

**Information Meeting For Financial
Results For the Second Quarter of FY2010**

**August 3, 2010
Future Architect, Inc.**

Meeting Agenda

- 1. Overview of Earnings for the First Half of FY2010**
- 2. Summary of the First Half of FY2010**
- 3. Earnings Outlook for FY 2010**
- 4. Hot Topics**

1. Overview of Earnings for the First Half of FY2010

Overview of the First Half of FY2010

- 1. Earnings were close to the level of the initial plan, although both net sales and profits decreased from the corresponding period of the previous fiscal year on consolidated and non-consolidated bases.**
 - Consolidated Net sales: ¥10,938 million, Operating income: ¥1,080 million
 - Non-consolidated Net sales: ¥6,941 million, Operating income: ¥1,127 million
- 2. Non-consolidated net sales and operating income were nearly in line with the plan, although they slightly fell short of earlier announced projections, due to steady progress of major projects and successful acquisition of new customers.**
- 3. Earnings of Ascendia Inc. were relatively steady and loss of Uoei Shoten Corporation was small. As a result, consolidated operating income and ordinary income were as projected.**

Consolidated Results for the First Half of FY2010

| (Millions of yen) | FY2009 results for the first half | FY2010 plan for the first half | FY2010 results for the first half | Year-on-year change lower line: compared with the plans |
|------------------------------------|--------------------------------------|-----------------------------------|--------------------------------------|--|
| Net sales | 12,984 | 11,250 | 10,938 | (15.8%) (2.8%) |
| Operating income | 1,640 | 1,075 | 1,080 | (34.2%) +0.5% |
| Operating income margin | 12.6% | 9.6% | 9.9% | |
| Ordinary income | 1,707 | 1,095 | 1,147 | (32.8%) +4.8% |
| Ordinary income margin | 13.2% | 9.7% | 10.5% | |
| Net income | 950 | 600 | 529 | (44.3%) (11.8%) |
| Net income margin | 7.3% | 5.3% | 4.8% | |

Consolidated Results by Segment for the First Half of FY2010

Corporate Revitalization Business New Business Cultivation Business

| (Millions of Yen) | Results |
|-------------------|---------|
| Net sales | 2,299 |
| Operating income | (10) |

IT Consulting Business

| (Millions of Yen) | Results |
|-------------------|---------|
| Net sales | 6,865 |
| Operating income | 1,143 |

Package & Service Business

| (Millions of Yen) | Results |
|-------------------|---------|
| Net sales | 1,894 |
| Operating income | (65) |

Consolidated Balance Sheets (1/2)

| (Millions of Yen) | End of Jun. 2009 | End of Dec. 2009 | End of Jun. 2010 | Change from the end of Dec. 2009 |
|-------------------------------|---------------------|---------------------|---------------------|-------------------------------------|
| Current assets | 9,363 | 8,140 | 8,915 | 774 |
| Cash and cash equivalents | 2,995 | 3,785 | 3,958 | 172 |
| Notes and accounts receivable | 5,406 | 2,301 | 2,735 | 434 |
| Other | 961 | 2,053 | 2,221 | 167 |
| Fixed assets | 4,086 | 4,416 | 3,974 | (442) |
| Tangible fixed assets | 1,138 | 884 | 844 | (39) |
| Intangible fixed assets | 539 | 533 | 452 | (81) |
| Software | 441 | 439 | 409 | (30) |
| Other | 98 | 94 | 43 | (50) |
| Investments and other assets | 2,408 | 2,998 | 2,677 | (321) |
| Investment securities | 1,395 | 1,883 | 1,815 | (67) |
| Other | 1,012 | 1,115 | 861 | (253) |
| Total assets | 13,450 | 12,557 | 12,889 | 332 |

