

**Summary Report of Consolidated Operating Results  
for the First Quarter of Fiscal 2007  
(Year ending December 2007)**

Company name: Future Architect, Inc.  
 Shares listed on: First Section of Tokyo Stock Exchange  
 Security code number: 4722  
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1. Matters relating to the preparation of quarterly financial information

(1) Changes in accounting methods: 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 2006: None

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

Consolidation (new): Elm Corporation; ABM Corporation; SWaN, Wiseware Co., Ltd.; Triple-W Corporation; Fit Corporation; Ascendia Inc.; Maple Inc.; MThink Co., Ltd.; Xebec Land Inc; Solution East; and Asocient Technology  
 Equity method (new): dit Co., Ltd. and Elmos Co., Ltd.

2. Summary of operating results for the first quarter of fiscal 2007 (January 1, 2007–March 31, 2007)

(1) Trends in consolidated operating results

(Amount rounded off to million yen)

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q, Fiscal 2007	5,749	60.7	805	7.6	833	14.8	513	32.3
1Q, Fiscal 2006	3,577	56.0	748	205.8	726	267.3	388	81.9
(Reference) Fiscal 2006	15,261	39.3	2,754	47.8	2,741	51.4	1,525	30.2

	Quarterly net income per share	Quarterly net income per share (fully diluted)
	Yen	Yen
1Q, Fiscal 2007	1,080.88	1,075.25
1Q, Fiscal 2006	841.63	835.79
(Reference) Fiscal 2006	3,331.45	3,309.71

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.

[Qualitative information on trends in consolidated operating results]

- (i) During the first quarter of FY2007, there were concerns such as additional interest increases and uncertain oil price movements. Despite these concerns, however, the Japanese economy continued to recover, chiefly because of increased capital expenditure and an improved employment situation amid strong corporate earnings.
- (ii) The Group's sales and profits both rose in the quarter under review (from January 1, 2007 to March 31, 2007), same as in the same quarter of the previous year. Net sales were ¥5,749 million (up 60.7% YoY) and ordinary income posted ¥833 million (up 14.8%).  
 The IT Consulting business achieved stable sales and profits, particularly from development-stage projects carried over from last year. This was combined with favorable operating results at newly added businesses, including: the Package & Service business, which is operated by a group of companies that were converted into consolidated subsidiaries as a result of the merger with Woodland Corporation; and the Corporate Revitalization business run by Uoei Shoten Corporation, which is intended to rehabilitate firms. As a result, sales grew substantially and profits were almost as expected.  
 The company posted ¥138 million in gains on sale of investment securities as extraordinary income. In addition, ¥103 million in losses on devaluation of investment securities and ¥36 million in losses on

disposal of fixed assets were recorded as extraordinary losses. As a result, net income was ¥513 million (up 32.3% YoY).

(iii) Operating results by business segment

Order intake was strong overall in the IT Consulting business, and the Group continued to proactively hire personnel to respond to this. However, we were forced to postpone the starting time or change the completion time of some projects because of difficulties in scraping together staff amid the tight demand-supply situation of personnel in the overall market. As a result, sales from this business were ¥3,543 million (down 1.0% YoY) and ordinary income was ¥659 million (down 9.2%).

With regard to sales composition by industry, the distribution and service sector accounted for 53% of total sales (compared with 58% in the previous year), the financial sector represented 31% (compared with 25%), and the manufacturing sector made up 16% (compared with 17%).

(iv) Projects in the Package & Service business are short-term and relatively small, so we post sales of this business when they are completed. Many projects we were engaged in became operational in the first quarter (between January and March) – another characteristic of this business. In addition, sales and profits from this business continued to be strong. As a result, sales posted ¥1,328 million and ordinary income registered ¥137 million.

Breaking down sales by customer size, about 80% of our sales were to companies with sales totaling ¥10.0 billion or less.

The issues this business now faces are to level out sales throughout the year, since they tend to concentrate in the first quarter, and expand sales to companies with sales of at least ¥10.0 billion.

(v) The Corporate Revitalization business, in which Uoei Shoten continued to face tough competition from rivals, sustained an ordinary loss of ¥18 million on sales of ¥877 million. As managerial issues for corporate revitalization have been clarified, we will determine the priority of these issues and strive to solve them, aiming to improve operational efficiency and financial structure.

