5.1	17,177	5.5	0.8
Net Income/Loss After Tax ※	△ 966	△ 0.3	11,161	3.6	-
Net Income/Loss After Tax	△ 20,150	△ 6.0	11,161	3.6	-
Net Income/Loss Per Share	△ ¥588.29		¥320.45		

※ In accordance with the recently released Audit Committee Report No.63 "Accounting Practices, Disclosure and Audit Treatment for Various Taxes" by the Japanese Institute of Certified Public Accountants the Company reversed the "long-term suspense payments of income taxes" which is the supplementary tax assessment for 19.1 billion yen (including incidental taxes) and booked the amount as "prior fiscal year corporation taxes etc." for the current consolidated fiscal year. For the purpose of comparison the Net Income/Loss After Tax before the deduction of prior fiscal year corporation taxes est. is posted.

Financial Report for the 12-Month Period ended March 31, 2007

May 10, 2007

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

Scheduled date of Annual General Shareholders Meeting; June 21, 2007

Scheduled date of Securities Report to be filed to the Kinki Finance Bureau; June 21, 2007

Scheduled date of Commencement of annual Dividend Payment; June 6, 2007

1. Summary of Consolidated Results for the Fiscal Year Ended March 2007 (April 1, 2006 – March 31, 2007)

(1) Operating Results (Consolidated)

(% denotes year on year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Year 2006	396,712	9.9	20,766	△ 10.9	26,591	△ 3.2	△ 3,665	—
Fiscal Year 2005	360,885	△ 5.8	23,305	△ 30.1	27,461	△ 25.0	21,596	△ 16.0

	Net Income Per Share	Net Income Per Share on a Fully Diluted Basis	Net Income to Shareholders' Equity	Ordinary Income to Total Assets	Ordinary Income to Net Sales
	Yen	Yen	%	%	%
Fiscal Year 2006	△ 107.01	—	△ 1.9	9.5	5.2
Fiscal Year 2005	620.02	619.08	11.6	10.1	6.5

(Reference) Investment profit or loss recognized on equity basis

Fiscal Year ended March 31, 2007 △ 2 million yen

Fiscal Year ended March 31, 2006 135 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Million yen	Million yen	%	Yen
Fiscal Year 2006	272,811	187,361	68.5	5,484.38
Fiscal Year 2005	288,524	197,870	68.6	5,752.92

(Reference) Shareholders' Equity

Fiscal Year ended March 31, 2007 186,980 million yen

Fiscal Year ended March 31, 2006 — million yen

(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 2006	46,507	3,038	△ 26,564	83,320
Fiscal Year 2005	△ 14,195	△ 47,610	9,204	58,587

Corresponding Period	Dividend per Share		Total Dividend Payment	Pay-out Ratio (Consolidated)	Dividend to Net Assets (Consolidated)
	Year-End	Annual			
	yen	yen	Million yen	%	%
Fiscal Year 2006	55.00	55.00	1,891	8.9	1.0
Fiscal Year 2005	55.00	55.00	1,875	—	1.0
Fiscal Year 2007 (Projection)	55.00	55.00		11.7	

3 Forecast of Consolidated Results for the Full Year (April 1, 2007 - March 31, 2008)

(% denotes year on year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim Period	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

4 Other Information

(1) Changes in Consolidated Subsidiaries (Changes in Scope of Consolidation)

No Change

(2) Changes in Accounting Practices, Procedures and Presentation Methods for Consolidated Financial Results

(1) Changes arising from revision of accounting standards: Yes

(2) Changes arising from other factors: No

(3) Number of Shares Outstanding (Ordinary Shares)

(1) Number of shares outstanding (including treasury stock) as of March 31, 2007; 36,103,896 shares
as of March 31, 2006; 36,095,896 shares

(2) Number of shares of treasury stock as of March 31, 2007; 2,010,535 shares
as of March 31, 2006; 1,701,006 shares

(Reference)

1. Summary of Non-consolidated Results for the Fiscal Year Ended March 2007 (April 1, 2006 – March 31, 2007)

(1) Operating Results (Non-consolidated)

(% denotes year on year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Year 2006	336,941	7.6	15,543	8.1	17,317	0.8	△20,150	—
Fiscal Year 2005	313,194	△11.4	14,384	△24.3	17,177	△17.6	11,161	△7.0

	Net Income Per Share	Net Income Per Share on a Fully Diluted Basis
	Yen	Yen
Fiscal Year 2006	△588.29	—
Fiscal Year 2005	320.45	319.97

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Million yen	Million yen	%	Yen
Fiscal Year 2006	119,350	71,129	59.6	2,086.30
Fiscal Year 2005	141,353	100,601	71.2	2,924.89

(Reference) Shareholders' Equity

Fiscal Year ended March 31, 2007 71,129 million yen

Fiscal Year ended March 31, 2006 — million yen

(1) OPERATING RESULTS

1. Analysis of operating results

(1) Overview of operating results for the year ended March 31, 2007

With regard to the global economy during the fiscal year under review, the US economy showed a sign of slowdown due to a slump on the housing market while private spending remained strong. In Asia, the economies, especially China sustaining high growth, also grew steadily. In Europe, Germany and France showed a recovery due to an increase in exports and consumption and the United Kingdom continued to grow steadily.

The Japanese economy assumed a phase of slow recovery as capital investment expanded due to an increase in corporate earnings of the manufacturing industry, among others, and increased demand though private spending remained weak.

In our electronics industry, demand for LCD TVs and plasma TVs expanded globally. However, competition further intensified and product prices plunged sharply. Thus, manufacturers continued to be faced with a severe condition.

Under these circumstances, the Group has exerted its efforts to develop and expand sales of LCD TVs and DVD-related products, among others.

