

Information Meeting For Financial Results For the Second Quarter of FY2011

**August 2, 2011
Future Architect, Inc.**

Meeting Agenda

- 1. Overview of Earnings for the First Half of FY2011**
- 2. Summary of the First Half of FY2011**
- 3. Earnings Outlook for FY2011**
- 4. Growth Strategy (New Services)**

1. Overview of Earnings for the First Half of FY2011

Overview of the First Half of FY2011

- 1. Net sales and operating income slightly fell short of the original targets, while ordinary income and net income exceeded the original goals. All of these figures, however, were higher than in the same period of fiscal year 2010.**

Profits, among others, increased significantly from a year ago. Operating income rose 50.9%, ordinary income advanced 49.2% and net income jumped 102.8%. (Refer to the next page.)
- 2. On a non-consolidated basis, only sales of the consulting service, excluding externally procured products such as hardware in relation to system introduction, increased 19.9% from a year earlier. Orders received, which have been strong since the latter half of last year, steadily pushed up sales.**
- 3. On a consolidated basis, major companies' performance was strong. Uoei Shoten Corporation posted operating income for the first time for any first half. The amount obtained by subtracting non-consolidated profits from consolidated profits turned positive from negative.**

Consolidated Results for the First Half of FY2011

(Millions of yen)	FY2010 results for the first half	FY2011 plan for the first half	FY2011 results for the first half	Year-on-year change lower line: compared with the plans
Net sales	10,938	12,000	11,768	+7.6% (1.9%)
Operating income Operating income margin	1,080 9.9%	1,650 13.8%	1,629 13.8%	+50.9% (1.2%)
Ordinary income Ordinary income margin	1,147 10.5%	1,680 14.0%	1,711 14.5%	+49.2% +1.9%
Net income Net income margin	529 4.8%	950 7.9%	1,073 9.1%	+102.8% +13.0%

Consolidated Results by Segment for the First Half of FY2011

Corporate Revitalization Business

(Millions of yen)	Results
Net sales	2,324
Operating income	47
Operating income margin	2.0%

IT Consulting Business

(Millions of yen)	Results
Net sales	7,413
Operating income	1,450
Operating income margin	19.6%

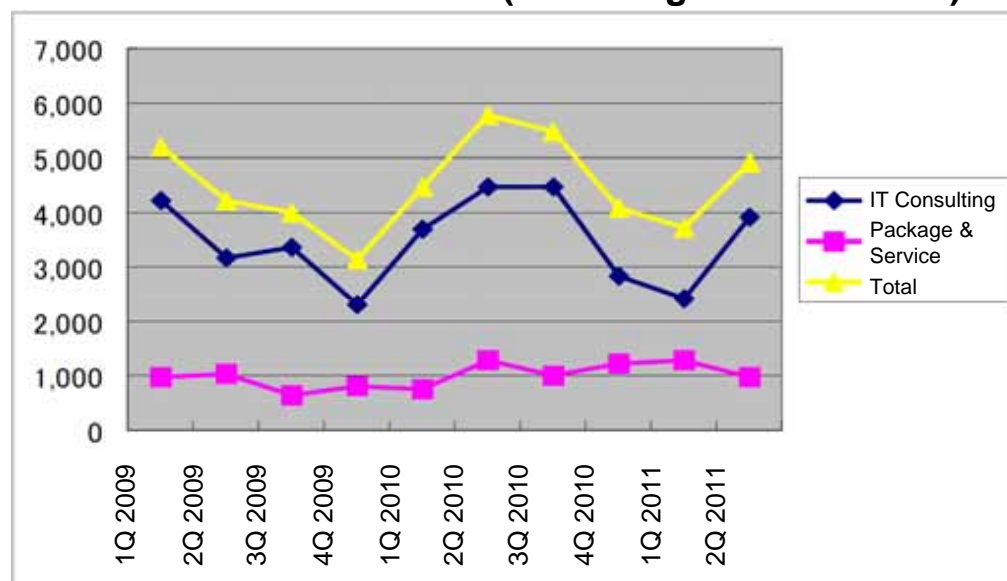
Package & Service Business

(Millions of yen)	Results
Net sales	2,193
Operating income	120
Operating income margin	5.5%

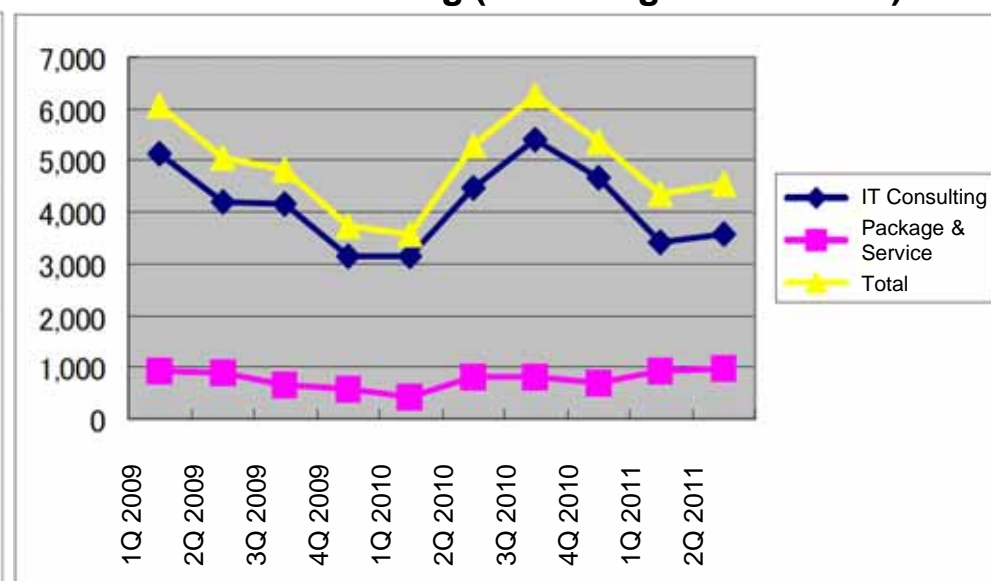
Orders Received and Backlog by Segment for the First Half of FY2011 (Consolidated)

(Millions of yen)	Orders received			Backlog		
	First half of FY2010	First half of FY2011	Change from a year earlier	First half of FY2010	First half of FY2011	Change from a year earlier
IT Consulting Business	8,184	6,336	(22.6%)	4,468	3,597	(19.5%)
Package & Service Business	2,033	2,252	+10.8%	829	958	+15.5%
Other	39	47	+17.7%	10	10	+5.6%
Total orders received	10,258	8,635	(15.8%)	5,308	4,565	(14.0%)

Trends in orders received (excluding those in Other)



Trends in backlog (excluding that in Other)



Consolidated Balance Sheets

(Millions of yen)	End of Jun. 2010	End of Dec. 2010	End of Jun. 2011	Change from the end of Dec. 2010
Current assets	8,915	10,274	10,596	+322
Fixed assets	3,974	3,657	3,695	+38
Total assets	12,889	13,931	14,292	+360
Currents liabilities	2,944	3,171	2,807	(363)
Non-current liabilities	306	98	360	+261
Total liabilities	3,251	3,269	3,168	(101)
Total net assets	9,638	10,662	11,124	+462
Total liability and assets	12,889	13,931	14,292	+360
Shareholders' equity ratio	74%	77%	78%	—

