

Newsletter for shareholders Vol.14

Business summary of the first half
of fiscal year 2009 (19th period)
January 1 to June 30, 2009

Consulting for Individuals
Consulting for Companies
Land and Real Estate

Funai Zaisan Consultants

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 for comprehensive individual consulting

Nationwide Network (51 bases as of August 2009)



Dear Shareholders

The Japanese economy in the period under review remains under pressures from the financial market turmoil and rapid deceleration in business activity prompted by the U.S. subprime loan problem. At Funai Zaisan Consultants Group, the shift in real estate markets has strongly impacted operations, despite efforts made to accommodate the changed market conditions.

The increasingly uncertain operating environment requires steps to reinforce the Group's basis for stable earnings. Especially in times like these, we revisit our starting point and renew our long-standing commitment in force since the inception of the Group, that the customer comes first, and as business partners acting from the perspective of the client aspire as a group of professionals to help clients solve their problems.

In order to deal with the changed environments in Japan and abroad, going forward we will review business strategies, reduce costs, and implement structural reform, while creating structures that will assure stable earnings also in difficult conditions. Creating a company that is needed by society, we will push ahead as an independent comprehensive property and finance consulting business.

We request the continued good will of our shareholders.



President
Masazumi Hasumi

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Business Results for the First Half of Fiscal Year 2009 (19th Period)

Business Results

The Japanese economy in the period under review remains under pressures from the financial turmoil and rapid deceleration in business activity prompted by the U.S. subprime loan problem. However, thanks to foreign governments' economic stimulus measures the global recession appears to have bottomed, and the Japanese economy also displays signs of recovery, including rising share prices. In addition, the real estate market, which substantially affects the operations of Funai Zaisan Consultants Group, has begun to gradually revive from the second quarter.

While revenues from real estate transactions and property consulting therefore show a recovery trend, consulting services for individuals offered in cooperation with financial institutions

performed poorly throughout the first half of current fiscal year and fell far short of target impacted by the recession. Moreover, under the "Accounting Standard for Valuation of Inventory" a charge of 405 million yen resulted in the second quarter from valuation losses on for-sale real estate. Moreover, given the uncertain market outlook for future fiscal years, deferred tax assets were reversed in the full amount as a precautionary measure.

As a result of these factors, first-half consolidated operating revenue was 2,261 million yen, with a consolidated operating loss of 806 million yen, an ordinary loss of 1,193 million yen, and a net loss of 1,765 million yen.

Revenue by Segments

	First Half of Previous Fiscal Year (Jan. – Jun. 2008)		First Half of Current Fiscal Year (Jan. – Jun. 2009)	
	Amount (Million yen)	Ratio (%)	Amount (Million yen)	Ratio (%)
Revenue from property consulting	2,001	25.0	853	37.7
Revenue from real estate transactions	5,273	65.9	881	39.0
Revenue from sublease	580	7.3	499	22.1
Other revenue	142	1.8	27	1.2
Total	7,998	100.0	2,261	100.0

Financial Position

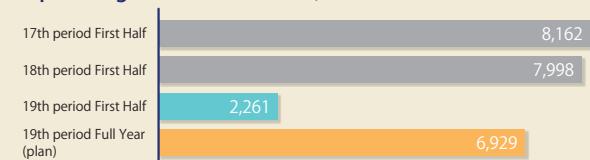
Total assets at the end of the second quarter declined 5,684 million yen from the end of the previous fiscal year, with liabilities and net assets reduced by 3,644 million yen and 2,039 million yen, respectively.

The main changes in assets were declines in cash and deposits (reduced by 2,846 million yen), for-sale real estate (reduced by 999 million yen), equity in affiliates (reduced by 362 million yen), and

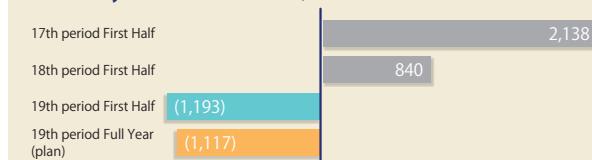
deferred tax assets (reduced by 583 million yen). Main changes in liabilities included short-term borrowings (increased by 1,021 million yen), long term debt (reduced by 3,500 million yen current portion), and bonds (reduced by 590 million yen). The principal change in net assets was a decline of 1,844 million yen in retained earnings. As a result, net assets per share was 36,993.31 yen. The equity ratio was 34.2 percent.

