

Briefing on 20th Term's Latest Management

March 19, 2009

Future Architect, Inc.

Today's Agenda

- 1. Summary of FY2008 and Plans of FY2009**
- 2. Future Management Strategy**
- 3. Questions and Answers**

1. Summary of FY2008 and Plans of FY2009

Summary of FY2008

Industry trends

- Amid economic uncertainty, corporations are cautious about investments in projects that are not essential.
 - ⇒ Sales of the information service business decreased in September and October from a year earlier.
- Particularly, sales for the financial and manufacturing industries as well as sales for small and medium-size firms declined at every group company.

Group

- The Company is specialized in transforming high-cost systems into low-cost and high-performance ones using new technologies. Hence, it considers the current situation, in which users are trying to improve their cost performance in IT investments, a golden opportunity for business.
- Sales for the financial industry decreased owing to a certain degree of adverse effect. However, overall sales increased year-on-year because of robust sales for the logistics and service industries, which account for the majority of total sales.
- Profits declined due partly to booking of extraordinary losses caused by poor performance of some projects and the worsened external environment. (However, non-consolidated operating income and ordinary income both increased from a year earlier.)

FY2008 Results (Consolidated)

(Millions of yen)	FY2007 Results	FY2008 Plan	FY2008 Results	Year-on- year (Change)
Net sales	25,018	28,000	28,174	3,156 (12.6%)
Operating income	3,046	3,550	2,598	-447
Operating income margin	12.2%	12.7%	9.2%	(-14.7%)
Ordinary income	3,162	3,600	2,678	-484
Ordinary income margin	12.6%	12.9%	9.5%	(-15.3%)
Net income	1,268	2,040	701	-566
Net income margin	5.1%	7.3%	2.5%	(-44.7%)

FY2008 Results (Non-consolidated)

(Millions of yen)	FY2007 Results	FY2008 Plan	FY2008 Results	Year-on year (Change)
Net sales	16,046	19,300	19,225	3,179 (19.8%)
Operating income	2,717	3,450	2,891	174
Operating income margin	16.9%	17.9%	15.0%	(6.4%)
Ordinary income	3,071	3,620	3,118	47
Ordinary income margin	19.1%	18.8%	16.2%	(1.5%)
Net income	1,339	2,100	1,016	-323
Net income margin	8.4%	10.9%	5.3%	(-24.2%)

IT Consulting Business

Future
Architect,
Ink

Future
Financial
Strategy
Corp

ABM

Earnings Results for FY2008

(million yen)	2007	2008
Net Sales	17,013	18,891
Operating Income	3,026	2,601

- Sales of the entire IT Consulting Business increased year-on-year, as non-consolidated net sales continued to be steady (up 20% eventually from the previous year).
- Operating income was affected by some unprofitable projects and a slowdown in the financial sector.

Future Architect

- Non-consolidated net sales and profits both increased.
- Both orders received and operations remained steady.
- The major issue is the balance between supply capability and earnings.

