

# Briefing on Operating Results for First Half of FY2006

August 9, 2006

Future System Consulting Corp.

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2. Earnings Outlook for Fiscal 2006
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# 1. Overview of Earnings for First Half of Fiscal 2006

# Fiscal 2006 1st Half-year Earnings Estimate Revision (Consolidated)



- Announced upwardly revised sales of 21.4% and ordinary income of 28.6%, after the announcement of the 1st quarter results
- Actual sales exceeded our revised plan by 2.9%, while ordinary income surpassed the revised plan by 0.9%.

(millions of yen)	Initial plan	Revised plan	1st half-year results	Change
<b>Net sales</b>	<b>6,120</b>	<b>7,430</b>	<b>7,646</b>	<b>2.9%</b>
<b>Operating income</b>	<b>1,168</b>	<b>1,480</b>	<b>1,501</b>	<b>1.4%</b>
Operating income margin	19.1%	19.9%	19.6%	-
<b>Ordinary income</b>	<b>1,143</b>	<b>1,470</b>	<b>1,483</b>	<b>0.9%</b>
Ordinary income margin	18.7%	19.8%	19.4%	-
<b>Net income</b>	<b>629</b>	<b>810</b>	<b>855</b>	<b>5.6%</b>
Net income margin	10.3%	10.9%	11.2%	-

# Fiscal 2006 1st Half-year Comparison with the previous year's results (Consolidated)

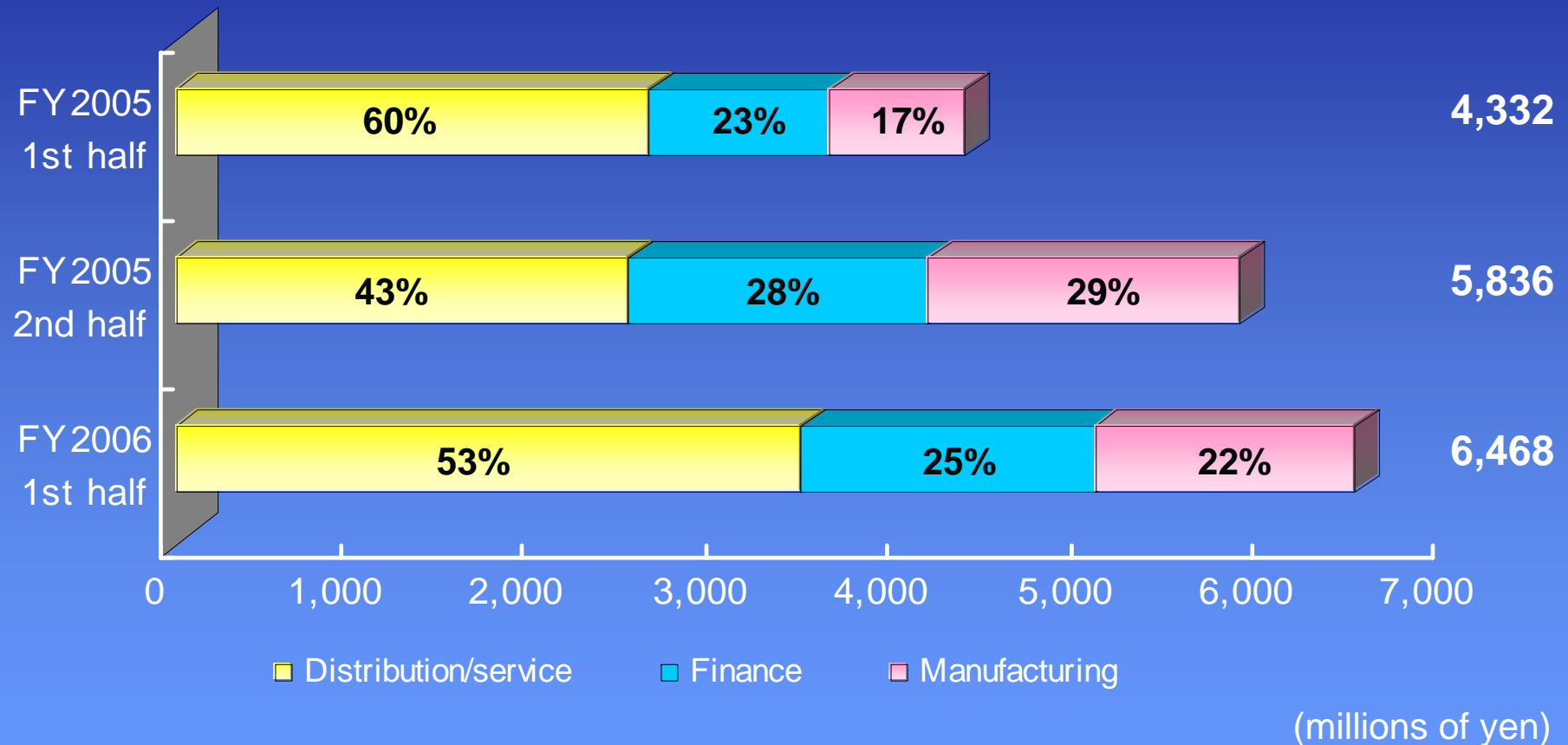


- Sales and earnings grew substantially, with sales up 63% year-on-year and ordinary income up 136% year-on-year.

(millions of yen)	FY2005 1st half	FY2006 1st half	Change
<b>Net sales</b>	<b>4,690</b>	<b>7,646</b>	<b>63.0%</b>
IT consulting	4,336	6,621	52.7%
HW procurement	354	1,025	189.4%
<b>Operating income</b>	<b>679</b>	<b>1,501</b>	<b>120.9%</b>
Operating income margin	14.5%	19.6%	-
<b>Ordinary income</b>	<b>628</b>	<b>1,483</b>	<b>136.0%</b>
Ordinary income margin	13.4%	19.4%	-
<b>Extraordinary income</b>	<b>569</b>	<b>125</b>	<b>-</b>
<b>Extraordinary loss</b>	<b>(464)</b>	<b>(29)</b>	<b>-</b>
<b>Net income</b>	<b>443</b>	<b>855</b>	<b>93.0%</b>
Net income margin	9.4%	11.2%	-

