

Fiscal 2004 Earnings Presentation

Documents and Exhibits

February 9, 2005

Future System Consulting Corp.

- 1. Outline of earnings for FY04**
- 2. Review of performance in FY04**
 - Summary of business performance**
 - Outline of projects**
- 3. Summary of fiscal 2004 performance**
- 4. Earnings outlook for FY05**
- 5. Future prospects**

1. FY04 Earnings - Outline

Fiscal 2004 Results (Consolidated)

(million yen)	2003	2004	% change
Sales	10,775	9,364	-13.1%
IT Consulting	9,873	8,473	-14.2%
HW Procurement	902	891	-1.2%
Operating Income	1,376	888	-35.4%
Operating Income/Sales	12.8%	9.5%	-
Ordinary Income	1,465	844	-42.4%
Ordinary Income/Sales	13.6%	9.0%	-
Extraordinary Gains	523	410	-
Extraordinary Loss	- 203	- 505	-
Net Income	922	458	-50.3%
Net Income/Sales	8.6%	4.9%	-

Balance Sheet (1) (Consolidated)

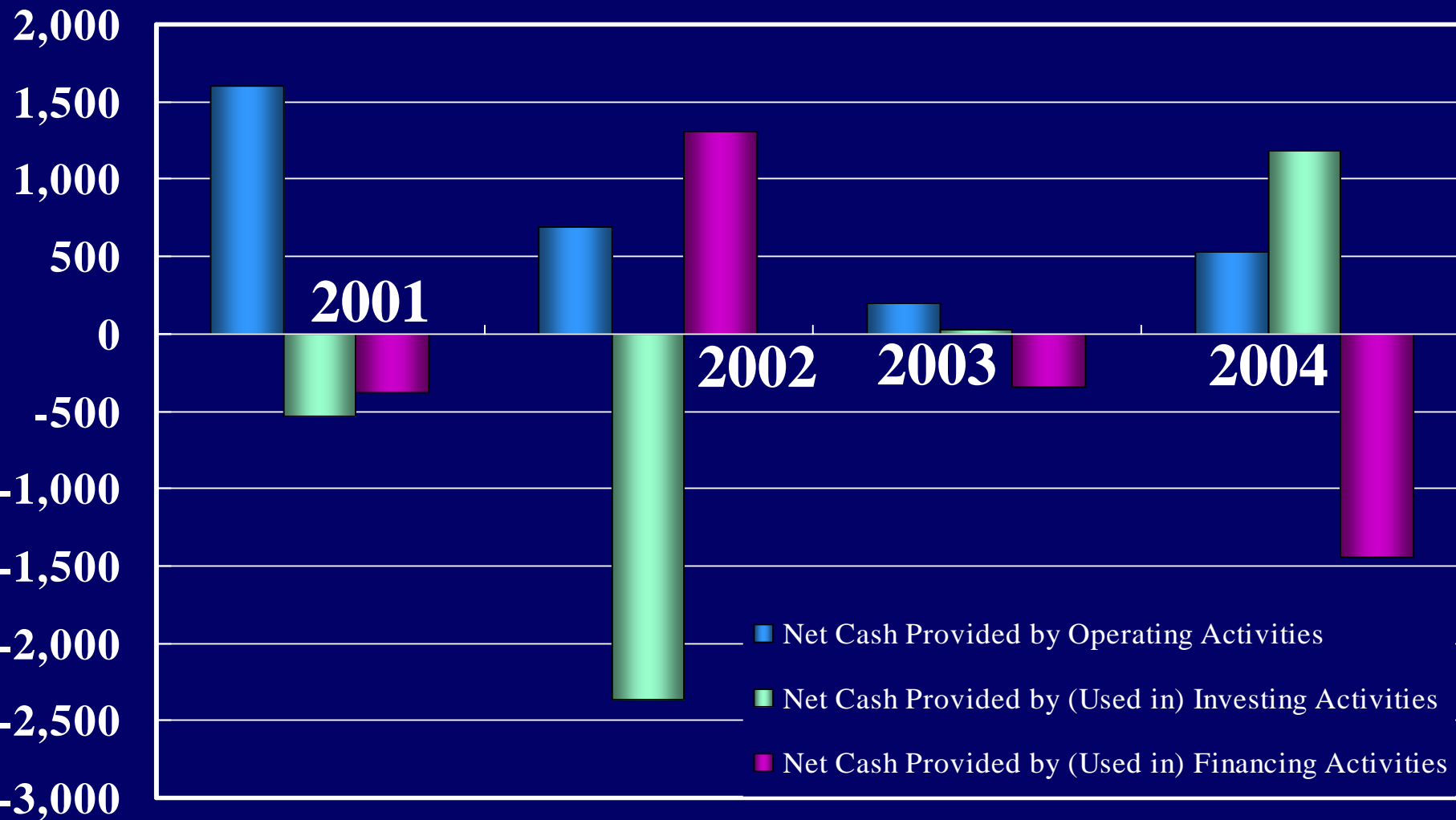
(million yen)	December 31 2003	December 31 2004	Change
Current Assets	5,259	5,549	290
Cash & Deposits	3,579	3,822	243
Trade Receivables	1,315	1,101	-214
Inventories	3	5	2
Fixed Assets	5,534	3,644	-1,890
Tangible Fixed Assets	383	315	-68
Intangible Assets	973	981	8
Investments and other Assets	4,177	2,348	-1,829
Investment Securities	3,694	1,904	-1,790
Total Assets	10,794	9,194	-1,600

