

# **Briefing on 22nd Term's Latest Management**

**March 22, 2011  
Future Architect, Inc.**

# Meeting Agenda

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1. FY2011 Plans
2. Future Outlook
3. Questions & Answers

# 1. FY2011 Plans

# FY2011 Plan (Consolidated)

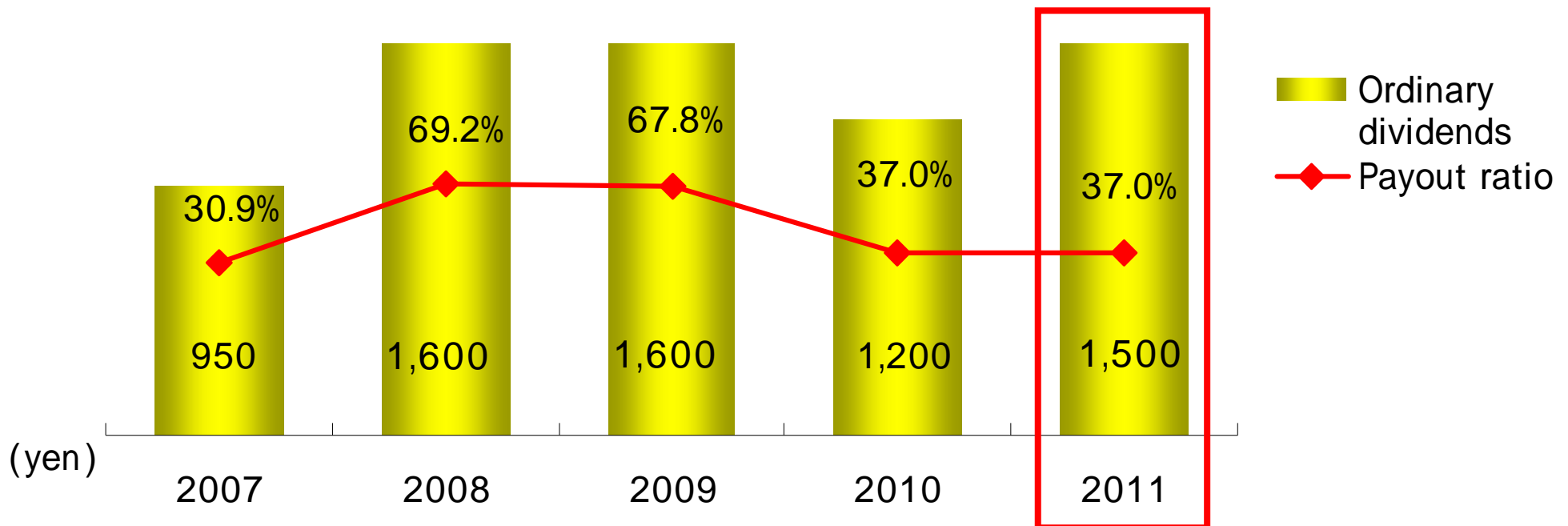
(million yen)	FY2010 Results	FY2011 Plan	Year-on-year (Change)
Net sales	22,639	24,500	108.2%
Operating income	3,141	3,400	108.2%
Operating income margin	13.9%	13.9%	
Ordinary income	3,281	3,450	105.1%
Ordinary income margin	14.5%	14.1%	
Net income	1,591	1,950	122.5%
Net income margin	7.0%	8.0%	

## FY2011 Plan (Non-consolidated)

(million yen)	FY2010 Results	FY2011 Plan	Year-on-year (Change)
Net sales	14,290	15,500	108.5%
Operating income Operating income margin	3,039 21.3%	3,200 20.6%	105.3%
Ordinary income Ordinary income margin	3,108 21.7%	3,250 21.0%	104.6%
Net income Net income margin	1,480 10.4%	1,850 11.9%	124.9%

# Policy for Returning Profits to Shareholders (Dividends)

	<u>Dividends for FY2010</u>	<u>Dividends for FY2011 (planned)</u>
Yen 1,600 yen (Actual Amount Paid for fiscal 2009)	1,200 yen (Dividends payout ratio 37.0%)	1,500 yen (Dividends payout ratio 37.0%)



