

Information Meeting For Financial Results For FY2010

February 10, 2011
Future Architect, Inc.

Meeting Agenda

1. Overview of Earnings for FY2010
2. Summary of FY2009
3. Topics for FY2010
4. FY2011 Plans
5. Future Outlook
6. Questions & Answers

1. Overview of Earnings for FY2010

Overview of FY2010

1. Both consolidated and non-consolidated profits marked the highest levels due to appropriate project management and efficient cost management, despite decreases in both consolidated and non-consolidated net sales.

– Consolidated Net sales:	¥22,639 million, (record high	¥28,174 million:	2008)
Operating income:	¥3,141 million (record high	¥3,046 million:	2007)
Ordinary income:	¥3,281 million (record high	¥3,162 million:	2007)
Net income:	¥1,591 million (record high	¥1,525 million:	2006)
– Non-consolidated Net sales:	¥14,290 million, (record high	¥19,225 million:	2008)
Operating income:	¥3,039 million (record high	¥2,891 million:	2008)
Ordinary income:	¥3,108 million (record high	¥3,118 million:	2007)
Net income:	¥1,480 million (record high	¥1,405 million:	2006)

2. On a non-consolidated basis, earnings results continued to be strong particularly in the second half thanks to a rise in orders received from new clients, despite a fall in net sales. In and after fiscal 2011, net sales are expected to increase.
3. On a consolidated basis, earnings results weakened in the first half, but recovered after the second half. The amount obtained by subtracting non-consolidated profits from consolidated profits turned positive from negative.
4. By thoroughly controlling delivery periods, quality of services and man-hours through enhanced project management, the profit margin markedly improved.
Operating income margin:
Consolidated: to 13.9% from 11.1% Non-consolidated: to 21.3% from 17.7%

FY2010 Consolidated Results

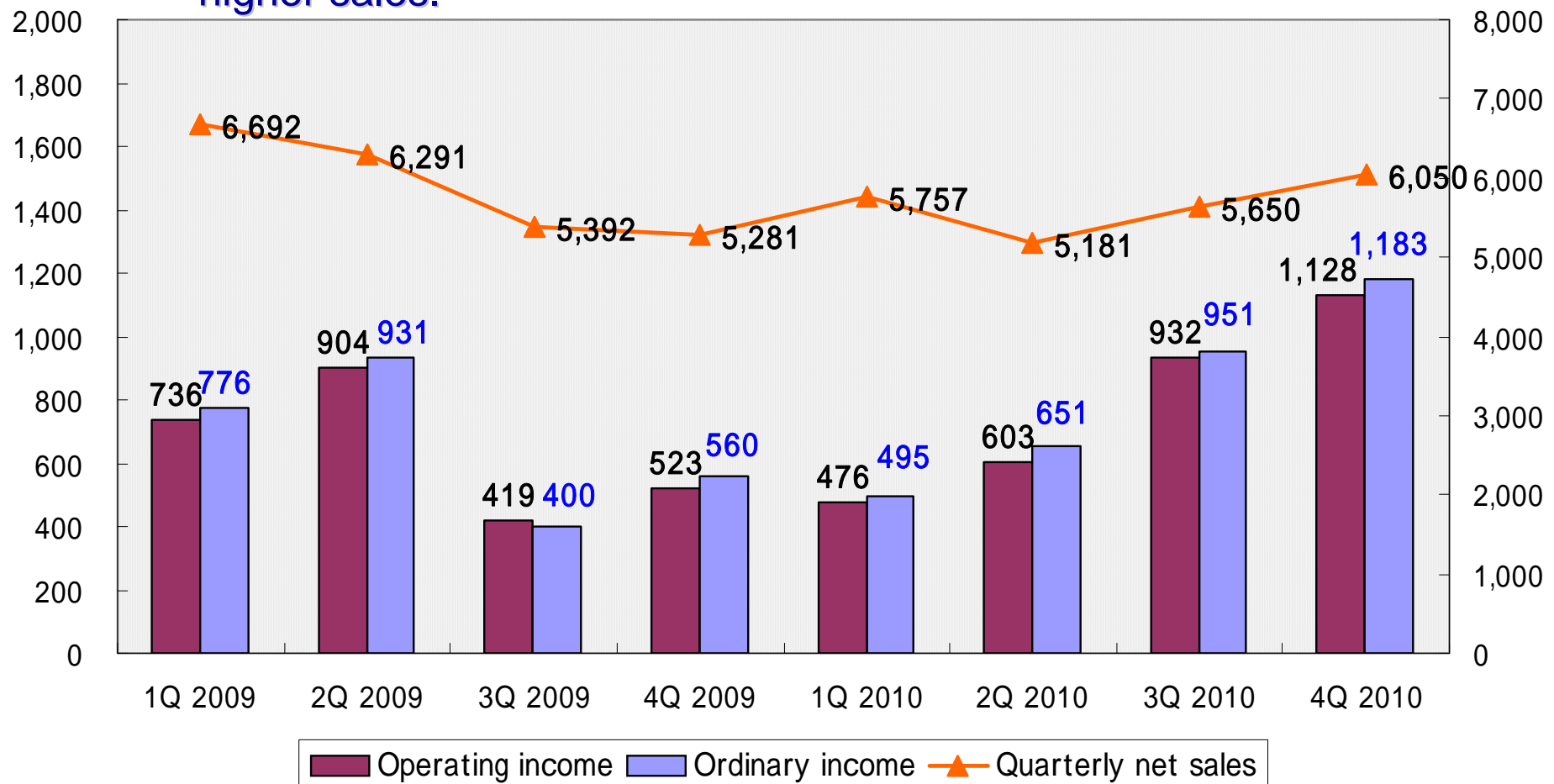
(Millions of yen)	FY2009 Results	FY2010 Results	Year-on-year (Change)
Net sales	23,658	22,639	95.7%
Operating income Operating income margin	2,618 11.1%	3,141 13.9%	119.9%
Ordinary income Ordinary income margin	2,704 11.4%	3,281 14.5%	121.3%
Net income Net income margin	1,204 5.1%	1,591 7.0%	132.1%

FY2010 Non-consolidated Results

(Millions of yen)	FY2009 Results	FY2010 Results	Year-on year (Change)
Net sales	15,400	14,290	92.8%
IT consulting	14,605	12,986	
HW procurement	249	776	
Package & Service	546	526	
Operating income	2,726	3,039	111.5%
Operating income margin	17.7%	21.3%	
Ordinary income	2,768	3,108	112.3%
Ordinary income margin	18.0%	21.7%	
Net income	1,046	1,480	141.5%
Net income margin	6.8%	10.4%	

Quarterly Trends in Net Sales and Profits (Consolidated)

- The profit structure improved steadily (the profit-earning structure improved and such trends have taken hold).
- Furthermore, the ongoing rise in orders received is expected to lead to higher sales.



FY2010 Consolidated Results by Segments

Corporate Revitalization Business New Business Cultivation Business

(Millions of yen)	Results
Net sales	4,558
Operating income	-40

IT Consulting Business

(Millions of yen)	Results
Net sales	13,981
Operating income	2,995

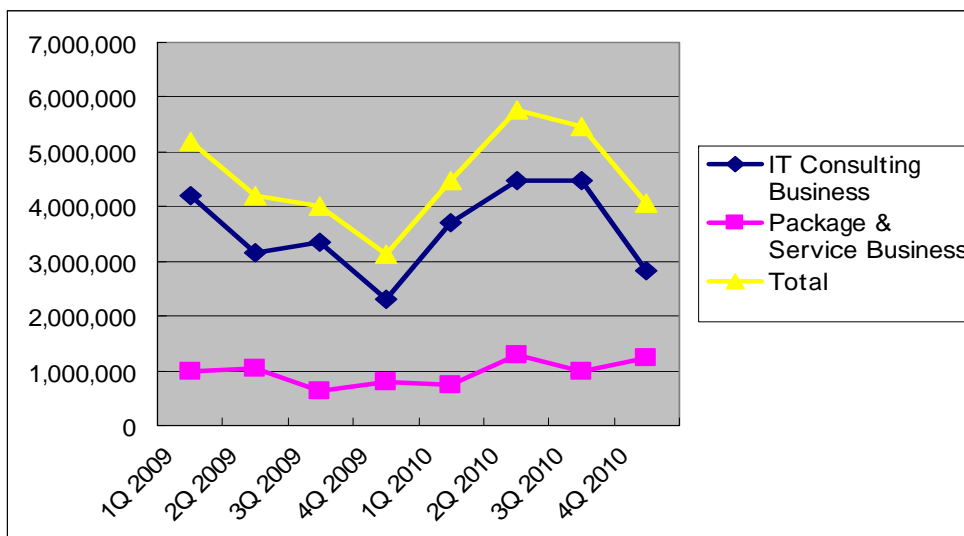
Package & Service Business

(Millions of yen)	Results
Net sales	4,415
Operating income	170

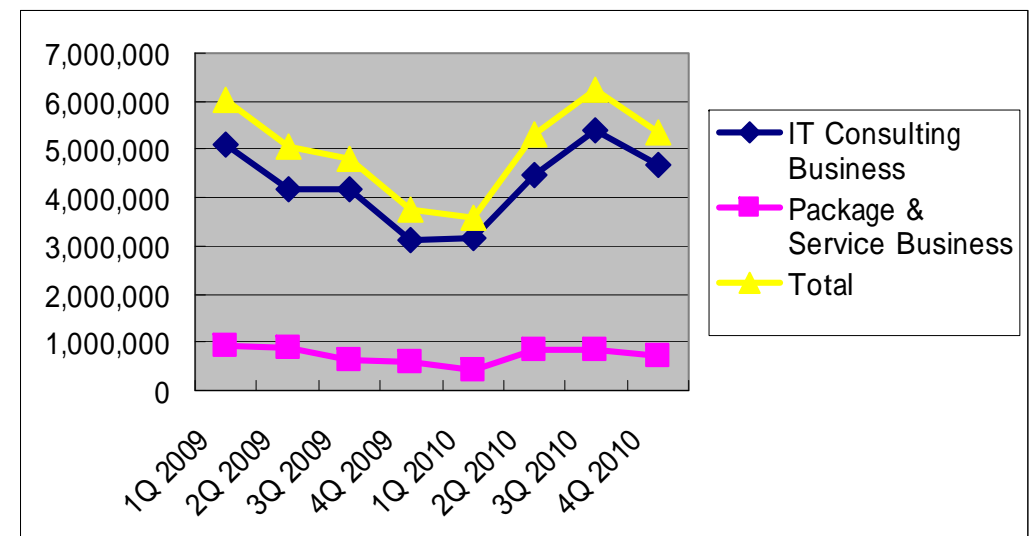
Orders Received and Backlog by Segment (Consolidated)