Balance Sheet (2) (Consolidated)

(million yen)	December 31 2003	December 31 2004	Change
Current Liabilities	3,054	2,113	-941
Accounts Payable	382	183	-199
Short-term Borrowings	1,466	1,216	-250
Non-current Liabilities	1,034	468	-566
Long-term Debt	1,034	468	-566
Total Shareholders' Equity	6,706	6,612	-94
Common Stock	1,421	1,421	0
Treasury Stock	-648	-962	314
Total Liabilities & Shareholders' Equity	10,794	9,194	-1,600
Shareholders' Equity Ratio:	62%	72%	

Cash Flows (Consolidated)

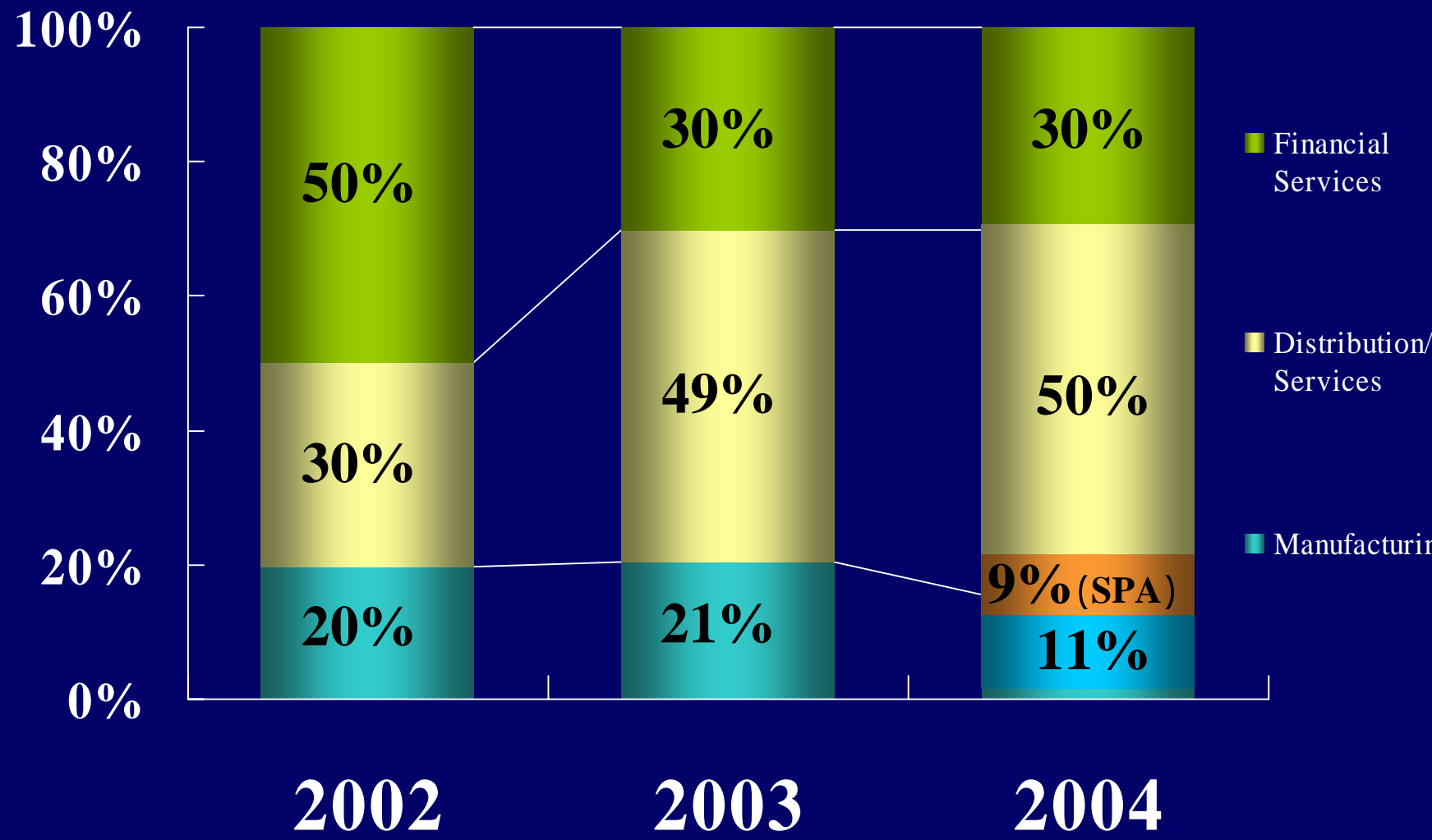
(million yen)



