

February 8, 2011

Press Release

Company name: Future Architect, Inc.
Code: 4722, Tokyo Stock Exchange, Section 1
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Notice of Company split (Simplified Absorption-type Company Split) and Change in Consolidated Subsidiary's Trade Name

Future Architect, Inc. (“the Company”) and its consolidated subsidiary ELM Corporation (“ELM”) decided at their Board of Directors meetings held today that ELM will succeed the Company’s package solution business for small and midsize companies (“the ERP business for small and midsize companies”) with April 1, 2011 as the effective date. In conjunction with this, the Company and ELM concluded an absorption-type company split agreement.

On the above effective date, ELM will change its trade name to “Future One, Inc.” on condition of resolution of its Ordinary General Meeting of Shareholders to be held late in March 2011.

Since this company split is a simplified absorption-type company split, in which the Company’s wholly owned subsidiary will become the succeeding company, disclosure is omitted for some items and details.

1. Purpose of the company split

In Japan, the economy is now recovering gradually having been badly affected by the global economic slowdown sparked by the collapse of Lehman Brothers. This trend is spreading from large companies to small and midsize companies. With this development, IT investment, which had been curtailed, is back on a recovery track. An increasing number of companies are implementing strategic IT investments, seeking new innovation. In addition, more and more companies are actively making inroads into China and other markets in Asia. Given these factors, we also expect there will be greater needs for IT systems designed to be adapted to global businesses.

Under such circumstances, the Future Architect Group (“the Group”) has concluded that it is urgently necessary to strengthen the IT solution business for small and midsize companies, in addition to the enterprise solution business for large companies. The Group will reorganize the said business, which is now dispersed within the Group, and establish a structure which can respond more rapidly to needs for IT systems that are likely to grow in the future and provide high-value added services. Hence, the Company decided to sign an absorption-type company split agreement with ELM to transfer the ERP business for small and midsize companies to ELM.

2. Outline of the company split

(1) Schedule for the company split

Board meetings (of both companies) for the resolution for the approval of the absorption-type company split agreement	February 8, 2011
Conclusion of the absorption-type company split agreement	February 8, 2011
Effective date of the company split	April 1, 2011 (planned)

Note: The Company will execute the company split agreement without approval of a general meeting of shareholders, in accordance with the procedures for a simplified company split in Article 784, Paragraph 3 of the Companies Act. ELM will execute the company split agreement without approval of a general meeting of shareholders, in accordance with the procedures for a summary-method company split in Article 796, Paragraph 1 of the Companies Act.

(2) Method of the company split

An absorption-type company split in which the Company will be the splitting company and ELM will be the succeeding company.

(3) Allocation in connection with the company split

As this company split is an absorption-type company split in which the Company will transfer part of businesses to its wholly owned subsidiary, shares will not be allocated.

(4) Treatment of the Company's stock acquisition rights and corporate bonds with stock acquisition rights

This company split will not produce any change in stock acquisition rights and corporate bonds with stock acquisition rights issued by the Company.

(5) Change in capital, etc. due to the company split

The Company's capital will not change as a result of this company split.

(6) Rights and obligations to be assumed by the succeeding company

The succeeding company will assume assets and liabilities that belong to the Company's ERP business for small and midsize companies as of the effective date of the company split, as well as relevant rights and obligations.

(7) Prospects for fulfillment of obligations

The Company believes that there is no problem with the prospects for fulfilling obligations to be shouldered by the Company and ELM on or after the effective date of this company split.

3. Outlines of parties involved in the company split (as of December 31, 2010)

	Separating company	Succeeding company
(1) Company name	Future Architect, Inc.	ELM Corporation
(2) Location	1-2-2 Osaki, Shinagawa-ku, Tokyo	2-9-3 Osaki, Shinagawa-ku, Tokyo
(3) Name and title of representative	Yasufumi Kanemaru, Chairman & CEO Shin Yasunobe, President & COO	Shiro Toshiyama, President
(4) Main businesses	IT consulting services which provide clients with optimal solutions by establishing future value-added systems that freely use advanced IT and feature high quality, flexibility and expandability	Development and sales of operations support systems by industry for small and midsize companies, such as Type-p/REX, the backbone system SOLViT and the EOS system, provision of related support services, and establishment of EC sites
(5) Capital	1,421 million yen	200 million yen
(6) Establishment	November 28, 1989	October 1, 2002
(7) Total number of issued shares	476,640 shares	5,026 shares
(8) Book closing date	December 31	December 31
(9) Major shareholder and shareholding ratio	Key West Network: 25.1% Yasufumi Kanemaru: 22.1% Future Architect, Inc.: 4.2%	Future Architect, Inc.: 100.0%
(10) Financial conditions and operating results for the most recent fiscal year		
	FY2010 (consolidated)	FY2010 (non-consolidated)
Net assets (million yen)	10,662	843
Total assets (million yen)	13,931	1,218
Net assets per share (yen)	23,349.47	180,326.39
Net sales (million yen)	22,639	1,749
Operating income (million yen)	3,141	55
Ordinary income (million yen)	3,281	57
Net income (million yen)	1,591	22
Net income per share (yen)	3,485.23	4,643.00

4. Outline of the business segment to be split

(1) Description of the business to be separated

Provision of services for the introduction of the application software “NewRRR” that suits the operational characteristics of small and midsize companies, and maintenance services after the introduction of the said software.

(2) Operating results of the business segment to be separated (fiscal year ended December 2010)

	ERP business segment for small and midsize companies (a)	Future Architect, Inc. (b)	Ratio (a/b)
Net sales	449 million yen	14,290 million yen	3.1%

(3) Items and values of assets and liabilities to be separated (as of December 31, 2010)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	140 million yen	Current liabilities	26 million yen
Fixed assets	4 million yen	Fixed liabilities	—
Total	145 million yen	Total	26 million yen

5. Status of the Company and the succeeding company following the company split

The succeeding company ELM will change its trade name to “Future One, Inc.” on the effective date of the company split (slated to be April 1, 2011) on condition of resolution of ELM’s Ordinary General Meeting of Shareholders to be held on March 25, 2011. Otherwise, there is no change in the description of the above “3. Outlines of parties involved in the company split.”

6. Future outlook

As the succeeding company is a wholly owned subsidiary of the Company, this company split will have no effect on the Company’s consolidated operating results. Meanwhile, the effect on the Company’s non-consolidated operating results will be minor.

(Reference) Earnings forecast for fiscal 2011 (ending December 2011) and results for fiscal 2010 (ended December 2010)

	Net sales (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Net income per share (yen)
Earnings forecast for FY2011	24,500	3,400	3,450	1,950	4,270.40
Earnings results for FY2010	22,639	3,141	3,281	1,591	3,485.23