Highlights of Consolidated Business Results

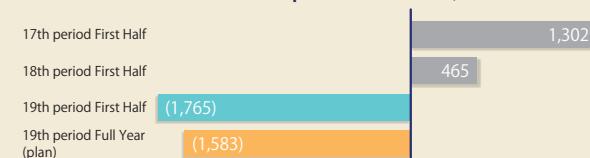
Operating revenue (unit: million yen)



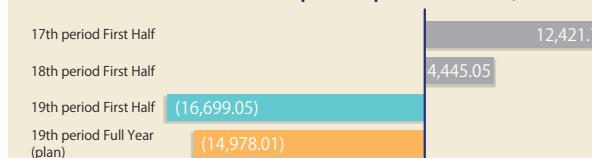
Ordinary income (unit: million yen)



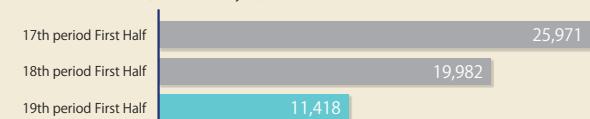
Net income of the current period (unit: million yen)



Net income of the current period per share (unit: yen) (Note)



Total assets (unit: million yen)



Net assets (unit: million yen)



Note: A stock split at the ratio of 1:2 was implemented on October 1, 2007. Numbers shown are per-share information after retroactive adjustment for this stock split.

Projection of Full-Year Results

In the second quarter, significant shortfalls relative to initial targets emerged with respect to operating revenue, operating result, ordinary result, and net result. Although estimates for the second half of current fiscal year are for operating income of 200 million yen and ordinary income of 76 million yen, which is mainly due to an improved financial structure and reorganization measures, a turnaround at the end of the fiscal year will not be achieved. Estimates for the full fiscal year are for operating revenues of 6,929 million yen (43.8 percent short of the initially announced target), operating loss of 606 million yen (compared with an initial target of 670 million yen in operating income), ordinary loss of 1,117 million yen (compared with an initial target of 370 million yen in ordinary income), and net loss of 1,583 million yen (compared with an initial target of 430 million yen in net income). Net loss per share is expected at 14,978.01 yen.

■ 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.

POINT Comprehensive individualized consulting

Instead of accommodating only the client’s immediate consulting needs, the hallmark of our consulting services is our optimized comprehensive advice, tailored to the client’s situation and formulated based on a thorough understanding of the client’s problems and requirements. Our consulting services are completely individualized. In each instance a project team is formed, with experts added as needed such as tax attorneys, lawyers, or real estate appraisers, among others.

Comprehensive Asset Consulting for Individuals

Financial Consulting for Corporate

■ 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.

POINT A professional group for problem resolution

Responding to corporations’ diverse requirements, we provide consulting services to a hundred or more companies each year. Our corporate financial consulting provides one-stop consulting services made possible by a large number of in-house experts in the fields of finance, taxation, and real estate, a nationwide network of accounting firms, and a collaboration with lawyers and service experts.

Real Estate Solution Consulting

■ 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.

[Example]



Shinjuku gyoen



Roppongi sanchoime



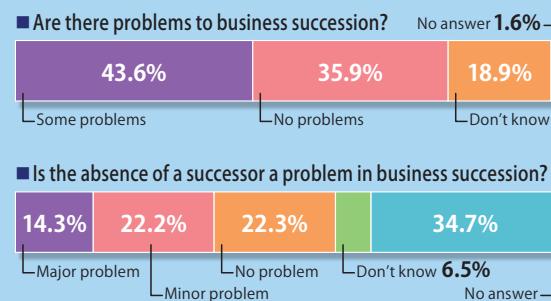
Gotanda



Nihonbashi

Periodic seminars presented by individual consultants separately by business

For many business owners the question of business succession is a troubling issue. Addressing this problem, we communicate the importance of preparing a business succession plan as a precaution for all eventualities. It is our hope that these seminars help increase the number of business successions and the succession to the social benefits that arise from them.



43% of business owners worry about business succession.