## 2. Future Outlook

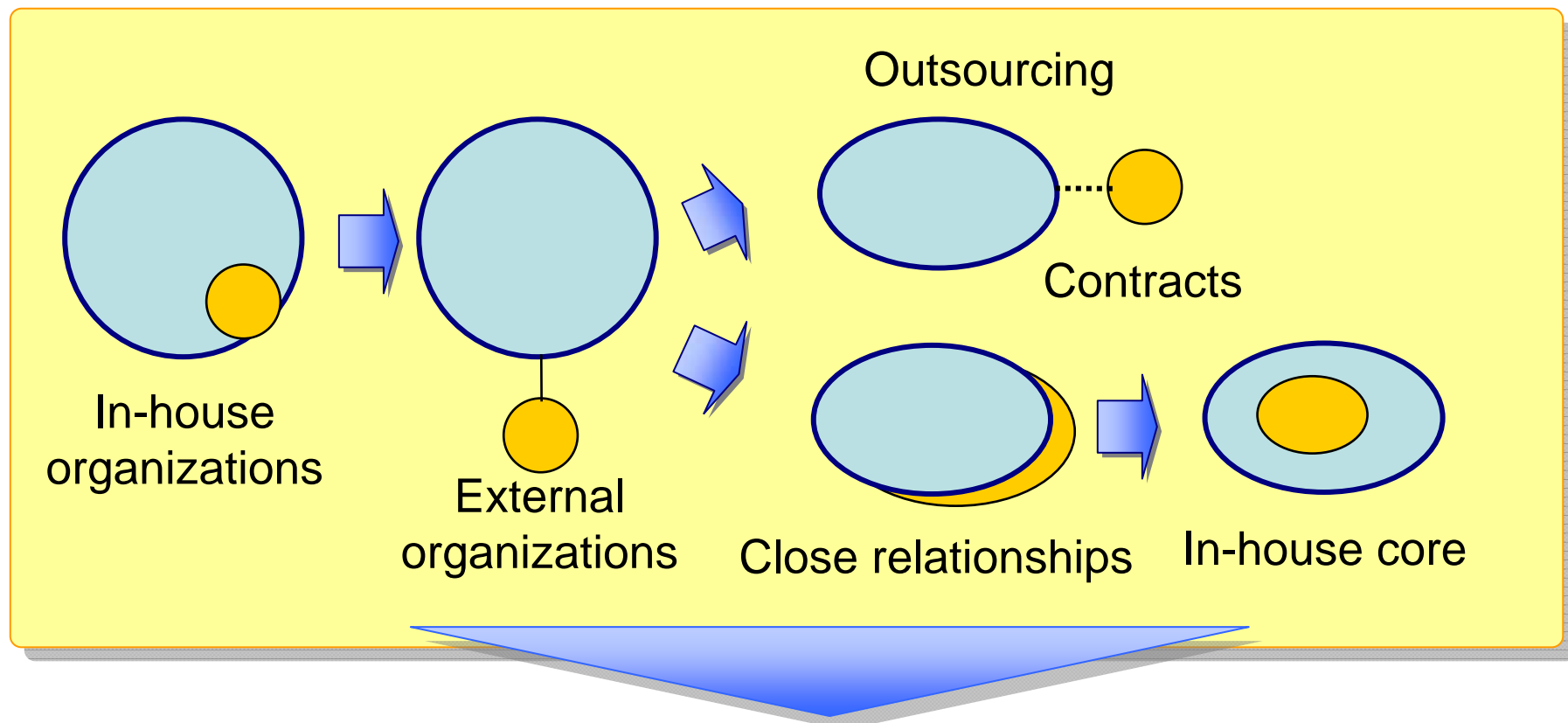
# Growth Strategy



# Basic Strategies

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- To strengthen our strategic partnerships with the clients, beyond just providing IT solutions
- To simplify our services provided; to standardize various methodologies and architectures, development methods, and such like among markets of Japan and the rest of Asia
- To enhance services for midsize companies and small and medium-sized enterprises
- To increase development productivity by between 200% and 400%