Consolidated Balance Sheets (2/2)

| (Millions of Yen) | End of Jun. 2009 | End of Dec. 2009 | End of Jun. 2010 | Change from the end of Dec. 2009 |
|--|---------------------|---------------------|---------------------|-------------------------------------|
| Currents liabilities | 4,268 | 2,449 | 2,944 | 494 |
| Accounts payable | 748 | 591 | 518 | (73) |
| Short-term borrowings | 1,262 | 62 | 562 | 500 |
| Income tax payable, etc. | 797 | 365 | 457 | 92 |
| Other | 1,460 | 1,431 | 1,406 | (24) |
| Non-current liabilities | 272 | 265 | 306 | 40 |
| Long-term borrowings | 64 | 48 | 32 | (16) |
| Negative goodwill | 64 | 102 | 77 | (24) |
| Other | 144 | 115 | 196 | 81 |
| Total liabilities | 4,540 | 2,715 | 3,251 | 535 |
| Total net assets | 8,909 | 9,841 | 9,638 | (203) |
| Common stock | 1,421 | 1,421 | 1,421 | — |
| Treasury stock | (2,342) | (1,171) | (1,171) | — |
| Net unrealized gain on available-for-sale securities | 161 | 62 | 63 | 1 |
| Other | 9,668 | 9,529 | 9,325 | (204) |
| Total liability and assets | 13,450 | 12,557 | 12,889 | 332 |
| Shareholders' equity ratio | 66% | 78% | 74% | — |

Consolidated Cash Flow

| (Millions of Yen) | First half of FY2009 | First half of FY2010 | Change from a year earlier |
|---|----------------------|----------------------|----------------------------|
| Cash flows from operating activities | 580 | 339 | (240) |
| Cash flows from investing activities | 25 | 248 | 222 |
| Cash flows from financing activities | (434) | (243) | 191 |
| Effect of exchange rate change on cash and cash equivalents | 10 | (2) | (12) |
| Change in Cash and cash equivalents | 182 | 342 | 160 |
| Cash and cash equivalents at beginning of the period | 2,612 | 3,585 | 972 |
| Cash and cash equivalents at end of the period | 2,795 | 3,928 | 1,133 |

2. Summary of the First Half of FY2010

Summary of the First Half of FY2010

Industry trends

- A trend of decrease in sales of the information service business continues.
 - ⇒ According to the Current Survey of Selected Service Industries by the Ministry of Economy, Trade and Industry (confirmed in May), sales decreased from a year earlier for the twelfth straight month after May 2009.
- According to the Bank of Japan's Short-term Economic Survey of Enterprises in Japan (Tankan), the amount of corporate investment in software (plan for FY2010) turned into an increase from a year earlier.
 - ⇒ However, judging from the financial information of our competitors, this increase is likely to materialize in the form of actual orders received after the second half of FY2010.
- The business condition judgment shows a trend of improvement.
 - ⇒ However, the numeric figures of the business condition judgment remain negative. Particularly, improvement tends to be slow in small and medium-sized companies.

The Group

- Generally, major projects progress steadily. The decrease in net sales for the first half is within the predictable range.
- The Group continuously enjoys the effects of optimizing costs including subcontract expenses. In addition, employees' utilization rate has been improved since the second half of FY2009.
- Orders received in the IT consulting business are on an upswing. The pace of recovery of the business targeted at small and medium-sized companies (Package & Service Business) remains moderate.

IT Consulting Business



Main Results for the First Half of FY2010

(IT Consulting Business)

| (Millions of Yen) | First half of FY2009 | First half of FY2010 |
|-------------------|----------------------|----------------------|
| Net sales | 8,470 | 6,865 |
| Operating income | 1,602 | 1,143 |

- Both net sales and operating income were almost as planned.
- The primary contribution is the effects of reducing subcontract expenses and selling, general and administrative expenses.
- Growth of existing projects and expansion of new projects are expected for the second half.