Consequently, consolidated net sales amounted to ¥396,712 million (up 9.9% from the previous fiscal year). As to profits, consolidated operating income and consolidated ordinary income amounted to ¥20,766 million (down 10.9%) and ¥26,591 million (down 3.2%), respectively. However, as the Company treated an expense of ¥19,184 million, which had been reported as "long-term suspense payment of tax", as "prior fiscal year corporation taxes, etc.", the Company incurred a consolidated net loss of ¥3,665 million.

The business of the Group focuses on the manufacture and sale of electric appliances and hence, no classification of divisions of business is available. The following are sales by product:

Audiovisual equipment:

Sales of VCRs and cathode ray tube TVs decreased due to the market contraction. On the other hand, sales of LCD TVs and DVD-related products increased due to global demand expansion. Thus, net sales of audiovisual equipment amounted to ¥276,911 million (up 17.6% from the previous fiscal year).

Information equipment:

Sales of digital still cameras almost stopped increasing, while sales of printers decreased due to intensifying competition. As a result, net sales of information equipment amounted to ¥93,296 million (down 2.8% from the previous fiscal year).

Others:

Net sales of others amounted to ¥26,503 million (down 10.1% from the previous fiscal year) as sales of electronic equipment related to receivers decreased.

(2) Outlook for the next fiscal year

To forecast the business conditions during the next fiscal year, the world economy is expected to be confronted with unforeseeable factors as there is concern that the US economy might decelerate.

The Group is expected to continue to remain in difficult conditions, including a decline in product prices due to intensifying competition. However, the Group intends to exert its efforts to expand sales of LCD TVs and DVD-related products, among others.

The Company also intends to utilize its well-established technologies and its unique productivity improvement system, Funai Production System (FPS), and promote strategic tie-ups, to further improve efficiencies and increase earnings.

The following is an outlook for the operating results for the year ending March 31, 2008:

Consolidated operating results

		<u>Comparison with the previous fiscal year</u>
Net sales	¥420.0 billion	+ 5.9%
Operating income	¥22.0 billion	+ 5.9%
Ordinary income	¥26.5 billion	- 0.3%
Net income	¥16.0 billion	-

In the outlook for the operating results, the exchange rate is estimated at \$1=¥115.00. Additionally, the outlook is made based on information available at the present time and involves risks and uncertainties. Actual results may differ from those mentioned above as a result of various factors, including changes in the economic conditions in the United States (our major market) and elsewhere overseas and abrupt fluctuations in product prices.

(Change of the balance sheet dates of consolidated subsidiaries)

To keep track of the Group's operating results more accurately, the Company will change the balance sheet dates (December 31 of each year) of its major consolidated subsidiaries to conform to the balance sheet date (March 31 of each year) of the Company, their parent company, as from the fiscal year ending March 31, 2008.

The major consolidated subsidiaries that will change their balance sheet dates are FUNAI CORPORATION, INC. and four others.

Consequently, the statements of income of the subsidiaries that will change their balance sheet dates will cover the period of 12 months from April 1, 2007 to March 31, 2008 and their income and loss for the period of three months from January 1, 2007 to March 31,

2007 will be treated as changes in retained earnings in the consolidated statement of changes in shareholders' equity, etc.

2. Analysis of financial condition

In terms of cash flows on a consolidated basis for the fiscal year under review, cash flows from operating activities, cash flows from investing activities and cash flows from financing activities resulted in income of ¥46,507 million, income of ¥3,038 million and payments of ¥26,564 million, respectively. As a result, cash and cash equivalents at the end of the year amounted to ¥83,320 million.

The trends of the indices of cash flows of the Group are as follows:

	Year ended March 31, 2003 (from April 1, 2002 to March 31, 2003)	Year ended March 31, 2004 (from April 1, 2003 to March 31, 2004)	Year ended March 31, 2005 (from April 1, 2004 to March 31, 2005)	Year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)	Year ended March 31, 2007 (from April 1, 2006 to March 31, 2007)
Ratio of shareholders' equity (%):	65.3	67.1	68.2	68.6	68.5
Ratio of shareholders' equity on a market value basis (%):	232.4	238.6	183.1	138.8	140.6
Ratio of interest-bearing debt to cash flows:	0.2	0.3	0.5	-	0.3
Interest coverage ratio:	84.9	128.9	63.8	-	38.7

Ratio of shareholders' equity: Shareholders' equity/Total assets

Ratio of shareholders' equity on a market value basis: Aggregate market value of listed stock/Total assets

Ratio of interest-bearing debt to cash flows: Interest-bearing debt/Cash provided by operating activities

Interest coverage ratio: Cash provided by operating activities/Interest payments

- * Each of the indices is calculated based on financial data on a consolidated basis.
- * The aggregate market value of listed stock is calculated based on the closing stock price at the end of each fiscal year multiplied by the total number of shares outstanding at the end of each fiscal year.
- * As cash provided by operating activities, cash flows from operating activities in the consolidated statement of cash flows are used. Interest-bearing debt covers all debt with interest being paid which is stated in the balance sheet. As interest payments, interest paid in the consolidated statement of cash flows is used.
- * For the year ended March 31, 2006, the descriptions of the ratio of interest-bearing debt to cash flows and the interest coverage ratio are omitted as the cash provided by operating activities was negative.

3. Fundamental dividend policy and the dividends for the fiscal year under review and the next fiscal year

The Company recognizes the paying out of earnings to its shareholders as one of the most important missions of management and attaches basic importance to strengthening its operating base and maintaining a constant payment of dividends. In concrete terms, the Company will implement its dividend policy positively, based on the dividend rate of 1% for net assets on a consolidated basis, while taking into consideration the business conditions and other factors. With regard to internal reserves, the Company intends to apply them as funds for securing constant distribution of profit to the shareholders in the future and middle- and long-term business development to further improve its corporate strength.

The Company, at the meeting of its Board of Directors held on June 5, 2006, resolved that the Company would acquire its own shares of common stock, not exceeding 400,000 shares, for not exceeding ¥5,000,000,000 to allow management to carry out capital policies with agility in response to changing business conditions. Accordingly, the Company acquired 309,400 shares of common stock for ¥3,121,000,000 by March 31, 2007, the final acquisition date therefor. As a result, the Company held 2,010,535 shares of treasury stock as of March 31, 2007.