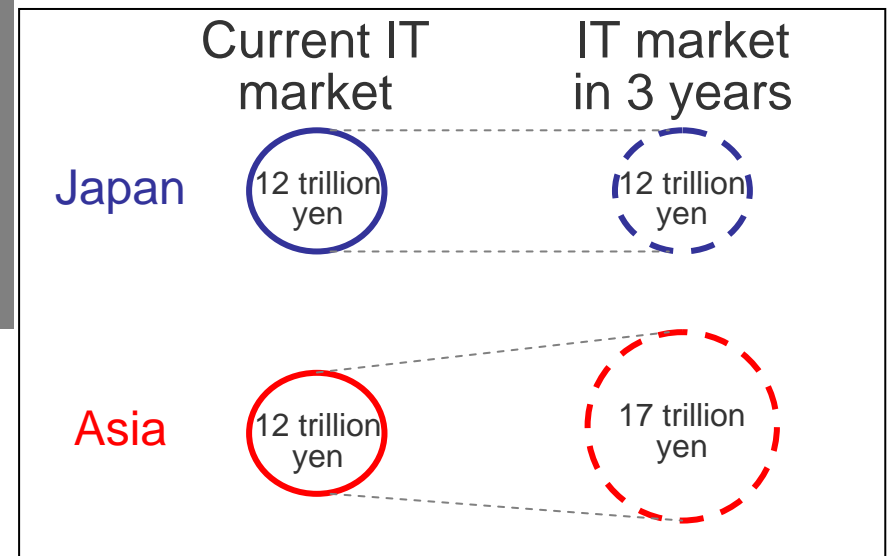
- New companies are devising IT solutions in-house.
- Only highly specialized PKGs and solutions will survive.
- Relationships with closely related customers are being strengthened.

# Japan and Rest of Asia



Matured Japanese market  
Future Architect's track records,  
intellectual property and know-how

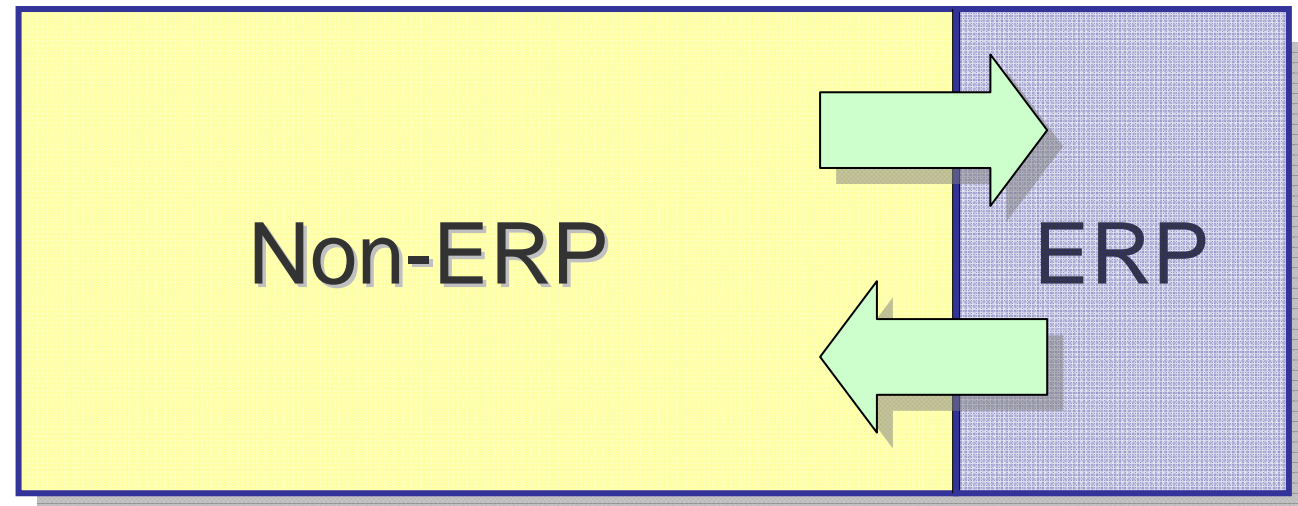
- There is a big business opportunity in Asia.