Fiscal 2004 Results (Non-consolidated)

(million yen)	2003	2004	% change
Sales	10,667	9,267	-13.1%
IT Consulting	9,783	8,378	-14.4%
HW Procurement	884	889	0.6%
Operating Income	1,520	889	-41.5%
Operating Income/Sales	14.3%	9.6%	-
Ordinary Income	1,524	893	-41.4%
Ordinary Income/Sales	14.3%	9.6%	-
Extraordinary Gains	523	592	-
Extraordinary Loss	- 412	-517	-
Net Income	907	578	-36.3%
Net Income/Sales	8.5%	6.2%	-

Breakdown of Sales



Dividend

¥2,700/share

Acquisition of treasury stock in FY2004

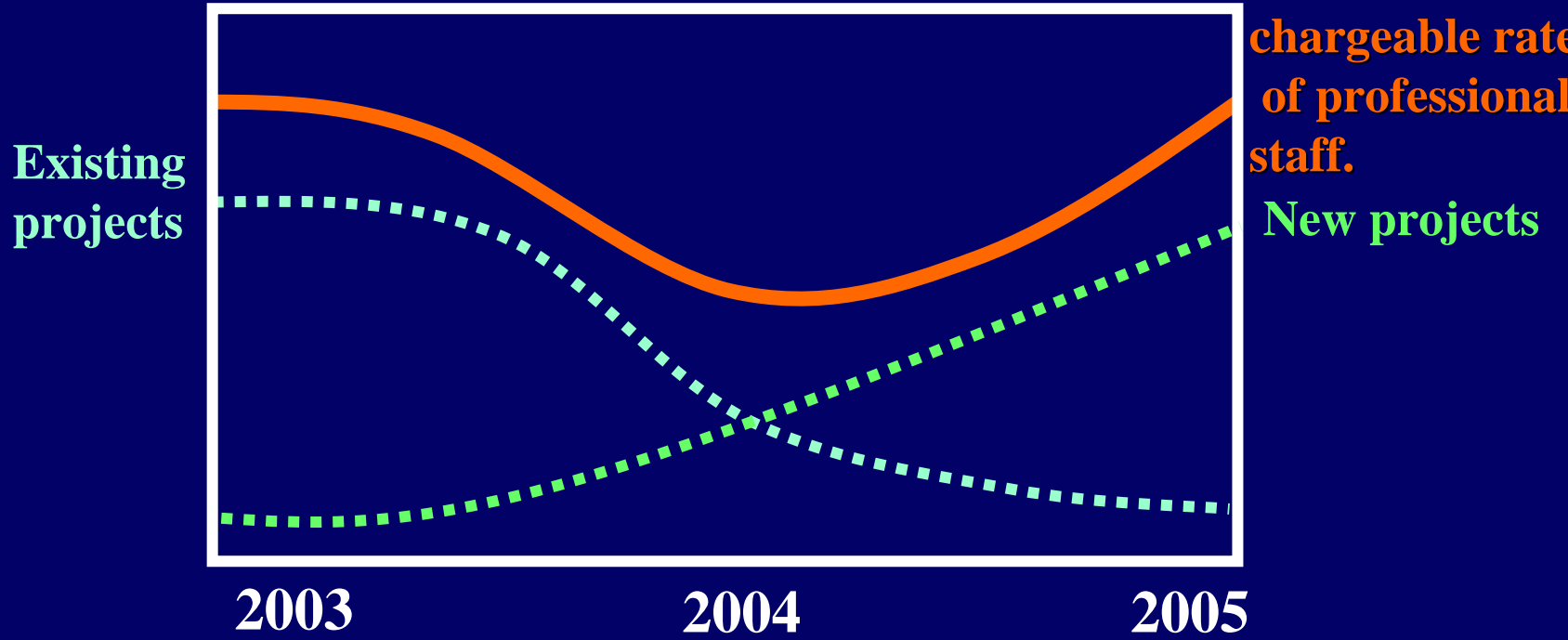
treasury stocks acquired in 2004 : 1,401 shares
(Amount of acquisition in 2004 - ¥313 million)