Main reasons for the change

- ✓ Current assets: **Increase in cash and deposits**
(End of FY2010: 5,233 million yen; End of 1H FY2011: 5,945 million yen)
- ✓ Currents liabilities: **Decrease in income tax payable, etc.**
(End of FY2010: 880 million yen; End of 1H FY2011: 668 million yen)
- ✓ Non-current liabilities: **Increase in asset retirement obligations**
(End of FY2010: - million yen; End of 1H FY2011: 309 million yen)
- ✓ Net assets: **Increase in retained earnings** (End of FY2010: 7,836 million yen; End of 1H FY2011: 8,361 million yen)

Consolidated Cash Flow

(Millions of yen)	First half of FY2010	First half of FY2011	Change from a year earlier
Cash flows from operating activities	339	1,216	+877
Cash flows from investing activities	248	87	(161)
Cash flows from financing activities	(243)	(562)	(319)
Effect of exchange rate change on cash and cash equivalents	(2)	0	+2
Change in Cash and cash equivalents	342	742	+399
Cash and cash equivalents at beginning of the period	3,585	5,153	+1,567
Cash and cash equivalents at end of the period	3,928	5,895	+1,967

Main reasons for the change

- ✓ Cash flows from operating activities: **Increase in net income before taxes (quarterly period)**
(1H FY2010: 996 million yen; 1H FY2011: 1,714 million yen)
- ✓ Cash flows from operating activities: **Increase in accounts receivable** (1H FY2010: -430 million yen; 1H FY2011: 524 million yen)
- ✓ Cash flows from investing activities: **Decrease in proceeds from collection of deposits and guarantees**
(1H FY2010: 191 million yen; 1H FY2011: 14 million yen)
- ✓ Cash flows from financing activities: **Net decrease in short-term borrowings** (1H FY2010: 500 million yen; 1H FY2011: - million yen)

2. Summary of the First Half of FY2011

Summary of the First Half of FY2011

Industry trends

- Net sales at the information service industry decreased from a year earlier for 24 consecutive months.
(Current Survey of Selected Service Industries: Definite Report for May 2011)
- Forecast for the domestic IT market taking into account the effects of the earthquake: Downward revision from a year-on-year growth rate of plus 0.6% (forecast before the earthquake as of February 2011) to minus 4.5% (IDC Japan)

The Group

- Major Group companies have been recovering since last year's latter half.
- The effects of the earthquake and such like have not led to serious postponement or cancellation of existing projects. Currently, our business is faring well as power shortages are having little effect on our operations.

IT Consulting Business

**Future
Architect**

ABM

**North
Consulting
Group**

Main Results (IT Consulting Business)

(Millions of yen)	First half of FY2010	First half of FY2011	Year-on-year change
Net sales	6,816	7,413	+8.8%
Operating income	1,161	1,450	+25.0%

Appropriate project management has taken hold

- ✓ Despite many large projects reaching their peak, steady deliveries were achieved through a solid implementation of the project management that we have cultivated.
- ✓ Most projects progressed on schedule.

Improvement in the utilization rate

- ✓ The utilization rate was higher compared with the same period of the previous year.

Winning new orders

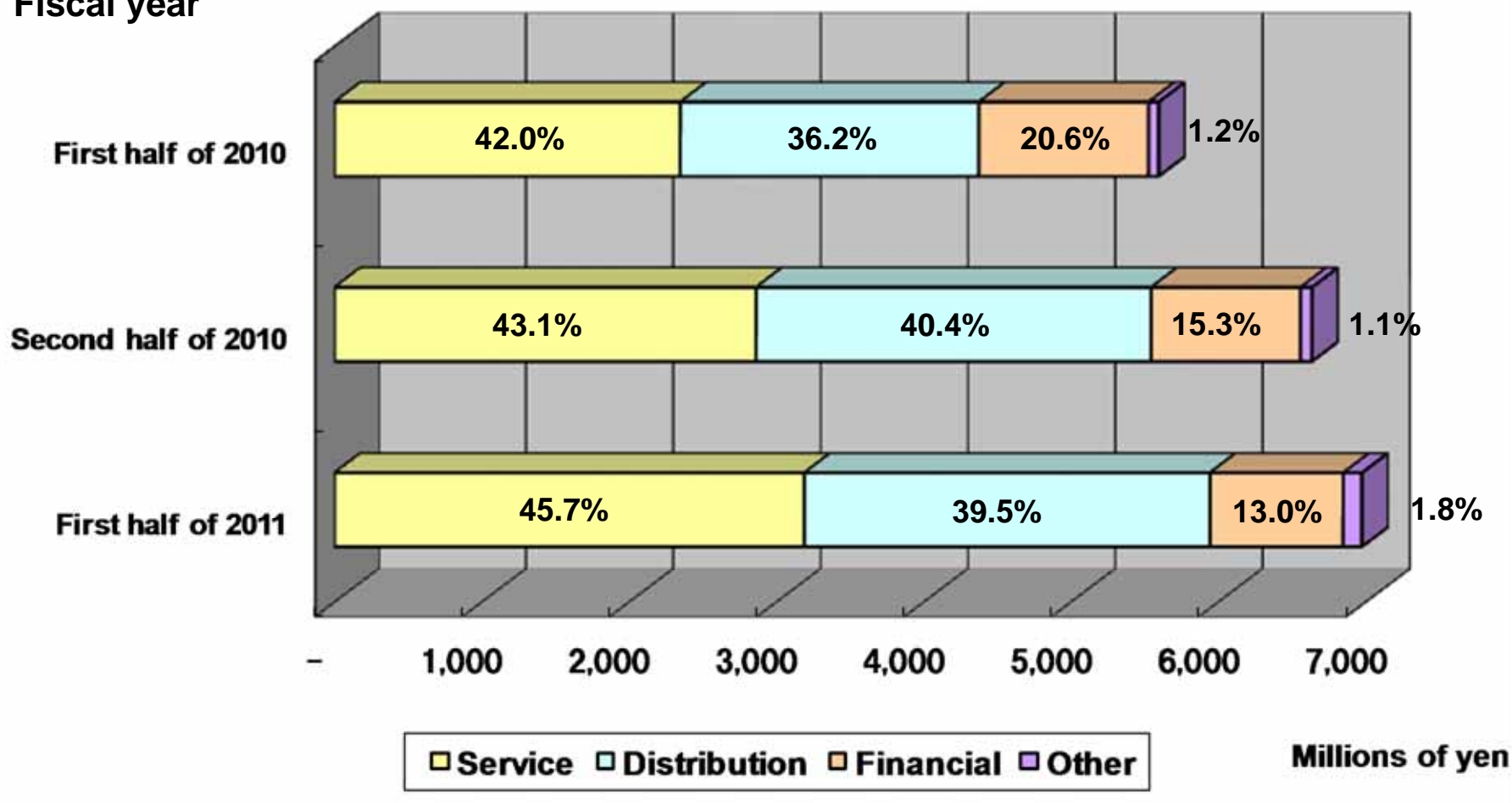
- ✓ We won several new orders for projects that are expected to expand to the level of 1.0 billion yen.

