April 28, 2005

Summary Report of Consolidated Operating Results
for the First Quarter of Fiscal 2005
(Year ended December 2005)

Company name:	Future System Consulting Corp.
Shares listed on:	First Section of Tokyo Stock Exchange
Security code number:	4722
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Representative:	Yasufumi Kanemaru, President & CEO
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1. Matters relating to the preparation of quarterly financial information

(1) Changes in accounting methods: Applicable
- Standard for recording corporation tax, etc.: Calculated using estimated annual tax rate based on legal effective tax rate

(2) Changes in accounting methods compared with Fiscal 2004: None

(3) Changes in scope of consolidation or application of equity method: None

2. Summery of operating results for the third quarter of fiscal 2005 (January 1, 2005 – September 30, 2005)

(1) Trends in consolidated operating results

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q, Fiscal 2005	2,293	13.7	244	957.6	197	708.5	213	316.0
1Q, Fiscal 2004	2,016	–	23	–	24	–	51	–
(Reference) Fiscal 2004	9,364	-13.1	888	-35.4	844	-42.4	458	-50.3

	Quarterly net income per share	Quarterly net income per share (fully diluted)
	Yen	Yen
1Q, Fiscal 2005	1,844.02	–
1Q, Fiscal 2004	437.93	–
(Reference) Fiscal 2004	3,926.00	–

Note: The percentages indicate rates of changes in Sales, Operating income, Ordinary income, Quarterly net income compared with the same quarter of the previous year.

[Qualitative information on trends in consolidated operating results]

(i) Although the market condition remains severe, because projects including new business which was acquired during the last term have progressed smoothly into the second phase, orders remain buoyant and the projected operating rate is expected to be met.

(ii) In this first quarter (January 2005-March 2005), the negative impact from the strategic initial discount which affected the previous business results has abated and the only remaining impact is from business acquired in the previous term. Moreover, because the new business acquired in the last term has been going well and the number of project hours has been increasing while the rate of marketing promotion has been falling, the operating rate has grown as projected.

(iii) A breakdown of sales of IT consulting services by industry sector is as follows: logistics and service accounted for 60% (compared with 50% in the same quarter of the previous year), financial accounted for 22% (compared with 30%) and manufacturing accounted for 18% (compared with 20%). The total number of customers is 70 (47 in the same quarter of the previous year) with 19 new customers (11) and 51 existing customers (39). Following the trend of the previous quarter, the number of new customers has increased, while projects related to existing customers have been progressing smoothly to new phases.

(iv) Following the growth trend set in the previous quarter, the business related to E.A.I (Enterprise Application Integration) and the projects of the introduction of interface base among systems has been performed well and several new projects have also started.

(v) On March 1, 2005, organizational changes took effect, including the establishment of Business Strategy & Planning, which has an improved capacity compared with the former Business Strategy & Planning, and a strategic role. Further organizational changes include the establishment of a new organization that was divided into sector-based divisions from the current Consulting & Solution Service and the establishment of a Project Environment controlling the management of projects collectively throughout the company from the vantage point of human resources.

(vi) Although we recorded gains of ¥569 million on the sale of investment securities, we recorded extraordinary losses of ¥434 because of the following factors: depreciation costs of ¥357 million for software associated with the conservative revision of the sales program of commercial software and ¥62 million associated with the cost of removing in-house software.

(2) Changes in consolidated financial condition

	Total assets	Shareholders' equity	Shareholders' equity ratio	Equity per share
	Million yen	Million yen	Percent (%)	Yen
1Q, Fiscal 2005	9,399	6,379	67.9	55,124.21
1Q, Fiscal 2004	10,903	6,575	60.3	56,136.58
(Reference) Fiscal 2004	9,194	6,612	71.9	57,138.06

【Consolidated cash flow position】

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
1Q, Fiscal 2005	481	723	(358)	4,668
1Q, Fiscal 2004	(396)	1,746	144	5,033
(Reference) Fiscal 2004	534	1,187	(1,446)	3,822

[Qualitative information regarding changes in consolidated financial condition]

(i) Gross assets at the end of this first quarter came to ¥9,399 million, attributable to factors such as the depreciation of software and the sale of investment securities.
Liabilities came to ¥3,020 million as long- and short-term borrowings were reduced through repayment. Shareholders' equity came to ¥6,379 million because of the increase in retained earnings, with improved net income, and a decrease in the appraisal value of other securities.