Accumulated treasury stocks : 3,432 shares
(Accumulated amount of acquisition - ¥962 million)

2. Review of FY04 performance

Review of Business Performance

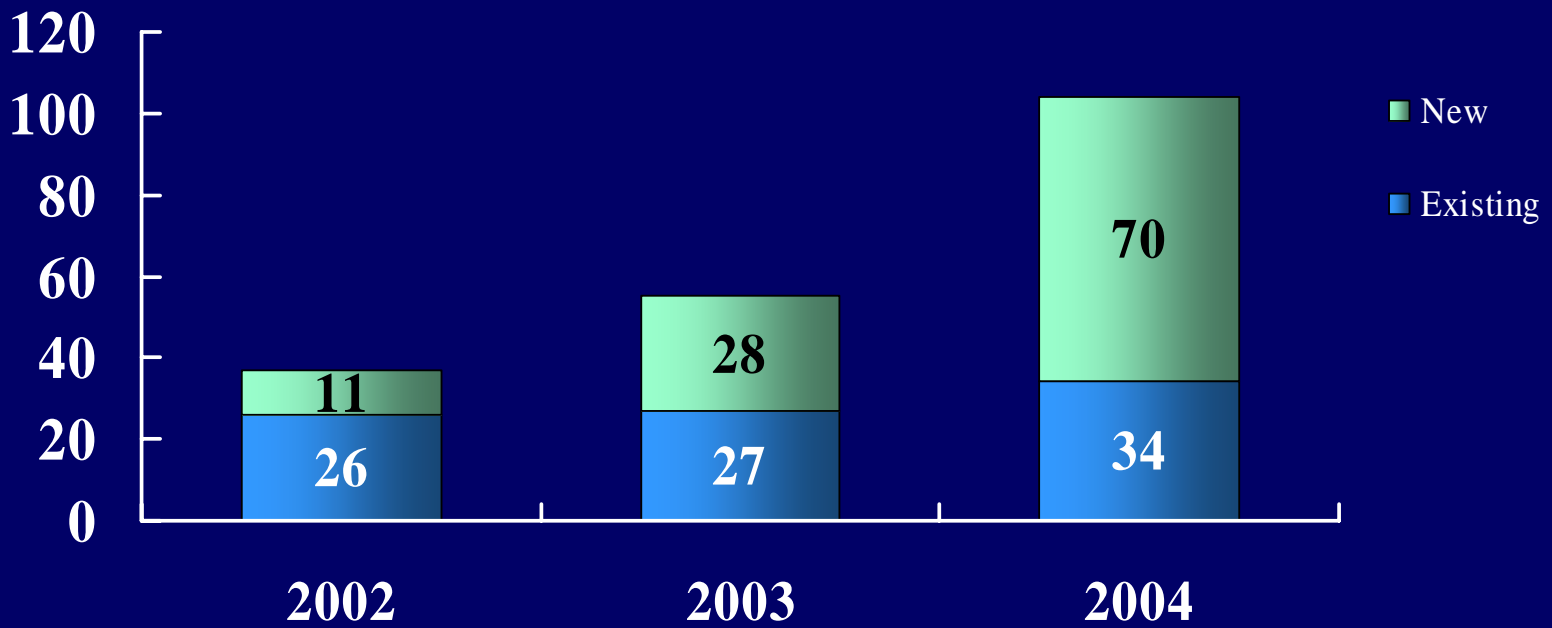
● Due to time-lag between completion of previous large-scale projects and start of new ones, the company suffered a decline in its chargeable rate of professional staff.



