

Press Release

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Announcement of Consolidated Operating Results for the Second Quarter of Fiscal Year 2009

1. Consolidated operating results for the second quarter of FY2009

For the first six months of Fiscal 2009 (from January 1, 2009 to June 30, 2009), the Group's consolidated operating results showed, on a year-on-year basis, a 9.5% decrease in sales to ¥12,984 million, a 1.7% decrease in operating income to ¥1,640 million, a 1.5% decrease in ordinary income to ¥1,707 million and a 2.3% decrease in net income to ¥950 million.

Though sales decreased under the harsh economic environment, projected income targets were almost achieved; operating income fell 2.4% from the projection, ordinary income decreased 0.5%, and net income declined 4.0%.

Specific details of the operations in each business segment for the relevant period are outlined below.

In the IT Consulting Business, sales for the service sector maintained the level of the same period of the previous year, when sales were robust. On the other hand, sales for the distribution, financial and manufacturing sectors fell mainly due to over the cutover of large projects from the previous fiscal year and changes in client investment attitudes. Consequently, overall sales of the IT Consulting Business fell 15.2% on a year-on-year basis to ¥8,470 million. However, operating profit margin rose on a year-on-year basis to 18.9% from 16.6% a year earlier, due to measures focusing on income, including the improvement of profitability through company-wide reinforcement of project management systems and thorough optimization of costs, particularly outsourcing costs. Operating income decreased 3.3% on a year-on-year basis to ¥1,602 million.

In the Package & Service Business, sales rose 5.0% on a year-on-year basis to ¥2,362 million, partly due to the expansion effects of the business acquisition of Ascendia Inc. from ASI Corporation during the previous fiscal year, but the overall market was sluggish due to the influence of worsened economy on mid-standing, small- and medium-sized companies. However, operating income declined 52.9% on a year-on-year basis to ¥97

million, partly attributed to a fall in capacity utilization rate in the first quarter and a drop in the unit prices at which orders are received.

In the Corporate Revitalization/New Business Cultivation Business, the Group is striving to improve management through reductions in purchase prices by continuing negotiations with suppliers, thorough management of projects through the introduction of automatic ordering systems, and closures and renovation of unprofitable stores, while reviewing sales strategies and promoting sales at reasonable prices at its grocery supermarket chain, Uoei Shoten Corporation, which accounts for a major portion of earnings. As a result, operating losses significantly narrowed to ¥36 million from ¥206 million for the same period of the previous year, although sales posted a slight decrease of 0.3% on a year-on-year basis to ¥2,318 million partly affected by store closures.

2. Earnings outlook

Since we expect the external business environment to remain harsh and unpredictable for the foreseeable future, the Group will continue to expand businesses focusing on income.

The Group will carry out thorough project management in the IT Consulting Business so that all projects, including major projects which will have a great impact on earnings, are managed and delivered without fail. Efforts to reduce costs will also be continued.

In the Package & Services Business, the Group will strive to sign contracts by making the most of an increase in inquiries and secure important business projects while closely watching the impact that worsened business confidence has on customers. In the Corporate Revitalization/New Business Cultivation Business, the Group will raise productivity and clear sales loss following the full-scale start of operations of systems to expand sales, improve profitability, generate positive cash flows over the course of the year, and achieve an early turnaround at all outlets on a monthly basis.

Full-year earnings forecasts for Fiscal 2009 have not been changed from those announced earlier (on April 23, 2009).

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