

Press Release

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Future Architect, Inc.
(Code: 4722, Tokyo Stock Exchange, Section 1)
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Notice of Consolidated Operating Results for the Third Quarter of FY2008

1. Consolidated operating results for the third quarter of FY2008

In the third quarter of fiscal 2008 (from January 1 to September 30, 2008), Future Architect, Inc. and its group companies (hereinafter referred to as the “Group”) posted consolidated net sales of ¥21,390 million (up 19.7% from the corresponding period of the previous year), ordinary income of ¥2,209 million (up 7.2%) and net income of ¥981 million (up 22.9%).

Noteworthy events in the period under review are as follows.

In the IT Consulting Service Business, the financial industry became reluctant to make investments, affected by the worldwide financial crisis originating in the subprime mortgage problem in the U.S. Meanwhile, needs of the service and logistics industries to reinforce IT-related systems remained strong despite the slowing economy, and the Group continued to receive steady orders from these industries in the period under review. Thus, the utilization of consultants remained high, and deliveries were also favorably carried out. As a result, net sales of the IT Consulting Service Business were ¥14,645 million, up 25.6% from the same period of the preceding year. The Group achieved a steady recruitment, but had to depend on external partners for the establishment of flexible team structures, which pushed down profitability slightly. Accordingly, operating income was ¥2,187 million, up 5.2%.

With respect to the Package & Service Business, the core company Elm Corporation continued to receive a steady inflow of orders. The operations of ASCII Solutions, Inc., which were acquired by Ascendia Inc., began to contribute to the Group’s earnings. Net sales of the Package & Service Business were ¥3,491 million, up 1.5% from the corresponding period of the previous year. Operating income soared 332.1% to ¥242 million. This increase is attributable to the clear effect of organizational improvement and business review accompanying the realignment implemented at the end of the previous year, and the reduction of costs resulting from a decrease in the burden of

depreciation of software assets.

The Corporate Revitalization Business/New Business Cultivation Business booked net sales of ¥3,562 million, reflecting the higher capability to attract customers compared with a year earlier, which was obtained by reviewing measures to promote sales by renovating outlets and distributing flyers. However, the business posted an operating loss of ¥299 million. In response to a surge in purchasing prices caused by sharp increases in oil and food prices, the Group improved opportunity loss and abandonment loss by reviewing its order-taking operations, and revised purchasing terms through negotiations with suppliers. By making these efforts, we could improve gross profit margin, albeit slightly, but failed to reshape the business into a profitable entity.

The Group booked extraordinary loss of ¥332 million, including an evaluation loss of investment securities. However, our net income increased from the corresponding period of the previous year, because of a rise in ordinary income.

2. Future outlook

The future direction of the Japanese economy is expected to remain uncertain, hurt by the ongoing financial crisis worldwide, and companies' stance toward investments is growing increasingly cautious.

Under such circumstances, the business climate surrounding Future Architect, Inc. (hereinafter referred to as the "Company") is becoming even more severe. However, we project that the needs for improvement in IT system efficiency and cost reduction, the forte of the Company, will relatively increase.

In the IT Consulting Service Business, we, with the future in mind, will strive to acquire new clients and develop internal resources and expand in-house production.

In the Package & Service Business, we will focus on winning orders at appropriate prices and enhancing management to implement projects steadily.

In the Corporate Revitalization Business/New Business Cultivation Business, taking advantage of the trend of people turning away from eating out because of the stagnant economy, we will aim to improve profitability, by further increasing the capability to gather clients, continuing to review trade terms with clients and improving efficiency through business reform.

By making the above efforts, we will strive to achieve the following targets for full-year fiscal 2008 (from January 1 through December 31, 2008), which we announced in August 2008: consolidated net sales of ¥28,000 million, ordinary income of ¥3,600 million, and net income of ¥2,040 million.

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