With regard to the payment of dividends, the Company plans to pay year-end dividends (once a year).

4. Risk factors in business

No material change has occurred in the descriptions of risk factors in the most recent securities report (filed on June 22, 2006). Hence, disclosure thereof is omitted herein.

(2) STATE OF CORPORATE GROUP

No material change has occurred in the descriptions of the "business chart (content of business)" and the "state of the related companies" in the most recent securities report (filed on June 22, 2006). Hence, disclosure thereof is omitted herein.

(3) BUSINESS POLICY

1. Fundamental management policy of the Company

Consistent with its corporate principles of "Supply Better Products", "Gain Unshaken Confidence" and "Attain More Fruitful Mutual Prosperity", the Company pursues business activities based on the fundamental policy of establishing steadfast confidence and allowing all of the people related with the Company to prosper mutually by establishing the most efficient development, manufacturing and marketing systems and ensuring stable supplies of high-quality and reasonably-priced products to the world market.

2. Target management index

As the management index of the Group, the Company places the greatest importance on the ratio of operating income on net sales. The Company has set no specific numerical target as the environment surrounding the digital consumer electronics industry is changing rapidly. However, the whole Group has exerted its efforts to increase the ratio of operating income on net sales.

3. Action assignments and the long- and medium-term management strategy

In our electronics industry, the prevalence of digital products has created new user needs and product-life cycles are becoming shorter and shorter. Hence, it has become more important to accelerate product development. Additionally, Chinese and other Asian manufacturers have assumed greater prominence and consequently, price competition is intensifying.

Under these environments, the Company has clarified the action assignments of the Group and took measures during the fiscal year under review, as described below:

- i) Aggressive development of digital products and the strengthening of the system therefor

For the purpose of aggressive business development in the digital product area, the Group has broken into the market of DVD recorders (in cooperation with Mitsubishi Electric Corporation) and the market of digital still cameras (in collaboration with Eastman Kodak Company of the United States). The Group has also entered into a comprehensive business alliance with Thomson Group, including the exclusive license of certain patents and joint development in the digital television area.

In addition, to enhance elemental technology with a promising outlook for the future, the Company has entered into an agreement with Kyoto University to jointly build a system of next-generation optical discs and a comprehensive industry-university cooperation agreement on research and development of digital products with the University of Electro-Communications.

During the fiscal year under review, the alliance in the LCD TV area with the Chi Mei Group in Taiwan allowed a stable supply of liquid crystal panels and the Group

launched TVs of 15 in. to 37 in. sizes in the Japanese and overseas markets.

The Company will continue its efforts to develop products in the digital product area, among others and strengthen its system therefor, through enhancement of its technologies by alliances with other companies and industry-university cooperation, as well as mergers and acquisitions, as the case may be.

ii) Country risk aversion

Net sales of the Group derive from overseas markets at a very high rate. Specifically, net sales derived from the North American market accounted for 69.8% of the total net sales of the Group for the fiscal year under review. Hence, if the economy in North America goes into a major recession, the financial position and operating results of the Group may be affected. To avert such risks, Funai Europe GmbH, a sales subsidiary of the Company in Europe, established a branch in Paris in July 2006, in addition to the branches in London and Warsaw, to expand the Group's sales network.

In Japan, the Company strengthened the marketing structure of DX ANTENNA Co., Ltd., a subsidiary of the Company and also in July 2006, commenced sales of "Funai" brand LCD TVs jointly with Yamada Electric Co., Ltd., the largest mass retailer of consumer electronics appliances in Japan, whereby breaking into the Japanese market. In addition, the Company is planning to develop new markets in India and Russia, among others, which are expected to expand in the future.

With regard to manufacturing, the Group has integrated its manufacturing in optimal places and made purchases in large quantities and en masse to enhance the price competitiveness of its products. Its manufacturing sites are located in China, Malaysia and Thailand and its overseas manufacturing rate was 99.4% for the fiscal year under review; its manufacturing rate in China was 81.0%. Hence, in the event of any change of the political system, change of law and taxation, emergence of a dispute, natural calamity, epidemic or any other contingency in China, the financial position and operating results of the Group may be affected. To avert such risks and materialize manufacturing in optimal places, the Company incorporated a manufacturing subsidiary FUNAI ELECTRIC (POLSKA) Sp.zo.o., as a product supply base for the European market, in Poland (City of Nova Sol, Lubusz Voivodeship) in October 2006. The subsidiary is expected to commence manufacturing of LCD TVs in July 2007.

iii) Maintenance of competitiveness

To maintain competitiveness of the Group, the Group has exerted its efforts to promote internal production of components, bolster its purchasing power and further promote cost reductions by utilizing its unique productivity improvement system, or Funai Production System (FPS). In addition, it is another key issue for the Group to strengthen ties with leading distributors in globally dominating positions and OEM customers and forge optimal marketing mix for proposal-style marketing by building its own brand.

iv) Commitment to environmental protection

The Group recognizes commitment to global environmental protection as another important management challenge. The Company has established an environment section at its head office and committed itself to environmental protection. The Company has also focused its efforts on acquiring the approval of ISO14001, an international environment management standard. The Dong Guan Plant (Guang Dong, China), a consignee of the Company, and its business sites in and outside of Japan have acquired such approval. The Company plans to acquire the approval for its business sites in the future. Based on these efforts, the Group will continue its business activities in environmentally-sensitive ways.

v) Supplementary tax assessment based on application of tax system for dealing with tax havens

On June 28, 2005, the Company received notice of supplementary tax assessment from the Osaka Regional Taxation Bureau of aggregate taxation on the profits of the subsidiaries (consolidated subsidiaries) in Hong Kong for the three fiscal years ended March 31, 2002 through March 31, 2004 recognized as income of the Company, as the subsidiaries in Hong Kong did not satisfy the conditions for exclusion from the application of the tax system for dealing with tax havens.

