

Summary Report of Operating Results for the first Quarter of Fiscal 2010
(Year ending December 2010)

Company name: Future Architect, Inc.
 Shares listed on: First Section of Tokyo Stock Exchange
 Security code number: 4722
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 Scheduled submit date of quarterly report: May 13, 2010
 Scheduled date for distribution of dividend payments: –

(Amount rounded off to million yen)

1. Consolidated Results for the first Quarter of Fiscal 2010 (January 1, 2010 to March 31, 2010)

(1) Consolidated operating results (accumulated total)

(Percentages are year-on-year changes)

	Net sales		Operating income		Ordinary income		Quarterly net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q, Fiscal 2010	5,757	(14.0)	476	(35.2)	495	(36.2)	255	(39.7)
1Q, Fiscal 2009	6,692	–	736	–	776	–	423	–

	Quarterly net income per share	Quarterly net income per share (fully diluted)
	Yen	Yen
1Q, Fiscal 2010	559.54	–
1Q, Fiscal 2009	966.23	–

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	Percent (%)	Yen
1Q, Fiscal 2010	13,047	9,358	71.3	20,369.32
Fiscal 2009	12,557	9,841	77.9	21,422.20

(Reference) Shareholders' equity

1Q, Fiscal 2010: 9,301 million yen
 Fiscal 2009: 9,782 million yen

2. Dividends

	Dividends per share (yen)				
	End of the first quarter dividend	End of the second quarter dividend	End of the third quarter dividend	Year-end dividend	Annual dividend
	yen	yen	yen	yen	yen
Fiscal 2009	–	0.00	–	1,600.00	1,600.00
Fiscal 2010	–				
Fiscal 2010 (Forecast)		0.00	–	1,200.00	1,200.00

Note: Modification of the projected dividends during the quarter under review: None

3. Projected Consolidated Results for Fiscal 2010 (January 1, 2010 to December 31, 2010)

(Percentage figures reflect year-on-year change)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
Second quarter	11,250	(13.4)	1,075	(34.5)	1,095	(35.9)	600	(36.9)	1,313.97
Full year	24,000	1.4	3,000	14.6	3,040	12.4	1,550	28.7	3,394.42

Note: Modification of the projected consolidated results during the quarter under review: None

4. Others

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries that involved changes in the scope of consolidation): None
- (2) Adoption of simplified accounting method or special accounting method for the preparation of consolidated quarterly financial statements: Yes
 Note: For details, please refer to (page-4) “Qualitative information, financial statements, etc.”- 4. Others.
- (3) Changes in principle, procedure, presentation, etc., of the accounting process related to the preparation of consolidated quarterly financial statements (those stated as changes in important matters to be the basis for the preparation of consolidated quarterly financial statements)
- a. Changes accompanying revision of accounting standards: Yes
 - b. Changes other than a.: None
- Note: For details, please refer to (page-4) “Qualitative information, financial statements, etc.”- 4. Others.
- (4) Number of outstanding shares (common stock)
- a. Total outstanding shares as of the end of the period (including treasury stocks)

1Q, Fiscal 2010:	476,640 shares
Fiscal 2009:	476,640 shares
 - b. Total treasury stocks as of the end of the period

1Q, Fiscal 2010:	20,008 shares
Fiscal 2009:	20,008 shares
 - c. Average number of outstanding stocks during the quarter under review (accumulated period for consolidated quarter)

1Q, Fiscal 2010:	456,632 shares
1Q, Fiscal 2009:	438,427 shares

*Points to note about the proper use of projections, and other noteworthy events

The above projection, representing our best estimate based on information currently available to us, incorporates uncertain factors. Please refer to (page-4) “Qualitative information, financial statements, etc.”- 3. Qualitative information about consolidated earnings forecast, regarding the prerequisites for the above forecast and other related matters.

Qualitative information, financial statements, etc.

