

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

Company name: Future System Consulting Corp.
 Shares listed on: First Section of Tokyo Stock Exchange
 Security code number: 4722
 Head Office: Tokyo, Japan
 URL: <http://www.future.co.jp>
 President & CEO : Yasufumi Kanemaru

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 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 first quarter of fiscal 2006 (January 1, 2006 –March 31, 2006)

(1) Trends in consolidated operating results

(rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q, Fiscal 2006	3,577	56.0	748	205.8	726	267.3	388	81.9
1Q, Fiscal 2005	2,293	13.7	244	957.6	197	708.5	213	316.0
(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
1Q, Fiscal 2006	841.63	835.79
1Q, Fiscal 2005	1,844.02	–
(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. On February 1, 2006, Future System Consulting implemented a four-for-one stock split of the Company's common stock. Consequently, quarterly net income per share and fully diluted quarterly net income per share for the first 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) Even though oil prices remain high and yen depreciation is continuing from the previous term, the domestic economy is finally on the path to real recovery, and amid rising interest rates, our business is growing steadily.
- (ii) The Group posted sales of ¥3,577 million, up 56% from the same quarter of the previous year, and ordinary income of ¥726 million, up 267%, for the first quarter (from January 1, 2006 to March 31, 2006).
- (iii) Sales of IT consulting services were ¥3,131 million, up 50% year-on-year. In a breakdown by industry sector, the distribution and service sector accounted for 58% of sales (compared with 60% in the same quarter of the previous year), the financial sector accounted for 25% (compared with 22%), and the manufacturing sector accounted for 17% (compared with 18%).
- (iv) On February 13, 2006, the company established a new Project Monitoring Team to enhance quality control, a Strategic Business Solution Division to oversee new strategic businesses, and separated the R&D Division into an independent division to implement more forward-looking measures in the technology field, the company's core competence.

(2) Changes in consolidated financial condition

(rounded down to the nearest million yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Equity per share
	Million yen	Million yen	Percent (%)	Yen
1Q, Fiscal 2006	9,970	7,607	76.3	16,491.09
1Q, Fiscal 2005	9,399	6,379	67.9	55,124.21
(Reference) Fiscal 2005	10,324	7,591	73.5	65,820.54

[Consolidated cash flow position]

(rounded down to the nearest 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 2006	581	(49)	(310)	5,060
1Q, Fiscal 2005	481	723	(358)	4,668
(Reference) Fiscal 2005	1,653	962	(1,621)	4,817

[Qualitative information regarding changes in consolidated financial condition]

- (i) Gross assets at the end of this first quarter totaled ¥9,970 million, mainly attributable to an increase in net income. Liabilities totaled ¥2,347 million yen as long- and short-term borrowings were reduced through repayment. Shareholders' equity reached ¥7,607 million thanks to the increase in net income.
- (ii) Cash flow from operating activities for this first quarter totaled ¥581 million yen (compared with ¥99 million yen in the same quarter of the previous year), reflecting quarterly net income before taxes of ¥706 million (¥374 million), an outflow of ¥824 million for income tax and other taxes (a ¥773 million outflow) and notes and accounts receivable of ¥593 million (¥797 million).
Cash flow from investment activities saw an outflow of ¥49 million (compared with an outflow of ¥773 million in the same quarter of the previous year), reflecting a ¥45 million outflow for the purchase of tangible fixed assets (a ¥21 million outflow).
Cash flow from financial activities saw an outflow of ¥310 million (compared with ¥47 million in the same quarter of the previous year), reflecting dividend payments of ¥277 million (¥2 million).