The additional tax payment amount was estimated at ¥16,651 million (¥19,184 million including incidental taxes), including corporate income taxes, inhabitant taxes and enterprise taxes.

The Company considered the assessment to be improper and on August 24, 2005, filed with the authorities an objection to the supplementary tax assessment. However, on June 27, 2006, the Commissioner of the Osaka Regional Taxation Bureau rendered a decision to dismiss the Company's objection. The Company, which considered the reasons for the dismissal to be unacceptable, filed a request for examination thereof with the Osaka Regional National Tax Tribunal on July 25, 2006.

The examination so requested by the Company is still pending. However, three months had passed since the Company filed the request and the Company became eligible to file a revocation lawsuit. Accordingly, on November 16, 2006, the Company filed a lawsuit requesting the revocation of the supplementary tax assessment with the Osaka District Court. Hence, both the examination and the lawsuit are concurrently under way. The Company will continue to assert the correctness of its position in the future.

(4) CONSOLIDATED FINANCIAL STATEMENT

1. Balance sheets

(Mil. Yen)

	Fiscal year ended March 31,2007		Fiscal year ended March 31,2006		Amount of increase or decrease
	Amount	%	Amount	%	
ASSETS;					
Current Assets:	178,771	65.5	150,286	52.1	28,484
Cash and Deposits	83,598		58,592		
Trade Notes and Trade Accounts Receivable	49,024		49,415		
Inventories	35,045		34,453		
Deferred Tax Assets	3,173		2,927		
Others	8,501		5,491		
Allowance for Doubtful Receivables	△ 570		△ 594		
Fixed Assets:	94,039	34.5	138,237	47.9	△ 44,197
Tangible Fixed Assets	17,953	6.6	19,399	6.7	△ 1,446
Buildings and Structures	5,503		5,984		
Machinery, Equipment and Motor Vehicles	2,817		4,078		
Tools, Furniture and Fixtures	4,075		4,222		
Lands	5,259		5,068		
Others	296		46		
Intangible Fixed Assets	6,061	2.2	7,257	2.5	△ 1,195
Patent Right	5,216		6,137		
Others	845		1,120		
Investment and Other Assets	70,024	25.7	111,580	38.7	△ 41,555
Investment Securities	19,116		42,681		
Long-Term Loans Receivable	48,089		47,199		
Long-Term Temporary Payment of Tax	—		19,184		
Deferred Tax Assets	126		136		
Others	3,580		3,235		
Allowance for Doubtful Receivables	△ 888		△ 857		
TOTAL ASSETS	272,811	100.0	288,524	100.0	△ 15,712

(Mil. Yen)

	Fiscal year ended March 31,2007		Fiscal year ended March 31,2006		Amount of increase or decrease
	Amount	%	Amount	%	
LIABILITIES;					
Current Liabilities:	74,745	27.4	76,495	26.5	△ 1,750
Trade Notes and Trade Accounts Payable	48,757		32,124		
Short-Term Loans Payable	9,018		29,348		
Accounts Payable	9,729		9,080		
Accrued Corporate Taxes, etc.	3,657		2,566		
Reserve for Products Guarantee	320		312		
Others	3,261		3,063		
Long-Term Liabilities:	10,703	3.9	13,823	4.8	△ 3,120
Long-Term Loans Payable	4,593		5,317		
Deferred Tax Liabilities	2,773		4,805		
Reserve for Retirement Benefits	1,697		1,847		
Allowance for Officers' Retirement Gratuities	972		907		
Others	666		946		
TOTAL LIABILITIES	85,449	31.3	90,319	31.3	△ 4,870
Minority Interests:					
Minority Interests	—	—	333	0.1	—
SHAREHOLDERS' EQUITY:					
Common Stock	—	—	31,240	10.8	—
Additional Paid-in Capital	—	—	33,205	11.5	—
Retained Earnings	—	—	145,029	50.3	—
Net Unrealized Holding Gains on Other Securities	—	—	8,504	3.0	—
Foreign Exchange Translation Adjustment	—	—	1,104	0.4	—
Treasury Stock	—	—	△ 21,214	△ 7.4	—
TOTAL SHAREHOLDERS' EQUITY	—	—	197,870	68.6	—
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	—	—	288,524	100.0	—

(Mil. Yen)

	Fiscal year ended March 31,2007		Fiscal year ended March 31,2006		Amount of increase or decrease
	Amount	%	Amount	%	
NET ASSET VALUE:					
Shareholders' Equity	179,654	65.8	—	—	—
Common Stock	31,278	11.4	—	—	—
Additional Paid-in Capital	33,243	12.2	—	—	—
Retained Earnings	139,468	51.1	—	—	—
Treasury Stock	△ 24,336	△ 8.9	—	—	—
Net Unrealized Holdings and Translation Gains	7,326	2.7	—	—	—
Net Unrealized Holding Gains on Other Securities	4,038	1.5	—	—	—
Foreign Exchange Translation Adjustment	3,287	1.2	—	—	—
Minority Interests	380	0.2	—	—	—
Total Net Asset Value	187,361	68.7	—	—	—
Total Liabilities and Net Asset Value	272,811	100.0	—	—	—

2. Statement of income

(Mil. Yen)