1. Qualitative information about consolidated operating results

During the first quarter of the consolidated fiscal year under review, Japan's economy continued to suffer from a challenging environment with employment and consumer spending hovering at low levels, although there were signs of a slight rebound on the strength of the recoveries of overseas economies, centering on countries in Asia, and the effects of economic stimulus measures implemented by the government.

Under such circumstances, the Group's net sales for the first quarter of consolidated fiscal year were ¥5,757 million (14.0% down from the corresponding quarter of the previous fiscal year), while operating income decreased by 35.2% to ¥476 million, ordinary income decreased by 36.2% to ¥495 million and net income decreased by 39.7% to ¥255 million.

Operating results by business segment are as follows. The operating results by business segment represent values before adjustment of internal sales or transfers among segments. :

In the IT Consulting Business, our core projects progressed almost in line with initial forecasts. However, corporate IT investments have not yet fully recovered, although we expect new projects and large-scale projects to be launched from the second quarter. Given these circumstances, net sales decreased to ¥3,678 million (15.7% down from the corresponding quarter of the previous fiscal year). Operating income was down 24.4% year-on-year to ¥548 million, reflecting the decline of sales, although we continued to streamline expenditure focusing mainly on outsourcing costs.

The Package & Service Business remained strong because a collaborative project between the Company and Ascendia Inc. continued to make smooth progress and other projects were on schedule. However, we continued to face difficult business conditions; for example, Elm Corporation, the core company of our package & service business, still requires time to obtain orders through negotiations with well-established small and medium-sized companies. As a result, net sales were ¥969 million (20.4% down from the corresponding quarter of the previous fiscal year). On the profit front, we posted an operating loss of ¥78 million (operating income of ¥32 million in the corresponding quarter of the previous fiscal year), as the effects of cost reductions were not large enough to offset the decrease of net sales.

In the Corporate Revitalization/New Operations Development Business, there was a decrease of supermarket sales (Uoei Shoten Corporation), which constitute a major part of the business. However, this was due to the closing of unprofitable shops. Sales of existing shops increased from the corresponding quarter of the previous fiscal year. As a result, net sales of the overall corporate revitalization/new operations development business were ¥1,165 million (2.5% down from the previous corresponding period). In addition, there were effects from a streamlining of the sales strategy through the introduction of information technologies, including the launch of an automatic order placement system. Consequently, operating income was ¥1 million (operating loss of ¥15 million in the previous corresponding period), a profit, albeit marginal, for the first time on a quarterly basis.

2. Qualitative information about consolidated financial condition

Assets, liabilities and net asset

In the quarter under review, total assets increased by ¥489 million from the end of previous consolidated fiscal year to ¥13,047 million. The main factors were increases of cash and deposit (an increase of ¥231 million from the end of the previous consolidated fiscal year) and notes receivable and accounts receivable (an increase of ¥182 million from the end of the previous consolidated fiscal year).

Liabilities increased by ¥973 million from the previous consolidated fiscal year to ¥3,689 million. The main factor was an increase of short-term borrowings (an increase of ¥900 million from the end of the previous consolidated fiscal year).

Net assets decreased by ¥483 million from the previous consolidated fiscal year to ¥9,358 million. The main factors included a decrease of reserved profit, down 475 million from the end of previous consolidated fiscal year, etc.

Analysis of cash flows

Net cash generated from operating activities totaled ¥108 million, primarily due to the posting of net income before tax for the quarter of ¥445 million, despite an increase of accounts receivable of ¥170 million and a corporate tax payment of ¥330 million.

Net cash generated from investment activities totaled ¥115 million, due mainly to proceeds from withdrawals of time deposits of ¥200 million.

Net cash generated from financial activities was ¥207 million, reflecting a net increase of short-term borrowings of

¥900 million and a dividend payment of ¥676 million.

As a result of these operating, investment, and financial activities, the balance of cash and cash equivalents at the end of the consolidated quarter under review was ¥4,017 million.