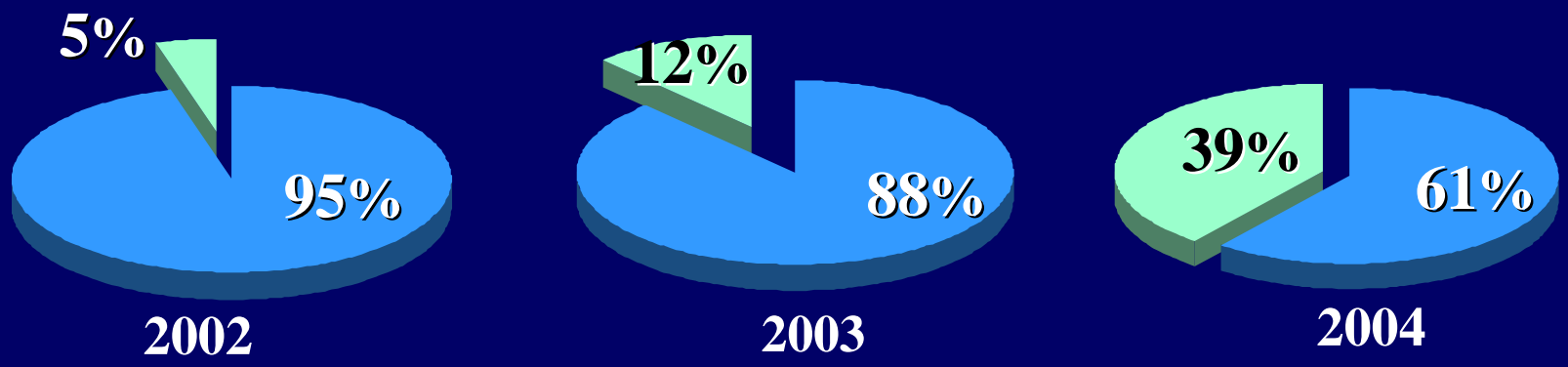
- **The placing of orders by certain customers, originally projected for the 4th quarter, was delayed until the following fiscal year.**
- **We offered initial-phase price discounts to acquire orders from customers deemed to have good potential over the long term.**

Orders Gained from New Customers

(Customer)

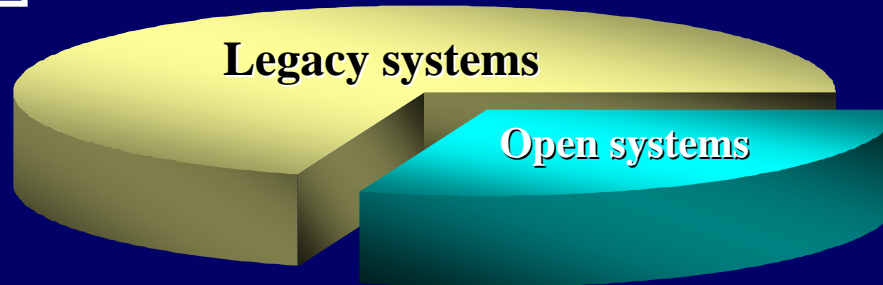


(Ratio of revenue from new customers to total revenue)



Market Analysis

Market scale: ¥14 trillion




- Demand for open systems to take off soon
- Other vendors are trying to imitate the service-oriented business model that FSC initiated 15 years ago, and competition at first sight would seem set to become very fierce. However, our rivals' open systems proposals may seem the same, but there is a big difference in content.
- The number of consulting companies that maintain a strictly unaffiliated and objective stance is dwindling sharply.

