

About our website

Our website introduces Funai Zaisan's business activities and trends, including corporate and financial data, for all shareholders and investors. Please visit our site for further details.



IR information

<http://www.funai-zc.co.jp/ir/index.html>

 We will remain your best partner over 100 years
Funai Zaisan Consultants Co., Ltd.

18F, Shinjuku NS Bldg. 2-4-1 Nishishinjuku, Shinjuku-ku,
Tokyo 163-0818 Tel. +81 3 5321 7020 Fax. +81 3 5321 7271



 We will remain your best partner over 100 years
Funai Zaisan Consultants Co., Ltd.

Newsletter Vol.13

for shareholders

Full Year (18th) business summary
January 1 to December 30, 2008

Consulting for Individuals
Consulting for Companies
Land and Real Estate

We will remain your best partner over 100 years for comprehensive individual consulting

Message from the President



President
Masazumi Hasumi

Dear Shareholders

I am pleased to report on the 18th business year of the Company, which covers the period from January 1 until December 31, 2008. Today we are facing an era of multifaceted structural shifts and historic change on a global scale. Surrounded by these economic conditions, the real estate market is mired in stagnation, awash with excess real estate objects, and also in financial markets, product diversification is making investment selection difficult for individual asset owners.

Meanwhile, corporate management environments are reflecting deteriorated financial conditions from tumbling domestic and foreign demand in the wake of international financial market turmoil. Moreover, corporate financial management is being complicated by increasingly frequent revisions of laws, including the Companies Act and the Financial Instruments and Exchange Act, in addition to fast evolving financial globalization.

At Funai Zaisan Consultants Group, we aspire to serving as a problem-solving comprehensive property and finance consulting company capable of providing assistance in making difficult choices from the perspective of individual asset owners and business owners. Funai Zaisan Consultants Group will strive to become a company needed by society to accommodate the diverse requirements of individual asset owners and company owners, and contribute to the world around us.

We request the continued support and goodwill of our shareholders.

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Management Principles

Funai Zaisan Consultants strive to become a company needed by the community and to work for the benefit of clients and employees.

Our Vision

It is the corporate vision of Funai Zaisan Consultants Group to become Japan's top-scale comprehensive property and finance consulting company and to contribute to the furtherance of the economy and the community.

In property consulting for individuals, with inheritance as the dominant issue, we work to enable facile property succession with a planning horizon of two to three generations into the future. In finance consulting for corporations, in order to stabilize business management, we look to strengthen the financial status and enhance corporate value, and for a problem-free business succession serve as partner for resolving the full range of issues surrounding finance, accounting, taxation, personnel, and legal matters, and in this way provide support for corporations' prosperity over the long term.

For the diversity of problems facing our clients, we propose actionable plans, realize problem-resolution type consulting on a fully customized basis, and in so doing aim to provide solutions of high added value.

About the Merger

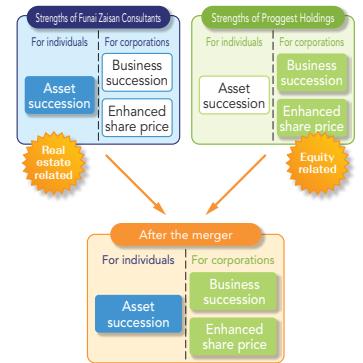
Property consulting has been the main operations of Funai Zaisan Consultants since its establishment in 1991. In real estate related solutions, Funai Zaisan Consultants has been demonstrating a high degree of expertise and has particular strengths in consulting for individual asset owners.

Meanwhile, Proggest Holdings is highly experienced in corporate related solutions and for listed and

unlisted entities alike excels in consulting issues that include strengthening the financial status, equity value enhancement, and business rehabilitation.

In October 2008, the integration of the two companies gave rise to the new Funai Zaisan Consultants, enabling us to provide both property consulting services for individual asset owners and financial consulting for businesses and company owners. Due to this integration, we created organizational frameworks permitting us to offer comprehensive property and financial consulting services to all individual asset owners, business owners, and corporate managements.