Future Architect

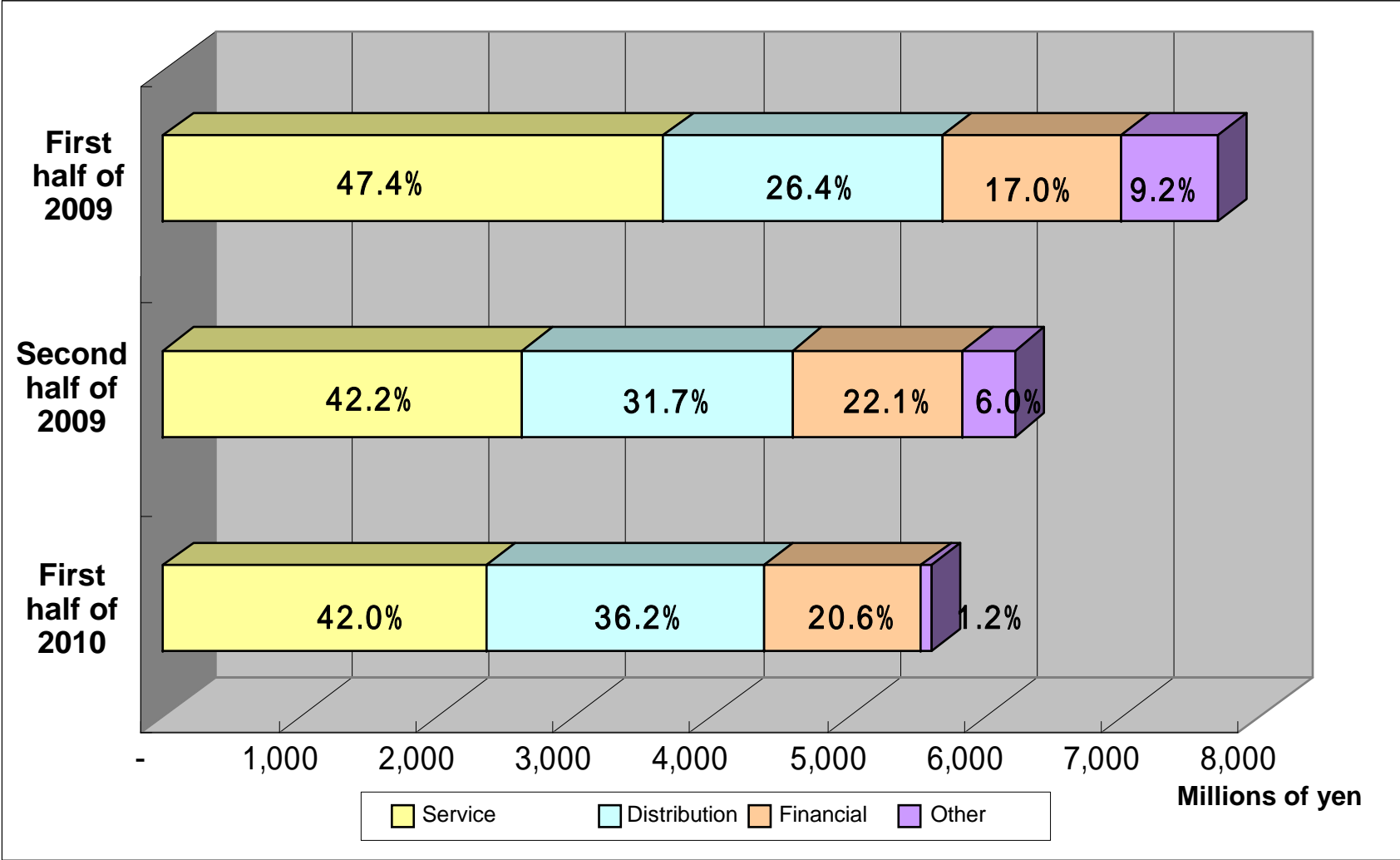
- ✓ Orders received are on an upswing. The Company acquired several new projects during the first half of FY2010.
- ✓ They are expected to expand to the level of hundreds of millions of yen after the second half of FY2010.
- ✓ As net sales decreased, the utilization rate dropped for the first quarter (recovered as of the end of the second quarter).

Consulting business for financial companies (FFS and ABM)

- ✓ Continued reluctance of financial institutions to make investments
- ✓ Accompanying this, projects that would be scheduled to start in the second quarter were postponed across the board.