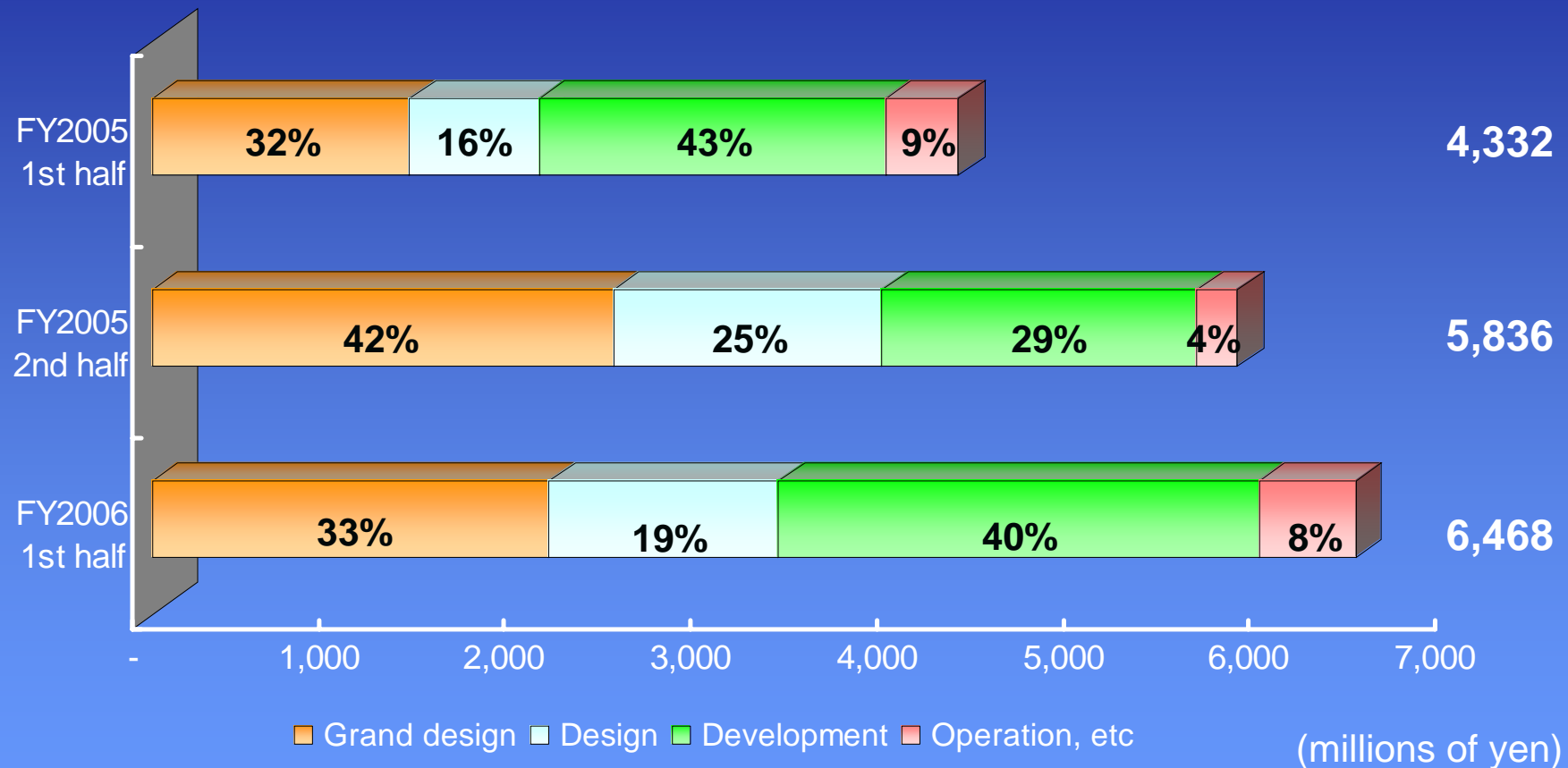
# Proportion of IT Consulting Sales (1)

- Trends in proportions of sales by industry (Non-consolidated)



# Proportion of IT Consulting Sales (2)

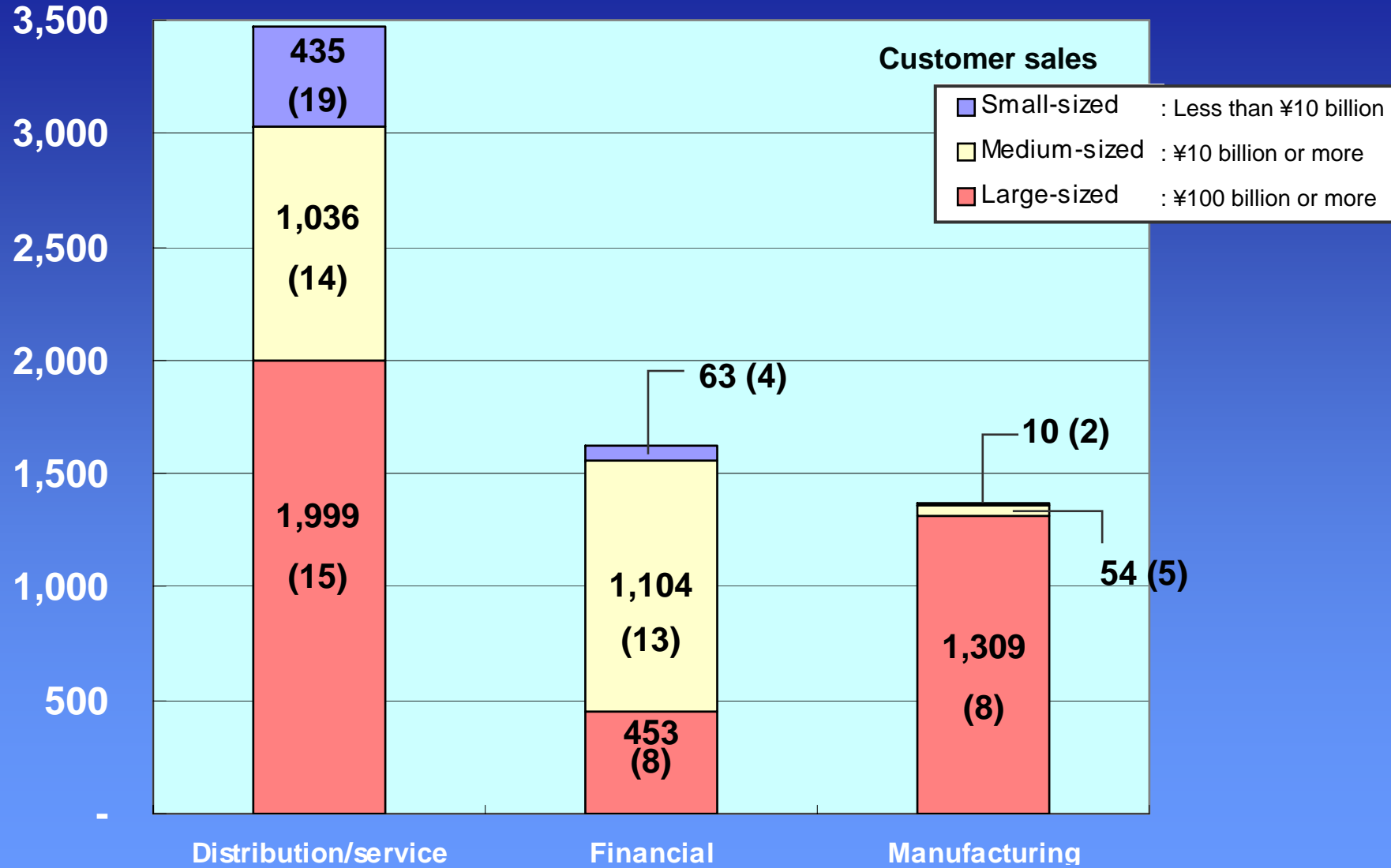
● Trends in proportions of sales by phase (Non-consolidated)