(Millions of yen)	Orders received			Backlog		
	2009	2010	Year-on year (Change)	2009	2010	Year-on year (Change)
IT Consulting Business	13,058	15,491	118.6%	3,131	4,670	149.2%
Package & Service Business	3,447	4,257	123.5%	598	697	116.4%
Corporate Revitalization Business / New Business Cultivation Business	27	48	174.6%	2	6	304.4%
Total orders received	16,534	19,797	119.7%	3,731	5,374	144.0%

Trends in orders received (excluding those in Corporate Revitalization Business and New Business Cultivation Business)



Trends in backlog (excluding that in Corporate Revitalization Business and New Business Cultivation Business)



Balance Sheets (Consolidated)

(Millions of yen)	End of Dec.2009	End of Dec.2010	Change
Current assets	8,140	10,274	2,133
Fixed assets	4,416	3,657	-759
Total assets	12,557	13,931	1,374
Currents liabilities	2,449	3,171	721
Non-current liabilities	265	98	-167
Total liabilities	2,715	3,269	553
Total Net Assets	9,841	10,662	820
Total liability and assets	12,557	13,931	1,374
Shareholders' equity ratio	78%	77%	—

Main reasons for the change

- ✓ Increase in cash and deposits (End of FY2009: 3,785 million yen; End of FY2010: 5,233 million yen)
- ✓ Increase in notes and accounts receivable (End of FY2009: 2,301 million yen; End of FY2010: 2,941 million yen)
- ✓ Increase in income tax payable, etc. (End of FY2009: 365 million yen; End of FY2010: 880 million yen)
- ✓ Increase in retained earnings (End of FY2009: 6,975 million yen; End of FY2010: 7,836 million yen)

Cash Flows (Consolidated)

(Millions of yen)	FY2009	FY2010	Change
Cash flows from operating activities	2,834	2,163	-671
Cash flows from investing activities	-999	170	1,170
Cash flows from financing activities	-871	-762	108
Effect of exchange rate changes on cash and cash equivalents	8	-3	-12
Changes in cash and cash equivalents	972	1,567	594
Cash and cash equivalents at beginning of the period	2,612	3,585	972
Cash and cash equivalents at end of the period	3,585	5,153	1,567

Main reasons for the change

- ✓ Depreciation and amortization (FY2009: 501 million yen; FY2010: 248 million yen)
- ✓ Increase (decrease) in accounting receivable (FY2009: 3,296 million yen; FY2010: -642 million yen)
- ✓ Purchase of investment securities (FY2009: -795 million yen; FY2010: —)
- ✓ Net increase (decrease) in short-term borrowings (FY2009: -602 million yen; FY2010: —)

2. Summary of FY2010

Summary of FY2010

Industry trends

- Net sales at the information service business for 2010 continued to decrease from a year earlier in general, although the fall gradually came to a halt in the second half.
- Companies conspicuously postponed IT investments, as revealed by comparing the surveys conducted in September and December on the amount of their investments in software (2010 plan).

Group

- Net sales dropped, while orders received and backlog including orders from new clients picked up.
- The level of outsourcing costs remained almost as planned due to the implementation of thorough cost control, and the utilization rate of employees continued to be high, resulting in lower excessive costs.
- Favorable results from cooperation within the Group increased in smart phone-related projects including operation services.

IT Consulting Business



Main Results [IT Consulting Business]

(million yen)	2009	2010
Net Sales	15,198	13,981
Operating Income	2,790	2,995

- Steady flow of orders including those from new clients
- Realization of thorough project control
- High utilization rate of employees

Steady flow of orders including those from new clients

- ✓ Orders received increased mainly in the second half, as a result of active order-taking activities in 2009.
- ✓ Of our projects for new clients, several projects expanded to the level of over 100 million yen.

Realization of thorough project control

- ✓ Our projects, centering on the two main projects, were carried out smoothly in general.
- ✓ Delivery periods, quality of services and person-hours were thoroughly controlled by enhancing project management.
- ✓ Management of the progress and issues of projects was made more efficient and visualized through the use of the project management system.

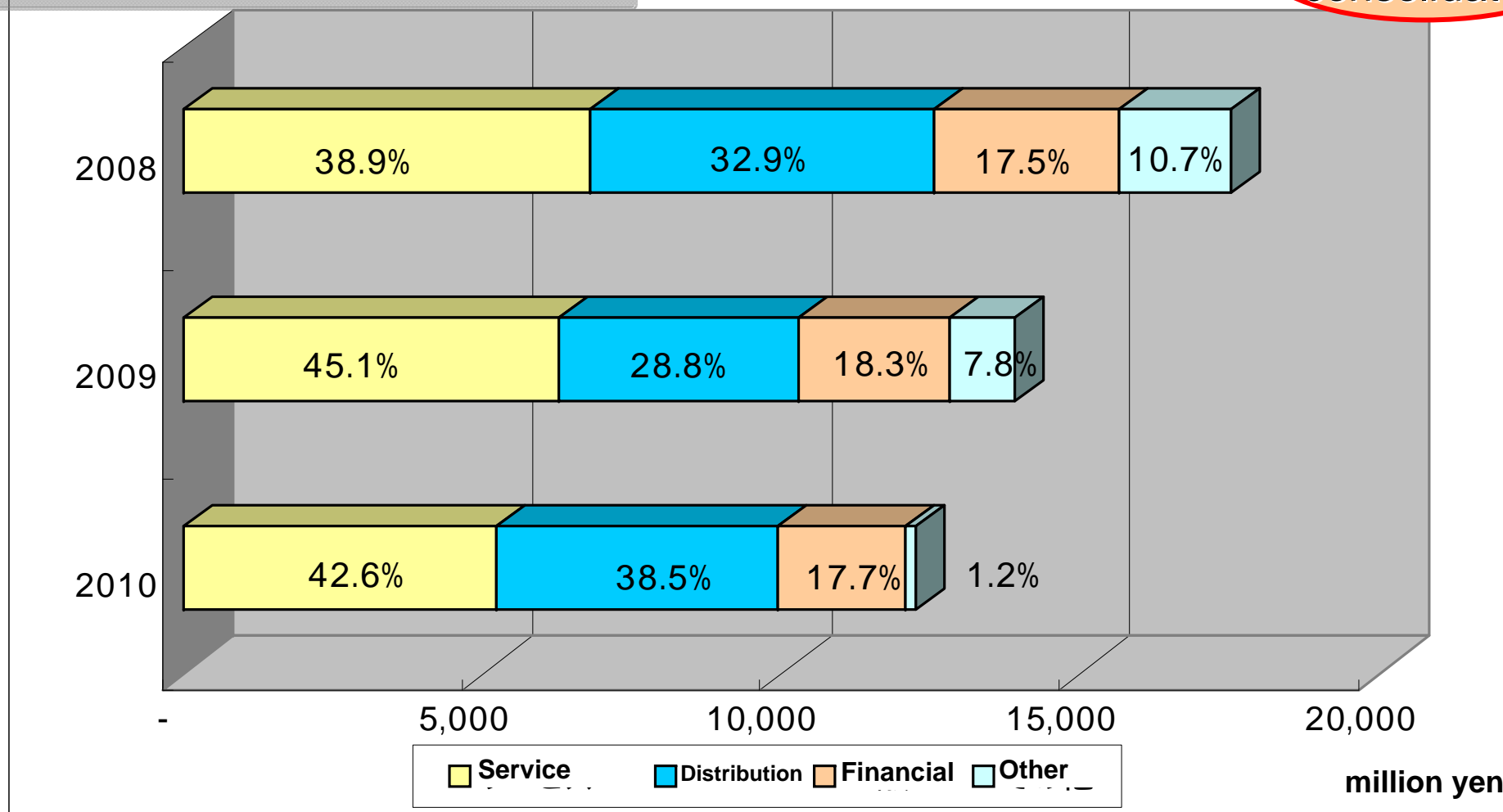
Continuation of a high utilization rate of employees

- ✓ The rate was low early in the year, but continued to be high in and after the second quarter.