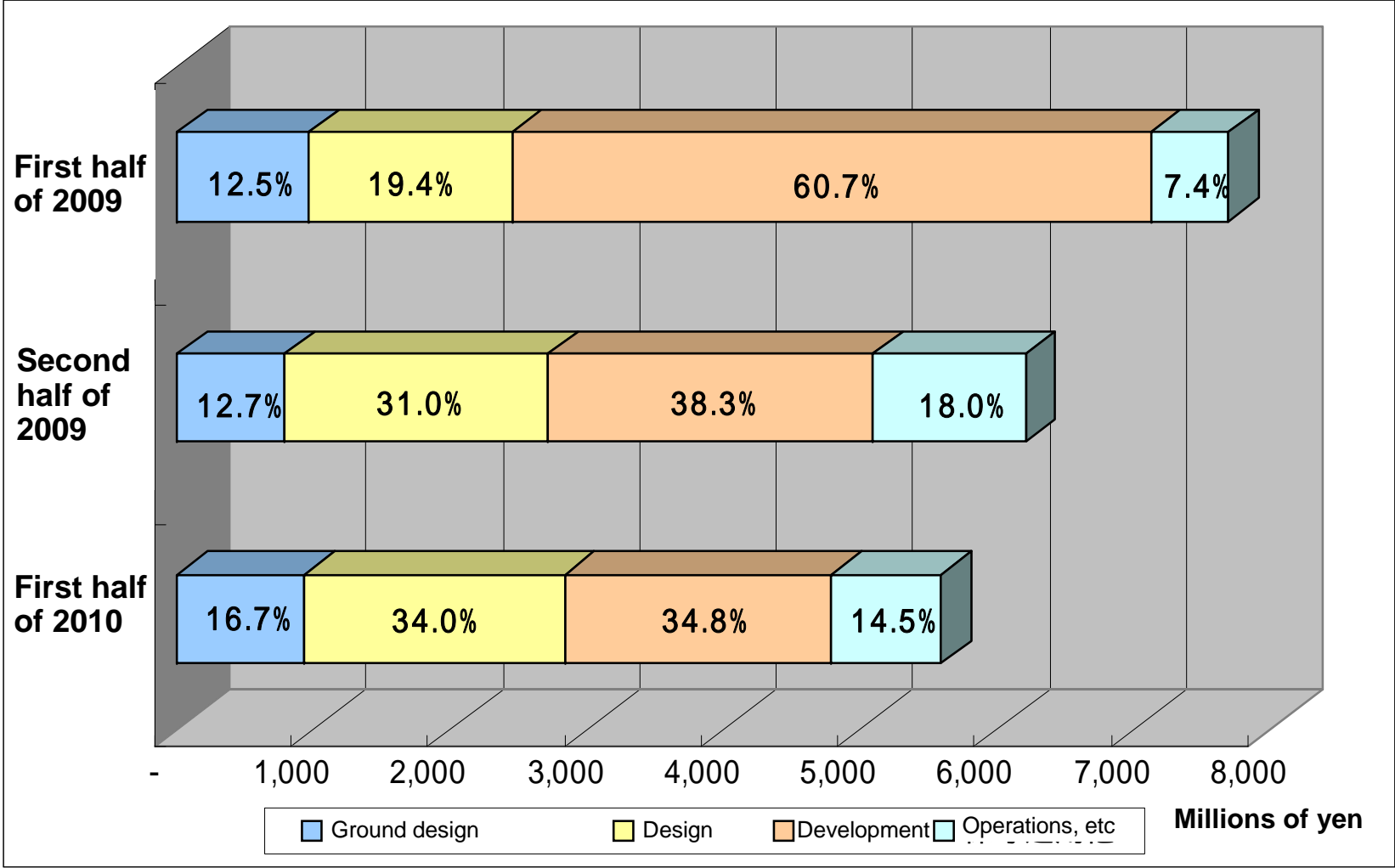
Non-consolidated Analysis of Sales from IT Consulting Business (1/2)

Trends in sales by Industry

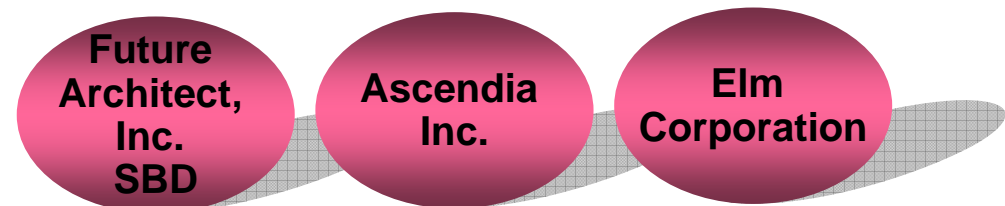


Non-consolidated Analysis of Sales from IT Consulting Business (2/2)

Trends in sales by phase



Package & Service Business



Main Results for the First Half of FY2010

(Package & Service Business)

| (Millions of Yen) | First half of FY2009 | First half of FY2010 |
|-------------------|----------------------|----------------------|
| Net sales | 2,362 | 1,894 |
| Operating income | 97 | (65) |

- Recovery of client investments was moderate
- Preparation for developing a new core market
- Preparation for offering cloud-type services with existing products

Tool & ERP business for midsize copanies (Future Architect, Inc. SBD, Former MBS Unit)

- ✓ Owing to the measures for increasing inquiries implemented in FY2009, the number of business meetings increased.
- ✓ Secured a new market even under the tough business conditions.