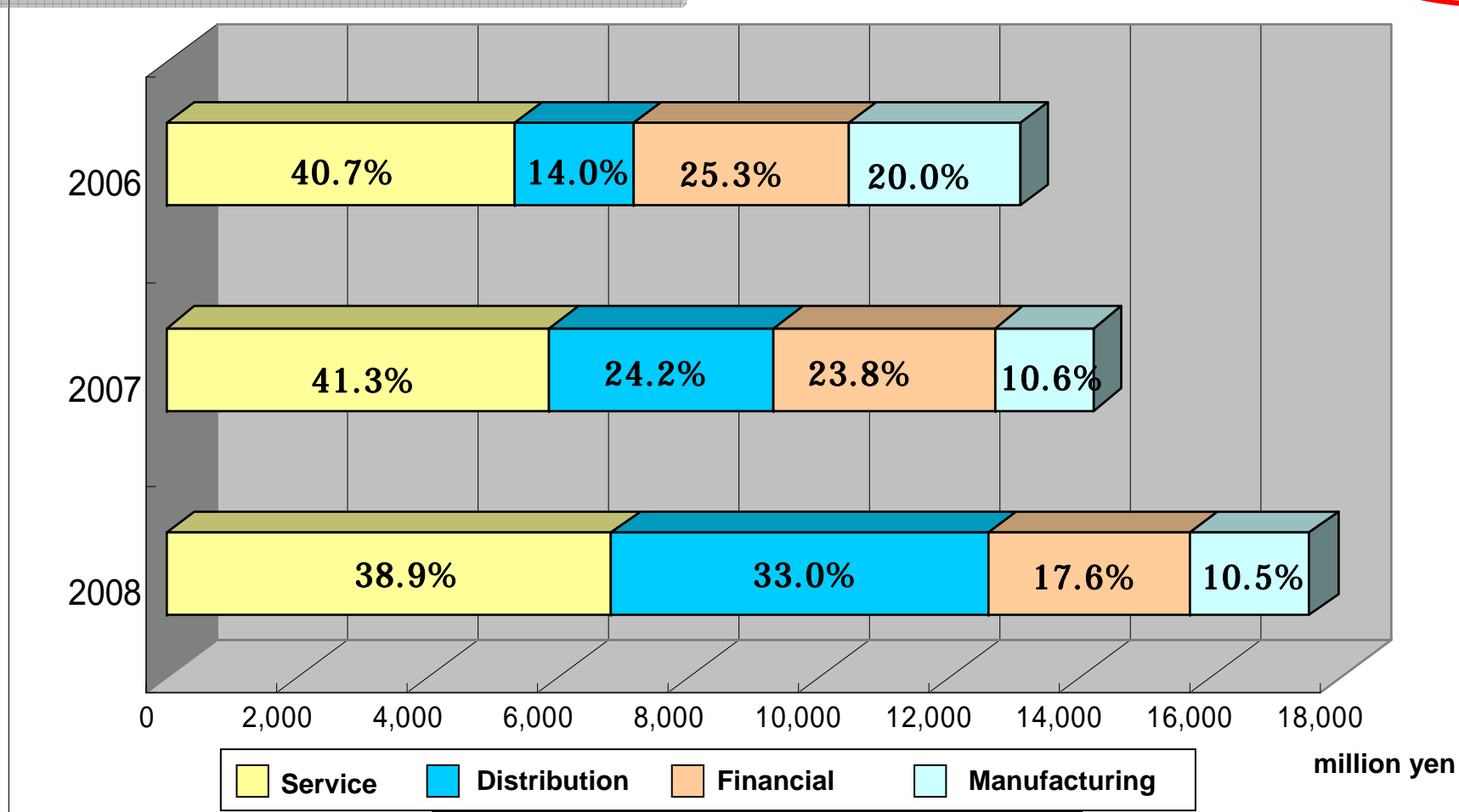
The consulting business for financial companies (FFS and ABM)

- Earnings became sluggish as the financial market slowed.
- Proactive sales activities were implemented through collaboration with Financial Division of Future Architect.

Analysis of Sales from IT Consulting Business [Non-consolidated] (1/2)

