

# Summary of Business Results for the First Quarter of FY 2007 (January 1 to December 31, 2007) (Consolidated)

Date: May 8, 2007

<b>Company</b>	<b>Funai Zaisan Consultants Co., Ltd.</b>	Registered on the TSE Mothers
Stock code	8929	
Website	<a href="http://www.funai-zc.co.jp">http://www.funai-zc.co.jp</a>	
Contacts	Yoshihito Hirabayashi	Representative Director and CEO
	Hisao Nakatsuka	Managing Director
	TEL 03-5321-7020	

## 1. Matters related to the preparation of consolidated quarterly financial data

- (1) Basis of preparation of quarterly financial statements: The standards for the preparation of Interim Financial Statements
- (2) Changes in accounting treatment compared to the most recent fiscal year: None
- (3) Changes in the scope of consolidation and application of the equity method: Yes  
Consolidated subsidiaries: new, 0; excluded, 1  
Affiliates accounted for under the equity method: new, 1; excluded, 0
- (4) Participation of an independent auditor: Yes

The quarterly financial statements were audited by our auditors in order to obtain their opinions in accordance with the Tokyo Stock Exchange's supplementary rules (the standards relating to expression of opinion regarding quarterly financial statements) to the "Rules on Timely Disclosure of Corporate Information by Issuer of Listed Securities and the Like."

## 2. Summary of Results for the First Quarter of FY 2007 (January 1 to December 31, 2007)

### (1) Results of operations

	Operating revenue		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
Q1 2007	6,751	27.4	2,165	113.4	2,004	108.3
Q1 2006	5,297	211.2	1,014	245.4	962	315.3
(Ref.) FY 2006	13,756	22.4	1,935	50.7	1,628	46.0

	Net Income		Net income Per share	Diluted net income per share
	¥ Million	%	¥	¥
Q1 2007	1,205	115.4	22,990.94	21,474.54
Q1 2006	559	339.6	21,348.86	20,815.87
(Ref.) FY2006	903	40.9	17,229.43	16,296.33

(Note) 1. The percentages shown for net sales, operating income etc. represent changes from the same period in the previous fiscal year.

2. As of November 1, 2006, ordinary shares were split on a two-to-one basis.

### Qualitative Data

#### Results of operations

In the first quarter of the current fiscal year (January 1 to March 31, 2007), Japan's economy is heading for recovery supported by strong corporate earnings and the increasing trend of private capital investment, despite evidence of weakness in private income and consumption. In March 2007, the Ministry of Land, Infrastructure and Transport's report on land price trends, based on public disclosure of land values, showed that land prices continue to fall despite a rising trend in Japan's three metropolitan areas and the slowing of price decline in the regions. While average land prices have risen for each region amid the business recovery and the movement back to the cities centered on the three metropolitan areas and core blocks of regional cities, the general trend has been for steep rises in certain areas to push up prices for the entire region.

The office vacancy ratio in the metropolises, moreover, is showing a downward trend due to business recovery accompanied by an improvement in office demand and supply. The fall in empty office ratios in five districts of Tokyo, especially Chiyoda-ku, has been remarkable.

Amid this environment, the Funai group (Funai Zaisan Consultants, 10 consolidated subsidiaries, and 4 equity affiliates) has maintained its strong performance in private and corporate financial consulting as well as in real estate transactions.

Business development highlights for the first quarter are as follows.

Applications for Advantage Club properties at Ginza and Sugamo under the real estate joint ownership scheme amounted to 240 units with an aggregate value of 2.4 billion yen. Since applications far exceeded the supply of available properties, selling occurred in a favorable environment, including a lottery.

- On March 31, 2007, the consolidated subsidiary Funai Zaisan Consultants Network Systems Co., Ltd., established to build a nationwide network for the whole group, merged with the Funai group.

As a result of these activities, first-quarter consolidated operating revenue increased 27.4% year-on-year to 6,751 million yen, ordinary income increased 108.3% to 2,004 million yen, and net income increased 115.4% to 1,205 million yen.

Operating results by business segment are as follows.

(1) Asset Consulting

Activities in this segment are divided between asset consulting for high net-worth individuals and corporate consulting for companies.

Operating results for the first quarter are as follows.

In consulting for individuals, revenue focused on consulting related to asset replacement rose 77.8% year-on-year to reach 615 million yen.