# Portfolio of customers by size and industry

(millions of yen)

Note: Figures in parentheses indicate the number of customers.



# Balance Sheets (Consolidated) (1)

(millions of yen)	End of June 2005	End of December 2005	End of June 2006
<b>Current assets</b>	<b>6,592</b>	<b>7,184</b>	<b>8,111</b>
Cash and cash equivalents	4,475	4,817	5,194
Notes and accounts receivable	1,472	2,001	2,362
Other current assets	645	366	555
<b>Fixed assets</b>	<b>3,021</b>	<b>3,140</b>	<b>2,638</b>
Tangible fixed assets	314	333	340
Intangible fixed assets	484	421	414
Investments and other assets	1,658	1,988	1,517
Other fixed assets	565	398	367
<b>Total assets</b>	<b>9,614</b>	<b>10,324</b>	<b>10,750</b>

# Balance Sheets (Consolidated) (2)

(millions of yen)	End of June 2005	End of December 2005	End of June 2006
<b>Current liabilities</b>	<b>2,703</b>	<b>2,733</b>	<b>2,645</b>
Account payable	498	812	908
Short-term borrowings	850	-	-
Long-term borrowings due within one year	566	468	188
Income tax payable, etc.	410	847	694
Other liabilities	379	606	855
<b>Fixed liabilities</b>	<b>185</b>	<b>-</b>	<b>29</b>
<b>Total liabilities</b>	<b>2,888</b>	<b>2,733</b>	<b>2,675</b>
<b>Total net assets</b>	<b>6,725</b>	<b>7,591</b>	<b>8,075</b>
Common stock	1,421	1,421	1,421
Treasury stock	(962)	(1,055)	(1,055)
<b>Total liabilities and net assets</b>	<b>9,614</b>	<b>10,324</b>	<b>10,750</b>
Equity ratio	<b>70%</b>	<b>73.5%</b>	<b>75.0%</b>

## 2. Earnings Outlook for Fiscal 2006

# Income/Loss Outlook for FY2006 (Consolidated)

- We regard the revised plan as our targets for fiscal 2006 without further changes.

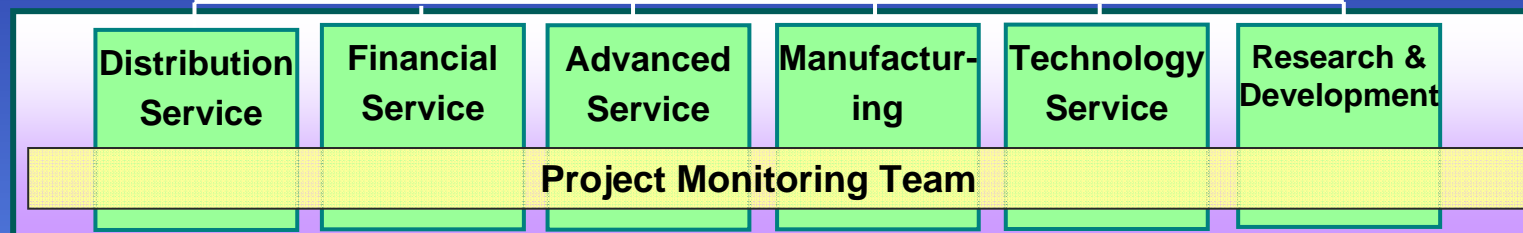
(millions of yen)	2005 results	2006 plan	Change
<b>Net sales</b>	<b>10,957</b>	<b>14,920</b>	<b>36.2%</b>
<b>Operating income</b>	<b>1,863</b>	<b>2,950</b>	<b>58.3%</b>
Operating income margin	17.0%	19.8%	-
<b>Ordinary income</b>	<b>1,809</b>	<b>2,920</b>	<b>61.3%</b>
Ordinary income margin	16.5%	19.6%	-
<b>Net income</b>	<b>1,171</b>	<b>1,550</b>	<b>32.3%</b>
Net income margin	10.7%	10.4%	-

### 3. Review of First Half of Fiscal 2006

**Strong order growth**

**Securing personnel**

**Establishing the division system/strengthening monitoring**



## 1st half-year results

- Most projects have run well, and good results have been achieved.