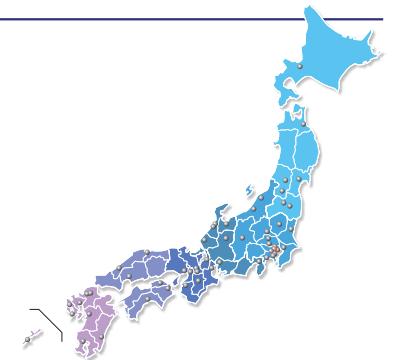
While the two companies are mutually complementary in their respective areas of strength, thanks to the ideal partnership that has resulted from the integration, the new Funai Zaisan Consultants is aspiring to become Japan's top-scale comprehensive property and finance consulting company.



Nationwide Network

[53bases as of December 2008]

- Hokkaido, Tohoku**
 - Funai Zaisan Consultants Co., Ltd. Hokkaido
 - Funai Zaisan Consultants Co., Ltd. Sendai
 - Funai Zaisan Consultants Co., Ltd. Fukushima
 - Funai Zaisan Consultants Tsuchida Management
 - Funai Zaisan Consultants Aomori Support
 - Funai Zaisan Consultants Asahi Accounting
 - Funai Zaisan Consultants Sanbe Accounting
- Kanto, Koushinetsu**
 - Funai Zaisan Consultants Co., Ltd. Tohigi
 - Funai Zaisan Consultants Co., Ltd. Gunma
 - Funai Zaisan Consultants Co., Ltd. Saitama
 - Funai Zaisan Consultants Co., Ltd. Keiyo
 - Funai Zaisan Consultants Co., Ltd. Jyohoku
 - Funai Zaisan Consultants Co., Ltd. Tokyo Ginza
 - Funai Zaisan Consultants Co., Ltd. Yokohama
 - Funai Zaisan Consultants Co., Ltd. Kawasaki
 - Funai Zaisan Consultants Co., Ltd. Nagano
 - Funai Zaisan Consultants Masuyama Soken
 - Funai Zaisan Consultants MMG
 - Funai Zaisan Consultants Niigata Support
 - Funai Zaisan Consultants Shouunan Support
 - Funai Zaisan Consultants Eguchi Management
 - Funai Zaisan Consultants Jyounan Support
- Tokai, Hokuriku**
 - Funai Zaisan Consultants Co., Ltd. Kanazawa
 - Funai Zaisan Consultants Co., Ltd. Shizuoka
 - Funai Zaisan Consultants Co., Ltd. Nagoya
 - Funai Zaisan Consultants Tokai Support
 - Funai Zaisan Consultants Uesaka CPA
 - Funai Zaisan Consultants Mie Support
 - Funai Zaisan Consultants Kimura Keiei Brain
 - Funai Zaisan Consultants Tomiyama Support
- Kinki**
 - Funai Zaisan Consultants Co., Ltd. Kyoto
 - Funai Zaisan Consultants Co., Ltd. Osaka
 - Funai Zaisan Consultants Co., Ltd. Hyogo
 - Funai Zaisan Consultants Co., Ltd. Nara
 - Funai Zaisan Consultants Nishioka
 - Funai Zaisan Consultants Shiga Support
 - Funai Zaisan Consultants Hirose
- Chugoku, Shikoku**
 - Funai Zaisan Consultants Co., Ltd. Hiroshima
 - Funai Zaisan Consultants Co., Ltd. Tokushima
 - Funai Zaisan Consultants Co., Ltd. Takamatsu
 - Funai Zaisan Consultants Kochi Support
 - Funai Zaisan Consultants Tottori Support
 - Funai Zaisan Consultants Shimane Support
- Kyushu, Okinawa**
 - Funai Zaisan Consultants Co., Ltd. Fukuoka
 - Funai Zaisan Consultants Co., Ltd. Nagasaki
 - Funai Zaisan Consultants Co., Ltd. Kumamoto
 - Funai Zaisan Consultants Co., Ltd. Okinawa
 - Funai Zaisan Consultants Kagoshima Support
 - Funai Zaisan Consultants Sasebo Support
 - Funai Zaisan Consultants Miyazaki Support
 - Funai Zaisan Consultants Kitakyushu Support
 - Funai Zaisan Consultants Saga Support



Business results for the fiscal year ended December 31 2008

The Japanese economy in the term under review witnessed effects from global financial dislocation caused by the US sub-prime loan problem and the impact of the strong yen spread from the financial into the real economy. Indications of an economic slowdown further intensified, such as slumping corporate profits and a chill over personal consumption, without so much as a tentative estimate as to when a recovery can be expected.