(2) Changes in consolidated financial condition

(Amount rounded off to million yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Equity per share
	Million yen	Million yen	Percent (%)	Yen
1Q, Fiscal 2007	15,428	9,748	60.5	19,853.62
1Q, Fiscal 2006	9,970	7,607	76.3	16,491.09
(Reference) Fiscal 2006	9,712	6,493	66.7	14,664.38

(Consolidated cash flow position)

(Amount 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
1Q, Fiscal 2007	(540)	(757)	(993)	2,787
1Q, Fiscal 2006	581	(27)	(310)	5,060
(Reference) Fiscal 2006	2,260	(320)	(2,885)	3,871

[Qualitative information regarding changes in consolidated financial condition]

(i) Total assets for the quarter under review increased significantly from the previous year to ¥15,428 million, centering on fixed assets, because of the merger with Woodland and the conversion of Uoei Shoten into a subsidiary.

For similar reasons, total liabilities stood at ¥5,680 million. Net assets were ¥9,748 million because of the transfer of treasury stock following the merger and an increase in retained earnings, primarily arising from net income.

(ii) Cash outflows from operating activities were ¥540 million in the quarter under review (compared with inflows of ¥1,122 million YoY). This figure reflects net income before taxes of ¥839 million (up ¥133 million YoY), income tax and other taxes payment of ¥586 million (up 238 million), and a decrease in accounts receivable of ¥1,071 million (down 1,665 million).

Cash outflows from investing activities were ¥757 million (down 729 million YoY). Proceeds from sale of investment securities posted ¥162 million (up ¥161 million), while payment from acquisition of tangible fixed assets related to office relocation was ¥525 million (down 480 million), and the increase in payment of deposit guarantees were ¥304 million.

Cash outflows from financing activities were ¥993 million (down 682 million YoY). Repayment of long-term borrowings totaled ¥244 million (up 384 million), payment of dividends were ¥366 million (down 88 million), and purchase of treasury stock stood at ¥475 million.

Cash and cash equivalents decreased ¥2,290 million because of the above operating, investing, and financing activities. Meanwhile, cash and cash equivalents increased ¥437 million because of the merger and rose ¥768 million because of new consolidation. As a result, the balance of cash and cash equivalents at the end of the first quarter under review was ¥2,787 million (down ¥2,273 million YoY).

\* supporting data

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

[Reference]

Consolidated projection for fiscal 2007 (January 1, 2007 to December 31, 2007)

	Net sales	Operating income	Net income
	Million yen	Million yen	Million yen
Interim (6-month) period	11,240	1,460	790
Full year	23,500	3,300	1,840

Note: Projected net income per share (fiscal 2006): ¥3,911.42

[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 March 2006	Quarterly period ended March 2007	Year-on-year comparison		(Reference) Fiscal 2006
	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	5,060,921	2,787,254	(2,273,666)	-44.9	3,871,832
2. Notes and accounts receivable	1,409,548	3,175,973	1,766,424	125.3	1,561,425
3. Inventories	16,111	379,612	363,501	2,256.2	139,441
4. Deferred tax assets	157,243	758,493	601,250	382.4	210,848
5. Other	233,233	685,994	452,760	194.1	270,630
6. Allowance for doubtful accounts	(30,000)	(105,531)	(75,531)	-251.8	(30,000)
Total current assets	6,847,057	7,681,796	834,738	12.2	6,024,178
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings	91,784	876,829	785,045	855.3	594,813
(2) Land	484	326,159	325,675	67,288.4	253,938
(3) Other	266,850	541,440	274,590	102.9	278,500
Total tangible fixed assets	359,118	1,744,430	1,385,311	385.8	1,127,252
2. Intangible fixed assets					
(1) Goodwill	–	135,757	135,757	–	–
(2) Software	375,325	1,402,149	1,026,824	273.6	285,090
(3) Other	80,587	582,491	501,904	622.8	102,583
Total intangible fixed assets	455,912	2,120,398	1,664,486	365.1	387,674
3. Investments and other assets					
(1) Investment securities	1,864,066	1,868,471	4,405	0.2	1,302,068
(2) Long-term loans	–	493,900	493,900	–	–
(3) Deposit guarantees	326,427	796,250	469,823	143.9	818,949
(4) Deferred tax assets	101,246	570,146	468,899	463.1	36,510
(5) Other	16,360	737,071	720,710	4,405.2	15,796
(6) Allowance for doubtful accounts	–	(583,598)	(583,598)	–	–
Total investments and other assets	2,308,100	3,882,241	1,574,140	68.2	2,173,325
Total fixed assets	3,123,131	7,747,070	4,623,938	148.1	3,688,252
Total assets	9,970,189	15,428,867	5,458,677	54.8	9,712,431