## Issues in and after the 2nd half-year

- Strengthening monitoring further
  - Improving the accuracy of risk data collected
  - Increasing the number of the monitoring team members, and providing training for them

# Review by function (1)

## Marketing

### Results until the 1st half-year

- Received orders at fair prices
- Concluded a high percentage of contracts  
Orders received: 71%,  
Orders under negotiation: 7%
- Received orders from new customers  
at a proper ratio (20%)

### Issues in and after the 2nd half-year

- Strengthening the promotion system further
- Enter new business areas

## Personnel

### Results until the 1st half-year

- Recruited career employees as planned
- Recruited more new graduates than planned

### Issues in and after the 2nd half-year

- Achieving a goal of recruiting  
career employees
- Strengthening strategic alliances  
with outside partners
- Preparing and executing measures  
for personnel training and selection

# Review by function (2)

## Project operation

### Results until the 1st half-year

- Established the grounds for early discovery of risks

### Issues in and after the 2nd half-year

- Strengthening the monitoring functions in cooperation with each division

## R & D

### Results until the 1st half-year

- Middleware development using lightweight language
- Verification of new technologies with advanced functions that enable high-speed screen display operations (JSF, RCP)

### Issues in and after the 2nd half-year

- Project application support for results obtained by the 1st half-year
- Promotion of grid and autonomies

## 4. Examples

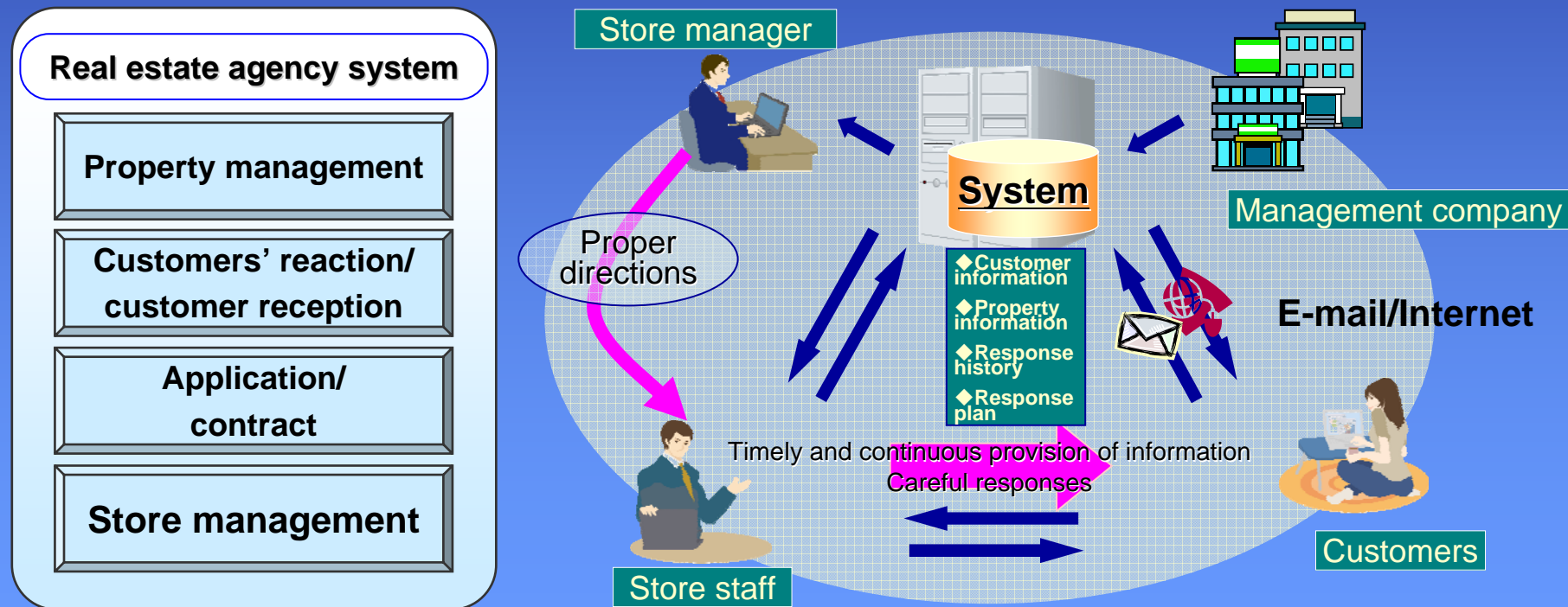
# New Business Challenge

Company A, a major real estate leasing  
company

# New Business Challenge

## Company A, a major real estate leasing company (1)

- Projects for business types and areas that are new to FUTURE
- Established the first complete system for basic office operations in the real estate leasing industry
  - =>Established a system that can become a de facto standard in the industry
- Established a highly expandable system in consideration of future business development



# New Business Challenge

## Company A, a major real estate leasing company (2)

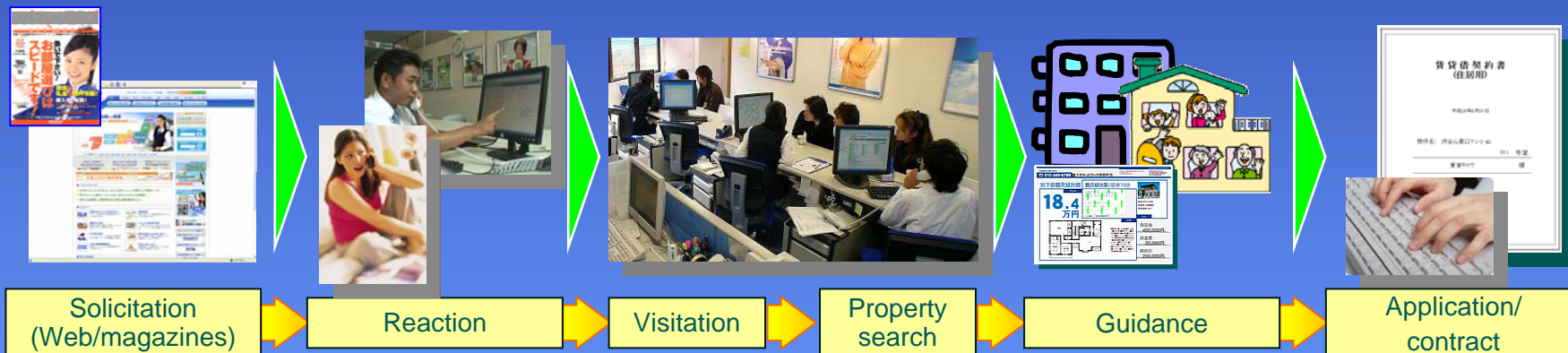
Improved the efficiency of store operations and the percentages of customer visitations and contracts concluded