	Fiscal year ended March 31, 2007		Fiscal year ended March 31, 2006		Amount / Rate of increase or decrease	
	(from April 1, 2006 to March 31, 2007)		(from April 1, 2005 to March 31, 2006)			
	Amount	%	Amount	%	Amount	%
Net Sales	396,712	100.0	360,885	100.0	35,826	9.9
Cost of Sales	328,545	82.8	294,032	81.5	34,512	11.7
Selling, General and Administrative Expenses	47,400	12.0	43,547	12.0	3,852	8.8
Operating Income	20,766	5.2	23,305	6.5	△ 2,538	△ 10.9
Non-Operating Income:						
Interest Income	4,654		3,042			
Investment Profit on Equity Method	—		135			
Exchange Gain	2,376		1,658			
Others	292		468			
Non-Operating Income	7,324	1.9	5,304	1.4	2,020	38.1
Non-Operating Expenses:						
Interest Expenses	1,193		875			
Investment Loss on Equity Method	2		—			
Others	302		273			
Non-Operating Expenses	1,499	0.4	1,148	0.3	351	30.6
Ordinary Income	26,591	6.7	27,461	7.6	△ 869	△ 3.2
Extraordinary Income						
Gains from Sales of Fixed Assets	8		66			
Return of the Entrusted Portion of the Employee Pension Fund	—		3,056			
Others	139		294			
Extraordinary Income	147	0.0	3,417	1.0	△ 3,270	△ 95.7
Extraordinary Losses						
Losses on Sales and Disposal of Fixed Assets	46		220			
Estimated Loss in Value of Securities	776		455			
Liquidation Loss of Affiliated Company	2,456		—			
Others	706		783			
Extraordinary Losses	3,986	1.0	1,459	0.4	2,527	173.2
Income before Income Taxes	22,752	5.7	29,420	8.2	△ 6,667	△ 22.7
Corporate Income Taxes, Inhabitant Taxes and Enterprise Taxes	6,365	1.6	5,351	1.5		
Prior Fiscal Year Corporation Taxes, etc.	19,184	4.8	—	—		
Income Tax Adjustments	823	0.2	2,420	0.7		
Minority Shareholder's Interests	44	0.0	52	0.0		
Net Income after Tax	△ 3,665	△ 0.9	21,596	6.0	△ 25,261	—

3. Consolidated statement of shareholders' equity, etc. and consolidated surplus statement

Consolidated statement of changes in shareholders' equity, etc.

Fiscal year ended March 31, 2007 (April 1, 2006 through March 31, 2007) (million yen)

Items	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	31,240	33,205	145,029	(21,214)	188,261
Changes during the year					
Issuance of new shares	38	38			76
Distribution of retained earnings (Note)			(1,891)		(1,891)
Net loss after tax			(3,665)		(3,665)
Acquisition of treasury stock				(3,122)	(3,122)
Decrease due to decrease of consolidated subsidiaries			(4)		(4)
Changes in items other than shareholders' equity during the year - net					
Total change during the year	38	38	(5,561)	(3,122)	(8,607)
Balance as of March 31, 2007	31,278	33,243	139,468	(24,336)	179,654

Items	Net unrealized holdings and translation gains		Minority interests	Total net asset value
	Net unrealized holding gains on other securities	Foreign exchange translation adjustment		
Balance as of March 31, 2006	8,504	1,104	333	198,204
Changes during the year				
Issuance of new shares				76
Distribution of retained earnings (Note)				(1,891)
Net loss after tax				(3,665)
Acquisition of treasury stock				(3,122)
Decrease due to decrease of consolidated subsidiaries				(4)
Changes in items other than shareholders' equity during the year - net	(4,465)	2,182	47	(2,235)
Total change during the year	(4,465)	2,182	47	(10,842)
Balance as of March 31, 2007	4,038	3,287	380	187,361

(Note) Item for the appropriation of retained earnings at the meeting of the Board of Directors of the Company held in May 2006

Consolidated statement of retained earnings

(million yen)

	Fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)
(Additional paid-in capital)	
Balance of additional paid-in capital at beginning of the year	33,083
Increase in additional paid-in capital	121
Issuance of new shares upon exercise of stock acquisition rights	121
Balance of additional paid-in capital at end of the year	33,205
(Retained earnings)	
Balance of retained earnings at beginning of the year	125,246
Increase in retained earnings	21,596
Net income	21,596
Decrease in retained earnings	1,812
Cash dividends	1,768
Officers' bonuses	44
Balance of retained earnings at end of the year	145,029

4. Consolidated statements of cash flows

(million yen)

	Fiscal year ended March 31, 2007 (from April 1, 2006 to March 31, 2007)	Fiscal year ended March 31, 2006 (from April 1, 2005 to March 31, 2006)	Increase or decrease
I. Cash flows from operating activities			
Net income before income taxes, etc.	22,752	29,420	
Depreciation	8,204	8,172	
Increase (decrease) in allowance for doubtful receivables	(43)	190	
Increase (decrease) in reserve for retirement benefits	(149)	48	
Interest and dividend income	(4,764)	(3,310)	
Interest expense	1,193	875	
(Gain) loss from equity method investments	2	(135)	
(Gain) loss from sale of tangible fixed assets	(8)	(16)	
Valuation loss of investment securities	776	455	
Gain from return of the substitutional portion of the employees' pension fund liabilities	-	(3,056)	
Loss from disposition of associated companies	2,456	-	
Decrease in trade accounts receivable	2,472	1,119	
(Increase) decrease in inventories	545	(4,098)	
Increase (decrease) in trade accounts payable	14,129	(11,550)	
Others	(675)	(3,159)	
Subtotal	46,893	14,953	31,939
Interest and dividends received	5,372	3,228	
Interest paid	(1,202)	(865)	
Income taxes refunded (paid)	(4,555)	(12,327)	
Long-term suspense tax payment	-	(19,184)	
Cash flows from operating activities	46,507	(14,195)	60,703
II. Cash flows from investing activities			
Sale of securities	273	692	
Acquisition of tangible fixed assets	(5,583)	(3,954)	
Sale of tangible fixed assets	204	662	
Acquisition of intangible fixed assets	(445)	(2,368)	
Acquisition of investment securities	(773)	(871)	
Sale of investment securities	10,259	4,438	
Making of loans	(580)	(47,008)	
Collection of loans	42	163	
Others	(359)	635	
Cash flows from investing activities	3,038	(47,610)	50,649
III. Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	(20,895)	23,803	
Repayment of long-term loans payable	(724)	(724)	
Proceeds from issuance of shares	76	243	
Acquisition of its own shares	(3,122)	(12,342)	
Cash dividends paid	(1,891)	(1,768)	
Others	(6)	(8)	
Cash flows from financing activities	(26,564)	9,204	(35,768)
IV. Translation gain/loss related to cash and cash equivalents	1,750	10,033	(8,282)
V. Net increase (decrease) in cash and cash equivalents	24,733	(42,568)	67,301
VI. Cash and cash equivalents at beginning of the year	58,587	101,156	(42,568)
VII. Decrease in cash and cash equivalents due to exclusion from consolidation	(0)	-	(0)
VIII. Cash and cash equivalents at end of the year	83,320	58,587	24,732