Our Approach

- In our marketing, we will emphasize our high-level specialist expertise in strategy-planning and technology, as well as the speed of our service provision, and this should lead to the receipt of increased orders.
- We are strategically forming project teams to target the acquisition of new business.

Project Evaluation


 We have realized a high level of customer satisfaction through the on-time performance of high-quality work. However, the simultaneous tackling of a number of projects in system development stage has exceeded our initial budget resources, and project cost-management is an urgent issue.

 **System planning proposals lead to high percentage of customer acquisition**

Out of 24 potential customers who indicated their approval of our system planning proposals, 18 companies, or 75%, proceeded to the stage of actually placing design and development orders during the reporting period.

 **System cutovers during the period**

- 27 system release for 17 customers in 2004
- All those releases completed on

 **The company acquired new customers and provided a high-quality service.**

- System supplied to a large-scale chain store operator**
- KeyMan (loan support system) goes into operation at a regional bank**
- PLM (Product Lifecycle Management) software for manufacturing goes into operation**

 **Customers were very impressed with our high-level technical expertise.**

- Shifted from large-volume batch processing to distributed processing**
- Established online business operator system**
- Helped reducing costs by network reconfiguration**
- Introduced EAI (Enterprise Application Integration) and inter-system interface infrastructure**

● Project Evaluation Office set up

- Project reviews become standard procedure

● Standardization, Information sharing

- Adoption and dissemination of more sophisticated project promotion system
- Creation of project information sharing system

● Training & Research

- Project management
- Earnings management
- Legal compliance

3. Summary of Fiscal 2004 Performance

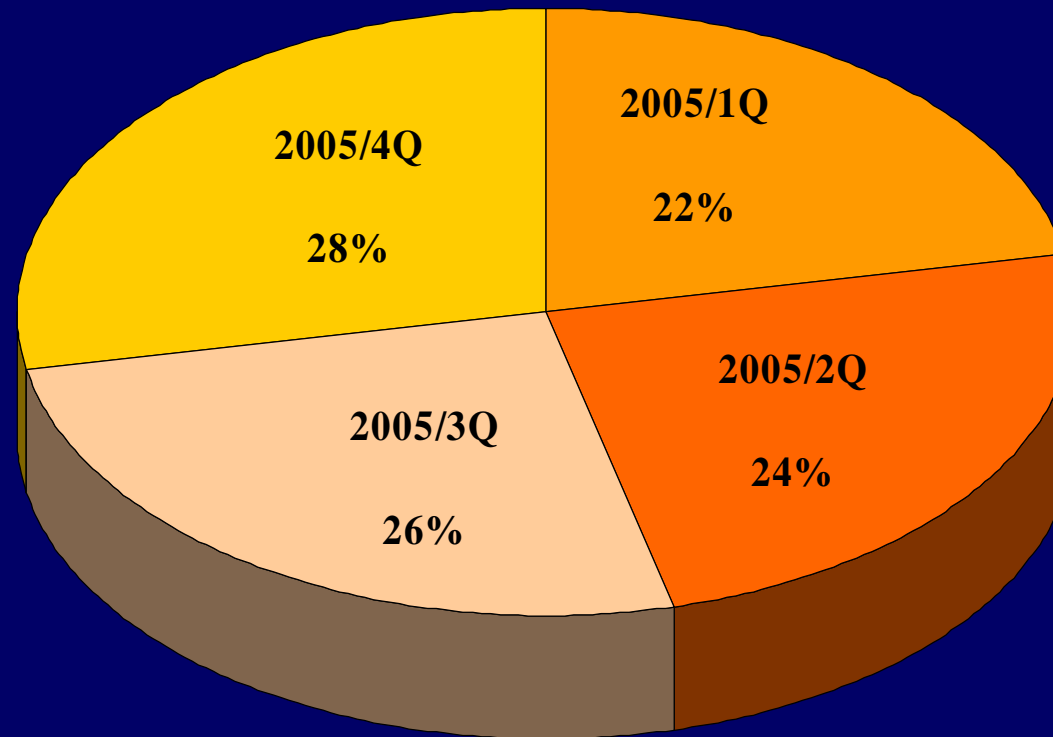
- **The company's ability to make convincing proposals to potential customers – including the time taken between first contact and completed proposal – was not good enough, and our negotiating skills were also insufficient. As a result, the chargeable rate of professional staff declined, and we were forced to offer discounts.**
- **During the one-year period following our organizational restructuring, the fruits of the learning process began gradually to emerge.**