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

Trends in sales by Industry

Non-consolidated

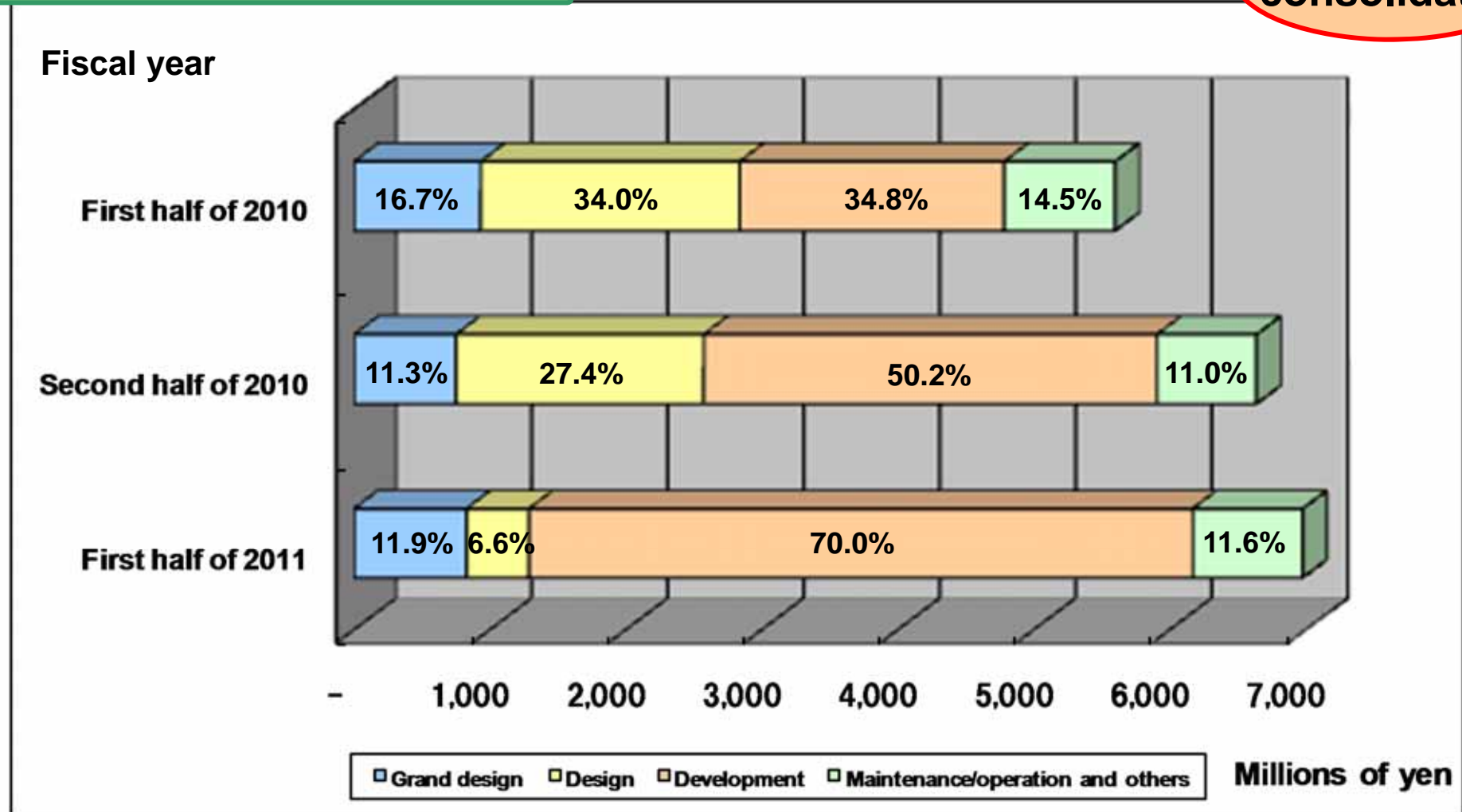
Fiscal year



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

Trends in sales by phase

Non-consolidated



Package & Service Business

FutureOne

Ascendia

Main Results (Package & Service Business)

(Millions of yen)	First half of FY2010	First half of FY2011	Year-on-year change
Net sales	1,894	2,193	+15.7%
Operating income	(65)	120	—

Business solution for midsize companies and SMEs (FutureOne)

- ✓ Enhanced direct sales to the users and cultivated new sales channels under the new corporate structure (with new trade name and president).
- ✓ Integrated and reorganized Future Architect's IT solution business for midsize companies and small and medium enterprises through absorption-type split, and established the integrated brand "FUTUREONE" Series.

Outsourced development, Regional Business (Ascendia)

- ✓ Strengthened cooperation with Future Architect, under the new management structure.
- ✓ Outsourced development and operation service grew steadily, and earnings increased from a year ago when earnings were also strong.
- ✓ Received more inquiries about near-shore development that uses regional bases in Japan.

Corporate Revitalization Business

Uoei
Shoten

Main Results (Corporate Revitalization Business)

(Millions of yen)	First half of FY2010	First half of FY2011	Year-on-year change
Net sales	2,257	2,324	+3.0%
Operating income	(0)	47	—

Improvement in operational efficiency by promoting IT measures

- ✓ Expanded the application of the automatic ordering system to daily articles that require difficult merchandise management (test operations are being conducted).
- ✓ Distribution BMS (new EDI system) was implemented steadily, which resulted in accelerating real-time inventory management.

Enhancement of the role played as a local grocery supermarket

- ✓ Played an important role of supplying foods to local people after the earthquake, except shortly after it, without seriously running out of stock. Also, provided foods for the sufferers.
- ✓ Through the review of advertising strategy, improved customer attracting capability by effectively using leaflets.

Establishment of strong earnings structure

- ✓ The gross profit margin continued to be stable due to appropriate inventory and earnings management that was realized through the promotion of IT measures.
- ✓ Posted the first operating income for any first half, owing to appropriate control of selling, general & administrative expenses combined with the above.

3. Earnings Outlook for FY2011

Earnings Outlook for FY2011 (1/2)

IT Consulting Business

■ Status of major projects

- Several major projects are progressing steadily.
- F-Cube (a project for SGH Group) will be finished next year. However, given orders are increasing for other projects than F-Cube, partnership with the SGH Group is expected to continue without any change.

■ New services

- VAO (Value Added Outsourcing)
- Cloud services
- Global ERP

■ Status of resources

- The utilization rate of employees will continue to be high given the anticipated scale and number of projects.
- The delivery system is being strengthened by actively hiring mid-career persons.