Consolidated Financial Data for the First Half of Fiscal Year 2009 (Summary)

(Million of yen, rounded down to the nearest million)

Consolidated Balance Sheet

Item	Term	Previous Fiscal Year ended Dec. 31, 2008	First Half of Current Fiscal Year ended Jun. 30, 2009
Assets			
Current assets		12,241	7,774
Cash and deposits		4,532	1,686
Accounts receivable		365	361
Real estate held for sale		5,984	4,985
Purchased receivables		688	657
Others		674	88
Allowance for doubtful accounts		(4)	(5)
Fixed assets		4,860	3,643
Tangible fixed assets		257	228
Intangible fixed assets		849	768
Goodwill		778	696
Others		71	72
Investments and other assets		3,753	2,646
Shares in affiliates		2,299	1,937
Others		1,453	709
Total assets		17,102	11,418

Item	Term	Previous Fiscal Year ended Dec. 31, 2008	First Half of Current Fiscal Year ended Jun. 30, 2009
Liabilities			
Current liabilities		6,931	4,339
Accounts payable		94	57
Short-term debt		1,006	2,028
Long-term debt repayable within one year		3,500	—
Bonds redeemable within one year		1,480	1,750
Accrued corporate taxes		173	32
Others		677	471
Fixed liabilities		4,220	3,168
Bonds		2,565	1,705
Long-term deposits payable		688	656
Allowance for employee retirement benefits		45	38
Addition to reserve for compensation of retired directors		214	108
Long-term lease and security deposits		707	660
Total liabilities		11,152	7,507
Net assets			
Shareholders' equity		5,783	3,939
Common stock		1,030	1,030
Capital surplus		1,104	1,104
Retained earnings		4,147	2,303
Treasury stock		(499)	(499)
Evaluation and conversion difference		166	(28)
Unrealized gain on securities		166	(28)
Total net assets		5,950	3,910
Total liabilities and net assets		17,102	11,418

Consolidated Income Statements

Item	Term	First Half of Previous Fiscal Year (Jan. – Jun. 2008)	First Half of Current Fiscal Year (Jan. – Jun. 2009)
Revenue		7,998	2,261
Cost of sales		5,741	1,898
Gross operating income		2,256	362
SG&A		1,033	1,169
Operating (loss) income		1,223	(806)
Non-operating revenue		31	37
Non-operating expenses		414	424
Ordinary (loss) income		840	(1,193)
Extraordinary income		—	191
Extraordinary loss		5	34
Net (loss) income before income taxes and minority interests before loss distribution to anonymous association		835	(1,037)
Loss distribution to anonymous association		(116)	(3)
Net (loss) income before income taxes and minority interests		952	(1,033)
Income taxes		456	27
Adjustment made for income taxes		37	704
Minority interests		(7)	—
Net (loss) income		465	(1,765)

Consolidated Cash Flows

Item	Term	First Half of Previous Fiscal Year (Jan. – Jun. 2008)	First Half of Current Fiscal Year (Jan. – Jun. 2009)
Cash flow from operating activities		2,777	(213)
Cash flow from investment activities		(3,147)	1,522
Cash flow from financial activities		(42)	(3,162)
Change in cash and equivalents		(412)	(1,852)
Cash and equivalents at start of year		5,895	3,424
Cash and equivalents at end of the first half of year		5,482	1,572



Stock Information & Corporate Data

Stock Overview

(As of Jun. 30, 2009)

Number of shares in issue	110,584
Number of shareholders	7,433
Treasury stock	4,879
Number of shares excluding treasury stock	105,705

Note: A stock split at the ratio of 1:2 was implemented on October 1, 2007.

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
Masazumi Hasumi	4,535	4.29
Baillie Gifford Shin Nippon plc	1,672	1.58
Mutsumi Shimada	1,526	1.44
Baillie Gifford Japan Trust plc	1,473	1.39
Hideo Murakami	1,433	1.36
CACEIS Bank Ordinary Account	1,250	1.18
Kazuo Yamada	1,220	1.15
Japan Securities Finance Co., Ltd.	1,196	1.13

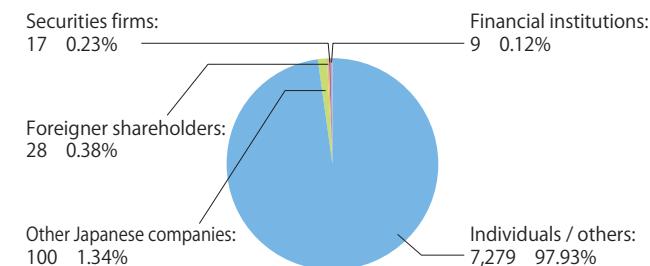
* Shareholding ratio is calculated net of treasury stock (4,879 shares).

