

Briefing on Financial Results for FY2012

**February 8, 2013
Future Architect, Inc.**

1. Earnings Results for FY2012

(Yuji Higashi, Executive Senior Vice President)

2. FY2013 Forecast

(Yuji Higashi, Executive Senior Vice President)

3. Outlook and Direction in the Future

(Yasufumi Kanemaru, Chairman)

1. Earnings Results for FY2012

(Yuji Higashi, Executive Senior Vice President)

Earnings Highlights

1. Consolidated net sales slightly exceeded the previous fiscal year.

IT Consulting business expanded in the financial and manufacturing industries, in addition to the distribution and service industries.

With an increase in the number of the grand design and planning phases for new projects, we expect continuance and growth of the project in the future.
2. Consolidated income failed to compensate for the earnings decline in the first half.

Income declined in the first half, due to loading costs for improving the quality on implementation of some projects in IT Consulting.

Consolidated income returned to a recovery track in the latter half. However, we continue to incur the investment related cost in developing new businesses, including pouring costs into quality enhancement, overseas businesses, the healthcare field, and Tokyo Calendar, Inc.
3. Backlog increased sharply.

The backlog expanded significantly compared with the end of fiscal 2011 due to an increase in the number of new clients, resulting from large-scale system integration, IT costs optimization, and EC infrastructure building and cloud services. Net sales and income are expected to grow in the future.

Quarterly Changes of Consolidated Results

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FY2011/FY2012 Consolidated Results

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(Millions of yen)	FY2011 Results	FY2012 Results	Year-on-year change
Net sales	23,292	23,353	+0.3%
Operating income Operating income margin	2,929 12.6%	1,935 8.3%	(34.0%)
Ordinary income Ordinary income margin	3,051 13.1%	2,057 8.8%	(32.6%)
Net income Net income margin	1,715 7.4%	1,167 5.0%	(31.9%)

Balance Sheets

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(Millions of yen)	End of Dec. 2011	End of Dec. 2012	Change
Current assets	10,529	9,771	(757)
Fixed assets	3,924	5,058	+1,134
Total assets	14,453	14,830	+376
Currents liabilities	2,716	2,747	+31
Noncurrent liabilities	326	316	(10)
Total liabilities	3,042	3,063	+21
Total net assets	11,410	11,766	+355
Shareholders' equity ratio	78.9%	78.5%	(0.4pt)

Main changes

(Millions of yen)

		End of Dec. 2011	End of Dec. 2012	Change
Current assets:	Decrease in cash and deposits	5,076	4,156	(920)
	Increase in accounts receivable-trade	2,770	3,523	+752
	Decrease in securities	701	30	(670)
Fixed assets:	Increase in software	386	836	+450
	Increase in investment securities	1,523	1,907	+383

Cash Flows

(Millions of yen)	FY2011 Results	FY2012 Results	Change
Cash flows from operating activities	1,919	727	(1,191)
Cash flows from investing activities	(617)	(1,157)	(540)
Cash flows from financing activities	(919)	(919)	(0)
Effect of exchange rate changes on cash and cash equivalents	(8)	6	+15
Changes in cash and cash equivalents	373	(1,342)	
Cash and cash equivalents at the beginning of the period	5,153	5,526	
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	1	
Cash and cash equivalents at the end of the period	5,526	4,184	

Main changes

(Millions of yen)

	FY2011 Results	FY2012 Results	Change
Operating CF: Net income before taxes	2,910	2,047	(862)
Increase (decrease) in accounts receivable	203	(536)	(740)
Investing CF: Acquisition of intangible fixed assets	(243)	(497)	(253)
Purchase of stocks of subsidiaries and affiliates	-	(191)	(191)

Results by Segment

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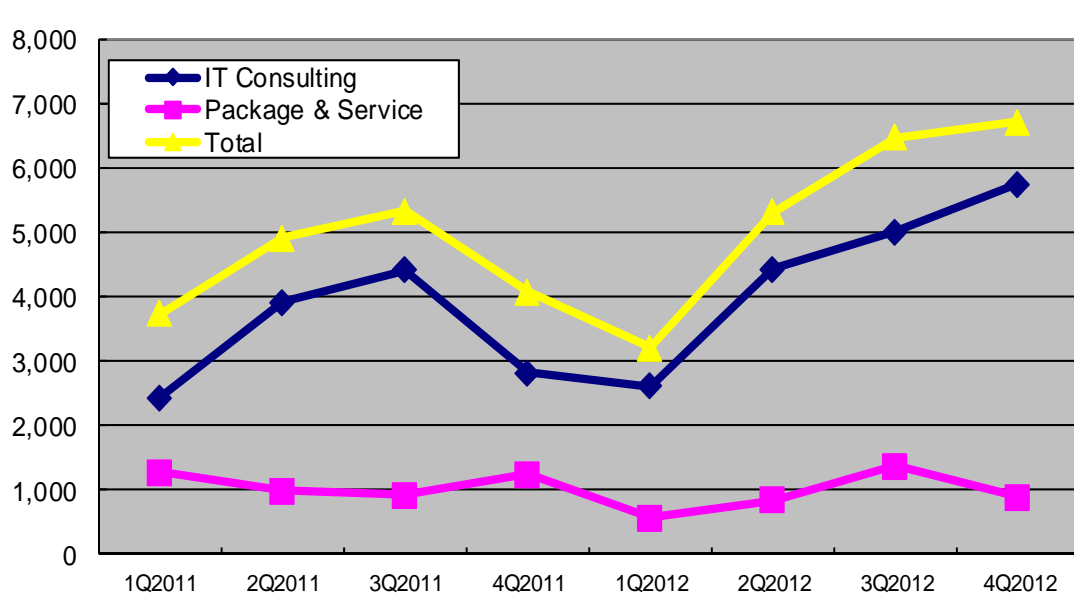
(Millions of yen)	FY2011	FY2012	Year-on-year change
Net Sales	23,292	23,353	+0.3%
IT Consulting	14,619	14,843	+1.5%
Package & Service	4,497	4,389	(2.4%)
Corporate Revitalization	4,553	4,439	(2.5%)
Other	84	283	+233.8%
Adjustments	(463)	(602)	-
Operating Income	2,929	1,935	(34.0%)
IT Consulting	2,570	1,745	(32.1%)
Package & Service	333	279	(16.3%)
Corporate Revitalization	31	29	(6.9%)
Other	(29)	(155)	-
Adjustments	23	36	-

