

# Business Results for the Third Quarter of the Fiscal Year Ending December 31, 2006 (Consolidated)

Date: November 10, 2006

C o m p a n y	Funai Zaisan Consultants Co., Ltd.	Registered on the TSE Mothers
Stock Code	8929	Head office location: Tokyo
U R L	<a href="http://www.funai-zc.co.jp/">http://www.funai-zc.co.jp/</a>	
Representative	Yoshihito Hirabayashi	
C o n t a c t	Title of Executive	Executive Director, Executive Officer and Administration Manager
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		T E L 03-5321-7020

## 1. Significant policies in the preparation of the summary of quarterly financial position and results of operations:

- (1) Basis of preparation of quarterly financial statements: The standards for 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  
 Number of subsidiaries additionally included in the consolidation: 3  
 Number of affiliates additionally accounted by the equity method: 1  
 Number of affiliates excluded: 13
- (4) Participation of a certified public accountant or audit corporation: Yes  
 The quarterly financial statements were audited by our auditors in order to obtain their opinion in accordance With the Tokyo Stock Exchange's "Supplementary Rules" to the "Rules on Timely Disclosure of Corporate Information by Issuer of Listed Securities and the Like".

## 2. Results of operations for the third quarter of the fiscal year ending December 2006 (January 1, 2006 - September 30, 2006)

### (1) Results of Operations

	Operating revenue		Operating income		Ordinary income	
	¥ Million	%	¥ Million	%	¥ Million	%
FY2006 3 <sup>rd</sup> Quarter	11,386	36.2	1,767	92.2	1,571	101.5
FY2005 3 <sup>rd</sup> Quarter	8,359	46.5	919	52.1	779	56.4
December 2005	11,237		1,283		1,115	

	Net income		Net income per share	Diluted net income per share
	¥ Million	%	¥	¥
FY2006 3 <sup>rd</sup> Quarter	915	99.8	34,935.7	33,038.92
FY2005 3 <sup>rd</sup> Quarter	458	72.9	35,544.22	
December 2005	640		24,750.98	

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

2. Earnings per share as if a 2-for-1 stock split as of December 20, 2005 and a 2-for-1 stock split as of November 1, 2006 had taken place at the beginning of the fiscal year are as follows.

(Net income per share)

Third quarter of the fiscal year ending December 2006: ¥17,467.54

Third quarter of the fiscal year ended December 2005: ¥8,886.6

Fiscal year ended December 2005: ¥12,375.49

(Diluted net income per share)

Third quarter of the fiscal year ending December 2006: ¥16,519.46

## 【Results of operations】

During the third quarter of the fiscal year (Jan. 1, 2006 ~ Sept. 30, 2006), although escalating prices of various materials including crude oil remain as sources of concern, Japan's economy is heading for recovery supported by strong corporate earnings and increasing trend of private capital investment.

In the 2006 land price report, which is based on official announcement of land prices, released in August by the National Tax Agency, statistics revealed that land prices on a nationwide basis rose in 14 years and land prices in Japan's three metropolitan areas also recovered. Due to these factors, land prices mainly in central cities headed for recovery. Furthermore, in the 2006 land price trends report, which is based on surveys of land price in all Japanese prefectures, released in September by the Ministry of Land, Infrastructure and Transport, statistics revealed that although land prices on a nationwide average are still falling, decline in commercial and residential land prices are slowing and commercial and residential land prices in Japan's three major metropolitan areas rose in 16 years. Particularly noteworthy was that land prices in every point in central Tokyo rose.

The Funai Zaisan Group, which is made up of Funai Zaisan, 11 consolidated subsidiaries and 7 equity-method affiliates, continues to perform well in the core individual and property consulting businesses.

Operating highlights for the third quarter is as follows.

- Business alliance with Benefit One Inc.

Benefit One has expertise in the provision of employee benefit outsourcing services and consulting services involving personnel and employee benefit systems. This alliance will allow Funai Zaisan and Benefit One to strengthen their respective business models and work closely together. Funai Zaisan will use this collaboration to aggressively conduct a number of business, including its services to improve corporate finances, assist in the sale of employee benefit facilities and other real estate, and offer proposals for the effective use of effects.

- Ukai Co., Ltd. (Hachioji-shi, Tokyo; Isamu Okubo, President; JASDAQ-7621) to become an equity-method subsidiary of the company

Funai Zaisan established the "Centennial Fund Investment Limited Partnership" and became a general partner in order to increase the corporate value of Ukai. Consequently, Funai Zaisan made the general partner its consolidated subsidiary and Ukai became an equity-method subsidiary of Funai Zaisan.

- Apart from the above, Funai Zaisan sold all 120 units at 1,200 million yen each at "ADVANTAGE CLUB Chiyoda" using its real estate joint ownership scheme.

As a result of the above and other factors, third quarter consolidated operating revenue increased 36.2% year-on-year to 11,386 million yen, ordinary income increased 101.5% year-on-year to 1,571 million yen and net income increased 99.8% year-on-year to 915 million yen.

Operating results by business segment are as follows.

### (1) Property consulting

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

Operating results for the third quarter are as follows.