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

Trends in sales by Industry

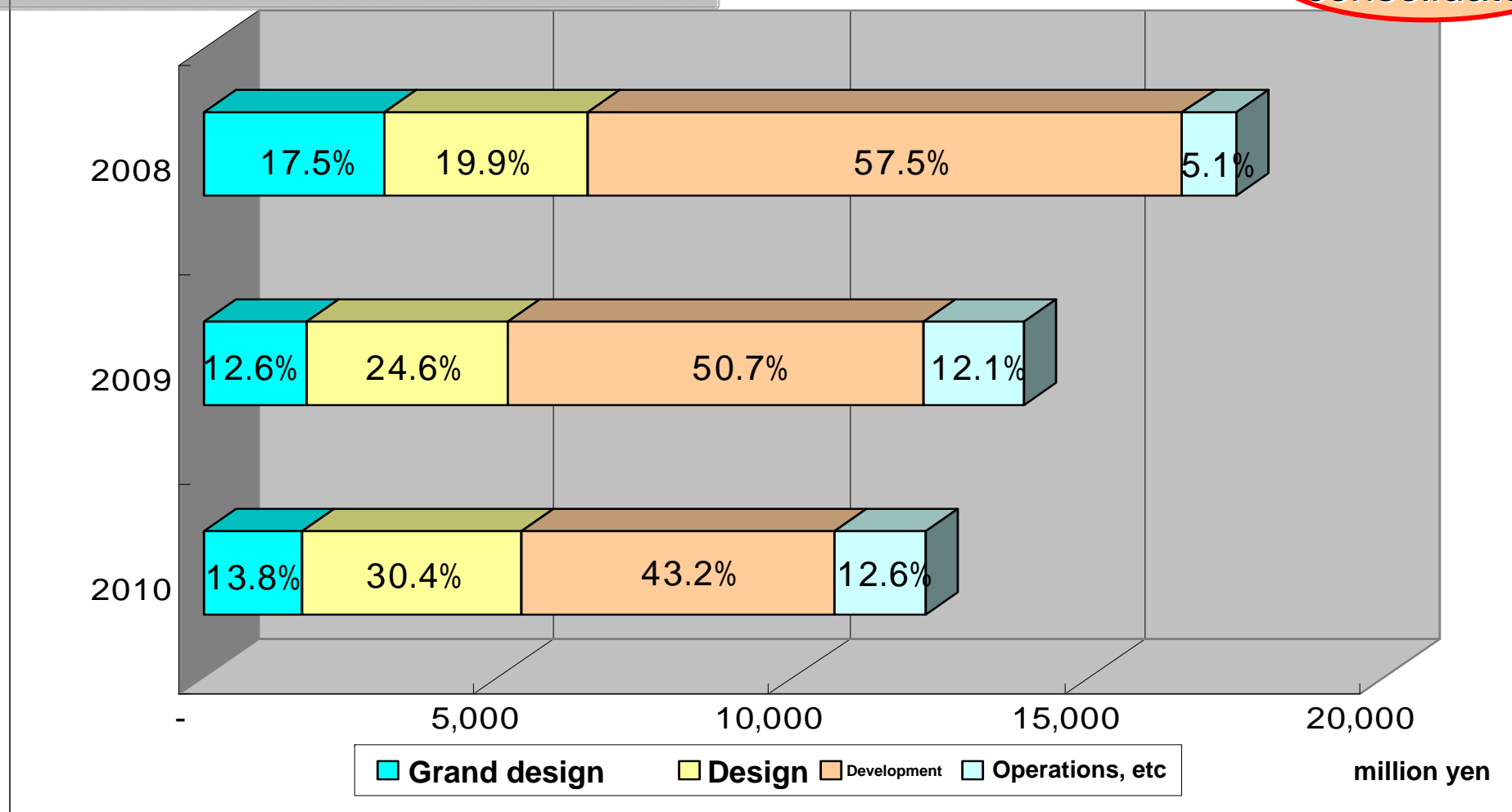
Non-consolidated



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

Trends in sales by phase

Non-consolidated



Package & Service Business

Future
Architect,
Inc.
SBD

Ascendia
Inc.

Elm
Corporation

Main Results [Package & Service Business]

(million yen)	2009	2010
Net Sales	4,213	4,415
Operating Income	-16	170

- Increase in favorable results from cooperation within the Group
- Preparation for exploring a new core market
- Preparation for the provision of existing products through cloud service (with alliances with outside companies in view)

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

- ✓ Owing to the measures for increasing inquiries implemented in FY2009, the number of business meetings increased.
- ✓ Secured a new market even under the tough business conditions.

Business solution for midsize companies and SMEs (Elm Corporation)

- ✓ Earnings recovered due to drastic enhancement of sales functions.
- ✓ Functions of existing products were reinforced, and they were improved for cloud service support.

Outsourced development, Regional Business (Ascendia Inc.)

- ✓ Businesses on consignment were strong because of a recovery in orders received, resulting in earnings substantially exceeding the initial targets.
- ✓ Operation services in cooperation with Future Architect, Inc. were (continuously) strengthened and expanded.

Corporate Revitalization Business / New Business Cultivation Business

Uoei
Shoten
Corporation

Zakura Inc.

Main Results [Corporation Revitalization Business/New Business Cultivation Business]

(million yen)	2009	2010
Net Sales	4,559	4,558
Operating Income	-103	-40

- Strengthening of marketing abilities through the renovation of outlets
- Establishment of a strong earnings structure
- Improvement of operational efficiency through the promotion of IT measures

Strengthening of marketing abilities through the (small-scale) renovation of outlets

- ✓ The oldest outlet Kameda Store was renovated. This helped sales rise about 30% from a year ago. Back rooms were renovated to improve productivity and enhance cross-sold products.

Establishment of a strong earnings structure

- ✓ The gross margin continued to improve.
- ✓ Cash flows turned positive.

Improvement of operational efficiency through the promotion of IT measures

- ✓ Subject items (daily articles and beer) for automatic ordering systems expanded. This helped the stock-out rate decline to 0.7% from 6.2%.
- ✓ Distribution BMS (new EDI system) was introduced. This helped the slip entry time reduce by 40%.

3. Topics for FY2010

Deepening of Cooperation with SG Holdings Group

Progress of Alliance with SGH

1. Orders received for new projects (other than F-cube)

- In addition to accounting and billing systems for cargo transportation and related operations, in which we have engaged so far, we received orders for new projects relating to the contact center and performance assessment.
- The SGH Group intends to optimize its group-wide IT structure by applying the private cloud base, which was established in the F-Cube project, to other systems.

2. Construction of iDC and cooperation

- The SGH Group plans to establish a new data center or enhance its existing data center facility, whose capacity has reached its limits, taking into account the integration and reorganization of IT assets dispersed nationwide and the external sales business in the future.
- The SGH Group will establish an iDC and the cloud service base at the above-mentioned data center in cooperation with Future Architect, Inc. Both entities also plan to cooperate in selling to third parties.

3. Support for the establishment of logistics cloud services

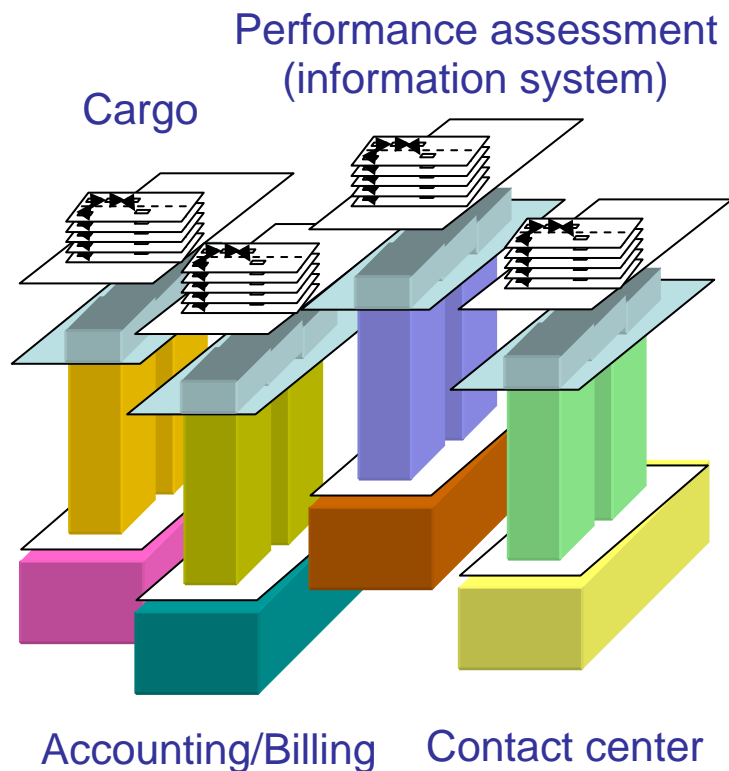
- The SGH Group will sell one of Japan's most advanced logistic solutions it owns to outside companies.
- In relation to the above, the Group and Future Architect will cooperate to establish the cloud platform and provide solutions to outside companies.

Projects for SGH Group Following F-Cube

- Future Architect will construct systems for performance assessment and the contact center of Sagawa Express Co., Ltd. on the existing SGH platform (private cloud base), which Future Architect established in the F-Cube project, seeking to ensure its flexible scalability and reasonable infrastructure investments.
- Future Architect will also proactively use the above established platform for the SGH Group's mission-critical systems.

Up to now: Inconsistent operations of applications

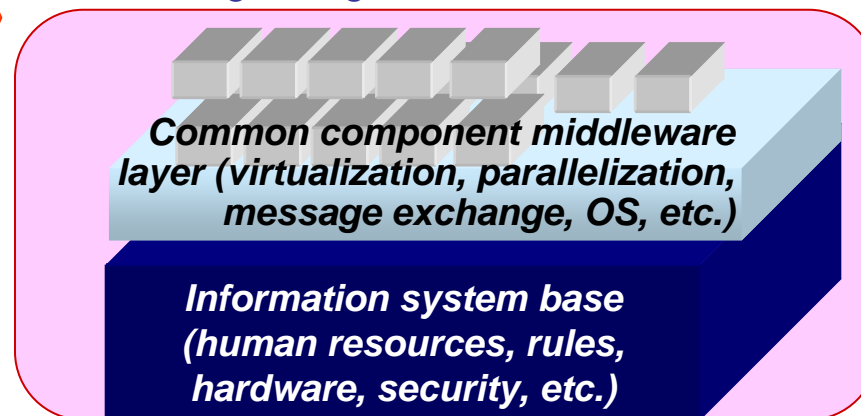
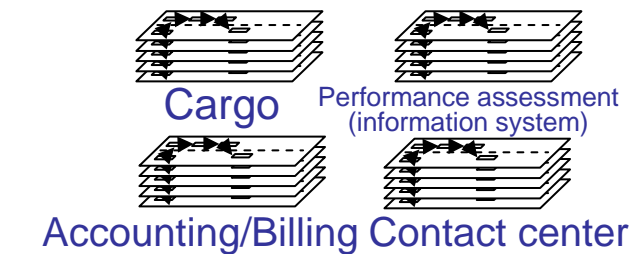
From now on: Seeking overall consistency through introduction of the concept of common platform