Item	Quarterly period ended March 2006	Quarterly period ended March 2007	Year-on-year comparison		(Reference) Fiscal 2006
	Amount (thousands of yen)	Amount (thousands of yen)	Amount (thousands of yen)	Change (%)	Amount (thousands of yen)
(Liabilities)					
I. Current liabilities					
1. Accounts payable	448,467	778,263	329,795	73.5	670,840
2. Short-term borrowings	285,000	946,000	661,000	231.9	–
3. Long-term borrowings due within one year	195,661	792,914	597,253	305.3	29,820
4. Income tax payable	315,498	301,176	(14,322)	-4.5	559,926
5. Reserve for quality assurance	106,000	153,000	47,000	44.3	260,000
6. Other	965,752	1,592,414	626,661	64.9	1,249,464
Total current liabilities	2,316,380	4,563,767	2,247,387	97.0	2,770,051
II. Non-current liabilities					
1. Debentures	–	180,000	180,000	–	–
2. Long-term borrowings	31,359	706,892	675,533	2,154.2	107,212
3. Allowance for retirement benefits	–	63,249	63,249	–	28,735
4. Other	–	166,811	166,811	–	313,233
Total non-current liabilities	31,359	1,116,953	1,085,594	3,461.8	449,180
Total liabilities	2,347,739	5,680,720	3,332,981	142.0	3,219,232
(Minority interests)					
Minority interests	14,582	–	–	–	–
(Shareholders' equity)					
I. Common stock	1,421,815	–	–	–	–
II. Additional paid-in capital	2,495,772	–	–	–	–
III. Consolidated retained earnings	4,228,421	–	–	–	–
IV. Net unrealized gain on available-for-sale securities	517,385	–	–	–	–
V. Foreign currency translation adjustments	450	–	–	–	–
VI. Treasury stock	(1,055,978)	–	–	–	–
Total shareholders' equity	7,607,868	–	–	–	–
Total liabilities, minority interests and shareholders' equity	9,970,189	–	–	–	–

Item	Quarterly period ended March 2006	Quarterly period ended March 2007	Year-on-year comparison		(Reference) Fiscal 2006
	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	–	–	1,421,815
2. Additional paid-in capital	–	2,867,893	–	–	2,495,772
3. Retained earnings	–	5,459,402	–	–	5,365,211
4. Treasury stock	–	(551,259)	–	–	(3,093,558)
Total shareholders' equity	–	9,197,851	–	–	6,189,241
II. Valuation, translation adjustments, etc.					
1. Net unrealized gain on available-for-sale securities	–	141,107	–	–	287,927
2. Foreign currency translation adjustments	–	520	–	–	617
Total valuation, translation adjustments, etc.	–	141,628	–	–	288,544
III. Minority interests	–	408,666	–	–	15,413
Total net assets	–	9,748,146	–	–	6,493,198
Total liabilities and net assets	–	15,428,867	–	–	9,712,431

