

**Summary Report of Consolidated Operating Results
for the Third Quarter of Fiscal 2006
(Year ending December 2006)**

Company name: Future System Consulting Corp.
 Shares listed on: First Section of Tokyo Stock Exchange
 Security code number: 4722
 URL: <http://www.future.co.jp>
 Representative: Yasufumi Kanemaru, President & CEO
 Contact: Naoto Konishi, Managing Director
 Tel: +81-3-5469-6021

1. Matters relating to the preparation of quarterly financial information

(1) Adoption of simple method on account processing method: Yes

- 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 2005: None

(3) Changes in scope of consolidation or application of equity method: Yes

(new) e-Manufacturing Co., Ltd.

2. Summary of operating results for the third quarter of fiscal 2006 (January 1, 2006 – September 30, 2006)

(1) Trends in consolidated operating results

(Amounts rounded off to million yen)

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q, Fiscal 2006	11,720	52.8	2,245	62.0	2,233	67.0	1,276	51.8
3Q, Fiscal 2005	7,668	6.1	1,386	142.2	1,337	145.1	841	138.4
(Reference) Fiscal 2005	10,957	17.0	1,863	109.6	1,809	114.2	1,171	155.5

	Quarterly net income per share	Quarterly net income per share (fully diluted)
	Yen	Yen
3Q, Fiscal 2006	2,767.67	2,749.58
3Q, Fiscal 2005	7,271.83	–
(Reference) Fiscal 2005	10,131.31	10,126.32

Note: 1. The percentages indicate rates of changes in Sales, Operating income, Ordinary income, Quarterly net income compared with the same quarter of the previous year.

2. Future System Consulting implemented a four-to-one stock split of the Company's common stock on February 1, 2006. Consequently, quarterly net income per share and fully diluted quarterly net income per share for the third quarter of fiscal 2006 were calculated as if the share split had taken place at the beginning of the term.

[Qualitative information on trends in consolidated operating results]

- (i) In the third quarter of fiscal 2006, oil prices went up and the yen weakened. Under such circumstances, the Japanese economy continued to recover, due mainly to an increase in capital investments backed by improved corporate earnings, better employment situation and a gradual rise in consumer spending. The Group received a steady flow of orders from IT service companies, as IT investments increased in almost all industries.
- (ii) Consolidated net sales were ¥4,074 million in the quarter under review (from July 1, 2006 to September 30, 2006), compared with ¥3,577 million in the first quarter and ¥4,069 million in the second quarter. As a result, accumulated sales until the third quarter were ¥11,720 million.
- (iii) Accumulated sales of IT consulting services until the third quarter increased 42% from the same period of the previous year. In a breakdown by industry sector, the distribution and service sector accounted for 55% of sales, the financial sector accounted for 26% and the manufacturing sector accounted for 19%. These figures were almost as expected.

- (iv) The composition of accumulated sales of IT consulting services by purpose is as follows:
- a. Companies aiming at reforming management or renovating legacy systems using IT accounted for 67% of the accumulated sales, up from 47% registered in the same period of the preceding year. For these firms, the Group established real-time platforms, while substantially reducing IT costs by using proprietary middleware components and downsizing methodology.
 - b. Companies wishing to adopt highly specialized solutions accounted for 14%, down from 23%. For these firms, the Group introduced mainly loan support systems for financial institutions, EAI (enterprise application integration), and interface bases between systems.
 - c. Systems to support M&A strategies accounted for 6%, down from 11%. The Group offered services for establishing a system infrastructure unified among groups which help promote corporate reorganization efficiently, and proposed measures for incorporating IT, a key to corporate reconstruction, into an overall system.
 - d. For rapidly growing companies, poor usage of IT often becomes a bottleneck. These firms introduced scalable systems that can flexibly meet future growth. Sales to these companies accounted for 9%, up from 6%.
- (v) The Group improved overall quality by standardizing project promotion methods and enhancing the project monitoring structure, and raised productivity by using proprietary components. As a result, ordinary income posted ¥750 million in the third quarter under review (from July 1, 2006 to September 30, 2006), compared with ¥726 million in the first quarter and ¥757 million in the second quarter. Hence, accumulated ordinary income until the third quarter was ¥2,233 million.