Business system group



Use of a common platform, if applicable, as much as possible

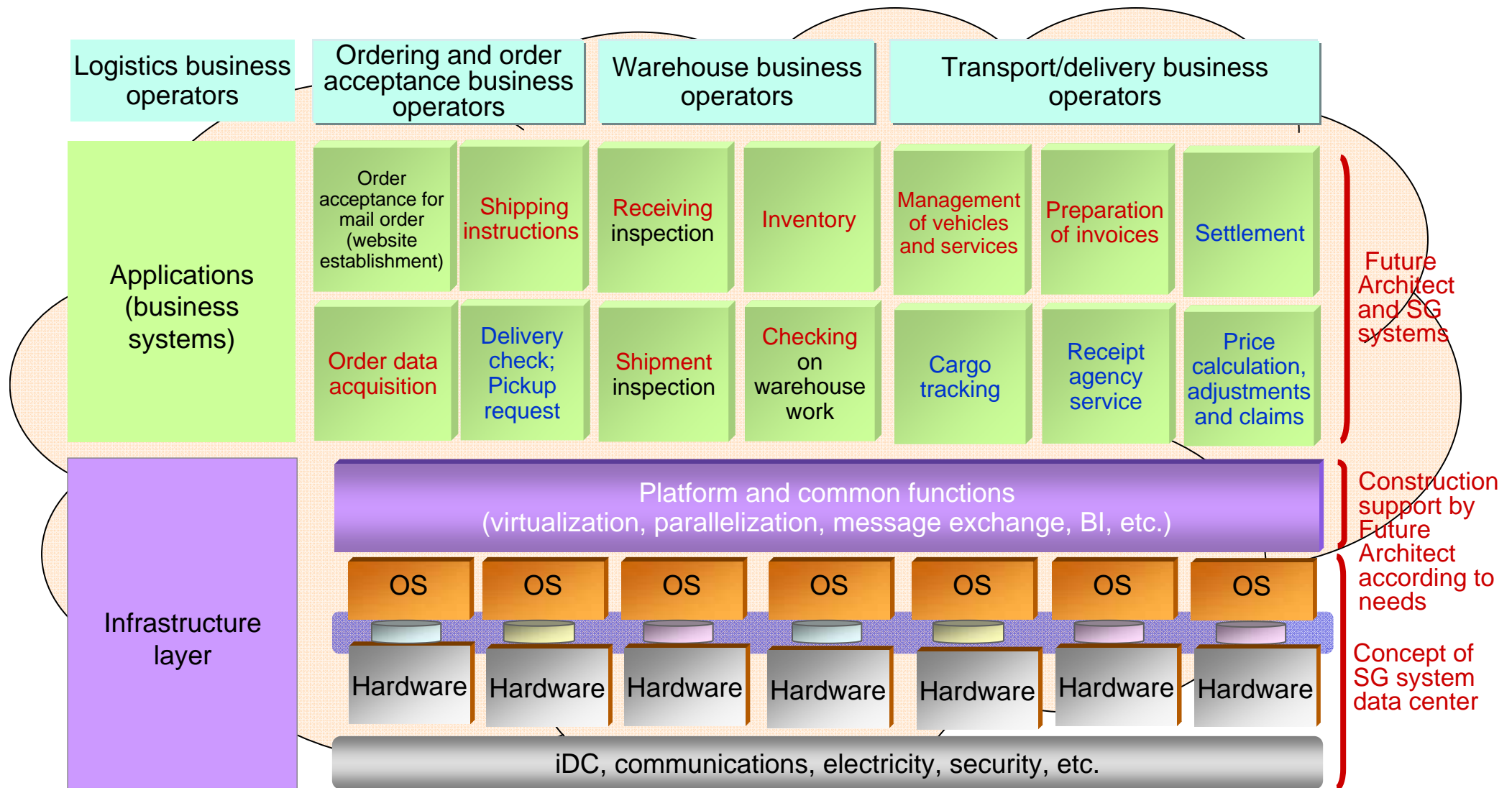


SGH common platform



Scalable and flexible platform

Construction of iDC and Cooperation; Expansion of Logistics Cloud Services



Examples of New Projects for Midsize Logistics Companies

(Standardization of architecture system establishment; Model projects that focus on efficiency)

Overview of Company A and Background to its Project

[Outline of the Client]

✓ Operates 550 specialty shops selling shoes, clothing, etc. throughout Japan (with sales totaling about 100 billion yen)

✓ A first-rate company that continually achieves double-digit percentage growth despite slow consumption

Problems facing the client

✓ The client's existing system base cannot support its plan to establish 70 outlets per year with an ambition to eventually open 1,000 outlets in total.

✓ The client's current operations must be made leaner and more efficient before it can achieve its growth strategy.

✓ The client's system operation team continues to suffer from vendor lock-in.

[Challenge for *Future Architect*]

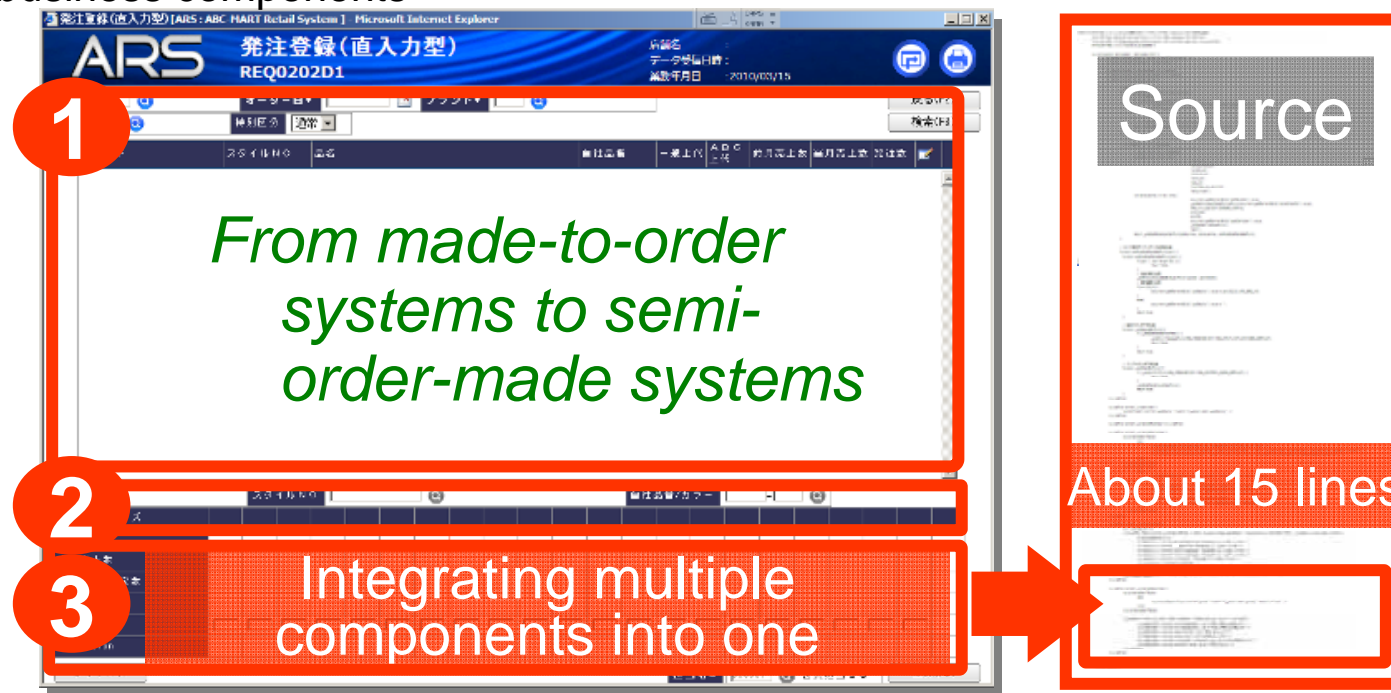
→ Quickly establish simple shop systems that support the multiple-shop model

✓ To ride out the year-end busy period, we need to establish **a high-quality system and deliver it in a short time.**

✓ We need to strengthen **Company A's unique strategic functions** while eliminating unnecessary functions.

Productivity-Increasing Measures that Realized Short-term Delivery and High Quality

- ✓ Making full use of the results of architecture examination by Future Architect and construction scheme of Future Architect
- ✓ Designing 20% of the functions to support strategy and 80% of the functions to increase productivity
- ✓ Further advancement of conventional unit component-type development to create a group of business components