Thanks to the ¥220 million increase in cash flow from operating, investing and financial activities, cash and cash equivalents at the end of this first quarter reached ¥5,060 million (compared with ¥392 million in 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
Interim (6-month) period	7,430	1,470	810
Full year	14,920	2,920	1,550

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

Non-consolidated projections for fiscal 2006 (January 1, 2006 to December 31, 2006)

	Net sales	Operating income	Net income
	Million yen	Million yen	Million yen
Interim (6-month) period	7,240	1,430	790
Full year	14,460	2,840	1,510

Note: Projected net income per share (fiscal 2006): ¥3,273.13

[Qualitative information regarding the projection]

We have raised our forecasts for the term ending in December 2006 from those announced on February 8, 2006. Our sales forecast has been raised by ¥2,220 million, as orders that were buoyant in the first quarter are expected to remain steady and sufficient human resources including business partners are expected to be obtained to meet raising demand. Our forecasts for ordinary income and net income have been raised by ¥520 million and ¥285 million, respectively, due to the standardization of project development methods, the improvement in product quality through the enhancement of the project monitoring structure, and the increase in productivity through the utilization of the proprietary developed software components.

Non-consolidated projections have also been revised upwards, for the same reasons.

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 2005	Quarterly period ended March 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	4,668,836	5,060,921	392,084	8.4	4,817,482
2. Notes and accounts receivable	1,304,798	1,409,548	104,749	8.0	2,001,229
3. Inventories	3,468	16,111	12,642	364.5	12,591
4. Deferred tax assets	122,162	157,243	35,080	28.7	157,243
5. Other	524,415	233,233	(291,181)	-55.5	225,983
6. Allowance for doubtful accounts	(700)	(30,000)	(29,300)	4,185.7	(30,000)
Total current assets	6,622,982	6,847,057	224,075	3.4	7,184,530
II. Fixed assets					
1. Tangible fixed assets					
(1) Buildings	105,010	91,784	(13,226)	-12.6	92,850
(2) Other	223,220	267,334	44,113	19.8	240,606
Total tangible fixed assets	328,230	359,118	30,887	9.4	333,456
2. Intangible fixed assets					
(1) Software	496,696	375,325	(121,371)	-24.4	408,329
(2) Other	11,974	80,587	68,613	573.0	12,685
Total intangible fixed assets	508,670	455,912	(52,757)	-10.4	421,015
3. Investments and other assets					
(1) Investment securities	1,405,642	1,864,066	458,423	32.6	1,988,272
(2) Other	534,219	444,034	(90,184)	-16.9	397,567
Total investments and other assets	1,939,861	2,308,100	368,238	19.0	2,385,839
Total fixed assets	2,776,763	3,123,131	346,368	12.5	3,140,311
Total assets	9,399,745	9,970,189	570,443	6.1	10,324,842

Item	Quarterly period ended March 2005	Quarterly period ended March 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	409,581	448,467	38,885	9.5	466,275
2. Short-term borrowings	850,000	285,000	(565,000)	-66.5	–
3. Long-term borrowings due within one year	566,000	195,661	(370,339)	-65.4	468,000
4. Reserve for quality assurance	45,000	106,000	61,000	135.6	125,000
6. Other	964,748	1,281,251	316,502	32.8	1,674,285
Total current liabilities	2,835,330	2,316,380	(518,950)	-18.3	2,733,561
II. Non-current liabilities					
1. Long-term borrowings	185,000	31,359	(153,641)	-83.1	–
Total non-current liabilities	185,000	31,359	(153,641)	-83.1	–
Total liabilities	3,020,330	2,347,739	(672,591)	-22.3	2,733,561
(Minority interests)					
Minority interests	–	14,582	14,582	–	–
(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	3,193,033	4,228,421	1,035,388	32.4	4,151,548
IV. Net unrealized gain on available-for-sale securities	232,302	517,385	285,082	122.7	577,610
V. Foreign currency translation adjustments	(652)	450	1,103	-169.1	511
VI. Treasury stock	(962,857)	(1,055,978)	(93,121)	9.7	(1,055,978)
Total shareholders' equity	6,379,414	7,607,868	1,228,453	19.3	7,591,280
Total liabilities, minority interests and shareholders' equity	9,399,745	9,970,189	570,443	6.1	10,324,842