- Focused on operability and design

- Usable immediately by everyone

- Realized new store operations

- Paperless, real-time, information sharing, workflows



## Utilized information (know-how/knowledge)

- Unified database

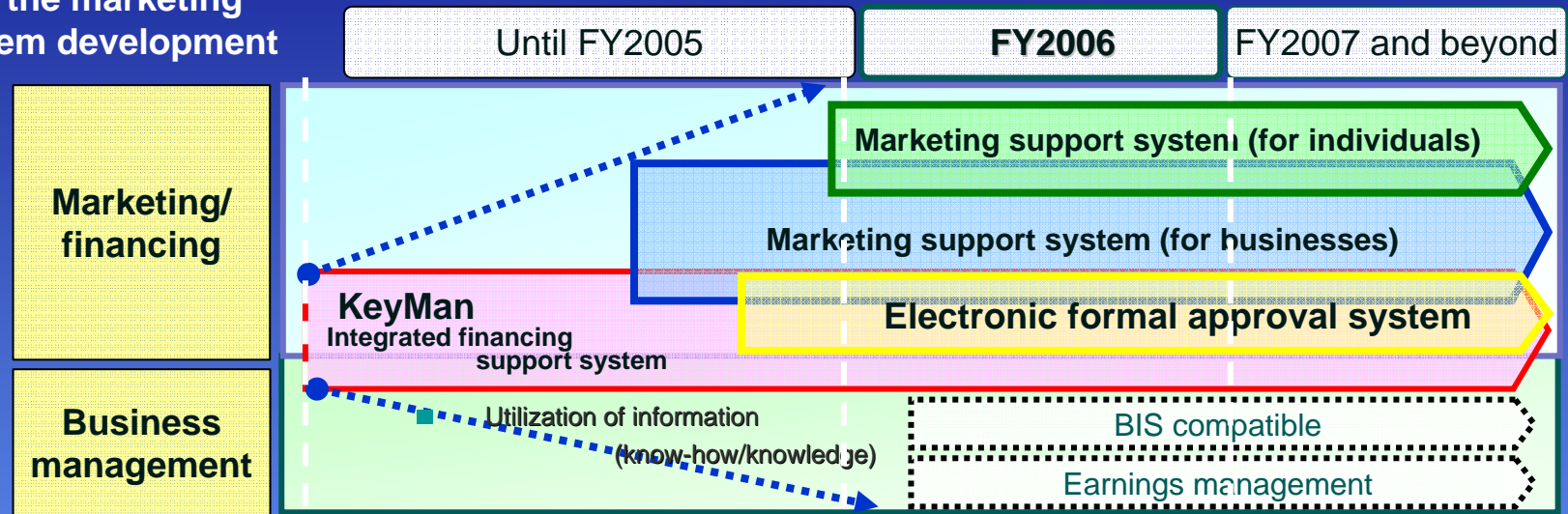
We conducted unified management of information produced by daily operations and strategic analysis based on accumulated data has become realizable.

# Evolution of Financial Solutions

## Marketing Support System

## Development from financing support to marketing support

◆ Example of the marketing support system development



◆ Basic concepts

- Early, small-scale installation
- Continuously usable (≠Usable)
- No functions can be eliminated (≠Additional functions are needed)
- Advantages to staff in charge (≠Control functions only)
- Starting when installed



**System “for growth”**

**Thorough operations**

\* Installation results:  
**5 banks**  
 (In the process of development for 2 out of these 5 banks)

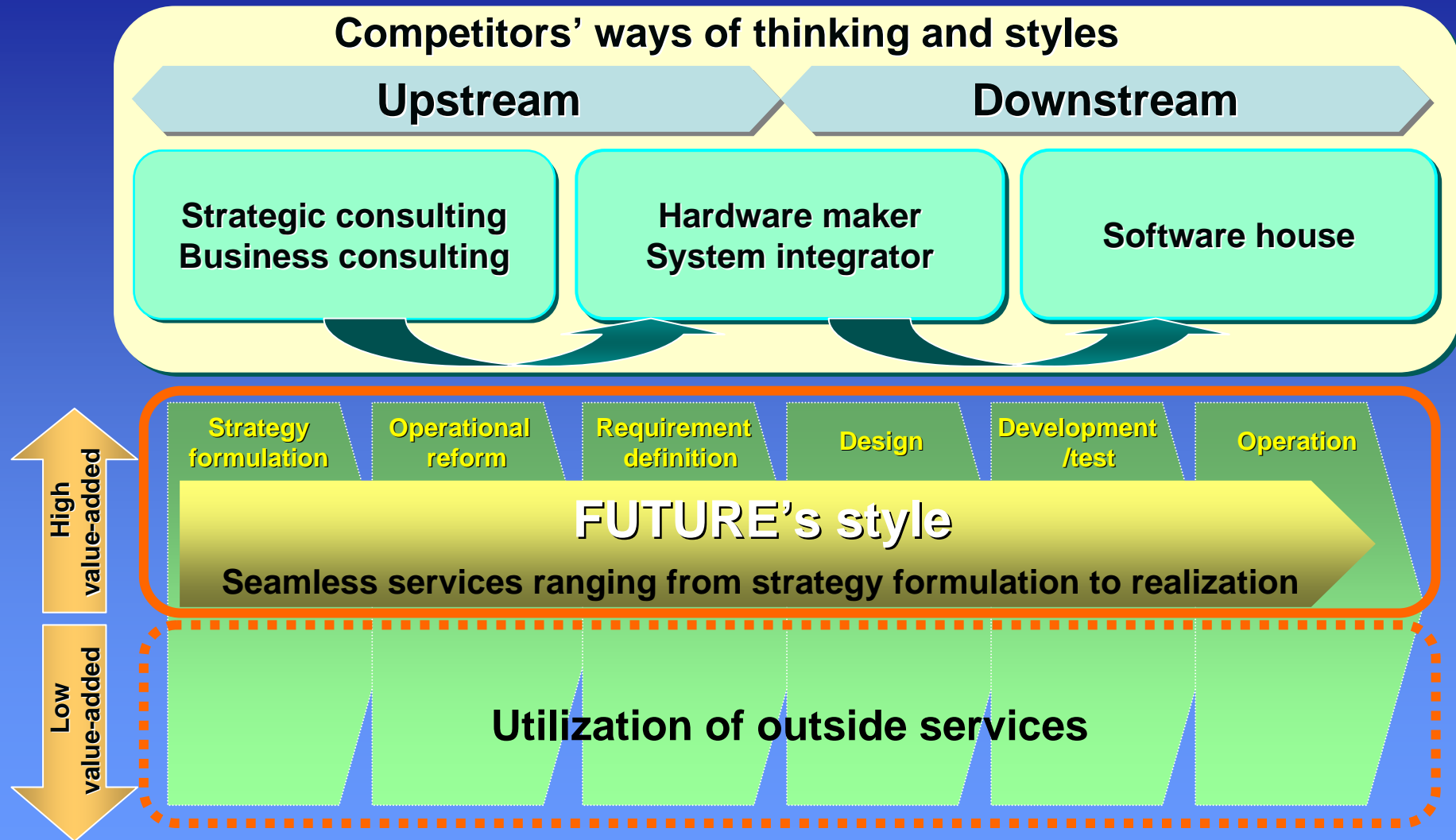
## Outline of the marketing support system