In the real estate market, which accounts for a significant percentage of the business expense of Funai Zaisan Consultants Group, financial institutions were faced with difficult funding conditions due to rapidly contracting credit. This had ripple effects on real estate transactions overall, including falling prices, with a diminished flow of new money into real estate investment funds such as J-REIT and real estate private funds.

In this environment, at Funai Zaisan Consultants Group (which is comprised of seven consolidated subsidiaries and four equity-method affiliates) we engaged in in-depth comprehensive property and financial consulting, based

on our corporate philosophy of creating a company needed by society and working for the benefit of clients and employees, and consistent with our principle of putting the customer first. Moreover, as a step towards strengthening our consulting operations, we implemented management integration with Proggest Holdings Ltd., and on October 1, 2008, started out with a new framework.

As to financial performance, property consulting revenue grew strongly from a year earlier, as did sales revenue from our real-estate joint ownership system among real estate transactions. Elsewhere in real estate transactions, however, significant deterioration in real estate market conditions caused a sizeable decline in revenues and profit margins.

As a result of these developments, consolidated operating revenue for the term under review totaled 15,269 million yen (-14.6% compared with the year earlier), with operating income of 1,785 million yen (-41.1%), ordinary income of 947 million yen (-63.4%), and net income for the period of 47 million yen (-96.9%).

Point Medium-term management plan

Basic policies

Funai Zaisan Consultants aspires to become Japan's top-scale, independent comprehensive property and finance consulting company.



Three-year basic strategies

Further strengthening of property consulting for individuals as a stable mainstay of operations and expansion of the earnings basis.

Reinforcing the business base of financial consulting for corporations as a future growth driver.

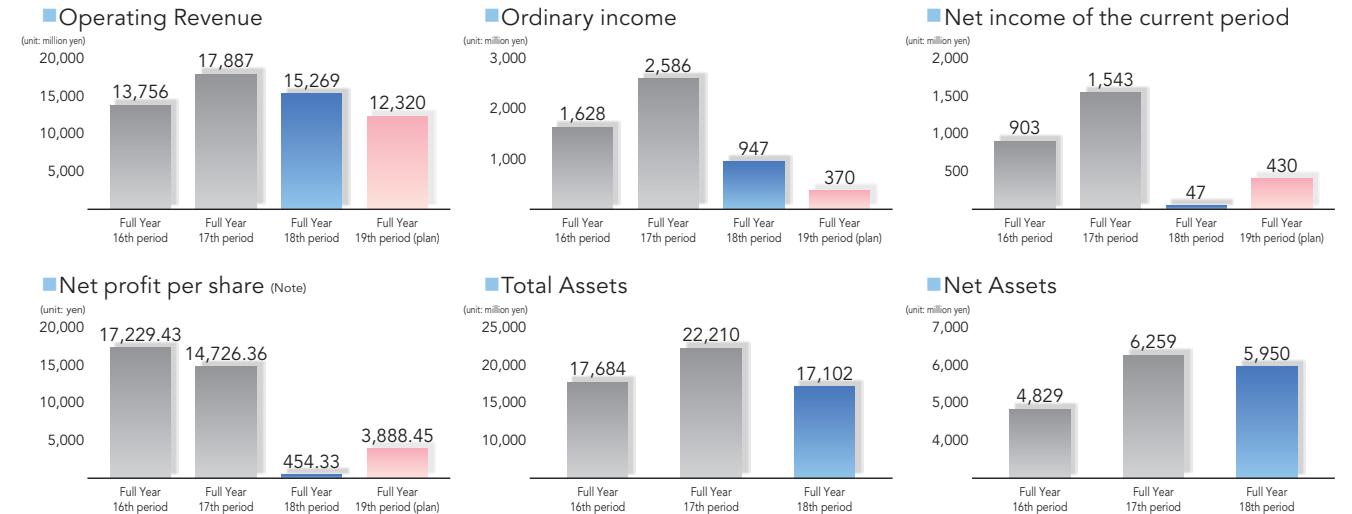
Key issues

The following three issues are key objectives of the medium-term management plan.