(2) Changes in consolidated financial condition (Amounts rounded off to million yen)

	Total assets	Net assets	Capital ratio	Equity per share
	Million yen	Million yen	Percent (%)	Yen
3Q, Fiscal 2006	11,294	8,400	74.2	18,209.08
3Q, Fiscal 2005	10,610	7,129	67.2	61,816.10
(Reference) Fiscal 2005	10,324	7,591	73.5	65,820.54

[Consolidated cash flow position] (Amounts rounded off to million yen)

	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
3Q, Fiscal 2006	1,442	85	(546)	5,798
3Q, Fiscal 2005	1,257	678	(571)	5,188
(Reference) Fiscal 2005	1,653	962	(1,621)	4,817

[Qualitative information regarding changes in consolidated financial condition]

- (i) Total assets at the end of the third quarter of fiscal 2006 were ¥11,294 million, reflecting a decrease resulting from sales of investment securities, etc. and an increase in cash and deposits and accounts receivable due to strong operating performance. Meanwhile, total liabilities stood at ¥2,893 million due chiefly to an increase in accounts payable. Net assets were ¥8,400 million, reflecting an increase in retained earnings due to net income, and a decrease in net unrealized gain on available-for-sale securities.
- (ii) Cash flows from operating activities for the quarter under review totaled ¥1,442 million (up ¥184 million from the previous year). Quarterly net income before taxes was ¥2,329 million (up ¥799 million) and income tax and other taxes payment were ¥1,309 million (up ¥1,142 million). Accounts payable increased ¥331 million (up ¥214 million), and accounts receivable decreased ¥284 million (down ¥315 million). Cash flows from investing activities were ¥85 million (down ¥592 million), reflecting proceeds from sale of investment securities of ¥435 million (down ¥454 million), purchase of investment securities of ¥140 million (down ¥73 million), and net increase in deposit guarantees of ¥113 million (up ¥113 million). Cash flows from financial activities saw an outflow of ¥546 million (up ¥24 million), reflecting repayment of long-term borrowings of ¥502 million (down ¥63 million), payment of dividends of ¥309 million (down ¥2 million), and increase in short-term borrowings of ¥265 million (down ¥135 million). Thanks to the ¥981 million increase in cash flows from operating, investing and financial activities, cash and cash equivalents at the end of the third quarter under review reached ¥5,798 million (up ¥610 million from the same period of the previous year).

* supporting data

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

[Reference]

Consolidated projection for fiscal 2006 (January 1, 2006 to December 31, 2006)

	Net sales	Operating income	Net income
	Million yen	Million yen	Million yen
Full year	14,920	2,920	1,550

Note: Projected net income per share (fiscal 2006): ¥3,359.84

[Qualitative information regarding the projection]

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 September 2005 (end of 3Q, Fiscal 2005)	Quarterly period ended September 2006 (end of 3Q, Fiscal 2006)	Year-on-year comparison		(Reference) Fiscal 2005
	Amount (thousands of yen)	Amount (thousands of yen)	Amount (thousands of yen)	Change (%)	Amount (thousands of yen)
(Assets)					
I. Current assets					
1. Cash and cash equivalents	5,188,086	5,798,662	610,576	11.8	4,817,482
2. Notes and accounts receivable	1,700,833	2,286,710	585,876	34.4	2,001,229
3. Inventories	44,567	17,184	(27,382)	-61.5	12,591
4. Deferred tax assets	110,330	239,535	129,204	117.1	157,243
5. Other	506,148	373,616	(132,532)	-26.2	225,983
6. Allowance for doubtful accounts	(9,724)	(30,000)	(20,275)	208.5	(30,000)
Total current assets	7,540,242	8,685,708	1,145,466	15.2	7,184,530
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings	96,835	84,701	(12,133)	-12.5	92,850
(2) Other	225,574	249,866	24,291	10.8	240,606
Total tangible fixed assets	322,409	334,567	12,157	3.8	333,456
2. Intangible fixed assets					
(1) Software	445,041	303,498	(141,543)	-31.8	408,329
(2) Other	11,504	68,665	57,161	496.9	12,685
Total intangible fixed assets	456,546	372,163	(84,382)	-18.5	421,015
3. Investments and other assets					
(1) Investment securities	1,783,660	1,492,499	(291,161)	-16.3	1,988,272
(2) Other	507,757	409,151	(98,606)	-19.4	397,567
Total investments and other assets	2,291,418	1,901,650	(389,767)	-17.0	2,385,839
Total fixed assets	3,070,373	2,608,382	(461,991)	-15.1	3,140,311
Total assets	10,610,616	11,294,090	683,474	6.4	10,324,842