(5) NON-CONSOLIDATED FINANCIAL STATEMENT

1. Balance sheets

(million yen)					
	Fiscal year ended March 31, 2007 (As of March 31, 2007)		Fiscal year ended March 31, 2006 (As of March 31, 2006)		Increase or decrease
		%		%	
ASSETS:					
Current assets:	68,288	57.2	47,603	33.7	20,684
Cash and deposits	17,677		8,700		
Trade notes receivable	159		922		
Trade accounts receivable	43,498		33,703		
Inventories	1,880		1,128		
Deferred tax assets	1,273		1,016		
Other current assets	3,901		2,164		
Allowance for doubtful receivables	(102)		(31)		
Fixed assets:	51,061	42.8	93,749	66.3	(42,687)
Tangible fixed assets:	9,160	7.7	9,167	6.5	(6)
Buildings and structures	3,615		3,868		
Machinery, equipment and fixtures	1,187		1,245		
Lands	4,086		3,982		
Other fixed assets	271		70		
Intangible fixed assets:	5,746	4.8	6,825	4.8	(1,079)
Patents	5,216		6,137		
Other intangible fixed assets	529		688		
Investments and other assets:	36,154	30.3	77,755	55.0	(41,601)
Investment securities	16,085		36,006		
Capital stock and investments in shares of associated companies	16,507		20,096		
Long-term loans receivable	9,987		3,444		
Long-term suspense tax payment	-		19,184		
Other investments and other assets	2,547		2,187		
Allowance for doubtful receivables	(8,972)		(3,163)		
TOTAL ASSETS	119,350	100.0	141,353	100.0	(22,003)

2. Statements of income

(million yen)

	Fiscal year ended March 31, 2007 (As of March 31, 2007)		Fiscal year ended March 31, 2006 (As of March 31, 2006)		Increase or Decrease	
		%		%		%
Net sales	336,941	100.0	313,194	100.0	23,747	7.6
Cost of sales	296,312	87.9	274,754	87.7	21,558	7.8
Selling, general and administrative expenses	25,085	7.5	24,055	7.7	1,030	4.3
Operating income	15,543	4.6	14,384	4.6	1,159	8.1
Non-operating income						
Interest and dividend income	785		627			
Exchange gain	1,011		2,173			
Others	129		126			
Non-operating income	1,927	0.5	2,927	0.9	(1,000)	(34.2)
Non-operating expenses						
Others	153		134			
Non-operating expenses	153	0.0	134	0.0	18	13.8
Ordinary income	17,317	5.1	17,177	5.5	140	0.8
<u>Extraordinary income:</u>						
Return of the entrusted portion of employees' pension fund	-		2,986			
Others	23		178			
Extraordinary income	23	0.0	3,164	1.0	(3,141)	(99.3)
<u>Extraordinary losses:</u>						
Loss from disposal of fixed assets	17		151			
Transfer to allowance for doubtful receivables from associated companies	5,802		421			
Valuation loss of investment securities	746		396			
Valuation loss of investments in shares of associated companies	2,789		-			
Liquidation loss of associated company	2,992		-			
Others	193		475			
Extraordinary losses	12,540	3.7	1,444	0.5	11,095	767.9
Income before income taxes	4,799	1.4	18,897	6.0	(14,097)	(74.6)
Corporate income taxes, inhabitant taxes and enterprise taxes	4,729	1.4	4,435	1.4		
Prior fiscal year corporate taxes, etc.	19,184	5.7	-	-		
Income tax adjustments	1,035	0.3	3,300	1.0		
Net income for the year	(20,150)	(6.0)	11,161	3.6	(31,312)	-
Unappropriated retained earnings brought forward from the previous year	-		2,512			
Unappropriated retained earnings for the year	-		13,674			

(million yen)

	Fiscal year ended March 31, 2007 (As of March 31, 2007)		Fiscal year ended March 31, 2006 (As of March 31, 2006)		Increase or Decrease
		%		%	
LIABILITIES:					
Current liabilities:	43,829	36.7	34,176	24.2	9,653
Trade accounts payable	33,425		26,252		
Other accounts payable	5,030		4,316		
Unpaid corporate tax, etc.	3,285		1,608		
Other current liabilities	2,088		1,999		
Long-term liabilities:	4,391	3.7	6,575	4.6	(2,184)
Deferred tax liabilities	2,563		4,279		
Reserve for employee retirement benefits	641		859		
Accrued officers' retirement benefits	972		907		
Other long-term liabilities	213		528		
TOTAL LIABILITIES	48,220	40.4	40,751	28.8	7,469
SHAREHOLDERS' EQUITY					
Common stock:	-	-	31,240	22.1	-
Additional paid-in capital	-	-	33,205	23.5	-
Capital reserve	-	-	32,766		
Other additional paid-in capital	-	-	438		
Retained earnings:	-	-	49,020	34.7	-
Earned surplus reserve	-	-	209		
Voluntary reserve	-	-	35,136		
Unappropriated retained earnings for the year	-	-	13,674		
Other valuation differences of securities	-	-	8,348	5.9	-
Treasury stock	-	-	(21,214)	(15.0)	-
TOTAL SHAREHOLDERS' EQUITY	-	-	100,601	71.2	-
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	-	-	141,353	100.0	-
NET ASSETS					
Shareholders' equity	67,164	56.3	-	-	-
Common stock	31,278	26.2	-	-	-
Additional paid-in capital	33,243	27.9	-	-	-
Capital reserve	32,805		-	-	-
Other additional paid-in capital	438		-	-	-
Retained earnings	26,978	22.6	-	-	-
Earned surplus reserve	209		-	-	-
Other retained earnings	26,768		-	-	-
Reserve for deferred income tax on fixed assets	542		-	-	-
General reserve	43,400		-	-	-
Retained earnings brought forward from the previous year	(17,174)		-	-	-
Treasury stock	(24,336)	(20.4)	-	-	-
Net unrealized holdings and translation gains	3,965	3.3	-	-	-
Net unrealized holding gains on other securities	3,965	3.3	-	-	-
TOTAL NET ASSETS	71,129	59.6	-	-	-
TOTAL LIABILITIES AND NET ASSETS	119,350	100.0	-	-	-