Business solution for midsize copanies and SMEs (Elm Corporation)

- ✓ Having bottomed out in the second half of FY2009, the number of business meetings shows a slight sign of recovery (entered the black in the second quarter).
- ✓ Renewed the business to strengthen existing products and enhance cloud-type services.

Outsourced development, Regional Business (Ascendia Inc.)

- ✓ As a result of a recovery in willingness to make corporate investments, outsourcing businesses performed well and orders for new public projects were received.
- ✓ Reinforcement and development of the operation service sector (continued)

Corporate Revitalization Business / New Business Cultivation Business

Uoei
Shoten
Corporation

Zakura
Inc.

Main Results for the First Half of FY2010

(Corporation Revitalization Business/New Business Cultivation Business)

| (Millions of Yen) | First half of FY2009 | First half of FY2010 |
|-------------------|----------------------|----------------------|
| Net sales | 2,318 | 2,299 |
| Operating income | (36) | (10) |

- Almost reached the level of well-balanced revenue and expenditure
- Fostering the business to be a community-based firm
- Considering enhancing IT systems

Further improvement in the rate of profit

- ✓ In addition to continuously reviewing the number of items and markup, strengthen the cooperation between the Deli Division, whose rate of profit is high and the Fresh Fish and Meat Divisions (cross-selling).

Fostering the business to be a community-based firm

- ✓ Additional establishment of after-school children center (hokago jido club)
- ✓ Sales of PB products from Niigata Prefecture

Considering enhancing IT systems

- ✓ Preparation for expanding the target of automatic ordering system
- ✓ Preparation for implementing distribution BMS (new EDI system)

3. Earnings Outlook for FY 2010

Earnings Outlook for FY2010 (1/2)

IT Consulting Business

■ Status of major projects

- The two major projects are progressing steadily.
- Progress of capital alliance with the SGH Group: New business under discussion through the alliance (a part thereof has already started)

■ Status of orders received

- Three to four new projects (the service industry, the distribution industries) are expected to expand to the level of hundreds of millions of yen.
- In addition to the above-mentioned projects, the Company is expecting to acquire several projects that have been approaching since the previous year.

■ Status of resources

- As the scale of projects expands and the number of projects increases, the utilization rate will further rise.
- As sales increase, subcontract expenses will increase as planned initially.

Earnings Outlook for FY2010 (2/2)

Package & Service Business

- **Improving competitiveness through enhancing products**
 - ⊙ Reinforcing necessary functions to further unearth target markets
 - ⊙ Developing a solution for a new industry (the manufacturing industry)
- **Responding to provision of cloud-type services**
 - ⊙ Complete preparing for providing cloud-type services for an accounting system (starting as early as autumn 2010)
 - ⊙ Currently preparing to provide cloud-type services for ERP packages

Corporate Revitalization/New Business Cultivation Business

- **Reinforce selling skills through store renovation (small-scale renovation)**
 - ⊙ Commence renovation of the Kameda Store which has the oldest building
 - ⊙ Given that renovated small-scale stores are steadily maintained, the management know-how of these stores will be disseminated in a cross-divisional manner. In addition, back rooms will be renovated toward improving productivity and enhancing cross-sold products.
- **Enhance operating efficiency through promoting IT strategy**
 - ⊙ Expand subject items (daily articles and beer) for automatic ordering systems
 - ⊙ Implement distribution BMS (new EDI system)

Consolidated Earnings Outlook for FY2010

| (Millions of Yen) | FY2009 Results | FY2010 Plan | Year-on-year change |
|--|-----------------------|-----------------------|---------------------|
| Net sales | 23,658 | 24,000 | +1.4% |
| Operating income Operating income margin | 2,618 11.1% | 3,000 12.5% | +14.6% |
| Ordinary income Ordinary income margin | 2,704 11.4% | 3,040 12.7% | +12.4% |
| Net income Net income margin | 1,204 5.1% | 1,550 6.5% | +28.7% |

4. Hot Topics

Advantages and Disadvantages in Implementing the Cloud Technology

● Merits?

