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## Notice of Consolidated Earnings Results for FY2007 First Half

**For fiscal 2007, the Group expects order intake will remain strong for the second half, and net sales and ordinary income will hit record highs for the entire year.**

(Unit: Billions of yen)

	Net sales	Ordinary income	Net income
<b>1st half results</b>	<b>11.23</b>	<b>1.24</b>	<b>0.32</b>
<b>(YoY change)</b>	<b>(up 47.0%)</b>	<b>(down 16.3%)</b>	<b>(down 62.0%)</b>
<b>FY07 forecast</b>	<b>23.5</b>	<b>2.9</b>	<b>1.24</b>
<b>(YoY change)</b>	<b>(up 54.0%)</b>	<b>(up 5.8%)</b>	<b>(down 18.7%)</b>

### 1. Earnings results for first half of FY2007

Noteworthy events in the period under review are as follows:

■ Operating performance: In the IT Consulting Service Business, earnings of corporations, our customers, continued to be strong in general and their business conditions were stable, while competition among them intensified and their management issues became even more sophisticated. Under such circumstances, Future Architect, Inc. (hereinafter the “Company”) was highly regarded for its excellent records of: “providing flexible architectures that can quickly respond to system expansion and evolution as well as handle massive data on a real-time basis”; “utilizing IT optimally for management reform and overhaul”; and “providing solutions for financial companies which are required to reform businesses speedily using highly specialized knowledge.” As a result, the Company obtained a steady order intake.

However, the conclusion of a contract on one of the ongoing projects in the manufacturing industry was delayed as of the end of the period under review, and contrary to our original plans, we refrained from booking sales of the said project for the first half. In addition, the profitability of some operations in the Package & Service Business, which

we have decided to scale down, declined more than expected and fell short of our original projection.

- **Extraordinary losses**

The Company carefully verified and reviewed some operations' growth plans and profitability in the Package & Service Business, and revalued intangible fixed assets related to this business, such as goodwill. As a result, we have decided to book extraordinary losses of ¥317 million (consisting of ¥113 million in goodwill and ¥203 million in software).

## **2. Plan for FY2007**

- For the second half of fiscal 2007, the Group will shift its management resources to profitable businesses to improve operational efficiency, and make Group-wide efforts to manage costs even more strictly. We are likely to achieve our original targets for net sales for the entire fiscal year, but we forecast that ordinary income and net income will fall short slightly of our earlier targets. This gloomy prediction is partly because we booked additional costs, which are likely to occur in some projects in the IT Consulting Service Business, based on a conservative estimate, and we project that the effects of a planned reorganization of some operations in the Package & Service Business will fully contribute to our earnings in and after the next fiscal year.

As a result, we expect net sales to be ¥23.5 billion, up 54.0% from the previous year, and ordinary income to be ¥2.9 billion, up 5.8%. However, we project net income to decrease 18.7% year-on-year to ¥1.240 billion.

- We will revise our projected dividend payment for fiscal 2007 to ¥850 per share according to our forecast net income for the entire fiscal year (payout ratios: 30.8% (non-consolidated) and 32.8% (consolidated)).