Orders Received and Backlog by Segment

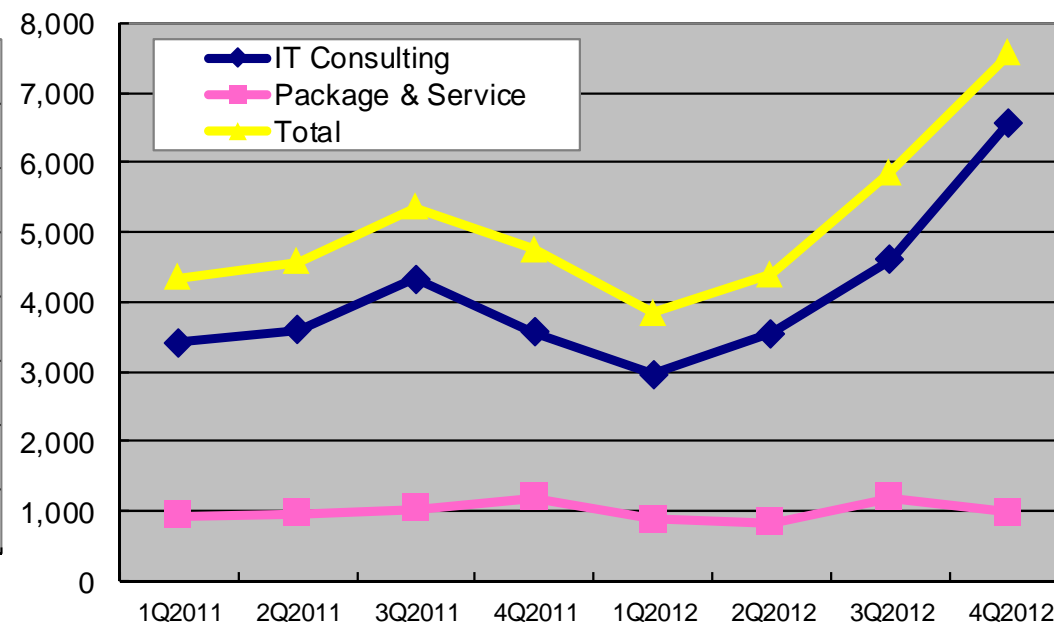
Challenge Together 経営とITをデザインする、フューチャーアーキテクト。

(Millions of yen)	Orders received			Backlog		
	2011	2012	Year-on-year change	2011	2012	Year-on-year change
IT Consulting Business	13,498	17,805	+31.9%	3,559	6,576	+84.8%
Package & Service Business	4,555	3,631	(20.3%)	1,185	971	(18.0%)
Other	59	290	+384.9%	4	12	+199.8%
Total	18,114	21,727	+19.9%	4,748	7,560	+59.2%

Trends of orders received (excluding that in Other)



Trends of backlog (excluding that in Other)



Results by Segment (IT Consulting Business)

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Trends of earnings (Future Architect)

- ✓ Large projects started full-scale operations one after another and transitioned to operation and maintenance phase.
- ✓ A number of grand design projects related to corporate integration started up.
- ✓ Launched new services, including ERP projects for manufacturers operating not only in Japan but also globally (global ERP) and cloud services for the financial industry (banking and securities sectors).
- ✓ Income margin declined due to costs for quality enhancement and quality control of some projects. However, additional costs were already discounted in 2012.

Trends of earnings (Southeast Asia)

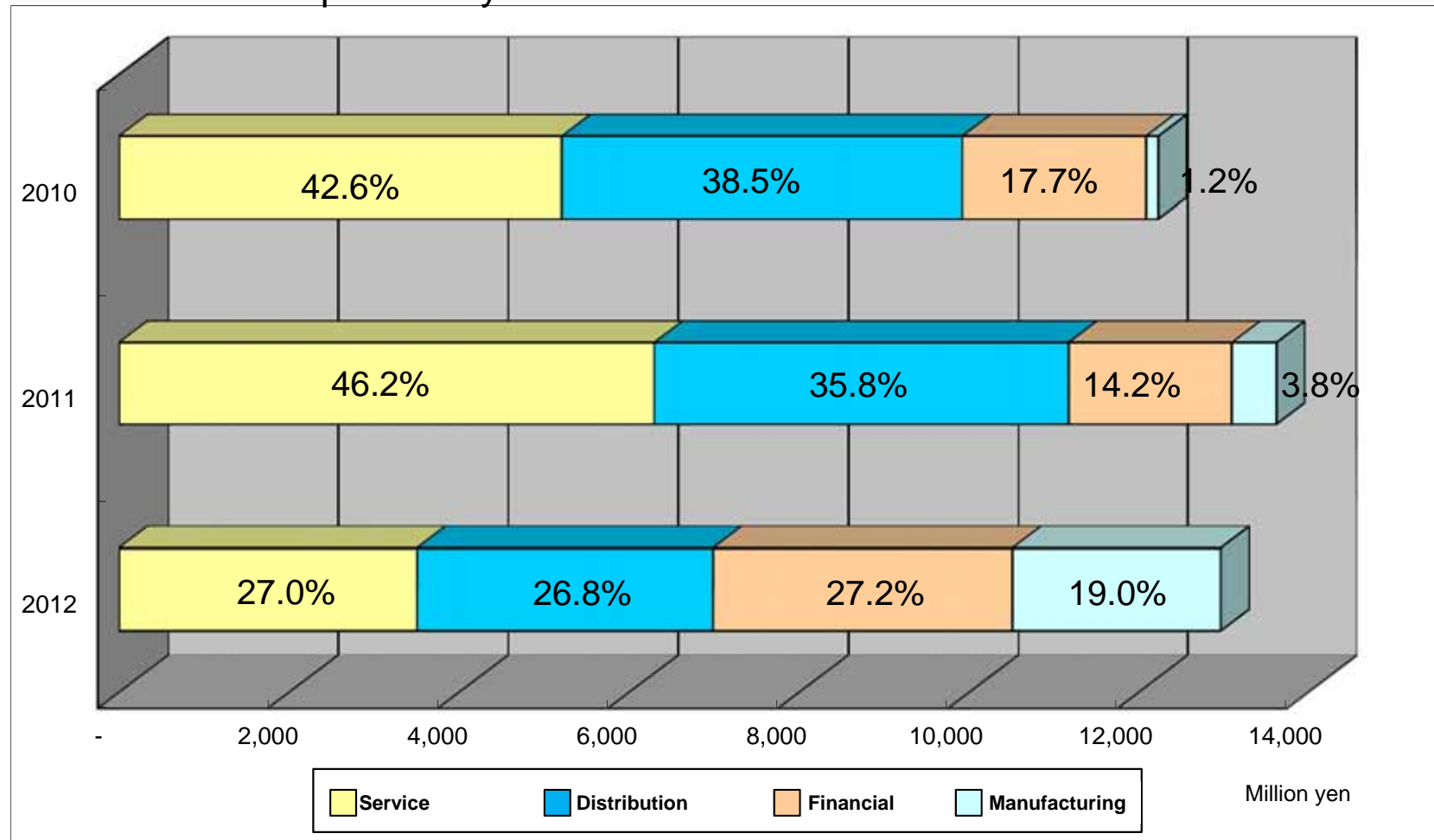
- ✓ The Malaysian subsidiary (Brightree) performed steadily as existing projects remain satisfactory.
The subsidiary also expanded the businesses, such as successful winning in a large SAP project jointly with the Singaporean subsidiary (NCG).
- ✓ The subsidiaries in Singapore (NCG) and in Thailand (NCG Thai) have seen a light for launching a sales base and expected a steady growth in 2013.