Earnings Outlook for FY2011 (2/2)

Package & Service Business

■ FutureOne: Strengthening marketing capabilities and products

- ◎ Improvement and expansion of the “FUTUREONE” Series including cloud-based services
- ◎ Continued enhancement of direct sales to users, and a further strengthening of marketing capabilities by cultivating sales channels
- ◎ Implementation of questionnaire to customers aiming at increasing their satisfaction

■ Ascendia: Deepening trustful relationships with clients by enhancing technical capability

- ◎ Aiming to increase business performance by continuing to cooperate with Future Architect
- ◎ Development and expansion of solutions that meet market needs, including smart phones and near-shore development

Corporate Revitalization Business

■ Maintaining stable earnings structure

- ◎ Maintenance and improvement of the gross profit margin and increase in product freshness, by further strengthening and accelerating inventory management and the automatic ordering system
- ◎ Continued review of selling, general and administrative expenses to build and keep a profitable structure

■ Promotion of IT measures to increase sales

- ◎ Beginning to consider new services that provide customers with optimum solutions, as the next IT measures following automatic ordering and distribution BMS
- ◎ Aiming to further raise profitability through sales increase achieved by the above measures

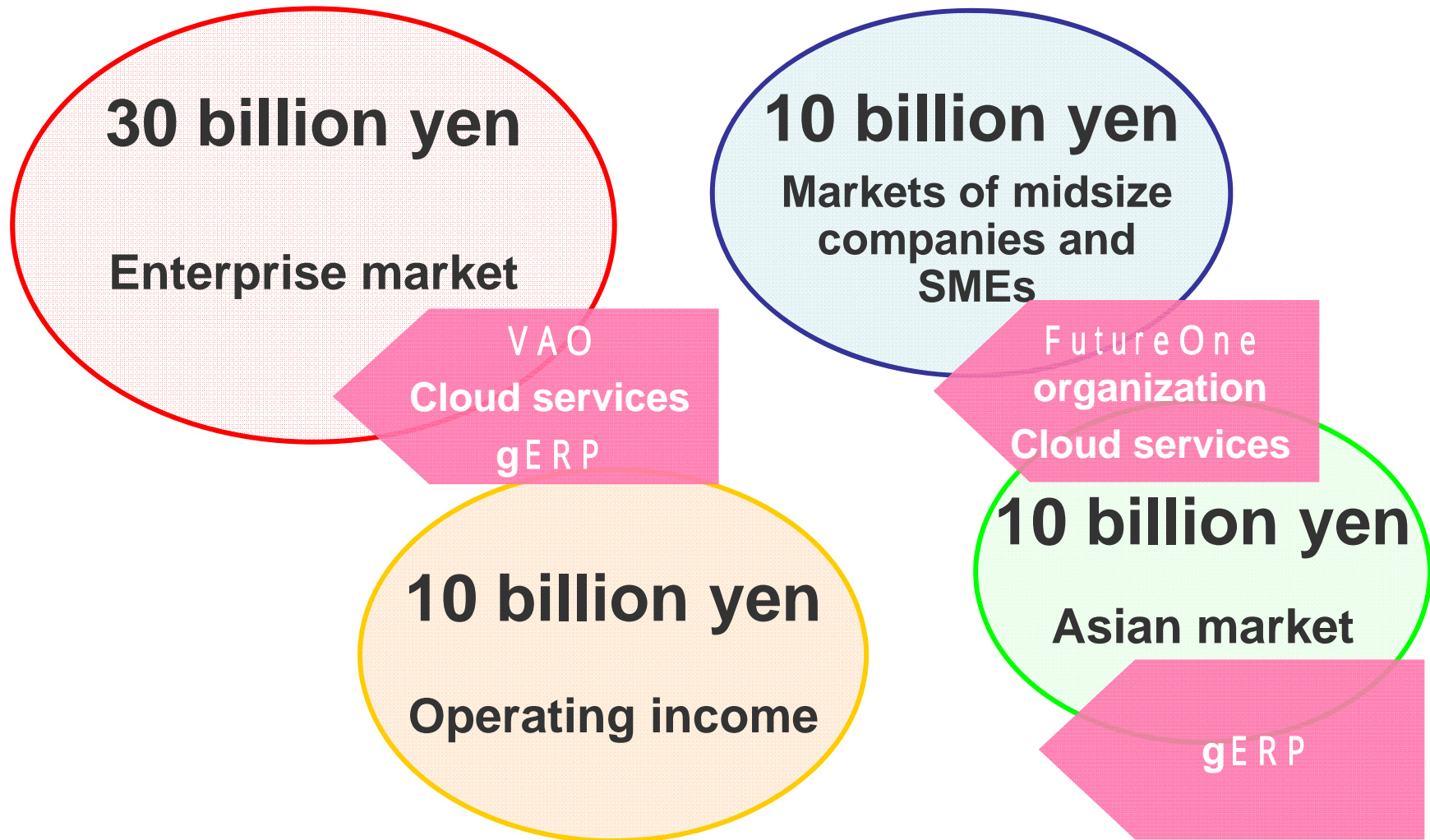
Consolidated Earnings Outlook for FY2011

(Millions of yen)	FY2010 Results	FY2011 Plan	Year-on-year change
Net sales	22,639	24,500	+8.2%
Operating income Operating income margin	3,141 13.9%	3,400 13.9%	+8.2%
Ordinary income Ordinary income margin	3,281 14.5%	3,450 14.1%	+5.1%
Net income Net income margin	1,591 7.0%	1,950 8.0%	+22.5%

4. Growth Strategy (New Services)

Growth Strategy: 2015

- Based on materials for the Information Meeting for Financial Results for FY2010 (Feb. 10, 2011)