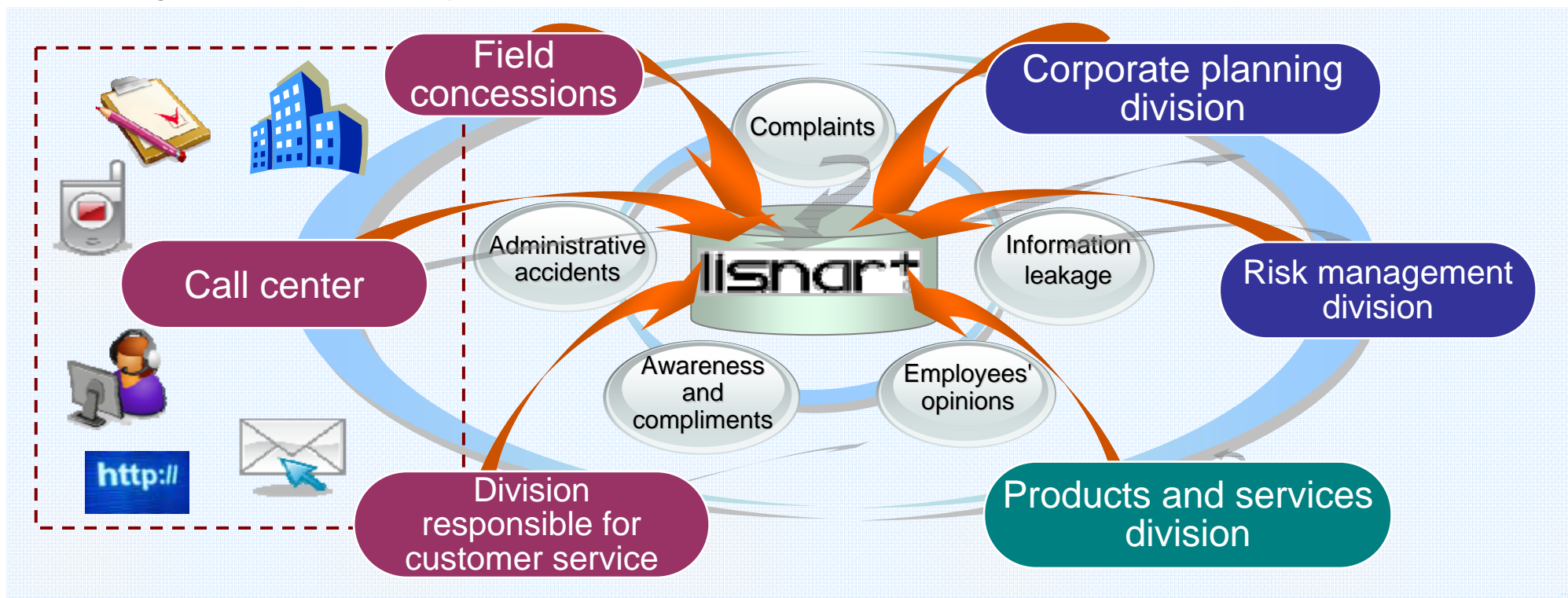


- ✓ Installation of standard applications that **feature one-third the codes of conventional applications** (very high productivity). (Unnecessary functions provided by packages sometimes make unnecessary work for the client.)
- ✓ Implementation of automatic testing

New Development of CRM Solution

Spread of lisnar+ to Many Industries

- Lisnar+ (a system for collecting and utilizing customers' opinions) is a solution that uses the opinions of various customers to improve businesses, products and services and thereby strengthen and maintain CS/ES.
- At first, lisnar+ was developed for and introduced to the financial industry.
- In 2010, lisnar+ was adopted by a leading department store (in the retail industry) for its “Want Slip System” and by the Ministry of Health, Labor and Welfare as a system for its call center “People’s Voices.” Thus, lisnar+ began to be operated at both entities. This is first real step toward lisnar+ being introduced in many industries.



Future Development of lisnar+

■ Support for visualization of service quality using IT

- ✓ Unlike the conventional “excessive” CRM, lisnar+ collects and uses customers’ opinions, centering on client services.
- ✓ The new solution using lisnar+ powerfully supports the visualization and standardization of service quality.
- ✓ To further spread the use of lisnar+, we are preparing various functions so that it can efficiently collect and use customers’ opinions.

Examples of optional functions

◆ Diversification of input devices ⇒

Support for the acceptance of image and voice data, and of data from mobile handsets

◆ Globalization ⇒

Support for multi-language entry and automatic translation

◆ Diversification of collection channels ⇒

Support for Web crawler and e-mail

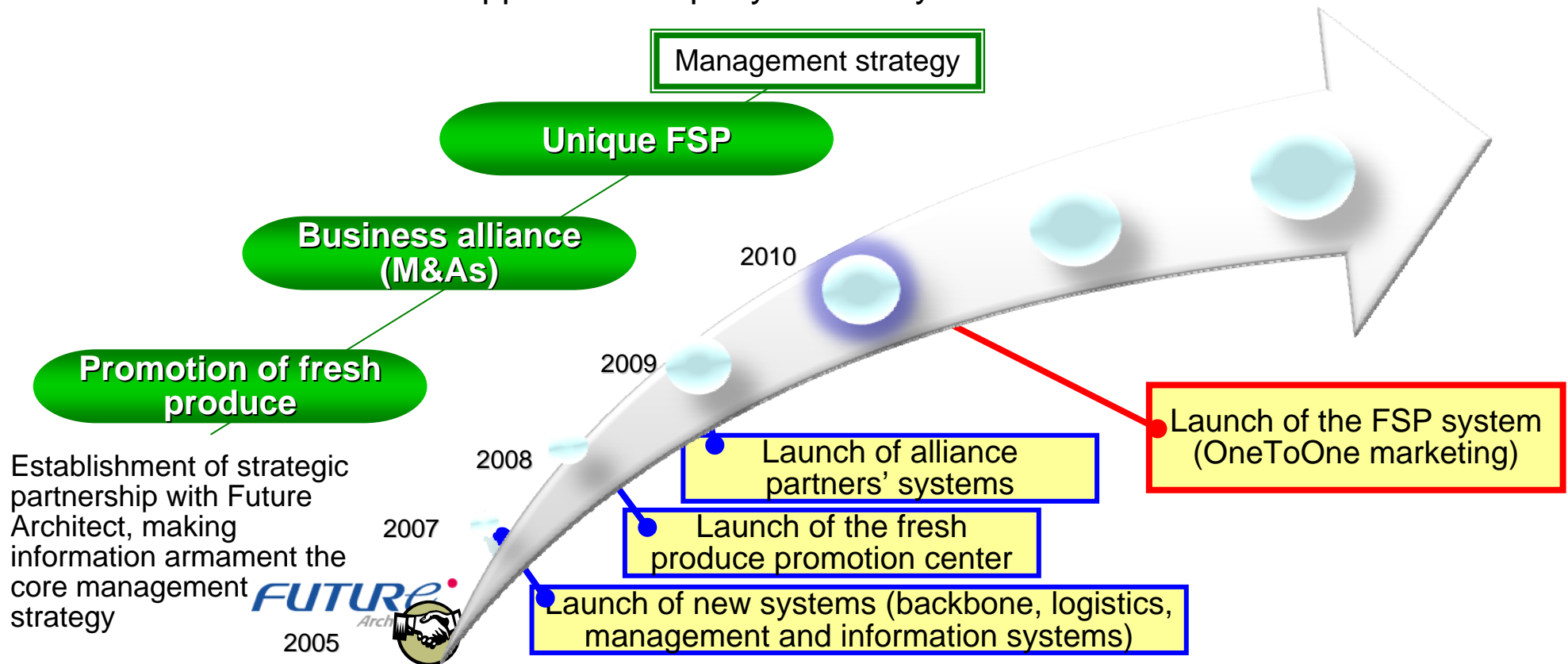
■ Quick provision of high-quality systems that meet corporate needs.

- ✓ With lisnar+, we will be able to provide customization proposals that meet corporate needs.
- ✓ We will further provide systems through brain engine and cloud service.
- ✓ Using component functions, we will quickly provide high-quality solutions to companies’ problems regarding the collection and use of opinions.

Support for Business Expansion of Existing Clients

Outline of the Client

- ✓ Company B is Japan's largest voluntary chain which focuses on retailing and consists of operators of mini-supermarkets and privately-run shops.
- ✓ Company B sales are increasing steadily amid a slowdown in sales in the supermarket industry, and the number of its member shops stood at about 1,800 (as of August 2010).
- ✓ Future Architect has supported Company B in its system innovation since 2005.



Company B's Unique FSP Measures and Future Architect's Efforts

■ Company B's unique FSP measures

- ✓ Provision of services for loyal customers that meet individual needs
- ✓ Full use of IT, such as POS systems and information analysis systems
- ✓ Linkage with its own points card system

■ Challenges Company B must overcome to realize FSP measures

- ✓ Establishment of a mechanism to analyze sales information
- ✓ Installation of KIOSK terminals designed to notify each member of privilege exclusive to him/her
- ✓ Introduction of POS systems designed to show selling prices exclusive to each member

Countermeasures for ISDN using shops were needed.

Countermeasures against interference in wireless LAN communications were needed.

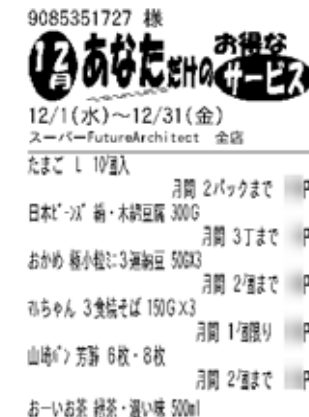
Costs and installation places were limited.

Advertisements needed to be shown on 3-inch leaflets so that the elderly could easily read them.

By developing hardware also, Future Architect is responding to these clients' needs.