## 2. (Summary) Quarterly Period Consolidated Statements of Income

Item	Quarterly period ended March 2006	Quarterly period ended March 2007	Year-on-year comparison		(Reference) Fiscal 2006
	Amount (thousands of yen)	Amount (thousands of yen)	Amount (thousands of yen)	Change (%)	Amount (thousands of yen)
I. Net Sales	3,577,555	5,749,797	2,172,241	60.7	15,261,499
II. Cost of sales	2,013,768	3,376,843	1,363,074	67.7	8,885,240
Gross Profit	1,563,786	2,372,953	809,167	51.7	6,376,258
III. Selling, general and administrative expenses	815,130	1,567,532	752,402	92.3	3,622,041
1. Officers' remuneration	47,139	101,982	54,843	116.3	258,663
2. Salaries and bonuses	365,911	603,748	237,837	65.0	1,435,755
3. Employee training expenses	14,811	21,492	6,680	45.1	95,463
4. Research & development expenditures	49,024	30,931	(18,092)	-36.9	318,523
5. Depreciation	34,090	58,147	24,056	70.6	143,563
6. Recruitment expenses	59,820	78,175	18,355	30.7	309,255
7. Amortization of goodwill	–	10,434	10,434	–	–
8. Provision of allowance for doubtful accounts	–	56,000	56,000	–	–
9. Other	244,332	606,619	362,287	148.3	1,060,817
Operating Income	748,656	805,421	56,764	7.6	2,754,217
IV. Non-operating income	1,381	41,225	39,844	2,885.0	18,848
1. Interest income	461	3,862	3,400	736.4	3,124
2. Dividend income	200	390	190	95.0	6,126
3. Equity in income of non-consolidated subsidiaries & affiliates	–	20,952	20,952	–	–
4. Other	719	16,020	15,300	2,127.2	9,597
V. Non-operating expenses	24,012	12,964	(11,048)	-46.0	32,017
1. Interest expenses	1,219	7,531	6,312	517.6	3,827
2. Equity in loss of non-consolidated subsidiaries & affiliates	22,662	–	(22,662)	–	19,142
3. Other	130	5,432	5,302	4,063.5	9,047
Ordinary Income	726,024	833,682	107,657	14.8	2,741,047

Item	Quarterly period ended March 2006	Quarterly period ended March 2007	Year-on-year comparison		(Reference) Fiscal 2006
	Amount (thousands of yen)	Amount (thousands of yen)	Amount (thousands of yen)	Change (%)	Amount (thousands of yen)
VI. Extraordinary income	–	145,863	145,863	–	125,270
1. Gains on sale of investment securities	–	138,598	138,598	–	125,270
2. Gains on changes in equity	–	7,264	7,264	–	–
VII. Extraordinary losses	20,000	140,350	120,350	601.8	128,562
1. Losses on disposal of fixed assets	–	36,400	36,400	–	–
2. Losses on devaluation of investment securities	–	103,950	103,950	–	9,302
3. Directors' retirement benefits	20,000	–	(20,000)	–	20,000
4. Office relocation expenses	–	–	–	–	99,259
Net income before taxes for the period	706,024	839,195	133,170	18.9	2,737,756
Corporate, residential and enterprise taxes	317,751	337,025	19,273	6.1	1,211,862
Minority interest in income (losses)	–	(11,669)	(11,669)	–	831
Quarterly net income	388,272	513,839	125,567	32.3	1,525,062

### 3. (Summary) Quarterly Consolidated Statements of Cash Flows

(thousands of yen)