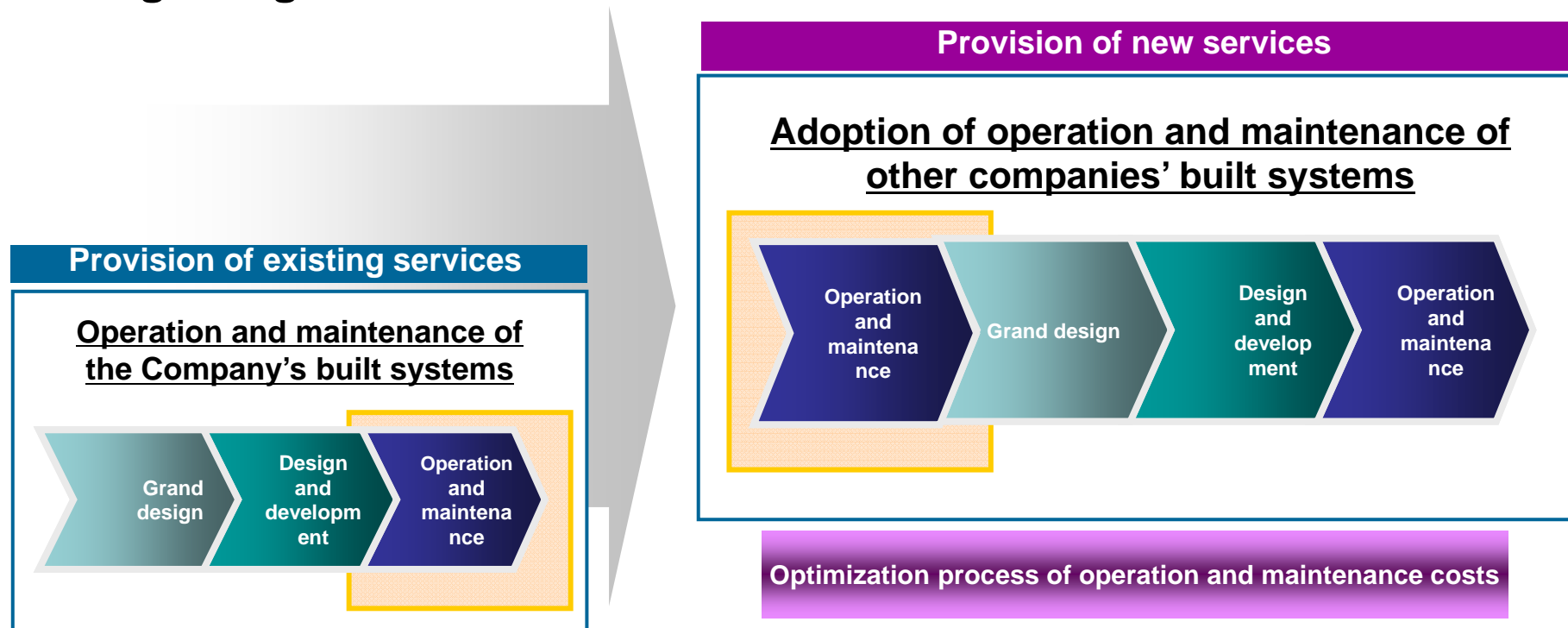


New Services

- **VAO (Value Added Outsourcing)**
- **Cloud services**
- **Global ERP**

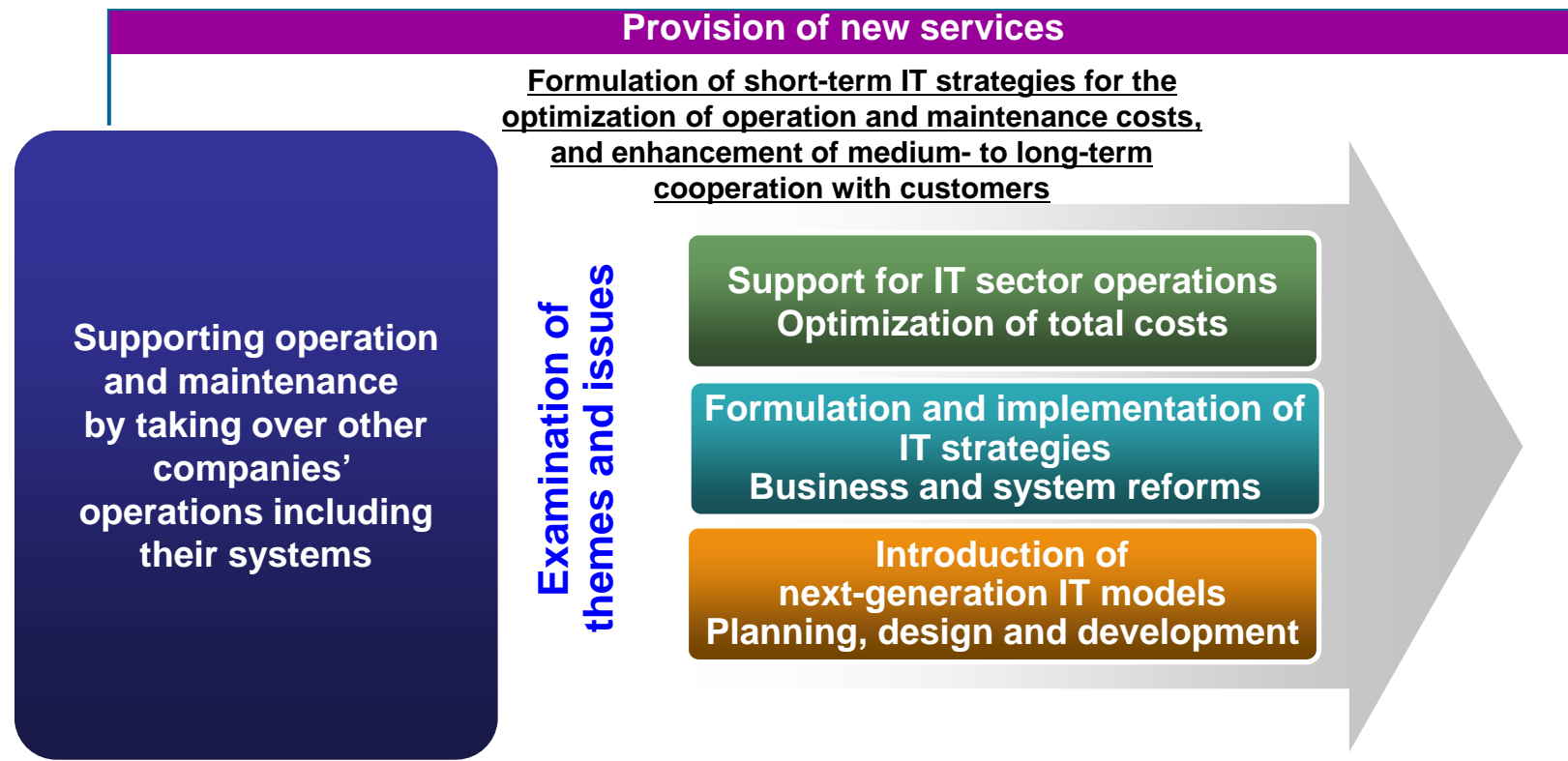
VAO (Value Added Outsourcing)

- Operation and maintenance costs account for 70% of IT costs
- Optimization of operation and maintenance costs a priority issue
- Optimizing operation and maintenance costs by adopting systems established by other companies
- Proposing a further optimization of costs to customers by recognizing IT issues at their sites



VAO (Value Added Outsourcing)

- Adoption of operation and maintenance of other companies' built systems: achieved by dynamic switching service
- Optimization of customers' IT costs by supporting IT operations together with them
- Formulation and implementation of IT strategies for the next fiscal year while taking into account current issues (short-term measures)
- Proposal and introduction of the next-generation IT model to further optimize costs (medium- to long-term measures)