In consulting for individuals, activities focused on consulting projects through entrusted inheritance-related

business. The result was 1,230 million yen, 7.1% less than the previous year.

In consulting for companies, entrusted large projects contributed to its net sales which posted 1,130 million yen, an increase of 129.6% compared to the previous year.

As a result, property consulting revenue increased 30.0% year-on-year to 2,361 million yen.

(2) Real estate transaction

Funai Zaisan sold 2 real estate properties which are “ADVANTAGE CLUB Tokyo-Yotsuya Kyoto-Gojo” (192 units at 1,920 million yen) and “ADVANTAGE CLUB Chiyoda” (120 units at 1,200 million yen) under its real estate joint ownership scheme. Moreover, sale of real estate properties in other areas of Tokyo produced net sales of 7,992 million yen, 41.4% more than a year earlier.

(3) Sub-leasing

The number of orders received for sub-leasing was 15. These properties produced net sales of 851 million yen, 23.3% more than a year earlier.

(4) Others

Net sales in the other segment was 181 million yen, 9.3% less than a year earlier.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ Million	¥ Million	%	¥
FY2006 3 <sup>rd</sup> Quarter	17,753	4,568	25.4	172,251.76
FY2005 3 <sup>rd</sup> Quarter	14,769	3,570	24.2	272,479.72
December 2005	14,535	3,732	25.7	142,418.27

(Note) Earnings per share as if a 2-for-1 stock split as of December 20, 2005 and a 2-for-1 stock split as of November 1, 2006 had taken place at the beginning of the fiscal year are as follows.

(Net assets per share)

Third quarter of the fiscal year ending December 2006: ¥86,125.88

Third quarter of the fiscal year ended December 2005: ¥68,119.93

Fiscal year ended December 2005: ¥71,209.13

**【Consolidated Financial Condition】**

At the end of the third quarter of the fiscal year, total assets were 17,753 million yen, 3,217 million yen more than at the end of the previous fiscal year. This was mainly attributable to increase of 2,205 million yen in cash and deposits, decrease of 3,469 million yen in real estate for sale and 3,680 million yen increase in affiliate company stock by acquiring shares of Ukai Co., Ltd. through “Centennial Fund Investment Limited Partnership”.

(3) Results of Cash Flows

	Net cash flows by operating activities	Net cash flows by investment activities	Net cash flows by financial activities	Balance of cash and cash equivalents at the end of year
	¥ Million	¥ Million	¥ Million	¥ Million
FY2006 3 <sup>rd</sup> Quarter	4,311	-4,058	1,890	6,101
FY2005 3 <sup>rd</sup> Quarter	-2,265	-112	5,178	5,710
December 2005	-3,513	-842	5,403	3,957

**【Cash Flows Condition】**

Cash and cash equivalents (hereafter “funds”) for the third quarter of the fiscal year was 6,101 million yen, an

increase of 2,143 million yen compared to the previous consolidated fiscal year.

(Operating activities)

Net cash gained through operating activities was 4,311 million yen. This was due mainly to proceeds from decrease of real estate for sale which was 3,469 million yen, in addition to 1,607 million yen in income before income taxes. Apart from these, there were 454 million yen increase in purchase of loans and payment of the 562 million yen for corporate taxes.

(Investing activities)

Net cash used in investing activities was 4,058 million yen. This was due mainly to payments of 3,572 million yen for acquiring shares of Ukai through Centennial Fund Investment Limited Partnership and purchase of investment securities and capital which amounted to 400 million yen.

(Financing activities)

Net cash gained by financing activities was 1,890 million yen. This was due mainly to proceeds from investment deposits of anonymous association which was 2,650 million yen and net increase of 164 million yen in bond. However, there were net decrease of 906 million yen in debt and payments of the 65 million yen in dividend. The net results of these cash flows during the third quarter was an increase of 2,143 million yen in cash and cash equivalents to 6,101 million yen.

### 3 . Forecast of Financial Performance in FY December 2006 (January 1, 2006 - December 31, 2006)

	Operating revenue	Ordinary income	Net income
	¥ Million	¥ Million	¥ Million
FY ending Dec. 2006	13,500	1,600	900

( Note ) Forecast net income per share for the year: 17,171.64 yen

Net income per share has been adjusted to reflect the 2-for-1 stock split as of November 1, 2006.

#### 【Consolidated Forecasts】

Funai Zaisan has revised its 2006 forecasts as was announced today in a press release titled “Notice of Revisions to Business Forecasts”.

Funai Zaisan plans to pay year-end dividend of 1,500 yen per share. In view of the 2-for-1 stock split conducted on November 1, 2006, Funai Zaisan will increase its year-end dividend by 2.4% from 1,250 yen per share which was planned to be paid before the stock split to 3,000 yen in real terms and its annual dividend by 1.7% from the initial 2,500 yen per share which was planned to be paid before the stock split to 4,250 yen in real terms.

(Note) The above forecasts are based on judgements made in accordance with information available at the time this report was prepared. As forecasts embody risks and uncertainties, actual results may differ significantly from these forecasts for a number of factors.