Results by Segment (IT Consulting Business)

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Sales composition by Industry (Future Architect)

- ✓ Gained new clients in the financial and manufacturing industries.
- ✓ Sales composition ratios were equalized among industries, although sales from service and distribution industries previously accounted for 80%.

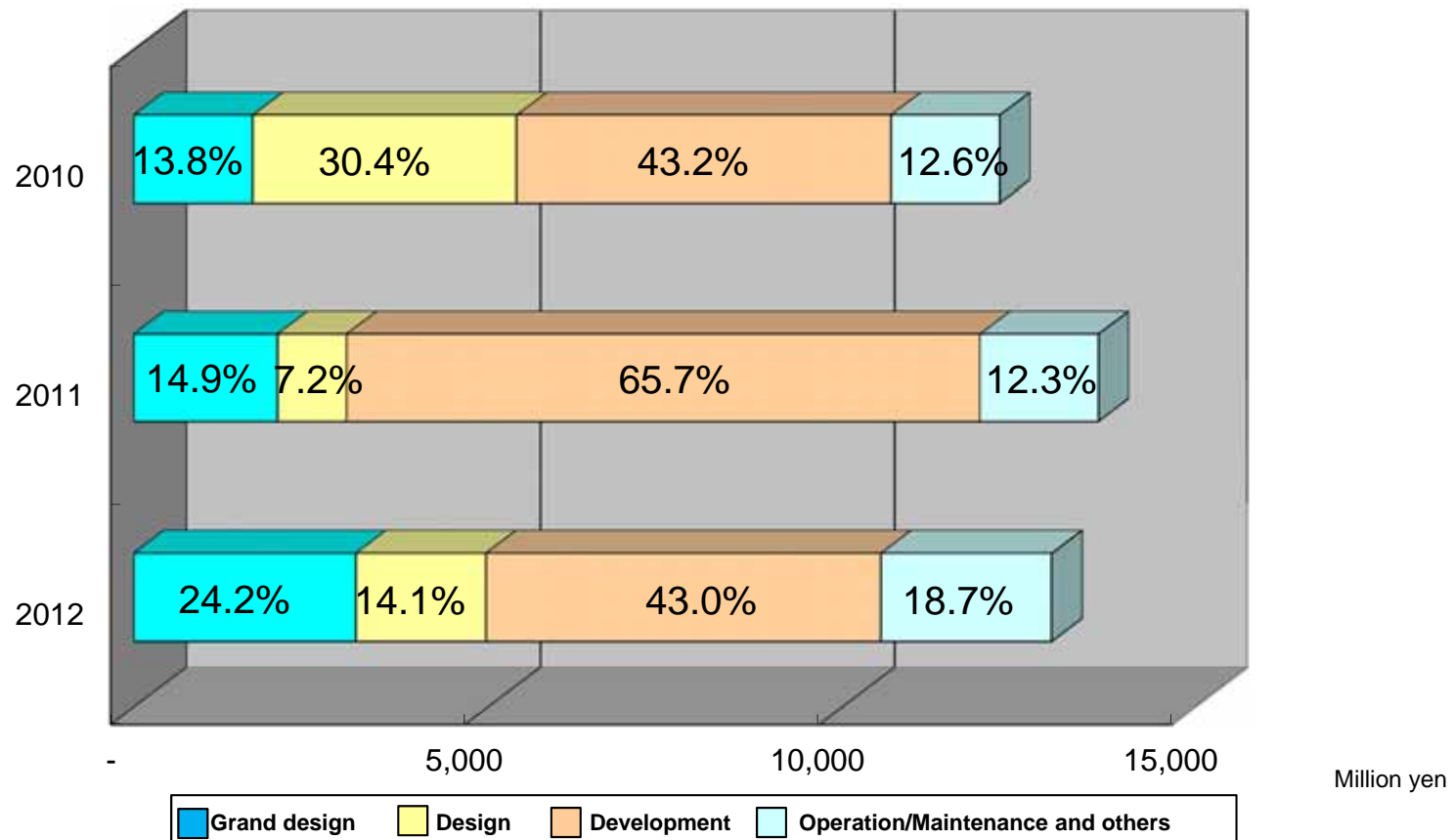


Results by Segment (IT Consulting Business)

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Sales composition by phase (Future Architect)

- ✓ The number of projects for new clients in the grand design phase increased. Sales increases in the subsequent phases can be expected.
- ✓ With the full-scale operation of large projects, the number of projects in the operation and maintenance phase increased. Base for stable earnings has expanded.