4. Earnings Outlook for FY05

(million yen)	2004	2005	% change
Sales	9,364	10,270	9.7%
Operating Income	888	1,320	48.7%
Operating Income/Sales	9.5%	12.9%	-
Ordinary Income	844	1,300	54.0%
Ordinary Income/Sales	9.0%	12.7%	-
Net Income	458	770	68.1%
Net Income/Sales	4.9%	7.5%	-

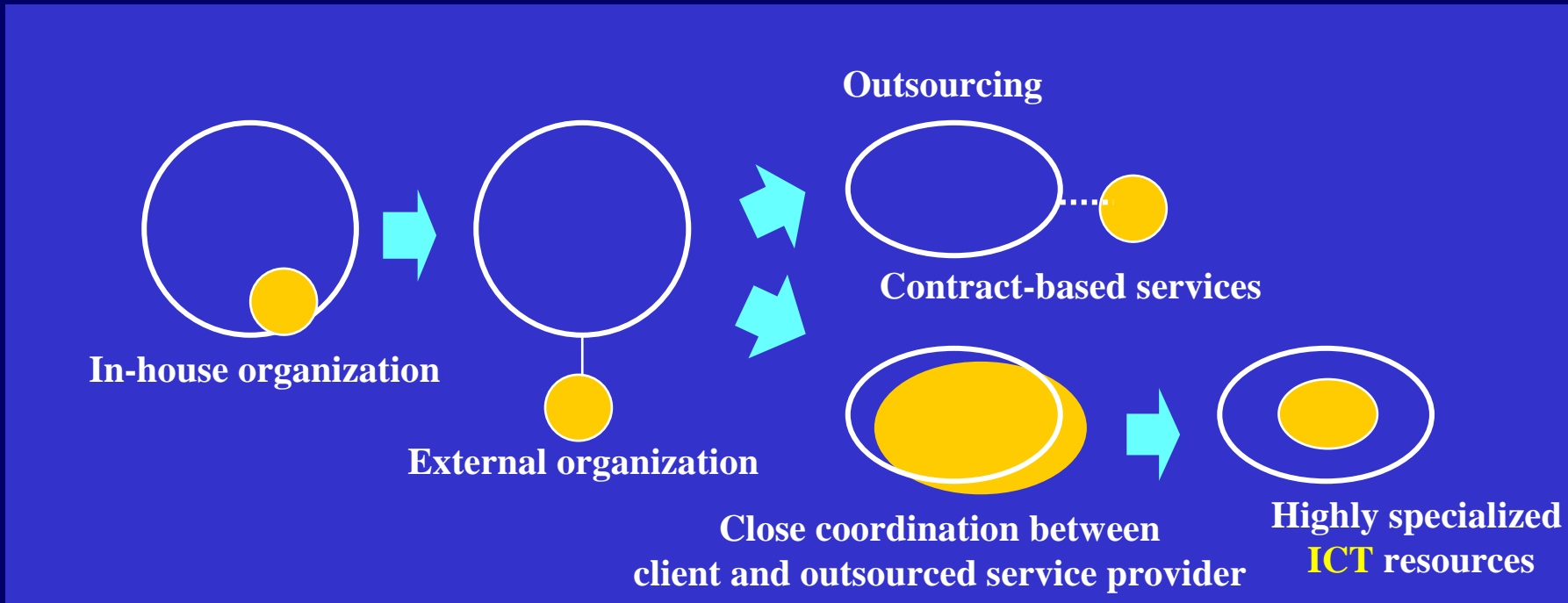
Forecasts for Fiscal 2005 (Consolidated)