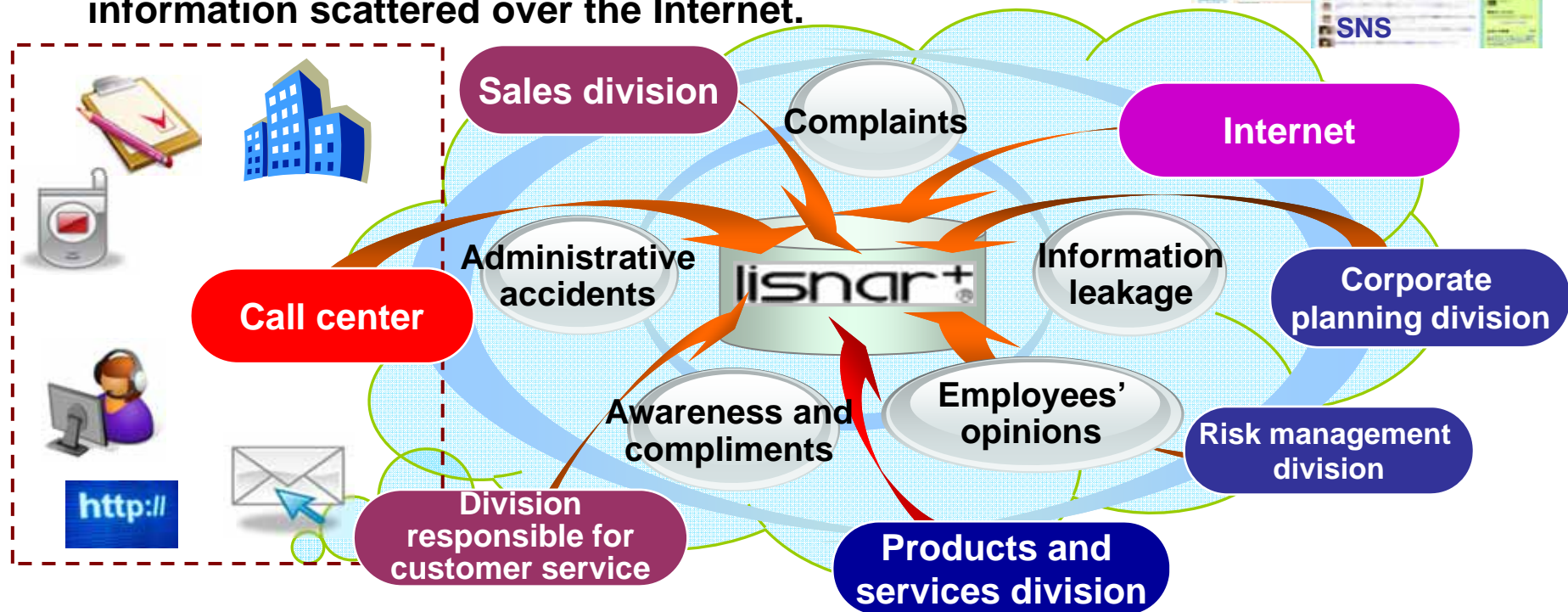


Cloud Services

- **Cloud support for innovative solutions**
 - **Application cloud**
 - **Industry cloud**

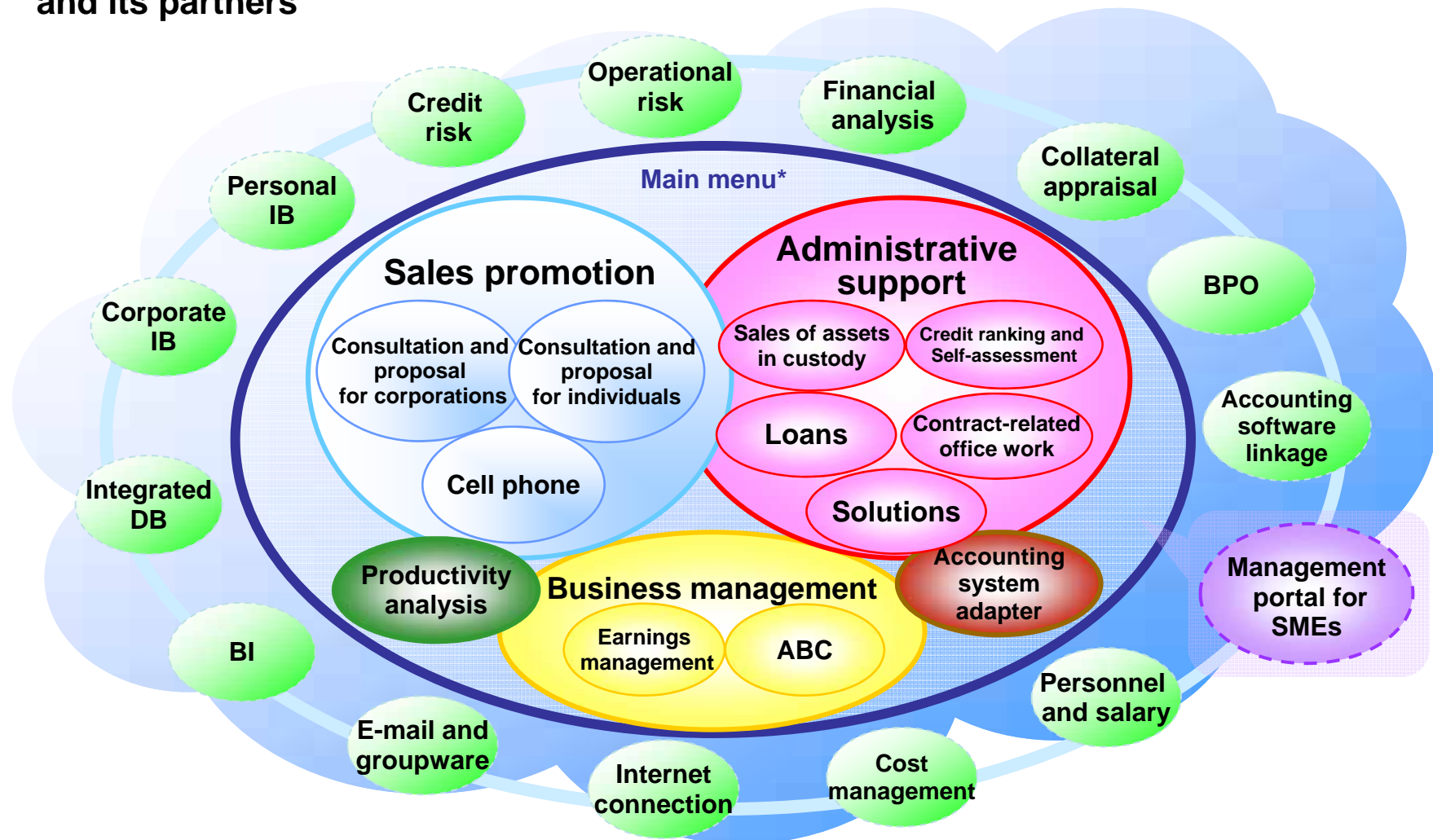
Application Cloud Lisnar+ - New development of CRM solution

- Lisnar+ (a system for collecting and utilizing customers' opinions): Multifaceted collection, analysis and reporting of customers' opinions from **the call center**, **sales division**, **services division**, **operation division** and via **the Internet**
- Adopted in many industries, including financial institutions, department stores, and the Ministry of Health, Labor and Welfare.
- Features multilingual support for overseas users (English, Korean and Chinese).
- Added the function to automatically collect information scattered over the Internet.



Industry Cloud Financial cloud: *Future Banking Cloud*

- Wide range of cloud support for strategic (informational) solutions for banking operations
- The main menu is provided by the Company, and the option menu jointly by the Company and its partners



Industry Cloud Financial cloud: *Future Banking Cloud*

- Support for maximizing the lifetime value of (individual and corporate) customers