KIOSK terminal



Leaflet that meets each member's needs

4. FY2011 Plans

FY2011 Plan (Consolidated)

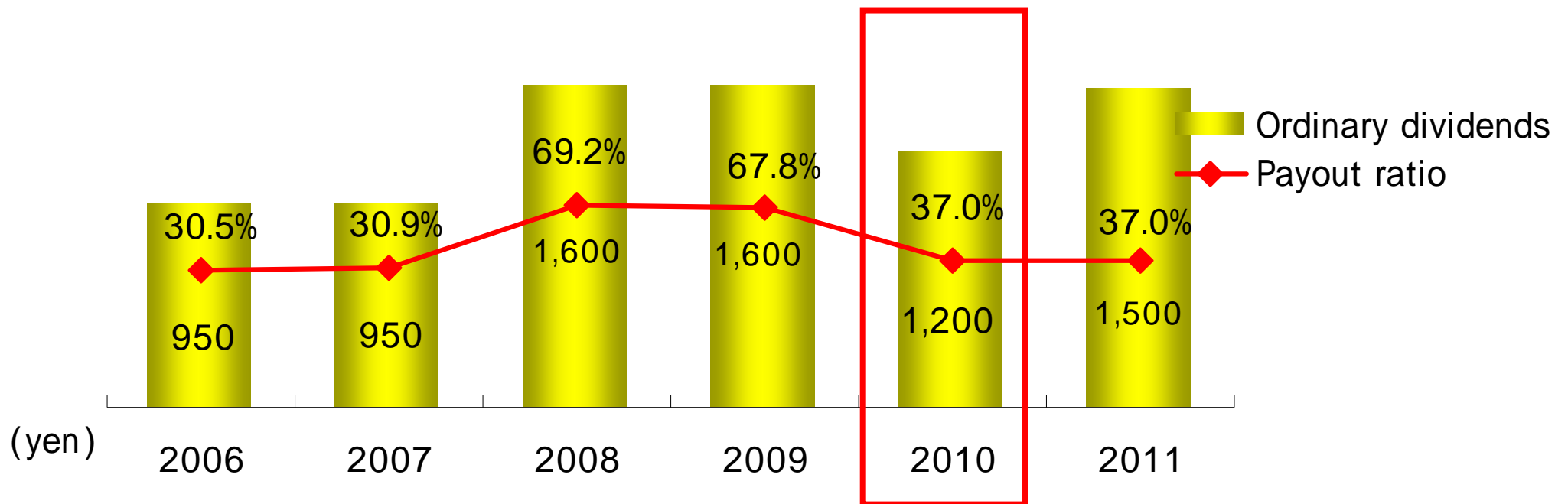
(million yen)	FY2010 Results	FY2011 Plan	Year-on-year (Change)
Net sales	22,639	24,500	108.2%
Operating income	3,141	3,400	108.2%
Operating income margin	13.9%	13.9%	
Ordinary income	3,281	3,450	105.1%
Ordinary income margin	14.5%	14.1%	
Net income	1,591	1,950	122.5%
Net income margin	7.0%	8.0%	

FY2011 Plan (Non-consolidated)

(million yen)	FY2010 Results	FY2011 Plan	Year-on-year (Change)
Net sales	14,290	15,500	108.5%
Operating income Operating income margin	3,039 21.3%	3,200 20.6%	105.3%
Ordinary income Ordinary income margin	3,108 21.7%	3,250 21.0%	104.6%
Net income Net income margin	1,480 10.4%	1,850 11.9%	124.9%

Policy for Returning Profits to Shareholders (Dividends)

	<u>Dividends for FY2010</u>	<u>Dividends for FY2011 (planned)</u>
Yen 1600 (Actual Amount Paid for fiscal 2009)	1,200 yen (Dividends payout ratio 37.0%)	1,500 yen (Dividends payout ratio 37.0%)

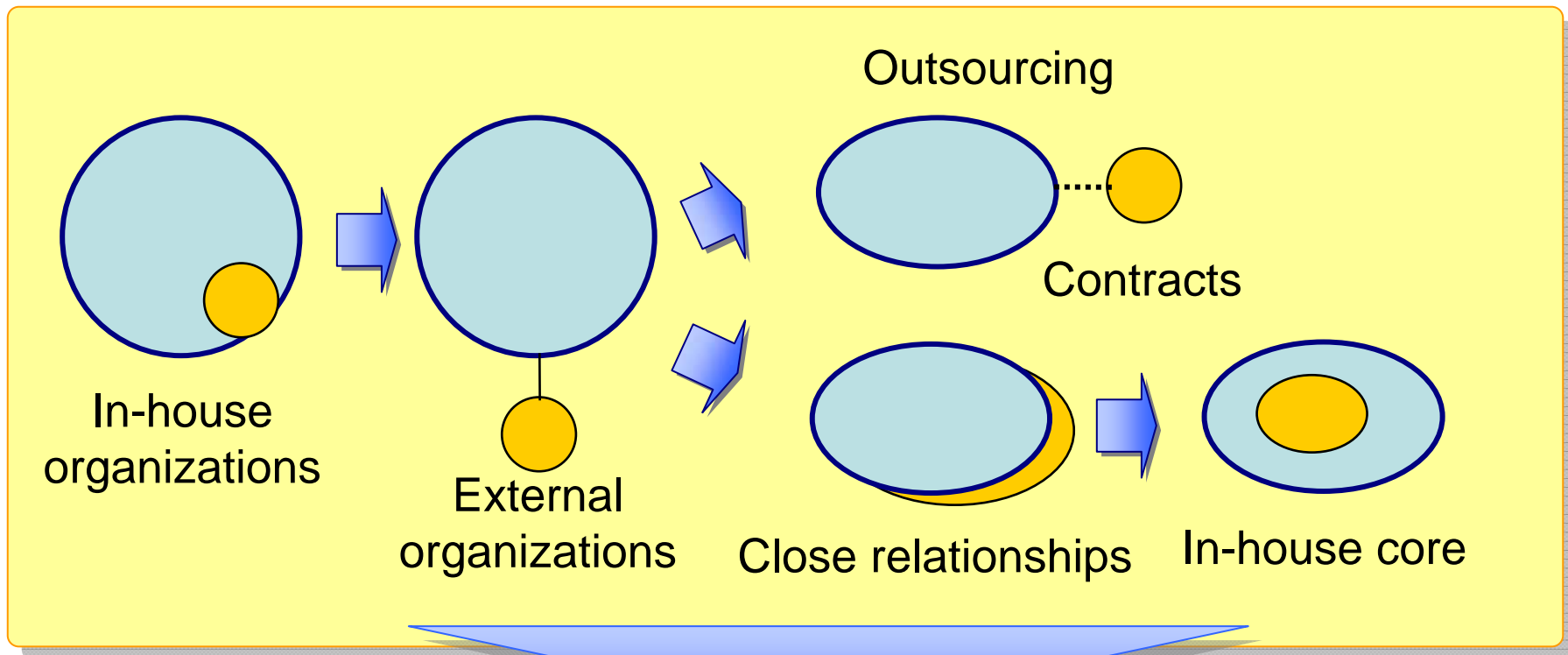


5. Future Outlook

Growth Strategy

Basic Strategies

- To strengthen our strategic partnerships with the clients, beyond just providing IT solutions
- To simplify our services provided; to standardize various methodologies and architectures, development methods, and such like among markets of Japan and the rest of Asia
- To enhance services for midsize companies and small and medium-sized enterprises
- To increase development productivity by between 200% and 400%



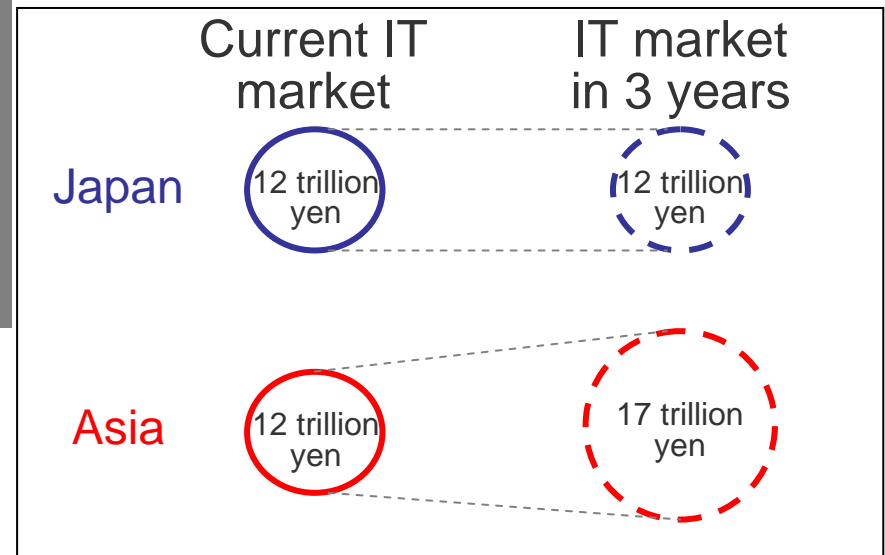
- New companies are devising IT solutions in-house.
- Only highly specialized PKGs and solutions will survive.
- Relationships with closely related customers are being strengthened.

Japan and Rest of Asia



Matured Japanese market
Future Architect's track records,
intellectual property and know-how

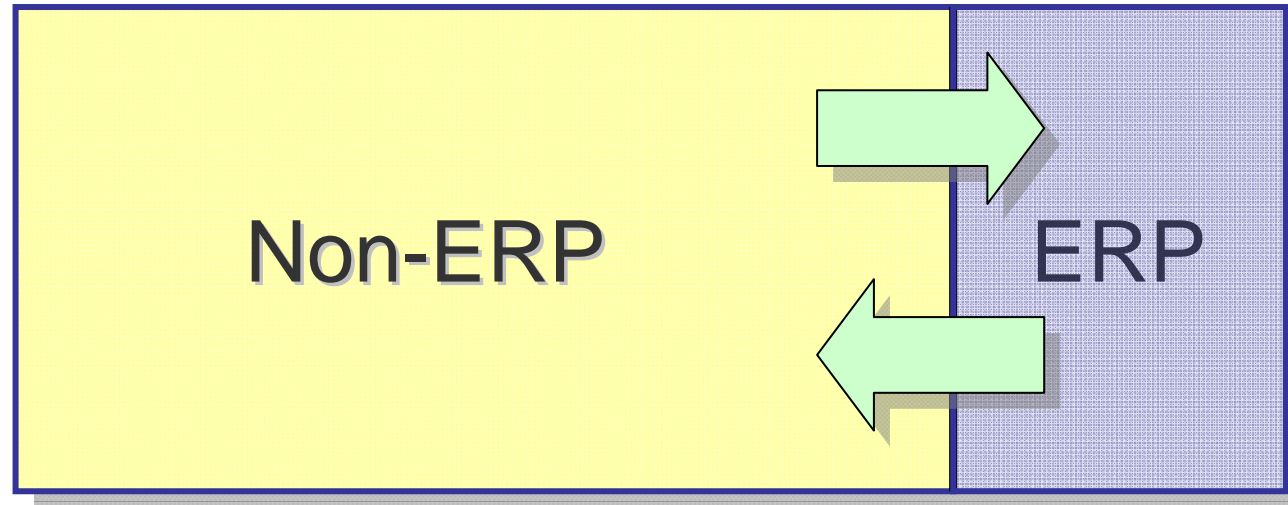
- There is a big business opportunity in Asia.