Item	Quarterly period ended September 2005 (end of 3Q, Fiscal 2005)	Quarterly period ended September 2006 (end of 3Q, Fiscal 2006)	Year-on-year comparison		(Reference) Fiscal 2005
	Amount (thousands of yen)	Amount (thousands of yen)	Amount (thousands of yen)	Change (%)	Amount (thousands of yen)
(Liabilities)					
I. Current liabilities					
1. Accounts payable	301,060	798,664	497,603	-	466,275
2. Short-term borrowings	1,050,000	300,000	(750,000)	-71.4	-
3. Long-term borrowings due within one year	468,000	3,324	(464,676)	-99.3	468,000
4. Reserve for quality assurance	130,000	122,000	(8,000)	-6.2	125,000
5. Allowance for bonuses	-	267,000	267,000	-	-
6. Income tax payable etc.	671,337	528,657	(142,679)	-21.3	847,718
7. Other	860,781	869,801	9,019	1.0	826,567
Total current liabilities	3,481,179	2,889,447	(591,732)	-17.0	2,733,561
II. Non-current liabilities					
1. Long-term borrowings	-	4,211	4,211	-	-
Total non-current liabilities	-	4,211	4,211	-	-
Total liabilities	3,481,179	2,893,658	(587,521)	-16.9	2,733,561
(Minority interests)					
Minority interests	-	-	-	-	-
(Shareholders' equity)					
I. Common stock	1,421,815	-	-	-	1,421,815
II. Additional paid-in capital	2,495,772	-	-	-	2,495,772
III. Consolidated retained earnings	3,821,652	-	-	-	4,151,548
IV. Net unrealized gain on available-for-sale securities	446,195	-	-	-	577,610
V. Foreign currency translation adjustments	(20)	-	-	-	511
VI. Treasury stock	(1,055,978)	-	-	-	(1,055,978)
Total shareholders' equity	7,129,436	-	-	-	7,591,280
Total liabilities, minority interests and shareholders' equity	10,610,616	-	-	-	10,324,842

Item	Quarterly period ended September 2005 (end of 3Q, Fiscal 2005)	Quarterly period ended September 2006 (end of 3Q, Fiscal 2006)	Year-on-year comparison		(Reference) Fiscal 2005
	Amount (thousands of yen)	Amount (thousands of yen)	Amount (thousands of yen)	Change (%)	Amount (thousands of yen)
(Net assets)					
I. Shareholders' equity					
1. Common stock	–	1,421,815	–	–	–
2. Additional paid-in capital	–	2,495,772	–	–	–
3. Consolidated retained earnings	–	5,116,961	–	–	–
4. Treasury stock	–	(1,055,978)	–	–	–
Total shareholders' equity	–	7,978,571	–	–	–
II. Valuation, translation adjustments, etc.					
1. Net unrealized gain on available-for-sale securities	–	402,291	–	–	–
2. Foreign currency translation adjustments	–	521	–	–	–
Total valuation, translation adjustments, etc.	–	402,813	–	–	–
III. Minority interests	–	19,047	–	–	–
Total net assets	–	8,400,432	–	–	–
Total liabilities and net assets	–	11,294,090	–	–	–