Trends in sales by Industry

Non-consolidated

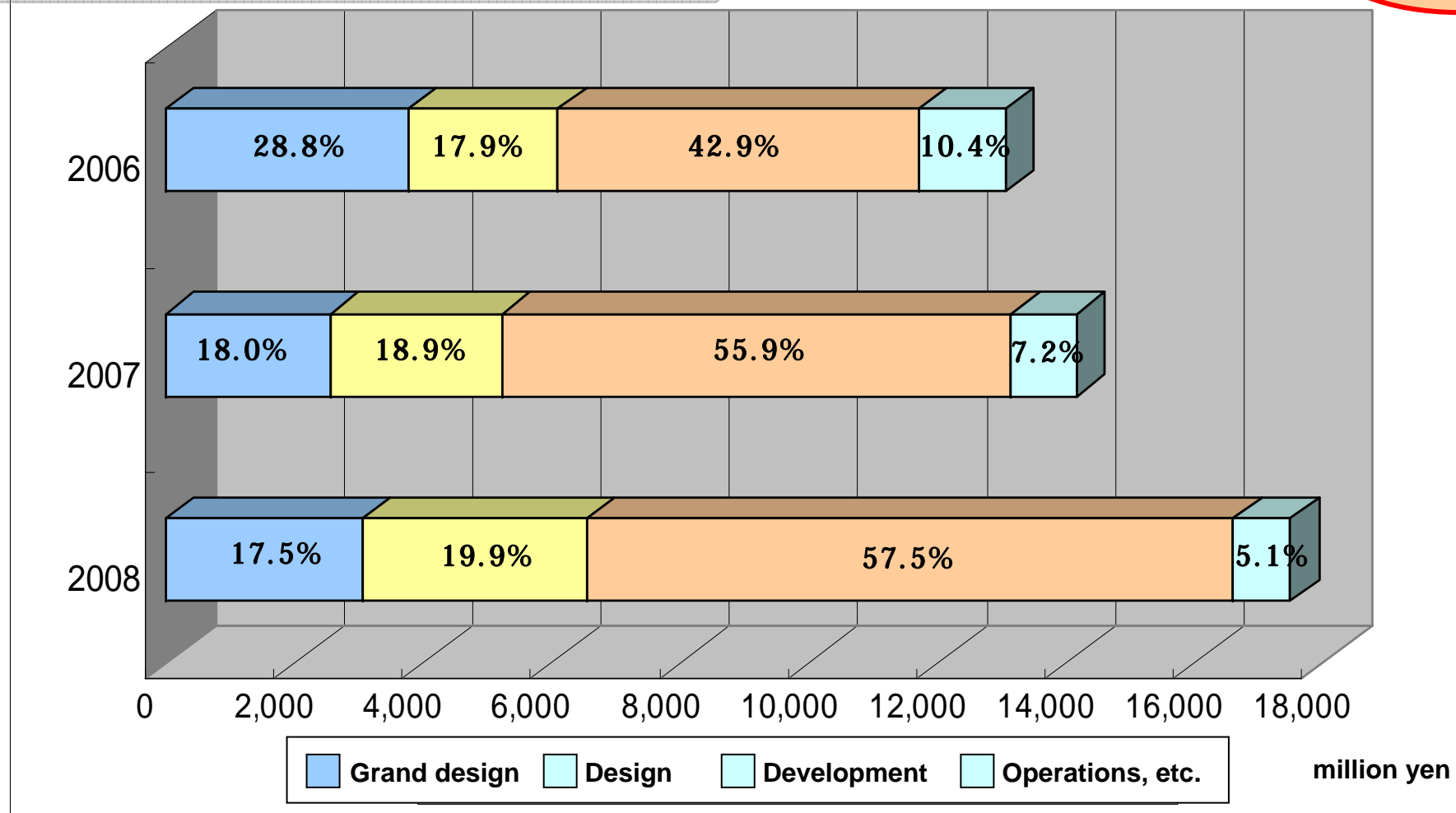


Note): There are discrepancies for figures of 2007 and before, because of changes made to definitions used in the analysis from previously published materials.

Analysis of Sales from IT Consulting Business [Non-consolidated] (2/2)

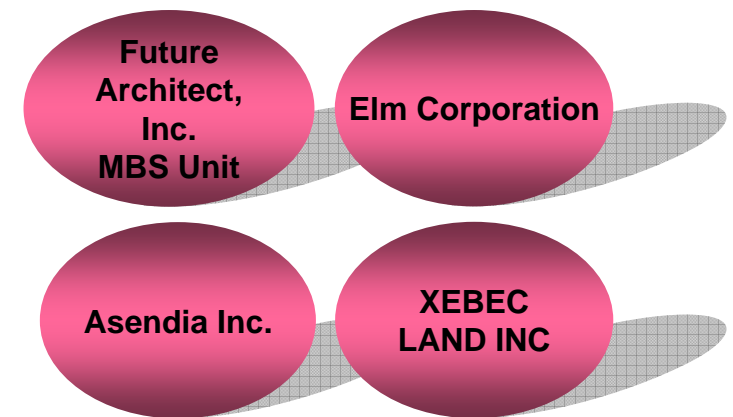
Trends in sales by phase

Non-consolidated



Note): There are discrepancies for the figures of 2007 and before, because of changes made to definitions used in the analysis from previously published materials.

Package & Service Business



Main Results [Package & Service Business]

(million yen)	2007	2008
Net Sales	4,675	4,888
Operating Income	113	377

- Sharp improvement in profit margin due to management integration and reorganization
- Increase in collaboration projects by producing synergy effect
- Steady progress of complementing phases and markets

Tool & ERP business for midsize companies (Future Architect, Inc. MBS Unit)

- Full-scale advancement into the middle-range company market by combining know-how about large projects with package services ⇒ **Completion of delivery of three projects to a corporation with sales of over ¥10.0 billion**

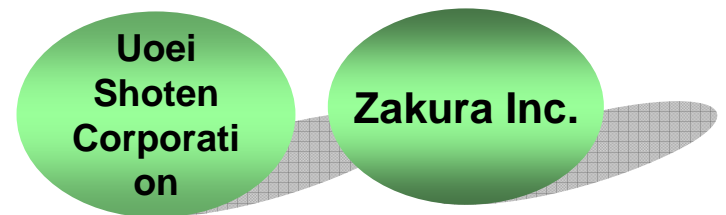
Business solution for midsize companies and SMEs (Elm Corporation)

- Enhancement of the overall profit margin through management integration
⇒ **Improvement of 2.3 percentage points from the previous year**
- .NET base completed for main products

Outsourced development, Regional Business (Asendia Inc.)