(million yen)	1st Half	2nd Half
Sales	4,740	5,530
Operating Income	570	750
Operating Income/Sales	12.0%	13.6%
Ordinary Income	560	740
Ordinary Income/Sales	11.8%	13.4%
Net Income	370	400
Net Income/Sales	7.8%	7.2%



5. Future Aims and Goals

Two divergent solutions



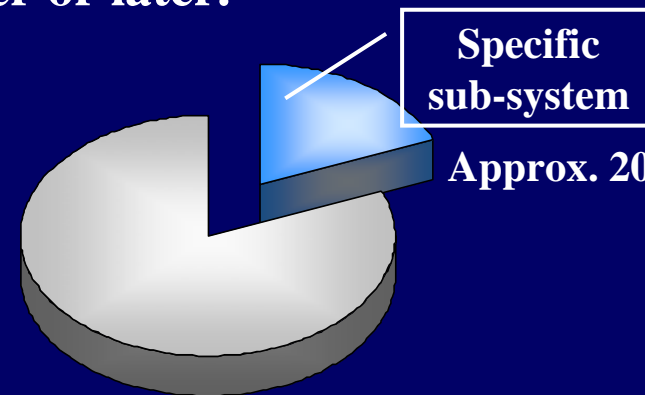
Nothing left but highly specialized packaging or provision of solutions

Strategy of creating closer relationship with long-term customers

● Accomplishment of difficult task of replacing large-volume batch processing with distributed processing

— The CPU usage rate of the host computer is constantly above 80%. Additional hardware will be required sooner or later.

— About 20% of the host computer's CPUs are needed for batch processing of specific subsystems. We replaced the large-volume batch processing with distributed processing.



CPU usage of host computer

● Required performance

— 50 million data entries per day

— Data processing at rate of 80 million entries per day in three years' time

➔ Processing of 2 million entries (maximum for 1 file) in 30 minutes

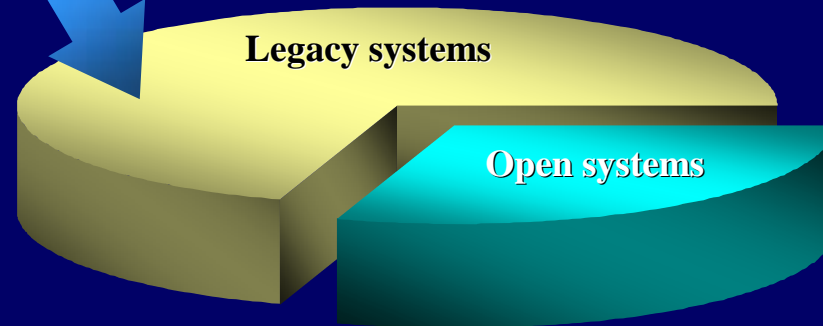
Results of replacement

- Processing that previously took around two hours on the host computer is now completed in **less than 30 minutes** utilizing distributed processing.

We completed the development of an open system with distributed processing ability sufficient for data processing, which had previously been carried out by a batch-processing system.

Market scale: ¥14 trillion

Source: METI; Indices of Tertiary Industry Activity, 200



Devise different approaches for each customer sector

Retailing Sector

- Focus on sub-sectors with good growth potential (e.g. drugstores)
- Make further use of our know-how in the retailing industry

Financial Services

< Banks >

- Promote our KeyMan system as the de facto standard for Japanese regional banks (which would constitute a significant social contribution)
- Establish a commanding position for the KeyMan system in the regional banking sector, corresponding to the requirements of the BIS's Basel II capital accord

<Non-banks>

- Develop business operations utilizing our know-how in the consumer finance business

Manufacturing

Acquire new customers to develop the sector into a third core customer segment; hire experienced new employees capable of playing a leading role

Technology Strategies

- Design application software compatible with wide range of hardware interfaces other than PCs (cell phones, IC cards, etc.)
- Wider scope of application of grid engine software
- Commercialization of EAI (Enterprise Application Integration) services and related operations

Business Alliance Strategy

- FSC plans to form a joint venture in China with a leading Chinese software developer.

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FUTURE SYSTEM CONSULTING