3. Qualitative information about consolidated earnings forecast

While we see signs of recovery in the economic environment, we expect IT investments to continue suffering from difficult conditions in the short term. Under such circumstances, both net sales and profit of each business of the Company decreased in the first quarter from the previous corresponding period. However, we have already factored in a slowdown of business at the beginning of the fiscal year, and there is no revision to the earnings forecast for the second quarter and the consolidated fiscal year ending December 2010, which the Company announced on February 4, 2010.

4. Others

- (1) Changes in significant subsidiaries during the quarter under review (changes in specified subsidiaries that involved changes in the scope of consolidation)

There is no applicable item.

- (2) Adoption of simplified accounting method or special accounting method for the preparation of consolidated quarterly financial statements:

Income taxes and payables are calculated by appropriately estimating the legal effective tax rate after the adoption of tax effect accounting which is to be assessed upon net income before tax of the consolidated fiscal year including the consolidated first quarter under review and multiplying such estimated legal effective tax rate to the net income before tax of the consolidated first quarter. The adjustment amount for corporate tax, etc., is included in the amount of corporate tax, etc.

- (3) Changes in principle, procedure, presentation, etc., of the accounting process related to the preparation of consolidated quarterly financial statements

(Accounting Standard for Construction Contracts)

Effective from the first quarter of the consolidated fiscal year under review, the Company has applied "Accounting Standard for Construction Contracts" (ASBJ Statement No.15, issued on December 27, 2007) and "Guidance on Accounting Standard for Construction Contracts" (ASBJ Guidance No.18, issued on December 27, 2007).

There is no impact of the adoption of the above accounting standards on the financial statements for the first quarter of the consolidated fiscal year under review.

5. Quarterly Period Consolidated Financial Statements

(1) Quarterly Period Consolidated Balance Sheets

	End of consolidated first quarter under review (March 31, 2010)	Summarized consolidated balance sheet for the end of previous consolidated fiscal year (December 31, 2009)
(in thousands of yen)		
Assets		
Current assets		
Cash and deposits	4,017,272	3,785,549
Notes and accounts receivable	2,483,855	2,301,382
Merchandise and finished goods	141,172	133,162
Work in process	16,631	38,529
Accounts receivable-other	1,369,609	1,374,764
Other	777,842	516,505
Allowance for doubtful accounts	(7,432)	(9,302)
Total current assets	8,798,951	8,140,590
Fixed assets		
Tangible fixed assets		
Buildings and structures	2,768,281	2,779,272
Accumulated depreciation	(2,338,516)	(2,339,229)
Buildings and structures, net	429,765	440,043
Land	172,662	172,662
Other	1,464,615	1,446,479
Accumulated depreciation	(1,192,437)	(1,174,914)
Other, net	272,178	271,565
Total tangible fixed assets	874,606	884,271
Intangible fixed assets		
Software	421,761	439,805
Other	91,682	94,016
Total intangible fixed assets	513,443	533,821
Investments and other assets		
Investment securities	1,853,254	1,883,250
Other	1,077,234	1,214,122
Allowance for doubtful accounts	(70,301)	(98,813)
Total investments and other assets	2,860,188	2,998,559
Total fixed assets	4,248,238	4,416,652
Total assets	13,047,190	12,557,243

(in thousands of yen)