Million yen

Results by Segment (Package & Service Business)

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Sales management/ERP packages for mid-sized companies and SMEs (FutureOne)

- ✓ Although operating income decreased in the first half due to costs for quality improvement, it recovered rapidly in the latter half.
- ✓ Organizational changes, personnel transfers and project management tools introduction were conducted within the Group in order to enhance project management
- ✓ Focused on enhancing and expanding sales channels.

Consigned development and regional businesses (Ascendia)

- ✓ Earnings remained stable throughout the year, and operating income margin rose to 9.8%.
- ✓ Operation and maintenance services were expanded in cooperation with Future Architect.
- ✓ Near-shore development and operating structure at regional bases started full-scale operations.
- ✓ Continued to expand projects for regional public organizations.

Result by Segment

(Corporate Revitalization Business-Uoei Shoten Corporation)

店舗とITをデザインする、フューチャーアーキテクト。

Operating income sustained

- ✓ Achieved a positive operating income for the second straight year.
- ✓ Expanded sales space at some stores to increase product lines specialized to meet the individual store's requirements.
- ✓ Optimized costs through efficient distribution, appropriate product lineups, and review of advertising expenses.

More sophisticated IT utilization

- ✓ Embarked on restructuring our own IT systems including backbone systems.
- ✓ Started purchasing needs analysis of POS data in collaboration with Future Architect.

Introduction of Project Cases

1. Large-scale Downsizing
2. System Innovation and IT Cost Reduction
3. EC Solutions
4. Smartphone
5. Cloud Service

1. Large-scale Downsizing (Company A, a convenience store franchiser)

- Reformed backbone systems that support a gigantic franchise chain.
- Valuable track record in overcoming severe project conditions (Loss of design specifications, absence of specifications experts)
- Adopted original Future Architect methodology, which can be applied in any type of industry.