3. Statement of shareholders' equity, etc. and statement of appropriation of retained earnings
Statement of shareholders' equity, etc.

Items	Shareholders' equity										Net unrealized holdings and translation gains		Total net assets
	Common stock	Additional paid-in capital		Earned surplus reserve	Retained earnings			Treasury stock	Total shareholders' equity	Net unrealized holding gains on other securities	Total		
		Capital reserve	Other additional paid-in capital		Reserve for deferred income tax on fixed assets	General reserve	Retained earnings brought forward from the previous year						
Balance as of March 31, 2006	31,240	32,766	438	209	586	34,550	13,674	(21,214)	92,252	8,348	100,601		
Changes during the year													
Issuance of new shares	38	38							76		76		
Reversal of reserve for deferred income tax on fixed assets (Note)					(21)		21						
Reversal of reserve for deferred income tax on fixed assets					(21)		21						
General reserve (Note)						8,850	(8,850)						
Distribution of retained earnings (Note)							(1,891)		(1,891)		(1,891)		
Net loss							(20,150)		(20,150)		(20,150)		
Acquisition of treasury stock								(3,122)	(3,122)		(3,122)		
Changes in items other than shareholders' equity during the year - net										(4,383)	(4,383)		
Total changes during the year	38	38	-	-	(43)	8,850	(30,848)	(3,122)	(25,088)	(4,383)	(29,472)		
Balance as of March 31, 2007	31,278	32,805	438	209	542	43,400	(17,174)	(24,336)	67,164	3,965	71,129		

(Note) Item for the appropriation of retained earnings at the meeting of the Board of Directors held in May 2006

Statement of appropriation of retained earnings

(million yen)

	Fiscal year ended March 31, 2006 (From April 1, 2005 to March 31, 2006)
Unappropriated retained earnings for the year	13,674
Reversal of reserve for deferred income tax on fixed assets	21
Total	13,696
Appropriation of retained earnings	
Dividends	1,891 ¥55.00 per share [ordinary dividend: ¥55.00]
General reserve	8,850
Unappropriated retained earnings carried forward	2,954

- END -

(Excerpt translation)

Press Release

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FUNAI

2007 JUL 10 A 10:44

April 26, 2007

Dear Sirs:

THE BOARD OF INTERNATIONAL
CORPORATE FINANCE

FUNAI ELECTRIC CO., LTD.

Name of the Representative: Tetsuro Funai
President and CEO(Code No. 6839; The 1st Sections of the Tokyo Stock
Exchange and the Osaka Securities Exchange)Person to contact: Naoyuki Takanaka
IR/Public Relations
(Tel: 81-72-870-4395)**Notice Concerning the Revised Forecast of the Full-Year Results**

Funai Electric Co., Ltd. is revising the results forecast announced along with the results announcement for the 3rd quarter period ending February 5, 2007 as follows:

Description

Revised Forecasted Results (April 1, 2006 - March 31, 2007)

(Consolidated)

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	(Pre-deduction of prior fiscal year corporation taxes etc.) Current Period Net Income *	(Post-deduction of prior fiscal year corporation taxes etc.) Current Period Net Income
Previously Announced Forecast(A)	395,000	25,800	31,000	17,400	17,400
Revised Forecast(B)	396,700	20,700	26,500	15,500	(-) 3,600
Increased / Decreased Amount (B-A)	1,700	(-) 5,100	(-) 4,500	(-) 1,900	(-) 21,000
Rate of Increase/ Decrease (%)	0.4	(-) 19.8	(-) 14.5	(-) 10.9	-
(Reference) Results from Previous Period(Ended March 31, 2006)	360,885	23,305	27,461	-	21,596

Reasons for the Revisions of Consolidated Results Forecast

Net sales of information equipment and video equipment have both risen steadily, ending slightly higher than planned. On the other hand, the decrease in the market price of LCD televisions in the European market was greater than previously anticipated. Although Funai Electric's sales subsidiary in Europe, Funai Europe, considered writing down the expected 4th quarter 3.4 billion yen loss in inventory valuation as a special loss, the decision was eventually made to appropriate this loss as an operating expense. Operating income fell greatly as a result of 7.5 billion yen in operating losses during the entire year, including the appropriation of the above loss. These results also reflect a decrease in January-March 2007 Funai Electric shipments to the United States.

Regarding the additional tax of 19.1 billion yen (including incidental taxes) previously announced on April 9, 2007 resulting from the application of the Taxation Act Concerning Tax Havens, the Japanese Institute of Certified Public Accountants (Auditing and Assurance Practice Committee) announced a revision of Auditing and Assurance Practice Committee Report No. 63 "Accounting Practices, Disclosure and Audit Treatment for Various Taxes" on March 8, 2007 clarifying the procedure by which to, as a rule, account for supplementary tax assessments during the business fiscal year in which they were levied. After repeated consultations with the MISUZU Auditing Corporation regarding this clarification, the decision was made to reverse the "long-term suspense payments of income taxes" in accordance with the recently announced Committee Report No. 63, and dispose of the amount during the current fiscal year as "prior fiscal year corporation taxes etc.". The result of this handling was a current period net loss.

