

Answerthink, Inc.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Quarter Ended		Year Ended	
	December 30, 2005	December 31, 2004	December 30, 2005	December 31, 2004
Revenues:				
Revenues before reimbursements	\$ 39,904	\$ 30,446	\$ 146,693	\$ 129,339
Reimbursements	4,837	3,232	16,625	14,208
Total revenues	<u>44,741</u>	<u>33,678</u>	<u>163,318</u>	<u>143,547</u>
Costs and expenses:				
Project personnel and expenses:				
Project personnel and expenses before reimbursable expenses	22,392	18,398	82,631	75,774
Reimbursable expenses	4,837	3,232	16,625	14,208
Total project personnel and expenses	<u>27,229</u>	<u>21,630</u>	<u>99,256</u>	<u>89,982</u>
Selling, general and administrative expenses	15,163	12,369	57,201	48,491
Restructuring costs	1,789	-	2,923	3,749
Stock compensation expense	1,202	430	3,392	2,321
Total costs and operating expenses	<u>45,383</u>	<u>34,429</u>	<u>162,772</u>	<u>144,543</u>
Income (loss) from operations	(642)	(751)	546	(996)
Other income (expense):				
Interest income	238	296	1,168	866
Interest expense	(27)	(24)	(79)	(64)
Income (loss) before income taxes and income from discontinued operations	(431)	(479)	1,635	(194)
Income taxes	(161)	251	(6)	324
Income (loss) from continuing operations	(270)	(730)	1,641	(518)
Income from discontinued operations	-	-	-	370
Net income (loss)	<u>\$ (270)</u>	<u>\$ (730)</u>	<u>\$ 1,641</u>	<u>\$ (148)</u>
Basic net income (loss) per common share:				
Income (loss) from continuing operations	\$ (0.01)	\$ (0.02)	\$ 0.04	\$ (0.01)
Income from discontinued operations	\$ -	\$ -	\$ -	\$ 0.01
Net income (loss) per common share	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ 0.04</u>	<u>\$ (0.00)</u>
Weighted average common shares outstanding	44,163	43,471	43,575	44,188
Diluted net income (loss) per common share (1):				
Income (loss) from continuing operations	\$ (0.01)	\$ (0.02)	\$ 0.03	\$ (0.01)
Income from discontinued operations	\$ -	\$ -	\$ -	\$ 0.01
Net income (loss) per common share	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ 0.03</u>	<u>\$ (0.00)</u>
Weighted average common and common equivalent shares outstanding	44,163	43,471	47,073	44,188
Pro forma data (2):				
Income (loss) before income taxes and income from discontinued operations	\$ (431)	\$ (479)	\$ 1,635	\$ (194)
Restructuring costs	1,789	-	2,923	3,749
Stock compensation expense	1,202	430	3,392	2,321
Amortization of intangible assets	562	604	1,801	1,975
Pro forma income before income taxes	3,122	555	9,751	7,851
Pro forma income taxes	1,249	223	3,900	3,141
Pro forma net income	<u>\$ 1,873</u>	<u>\$ 332</u>	<u>\$ 5,851</u>	<u>\$ 4,710</u>
Pro forma basic net income per common share	\$ 0.04	\$ 0.01	\$ 0.13	\$ 0.11
Weighted average common shares outstanding	44,163	43,471	43,575	44,188
Pro forma diluted net income per common share	\$ 0.04	\$ 0.01	\$ 0.12	\$ 0.10
Weighted average common and common equivalent shares outstanding	46,864	47,353	47,073	48,457

(1) Potentially diluted shares were excluded from the diluted loss per share calculation for the quarters ended December 30, 2005, and December 31, 2004 and the year ended December 31, 2004 as their effects would have been anti-dilutive to the loss incurred by the Company.