(ii) Cash flows from operating activities for this first quarter were ¥481 million (compared with ¥878 million in the same quarter of the previous year), reflecting quarterly net income before taxes of ¥332 million (¥301 million), depreciation costs of ¥479 million (¥390 million) and investment securities sale of ¥569 million outflow (a ¥534 million outflow).
Cash flows from investment activities were ¥723 million (a ¥1,022 million outflow in the same quarter of the previous year) reflecting ¥792 million in income from the sale of investment securities (a ¥1,208 million outflow).
Cash flows from financing activities were ¥358 million outflow (compared with a ¥502 million outflow in the same quarter of the previous year) reflecting the repayment of ¥358 million (a ¥1 million decrease in the same quarter of the previous year) and dividend payments of ¥275 million.
As a result of a ¥846 million increase through cash flows from operating, investing and financing activities, cash and cash equivalents outstanding at the end of this quarter were ¥4,668 million (compared with a ¥364 million outflow in the same quarter of the previous year).

* supporting data
(Summary) Quarterly period consolidated balance sheets, (Summary) Quarterly period consolidated statements of income

[Reference]
Consolidated projection for fiscal 2005 (January 1, 2005 to December 31, 2005)

	Net sales	Operating income	Net income
	Million yen	Million yen	Million yen
Interim term	4,740	560	370
Full year	10,270	1,300	770

Note: Projected net income per share (fiscal 2005): ¥6,653.53

[Qualitative information regarding the projection]
There are no changes from the projection announced on February 8, 2005 for either the interim term or the full year.
This projection, representing our best estimate based on the information currently available to us, incorporates uncertain factors.

1. (Summary) Quarterly Period Consolidated Balance Sheets

Item	Quarterly period ended March 2004	Quarterly period ended March 2005	Year-on-year comparison		(Reference) Fiscal 2004
	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)	Change (%)	Amount (thousand yen)
(Assets)					
I. Current assets					
1. Cash and cash equivalents	5,033,162	4,668,836	-364,325	-7.2	3,822,079
2. Notes and accounts receivable	1,508,242	1,304,798	-203,444	-13.5	1,101,408
3. Inventories	8,662	3,468	-5,193	-60.0	5,461
4. Deferred tax assets	190,181	122,162	-68,019	-35.8	121,992
5. Other	262,134	524,415	262,280	100.1	499,448
6. Allowance for doubtful accounts	(62,723)	(700)	62,023	-98.9	(700)
Total current assets	6,939,661	6,622,982	-316,679	-4.6	5,549,690
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings	123,814	105,010	-18,803	-15.2	109,369
(2) Other	239,952	223,220	-16,732	-7.0	205,738
Total tangible fixed assets	363,766	328,230	-35,535	-9.8	315,108
2. Intangible fixed assets					
(1) Software	1,191,262	496,696	-694,566	-58.3	969,279
(2) Other	12,700	11,974	-726	-5.7	12,198
Total intangible fixed assets	1,203,962	508,670	-695,292	-57.8	981,477
3. Investments and other assets					
(1) Investment securities	1,946,841	1,405,642	-541,199	-27.8	1,904,883
(2) Other	449,666	534,219	84,553	18.8	443,168
Total investments and other assets	2,396,507	1,939,861	-456,646	-19.1	2,348,051
Total fixed assets	3,964,237	2,776,763	-1,187,473	-30.0	3,644,637
Total assets	10,903,898	9,399,745	-1,504,153	-13.8	9,194,327

Item	Quarterly period ended March 2004	Quarterly period ended March 2005	Year-on-year comparison		(Reference) Fiscal 2004
	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)	Change (%)	Amount (thousand yen)
(Liabilities)					
I. Current liabilities					
1. Accounts payable	418,820	409,581	-9,238	-2.2	183,270
2. Short-term borrowings	1,600,000	850,000	-750,000	-46.9	650,000
3. Long-term borrowings due within one year	566,000	566,000	–	–	566,000
4. Reserve for quality assurance	105,000	45,000	-60,000	-57.1	45,000
5. Allowance for losses on restructuring	20,000	–	-20,000	-100.0	–
6. Other	867,857	964,748	96,891	11.2	669,583
Total current liabilities	3,577,677	2,835,330	-742,347	-20.7	2,113,854
II. Non-current liabilities					
1. Long-term borrowings	751,000	185,000	-566,000	-75.4	468,000
Total non-current liabilities	751,000	185,000	-566,000	-75.4	468,000
Total liabilities	4,328,677	3,020,330	-1,308,347	-30.2	2,581,854
(Minority interests)					
Minority interests	–	–	–	–	–
(Shareholders' equity)					
I. Common stock	1,421,815	1,421,815	–	–	1,421,815
II. Additional paid-in capital	2,495,772	2,495,772	–	–	2,495,772
III. Consolidated retained earnings	2,887,824	3,193,033	305,208	10.6	3,292,773
IV. Net unrealized gain on available-for-sale securities	418,348	232,302	-186,045	-44.5	366,756
V. Foreign currency translation adjustments	454	(652)	-1,107	-243.4	(1,787)
VI. Treasury stock	(648,995)	(962,857)	-313,862	48.4	(962,857)
Total shareholders' equity	6,575,220	6,379,414	-195,806	-3.0	6,612,473
Total liabilities, minority interests and shareholders' equity	10,903,898	9,399,745	-1,504,153	-13.8	9,194,327