## 5. Future Outlook

## FUTURE's style



## Marketing strategies by industry

### Distribution Service

- ✓ **Establishing strategic partnerships with existing large customers**  
Project operations unified with customers' management strategies  
Providing high quality systems
- ✓ **Acquiring new customers by utilizing our know-how and solutions related to single unit management, inventory management and information analysis primarily for retail business**

### Finance

- ✓ **Strengthened marketing for existing solutions using multiple examples as a weapon**  
Financing support system, marketing support system, electronic formal approval system
- ✓ **Expansion into new areas**  
Development for mobile marketing support, expansion into the life insurance, non-life insurance and securities industries

### Manufacturing

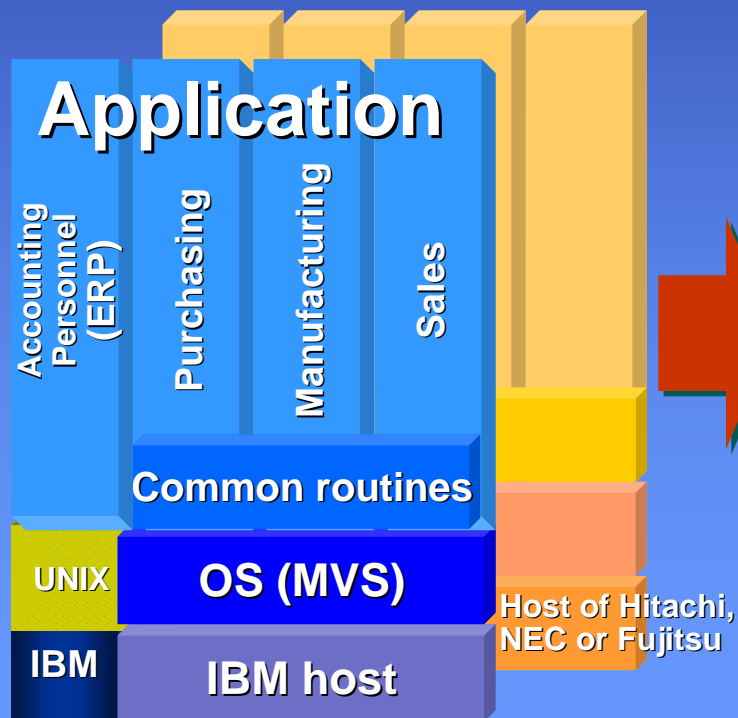
- ✓ **Utilizing our know-how in the automobile industry**  
Applied development for assembly processing and other processes
- ✓ **Acquisition of new key customers**

# Future Delivery Strategy (1)

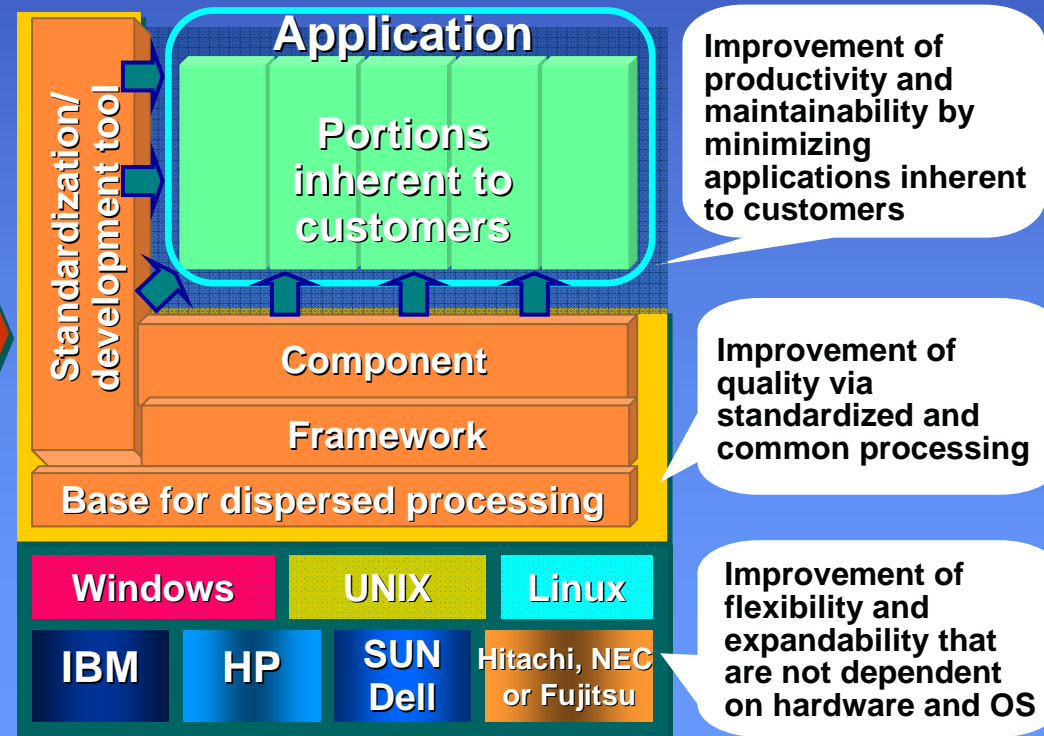
## ● Utilization of components

- High speed/high quality
- Base for real-time business
- Reduction of development costs