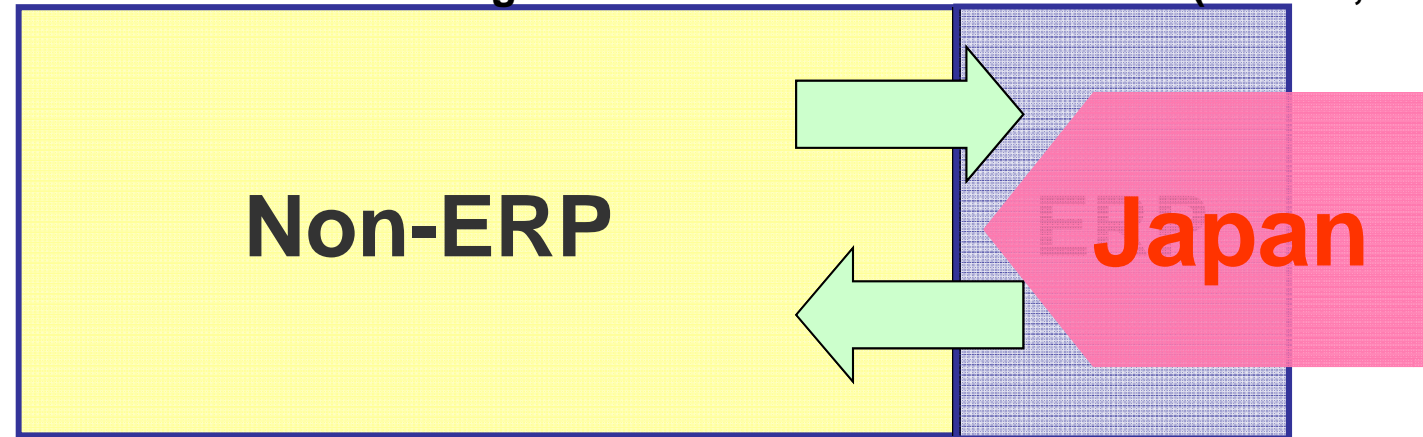


Global ERP

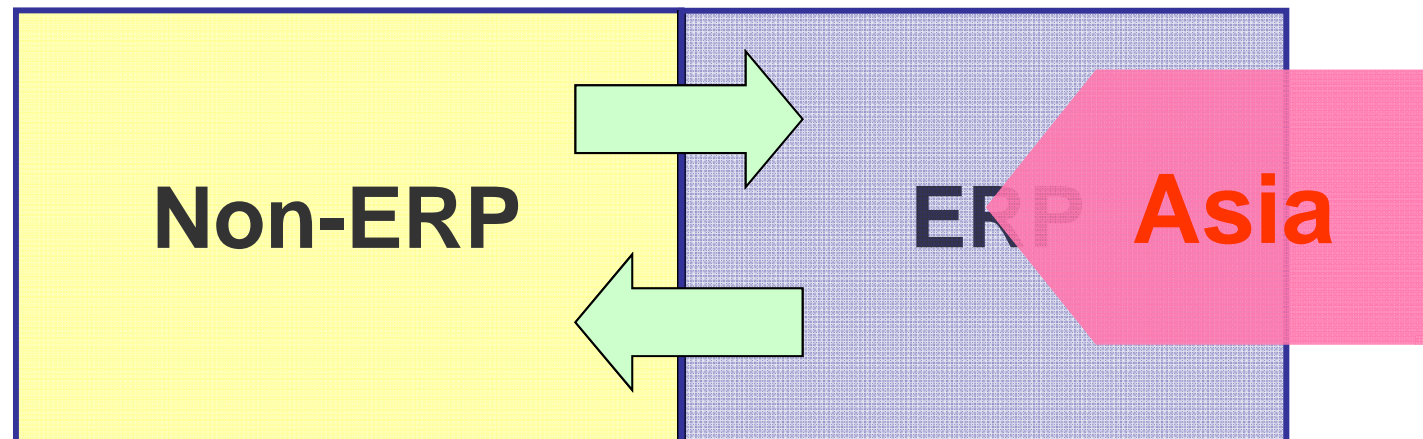
Hybrid-type approach

- Based on materials for the Information Meeting for Financial Results for FY2010 (Feb. 10, 2011)