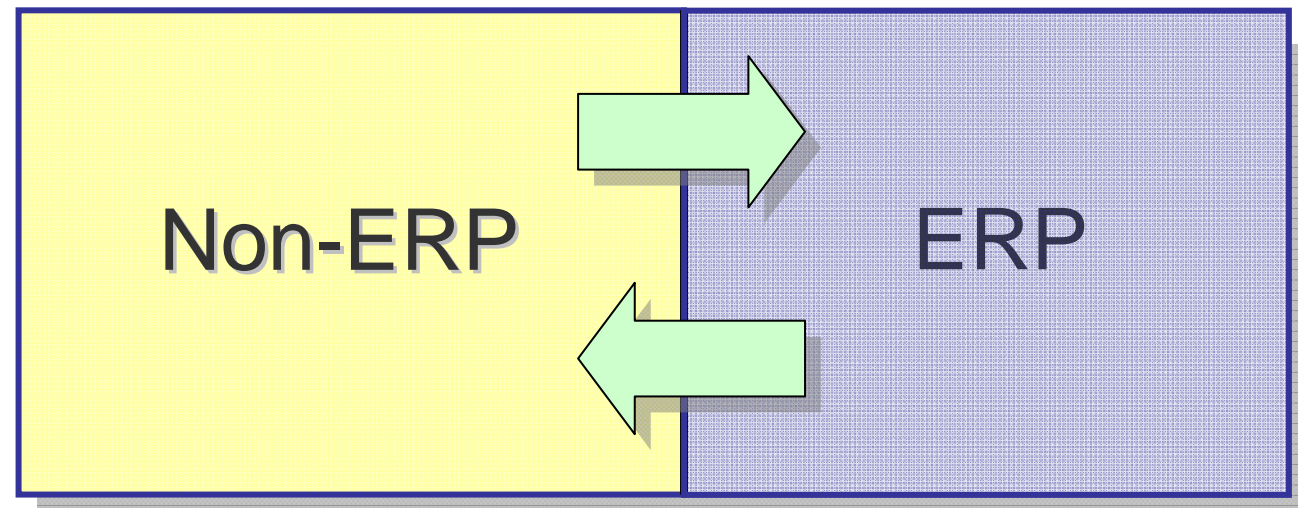
Source: CCID & IDC Japan

# Hybrid Approach

Japan



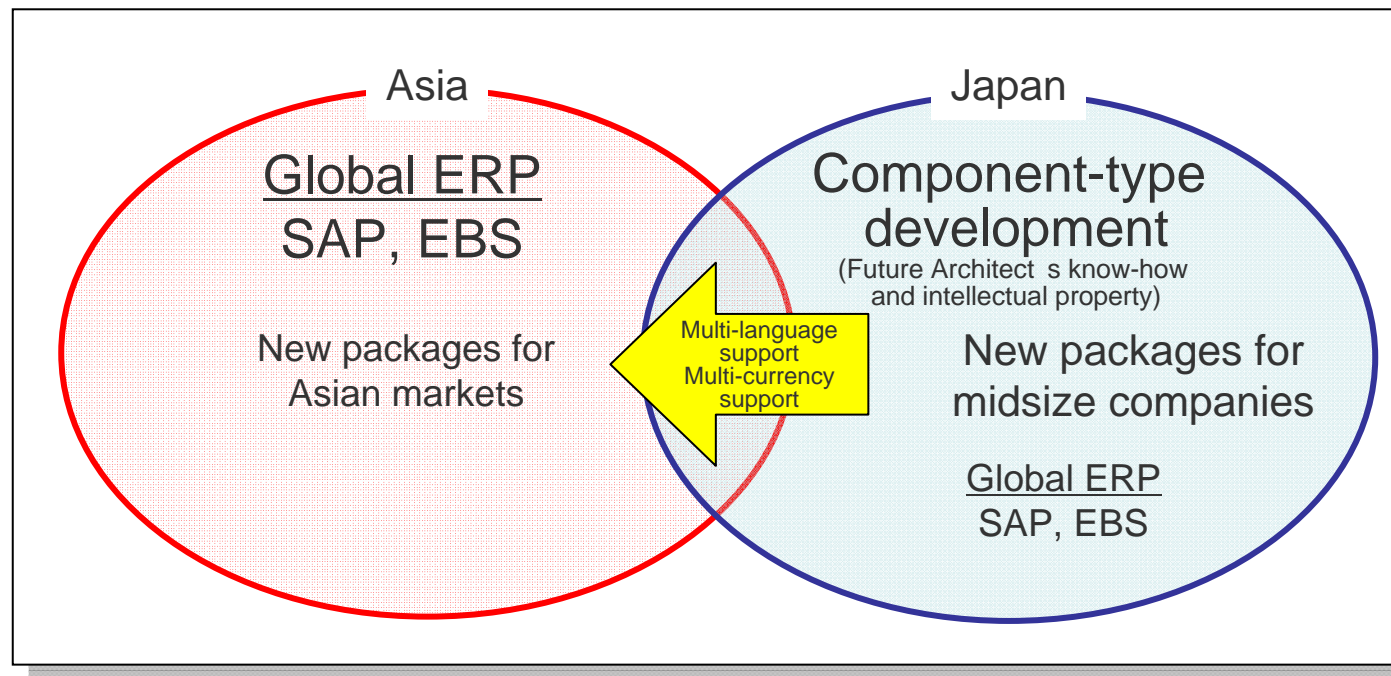
Asia



# Expansion of Businesses in Asian Markets

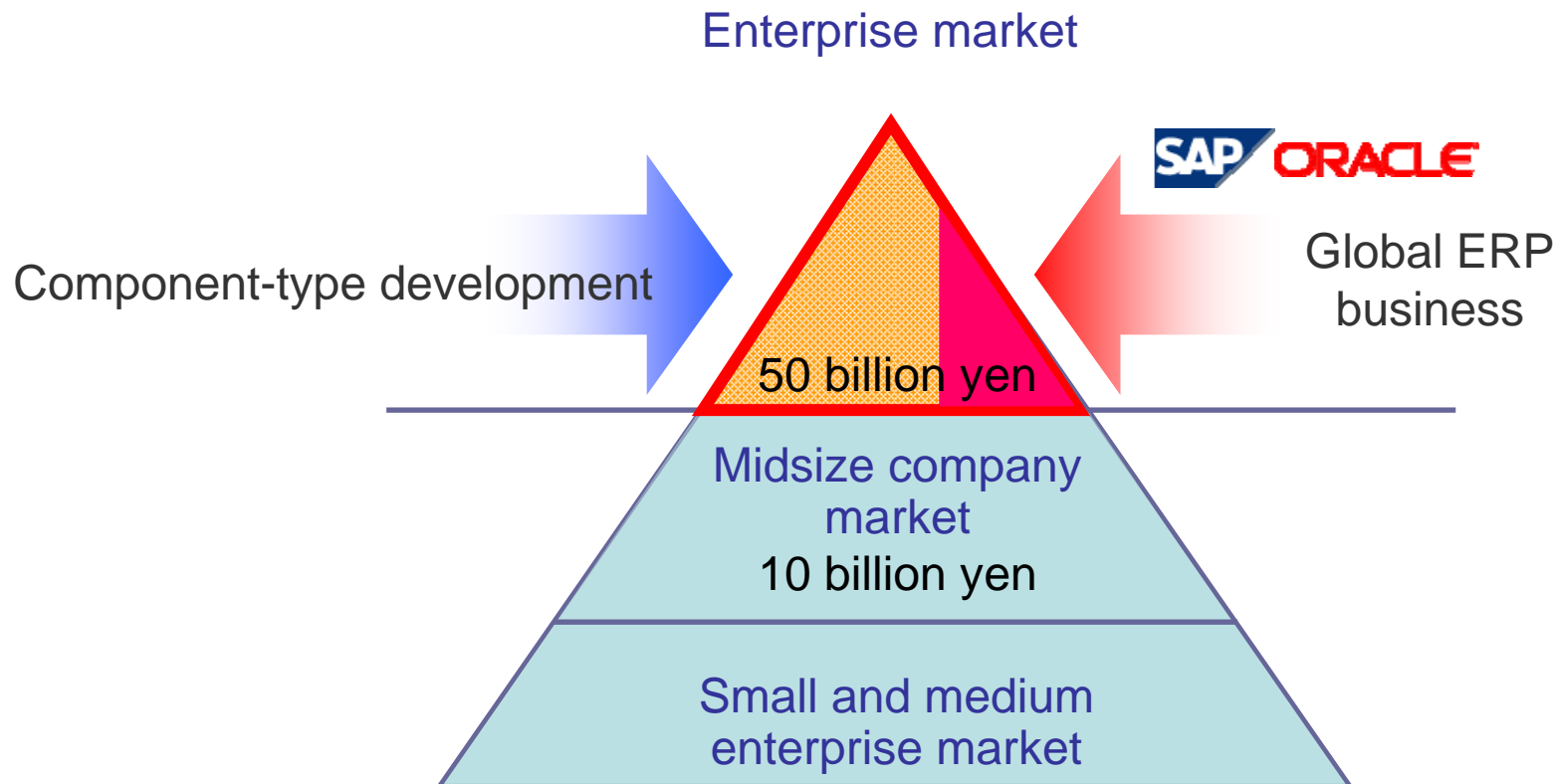
- Exploration of markets with entrepreneurship
- Use of a framework that increases competitiveness and productivity
- Provision of products and solutions that feature multi-language support and multi-currency support
- Establishment of win-win relationships with companies growing rapidly in Asian markets

