



Japan Information Processing Service Co., Ltd.

**Business Results and Supplementary Information for
the Year Ended March 31, 1999**

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1. Comparative Statements of Earnings(Parent-only Data)

(¥ Million)

	98/03		99/03			Reason for Change	(99/03)
	Amount	% of Sales	Amount	% of Sales	Change		Target
Net sales	40,653	100.0%	43,284	100.0%	6.5%		43,500
Information services	24,758	60.9%	27,533	63.6%	11.2%		
Product sales	15,894	39.1%	15,750	36.4%	-0.9%		
Cost of sales	31,002	76.3%	33,214	76.7%	7.1%		
Information services	17,850	72.1%	20,256	73.6%	13.5%		
Materials	653	2.9%	797	3.5%	22.1%	Increase in paper for securities companies and public-sector clients	
Labor	6,001	26.9%	6,468	28.4%	7.8%		
Outsourcing	8,808	39.6%	8,539	37.5%	-3.1%	Software outsourcing increased 677 to 3,991 and operations outsourcing decreased 986 to 3,862	
Equipment administration	3,024	13.6%	3,051	13.4%	0.9%		
Administration costs	3,780	17.0%	3,922	17.2%	3.8%		
Total manufacturing costs	22,268	100.0%	22,779	100.0%	2.3%		
Work in process at beginning of period	1,526	6.9%	1,814	8.0%	18.9%		
Work in process at end of period	1,814	8.1%	2,580	11.3%	42.2%	Increase in software and packaged software under development	
Transfers to other accounts	4,130	18.5%	1,756	7.7%	-57.5%	Outsourcing of maintenance for equipment is included in cost of sales from the year ended 3/99	
Product sales	13,152	82.7%	12,957	82.3%	-1.5%		
Gross profit	9,650	23.7%	10,069	23.3%	4.3%		10,450
SGA expenses	8,396	20.7%	8,288	19.1%	-1.3%		
Shipping	287	0.7%	291	0.7%	1.4%		
Advertising	147	0.4%	145	0.3%	-1.4%		
Personnel	5,369	13.2%	5,454	12.6%	1.6%		
Travel, transportation and communications	342	0.8%	366	0.8%	7.0%		
Rental	674	1.7%	688	1.6%	2.1%		
Depreciation	52	0.1%	43	0.1%	-17.3%		
Office computer expenses	398	1.0%	422	1.0%	6.0%		
Operating income	1,254	3.1%	1,781	4.1%	42.0%		1,750
Non-operating income	152	0.4%	123	0.3%	-19.1%		
Interest and dividends	75	0.2%	69	0.2%	-8.0%		
Non-operating expenses	58	0.1%	46	0.1%	-20.7%		
Interest and discounts	37	0.1%	41	0.1%	10.8%		
Current income	1,347	3.3%	1,858	4.3%	37.9%		1,800
Extraordinary income	0	0.0%	78	0.2%	-		
Extraordinary loss	274	0.7%	359	0.8%	31.0%	Loss on disposal of ventilation equipment and other increased 116 to 153	
Income before taxes	1,073	2.6%	1,576	3.6%	46.9%		1,550
Income taxes	473	1.2%	963	2.2%	103.6%	Taxable income increased due to a nondeductible bonus reserve provision and other items	
Income tax adjustment	-	-	-137	-0.3%	-	JIP adopted tax-effect accounting from the year ended 3/99	
Interim net income per share	600	1.5%	750	1.7%	25.0%		750
Interim dividends per share	30.00		37.51				
Dividends per share	10.0		12.0				

Notes: Cost of sales ratios for information services and product sales are based on the sales in each respective sector. Ratios as a share of sales for cost of sales items in information services are based on total manufacturing expenses.