(2) The Company provides pro forma earnings results (which exclude amortization of intangible assets, non-cash compensation and restructuring charges, and include a normalized tax rate) as a complement to results provided in accordance with Generally Accepted Accounting Principles. These non-GAAP results are provided to enhance the users' overall understanding of the Company's current financial performance and its prospects for the future. The Company believes the non-GAAP results provide useful information to both management and investors by excluding certain expenses that it believes are not indicative of its core operating results. The non-GAAP measures are included to provide investors and management with an alternative method for assessing operating results in a manner that is focused on the performance of ongoing operations and to provide a more consistent basis for comparison between quarters. Further, these non-GAAP results are one of the primary indicators management uses for planning and forecasting in future periods. In addition, since the Company has historically reported non-GAAP results to the investment community, it believes the inclusion of non-GAAP numbers provides consistency in its financial reporting. The presentation of this additional information should not be considered in isolation or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States of America.

Answerthink, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 30, 2005	December 31, 2004
ASSETS		
<i>(unaudited)</i>		
Current assets:		
Cash and cash equivalents	\$ 18,103	\$ 38,890
Marketable investments	9,902	-
Restricted cash	3,657	-
Accounts receivable and unbilled revenue, net	41,928	28,883
Prepaid expenses and other current assets	<u>3,273</u>	<u>3,459</u>
Total current assets	76,863	71,232
Marketable investments	-	9,902
Restricted cash	600	3,000
Property and equipment, net	6,304	7,568
Other assets	6,422	3,245
Goodwill, net	<u>61,371</u>	<u>33,786</u>
Total assets	<u>\$ 151,560</u>	<u>\$ 128,733</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,954	\$ 3,462
Accrued expenses and other liabilities	<u>39,577</u>	<u>17,910</u>
Total current liabilities	47,531	21,372
Accrued expenses and other liabilities, non-current	<u>3,363</u>	<u>7,507</u>
Total liabilities	50,894	28,879
Shareholders' equity	100,666	99,854
Total liabilities and shareholders' equity	<u>\$ 151,560</u>	<u>\$ 128,733</u>

Answerthink, Inc.
Supplemental Financial Data
(unaudited)

	2005		2004
	Q4	Q3	Q4
Revenue Breakdown by Group: <i>(in thousands)</i>			
The Hackett Group			
Benchmarking and Membership Advisory Programs	\$ 7,012	\$ 7,168	\$ 5,852
Transformation Advisory	11,088	9,161	8,240
REL Consultancy Group	2,532	-	-
Total The Hackett Group	<u>20,632</u>	<u>16,329</u>	<u>14,092</u>
Best Practice Solutions			
Business Applications	13,702	13,555	12,327
Business Intelligence	10,407	10,121	7,259
Total Best Practice Solutions	<u>24,109</u>	<u>23,676</u>	<u>19,586</u>
Total revenues	<u>\$ 44,741</u>	<u>\$ 40,005</u>	<u>\$ 33,678</u>

Revenue Concentration (excluding REL Consultancy Group Limited):
(% of total revenues)

Top customer	7%	6%	5%
Top 5 customers	20%	20%	23%
Top 10 customers	30%	33%	36%

Key Metrics and Other Financial Data (excluding REL Consultancy Group Limited):

Consultant utilization rate	69%	67%	61%
Gross billing rate per hour	\$ 191	\$ 194	\$ 181
Net billing rate per hour	\$ 170	\$ 175	\$ 163
Consultant headcount	620	601	550
Total headcount	798	780	717
Days sales outstanding (DSO)	73	86	76
Cash provided by (used in) operating activities <i>(in thousands)</i>	\$ 10,142	\$ (1,363)	\$ 4,283
Depreciation and amortization <i>(in thousands)</i>	\$ 1,054	\$ 1,138	\$ 1,467

Share Repurchase Program:

Shares purchased since inception <i>(in thousands)</i>	6,534	6,534	5,527
Cost of shares repurchased since inception <i>(in thousands)</i>	\$ 22,119	\$ 22,119	\$ 18,178
Average per share cost of shares purchased since inception	\$ 3.39	\$ 3.39	\$ 3.29
Remaining authorization <i>(in thousands)</i>	\$ 7,881	\$ 7,881	\$ 6,822