

July 31, 2007

Future Architect, Inc.
(Code No. 4722, TSE Section 1)
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Notice of Occurrence of Extraordinary Losses

Future Architect, Inc. (hereinafter the “Company”) resolved at its Board of Directors meeting on July 31, 2007 to book impairment losses on intangible fixed assets, including goodwill, as extraordinary losses for the first half of the current fiscal year.

1. Occurrence of extraordinary losses and the details

In relation to the merger with the former Woodland Corporation on January 1, 2007, the Company took over assets and liabilities from the Woodland group at market value, and booked goodwill pursuant to business combination accounting (consolidated: ¥522 million; non-consolidated: ¥400 million; three-year amortization).

The Woodland group’s strategy is to expand its business by having individual group companies build sales routes for software, which is developed tailored to market characteristics using proprietary technologies, or having them form an alliance with a company with strong sales capabilities.

However, after the current fiscal year started, some sales partners engaged in the ERP business and the ASP accounting business asked us to review their business strategies, citing factors such as their organizational changes.

In response to these requests, the Future Group has carefully verified and reviewed growth plans and profitability for these businesses, and decided to shift management resources to profitable businesses of the Company or other firms in the Group, while redesigning our growth strategies for the ERP and ASP accounting businesses from a longer perspective.

With regard to intangible fixed assets, such as goodwill, of the businesses that we reviewed, we revalued the portion likely to be in excess of cash flows that we expect to generate in the future, and we decided to book the resultant impairment losses as extraordinary losses for the first half of the current fiscal year.

A breakdown of the impairment losses is as follows:

Asset	Amount (consolidated)	Amount (non-consolidated)
Goodwill	¥113 million	¥85 million
Software	¥203 million	¥198 million
Total	¥317 million	¥284 million