

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

	Quarter Ended		Six Months Ended	
	June 29, 2007	June 30, 2006	June 29, 2007	June 30, 2006
Revenues:				
Revenues before reimbursements	\$ 40,505	\$ 43,950	\$ 76,666	\$ 88,846
Reimbursements	5,007	5,046	8,723	9,981
Total revenues	<u>45,512</u>	<u>48,996</u>	<u>85,389</u>	<u>98,827</u>
Costs and expenses:				
Cost of service:				
Personnel costs before reimbursable expenses (includes \$360 and \$326 and \$624 and \$546 of stock compensation expense in the quarters and six months ended June 29, 2007 and June 30, 2006, respectively) (3)	23,267	24,996	44,783	51,460
Reimbursable expenses	5,007	5,046	8,723	9,981
Total cost of service	<u>28,274</u>	<u>30,042</u>	<u>53,506</u>	<u>61,441</u>
Selling, general and administrative costs (includes \$701 and \$819 and \$1,445 and \$1,675 of stock compensation expense in the quarters and six months ended June 29, 2007 and June 30, 2006, respectively) (3)	15,843	16,603	33,347	34,396
Restructuring costs	-	-	-	6,313
Loss from misappropriation, net of collections	-	23	(350)	302
Total costs and operating expenses	<u>44,117</u>	<u>46,668</u>	<u>86,503</u>	<u>102,452</u>
Income (loss) from operations	1,395	2,328	(1,114)	(3,625)
Other income (expense):				
Interest income	215	163	455	353
Interest expense	(91)	(38)	(93)	(143)
Income (loss) before income taxes	1,519	2,453	(752)	(3,415)
Income tax expense	68	332	135	697
Net income (loss)	<u>\$ 1,451</u>	<u>\$ 2,121</u>	<u>\$ (887)</u>	<u>\$ (4,112)</u>
Basic net income (loss) per common share:				
Net income (loss) per common share	\$ 0.03	\$ 0.05	\$ (0.02)	\$ (0.09)
Weighted average common shares outstanding	44,713	44,626	44,746	44,572
Diluted net income (loss) per common share (1):				
Net income (loss) per common share	\$ 0.03	\$ 0.05	\$ (0.02)	\$ (0.09)
Weighted average common and common equivalent shares outstanding	45,834	46,594	44,746	44,572
Pro forma data (2):				
Income (loss) before income taxes	\$ 1,519	\$ 2,453	\$ (752)	\$ (3,415)
Restructuring costs	-	-	-	6,313
Stock compensation expense	1,061	1,145	2,069	2,221
Amortization of intangible assets	348	834	712	1,804
Professional fees related to the loss from misappropriation	56	-	239	-
Loss from misappropriation, net of collections	-	23	(350)	302
Pro forma income before income taxes	2,984	4,455	1,918	7,225
Pro forma income tax expense	1,194	1,782	767	2,890
Pro forma net income	<u>\$ 1,790</u>	<u>\$ 2,673</u>	<u>\$ 1,151</u>	<u>\$ 4,335</u>
Pro forma basic net income (loss) per common share	\$ 0.04	\$ 0.06	\$ 0.03	\$ 0.10
Weighted average common shares outstanding	44,713	44,626	44,746	44,572
Pro forma diluted net income (loss) per common share	\$ 0.04	\$ 0.06	\$ 0.03	\$ 0.09
Weighted average common and common equivalent shares outstanding	45,834	46,594	45,776	46,573

(1) Potentially diluted shares were excluded from the diluted loss per share calculations for the six months ended June 29, 2007 and June 30, 2006 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, stock compensation expense, restructuring costs, loss from misappropriation, net of collections and professional fees related to the loss from misappropriation, and include a normalized tax rate) as a complement to results provided in accordance with Generally Accepted Accounting Principles (GAAP). 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.

(3) Certain items in the quarter and six months ended June 30, 2006 have been reclassified to conform with the June 29, 2007 presentation.