In consulting for companies, revenue fell 71.4% year-on-year to 172 million yen due to adjustment following large-scale consulting projects in the previous year.

As a result of these factors, asset consulting revenue fell 17.0% to 788 million yen.

(2) Real estate transactions

In the first quarter, Funai Zaisan sold properties in Advantage Club Ginza and Sugamo (2.4 billion yen revenue from 240 applicants) under its real estate joint ownership scheme as well as large properties in the center of Tokyo (Jingumae in Shibuya-ku). As a result, real estate transactions rose 41.1 percent to reach 5,616 million yen.

(3) Subleasing

Fifteen subleasing orders were received, one fewer than during the first quarter of FY 2006, resulting in a 0.4% rise in net sales to 275 million yen.

(4) Others

Income from other segments amounted to 71 million yen, a 23.1% fall year-on-year.

(2) Consolidated Financial Position (Note: Rounded down to million yen)

	Total assets	Net assets	Equity capital ratio	Net assets per share
	¥ Million	¥ Million	%	¥
Q1 2007	26,620	6,088	22.7	115,074.72
Q1 2006	16,353	4,225	25.8	161,231.80
(Ref.) FY 2006	17,684	4,829	27.0	91,096.96

(Note) As of November 1, 2006, ordinary shares were split on a two-to-one basis.

Changes in Financial Position

Total assets at the end of the first quarter were 26,620 million yen, an 8,935 million yen rise year-on-year. This was mainly attributable to a 388 million yen rise in cash and cash deposits, a 5,053 million yen rise in real estate for sale, and a 3,384 million yen rise in purchased loans receivable.

(3) Results of Cash Flows

	Net cash flows from operating activities	Net cash flows from investment activities	Net cash flows from financial activities	Balance of cash and cash equivalents at the end of period
	¥ million	¥ million	¥ million	¥ million
Q1 2007	-3,058	-73	3,510	4,842
Q1 2006	1,615	-269	1,281	6,585
(Ref.) FY2006	2,918	-4,296	1,884	4,463

Cash Flows

Cash and cash equivalents (hereafter “funds”) at the end of the first quarter amounted to 4,842 million yen, a rise of 378 million yen year-on-year.

#### Operating Activities

Net cash used in operating activities amounted to 3,058 million yen, set against a cash gain of 1,615 million yen in the first quarter of FY2006. This was mainly attributable to a 2,065 million yen rise in net income before income taxes over the previous quarter (a year-on-year rise of 115.3%) and a 3,491 million yen rise in deposits received from sources such as silent partners, set against outflows of 4,790 million yen for real estate for sale, a 3,384 million yen rise in purchased loans, and corporate taxes of 517 million yen.

#### Investing Activities

Net cash used in investing activities amounted to 73 million yen, a 72.8 percent fall year-on-year. This was mainly attributable to the sum of 68 million yen recovered from sources such as silent partners set against an outlay of 145 million yen for the acquisition of affiliated companies.

#### Financing Activities

Net cash gained from financing activities amounted to 3,510 million yen, a 173.9 percent rise year-on-year. This was mainly attributable to a net rise in loans payable of 2,995 million yen accompanying a rise in real estate for sale, in addition to revenue from a 653 million yen net increase in bonds and dividend payments of 78 million yen.

As a result of the above, the balance of cash and cash equivalents at the end of the first quarter amounted to 4,842 million yen, a year-on-year rise of 378 million yen.

### 3. Forecast of Consolidated Results in FY December 2007 (January 1 to December 31, 2007)

	Operating revenue	Ordinary income	Net income
	¥ Million	¥ Million	¥ Million
Interim	8,000	1,800	1,100
FY 2007	15,000	2,000	1,300

(Note) Projected net income per share for the year: 24,803.48 yen

#### Forecasts of Results

Ordinary income in the first quarter has already exceeded the full-year forecast. This is because the revenue from real estate transactions has greatly exceeded that of the pre-term plan.

Future outlooks relating to revenue from asset consulting and subleasing are expected to be in line with pre-term plans. As regards revenue from real-estate transactions, the stock of real estate for sale at the end of this first quarter is estimated at around 11,000 million yen, and we are making steady progress producing properties for this fiscal year and the next (ending December 2008). We are currently reviewing the timing for the sale of properties and the new-form plan for the Advantage Club joint ownership real estate scheme, which is managed by Funai Zaisan.