1/2: Scale of program

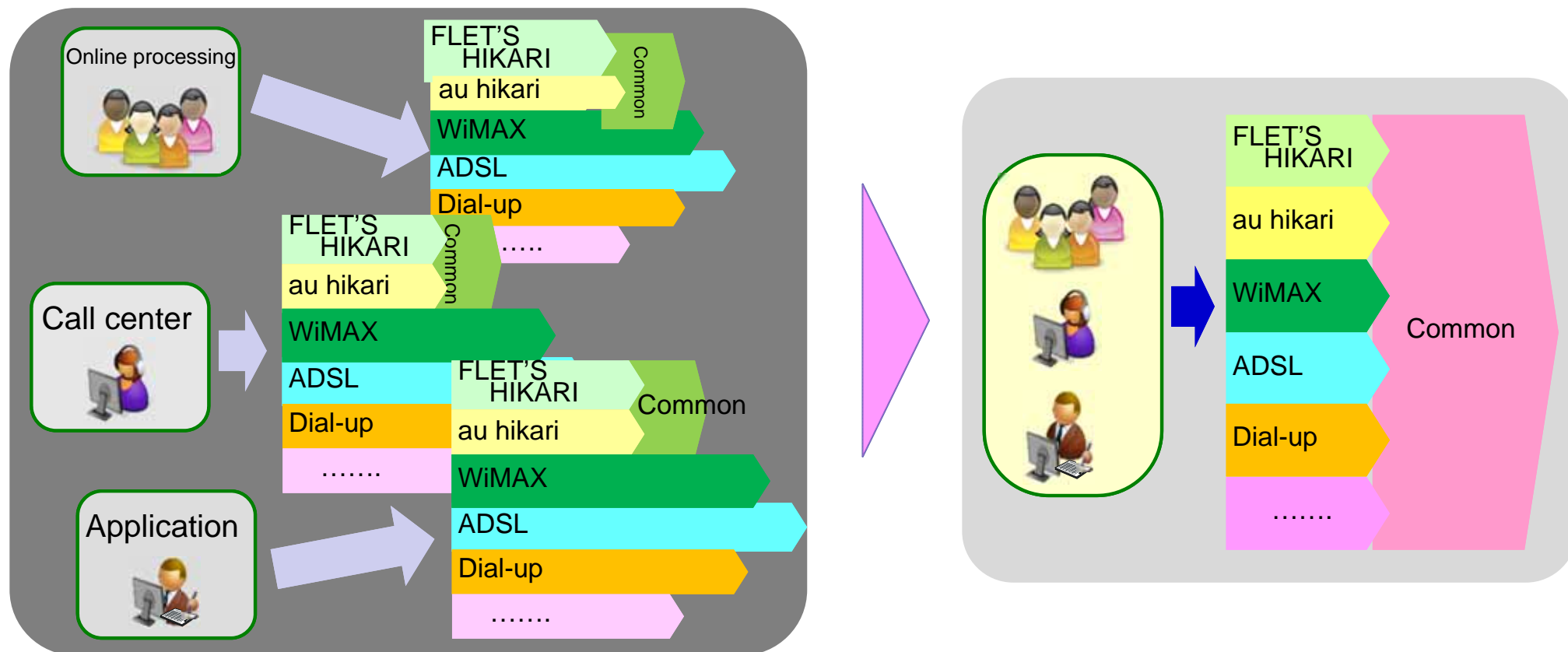
4,850,000 steps → 2,440,000 steps

1/2: IT operating expenses

Reduction of 58%

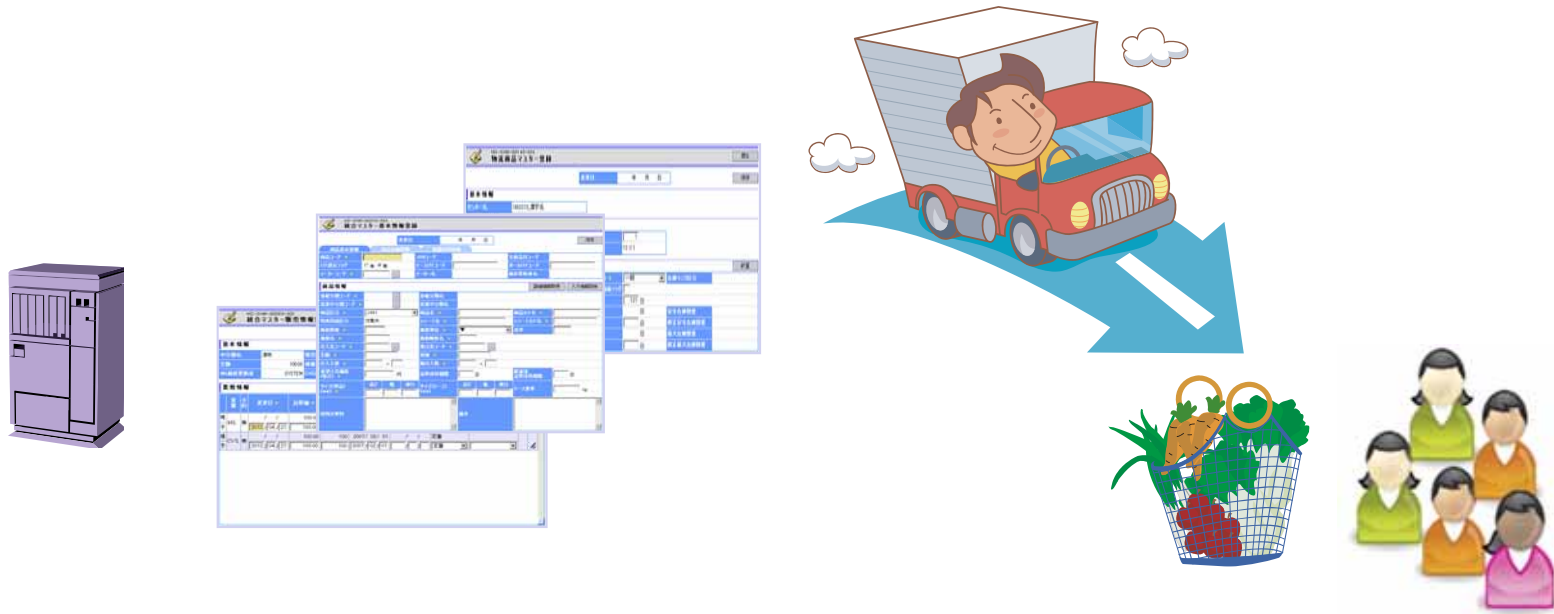
2. System Innovation and IT Cost Reduction (Company B, an Internet service provider)

- Internet service provider with 2 million or more subscribers
- Reduced IT costs by integrating silo-type systems by channel/carrier
- Improved customer satisfaction resulting from providing new services in a timely manner.
- Won overwhelming trust of the client stating: “No one but Future Architect would have completed this.”



3. EC Solutions (Company C, a retailer)

- Started a new online home delivery service for foodstuffs.
- Built the system within a short period of only five months, from business planning to launching services
- Provided high-quality Internet service solutions by adopting Future components for distributors.



4. Smartphone

(Company D, an educational service company)

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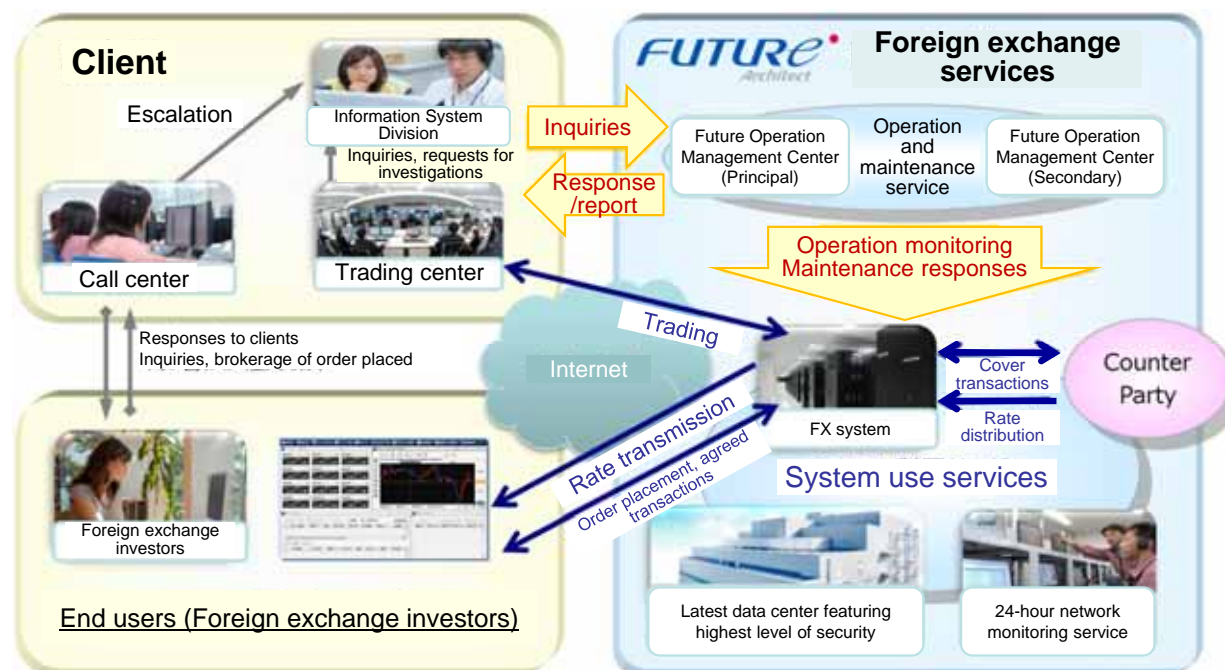
- Built a new educational service system using digital teaching materials
- Learning content services for students using iPhone and iPod touch.
- Developed correction services using smartphones.
- Improved learning efficiency through true-false replies and guidance in real time.



* iPhone and iPod touch are trademarks of Apple Inc., registered in the U.S. and other countries.

