

Press Release

February 5, 2009

Company name: Future Architect, Inc.
Company code: 4722, Tokyo Stock Exchange, Section I
Company representative: Shin Yasunobe, President and COO
Contact: Shinji Yamamoto, Director, Executive Officer and
Manager of Corporate Strategy Division
Tel: +81-3-5740-5721

Announcement of earnings results for fiscal 2008

1. Earnings results for fiscal 2008

In fiscal 2008 (the year from January 1, 2008-December 31, 2008), the Future Architect corporate group's earnings of main operations of non-consolidated basis, which posted a 19.8% year on year increase in sales, posted ¥19,225 million. Operating income on non-consolidated basis increased 6.4% year on year, to ¥2,891 million and ordinary income rose 1.5%, to ¥3,118 million. Despite these strong results, earnings at some consolidated subsidiaries stagnated. As a result, consolidated sales rose 12.6% year on year, to ¥28,174 million, but ordinary income declined 15.3%, to ¥2,678 million.

Consolidated net income was adversely affected by losses on the asset valuations of consolidated subsidiaries, and by valuation losses on negotiable securities which caused consolidated net income to fall 44.7% year on year, to ¥701 million. Net income on non-consolidated basis was also lower than last year, at ¥1,016 million.

The company plans to set dividends per share at ¥1,600, as announced earlier. This proposal will be submitted to the general shareholders' meeting for approval.

The specific details of operations in each business segment are outlined below.

In the IT Consulting Business, although external operating conditions were harsh, orders remained strong over the course of the year and the capacity utilization ratio for consultants remained at a high level. Sales in this business segment rose 11.0% year on year, to ¥18,891 million. Nevertheless, a few unprofitable projects affected profits on non-consolidated basis, while earnings at group subsidiaries involved in financial sector consulting (Future Financial Strategy Corporation. and ABM Corporation.) stagnated. Operating income in the segment fell by 14.0% year on year, to ¥2,601 million.

In the Package & Service Business, orders at the main subsidiary in this business segment, Elm Corporation, remained strong. In addition, the transfer of all operations of ASI Co. to Ascendia Inc., making the former company to an operating division of Ascendia, contributed to sales growth. Consolidated sales in the segment rose 4.5% year on year, to ¥4,888 million. At the profit level, the write-off losses posted at the end of the previous fiscal year on software assets, as part of a business restructuring, were reduced sharply in fiscal 2008, and stronger organizational structure established through this restructuring helped to increase operating income by 232.2% year on year, to ¥377 million.

In the Corporate Revitalization Business and New Business Cultivation Business, the grocery supermarket chain operated by Uoei Shoten Corporation. accounts for the majority of earnings. The refurbishing of stores and increases in the number of personnel assigned to the merchandising department succeeded in improving the competitiveness of Uoei's merchandise, boosting sales to ¥4,777 million. At profit level, opportunity losses and disposal losses were reduced, while the introduction of a new automated ordering system and a renegotiation of trade terms with suppliers helped to improve the gross margin in the latter half of the fiscal year. In the month of December, more than half of the company's stores generated an operating profit. However, revisions to the procurement process have taken longer to implement than expected, and the slow pace of restructuring has not yet reduced personnel costs and other SG&A expenses sufficiently to pull the company out of the red. Operating income for the period showed a loss of ¥403 million.

2. Extraordinary losses

Since Future Architect's efforts to improve gross profit margins and reduce SG&A expenses at the group's supermarket operations (run by Uoei Shoten Corporation) did not proceed as quickly as expected, and the consumer market in general has been deteriorating, the company has revised its medium-term business plan. Excess asset values have been written down, in line with expected cash flow trends, and valuation losses were posted to reflect the lower value of shares in consolidated subsidiaries. In addition, due to the recent slump in financial markets, the company wrote off the value of its financial cost control software. In the fourth quarter of fiscal 2008, the company posted a net extraordinary loss of ¥685 million on a consolidated basis and a ¥799 million loss on non-consolidated basis.

3. Earnings outlook for fiscal 2009

In the coming year, the external business environment is expected to remain difficult. Although the Future Architect group expects orders to remain steady, the company will pursue policies in fiscal 2009 which emphasize “quality over quantity” and “profits ahead of sales”.

In the IT Consulting Business, major ongoing projects are expected to continue. By reinforcing management efforts that deal with each project separately, the company aims to ensure that all projects are supervised effectively.

In the Package & Service Business, the company will focus on elevating the profitability of relatively low-margin business segments. In the Corporate Revitalization Business and New Business Cultivation Business, the company plans to continue efforts to revise the procurement system and cut SG&A costs, while introducing information technology to help boost operating efficiency. In this way, the company hopes to generate a positive cash flow, and move all stores into the black at the earliest possible date.

Based on these efforts, the company expects consolidated sales for fiscal 2009 to decline 7.4% year on year, to ¥26,100 million, but it forecasts a 21.4% year on year increase in ordinary income, to ¥3,250 million, and a 175.1% rise in net income, to ¥1,930 million.

Future Architect plans to set dividends for fiscal 2009 at ¥1,600 per share.

	FY 2009 Forecast	Year-on-year Change	FY 2008 Actual
Sales	¥26,100 million	(7%)	¥28,174 million
Ordinary income	¥3,250 million	+21%	¥2,678 million
Net income	¥1,930 million	+175%	¥701 million

Any questions relating to the above press release should be directed to:

Investor Relations, Corporate Planning Division

Future Architect, Inc.

Phone: +81-3-5740-5724

E-mail: ir@future.co.jp