- Strengthening the consulting service offerings
- Creating and enlarging areas of collaboration
- Developing high-quality consultants through human resources programs

Highlights of consolidated business results



Note: The company implemented a two-for-one stock split in November 1 of fiscal year 2006 (the 16th financial term) and in October 1 of fiscal year 2007 (the 17th financial year). The above figure for net income per share is based on the number of shares on issue as of December 31, 2008.

Revenue by Segments

	Previous fiscal year (Jan. - Dec. 2007)		Current fiscal year (Jan. - Dec. 2008)		Increase (%)	19th period Full-Year 2009 forecast Amount (Million yen)
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)		
Revenue from asset consulting	2,848	15.9	3,192	20.9	12.1	3,130
Revenue from real estate deals	13,528	75.6	10,755	70.4	△20.5	8,000
Revenue from sublease	1,113	6.2	1,103	7.3	△0.9	860
Other revenue	397	2.3	218	1.4	△44.9	330
Total	17,887	100.0	15,269	100.0	△14.6	12,320

Projection of Full-Year Results

Consolidated asset consulting revenues in the fiscal year to December 2009 are expected to total 3,130 million yen (-1.9% compared with a year earlier). Despite consistently strong demand for our property consulting services, this estimate reflects lower revenue per object unit caused by the deteriorated conditions in real estate markets, as well as our emphasis on new business areas in order to activate the synergy effects from the integration with PROGGEST. Estimates for consolidated financial results call for operating revenue of 12,320 million yen (-19.3%), operating income of 670 million yen (-62.5%), ordinary income of 370 million yen (-61.0%), and net income for the period of 430 million yen (+803.8%).

*The projected figures appearing above reflect analysis based on information available at the time of preparation, and are subject to various uncertainties. Actual realized results may vary significantly from the above projections due to changes in business conditions and/or other factors.

Comprehensive Asset Consulting for Individuals

For individual asset owners we offer a range of property-related problem solutions with inheritance planning as the cornerstone. As our main offerings, "100-year asset consulting" advises individual asset owners on asset preservation for the long term with a planning horizon of two to three generations forward, and to enable the retention of a substantial estate to pass on to the next generation, "10 (Ichimaru) consulting" aims to ensure a 10 percent yield on inheritance taxable asset.

[Consulting offerings]

- Efficient usage of land
- Sale of real estate
- Acquisition of yield-generating real estate
- Establishment and usage of asset management companies
- Gifts inter vivo
- Life insurance reviews
- Measures concerning own stock
- Resolving leaseholds and residential land subject to leasehold
- Debt redemption and refinancing
- Preparations for in-kind payment
- Adoption
- Improvements on vacant apartments
- Will drafting support
- Revenue structure enhancement
- Inheritance tax filing support
- Estate division support
- Inheritance tax payment support (through the sale of real estate, in-kind payment, etc.)

...etc



Comprehensive Asset Consulting for Individuals

Financial Consulting for Corporate

Real Estate Solution Consulting

Concerning expert services requiring the participation of professionals such as lawyers, tax attorneys, real estate appraisers, judicial scriveners, or real estate surveyors, etc., separate contracts will be made with such qualification holders.

Financial Consulting for Corporate

Our "Services for corporate rehabilitation, financial structure strengthening, and corporate real estate" aim to enhance the financial status of corporations by performing a status analysis, plan development, and providing support in the plan execution. Furthermore, our "Transaction services" associated with enhancing the financial status comprise real estate appraisal and sale, enterprise evaluation, and M&A support.

Our "Business succession and capital policy services" provide a review of company stock evaluation, help enhance the management succession environment including with regard to financials and shareholders, and provide support for the succession to company stock holdings and management of the subject company while promoting business growth and development and maintaining employment.

[Consulting offerings]

- Corporate rehabilitation
- Financial structure strengthening
- Corporate real estate (CRE) services
 - Status analysis (due diligence)
 - Plan development support (business rehabilitation plans and financial improvement plans)
 - Plan execution support
 - Turnaround management
 - Creditor negotiation support
 - Fund procurement support
 - Support in the sale of real estate and M&A
- Transaction service
 - Real estate appraisal and sale
 - Enterprise evaluation and M&A
- Business succession and capital policy services
 - Review of company stock evaluation
 - Enhancement of the management succession environment including with regard to financials and shareholders
 - Drafting and execution support for property succession measures
 - Drafting and execution support for M&A and MBO, etc.