Japan

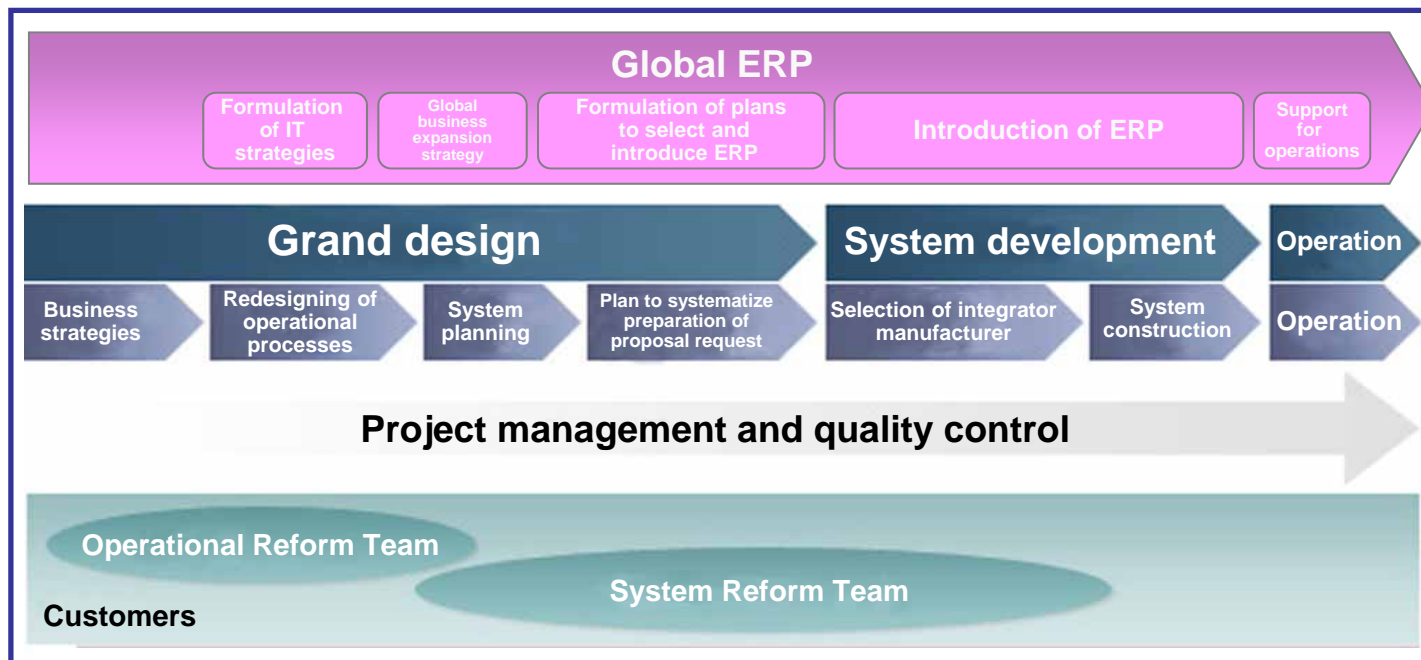


Asia



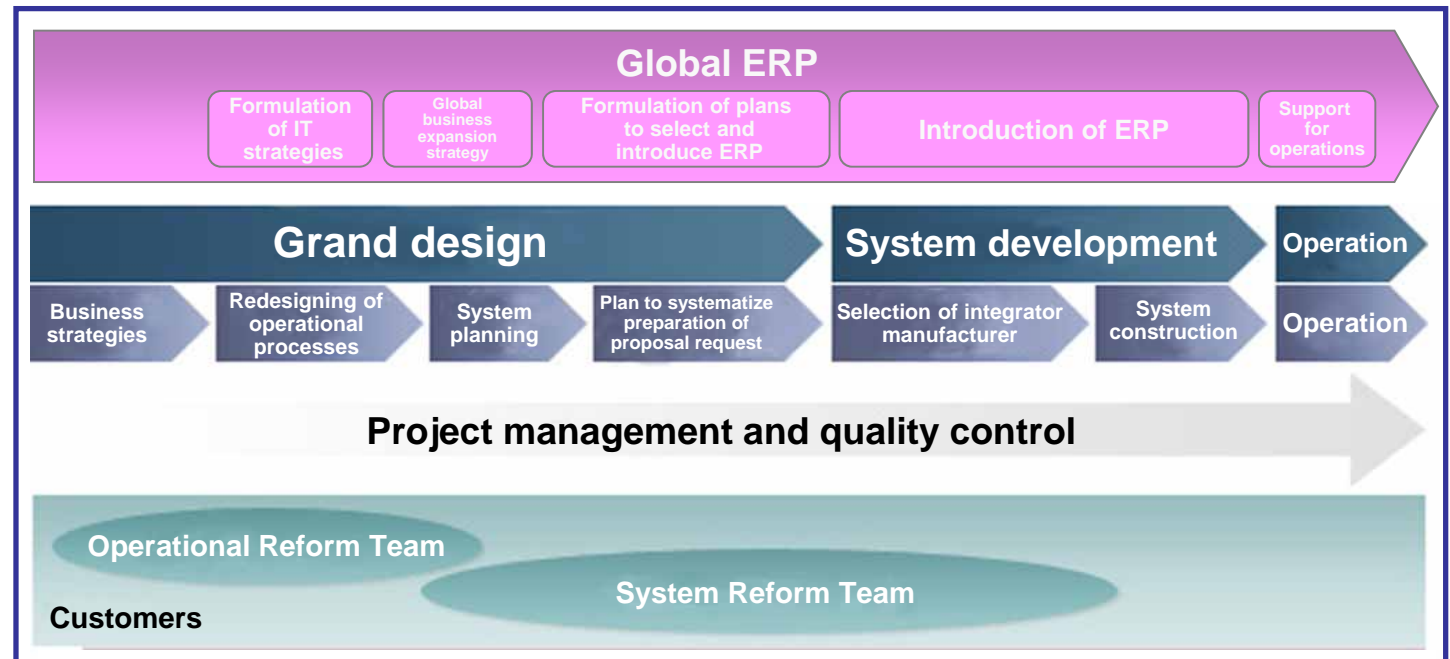
Global ERP from Japan

- Full-scale start of ERP introduction service in addition to conventional component-type development
- Launch of teams specializing in SAP and Oracle
- Provision of planning, design, development, introduction and operation services, with overseas business expansion in mind from the start
- Realization of global rollout from Japan



Global ERP from Asia

- **Establishment of North Consulting Group (NCG)**
- **Service:** ERP introduction consulting, application management
- **Customers:** Large and midsize companies and SMEs in Southeast Asia, government-run finance corporations and banks, Japanese companies expanding into the rest of Asia
- **Operating in:** Singapore, Malaysia, Thailand, Vietnam, Hong Kong



(1) Future Global Pte. Ltd.
 Country: Singapore
 Representative: Yasufumi Kanemaru
 Main business: Regional supervisory company in Southeast Asia
 Shareholder: Future Architect: 100%

(2) North Consulting Group Pte. Ltd.
 Country: Singapore
 Representative: Francis Lee
 Main business: Introduction of ERP and consulting
 Shareholder: Future Global: 100%

Reference

Non-Consolidated Results for the First Half of FY2011

(Millions of yen)	FY2010 results for the first half	FY2011 plan for the first half	FY2011 results for the first half	Year-on-year change lower line: compared with the plans
Net sales	6,941	7,800	7,504	+8.1% (3.8%)
Operating income Operating income margin	1,127 16.2%	1,520 19.5%	1,505 20.1%	+33.5% (1.0%)
Ordinary income Ordinary income margin	1,172 16.9%	1,550 19.9%	1,544 20.6%	+31.8% (0.3%)
Net income Net income margin	668 9.6%	892 11.4%	896 12.0%	+34.1% +0.5%

Financial Topics (non-consolidated)

● Increase (decrease) in net sales

(Millions of yen)

	First half of FY2010	First half of FY2011	Y-o-Y ratio
Net sales	6,941	7,504	+8.1%
IT consulting	6,029	7,231	+11.9%
HW Procurement	709	124	(82.6%)
Package & Service	202	148	(26.8%)

● Changes in cost of sales

(Millions of yen)

	First half of FY2010	First half of FY2011	Y-o-Y ratio
IT consulting service	3,204	4,137	+29.1%
Labor expenses	1,968	2,006	+1.9%
Outsourcing expenses	698	1,565	+124.2%
Others	537	565	+5.2%
Cost of sales of HW procurement	578	106	(81.7%)
Cost of sales of Package & Service	115	64	(44.4%)
Total	3,899	4,308	+10.4%

Changes in selling, general and administrative

(Millions of yen)

	First half of FY2010	First half of FY2011	Y-o-Y ratio
Selling, general and administrative expenses	1,914	1,690	(11.8%)
Personnel expenses	1,014	868	(14.4%)
Strategic expenses	167	189	+13.1%
R&D expenditures	20	23	+15.0%
Depreciation expenses	23	23	+0.0%
Employee training expenses	93	46	(50.6%)
Recruiting expenses	30	97	+223.3%

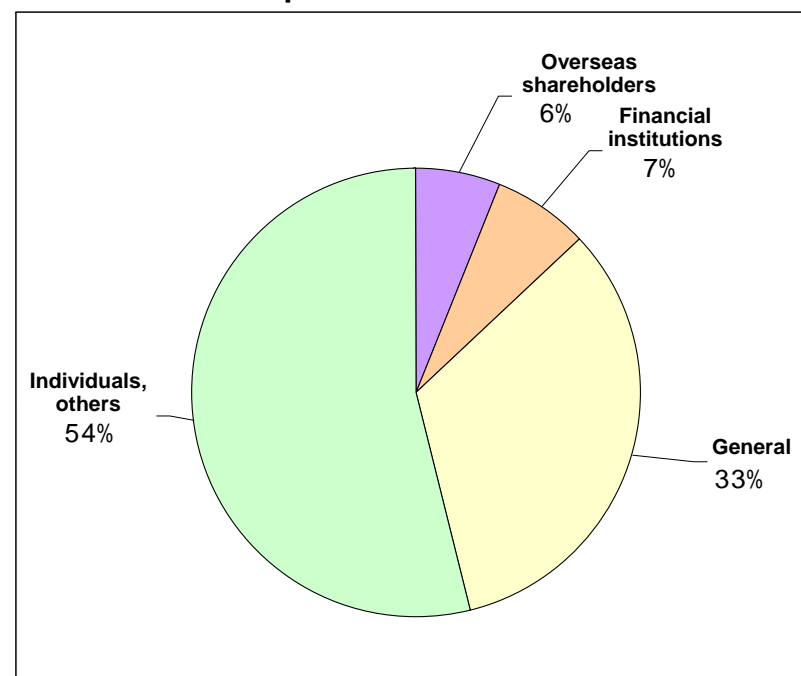
● Average sales and average value added (IT consulting) per consultant

(Millions of yen)

	First half of FY2010	First half of FY2011	Y-o-Y ratio
Net sales	6,941	7,504	+8.1%
Cost of sales	578	106	(81.7%)
Outsourcing expenses	410	1,323	+222.6%
Balance: value added*	5,953	6,075	+2.0%
Average number of consultants	707	613	(13.3%)
Average sales per consultant	9.8	12.2	+24.5%
Average value added per consultant	8.4	9.9	+17.9%

*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.