2. (Summary) Quarterly Period Consolidated Statements of Income

Item	Quarterly period ended March 2004	Quarterly period ended March 2005	Year-on-year comparison		(Reference) Fiscal 2004
	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)	Change (%)	Amount (thousand yen)
I. Net Sales	2,016,850	2,293,034	276,183	13.7	9,364,232
II. Cost of sales	1,170,196	1,208,723	38,526	3.3	5,078,205
Gross Profit	846,654	1,084,311	237,657	28.1	4,286,026
III. Selling, general and administrative expenses	823,503	839,480	15,976	1.9	3,397,381
1. Officers' remuneration	32,295	52,127	19,832	61.4	141,760
2. Salaries and bonuses	388,943	433,340	44,397	11.4	1,689,158
3. Employee training expenses	19,693	18,262	-1,430	-7.3	107,753
4. Research & development expenditures	88,499	75,529	-12,970	-14.7	330,262
5. Depreciation	31,880	33,517	1,636	5.1	148,472
6. Recruitment expenses	59,741	11,081	-48,659	-81.5	152,657
7. Other	202,450	215,620	13,170	6.5	827,316
Operating Income	23,150	244,831	221,680	957.6	888,645
IV. Non-operating income	6,122	5,958	-164	-2.7	17,670
1. Interest income	526	5,073	4,547	863.3	1,318
2. Dividend income	–	0	0	–	6,129
3. Equity in gain of non-consolidated subsidiaries & affiliates	422	–	-422	-100.0	–
4. Other	5,174	884	-4,289	-82.9	10,222
V. Non-operating expenses	4,822	53,099	48,277	1,001.1	61,543
1. Interest expenses	4,674	2,901	-1,772	-37.9	16,118
2. Equity in loss of non-consolidated subsidiaries & affiliates	–	49,394	49,394	–	43,898
3. Other	147	803	656	443.6	1,527
Ordinary Income	24,450	197,690	173,239	708.5	844,772

Item	Quarterly period ended March 2004	Quarterly period ended March 2005	Year-on-year comparison		(Reference) Fiscal 2004
	Amount (thousand yen)	Amount (thousand yen)	Amount (thousand yen)	Change (%)	Amount (thousand yen)
VI. Extraordinary income	34,360	569,110	534,749	1,556.3	410,935
1. Gains on sale of investment securities	34,360	569,110	534,749	1,556.3	399,176
2. Reversal of allowance for losses on restructuring	–	–	–	–	11,759
VII. Extraordinary losses	27,864	434,799	406,935	1,460.4	505,711
1. Losses on disposal of fixed assets	–	264	264	–	–
2. Losses on devaluation of investment securities	–	–-	–	–	3,127
3. Office relocation expenses	27,864	–	-27,864	-100.0	27,864
4. Losses on contract cancellation	–	14,200	14,200	–	198,000
5. Depreciation costs for software	–	357,769	357,769	–	267,359
6. Losses on disposal of software	–	62,564	62,564	–	9,360
Net income before taxes for the period	30,947	332,000	301,053	972.8	749,996
Corporate, residential and enterprise taxes	(20,347)	118,595	138,942	–	291,573
Quarterly net income	51,294	213,405	162,110	316.0	458,423

3. (Summary) Quarterly Period Consolidated Statements of Retained Earnings

(Unit: thousand yen)

	Quarterly period ended March 2004	Quarterly period ended March 2005	(Reference) Fiscal 2004
Item	Amount	Amount	Amount
(Additional paid-in capital)			
I. Balance at the beginning of the period			
1. Balance at the beginning of the period	2,495,772	2,495,772	2,495,772
II. Balance at the end of the period	2,495,772	2,495,772	2,495,772
(Retained earnings)			
I. Balance at the beginning of the period			
1. Consolidated surplus	3,208,882	3,292,773	3,208,882
II. Increase in retained earnings			
1. Net income for the period	51,294	213,405	458,423
III. Decrease in retained earnings			
1. Dividends	316,248	312,465	316,248
2. Reduction in retained earnings in association with decreased consolidated subsidiaries	27,037	679	29,217
3. Reduction in retained earnings in association with decreased equity-method affiliates	29,066	–	29,066
IV Balance at the end of the period	2,887,824	3,193,033	3,292,773

4. (Summary) Quarterly Consolidated Statements of Cash Flows

(Unit: thousand yen)