- ❑ This architecture enables you to use a single computer as if it were split into two or more computers. Conversely, you can also use multiple computers distributed (on the Internet) as if they were a single computer. This is owing to the advancement of technologies including parallelization, load distribution and virtualization as well as high-speed internet (i.e., using the cloud is cheaper than having your own hardware and software, etc.)
- ❑ It allows you to start an operation speedily by utilizing IT resources that are already prepared (higher speed).
- ❑ It enables you to distribute and level out loads on the system.
- ❑ This technology itself has already been commercialized by some world-leading companies.

● Demerits?

- ❑ This architecture increases the possibility of vendor lock-in.
- ❑ Many “authorization-based technologies” including comprehensive outsourcing, ASP and SaaS came on the market in the past. However, quite a few companies ended up not using them.
- ❑ After all, only data centers took advantage of the ASP and SaaS boom.

History of Development of Computer Systems and Technologies

- **Outstanding convenience**

- ❑ It eliminated the need for making troublesome operations such as connecting and synchronizing system configuration devices (like current plug-and-play).
- ❑ Even when upgrading systems, it ensured compatibility with superior models owing to companies' growth and an increase in the volume of data (no need to rebuild the system).

- **As a result,**

- ❑ Advancement of systematization
- ❑ IBM had about 50% of the sales and most of the profits in the global computer industry.

Quite a few users of outsourcing, ASP and SaaS were locked-in in similar cases.

That Is:

- The cloud is not just a trend but a normal revolution in line with technological innovation.
 - The advantages in light of **cost reduction and speed of system configuration** are not small.
- Caution must be used regarding this point: the cloud is not a panacea.
 - Possibility of vendor lock-in
 - When and how we will use it, instead of whether or not we will use it
- In order to divide the operations into core operations and general operations and to appropriately handle a system that should remain in the in-house function and a system that can be extended to the outside, **correct understanding of technological elements** and **clear strategy on the cloud** are necessary.
- We may not benefit from the real effects of the cloud if we only count on an IT vendor. It is thus important to **exert control over the architecture** with clear intent.

Future's Strength and Achievements toward Utilization of Cloud

■ Fully-neutral IT consulting company

- Future Architect is capable of selecting optimal technologies and cloud services for each client and providing it with support for use **from the standpoint of an outside CIO and technology expert.**
- We are not promoting enhancement of the cloud with the intent of having our clients use **our own iDC and applications.** (With one false move, use of the cloud could cause a new lock-in.)