(Non-Consolidated)

(Millions of yen)

	Net Sales	Operating Income	Ordinary Income	(Pre-deduction of prior fiscal year corporation taxes etc.) Current Period Net Income *	(Post-deduction of prior fiscal year corporation taxes etc.) Current Period Net Income
Previously Announced Forecast (A)	352,500	17,100	17,000	8,400	8,400
Revised Forecast (B)	336,900	15,500	17,300	(-) 1,000	(-) 20,100
Increased / Decreased Amount (B-A)	(-) 15,600	(-) 1,600	300	(-) 9,400	(-) 28,500
Rate of Increase/ Decrease (%)	(-) 4.4	(-) 9.4	1.7	-	-
(Reference) Results from Previous Period (Ended March 31, 2006)	313,194	14,384	17,177	-	11,161

Reasons for the Revisions of Non-Consolidated Results Forecast

The fall in January-March 2007 shipments to the United States were the primary reason for the decreases in net sales and operating income. Regarding the current period net income, in accordance with the worsened financial state, including large losses, of Funai Electric's sales subsidiary Funai Europe, and as a result of the establishment of an allowance for doubtful accounts totaling 5.8 billion yen with regard to a portion of Funai Europe's debts and the appropriation as a loss of 2.7 billion yen in investments, 8.5 billion yen was appropriated as special losses. Additionally, as outlined in the reasons for the revision in the consolidated results forecasts, an additional tax of 19.1 billion yen (including incidental taxes) resulting from the application of the Taxation Act Concerning Tax Havens was reversed from "long-term suspense payments of income taxes" and disposed of as "prior fiscal year corporation taxes etc." during the current fiscal year, resulting in a net loss for the current term.

However, the accounting treatment of these assessments does not have any relationship to the Company's policy concerning the complaint for rescission of the supplementary tax order currently being heard by the court, and the Company will continue to assert the correctness of its position via lawsuit or other means in the future.

Additionally, an end to the falling market prices in the European market is now in sight, and the Company's policy is to secure reasonable income while also promoting an expanding sales strategy.

(Note) The aforementioned estimates are forward-looking statements about the future performance of Funai Electric Co., Ltd. and are based on management's assumptions and beliefs in light of information currently available, and involve known and unknown risks and uncertainties. Various factors such as a change in economic conditions overseas (especially changes in the main US market) and sever price fluctuations may cause actual events and results to differ materially from those anticipated in these statements.

* Based upon Auditing and Assurance Practice Committee Report No. 63 "Accounting Practices, Disclosure and Audit Treatment for Various Taxes" the supplemental tax assessments have been reversed from "long-term suspense payments of income taxes" and disposed of as "prior fiscal year corporation taxes etc." in the current fiscal year. However, "Current Period Net Income" is displayed according to the previous method.

- END -

April 9, 2007

To Whom It May Concern:

Funai Electric Co., Ltd.

Representative: Tetsuro Funai, President and CEO
(Code No.: 6839 1st section of TSE/OSE)

Inquires: Naoyuki Takanaka
Investor / Public Relations Department
(Tel: 81-72-870-4395)

Notice Concerning Accounting Treatment of Supplementary Tax

Assessment Amount

The Funai Electric Co., Ltd. group has carried out its business activities overseas by utilizing its global logistics hub in Hong Kong. On June 28, 2005, the Osaka Regional Taxation Bureau ordered the imposition of a supplementary tax assessment against Funai Electric Co., Ltd. (the "Company"), allegedly pursuant to the provisions of the Special Taxation Act Concerning Tax Havens. The assessment amounted to 19.1 billion yen (including incidental taxes) covering the business activities of the Company's subsidiaries in Hong Kong during the past three years. Considering this tax order to be an unreasonable tax assessment it cannot accept, the Company followed the procedures to file a petition of its objections, and currently is seeking to overturn the supplementary tax assessment order in the Osaka District Court. Because the Company believes its tax handling will be identified as clearly proper during the court's hearing of the case, and believes the court will rule in the Company's favor, the Company has accounted for these additional taxes as "long-term suspense payments of income taxes" on its consolidated balance sheet since the interim accounting period ended September 30, 2005. This accounting treatment has received an audit report of unqualified opinion from MISUZU Audit Corporation (formerly Chuo Aoyama Price Waterhouse Coopers), the Company's independent auditors.

In an action pertinent to this accounting treatment, on March 8, 2007 The Japanese Institute of Certified Public Accountants (Auditing and Assurance Practice Committee) issued Audit Committee Report No. 63 "Accounting Practices, Disclosure and Audit Treatment for Various Taxes." The Report clarified the procedure for, as a rule, accounting for supplementary tax assessments in the business fiscal year when the supplementary assessment is received. As a result of repeated consultations with MISUZU Audit Corporation regarding the clarifying statement, the Company will reverse the "long-term suspense payments of income taxes" described above, and book the amount as "prior fiscal year corporation taxes etc." for the current consolidated fiscal year, in accordance with the recently released Committee Report No. 63. Although the effect of this change will substantially reduce the Company's current year net income, the change will have a one-time effect in conjunction with the revision of the accounting treatment for supplementary tax assessments.

The accounting treatment described above does not have any relationship to the Company's policy concerning the complaint for rescission of the supplementary tax order currently being heard by the court, and the Company will continue to assert the correctness of its position, through its lawsuit or other means in the future.

The Company presently is carefully examining its operating results for the consolidated fiscal year ended on March 31, 2007, and will release the results as soon as they are finalized. There is no change to the details of the Company's dividend policy described in the Brief Statement of Account released on November 8, 2006.

End

END