Introduction of Japan's advanced know-how and solutions to the rest of Asia



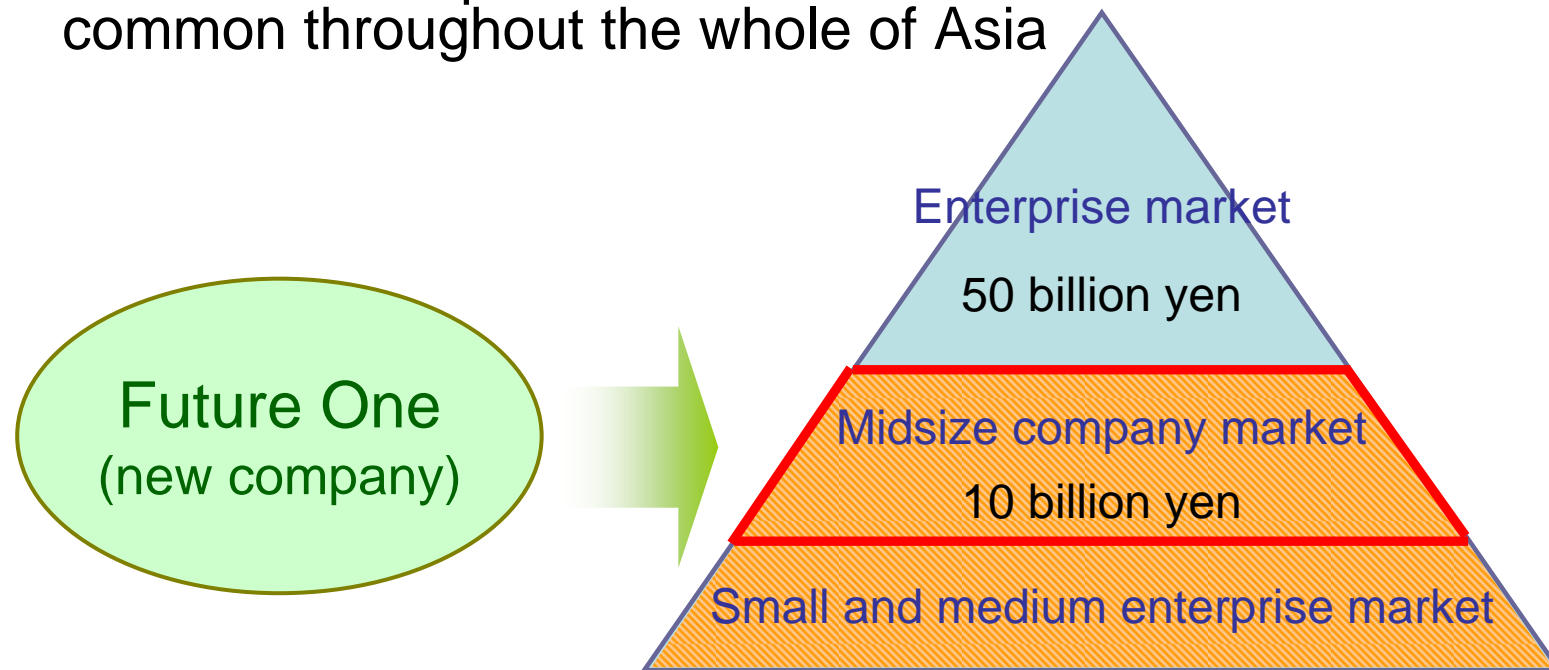
# Creation of New Business Opportunities

- Full-scale entry into the field of ERP business in addition to the component-type development business
- Hybrid approach by using component-type development and ERP



