

Future System Consulting FY2004 1st Half Financial Results Q&A

I. Non-consolidated statements of income

Q1. Please explain the factors that affected the change in net sales.

A1. In million yen

	FY2003 1 st Half	FY2004 1 st Half	Change (%)
Net Sales	5,564	4,847	-12.9%
It consulting services	5,172	4,346	-16.0%
Hardware and other procurement services	392	501	27.9%
Net sales per consultant	12.4	9.6	-22.6%
Average number of consultant	448	507	+13.2%
Total number of customers during the period	42	74	+76.2%
Net sales per customer	132	66	-50.6%

Q2. Any significant changes among the cost items?

A2. In million yen
Cost items that saw significant changes are as follows

Expense items	FY2003 1 st Half	FY2004 1 st Half	Change (%)	Major reasons for change
Personnel exp.	1,358	1,021	-25.0%	Completion of large-scale projects
Outsourcing exp.	1,196	640	-46.5%	Decrease in development phases.

Q3. Any significant changes among selling, general and administrative expenses ?

A3. In million yen
Expense items among S.G.&A that saw significant changes are as follows

Expense items	FY2003 1 st Half	FY2004 1 st Half	Change (%)	Major reasons for change
Personnel exp	532	923	+73.2%	Increase in transfer from costs due to rise in promotion campaigns (Note)

Note: Personnel expenses related to the consultants who are not assigned to a specific project are included in SG&A expenses in order to establish a clear distinction between CGS and SG&A expenses.

Q4. What is the breakdown of extraordinary income?

A4. Extraordinary income includes ¥358million gains on sale of investment securities. Among the securities sold, major ones were the shares of **Sakura Information System Co., Ltd.** and e-System Corporation.

Q5. What are the major extraordinary loss items?

A5. Primarily losses of ¥198 million due to a partial modifications of maintenance contracts signed with partners.

II. Non-consolidated balance sheets**Q6. Why did cash and cash equivalents increase from ¥3,420 million at the end of December 2003 to ¥4,895 million at the end of June 2004?**

A6. The increase is attributable chiefly to the sale of investment securities.

Q7. Why did investment securities decrease from ¥3,678 million at the end of December 2003 to ¥2,250 million at the end of June 2004?

A7. Because ¥1,813 million worth of investment securities were sold, ¥6 million worth were purchased and ¥379 million of reassessment gains were booked, whereby total investment securities decreased ¥1,428 million on a net basis

III. Employees (Non-consolidated)**Q8. What was the average number of consultants?**

A8.

	FY2003 1 st Half	FY2004 1 st Half
Average number of consultants	448	507

Q9. Tell us about the average age and average years of service of employees.

A9.

	FY2003 1 st Half	FY2004 1 st Half
Average age	30.6	31.7
Average years of service	2.6	3.0

Q10. How about value-added per consultant?

A10.

In million yen

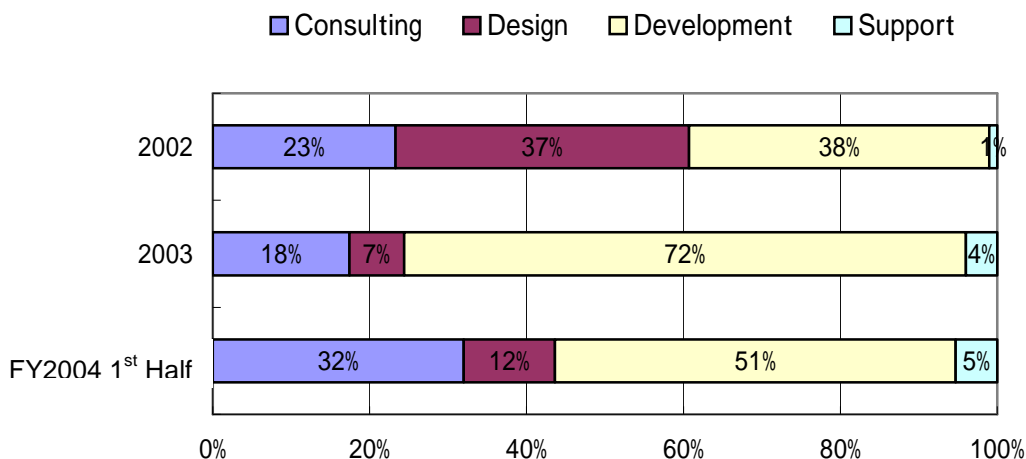
	FY2003 1 st Half	FY2004 1 st Half
Net sales	5,564	4,847
Cost of purchase	-378	-444
Outsourcing expenses	-1,196	-640
Net added value*	3,990	3,763
Average number of consultants	448	507
Average value-added per consultant	8.9	7.4

*Net value-added = (net sales) – (cost of purchase) – (outsourcing expenses)

. Other

Q11. Can you break down your sales by project phase?

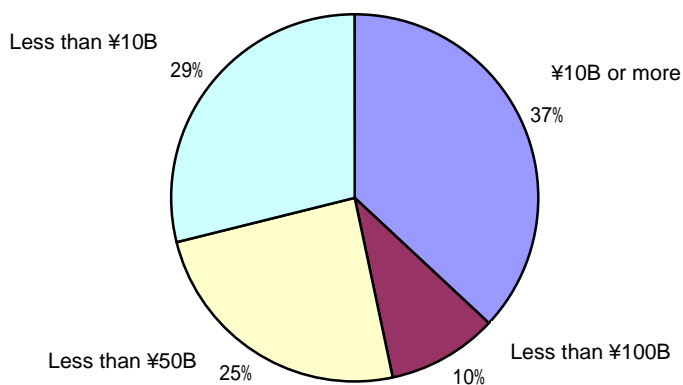
A11.



Q12. Can you break down your customers by size?

A12.

Breakdown of Customers by Sales

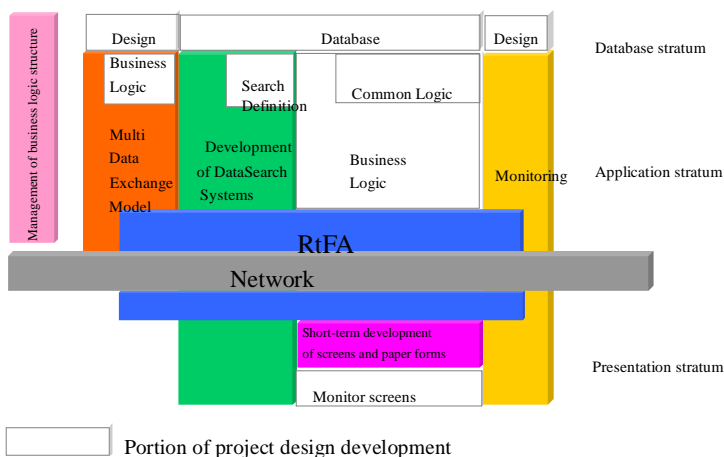


Q13. What is “Future component” ?

A13. Definition: : Future Component is a solution that enables development of high quality systems at a low cost in a short period of time by standardizing design structure and programming in systems integration.

- Objectives: To develop high quality systems at a low cost in a short period of time
- To ensure accumulation and recycling of business logic (application)
 - To realize scalability and availability in open platform
 - To optimize introduction of leading-edge technologies
 - To establish integration environment that is independent of products

Concept of the whole system



Q14. What is the breakdown of shareholders?

A14.