■ A number of previous achievements with the cloud technology

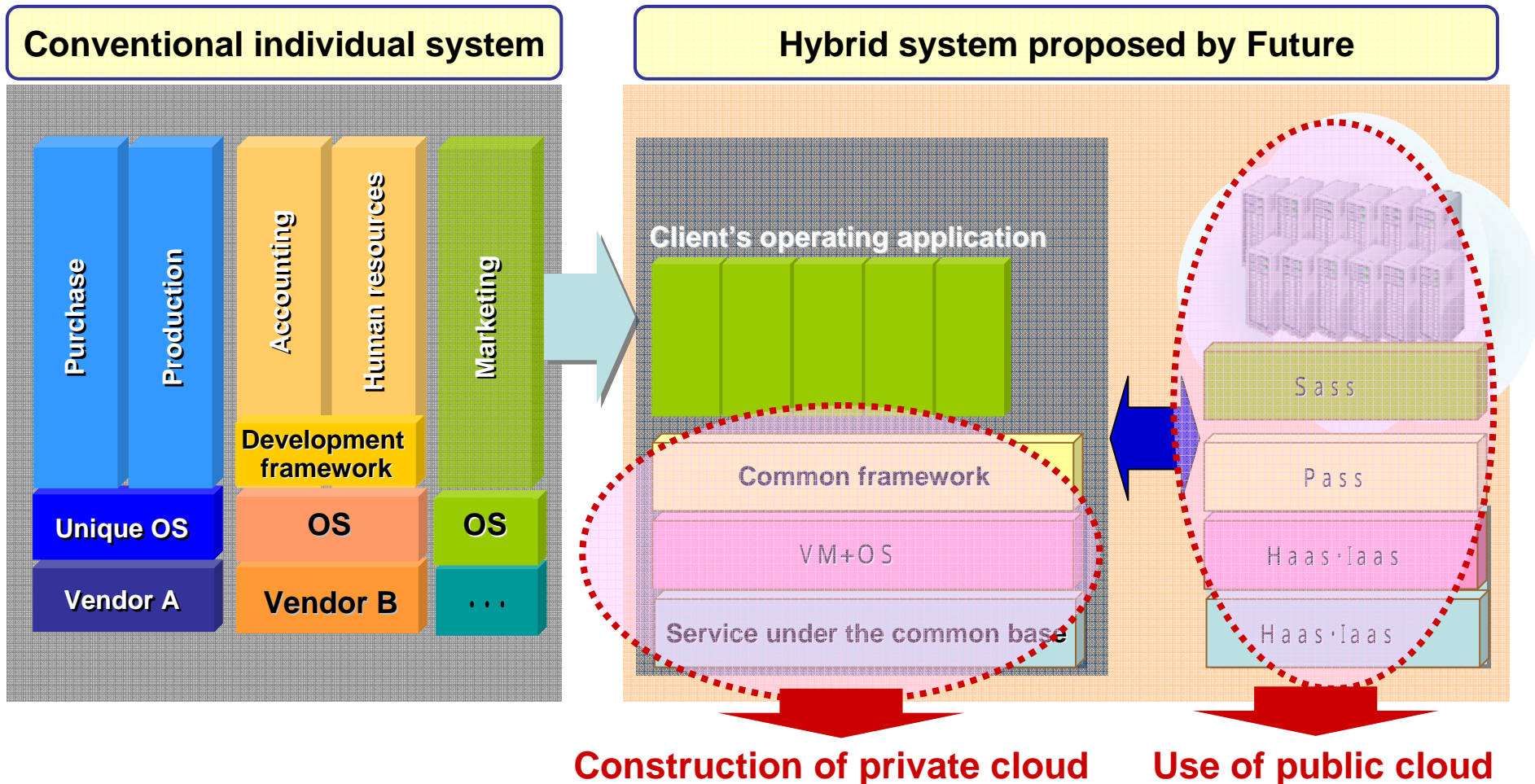
- We previously constructed a main system with a **private cloud that was cutting edge in Japan for Sagawa Express** (received the Oracle Grid Award 2007).
- We have **a series of operating applications that can support cloud services** even for small and medium-sized companies.
 - The Group realized full SaaS computing of operating software ahead of any other in Japan. (These technologies have been incorporated into those receiving the award of Software Products of the Year.)
 - We started considering support for the cloud for other applications.

■ Consideration of alliance with the SGH Group in case infrastructure needs to be provided

- Use of **data center of the SGH Group**

System Architecture that Can be Offered by Future

- We realize **high-quality, high-speed, expandable systems** by minimizing the parts that the client is required to uniquely develop through enhancing the commonality of clients' system infrastructure.
- We make good use of cloud architecture with high affinity to ensure greater flexibility.



Future's Cloud Strategy (Conclusion)

- We will start offering consulting services based on the cloud strategy: Diagnosis of client's current system → Proposal of strategy on using cloud (→ system construction based on the result of diagnosis and strategy)
- We will construct a main system for the core operations of our clients by utilizing the greatest technological combination of cloud and on-premises from a standpoint that is neutral to technology, products and services.
 - Achievement of state-of-the-art private cloud
 - Use of public cloud for HaaS and IaaS
- We will actively enhance support for the cloud to our own solution for small and medium-sized companies.
 - Further evolution of SaaS accounting
 - Offering cloud-type services for sales management and Lisner+
- Alliance with the SGH Group for use of infrastructure
 - SGH data center
 - Request for cloud support on storage in SGH

Reference

Non-Consolidated Results for the First Half of FY2010

| (Millions of Yen) | FY2009 results for the first half | FY2009 plan for the first half | FY2010 results for the first half | Year-on-year change lower line: compared with the plans |
|--|--|--------------------------------------|--|--|
| Net sales | 8,654 | 7,300 | 6,941 | (19.8%) (4.9%) |
| Operating income Operating income margin | 1,640 19.0% | 1,150 15.8% | 1,127 16.2% | (31.3%) (2.0%) |
| Ordinary income Ordinary income margin | 1,679 19.4% | 1,170 16.0% | 1,172 16.9% | (30.2%) +0.2% |
| Net income Net income margin | 1,008 11.7% | 650 8.9% | 668 9.6% | (33.7%) +2.9% |