# Enhancement of Businesses for Markets of Midsize Companies and SMEs

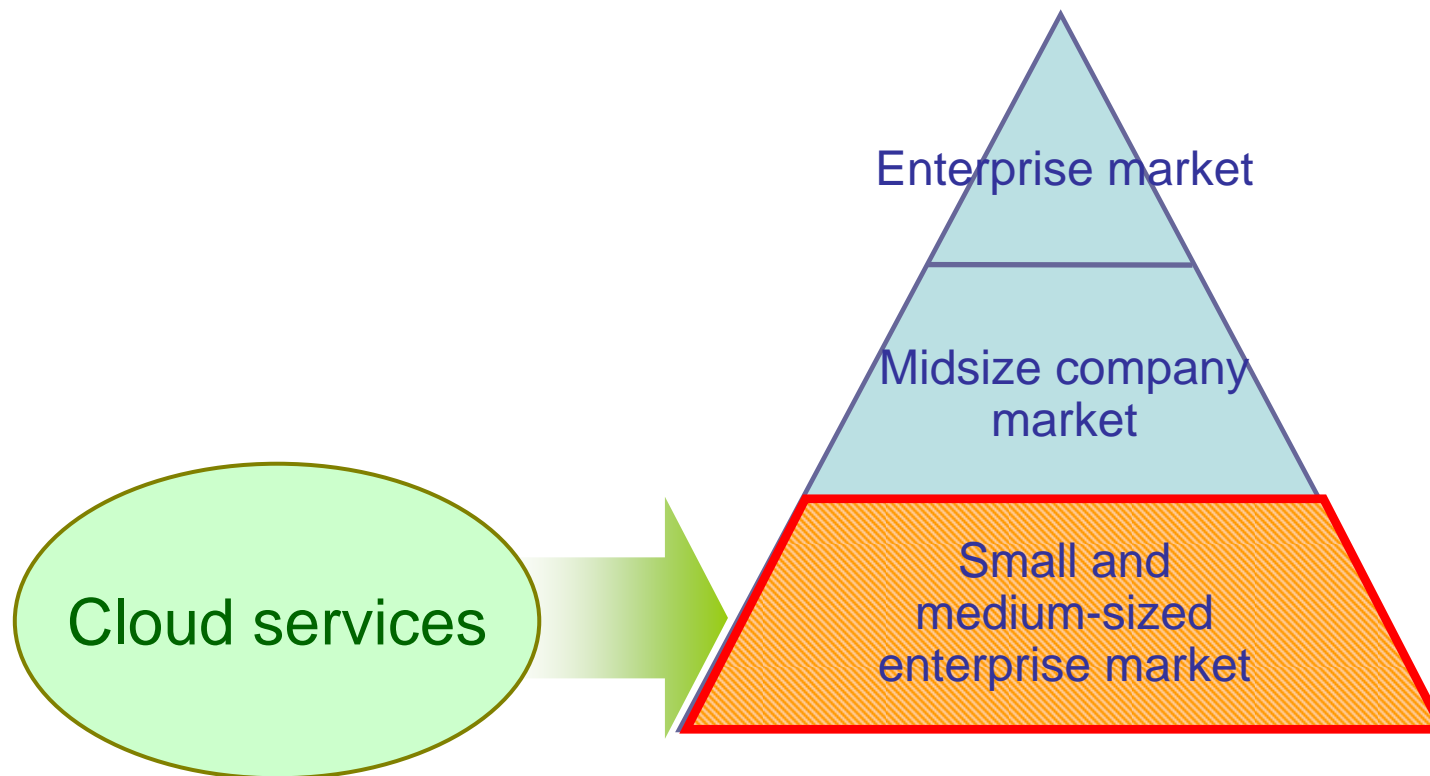
- To integrate Future Architect's smart business division and ELM Corporation into a new company named Future One
- To release the new product "Future One" which uses integrated software packages that have been scattered among group companies
- To launch new products that are based on an architecture common throughout the whole of Asia



# Small and Medium-Sized Enterprise Market

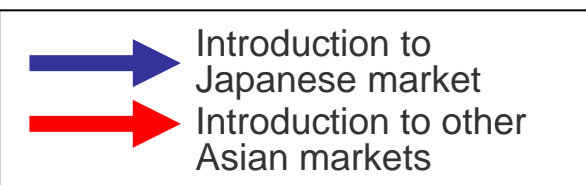
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- Provision of accounting and other various functions as cloud services