Accordingly, at the current time the business outlook for the fiscal year ending December 2007 will remain as forecast in the settlement of accounts released on February 14, 2007.

Concerning revisions to our performance for the year ending December 2007, we will release any data on progress in asset consulting, real estate transaction planning, and other areas as soon as it is confirmed.

#### 4. Quarterly consolidated financial statements

##### (1) Quarterly consolidated balance sheet

Category	Note Number	Previous quarter ended on March 31, 2006		Current quarter ended on March 31, 2007		Previous consolidated financial year Summary of consolidated balance sheet (December 31, 2006)				
		Amount (thousand)		Ratio (%)	Amount (thousand)		Ratio (%)	Amount (thousand)		Ratio (%)
Assets										
I Current assets										
1. Cash and deposits			6,601,626			5,602,611			5,213,882	
2. Accounts receivable			422,479			450,005			408,000	
3. Real estates for sale	*2		6,637,245			10,998,171			5,944,546	
4. Credit bought			670,974			3,929,027			544,553	
5. Other current assets			179,154			293,155			417,323	
6. Allowance for doubtful accounts			164			966			229	
Total current assets			14,511,315	88.7		21,272,005	79.9		12,528,076	70.8
II Fixed assets										
1. Property, plant and equipment	*1		215,204	1.3		226,951	0.9		224,705	1.3
2. Intangible fixed assets			41,343	0.3		40,907	0.2		44,772	0.3
3. Investments and other assets										
(1) Investment securities		1,353,151			1,187,587			1,053,265		
(2) Stocks of affiliated companies					3,732,913			3,675,686		
(3) Other assets		232,883	1,586,034	9.7	159,756	5,080,257	19.0	157,957	4,886,909	27.6
Total fixed assets			1,842,582	11.3		5,348,116	20.1		5,156,387	29.2
Total assets			16,353,898	100.0		26,620,121	100.0		17,684,464	100.0

Category	Note Number	Previous consolidated quarter ended on March 31, 2006		Current consolidated quarter ended on March 31, 2007		Previous consolidated financial year Summary of consolidated balance sheet (December 31, 2006)	
		Amount (thousand)	Ratio (%)	Amount (thousand)	Ratio (%)	Amount (thousand)	Ratio (%)
<b>(Liabilities)</b>							
<b>I Current liabilities</b>							
1. Accounts payable		87,250		75,314		88,867	
2. Short-term debt	*2	3,950,000		2,587,000		2,464,000	
3. Long-term debt repayable within one year	*2	1,193,000		168,000		794,000	
4. Bonds redeemable within one year		965,000		1,140,000		940,000	
5. Accrued corporate tax, etc.		450,419		948,053		522,721	
6. Other current liabilities		789,850		839,725		710,820	
<b>Total current liabilities</b>		<b>7,435,520</b>	<b>45.5</b>	<b>5,758,093</b>	<b>21.6</b>	<b>5,520,409</b>	<b>31.2</b>
<b>II Fixed liabilities</b>							
1. Bonds		3,302,500		3,625,000		3,145,000	
2. Long-term debt	*2	220,000		3,552,000		94,000	
3. Anonymous association investment deposits payable		251,819		6,507,428		3,098,434	
4. Allowance for employee retirement benefits		27,332		26,999		25,263	
5. Addition to reserve for compensation to retired directors		124,337		.143,004		133,583	
6. Deposits payable		714,722		785,138		772,447	
7. Other fixed liabilities		2,416		133,516		65,666	
<b>Total fixed liabilities</b>		<b>4,643,128</b>	<b>28.4</b>	<b>14,773,087</b>	<b>55.5</b>	<b>7,334,394</b>	<b>41.5</b>
<b>Total liabilities</b>		<b>12,078,648</b>	<b>73.9</b>	<b>20,531,180</b>	<b>77.1</b>	<b>12,854,803</b>	<b>72.7</b>
<b>(Minority interests)</b>							
Minority interests		50,009	0.3				