2. Net Sales by Division (Parent-only Data)

2.1 vs. Prior Year Results

(¥ Million)

	98/03		99/03Actual			Reason for Change
	Amount	% of Sales	Amount	% of Sales	Change	
Total net sales	40,653	100.0%	43,284	100.0%	6.5%	
Information services	24,758	60.9%	27,533	63.6%	11.2%	
Data-processing services	16,540	40.7%	18,624	43.0%	12.6%	Growth in sales from new securities online system clients
Software development	8,205	20.2%	8,909	20.6%	8.6%	Growth in packaged software sales to public-sector and civil engineering clients
Product sales	15,894	39.1%	15,750	36.4%	-0.9%	Lower sales to civil engineering and construction clients

2.2 vs. Prior Year Plan

(¥ Million)

	99/03		(99/03)Plan			Reason for Change
	Amount	% of Sales	Amount	% of Sales	Change	
Total net sales	43,284	100.0%	43,500	100.0%	-0.5%	
Information services	27,533	63.6%	27,500	63.2%	0.1%	
Data-processing services	18,624	43.0%	18,000	41.4%	3.5%	Increase in number of securities online system transactions
Software development	8,909	20.6%	9,500	21.8%	-6.2%	Delays in shipping Retail Bank for banks and JSP New Series for civil engineering
Product sales	15,750	36.4%	16,000	36.8%	-1.6%	Reflects sluggish private-sector demand

3. Sales and Earnings Projections(Parent-only data through 99/03)

(¥ Million)

	99/03			00/03			Change	Reason for Change
	Interim	Amount	% of Sales	Interim	Amount	% of Sales		
Net sales	17,767	43,284	100.0%	19,000	46,600	100.0%	7.7%	Consolidation contributed 600
Information services	11,383	27,533	63.6%	12,400	31,100	66.7%	13.0%	
Product sales	6,384	15,750	36.4%	6,600	15,500	33.3%	-1.6%	
Cost of sales	13,770	33,214	76.7%	15,050	36,200	77.7%	9.0%	Growth in systems personnel and other factors
Information services	8,550	20,256	73.6%	9,620	23,340	75.0%	15.2%	
Materials	407	797	3.5%	350	860	3.6%	7.9%	
Labor	3,243	6,468	28.4%	3,450	7,300	30.3%	12.9%	
Outsourcing	3,939	8,539	37.5%	3,900	8,300	34.5%	-2.8%	
Equipment administrator	1,507	3,051	13.4%	1,640	3,400	14.1%	11.4%	
Administration costs	1,953	3,922	17.2%	1,900	4,200	17.5%	7.1%	
Total manufacturing costs	11,051	22,779	100.0%	11,240	24,060	100.0%	5.6%	
Work in process at beginning of period	1,814	1,814	8.0%	2,580	2,580	10.7%	42.2%	
Work in process at end of period	3,579	2,580	11.3%	3,350	1,800	7.5%	-30.2%	
Transfers to other accounts	736	1,756	7.7%	850	1,500	6.2%	-14.6%	
Product sales	5,220	12,957	82.3%	5,430	12,860	83.0%	-0.7%	Investments to upgrade the mainframe computer and network equipment
Gross profit	3,996	10,069	23.3%	3,950	10,400	22.3%	3.3%	
SGA expenses	3,693	8,288	19.1%	3,620	8,300	17.8%	0.1%	Increase of 18 in depreciation of administrative management software
Shipping	142	291	0.7%	140	280	0.6%	-3.8%	
Advertising	74	145	0.3%	100	160	0.3%	10.3%	
Personnel	2,224	5,454	12.6%	2,200	5,500	11.8%	0.8%	
Travel, transportation and communications	189	366	0.8%	190	350	0.8%	-4.4%	
Rental	344	688	1.6%	350	750	1.6%	9.0%	
Depreciation	19	43	0.1%	30	80	0.2%	86.0%	
Office computer expense	211	422	1.0%	200	400	0.9%	-5.2%	
Operating income	303	1,781	4.1%	330	2,100	4.5%	17.9%	
Non-operating income	66	123	0.3%	50	70	0.2%	-43.1%	
Interest and dividends	36	69	0.2%	30	40	0.1%	-42.0%	
Non-operating expenses	23	46	0.1%	20	100	0.2%	117.4%	
Interest and discounts	16	41	0.1%	20	40	0.1%	-2.4%	
Current income	346	1,858	4.3%	360	2,070	4.4%	11.4%	Tax-effect accounting was applied beginning in the year ended 3/99
Extraordinary income	33	78	0.2%	0	0	0.0%	-100.0%	
Extraordinary loss	247	359	0.8%	180	390	0.8%	8.6%	
Income before taxes	132	1,576	3.6%	180	1,680	3.6%	6.6%	
Income taxes	174	963	2.2%	150	900	1.9%	-6.5%	
Income tax adjustment	-	-137	-0.3%	-50	-70	-0.2%	-48.9%	
Net income	-41	750	1.7%	80	850	1.8%	13.3%	
Net income per share	-2.09	37.51		4.00	42.50			
Dividends per share	6.00	12.0		6.00	12.00			

Notes: Net income per share for the year ended 3/99 is based on 20,001 shares outstanding.