Note: Dated August 14, 2009, the following shareholders filed a Substantial Shareholding Report (Change in Shareholding) to the Kanto Local Finance Bureau concerning the shares of the Company. These changes have been confirmed by the Company.

Reporting entity	Statutory reporting date	Shares held	Shareholding ratio
Taihei Shoji Co., Ltd.	August 10, 2009	0	—
MID Plus Co., Ltd.	August 10, 2009	11,003	10.4

Note: Number of shares in issue as of August. 17, 2009: 110,584

Number of Shareholders by Category



Notes for Shareholder

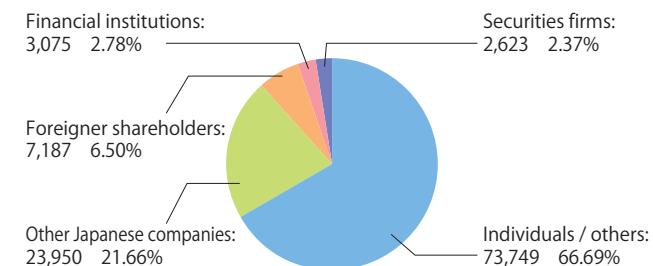
- Fiscal year: January 1 to December 31
- General meeting of shareholders: March
- Reference Date:
End of Year Dividend Payout/General meeting of shareholders: December 31
Midterm Dividend Payout: June 30
- Administrator of shareholders' register:
3-33-1 Shiba, Minato-ku, Tokyo
The Chuo Mitsui Trust 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)
Clerical services for intermediation are performed by the head office and nationwide branch offices of The Chuo Mitsui Trust and Banking Company, Limited, and the head office and nationwide branch offices of Japan Securities Agents, Ltd.
- Public announcements: Please refer to the Funai Zaisan website

• Address changes and applications for the sale, 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 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.

• Notice concerning the payment of dividends on exchange-listed stocks, etc.
Pursuant to the Act on Special Measures Concerning Taxation revised in 2008 (Law No. 23; April 30, 2008), payment notices stating the dividend amount and withholding tax amount must be sent to shareholders beginning with dividends payable in and after January 2009. Shareholders who receive dividend vouchers will be sent Payment Notices at the end of the year or at the beginning of the following year. For shareholders who have designated a bank account for dividend payment by wire transfer, the Dividend Statement sent to shareholders at dividend payment takes place of the Payment Notice. Both documents can be used as attachments to income tax declarations.

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 Aug. 1, 2009)

- 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): 134 (Group)
- Business network: 51 locations throughout Japan
Hokkaido, Sendai, Fukushima, Tochigi, Gunma, Saitama, Keiyo, Johoku, Tokyo Ginza, Yokohama, Kanazawa, Nagano, Shizuoka, Nagoya, Kyoto, Osaka, Hyogo, Nara, Hiroshima, Takamatsu, Tokushima, Fukuoka, Nagasaki, Kumamoto, Okinawa, Mito, Kumagaya, Yonezawa, Wakayama, Niigata, Hachinohe, Kagoshima, Miyazaki, Sasebo, Shonan, Shiga, Fukui, Mie, Tottori, Kitakyusyu, Nagaoka, Shimane, Kawasaki, Jonan, Yamagata, Toyama, Saga
- 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 Aug. 1, 2009)

Chairman	Hideo Murakami
President	Masazumi Hasumi
Managing Director	Hisao Nakatsuka
Managing Director, Individual Asset Consulting 1st Division Manager	Takahiko Makino
Director, Individual Asset Consulting 3rd Division Manager	Tetsuo Akiyama
Director, Corporate Financial Consulting Division Manager	Seiki Noda
Director, Individual Asset Consulting 2nd Division Manager	Masayuki Yagi
Director, Real Estate Division Manager	Takeshi Matsuura
Director, Network Division Manager	Yasuhiko Sato
Outside Director	Haruo Shimada
Outside Director	Kiyoshi Ohno
Outside Director	Hitoshi Komasa
Outside Representative Auditor	Takao Kitamura
Outside Auditor	Toshio Honda
Outside Auditor	Hiroaki Rokugawa