2. (Summary) Quarterly Period Consolidated Statements of Income

Item	Quarterly period ended September 2005 (3Q, Fiscal 2005)	Quarterly period ended September 2006 (3Q, Fiscal 2006)	Year-on-year comparison		(Reference) Fiscal 2005
	Amount (thousands of yen)	Amount (thousands of yen)	Amount (thousands of yen)	Change (%)	Amount (thousands of yen)
I. Net Sales	7,668,986	11,720,034	4,051,047	52.8	10,957,381
II. Cost of sales	3,973,904	6,810,788	2,836,884	71.4	5,562,814
Gross Profit	3,695,081	4,909,245	1,214,163	32.9	5,394,566
III. Selling, general and administrative expenses	2,308,894	2,663,381	354,487	15.4	3,531,534
1. Officers' remuneration	146,405	156,897	10,491	7.2	193,544
2. Salaries and bonuses	1,050,258	1,133,472	83,214	7.9	1,455,211
3. Employee training expenses	83,435	59,419	(24,015)	-28.8	103,770
4. Research & development expenditures	291,672	227,255	(64,416)	-22.1	676,260
5. Depreciation	99,795	106,915	7,120	7.1	135,851
6. Recruitment expenses	44,952	216,578	171,625	381.8	95,695
7. Other	592,375	762,842	170,467	28.8	871,200
Operating Income	1,386,186	2,245,863	859,676	60.2	1,863,031
IV. Non-operating income	18,139	12,548	(5,590)	-30.8	15,848
1. Interest income	15,012	2,093	(12,919)	-86.1	6,416
2. Dividend income	750	4,626	3,875	516.4	2,268
3. Other	2,375	5,829	3,453	145.3	7,163
V. Non-operating expenses	66,508	24,783	(41,724)	-62.7	68,958
1. Interest expenses	7,984	3,284	(4,700)	-58.9	10,121
2. Equity in loss of non-consolidated subsidiaries & affiliates	57,311	21,072	(36,238)	-63.2	57,311
3. Other	1,212	426	(785)	-64.8	1,526
Ordinary Income	1,337,817	2,233,628	895,811	67.0	1,809,921

Item	Quarterly period ended September 2005 (3Q, Fiscal 2005)	Quarterly period ended September 2006 (3Q, Fiscal 2006)	Year-on-year comparison		(Reference) Fiscal 2005
	Amount (thousands of yen)	Amount (thousands of yen)	Amount (thousands of yen)	Change (%)	Amount (thousands of yen)
VI. Extraordinary income	639,289	125,270	(514,018)	-80.4	666,492
1. Gains on sale of investment securities	639,289	125,270	(514,018)	-80.4	666,492
VII. Extraordinary losses	447,390	29,302	(418,087)	-93.5	477,390
1. Losses on disposal of fixed assets	1,584	–	(1,584)	–	1,584
2. Losses on devaluation of investment securities	–	9,302	9,302	–	–
3. Addition to allowance for doubtful accounts	–	–	–	–	30,000
4. Losses on contract cancellation	12,249	–	(12,249)	–	12,249
5. Depreciation costs for software	357,769	–	(357,769)	–	357,769
6. Losses on disposal of software	62,564	–	(62,564)	–	62,564
7. Losses on restructuring of business	13,221	–	(13,221)	–	13,221
8. Directors' retirement benefits	–	20,000	20,000	–	–
Net income before taxes for the quarterly period	1,529,715	2,329,596	799,880	52.3	1,999,023
Corporate, residential and enterprise taxes	688,372	1,048,318	359,946	52.3	827,783
Minority interests in net income	–	4,465	4,465	–	–
Quarterly net income	841,343	1,276,812	435,469	51.8	1,171,239

3. (Summary) Quarterly Consolidated Statements of Cash Flows

(thousands of yen)