Real Estate Solution Consulting

Real estate solution consulting helps clients with their asset formation through the "real-estate joint ownership system," which comprises the selection of objects out of a flood of real estate information, conclusion of a civil code partnership agreement under the Real Estate Specified Joint Enterprise Law, joint ownership of yield-generating real estate, and distribution of the generated yields, and through "consulting on yield-generating real estate in central urban locations," which consists of integrated support ranging from object selection to acquisition and subsequent follow-up.

[Consulting offerings]

- Consulting on yield-generating real estate in central urban locations
- Real-estate joint ownership system
- Real-estate liquidation consulting
- Development-type real estate consulting
- Real estate internet auction
- Property management

NEWS

Advantage Club Shibuya Completed to a favorable reception

In order to accommodate clients' property management requirements, as part of Funai Zaisan Consultants' property consulting operations, the Company has been developing and selling its real-estate joint ownership system ("Advantage Club") in conformity with the provisions of the Real Estate Specified Joint Enterprise Law. As of December 2008, Advantage Club Shibuya had sold all of its 250 offered shares, with the formation of a joint-ownership partnership comprising a total of 19 objects and 25.6 billion yen invested capital.



Consolidated Financial Data (Summary) (Million of yen, rounded down to the nearest million)

Consolidated Balance Sheet

Item	Term	Previous Fiscal Year ended Dec. 2007	Current Fiscal Year ended Dec. 2008
Assets			
Current assets		17,030	12,241
Cash and deposits		6,704	4,532
Accounts receivable		592	365
Real estate held for sale		8,578	5,984
Purchased receivables		955	688
Deferred tax assets		85	432
Others		116	242
Allowance for doubtful accounts		△3	△4
Fixed assets		5,180	4,860
Tangible fixed assets		204	257
Property, plant and equipment		100	130
Transportation equipment		5	17
Land		70	71
Others		28	38
Intangible fixed assets		58	849
Investments and other assets		4,918	3,753
Investment securities		1,253	1,066
Shares in affiliates		3,503	2,299
Deferred tax assets		—	150
Others		160	236
Total assets		22,210	17,102

Item	Term	Previous Fiscal Year ended Dec. 2007	Current Fiscal Year ended Dec. 2008
Liabilities			
Current liabilities		5,355	6,931
Accounts payable		70	94
Short-term debt		2,720	1,006
Long-term debt repayable within one year		—	3,500
Bonds redeemable within one year		1,020	1,480
Accrued corporate taxes		819	173
Others		725	677
Fixed liabilities		10,595	4,220
Bonds		3,025	2,565
Long-term debt		3,500	—
Anonymous association investment deposits payable		3,037	688
Deferred tax		28	—
Allowance for employee retirement benefits		31	45
Addition to reserve for compensation of retired directors		172	214
Deposits payable		800	707
Total liabilities		15,951	11,152
Net assets			
Shareholders' equity		5,936	5,783
Common stock		805	1,030
Capital surplus		875	1,104
Retained earnings		4,255	4,147
Treasury stock		—	△499
Evaluation and conversion difference		267	166
Minority interests		55	—
Total net assets		6,259	5,950
Total liabilities and net assets		22,210	17,102

Consolidated Income Statements

Item	Term	Previous Fiscal Year ended Dec. 2007	Current Fiscal Year ended Dec. 2008
Revenue		17,887	15,269
Operating cost		12,589	11,399
Gross operating profit		5,297	3,869
SG&A		2,266	2,084
Operating profit		3,031	1,785
Non-operating income		30	45
Non-operating expenses		475	883
Ordinary profit		2,586	947
Extraordinary profit		1	357
Extraordinary loss		54	1,144
Current quarter net income before taxes before loss distribution to anonymous association		2,533	160
Loss distribution to anonymous association		△196	△118
Net income before taxes		2,729	279
Income taxes		1,294	717
Deferred income taxes		△108	△466
Minority interests		0	△18
Net profit		1,543	47