■ Phased business expansion in accordance with the needs of domestic and other Asian markets



Solution type	2011	2012	2013	
Development of Future Architect's proprietary component-type systems				To maintain high earnings in Japan through more efficient and stable development of such systems using know-how and intellectual property
Global ERP (SAP, Oracle)	 	 		To start up this business in both Japan and the rest of Asia at an early stage as much as possible
Solutions for new SMEs (New packages and cloud service)	<div>Product development period</div>	 		To develop within 2012 packages that incorporate its know-how and are intended to be introduced overseas, and introduce them at an early stage as much as possible

# 2015

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30 billion yen  
Enterprise market

10 billion yen  
Markets of midsize  
companies and  
SMEs

10 billion yen  
Operating income

10 billion yen  
Asia

# Reference

# Financial Topics

## ● Increase (decrease) in net sales

(millions of yen)

Item	2009	2010	2009 Y-o-Y ratio
Net sales	15,400	14,290	92.8%
IT consulting	14,605	12,986	88.9%
HW Procurement	249	776	311.6%
Package & Service	546	526	96.4%
Net sales per consultant	23.0	22.1	96.2%
Average number of consultants	670	646	96.4%

## ● Changes in cost of sales

(millions of yen)

Category	2009	2010	2009 Y-o-Y ratio
IT consulting service	8,692	6,935	79.8%
Labor expenses	4,192	4,125	98.4%
Subcontract expenses	2,964	1,725	58.2%
Others	1,535	1,085	70.7%
Cost of sales of HW procurement	215	636	294.8%
Cost of sales of Package & Service	316	280	88.5%
Total	9,225	7,852	85.1%

## ● Changes in selling, general and administrative expenses

(millions of yen)

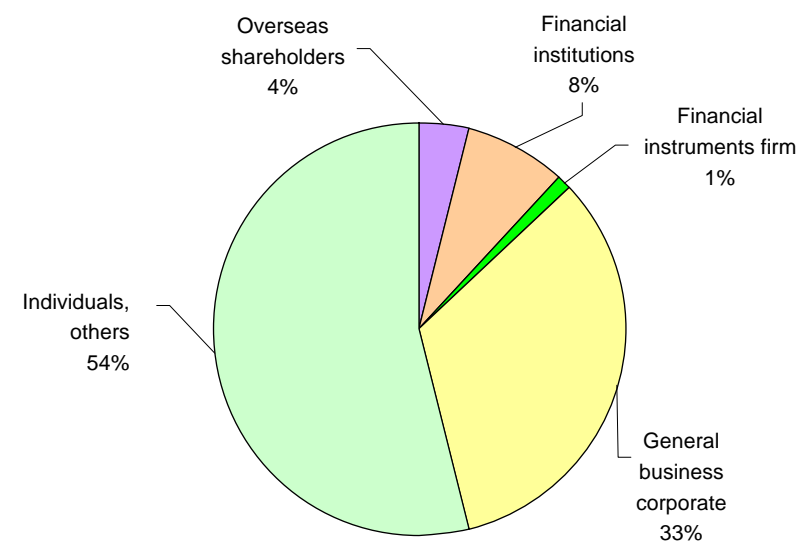
Expense item	2009	2010	2009 Y-o-Y ratio
Selling, general and administrative expenses	3,449	3,398	98.5%
Personnel expenses	1,930	1,962	101.6%
Strategic expenses	462	284	61.5%
R&D expenditures	20	49	235.4%
Depreciation expenses	102	45	43.9%
Employee training expenses	261	107	41.1%
Recruiting expenses	77	82	106.6%

(millions of yen)

	2009	2010	2009 Y-o-Y ratio
Cost of sales	14,605	12,986	88.9%
Subcontract expenses	2,964	1,725	58.2%
Balance: value added*	11,640	11,261	96.7%
Average number of consultants	670	646	96.4%
Average sales per consultant	21.8	20.1	92.3%
Average value added per consultant	17.4	17.4	100.4%

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

## ● Shareholder composition



# Note

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The forecasts in this material are based on currently available information; 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.

