

# Press Release

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Future Architect, Inc.  
(Code: 4722, Tokyo Stock Exchange, Section 1)  
Shin Yasunobe, President & COO  
Contact: Naoto Konishi, Managing Director & CFO  
(Tel: +81-3-5740-5721)

## Notice of Consolidated Operating Results for the Third Quarter of FY2007

### Both net sales and ordinary income hit record highs, and order intake remained strong

#### 1. Consolidated operating results for the third quarter of FY2007

In the third quarter of fiscal 2007 (from July 1, 2007 to September 30, 2007), earnings of Future Architect, Inc. and its group companies (hereinafter referred to as the “Group”) recovered from the stagnation of the first half of the current fiscal year. Both consolidated net sales and ordinary income increased substantially from the same quarter of the previous fiscal year, hitting record highs for any third quarter. The Group posted consolidated net sales of ¥6,629 million (¥5,749 million for the first quarter and ¥5,487 million for the second quarter), and ordinary income of ¥818 million (¥833 million of the first quarter and ¥407 million for the second quarter). For the nine-month period (from January 1, 2007 to September 30, 2007), cumulative net sales were ¥17,866 million (up 52.4% from the corresponding period of the preceding year), ordinary income was ¥2,059 million (down 7.8%) and net income was ¥798 million (down 37.4%). Both sales and profits improved from the first half of the current fiscal year. Noteworthy events in the third quarter are as follows.

In the IT Consulting Business, order intake continued to be strong. In terms of resources, the Group secured both new graduates and mid-career staff as planned. Such resources contributed to projects, and the delivery capacity stabilized. As a result, the utilization rate as a whole remained high. Net sales from this business were ¥4,530 million in the third quarter (¥3,543 million for the first quarter and ¥3,582 million for the second quarter). Cumulative net sales for the nine-month period were ¥ 11,656 million (down 0.5% from the previous year).

Ordinary income was ¥982 million in the third quarter, a sharp increase from the first quarter (at ¥659 million) and the second quarter (at ¥433 million), respectively. Accumulated ordinary income was ¥2,075 million (down 7.1% from a year earlier). For the first half of the current fiscal year, ordinary income dropped 16.3% from the preceding year.

The operation solutions business and the consigned development business for small and midsize companies remained steady in the Package & Service Business. Net sales stood at ¥1,114 million for the third quarter (¥1,328 million for the first quarter and ¥997 million for the second quarter). Cumulative

ordinary income for the nine-month period was ¥3,440 million. Meanwhile, the Group posted an ordinary loss of ¥28 million (an ordinary income of ¥137 million for the first quarter and an ordinary loss of ¥58 million for the second quarter) owing to a stagnancy in the ERP business, which is under reorganization. Consequently, accumulated ordinary income for the nine-month period stood at ¥50 million.

For the Corporate Revitalization Business, the Group endeavored to solve the problems that we found in the first half, and overhauled the management system in August. Under the leadership of the new management, the project to reform model stores was launched. As a result, net sales increased steadily as planned, and stood at ¥1,025 million in the third quarter (¥877 million for the first quarter and ¥959 million for the second quarter). Cumulative net sales for the nine-month period were ¥2,863 million.

However, problems associated with merchandise management and store management remained unsolved, and the Group posted an ordinary loss of ¥53 million (an ordinary loss of ¥13 million for the first quarter and an ordinary income of ¥6 million for the second quarter). Accumulated ordinary loss for the nine-month period was ¥61 million.

## **2. Earnings outlook for the whole of FY2007**

In the fourth quarter, the IT Consulting Business is expected to remain steady as planned, given the state of orders received and the resource schedule as of the end of the third quarter under review.

The Package & Service Business is forecast to improve slightly from the third quarter, as many sales will be booked at the end of the current fiscal year given the state of orders received at the end of the third quarter.

In the Corporate Revitalization Business, some stores will be closed for one month for renovation, which is to be done in accordance with the model-store reform project. This will require renovation and other expenses.

As a result, there is no change to our previously announced earnings outlook for the whole of fiscal 2007, with net sales forecast at ¥23,500 million (up 54.0% from the previous year), ordinary income projected to be ¥2,900 million (up 5.8%) and net income estimated to be ¥1,240 million (down 18.7%).

- For inquiries about this press release, please contact:  
Attention : Ikeuchi  
Investor Relations, Corporate Planning Office  
Future Architect, Inc.  
Direct line (IR): +81-3-5740-5724  
E-mail: [ir@future.co.jp](mailto:ir@future.co.jp)