Consolidated Cash Flows

Item	Term	Previous Fiscal Year ended Dec. 2007	Current Fiscal Year ended Dec. 2008
Cash flow from operating activities		△626	2,238
Cash flow from investing activities		△553	△2,174
Cash flow from financing activities		2,611	△2,534
Change in cash and equivalents		1,431	△2,470
Cash and equivalents at start of year		4,463	5,895
Cash and equivalents at end of year		5,895	3,424

Consolidated Statement of Shareholders' Equity

Jan. 1 – Dec. 31 2008	Shareholders' equity					Evaluation and conversion difference		Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Other marketable securities evaluation difference	Total evaluation and conversion difference		
Balance on Dec. 31, 2007	805	875	4,255	—	5,936	267	267	55	6,259
Consolidated full year changes									
Stocks issued due to merger	225	228	—	—	453	—	—	—	453
Distribution of reserves	—	—	△157	—	△157	—	—	—	△157
Net profit	—	—	47	—	47	—	—	—	47
Acquisition of treasury stock	—	—	—	△499	△499	—	—	—	△499
Gain from decrease in subsidiaries	—	—	1	—	1	—	—	—	1
Changes in other items (net)	—	—	—	—	—	△101	△101	△55	△156
Total	225	228	△108	△499	△153	△101	△101	△55	△309
Balance on Dec. 31, 2008	1,030	1,104	4,147	△499	5,783	166	166	—	5,950

Stock Overview

(As of Dec. 31, 2008)

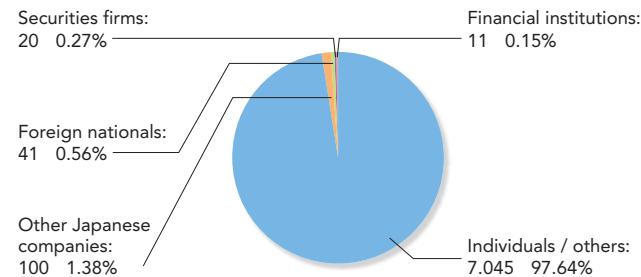
Total number of authorized shares	288,000
Number of shares in issue	110,584
Number of shareholders	7,217

Major Shareholders (Top 10)

Name	Shares held	Shareholding ratio
Taihei Shoji Co., Ltd.	10,560	9.99
Funai Consulting Co., Ltd.	9,132	8.64
BBH Matthews Asian Pacific Fund	7,081	6.70
Masazumi Hasumi	4,488	4.25
Yoshihito Hirabayashi	2,824	2.67
CB LDN Scottish Equitable Japan Exempt Scottish Equitable plc	2,752	2.60
BBH Matthews Japan Fund	2,409	2.28
Baillie Gifford Shin Nippon plc	1,672	1.58
Hideo Murakami	1,410	1.33
Baillie Gifford Japan Trust plc	1,373	1.30

Note: 1. Since none of the shareholders own ten or more percent of the issued share capital (excluding treasury stock), the top ten shareholders are listed.
2. Shareholder percentages are calculated net of treasury stock (4,879 shares).

Number of Shareholders by Category



Notes for Shareholder

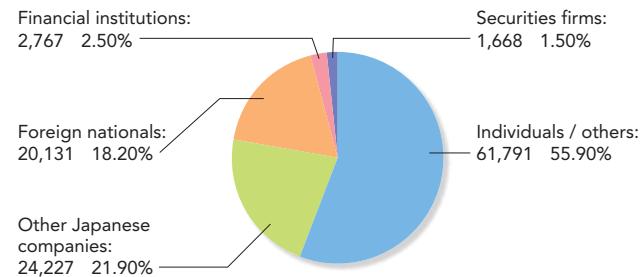
- Fiscal year: January 1 to December 31
- General meeting of shareholders: Each March
- Reference Date:
End of Year Dividend Payout/General meeting of shareholders: December 31
Midterm Dividend Payout: June 30
- Administrator of shareholders' register:
3-33-1 Shiba, Minato-ku, Tokyo
The Chuo Mitsui Trust and Banking Company, Limited
- Mailing Address:
2-8-4 Izumi, Suginami-ku, Tokyo 168-0063
The Chuo Mitsui Trust and Banking Company, Limited.
Stock transfer agency department
Phone: (toll-free : 0120-78-2031)
Assistance service is provided by the Chuo Mitsui Trust and Banking Company branches throughout Japan and Japan Securities Agents, Ltd. Head office and branches.
- Public announcements: Please refer to the Funai Zaisan website