Item	Quarterly period ended March 2006	Quarterly period ended March 2007	(Reference) Fiscal 2006
	Amount	Amount	Amount
<b>I. Cash flows from operating activities:</b>			
Net income before taxes	706,024	839,195	2,737,756
Depreciation and amortization	68,617	198,047	295,694
Increase (decrease) in allowance for doubtful accounts	–	55,700	–
Increase (decrease) in allowance for directors' bonuses	–	–	(43,700)
Increase (decrease) in reserve for quality assurance	(19,000)	(107,000)	135,000
Earned interest and dividends	(661)	(4,252)	(9,250)
Interest expenses	1,219	7,531	3,827
Equity in income (losses) of subsidiaries & affiliates	22,662	(20,952)	19,142
Gains (losses) on changes in equity	–	(7,264)	–
Losses on disposal of tangible fixed assets	–	36,400	–
Gains (losses) on sale of investment securities	(263)	(138,598)	(125,270)
Losses on devaluation of investment securities	–	103,950	9,302
Increase (decrease) in accounts receivable	593,987	(1,071,431)	468,778
Increase (decrease) in inventories	(4,245)	96,191	4,964
Increase (decrease) in other assets	(3,497)	14,755	(13,239)
Increase (decrease) in accounts payable	(18,395)	(35,848)	(15,208)
Increase (decrease) in other liabilities	61,113	83,446	96,062
Subtotal	1,407,562	49,869	3,563,859
Interest and dividends received	661	4,172	8,819
Interest paid	(2,221)	(7,898)	(4,890)
Income and other taxes	(824,248)	(586,171)	(1,307,305)
Net cash provided by (used in) operating activities	581,754	(540,028)	2,260,482
<b>II. Cash flows from investing activities:</b>			
Purchase of tangible fixed assets	(45,845)	(525,891)	(112,759)
Proceeds from sale of tangible fixed assets	–	1,204	–
Acquisition of intangible fixed assets	(4,222)	(92,519)	(35,261)
Proceeds related to the acquisition of shares of newly consolidated subsidiaries	22,457	–	62,255
Purchase of investment securities	–	–	(140,200)
Proceeds from sale of investment securities	263	162,223	435,270
Net increase in deposit guarantees	–	(304,035)	(113,209)
Increase in short-term loans	–	–	(416,525)
Proceeds from other investing activities	–	1,926	–
Net cash provided by (used in) investing activities	(27,346)	(757,091)	(320,429)
<b>III. Cash flows from financing activities:</b>			
(Decrease) increase in short-term borrowings	250,000	104,000	(35,000)
Repayment of long-term borrowings	(283,000)	(244,515)	(503,316)
Redemption of debentures	–	(10,000)	–
Purchase of treasury stock	–	(475,069)	(2,037,580)
Dividends paid	(277,909)	(366,571)	(309,911)
Dividends paid to minority shareholders	–	(1,200)	–
Net cash provided by (used in) financing activities	(310,909)	(993,356)	(2,885,807)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>	(59)	(96)	104
<b>V. Increase (decrease) in cash and cash equivalents</b>	243,438	(2,290,572)	(945,650)
<b>VI. Cash and cash equivalents at beginning of the period</b>	4,817,482	3,871,832	4,817,482
<b>VII. Increase in cash and cash equivalents from merger</b>	–	437,035	–
<b>VIII. Increase in cash and cash equivalents due to the addition of new consolidated companies</b>	–	768,958	–
<b>IX. Cash and cash equivalents at end of the period</b>	5,060,921	2,787,254	3,871,832

#### 4. Production, Orders Received and Sales

##### (1) Production

(Unit: thousands of yen)

Business segment	Quarterly period ended March 2006 (January 1, 2006 – March 31, 2006)		Quarterly period ended March 2007 (January 1, 2007 – March 31, 2007)	
	Orders Rcvd	Orders O/S	Orders Rcvd	Orders O/S
IT consulting services	2,017,288		1,925,067	
Package & Service Business	—		759,016	
Corporate Revitalization Business	—		694,422	
Total	2,017,288		3,378,505	

Note: 1. For the IT Consulting and Package & Service businesses, amounts are stated at cost or purchase cost of hardware and similar items. For the Corporate Revitalization business, amounts are stated at purchase cost.  
2. The Package & Service and Corporate Revitalization businesses began operations from the quarter under review, and hence the amounts of these businesses for the corresponding quarter of the previous year are not stated.

##### (2) Orders received

(Unit: thousands of yen)

Function	Quarterly period ended March 2006 (January 1, 2006 – March 31, 2006)		Quarterly period ended March 2007 (January 1, 2007 – March 31, 2007)	
	Orders Rcvd	Orders O/S	Orders Rcvd	Orders O/S
IT consulting services	3,319,691	2,145,231	4,090,286	2,440,749
Package & Service Business	—	—	990,801	717,497
Total	3,319,691	2,145,231	5,081,087	3,158,245

Note: 1. There is no applicable item for the Corporate Revitalization business because of the nature of the business.  
2. The Package & Service began operations from the quarter under review, and hence the amounts of these businesses for the corresponding quarter of the previous year are not stated.

##### (3) Sales

(Unit: thousands of yen)

Function	Quarterly period ended March 2006 (January 1, 2006 – March 31, 2006)		Quarterly period ended March 2007 (January 1, 2007 – March 31, 2007)	
	Orders Rcvd	Orders O/S	Orders Rcvd	Orders O/S
IT consulting services	3,577,555		3,543,012	
Package & Service Business	—		1,328,846	
Corporate Revitalization Business	—		877,937	
Total	3,577,555		5,749,797	

Note: 1. Amounts represent sales to outside customers, excluding inter-segment sales and transfers.  
2. The Package & Service and Corporate Revitalization businesses began operations from the quarter under review, and hence the amounts of these businesses for the corresponding quarter of the previous year are not stated.