

## Press Release

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# Announcement of Consolidated Operating Results for the Third Quarter of Fiscal Year 2009

## 1. Consolidated operating results for the third quarter of FY2009

The Group's net sales for the first nine-month period of fiscal 2009 (from January 1, 2009 to September 30, 2009) were ¥18,377 million (14.1% down from the corresponding period of the previous fiscal year), while operating income decreased by 3.6% to ¥2,077 million, ordinary income decreased by 3.8% to ¥2,126 million and net income decreased by 18.0% to ¥1,158 million.

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

In the IT Consulting Business, net sales were ¥11,844 million (down 19.1% from the corresponding period of the previous fiscal year). While existing projects advanced smoothly, as indicated by a cutover of some large projects as scheduled, new projects could not make up for the decline resulting from some projects being completed. Considering the current sluggish economic environment, we have pursued a profit-focused policy, which has helped us achieve steady deliveries under an appropriate system centering on employees, and rationalize costs while also reducing outsourcing costs. Through such efforts, we ensured an operating income of ¥2,172 million (down 1.1%) and the operating income margin improved to 18.3% from 15.0% in the corresponding period of the previous fiscal year.

In the Package & Service Business, midsize companies, our main customers, are having difficulty in securing their earnings and raising funds due to the business downturn, leading to a decrease of capital spending. Thus, inquiries we receive do not necessarily lead to us receiving

orders, and in some cases, lease credit to customers is eventually rejected, resulting in lower capacity utilization rates. With the decline in unit price of orders, coupled with the lower capacity utilization rates, net sales in this business segment were ¥3,309 million (down 5.2% from the corresponding period of the previous fiscal year). Operating income was ¥45 million (down 81.4%), since fixed expenses, mainly personnel costs, were not fully covered due to the lower sales.

In the Corporate Revitalization/New Business Cultivation Business, the food supermarket Uoei Shoten Corporation, which occupies the main part of the business, is pushing forward with a review of costs, while reviewing its sales strategy to provide product line-ups that reflect consumer needs while securing gross profit. Net sales declined slightly to ¥3,467 million (down 2.7% from the corresponding period of the previous fiscal year) partly due to sluggish consumer spending, which is attributable to business downturn and uncertainty over the future of the economy. However, operating loss substantially decreased to ¥76 million (compared with a loss of ¥299 million in the corresponding period of the previous fiscal year) thanks to an elimination of waste and a reduction of purchase prices through continuous negotiations with suppliers, rationalization of merchandise management through the introduction of automatic order placement system and closure or renovation of unprofitable stores.

## **2. Earnings outlook**

At present, it does not seem likely that the business environment will improve dramatically in the near future. For this reason, the Future Architect Group will continue to pursue a business development strategy that places top priority on profitability.

In the IT Consulting Business, the Group will move on to the next phase of projects for potential large-scale clients acquired during this quarter. Emphasis will be placed on securing these and other core projects during the coming fiscal period. The Group will focus on developing major projects that have a large impact on earnings, and carefully managing all projects to ensure effective progress and delivery.

In the Package & Service Business, sales efforts will be intensified to ensure that a greater share of inquiries lead to eventual orders, and efforts will be made to adjust the lineup of products and services to offer packages that fall within the investment capacity of customers.

Finally, in the Corporate Revitalization/New Business Cultivation Business, the Group will try to put operations on a stable footing through the success of efforts to revise gross profit margins. The Group will continue efforts to adjust the number of stores and facilities, as well as the work force, to optimal levels and pursue greater efficiency. Meanwhile, Future Architect will endeavor in sales and deployment of simple IT systems developed through our experience in operating retail stores.

There is no revision to the earnings forecast for the consolidated fiscal year ending December

2009, announced previously on July 31, 2009.

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