Item	Quarterly period ended September 2005 (3Q, Fiscal 2005)	Quarterly period ended September 2006 (3Q, Fiscal 2006)	(Reference) Fiscal 2005
	Amount	Amount	Amount
I. Cash flows from operating activities:			
Net income before taxes (quarterly period)	1,529,715	2,329,596	1,999,023
Depreciation and amortization	613,762	216,962	688,399
Increase (decrease) in allowance for doubtful accounts	9,024	–	29,300
Increase (decrease) in reserve for bonuses to directors/reserve for bonuses	–	223,300	43,700
Increase (decrease) in reserve for quality assurance	85,000	(3,000)	80,000
Earned interest and dividends	(15,763)	(6,719)	(8,684)
Interest expenses	7,984	3,284	10,121
Foreign exchange gains (losses)	679	–	–
Losses on restructuring of business	13,221	–	13,221
Equity in income (losses) of subsidiaries & affiliates	57,311	21,072	57,311
Losses on disposal of tangible fixed assets	1,584	–	1,584
Losses on disposal of software	62,564	–	62,564
Gains (losses) on sale of investment securities	(639,289)	(125,270)	(666,492)
Losses on devaluation of investment securities	–	9,302	–
Increase (decrease) in accounts receivable	(599,425)	(284,413)	(899,821)
Increase (decrease) in inventories	(38,845)	(4,592)	(7,268)
Increase (decrease) in other assets	2,589	(22,981)	(24,592)
Increase (decrease) in accounts payable	117,790	331,800	283,005
Increase (decrease) in other liabilities	220,076	61,149	185,472
Subtotal	1,427,982	2,749,490	1,846,844
Interest and dividends received	6,743	6,515	8,689
Interest paid	(10,062)	(4,253)	(10,720)
Income and other taxes	(166,863)	(1,309,103)	(191,468)
Net cash provided by (used in) operating activities	1,257,799	1,442,649	1,653,345
II. Cash flows from investing activities:			
Purchase of tangible fixed assets	(66,136)	(102,083)	(121,071)
Acquisition of intangible fixed assets	(70,696)	(16,874)	(75,563)
Proceeds related to the acquisition of shares of newly consolidated subsidiaries	–	22,457	–
Purchase of investment securities	(66,297)	(140,200)	(107,801)
Proceeds from sale of investment securities	890,215	435,270	975,885
Net increase in deposit guarantees	–	(113,209)	(510)
Proceeds from collection of deposit guarantees	1,200	–	1,400
Collection of loans	–	–	300,000
Acquisition of golf memberships	(10,000)	–	(10,000)
Net cash provided by (used in) investing activities	678,286	85,361	962,338
III. Cash flows from financing activities:			
(Decrease) increase in short-term borrowings	400,000	265,000	(650,000)
Repayment of long-term borrowings	(566,000)	(502,485)	(566,000)
Purchase of treasury stock	(93,121)	–	(93,121)
Dividends paid	(311,906)	(309,354)	(312,747)
Net cash provided by (used in) financing activities	(571,027)	(546,839)	(1,621,868)
IV. Effect of exchange rate changes on cash and cash equivalents	949	9	1,588
V. Increase (decrease) in cash and cash equivalents	1,366,007	981,180	995,403
VI. Cash and cash equivalents at beginning of the period	3,822,079	4,817,482	3,822,079
VII. Cash and cash equivalents at end of the quarterly period	5,188,086	5,798,662	4,817,482

4. Segment information

[Business segment information]

During the previous quarter and the quarter under review, the Group does not engage in any business other than IT-related consulting services. Therefore, there is no item to report under this subject.

[Geographical segment information]

During the previous quarter and the quarter under review, domestic operations accounted for more than 90% of consolidated sales, and thus geographical segment information is 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.

5. Production, Orders Received and Sales

(1) Production

(Unit: thousands of yen)

Function	Quarterly period ended September 2005 (January 1, 2005 – September 30, 2005)	Quarterly period ended September 2006 (January 1, 2006 – September 30, 2006)
	IT consulting services	3,583,232
Hardware and other procurement services	429,777	1,240,337

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: thousands of yen)

Function	Quarterly period ended September 2005 (January 1, 2005 – September 30, 2005)		Quarterly period ended September 2006 (January 1, 2006 – September 30, 2006)	
	Orders Rcvd	Orders O/S	Orders Rcvd	Orders O/S
	IT consulting services	8,221,832	2,582,498	10,229,746
Hardware and other procurement services	503,657	55,500	1,330,787	212,564
Total	8,725,489	2,637,998	11,560,533	2,243,594

(3) Sales

(Unit: thousands of yen)

Function	Quarterly period ended March 2005 (January 1, 2005 – September 30, 2005)	Quarterly period ended March 2006 (January 1, 2006 – September 30, 2006)
	IT consulting services	7,215,209
Hardware and other procurement services	453,776	1,477,208
Total	7,668,986	11,720,034