	End of consolidated first quarter under review (March 31, 2010)	Summarized consolidated balance sheet for the end of previous consolidated fiscal year (December 31, 2009)
Liabilities		
Current liabilities		
Accounts payable	575,560	591,498
Short-term borrowings	930,000	30,000
Long-term borrowings due within one year	32,000	32,000
Income tax payable, etc.	168,916	365,079
Reserve for bonuses	74,493	61,182
Reserve for quality assurance	66,969	74,301
Other	1,586,227	1,295,848
Total current liabilities	3,434,167	2,449,910
Non-current liabilities		
Long-term borrowings	32,000	48,000
Allowance for retirement benefits	97,939	102,027
Negative goodwill	90,087	102,228
Others	34,911	13,378
Total non-current liabilities	254,938	265,634
Total liabilities	3,689,105	2,715,544
Net assets		
Shareholders' equity		
Common stock	1,421,815	1,421,815
Capital surplus	2,495,772	2,495,772
Retained earnings	6,500,242	6,975,347
Treasury stock	(1,171,668)	(1,171,668)
Total shareholders' equity	9,246,161	9,721,266
Valuation, translation adjustments, etc.		
Net unrealized gain on available-for-sale securities	56,629	62,355
Foreign currency translation adjustments	(1,507)	(1,558)
Total valuation, translation adjustments, etc.	55,121	60,797
Minority interests	56,801	59,634
Total net assets	9,358,084	9,841,698
Total liabilities and net assets	13,047,190	12,557,243

(2) Quarterly Period Consolidated Statements of Income
Accumulated Period for the Consolidated First Quarter

(in thousands of yen)

	Accumulated period for the consolidated quarter under review (from January 1, 2009 to March 31, 2009)	Accumulated period for the consolidated quarter under review (from January 1, 2010 to March 31, 2010)
Net sales	6,692,884	5,757,153
Cost of sales	4,481,287	3,620,715
Gross profit	2,211,596	2,136,438
Selling, general and administrative expenses		
Officers' remuneration	99,272	86,612
Salaries and bonuses	703,427	891,624
Employee training expenses	23,957	43,955
Research & development expenditures	18,469	19,006
Depreciation	49,569	29,016
Recruitment expenses	16,424	15,861
Amortization of goodwill	38,260	2,013
Others	526,076	571,576
Total selling, general and administrative expenses	1,475,458	1,659,666
Operating income	736,138	476,771
Non-operating income		
Interest income	2,842	971
Dividend income	1,295	230
Amortization of negative goodwill	14,290	14,154
Equity in income of non-consolidated subsidiaries & affiliates	9,889	280
Other	18,572	5,078
Total non-operating income	46,889	20,715
Non-operating expenses		
Interest expenses	3,051	780
Other	3,400	1,314
Total non-operating expenses	6,451	2,095
Ordinary income	776,576	495,391
Extraordinary income		
Gains on sale of investment securities	16,899	–
Total extraordinary income	16,899	–
Extraordinary losses		
Losses on sale of fixed assets	3,264	–
Losses on disposal of fixed assets	523	–
Losses on devaluation of investment securities	11,143	20,321
Impairment losses	31,927	–
Litigation expenses	–	30,000
Total extraordinary losses	46,860	50,321
Net income before taxes for the quarterly period	746,615	445,069
Income taxes	324,604	192,396
Minority interests in net income	(1,611)	(2,833)
Quarterly net income	423,622	255,506