- - Decrease in cash outflows to outside the Group ⇒ **About 15% of net sales for Future**
- - Reinforcement and development of the operation service sector

Corporate Revitalization Business / New Business Cultivation Business



Main Results

[Corporation Revitalization Business/New Business Cultivation Business]

(million yen)	2007	2008
Net Sales	3,476	4,777
Operating Income	-192	-403

- Realization of increase in the number of customers attracted and net sales
- Improvement of gross profit margin in the latter half of the period
- Development of new systems, which are being introduced

*Earnings results for 2007 are those for 11 months from January to November 2007.

Increase in number of customers attracted and net sales

⇒ **Up 19.3% and 21.5% year-on-year, respectively**

- Remodeling of Tsubame Store, one of main stores
- Strengthening of product competitiveness by reinforcing personnel of the merchandise sector

Improvement in gross profit margin at the end of the period

⇒ **Up 7.2 points from the beginning of the period**

- Improvement thanks to negotiations with suppliers for increasing the rebate rate and lowering purchasing prices
- Decrease in opportunity loss and abandonment loss by reviewing purchase and ordering

Introduction of **computer** systems ⇒ **Gross profit margin is increasing as a result of realizing appropriate inventory management and ordering**

- Introduction of new POS systems at remodeled outlets
- Development of an automatic ordering system, which is being introduced. The system is slated to be successively introduced at outlets, and eventually at all of them.

Basic Policies for FY2009 (1/2)

IT Consulting Business

- Robust IT investments in the logistics and service industries, in which we have major clients, amid the worsening external environment
 - ⇒ We expect to receive a certain amount of orders, as major projects will be continuously carried out while some projects that started in the current fiscal year are being implemented satisfactorily.

- Policy of promoting management that focuses more on ensuring profits (quality than volume)
 - ⇒ We will make vigorous efforts to strengthen project management, expand in-house production and train personnel.

- Policies by business segment
 - ◎ Logistics and service industries: Securing projects that will be the major earners in and after 2010
 - ◎ Financial industry: Expansion into new fields and businesses
 - ◎ Manufacturing industry: Accumulation of know-how through medium-scale projects

Basic Policies for FY2009 (1/2)

Package & Service Business

- We are receiving many inquiries from customers. With customers' investment and credit weakening, it is important to secure excellent transactions and fund raising means for them.
- Through collaboration with the Company, we will promote and establish the business of operations, and further develop the middle-range company market.
- Building the foundation for becoming the industry's top company

Corporate Revitalization/New Business Cultivation Business

- Key issues are to make the business profitable and maintain such structure.
- Specific measures are as follows:
 - ◎ Improvement of profit margin (a carried-over issue) and review of selling, general and administrative expenses, particularly personnel expenses
 - ◎ Reconstruction of the personnel system and sales strategies
 - ◎ Promotion of low-cost management, for example through the closure of unprofitable outlets
 - ◎ Introduction and spread of new systems

FY2009 Plan (Consolidated)

(million yen)	FY2008 Results	FY2009 Plan	Year-on-year (Change)
Net sales	28,174	26,100	93%
Operating income	2,598	3,200	123%
Operating income margin	9.2%	12.3%	-
Ordinary income	2,678	3,250	121%
Ordinary income margin	9.5%	12.5%	-
Net income	701	1,930	275%
Net income margin	2.5%	7.4%	-

FY2009 Plan (non-consolidated)

(million yen)	FY2008 Results	FY2009 Plan	Year-on-year (Change)
Net sales	19,225	17,000	88%
Operating income	2,891	3,100	107%
Operating income margin	15.0%	18.2%	-
Ordinary income	3,118	3,150	101%
Ordinary income margin	16.2%	18.5%	-
Net income	1,016	1,620	159%
Net income margin	5.3%	9.5%	-

Policy for Returning Profits to Shareholders (dividends)