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

	June 29, 2007	December 29, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 20,865	\$ 19,585
Accounts receivable and unbilled revenue, net	34,905	35,818
Prepaid expenses and other current assets	<u>2,326</u>	<u>1,558</u>
Total current assets	58,096	56,961
Restricted cash	600	600
Property and equipment, net	5,110	5,183
Other assets	3,212	3,870
Goodwill	<u>68,278</u>	<u>66,652</u>
Total assets	<u>\$ 135,296</u>	<u>\$ 133,266</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,935	\$ 5,427
Accrued expenses and other liabilities	<u>28,943</u>	<u>24,773</u>
Total current liabilities	33,878	30,200
Accrued expenses and other liabilities, non-current	<u>4,338</u>	<u>4,611</u>
Total liabilities	38,216	34,811
Shareholders' equity	<u>97,080</u>	<u>98,455</u>
Total liabilities and shareholders' equity	<u>\$ 135,296</u>	<u>\$ 133,266</u>

Answerthink, Inc.
Supplemental Financial Data
(unaudited)

	Quarter Ended		
	June 29, 2007	March 30, 2007	June 30, 2006
Revenue Breakdown by Group: <i>(in thousands)</i>			
The Hackett Group			
Benchmarking and Business Transformation (5) (8)	\$ 23,292	\$ 19,303	\$ 22,372
Membership Advisory Programs (6)	3,863	3,613	3,194
Total The Hackett Group	<u>27,155</u>	<u>22,916</u>	<u>25,566</u>
Best Practice Solutions (7) (8)	18,357	16,961	23,430
Total Revenues	<u>\$ 45,512</u>	<u>\$ 39,877</u>	<u>\$ 48,996</u>

Revenue Concentration:
(% of total revenues)

Top customer	3%	3%	4%
Top 5 customers	12%	13%	16%
Top 10 customers	20%	23%	27%

Key Metrics and Other Financial Data:

The Hackett Group revenue per professional <i>(in thousands)</i> (8)	\$ 402	\$ 345	\$ 387
Membership Advisory - Annualized Contract Value (4)	\$ 15,094	\$ 14,412	\$ 11,359
Best Practice Solutions consultant utilization rate (8)	65%	63%	76%
Best Practice Solutions gross billing rate per hour (8)	\$ 176	\$ 171	\$ 156
Consultant headcount (8)	556	563	642
Total headcount (8)	756	770	838
Days sales outstanding (DSO)	70	71	80
Cash provided by (used in) operating activities <i>(in thousands)</i> (8)	\$ (344)	\$ 4,209	\$ 1,522
Depreciation and amortization <i>(in thousands)</i>	\$ 873	\$ 900	\$ 1,458

Share Repurchase Program:

Shares purchased since inception <i>(in thousands)</i>	7,667	7,158	6,534
Cost of shares repurchased since inception <i>(in thousands)</i>	\$ 25,616	\$ 23,867	\$ 22,119
Average per share cost of shares purchased since inception	\$ 3.34	\$ 3.33	\$ 3.39
Remaining authorization <i>(in thousands)</i>	\$ 4,359	\$ 6,133	\$ 7,881

- (4) We define "Annualized Contract Value" as of the quarter-end as the aggregate annualized revenue attributed to all agreements in effect on such date, without regard to the remaining duration of any such agreement.
- (5) Comparison of a client's demand drivers, costs and practices to a peer group in order to empirically identify and define an organization's ability to improve performance at a process level and to identify and compare business practices utilized by world-class performers. Additionally, strategic consulting support that utilizes Hackett best practice implementation content and tools to enable clients to accelerate transformation to world-class performance.
- (6) Annual or multi-year contract that provides clients with on-demand access to world-class performance metrics and best practices research and advice.
- (7) The Best Practice solutions group includes Best Practice Implementation of ERP Software, which is primarily Oracle and SAP, and business performance management solutions, which is primarily Hyperion.
- (8) Certain items in the quarter ended June 30, 2006 have been reclassified to conform with the June 29, 2007 presentation.