5. Cloud Service (Company E, a FX margin trading firm)

- Backbone and information systems services for FX margin trading operations
- Provided real-time cloud service by adopting the data center and system infrastructure of Future Architect.
- 24-hour non-stop operation and maintenance, and network monitoring service
- Achieved a highly reliable cutting-edge system that enables high-speed trade executions.

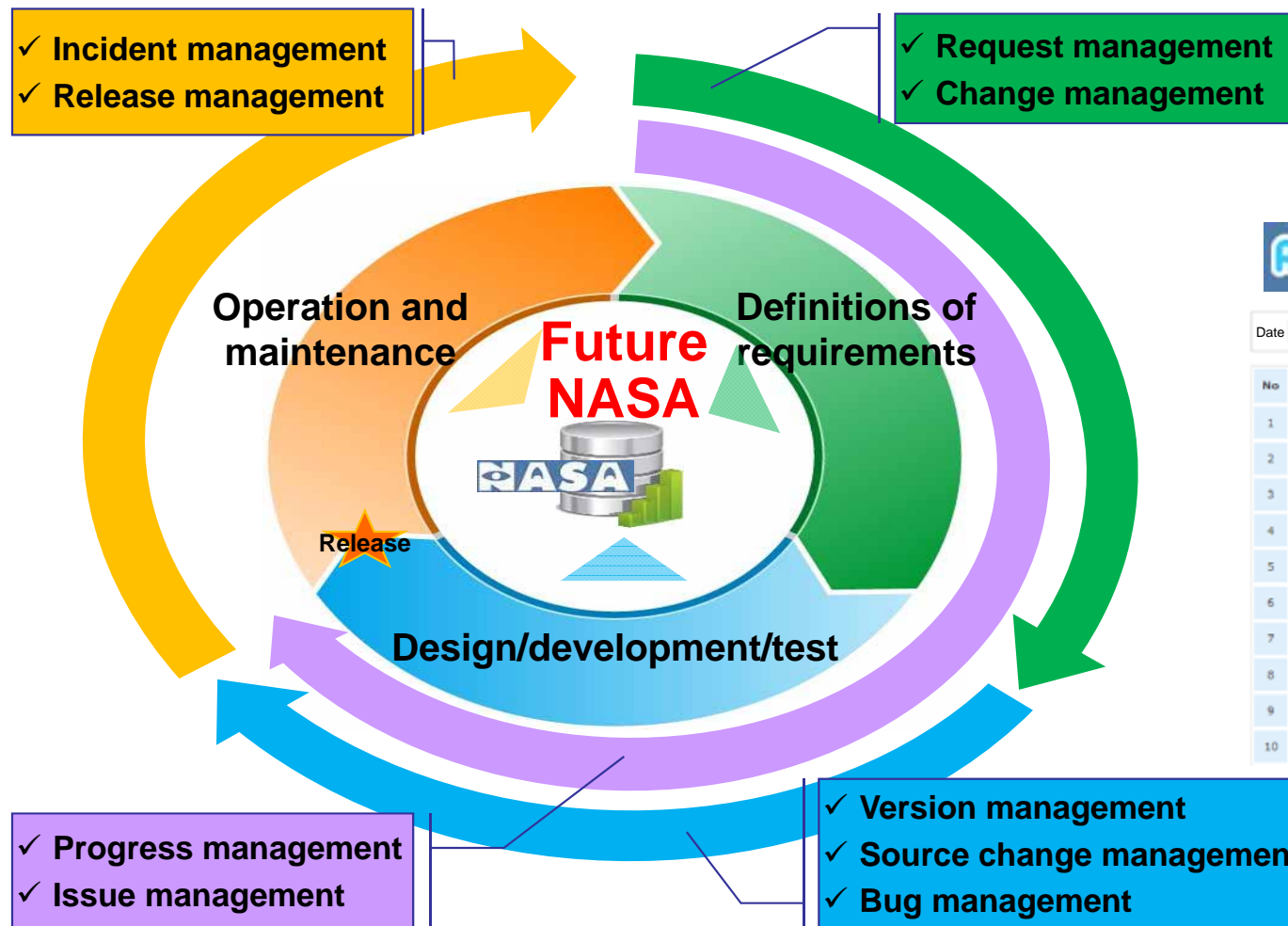


2. FY2013 Forecast

(Yuji Higashi, Executive Senior Vice President)

- Project quality enhancement
- Improvement of subsidiaries' earnings
- Acceleration of new services expansion

Project Quality Enhancement



Activity Report

Date: Search << Previous week Latest normal >>

No	Project name	Trends of personnel	Working time zone	Trends of issues	Trends of quality	Trends of progress	Trends of documents Total File size
1	BNE (High school seminar)	15	8	20	5	5	511,121 (Δ 511,121)
2	GTD (GTD)	17	58	30	12	30	60,397 (-)
3	GTD (Incident management)	5	23	-	8	11	- (-)
4	ORB (Step2)	14	26	60	32	42	13,324,839 (Δ 1,750)
5	RTB (RTB)	12	0	20	1	30	225,508 (Δ 225,508)
6	Financial cloud (SKY BANK)	14	0	20	0	22	948,624 (▲ 217)
7	Financial cloud (JYB)	14	36	30	4	45	290,444 (Δ 2,486)
8	Financial cloud (TMB)	22	55	55	14	32	1,304,014 (▲ 4,896)
9	SSP (Phase 1 JT)	14	13	-	17	119	275,929 (Δ 4,340)
10	SSP (Phase 1 ST)	14	18	-	18	29	- (-)

* Enhanced highly difficult project management.

Logical and scientific response to shortages/deficiencies in detailed design specifications and operation manuals, as well as to absence of experts in existing specifications.

Application of source code/interface analysis methods.