Financial Topics (non-consolidated)

● Increase (decrease) in net sales

(Millions of Yen)

| | First half of FY2009 | First half of FY2010 | Y-o-Y ratio |
|-------------------|----------------------|----------------------|-------------|
| Net sales | 8,654 | 6,941 | 80.2% |
| IT consulting | 8,049 | 6,029 | 74.9% |
| HW Procurement | 239 | 709 | 296.7% |
| Package & Service | 365 | 202 | 55.3% |

● Changes in cost of sales

(Millions of Yen)

| | First half of FY2009 | First half of FY2010 | Y-o-Y ratio |
|------------------------------------|----------------------|----------------------|-------------|
| IT consulting service | 5,087 | 3,204 | 63.0% |
| Labor expenses | 2,284 | 1,968 | 86.2% |
| Outsourcing expenses | 1,790 | 698 | 39.0% |
| Others | 1,011 | 537 | 53.1% |
| Cost of sales of HW procurement | 203 | 578 | 284.7% |
| Cost of sales of Package & Service | 201 | 115 | 57.2% |
| Total | 5,492 | 3,899 | 71.0% |

● Changes in selling, general and administrative

(Millions of Yen)

| | First half of FY2009 | First half of FY2010 | Y-o-Y ratio |
|--|----------------------|----------------------|-------------|
| Selling, general and administrative expenses | 1,521 | 1,914 | 125.8% |
| Personnel expenses | 740 | 1,014 | 137.0% |
| Strategic expenses | 271 | 167 | 61.6% |
| R&D expenditures | 11 | 20 | 181.8% |
| Depreciation expenses | 108 | 23 | 21.3% |
| Employee training expenses | 126 | 93 | 73.8% |
| Recruiting expenses | 25 | 30 | 120.0% |

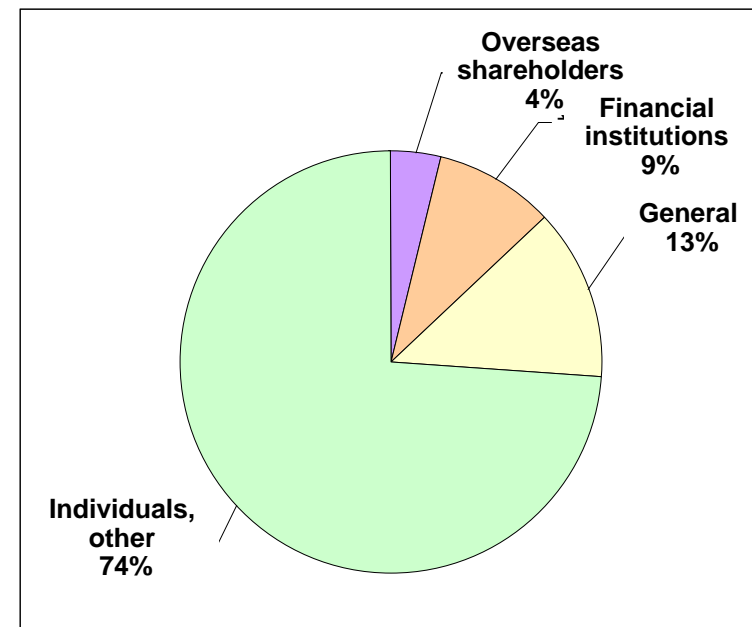
● Employees' average age and average length of service

(Millions of Yen)

| | First half of FY2009 | First half of FY2010 | Y-o-Y ratio |
|------------------------------------|----------------------|----------------------|-------------|
| Net sales | 8,654 | 6,941 | 80.2% |
| Cost of sales | 203 | 578 | 284.7% |
| Outsourcing expenses | 1,790 | 410 | 22.9% |
| Balance: value added* | 6,661 | 5,953 | 111.9% |
| Average number of consultants | 675 | 707 | 104.7% |
| Average sales per consultant | 12.8 | 9.8 | 76.6% |
| Average value added per consultant | 9.9 | 8.4 | 85.3% |

*Value added = Net sales – Cost of sales – Subcontract expenses

Shareholder composition



Note

The forecasts in this material are based on currently available information, and actual results may differ from such forecasts depending on the future direction of the Japanese economy and the IT service industry.

It should be noted that the Company does not guarantee or promise the accuracy of these forecasts.

FUTURE[●]
Architect