**Diagram of a conventional system**

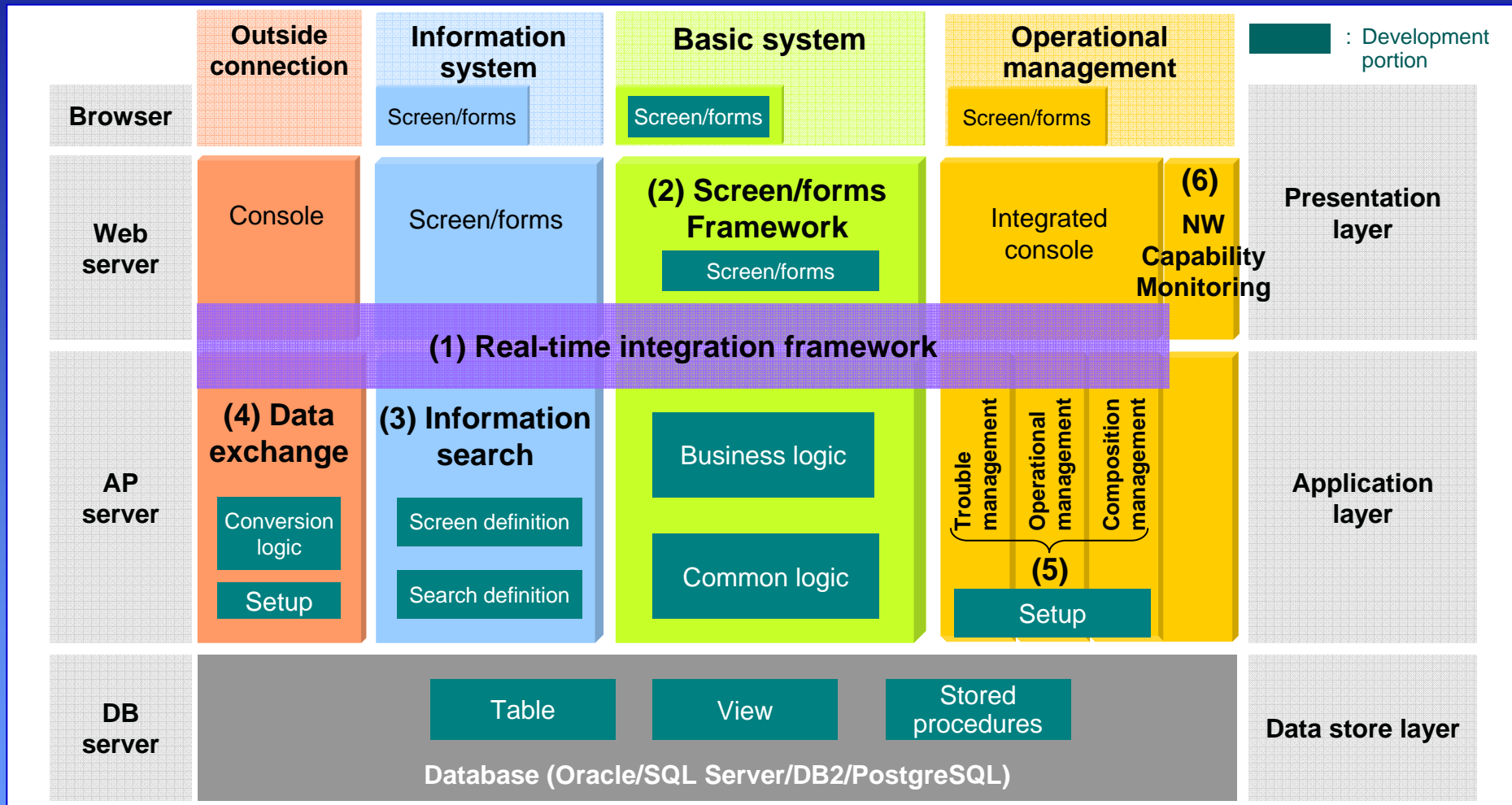


**System diagram when FUTURE's component is used**



# Future Delivery Strategy (2)

## FUTURE's component

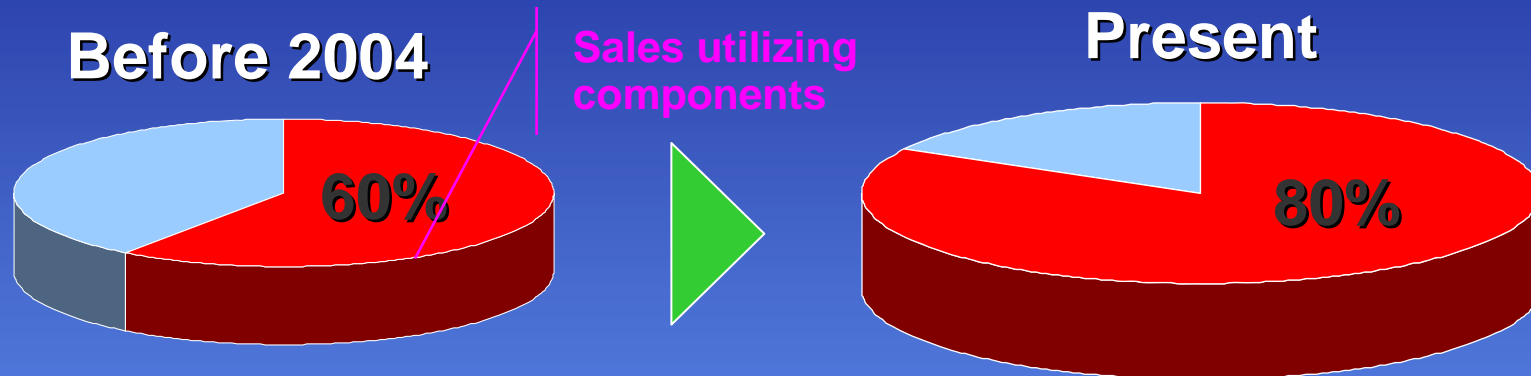


- (1) Real-time integration framework
- (2) Screen/form framework
- (3) Information search component
- (4) Data exchange component
- (5) Integrated operational monitoring tool
- (6) Network capability monitoring tool