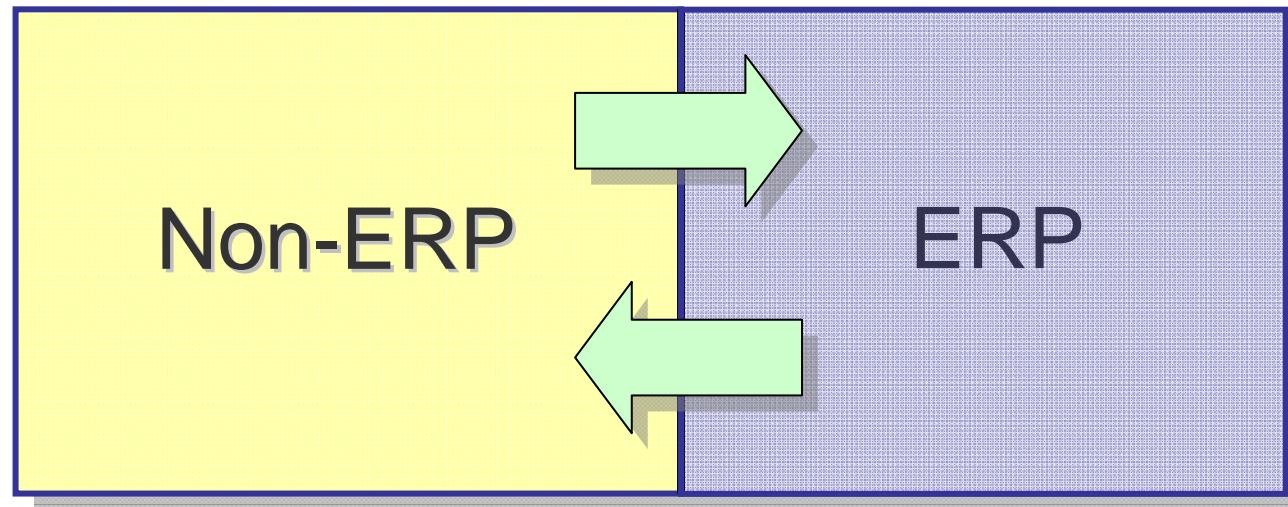
Source: CCID & IDC Japan

Hybrid Approach

Japan



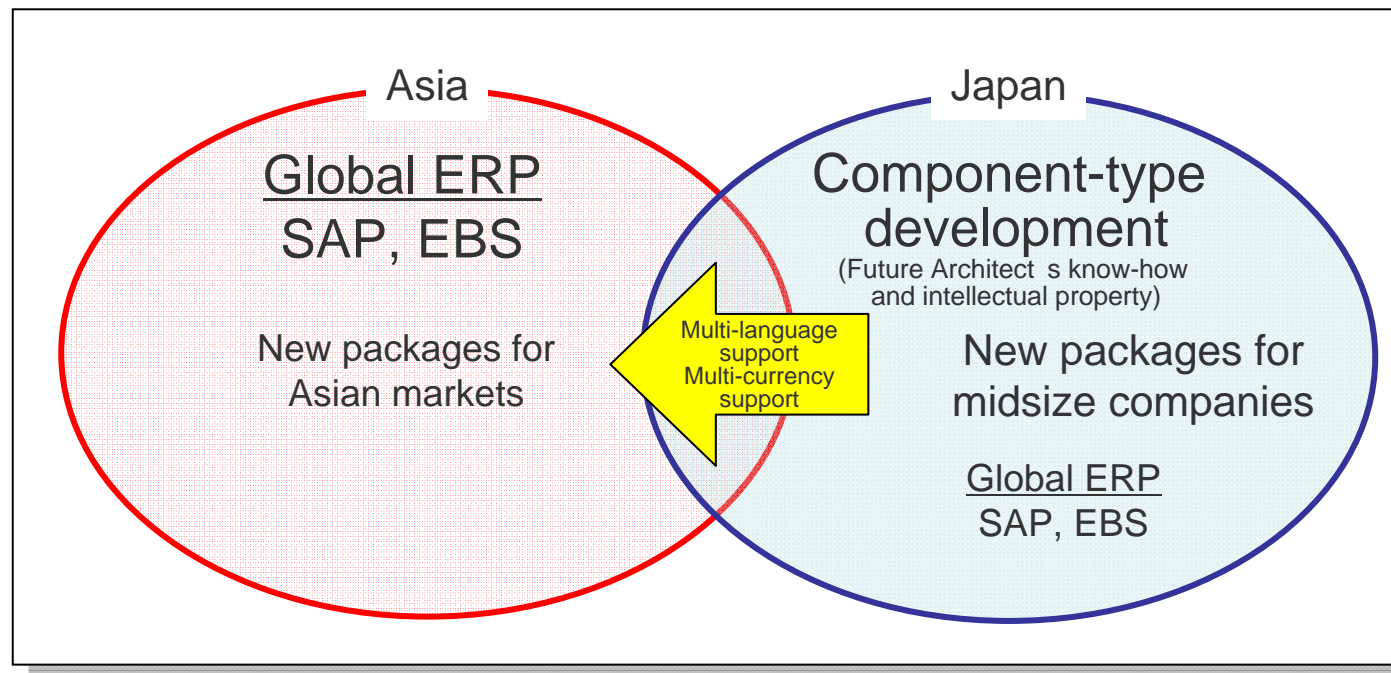
Asia



Expansion of Businesses in Asian Markets

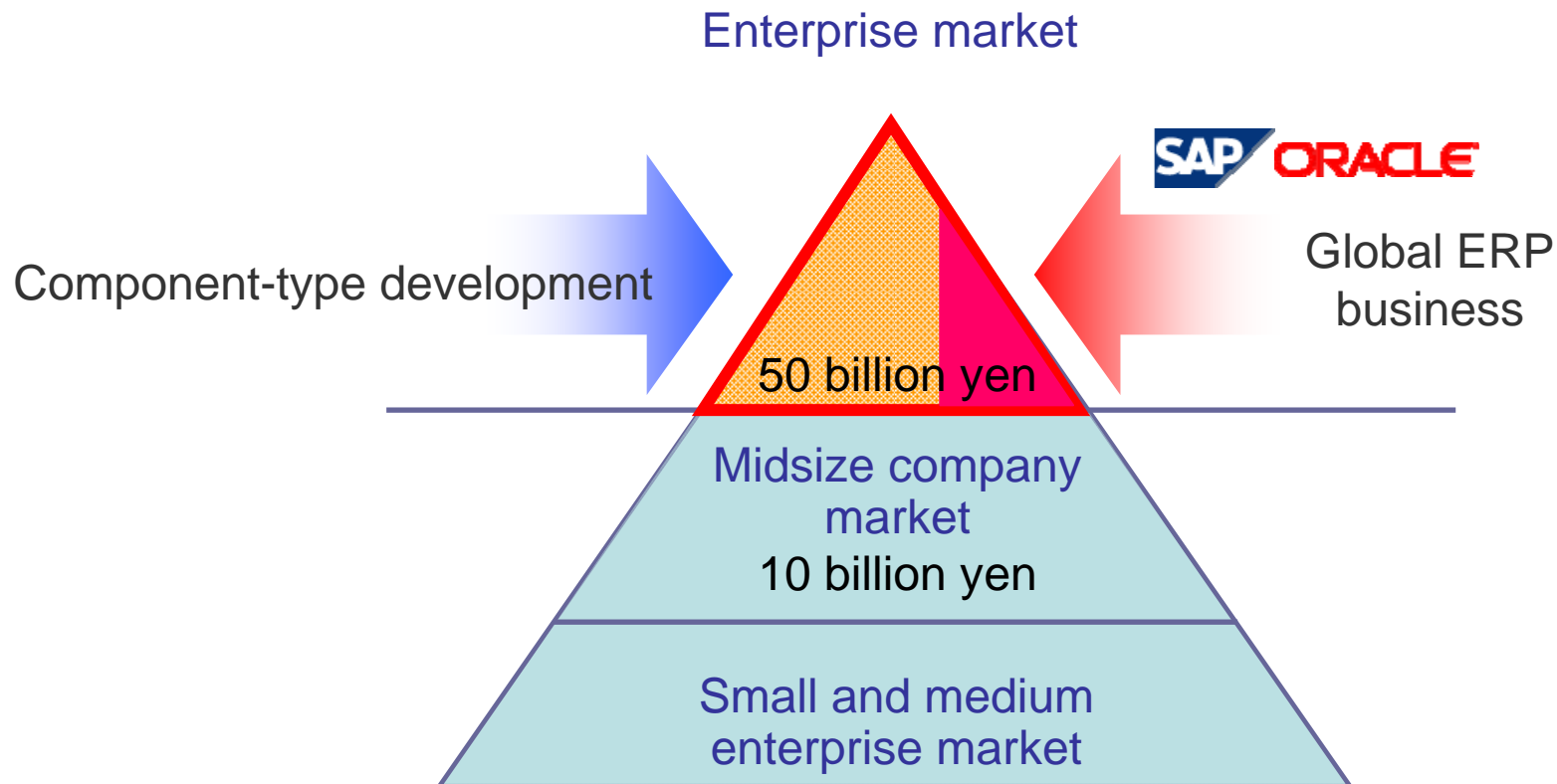
- Exploration of markets with entrepreneurship
- Use of a framework that increases competitiveness and productivity
- Provision of products and solutions that feature multi-language support and multi-currency support
- Establishment of win-win relationships with companies growing rapidly in Asian markets