Improvement of Subsidiaries' earnings

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Services for
mid-sized
companies
and SMEs

New
businesses

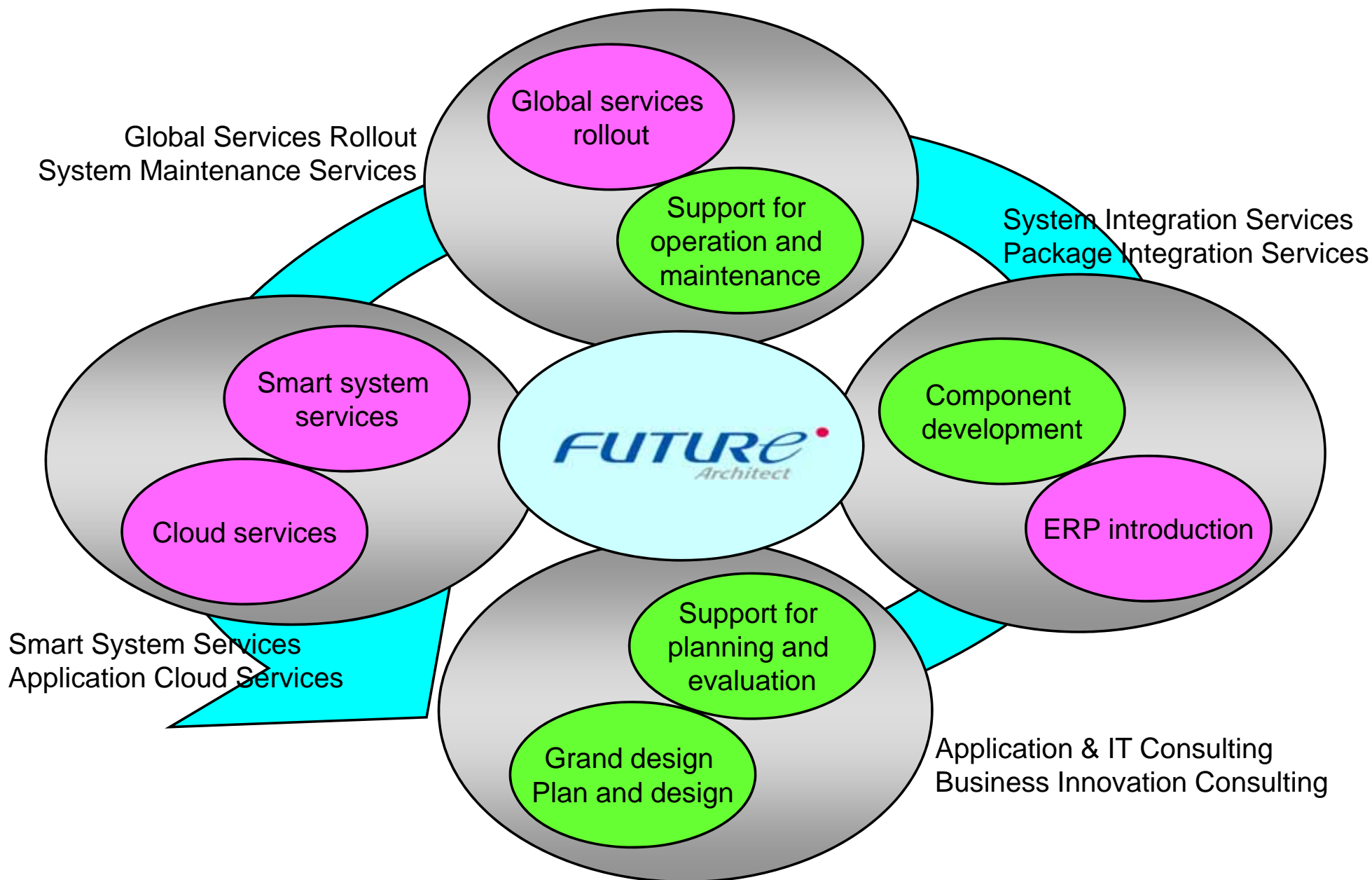
Overseas
businesses



See Business Evolve. Now.

Acceleration of New Services Expansion

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FY2013 Forecast

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(Millions of yen)	FY2012		FY2013		
	Results for the first half	Results for the full fiscal year	Forecast for the first half	Forecast for the full fiscal year	Year-on-year change
Net sales	11,126	23,353	12,250	25,700	+10.0%
Operating income Operating income margin	724 6.5%	1,935 8.3%	1,340 10.9%	3,200 12.5%	+65.4%
Ordinary income Ordinary income margin	804 7.2%	2,057 8.8%	1,365 11.1%	3,250 12.6%	+57.9%
Net income Net income margin	463 4.2%	1,167 5.0%	750 6.1%	1,800 7.0%	+54.1%

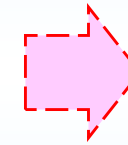
FY2011
(Actual amount paid)

Per share: 1,500yen
Consolidated payout
ratio: 39.9%
Non-consolidated
payout ratio: 44.2%



FY2012
(Planned)

Per share: 1,500yen
Consolidated payout
ratio: 58.0%
Non-consolidated
payout ratio: 65.3%



FY2013
(Planned)

Per share: 1,500yen
Consolidated payout
ratio: 37.5%
Non-consolidated
payout ratio: 38.8%

3. Outlook and Direction in the Future

(Yasufumi Kanemaru, Chairman)

- Achieving real-time management
 - Real-time framework
 - Future Components
- Legacy system: Dissolutive expertise and its conversion into service menu
- SKYBANK: Proactive investment in highly-expertised business cloud such as a financial cloud

Company A



Company B



Despite enormous systems with steps of more than 10 million lines of COBOL code, the existing vendors have not shouldered overall design and development.

The Company is becoming a rare entity, because of its capability of trade executions of 10 to 100 millions or more per day, as well as design and development of large-scale databases.