2. (Summary) Quarterly Period Consolidated Statements of Income

Item	Quarterly period ended March 2005	Quarterly period ended March 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	2,293,034	3,577,555	1,284,520	56.0	10,957,381
II. Cost of sales	1,208,723	2,013,768	805,045	66.6	5,562,814
Gross Profit	1,084,311	1,563,786	479,475	44.2	5,394,566
III. Selling, general and administrative expenses	839,480	815,130	(24,349)	-2.9	3,531,534
1. Officers' remuneration	52,127	47,139	(4,988)	-9.6	193,544
2. Salaries and bonuses	433,340	365,911	(67,429)	-15.6	1,455,211
3. Employee training expenses	18,262	14,811	(3,450)	-18.9	103,770
4. Research & development expenditures	75,529	49,024	(26,504)	-35.1	676,260
5. Depreciation	33,517	34,090	573	1.7	135,851
6. Recruitment expenses	11,081	59,820	48,738	439.8	95,695
7. Other	215,620	244,332	28,712	13.3	871,200
Operating Income	244,831	748,656	503,825	205.8	1,863,031
IV. Non-operating income	5,958	1,381	(4,577)	-76.9	15,848
1. Interest income	5,073	461	(4,612)	-90.9	6,416
2. Dividend income	0	200	199	-	2,268
3. Other	884	719	(165)	-18.7	7,163
V. Non-operating expenses	53,099	24,012	(29,086)	-54.8	68,958
1. Interest expenses	2,901	1,219	(1,682)	-58.0	10,121
2. Equity in loss of non-consolidated subsidiaries & affiliates	49,394	22,662	(26,731)	-54.1	57,311
3. Other	803	130	(673)	-83.8	1,526
Ordinary Income	197,690	726,024	528,334	267.3	1,809,921

Item	Quarterly period ended March 2005	Quarterly period ended March 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	569,110	–	(569,110)	-100.0	666,492
1. Gains on sale of investment securities	569,110	–	(569,110)	-100.0	666,492
VII. Extraordinary losses	434,799	20,000	(414,799)	-95.4	477,390
1. Losses on disposal of fixed assets	264	–	(264)	-100.0	1,584
2. Losses on restructuring of business	–	–	–	–	13,221
3. Losses on contract cancellation	14,200	–	(14,200)	-100.0	12,249
4. Depreciation costs for software	357,769	–	(357,769)	-100.0	357,769
5. Losses on disposal of software	62,564	–	(62,564)	-100.0	62,564
6. Addition to allowance for doubtful accounts	–	–	–	–	30,000
7. Directors' retirement benefits	–	20,000	20,000	–	–
Net income before taxes for the period	332,000	706,024	374,023	112.7	1,999,023
Corporate, residential and enterprise taxes	118,595	317,751	199,156	167.9	827,783
Quarterly net income	213,405	388,272	174,867	81.9	1,171,239

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

(thousands of yen)

	Quarterly period ended March 2005	Quarterly period ended March 2006	(Reference) Fiscal 2005
Item	Amount	Amount	Amount
(Additional paid-in capital)			
I. Balance at the beginning of the period			
1. Balance of capital surplus 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	3,292,773	4,151,548	3,292,773
II. Increase in retained earnings			
1. Net income for the period	213,405	388,272	1,171,239
III. Decrease in retained earnings			
1. Dividends	312,465	311,399	312,465
2. Reduction in retained earnings in association with decreased consolidated subsidiaries	679	--	--
IV. Balance at the end of the period	3,193,033	4,228,421	4,151,548

4. (Summary) Quarterly Consolidated Statements of Cash Flows

(thousands of yen)