Category	Note Number	Previous consolidated quarter ended on March 31, 2006		Current consolidated quarter ended on March 31, 2007		Previous consolidated financial year Summary of consolidated balance sheet (December 31, 2006)	
		Amount (thousand)	Ratio (%)	Amount (thousand)	Ratio (%)	Amount (thousand)	Ratio (%)
(Shareholders' Equity)							
I Capital stock		805,817	4.9				
II Capital surplus		875,266	5.3				
III Paid-in capital		2,576,302	15.8				
IV Unrealized gains on securities		32,145	0.2				
Total shareholders' equity		4,225,240	25.8				
Total liabilities, minority interests and shareholders' equity		16,353,898	100.0				
(Assets)							
I Capital adequacy							
1. Common stock				805,817	3.0	805,817	4.6
2. Capital surplus				875,266	3.3	875,266	4.9
3. Paid-in capital				3,995,698	15.0	2,869,314	16.2
Total capital adequacy				5,676,781	21.3	4,550,398	25.7
II Evaluation and conversion difference							
1. Unrealized gains on securities				354,514	1.4	224,175	1.3
Total evaluation and conversion difference				354,514	1.4	224,175	1.3
III Minority interests				57,644	0.2	55,087	0.3
Total assets				6,088,941	22.9	4,829,661	27.3
Total liabilities and assets				26,620,121	100.0	17,684,464	100.0

**(2) Quarterly consolidated income statements**

		Previous consolidated quarter January 1 to March 31, 2006			Current consolidated quarter January 1 to March 31, 2007			Previous consolidated financial year Summary of consolidated income statements January 1 to December 31, 2006		
Category	Note Number	Amount (thousand)		Percentage (%)	Amount (thousand)		Percentage (%)	Amount (thousand)		Percentage (%)
I Operating income										
1. Operating income		1,316,689			1,134,847			4,247,696		
2. Sales of real estates		3,981,107	5,297,796	100.0	5,616,203	6,751,050	100.0	9,508,682	13,756,379	100.0
II Operating cost										
1. Operating cost		592,968			440,400			1,913,076		
2. Cost of sales of real estates		3,294,484	3,887,453	73.4	3,552,396	3,992,797	59.1	7,977,325	9,890,402	71.9
Gross operating profit			1,410,343	26.6		2,758,252	40.9		3,865,977	28.1
III SG&A	*1		395,517	7.4		593,079	8.8		1,930,621	14.0
Operating profit			1,014,825	19.2		2,165,172	32.1		1,935,355	14.1
IV Non-operating income										
1. Interest received		74			2,546			917		
2. Dividends received		175			68			4,981		
3. Other non-operating income		1,759	2,008	0.0	1,714	4,330	0.1	3,346	9,245	0.0
V Non-operating expenses										
1. Interest paid		30,495			30,104			116,380		
2. Bond issue costs		16,289			26,529			33,079		
3. Investment loss on equity method		1,058			77,891			87,046		
4. Other non-operating expenses		6,406	54,251	1.0	30,222	164,749	2.5	79,306	315,812	2.3
Ordinary income			962,583	18.2		2,004,753	29.7		1,628,788	11.8
VI Extraordinary profit								1,063		
1. Gain from allowance for doubtful debts rebate		1,127								
2. Profit from equity fluctuation		616		0.0						0.0

3. Other extraordinary profit		0	1,744					4,198	5,261	
-------------------------------	--	---	-------	--	--	--	--	-------	-------	--

Category	Note Number	Previous consolidated quarter January 1 to March 31, 2006		Current consolidated quarter January 1 to March 31, 2007		Previous consolidated financial year Summary of consolidated income statements January 1 to December 31, 2006				
		Amount (thousand)	Percentage (%)	Amount (thousand)	Percentage (%)	Amount (thousand)	Percentage (%)	Amount (thousand)	Percentage (%)	
VII Extraordinary loss	*2									
1. Loss on disposition of fixed assets				438						
2. Loss from sales of stocks of affiliated companies		5,158					35,021			
3. Appraisal loss on investment and securities					2,880					
4. Other extraordinary loss		5,158	0.1	3,319	0.0	129,388	164,410	1.1		
Current quarter net income before taxes before loss distribution to anonymous association					2,001,434	29.7		1,469,639	10.7	
Loss distribution to anonymous association					63,601	0.9		168,126	1.2	
Current quarter net income before taxes			18.1		2,065,035	30.6		1,637,766	11.9	
Current income taxes		442,938		943,388			751,710			
Deferred income taxes		45,340	397,597	7.5	85,817	857,571	12.7	24,154	727,555	5.3
Minority interests			2,104	0.0		2,462	0.0		7,182	0.0
Net income			559,468	10.6		1,205,001	17.9		903,028	6.6