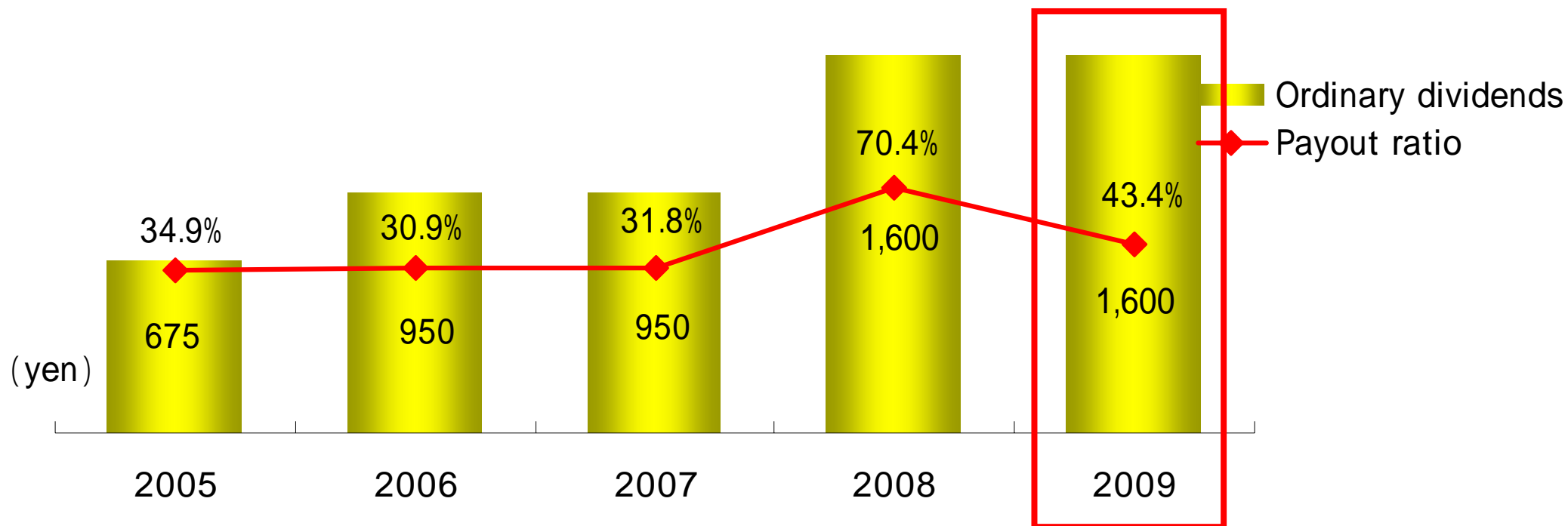
Dividends for FY2008

Yen 1,600



Dividends for FY2009(Plan)

Yen 1,600



* Dividends 2005 are calculated based on the number of outstanding shares after a stock split on February. 1, 2006.

2 . Future Management Strategy

From Foundation Until Now



Continued growth despite of declining economy

Basic Strategies

Prompt creation of customers future value

- Information system: 3 months
- Mission-critical system: 6 months



Future s principles

- Revolutionary idea (originality and ingenuity)
- Capability to realize (technology)
- Challenge

Quicker generation of the “investment effect”
under the above principles

From Excess To Appropriate Amount

Every manager should closely examine all costs.

- Companies that completely cut investment costs
- Companies whose B/S and P/L are unfavorable



- Companies that require to reduce costs by x%
- Companies whose B/S is favorable (retained earnings are sufficient) but whose P/L is unfavorable

- Companies that want to make investments if earnings are projected to improve

- Growth companies

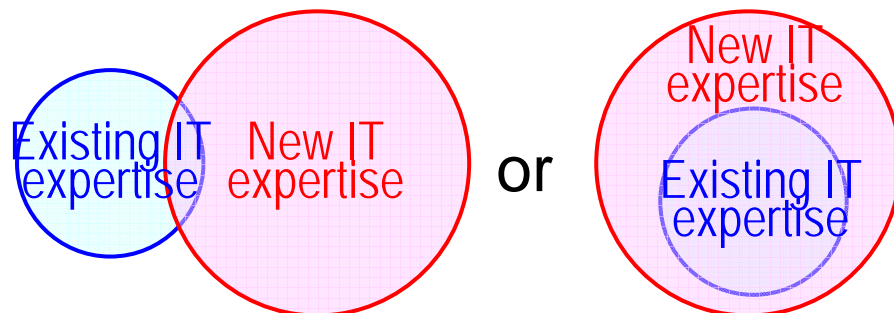
IT Investment Needs

Growth companies (fields)

