

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

	Quarter Ended		Nine Months Ended	
	September 28, 2007	September 29, 2006	September 28, 2007	September 29, 2006
Revenues:				
Revenues before reimbursements	\$ 41,834	\$ 39,006	\$ 118,500	\$ 127,852
Reimbursements	4,895	4,546	13,618	14,527
Total revenues	46,729	43,552	132,118	142,379
Costs and expenses:				
Cost of service:				
Personnel costs before reimbursable expenses (includes \$344 and \$328 and \$968 and \$874 of stock compensation expense in the quarters and nine months ended September 28, 2007 and September 29, 2006, respectively) (2)	22,779	23,169	67,562	74,629
Reimbursable expenses	4,895	4,546	13,618	14,527
Total cost of service	27,674	27,715	81,180	89,156
Selling, general and administrative costs (includes \$752 and \$687 and \$2,198 and \$2,362 of stock compensation expense in the quarters and nine months ended September 28, 2007 and September 29, 2006, respectively) (2)	15,562	15,186	48,909	49,582
Restructuring costs	-	-	-	6,313
Loss from misappropriation, net of collections	-	24	(350)	326
Total costs and operating expenses	43,236	42,925	129,739	145,377
Income (loss) from operations	3,493	627	2,379	(2,998)
Other income (expense):				
Interest income	206	116	661	469
Interest expense	(1)	(21)	(94)	(164)
Income (loss) before income taxes	3,698	722	2,946	(2,693)
Income tax expense	112	249	247	946
Net income (loss)	\$ 3,586	\$ 473	\$ 2,699	\$ (3,639)
Basic net income (loss) per common share:				
Net income (loss) per common share	\$ 0.08	\$ 0.01	\$ 0.06	\$ (0.08)
Weighted average common shares outstanding	44,144	44,884	44,545	44,676
Diluted net income (loss) per common share (1):				
Net income (loss) per common share	\$ 0.08	\$ 0.01	\$ 0.06	\$ (0.08)
Weighted average common and common equivalent shares outstanding	44,786	45,532	45,446	44,676
Pro forma data (3):				
Income (loss) before income taxes	\$ 3,698	\$ 722	\$ 2,946	\$ (2,693)
Restructuring costs	-	-	-	6,313
Stock compensation expense	1,096	1,015	3,166	3,236
Amortization of intangible assets	343	463	1,055	2,267
Professional fees related to the loss from misappropriation	-	-	239	-
Loss from misappropriation, net of collections	-	24	(350)	326
Pro forma income before income taxes	5,137	2,224	7,056	9,449
Pro forma income tax expense	2,055	890	2,822	3,780
Pro forma net income	\$ 3,082	\$ 1,334	\$ 4,234	\$ 5,669
Pro forma basic net income (loss) per common share	\$ 0.07	\$ 0.03	\$ 0.10	\$ 0.13
Weighted average common shares outstanding	44,144	44,884	44,545	44,676
Pro forma diluted net income (loss) per common share	\$ 0.07	\$ 0.03	\$ 0.09	\$ 0.12
Weighted average common and common equivalent shares outstanding	44,786	45,532	45,446	46,226

- (1) Potentially diluted shares were excluded from the diluted loss per share calculations for the nine months ended September 29, 2006 as their effects would have been anti-dilutive to the loss incurred by the Company.
- (2) Certain items in the quarter and nine months ended September 29, 2006 have been reclassified to conform with the September 28, 2007 presentation.
- (3) 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. 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)
(unaudited)

September 28, December 29,

	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 24,974	\$ 19,585
Accounts receivable and unbilled revenue, net	30,436	35,818
Prepaid expenses and other current assets	<u>2,334</u>	<u>1,558</u>
Total current assets	57,744	56,961
Restricted cash	600	600
Property and equipment, net	5,813	5,183
Other assets	2,807	3,870
Goodwill, net	<u>68,622</u>	<u>66,652</u>
Total assets	<u>\$ 135,586</u>	<u>\$ 133,266</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,710	\$ 5,427
Accrued expenses and other liabilities	<u>30,313</u>	<u>24,773</u>
Total current liabilities	35,023	30,200
Accrued expenses and other liabilities, non-current	<u>4,016</u>	<u>4,611</u>
Total liabilities	39,039	34,811
Shareholders' equity	<u>96,547</u>	<u>98,455</u>
Total liabilities and shareholders' equity	<u>\$ 135,586</u>	<u>\$ 133,266</u>

Answerthink, Inc.
Supplemental Financial Data
(unaudited)

	Quarter Ended		
	September 28, 2007	June 29, 2007	September 29, 2006
Revenue Breakdown by Group:			
<i>(in thousands)</i>			
The Hackett Group			
Benchmarking and Business Transformation (5) (8)	\$ 26,477	\$ 23,292	\$ 18,309
Membership Advisory Programs (6)	3,817	3,863	2,969
Total The Hackett Group	<u>30,294</u>	<u>27,155</u>	<u>21,278</u>
Best Practice Solutions (7) (8)	16,435	18,357	22,274
Total Revenues	<u>\$ 46,729</u>	<u>\$ 45,512</u>	<u>\$ 43,552</u>

Revenue Concentration:
(% of total revenues)

Top customer	3%	3%	3%
Top 5 customers	13%	12%	12%
Top 10 customers	22%	20%	21%

Key Metrics and Other Financial Data:

The Hackett Group revenue per professional <i>(in thousands)</i> (8)	\$ 439	\$ 402	\$ 320
Membership Advisory - Annualized Contract Value (4)	\$ 15,288	\$ 15,094	\$ 12,190
Best Practice Solutions consultant utilization rate (8)	64%	65%	66%
Best Practice Solutions gross billing rate per hour (8)	\$ 168	\$ 176	\$ 173
Consultant headcount (8)	566	556	621
Total headcount (8)	753	756	830
Days sales outstanding (DSO)	59	70	82
Cash provided by (used in) operating activities <i>(in thousands)</i> (8)	\$ 9,373	\$ (344)	\$ 8,773
Depreciation <i>(in thousands)</i>	\$ 526	\$ 524	\$ 607
Amortization <i>(in thousands)</i>	\$ 343	\$ 348	\$ 463

Share Repurchase Program:

Shares purchased since inception <i>(in thousands)</i>	8,854	7,667	7,158
Cost of shares repurchased since inception <i>(in thousands)</i>	\$ 29,732	\$ 25,616	\$ 23,867
Average per share cost of shares purchased since inception	\$ 3.36	\$ 3.34	\$ 3.33
Remaining authorization <i>(in thousands)</i>	\$ 5,268	\$ 4,359	\$ 6,133

- (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) 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 September 29, 2006 have been reclassified to conform with the September 28, 2007 presentation.