(3) Quarterly Period Consolidated Statements of Cash Flows

	(in thousands of yen)	
	Accumulated period for the consolidated quarter under review (from January 1, 2009 to March 31, 2009)	Accumulated period for the consolidated quarter under review (from January 1, 2010 to March 31, 2010)
Cash flows from operating activities:		
Net income before taxes (quarterly period)	746,615	445,069
Depreciation and amortization	137,414	64,066
Impairment losses	31,927	-
Increase (decrease) in allowance for doubtful accounts	(5,784)	(382)
Increase (decrease) in reserve for bonuses	68,894	13,311
Increase (decrease) in reserve for quality assurance	(132,028)	(7,332)
Increase (decrease) in allowance for retirement benefits	(3,896)	(4,087)
Earned interest and dividends	(4,137)	(1,201)
Interest expenses	3,051	780
Equity in income (losses) of subsidiaries & affiliates	(9,889)	(280)
Gains (losses) on sale of fixed assets	3,264	-
Losses on disposal of fixed assets	523	-
Gains (losses) on sale of investment securities	(16,899)	-
Gains (losses) on valuation of investment securities	11,143	20,321
Litigation expenses	-	30,000
Increase (decrease) in accounts receivable	928,147	(179,318)
Increase (decrease) in inventories	(6,823)	13,888
Increase (decrease) in accounts payable	(7,173)	(15,938)
Other	(94,068)	59,760
Subtotal	1,650,280	438,657
Interest and dividends received	4,068	1,597
Interest paid	(3,457)	(981)
Income and other taxes	(1,033,278)	(330,523)
Net cash provided by (used in) operating activities	617,612	108,749
Cash flows from investing activities:		
Payments into time deposits	(59,363)	-
Proceeds from withdrawal of time deposits	58,787	200,000
Purchase of tangible fixed assets	(33,598)	(91,075)
Proceeds from sale of tangible fixed assets	1,692	-
Acquisition of intangible fixed assets	(44,730)	(220)
Proceeds from sale of investment securities	20,312	-
Purchases of shares in subsidiaries	(5,400)	-
Payments for deposits and guarantee	(181)	-
Proceeds from collection of deposits and guarantees	44,597	6,361
Proceeds from collection of loans	105	-
Other	-	705
Net cash provided by (used in) investing activities	(17,778)	115,770
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(302,000)	900,000
Repayment of long-term borrowings	(43,466)	(16,000)
Purchase of treasury stock	(90,845)	-
Dividends paid	(648,249)	(676,099)
Dividends paid to minority shareholders	(1,252)	-
Net cash provided by (used in) financing activities	(1,085,813)	207,900
Effect of exchange rate changes on cash and cash equivalents	2,364	(696)
Increase (decrease) in cash and cash equivalents	(483,614)	431,723
Cash and cash equivalents at beginning of the period	2,612,962	3,585,549
Cash and cash equivalents at end of the quarterly period	2,129,347	4,017,272

(4) Notes regarding premise of surviving company

Not applicable

(5) Segment information

[Business segment information]

First quarter of fiscal 2009 (from January 1, 2009 to March 31, 2009)

(in thousands of yen)

	IT Consulting Business	Package & Service Business	Corporate Revitalization/ New Operations Development Business	Total	Elimination or corporate	Consolidated
I. Net sales and operating income (or loss)						
Net sales						
(1) Net sales to outside clients	4,361,104	1,157,803	1,173,976	6,692,884	–	6,692,884
(2) Inter-segment sales or transfer	600	60,799	21,543	82,943	(82,943)	–
Total	4,361,704	1,218,603	1,195,519	6,775,828	(82,943)	6,692,884
Operating expenses	3,636,243	1,186,293	1,210,595	6,033,132	(76,385)	5,956,746
Operating income (loss)	725,460	32,310	(15,075)	742,695	(6,557)	736,138
II. Assets, depreciation, impairment loss and capital expenditures						
Assets	7,255,768	2,201,227	1,007,455	10,464,451	1,854,765	12,319,216
Depreciation	96,872	26,950	13,033	136,856	557	137,414
Impairment loss	–	–	31,927	31,927	–	31,927
Capital expenditures	72,885	4,447	995	78,328	–	78,328

Notes:

1. Method of classifying business segments

Business segments are classified according to the contents of businesses.

2. Main products in each business segment

Business segment	Business operations
IT Consulting Business	To provide solutions by establishing information systems with cutting-edge IT and practical, advanced techniques, while sharing clients' managerial issues from the viewpoint of management and understanding the essence of clients' business.
Package & Service Business	Helping clients improve their operational efficiency by using ASP operations to sell or provide software packages for highly specialized fields, such as sales management and ERP, and to develop mission-critical systems on a commission basis.
Corporate Revitalization/ New Operations Development Business	To get deeply involved in the management team of client firms, quickly revitalize client firms through drastic reform focusing on IT, and establish models of success for each industry. To form an alliance with corporations involved in businesses which the Group does not engage in, or establish and invest in startups, while using and combining the Company's overall know-how and technical capability about management, operations and IT. By doing this, we aim to maximize these client firms' value or accelerate their growth, and eventually contribute to the development of the industries concerned.