	Quarterly period ended March 2004	Quarterly period ended March 2005	(Reference) Fiscal 2004
Item	Amount	Amount	Amount
I. Cash flows from operating activities:			
Net income before taxes	30,947	332,000	749,996
Depreciation and amortization	88,908	479,200	786,198
Increase (decrease) in allowance for doubtful accounts	9	–	9
Increase (decrease) in reserve for quality assurance	(101,000)	–	(69,000)
Earned interest and dividends	(526)	(5,074)	(7,447)
Interest expenses	4,674	2,901	16,118
Foreign exchange gains (losses)	–	–	(5,132)
Equity in income (losses) of subsidiaries & affiliates	(422)	49,394	43,898
Losses on disposal of tangible fixed assets	10,978	264	10,978
Losses on disposal of software	–	62,564	9,360
Gains (losses) on sale of investment securities	(34,360)	(569,110)	(399,176)
Losses on devaluation of investment securities	–	–	3,127
Increase (decrease) in accounts receivable	(195,432)	(203,390)	211,551
Increase (decrease) in inventories	(5,193)	1,993	(2,222)
Increase (decrease) in other assets	(31,312)	(18,618)	(36,785)
Increase (decrease) in accounts payable	38,024	226,311	(197,525)
Increase (decrease) in other liabilities	213,260	178,805	76,107
Subtotal	18,555	537,243	1,190,056
Interest and dividends received	537	493	7,453
Interest paid	(7,403)	(4,870)	(17,582)
Income and other taxes	(408,000)	(50,900)	(645,031)
Net cash provided by (used in) operating activities	(396,310)	481,965	534,895
II. Cash flows from investing activities:			
Purchase of tangible fixed assets	(39,712)	(24,654)	(86,518)
Acquisition of intangible fixed assets	(293,498)	(44,262)	(777,937)
Purchase of investment securities	(599)	(599)	(171,182)
Proceeds from sale of investment securities	2,000,949	792,860	2,443,848
Net increase in deposit guarantees	–	–	(747)
Proceeds from collection of deposit guarantees	78,918	–	80,326
Increase in short term loans	–	–	(300,000)
Net cash provided by (used in) investing activities	1,746,056	723,343	1,187,789
III. Cash flows from financing activities:			
Increase in short-term borrowings	700,000	300,000	900,000
Repayment of short-term borrowings	–	(100,000)	(1,150,000)
Repayment of long-term borrowings	(283,000)	(283,000)	(566,000)
Purchase of treasury stock	–	–	(313,862)
Dividends paid	(272,902)	(275,880)	(316,397)
Net cash provided by (used in) financing activities	(144,097)	(358,880)	(1,446,259)
IV. Effect of exchange rate changes on cash and cash equivalents	(440)	329	5,893
V. Increase (decrease) in cash and cash equivalents	1,493,402	846,757	282,319
VI. Cash and cash equivalents at beginning of the period	3,579,241	3,822,079	3,579,241
VII. Decrease in cash and cash equivalents due to removal of a subsidiary from consolidated financial statement	(39,482)	–	(39,482)
VIII. Cash and cash equivalents at end of the period	5,033,162	4,668,836	3,822,079

5. Segment information

[Business segment information]

The Group does not engage in any business other than IT-related consulting services.

[Geographical segment information]

During the previous and current three-month period, domestic operations accounted for more than 90% of consolidated sales and assets. Geographical segment information is therefore omitted.

[Overseas sales]

During the previous and current three-month period, sales from overseas operations accounted for less than 10% of consolidated sales. Overseas sales information is therefore omitted.

6. Production, Orders Received and Sales

(1) Production

(Unit: thousand yen)

Function	Quarterly period ended March 2004 (January 1, 2004 - March 31, 2004)	Quarterly period ended March 2005 (January 1, 2005 - March 31, 2005)
IT consulting services	1,056,516	1,020,376
Hardware and other procurement services	137,165	186,317

Note: For IT consulting services, amounts are stated at cost. For hardware and other procurement services, amounts are stated at cost or cost of purchase

(2) Orders received (Outstanding contracts)

(Unit: thousand yen)

Function	Quarterly period ended March 2004 (January 1, 2004 - March 31, 2004)		Quarterly period ended March 2005 (January 1, 2005 - March 31, 2005)	
	Orders Rcvd	Orders O/S	Orders Rcvd	Orders O/S
IT consulting services	1,433,994	1,132,791	2,075,366	1,574,856
Hardware and other procurement services	161,209	6,100	211,179	150
Total	1,595,203	1,138,891	2,286,546	1,575,006

(3) Sales

(Unit: thousand yen)

Function	Quarterly period ended March 2004 (January 1, 2004 - March 31, 2004)	Quarterly period ended March 2005 (January 1, 2005 - March 31, 2005)
IT consulting services	1,858,799	2,076,385
Hardware and other procurement services	158,050	216,648
Total	2,016,850	2,293,034