Introduction of Japan's advanced know-how and solutions to the rest of Asia



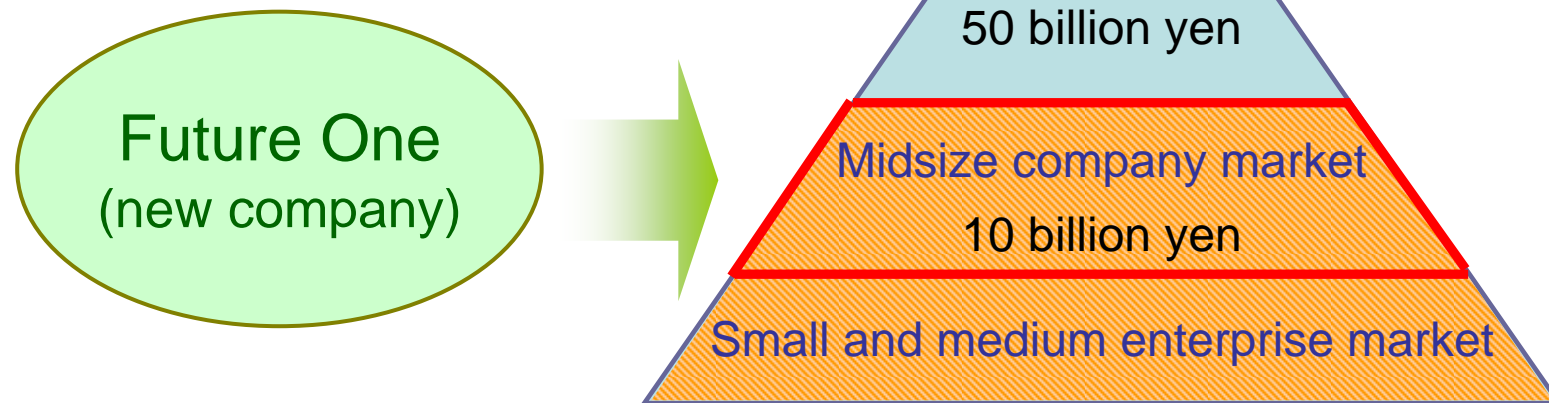
Creation of New Business Opportunities

- Full-scale entry into the field of ERP business in addition to the component-type development business
- Hybrid approach by using component-type development and ERP



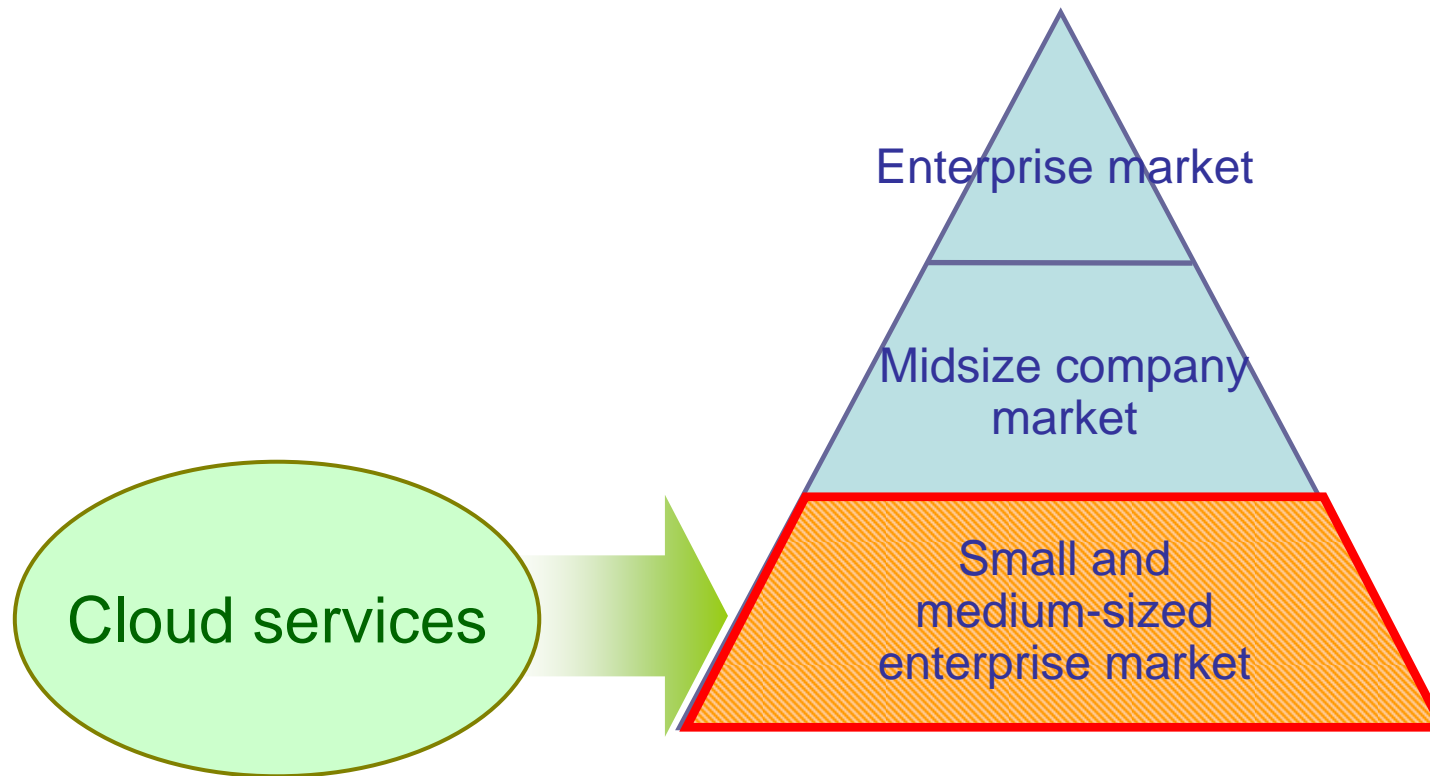
Enhancement of Businesses for Markets of Midsize Companies and SMEs

- To integrate Future Architect's smart business division and ELM Corporation into a new company named Future One
- To release the new product "Future One" which uses integrated software packages that have been scattered among group companies
- To launch new products that are based on an architecture common throughout the whole of Asia



Small and Medium-Sized Enterprise Market

- Provision of accounting and other various functions as cloud services



■ Phased business expansion in accordance with the needs of domestic and other Asian markets



Solution type	2011	2012	2013	
Development of Future Architect's proprietary component-type systems				To maintain high earnings in Japan through more efficient and stable development of such systems using know-how and intellectual property
Global ERP (SAP, Oracle)				To start up this business in both Japan and the rest of Asia at an early stage as much as possible
Solutions for new SMEs (New packages and cloud service)	Product development period			To develop within 2012 packages that incorporate its know-how and are intended to be introduced overseas, and introduce them at an early stage as much as possible

2015

30 billion yen
Enterprise market

10 billion yen
Markets of midsize
companies and
SMEs

10 billion yen
Operating income

10 billion yen
Asia

Reference

Financial Topics

- Increase (decrease) in net sales

(millions of yen)

Item	2009	2010	2009 Y-o-Y ratio
Net sales	15,400	14,290	92.8%
IT consulting	14,605	12,986	88.9%
HW Procurement	249	776	311.6%
Package & Service	546	526	96.4%
Net sales per consultant	23.0	22.1	96.2%
Average number of consultants	670	646	96.4%

- Changes in cost of sales

(millions of yen)

Category	2009	2010	2009 Y-o-Y ratio
IT consulting service	8,692	6,935	79.8%
Labor expenses	4,192	4,125	98.4%
Subcontract expenses	2,964	1,725	58.2%
Others	1,535	1,085	70.7%
Cost of sales of HW procurement	215	636	294.8%
Cost of sales of Package & Service	316	280	88.5%
Total	9,225	7,852	85.1%

- Changes in selling, general and administrative expenses

(millions of yen)

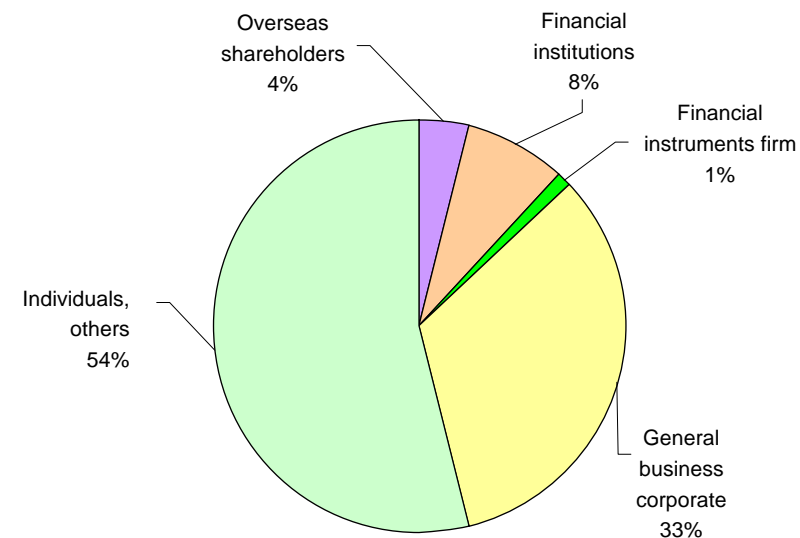
Expense item	2009	2010	2009 Y-o-Y ratio
Selling, general and administrative expenses	3,449	3,398	98.5%
Personnel expenses	1,930	1,962	101.6%
Strategic expenses	462	284	61.5%
R&D expenditures	20	49	235.4%
Depreciation expenses	102	45	43.9%
Employee training expenses	261	107	41.1%
Recruiting expenses	77	82	106.6%

(millions of yen)

	2009	2010	2009 Y-o-Y ratio
Cost of sales	14,605	12,986	88.9%
Subcontract expenses	2,964	1,725	58.2%
Balance: value added*	11,640	11,261	96.7%
Average number of consultants	670	646	96.4%
Average sales per consultant	21.8	20.1	92.3%
Average value added per consultant	17.4	17.4	100.4%

* Value added = Net sales – Cost of sales – Subcontract expenses

- Shareholder composition



Note

The forecasts in this material are based on currently available information; 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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