3. The amount of assets which were included under "Elimination or corporate" was 3,577,063 thousand yen and these assets consist mainly of surplus funds (cash and securities) and assets relating to the administration sector.

First quarter of fiscal 2010 (from January 1, 2010 to March 31, 2010)

(in thousands of yen)

	IT Consulting Business	Package & Service Business	Corporate Revitalization/ New Operations Development Business	Total	Elimination or corporate	Consolidated
I. Net sales and operating income (or loss)						
Net sales						
(1) Net sales to outside clients	3,678,283	924,292	1,154,467	5,757,043	110	5,757,153
(2) Inter-segment sales or transfer	600	45,520	11,450	57,570	(57,570)	–
Total	3,678,883	969,812	1,165,917	5,814,613	(57,460)	5,757,153
Operating expenses	3,130,476	1,048,579	1,164,224	5,343,280	(62,898)	5,280,382
Operating income (loss)	548,406	(78,766)	1,692	471,333	5,438	476,771
II. Assets, depreciation, and capital expenditures						
Assets	7,885,129	1,655,608	800,270	10,341,008	2,706,182	13,047,190
Depreciation	41,003	12,701	9,803	63,509	557	64,066
Capital expenditures	56,666	5,596	29,033	91,295	–	91,295

Notes:

1. Method of classifying business segments

Business segments are classified according to the contents of businesses.

2. Main products in each business segment

Business segment	Business operations
IT Consulting Business	To provide solutions by establishing information systems with cutting-edge IT and practical, advanced techniques, while sharing clients' managerial issues from the viewpoint of management and understanding the essence of clients' business.
Package & Service Business	Helping clients improve their operational efficiency by using ASP operations to sell or provide software packages for highly specialized fields, such as sales management and ERP, and to develop mission-critical systems on a commission basis.
Corporate Revitalization/ New Operations Development Business	To get deeply involved in the management team of client firms, quickly revitalize client firms through drastic reform focusing on IT, and establish models of success for each industry. To form an alliance with corporations involved in businesses which the Group does not engage in, or establish and invest in startups, while using and combining the Company's overall know-how and technical capability about management, operations and IT. By doing this, we aim to maximize these client firms' value or accelerate their growth, and eventually contribute to the development of the industries concerned.

3. The amount of assets which were included under "Elimination or corporate" was 3,508,284 thousand yen and these assets consist mainly of surplus funds (cash and securities) and assets relating to the administration sector.

[Geographical segment information]

First quarter of fiscal 2009 (from January 1, 2009 to March 31, 2009)

Domestic operations accounted for more than 90% of consolidated sales, and thus geographical segment information is omitted.

First quarter of fiscal 2010 (from January 1, 2010 to March 31, 2010)

Domestic operations accounted for more than 90% of consolidated sales, and thus geographical segment information is omitted.

[Overseas sales]

First quarter of fiscal 2009 (from January 1, 2009 to March 31, 2009)

Sales from overseas operations accounted for less than 10% of consolidated sales. Overseas sales information is therefore omitted.

First quarter of fiscal 2010 (from January 1, 2010 to March 31, 2010)

Sales from overseas operations accounted for less than 10% of consolidated sales. Overseas sales information is therefore omitted.

(6) Notes when any significant change to shareholders' equity takes place

Not applicable

6. Others

Orders received

(in thousands of yen)

Function	Quarterly period ended March 2009 (January 1, 2009 – March 31, 2009)		Quarterly period ended March 2010 (January 1, 2010 – March 31, 2010)	
	Orders Rcvd	Orders O/S	Orders Rcvd	Orders O/S
IT consulting services	4,212,945	5,120,504	3,707,397	3,160,161
Package & service business	980,911	927,096	751,263	425,645
Corporate Revitalization Business/ New Operations Development Business	1,820	1,048	21,331	10,497
Total	5,195,678	6,048,648	4,479,992	3,596,303