• Address changes and applications for the sale or additional purchase, etc., of fractional share units should be filed by shareholders with their account-holding securities companies. Shareholders who have no account with a securities company, etc., and instead had a special account established for them are requested to make their filings with The Chuo Mitsui Trust and Banking Company, Limited, which serves as administration agent for special accounts.

• Payable dividends
Shareholders are requested to make pertinent filings with The Chuo Mitsui Trust and Banking Company, Limited, which serves as shareholder registry administrator.

*For information on balance sheet and income statements, please see <http://www.funai-zc.co.jp/ir/houtei.html>

Number of Shareholders by Category



Note: 4,879 shares held in the name of the Company are included in "Individuals, others."

Company information

(as of Dec. 31, 2008)

- Name of company: Funai Zaisan Consultants Co., Ltd.
- Head office: 18F, Shinjuku NS Bldg. 2-4-1 Nishishinjuku, Shinjuku-ku, Tokyo 163-0818
- Incorporated: September 17, 1991
- Capital stock: 1030.81 million yen
- Business line:
Individual asset consulting, institutional asset consulting, and real estate solution consulting
- Number of employees (Group): 160 (Group)
- Business network: 53 locations throughout Japan
Sapporo, Aomori, Sendai, Yamagata, Koriyama, Mito, Tochigi, Gunma, Saitama, Kumagaya, Chiba, Johoku, Ginza, Jonan, Kawasaki, Yokohama, Odawara, Niigata, Kanazawa, Tokuyama, Fukui, Matsumoto, Takayama, Shizuoka, Nagoya, Mie, Shiga, Kyoto, Osaka, Hyogo, Nara, Wakayama, Tottori, Shimane, Hiroshima, Tokushima, Takamatsu, Kochi, Fukuoka, Kitakyushu, Nagasaki, Sasebo, Kumamoto, Miyazaki, Kagoshima, Okinawa
- Consolidated subsidiaries:
7 companies including Funai Estate Co., Ltd., Proggest Holdings Co., Ltd.
- Affiliates under equity method:
4 companies including Nippon Investors Securities Co., Ltd., Ukai Co., Ltd.

Executives

(as of March 26, 2009)

Chairman	Hideo Murakami
President	Masazumi Hasumi
Managing Director	Hisao Nakatsuka
Managing Director	Takahiko Makino
Director, 2nd Division Manager	Tetsuo Akiyama
Director, 3rd Division Manager	Seiki Noda
Director, 1st Division Manager	Masayuki Yagi
Director, 4th Division Manager	Ken Matsuura
Director, 5th Division Manager	Yasuhiko Sato
Outside Director	Haruo Shimada
Outside Director	Kiyoshi Ohno
Outside Director	Hitoshi Komazaka
Outside Representative Auditor	Takao Kitamura
Outside Auditor	Toshio Honda
Outside Auditor	Hiroaki Rokugawa

Shareholder Reward System

Our best regards to Our Shareholders

To show our deep appreciation, Funai Zaisan Consultants awards free loyalty gifts to shareholders. Funai Zaisan Consultants Group pledges to do its utmost to meet shareholders' expectations and requests shareholders' continued support and goodwill.

◆ For shareholders with two or more shares

Gift vouchers common for all of Japan (¥3,000 value)

Loyalty gifts will be dispatched in late March 2009.



◆ Additional gift for shareholders with continuing shareholdings (Note)

A Ukai Co., Ltd. dinner voucher (¥20,000 value)

B Ukai Choice Beef (sukiyaki grade) (¥20,000 value)

Note: Shareholders with continuing shareholdings means shareholders of Funai Zaisan Consultants as of the end of December 2008 who have been holding shares of the Company without interruption since the end of December 2006 and as of the end of December 2008 hold two or more shares of the Company.

● Information on how to order the free loyalty gift for continuing shareholders will be mailed in late March 2009.