# Future Delivery Strategy (3)

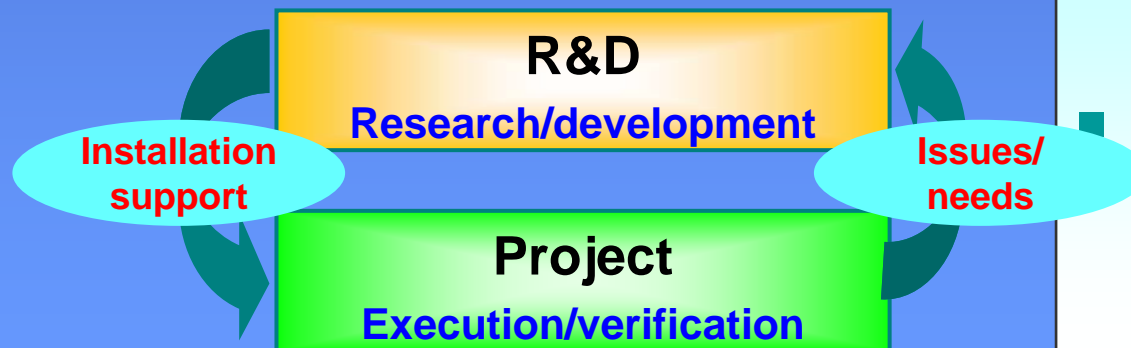
## ● Component installation results

### Comparison of project sales ratios utilizing components



Note: The sales ratios are those related to the design and development phases.

## ● Future measures



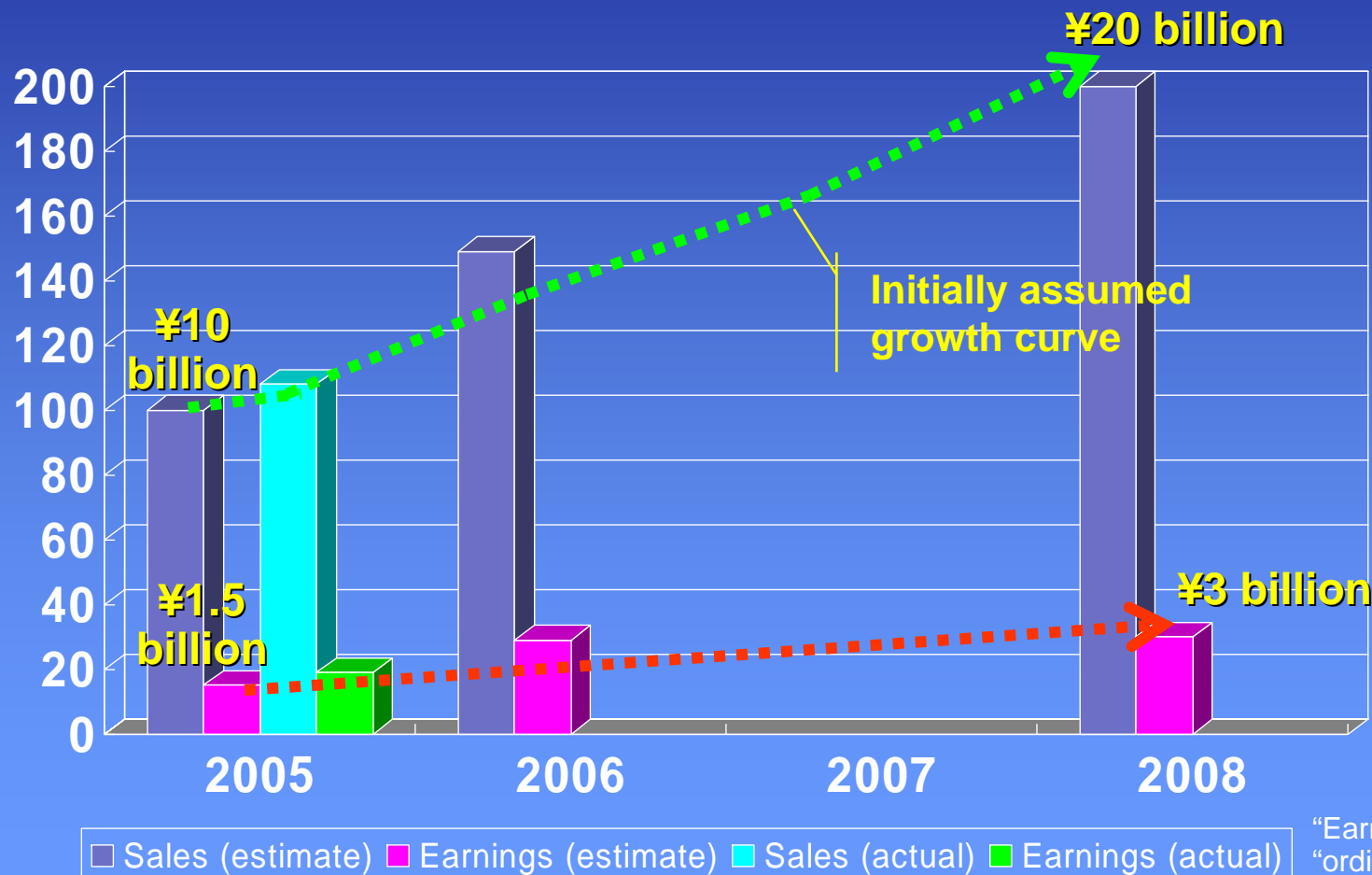
- **Progress of components**
  - Rebuilding the integrated operation framework
- **Development of new solutions**
  - Standardization of Web EDI clients
  - Research and development of frameworks using lightweight language

# Outlook for Achieving the Medium-term Goal

## ● Medium-term goal

To double sales and earnings in 3 years  
(sales: ¥20 billion, earnings: ¥3 billion)

Announced in 2005



Forecasts in this material are based on currently available information, and actual results may differ from such forecasts depending on the future directions of the Japanese economy and the IT service industry. It should be noted that the Company does not guarantee or promise the certainty of the forecasts.

# FUTURE SYSTEM CONSULTING