Item	Quarterly period ended March 2005	Quarterly period ended March 2006	(Reference) Fiscal 2005
	Amount	Amount	Amount
I. Cash flows from operating activities:			
Net income before taxes	332,000	706,024	1,999,023
Depreciation and amortization	479,200	68,617	688,399
Increase (decrease) in allowance for doubtful accounts	–	–	29,300
Increase (decrease) in allowance for directors' bonuses	–	–	43,700
Increase (decrease) in reserve for quality assurance	–	(19,000)	80,000
Earned interest and dividends	(5,074)	(661)	(8,684)
Interest expenses	2,901	1,219	10,121
Equity in income (losses) of subsidiaries & affiliates	49,394	22,662	57,311
Losses on disposal of tangible fixed assets	264	–	1,584
Losses on disposal of software	62,564	–	62,564
Gains (losses) on sale of investment securities	(569,110)	(263)	(666,492)
Losses on restructuring of business	–	–	13,221
Increase (decrease) in accounts receivable	(203,390)	593,987	(899,821)
Increase (decrease) in inventories	1,993	(4,245)	(7,268)
Increase (decrease) in other assets	(18,618)	(3,497)	(24,592)
Increase (decrease) in accounts payable	226,311	(18,395)	283,005
Increase (decrease) in other liabilities	178,805	61,113	185,472
Subtotal	537,243	1,407,562	1,846,844
Interest and dividends received	493	661	8,689
Interest paid	(4,870)	(2,221)	(10,720)
Income and other taxes	(50,900)	(824,248)	(191,468)
Net cash provided by (used in) operating activities	481,965	581,754	1,653,345
II. Cash flows from investing activities:			
Purchase of tangible fixed assets	(24,654)	(45,845)	(121,071)
Acquisition of intangible fixed assets	(44,262)	(4,222)	(75,563)
Purchase of investment securities	(599)	–	(107,801)
Proceeds from sale of investment securities	792,860	263	975,885
Net increase in deposit guarantees	–	–	(510)
Proceeds from collection of deposit guarantees	–	–	1,400
Collection of loans	–	–	300,000
Purchase of golf-club memberships	–	–	(10,000)
Net cash provided by (used in) investing activities	723,343	(49,804)	962,338
III. Cash flows from financing activities:			
(Decrease) increase in short-term borrowings	200,000	250,000	(650,000)
Repayment of long-term borrowings	(283,000)	(283,000)	(566,000)
Purchase of treasury stock	–	–	(93,121)
Dividends paid	(275,880)	(277,909)	(312,747)
Net cash provided by (used in) financing activities	(358,880)	(310,909)	(1,621,868)
IV. Effect of exchange rate changes on cash and cash equivalents	329	(59)	1,588
V. Increase (decrease) in cash and cash equivalents	846,757	220,980	995,403
VI. Cash and cash equivalents at beginning of the period	3,822,079	4,817,482	3,822,079
VII. Increase in cash and cash equivalents due to the addition of new consolidated companies	–	22,457	–
VIII. Cash and cash equivalents at end of the period	4,668,836	5,060,921	4,817,482

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 quarters, 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: thousands of yen)

Function	Quarterly period ended March 2005 (January 1, 2005 – March 31, 2005)	Quarterly period ended March 2006 (January 1, 2006 – March 31, 2006)
	IT consulting services	1,020,376
Hardware and other procurement services	186,317	367,579

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 March 2005 (January 1, 2005 – March 31, 2005)		Quarterly period ended March 2006 (January 1, 2006 – March 31, 2006)	
	Orders Rcvd	Orders O/S	Orders Rcvd	Orders O/S
	IT consulting services	2,075,366	1,574,856	3,094,188
Hardware and other procurement services	211,179	150	225,502	138,391
Total	2,286,546	1,575,006	3,319,691	2,145,231

(3) Sales

(Unit: thousands of yen)

Function	Quarterly period ended March 2005 (January 1, 2005 – March 31, 2005)	Quarterly period ended March 2006 (January 1, 2006 – March 31, 2006)
	IT consulting services	2,076,385
Hardware and other procurement services	216,648	446,097
Total	2,293,034	3,577,555

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