Cost of sales ratios for information services and product sales are based on the sales in each respective sector.

Ratios as a share of sales for cost of sales items in information services are based on total manufacturing expenses.

JIP plans to report parent-only data for its interim results for the year ended 3/00.

4.Division Sales Projections(Parent-only data through 99/03)

(¥ Million)

	99/03		(00/03)			Reason for Change
	Amount	% of Sales	Amount	% of Sales	Change	
Total net sales	43,284	100.0%	46,600	100.0%	7.7%	
Information services	27,533	63.6%	31,100	66.7%	13.0%	
Data-processing services	18,624	43.0%	20,800	44.6%	11.7%	Sales increase from new customers for the securities online system Sales increase from the new service for the health care sector
Software development	8,909	20.6%	10,300	22.1%	15.6%	Sales increase from products for the financial services sector Sales increase from products for the public sector
Systems sales	15,750	36.4%	15,500	33.3%	-1.6%	JIP became more selective in the acceptance of new orders

5. Comparative Balance Sheets(Parent-only data through 99/03)

(¥ Million)

	98/03		99/03		Change		
	Amount	Percentage	Amount	Percentage	Amount	Percentage	
Total assets	25,577	100.0%	27,208	100.0%	1,631	6.4%	
Current assets	18,414	72.0%	19,800	72.8%	1,386	7.5%	
Cash and deposits	533	2.1%	881	3.2%	348	65.3%	
Trade notes and accounts receivable	12,288	48.0%	12,986	47.7%	698	5.7%	Receivables grew in line with sales
Marketable securities	1,371	5.4%	1,095	4.0%	-276	-20.1%	The sale of certain bonds caused a reduction of 237
Inventories	2,549	10.0%	3,608	13.3%	1,059	41.5%	Due to an increase of 768 in work in process to 2,556 because of software and packaged software under development
Prepaid expenses	419	1.6%	453	1.7%	34	8.1%	
Short-term loans	280	1.1%	120	0.4%	-160	-57.1%	
Long-term assets	7,162	28.0%	7,407	27.2%	245	3.4%	
Property, plant and equipment	1,550	6.1%	1,541	5.7%	-9	-0.6%	
Intangible assets	100	0.4%	98	0.4%	-2	-2.0%	
Investments and others	5,511	21.5%	5,767	21.2%	256	4.6%	
Investment securities	1,051	4.1%	1,515	5.6%	464	44.1%	Due to the purchase of stock in banks and other investments
Software	1,645	6.4%	1,421	5.2%	-224	-13.6%	
Deposits	1,711	6.7%	1,710	6.3%	-1	-0.1%	
Total liabilities	13,131	51.3%	14,233	52.3%	1,102	8.4%	
Current liabilities	11,467	44.8%	12,536	46.1%	1,069	9.3%	
Trade notes and accounts payable	6,943	27.1%	7,024	25.8%	81	1.2%	
Short-term loans	1,431	5.6%	1,837	6.8%	406	28.4%	Due to loans to fund working capital
Long-term liabilities	1,663	6.5%	1,696	6.2%	33	2.0%	
Bonuses for employees' retirement	1,604	6.3%	1,634	6.0%	30	1.9%	
Shareholders' equity	12,446	48.7%	12,974	47.7%	528	4.2%	
Capital	2,460	9.6%	2,460	9.0%	0	0.0%	
Capital reserve	3,128	12.2%	3,154	11.6%	26	0.8%	
Retained earnings	6,858	26.8%	7,360	27.1%	502	7.3%	
Interest-bearing liabilities	1,431	5.6%	1,837	6.8%	406	28.4%	