Aggressive IT investments



To increase sales and profits

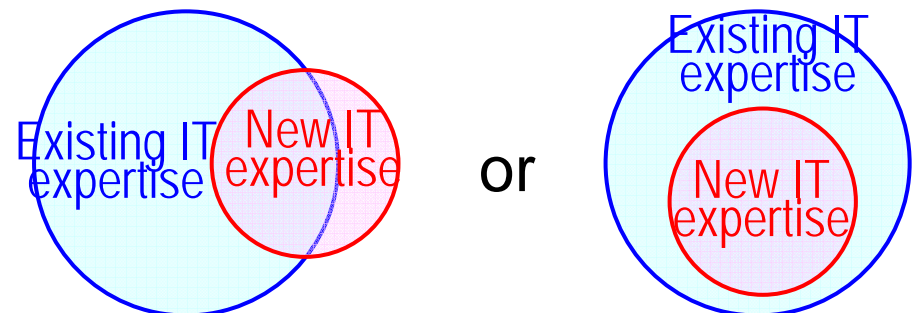


Low-growth companies (fields)

- IT investments that will lead to acquiring customers
- IT investments that will contribute to lowering operation costs
- IT investments that will result in cutting IT costs



To lower the break-even point



Target Themes

- Enhancement of information-sensing capability
- Expansion of information analysis capability
- Increase in accuracy of decision-making
- Reduction of operation costs
- Improvement of operation process
- Shortening of processing time
(Monthly → Daily → Realtime)

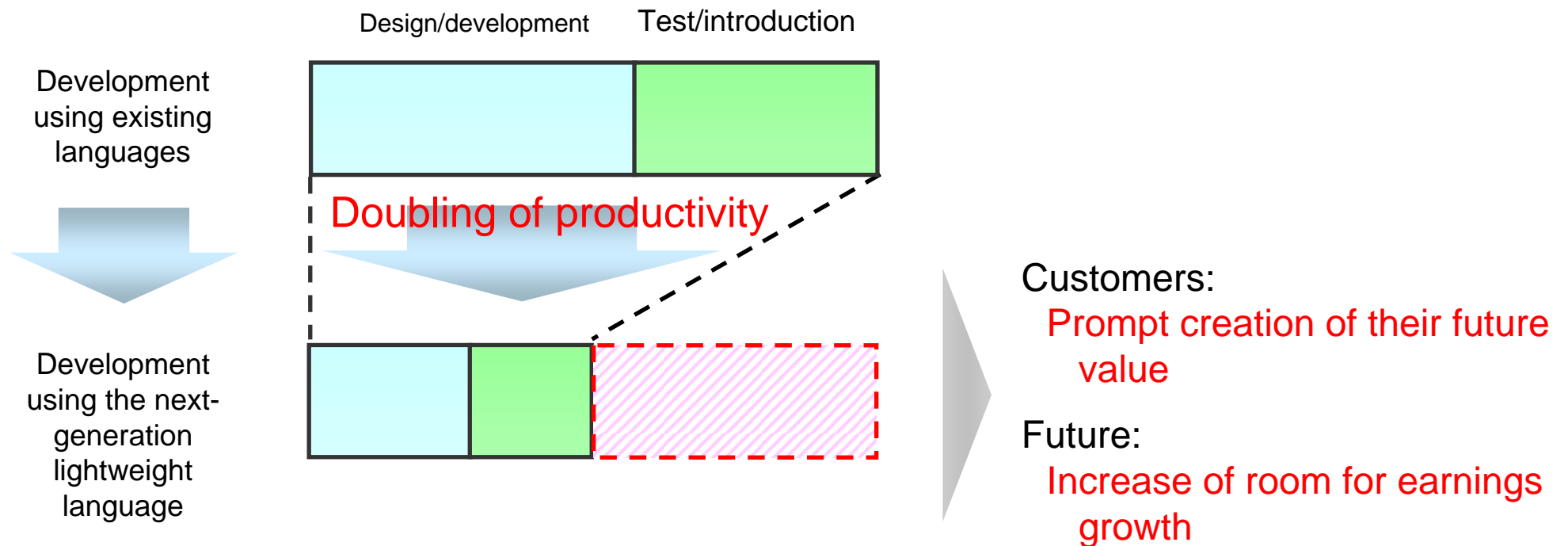
Challenge Toward Raising Productivity

1995: 100% Java Declaration

⇒ 2008: 100% use of Java and Web applications

2009: Drastic shift to lightweight languages

Cutting of the design/development processes by 50%



Note

The forecasts in this material are based on currently available information, and actual results may differ from such forecasts depending on the future direction of the Japanese economy and the IT service industry.

It should be noted that the Company does not guarantee or promise the accuracy of these forecasts.

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