Future Direction

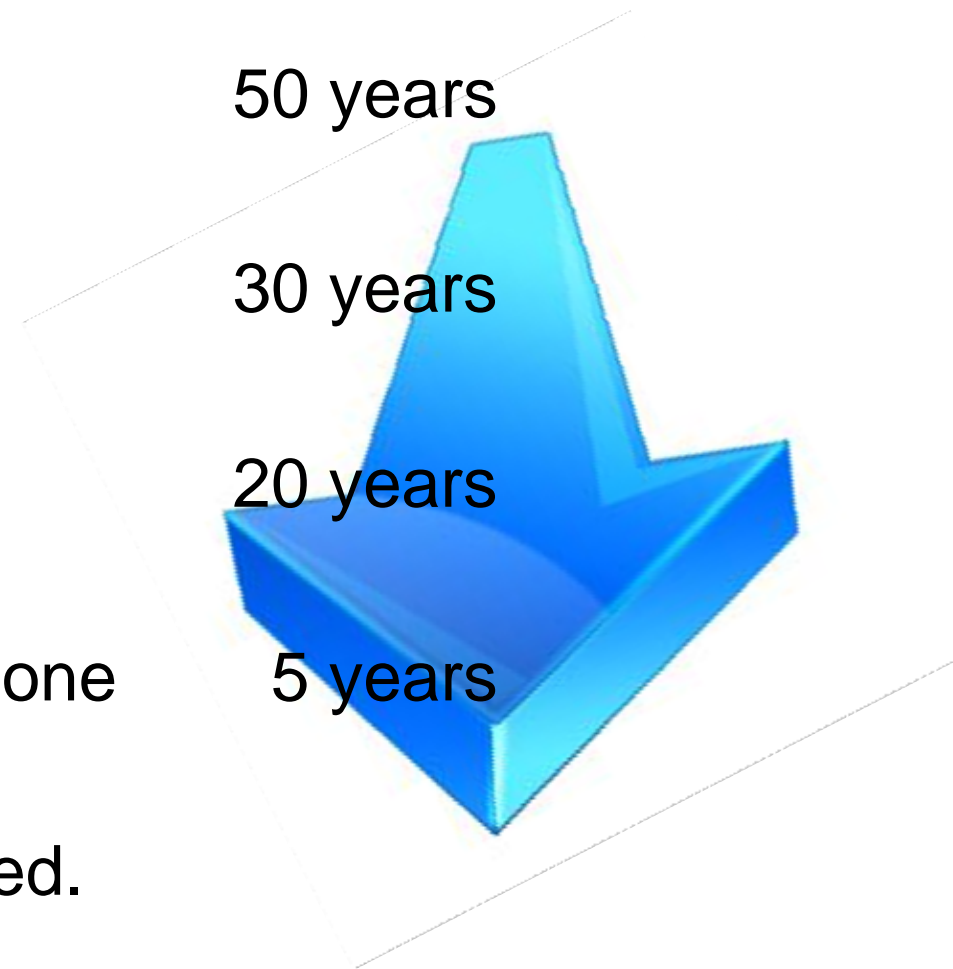
1960 From IBM360

1981 From 16-bit PC

1993 From the Internet (Mozaic)

2007 From the first generation of iPhone

Dramatic changes are picking up speed.



There will be further changes in the coming five years.

Horizontal integration ⇔ Vertical integration ⇔ Stereoscopic integration

Everything, including distribution, financial, manufacturing, medical, nursing care, agriculture, corporations, communities and individuals, will be connected.

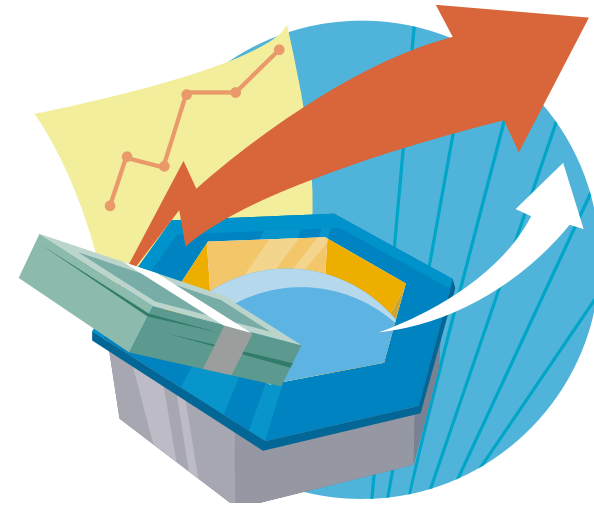


Big chance of a probability that all players will be replaced

- All types of industries and business categories will follow Amazon-type business model. (Big impact)
- Management and IT will come to be more indivisible relations.
- While increasing momentum of re-examining uncompetitive information system subsidiaries, we see growing needs to reestablish strategic IT partnerships.
- Requirements for strategic partnerships are Silicon Valley levels of technical and execution capabilities.

Key Points

- Raise global value of consultant.
- Drastic revision of compensation system.
- Need to create unique services that generate various business opportunities.
- Proactive M&As (including global bases)
- Targeting for growth of 10% or more.



Reference

FY2011/FY2012 Non-consolidated Results

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(Millions of yen)	FY2011 Results	FY2012 Results	Year-on-year change
Net sales	14,630	14,017	(4.2%)
IT Consulting	14,085	13,501	(4.1%)
HW procurement	350	516	+47.3%
Package & Service	194	-	-%
Operating income	2,745	2,011	(26.7%)
Operating income margin	18.8%	14.4%	(4.4pt)
Ordinary income	2,803	2,130	(24.0%)
Ordinary income margin	19.2%	15.2%	(4.0pt)
Net income	1,547	1,036	(33.0%)
Net income margin	10.6%	7.4%	(3.2pt)

FY2013 Forecast Non-consolidated

Challenge Together 経営とITをデザインする、フューチャーアーキテクト。

(Millions of yen)	FY2012 Results	FY2013 Forecast	Year-on-year change
Net sales	14,017	15,800	+12.7%
Operating income Operating income margin	2,011 14.4%	3,000 19.0%	+49.1%
Ordinary income Ordinary income margin	2,130 15.2%	3,050 19.3%	+43.2%
Net income Net income margin	1,036 7.4%	1,740 11.0%	+67.9%



The summary report of operating results, supplementary materials, briefing materials and other various IR materials are also available on the Company's website.

<http://www.future.co.jp/ir/>

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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.

In this materials, the figures in the summary report of operating results, etc. described in units of thousand yen, are stated in units of million yen. Hence, disparity may be found in some of totals and differences. For detailed figures, please refer to the summary report of operating results.