

Japan Information Processing Service Co., Ltd.

Consolidated Accounts Briefing

First quarter, fiscal year ending March 2006

Program

1 .First quarter consolidated summary

2 .FY 3/06 interim and full-term outlooks

3 .Topics

4 .Q&A

1 .First quarter summary

1- 1 . First quarter consolidated summary

Previous period comparisons in parentheses

- EPS: ¥ 7.4 (¥ 38.4)
- ROE: 1.2% (5.8 points)
- Recurring profit margin : 3.3% (12.9 points)
- Sales : ¥ 8,490 million (-4.0 %)
- Recurring profit : ¥ 280 million (-)
- Net profit : ¥ 147 million (-)
- Orders : ¥ 6,713 million (3.8 %)
- Order backlog : ¥ 21,853 million (0.3 %)

Consolidated subsidiaries and companies subject to consolidation JIP ENGINEERING SERVICE CO., Ltd ,
Noa Infotechno Corporation , JIP InfoBridge Co., Ltd. , JIP Techno Science Corporation , Integrate System
Service co., Ltd. , Japan Information System CO, LTD

1-2 .Cash flow

Previous period comparisons in parentheses

- **End-1Q balance of cash and equivalents**

¥ 3,635million (¥ 720 million)

Cash flow from operating activities [¥ 3,115 million] (¥ 3,361million)

Increase due to accounts receivable collection

Cash flow from investing activities [-¥ 668million] (-¥ 559million)

Decrease due to software development investment

Cash flow from financial activities [-¥ 1,734million] (-¥ 2,330million)

Decrease due to repayment of borrowings

1-3 .Sales by service category

Previous period comparisons in parentheses

- **Information service :** **¥4,166 million (1.7%)**
 - Sales in finance and securities fields trending in line with plan
- **Internet service:** **¥445 million (3.3%)**
 - Securities field's e-SIGMA21 contributing well
- **Software development:** **¥3,307 million (-9.0%)**
 - Strong trends in both local government merger operations and data provision operations, but decline due to large year-ago sales postings in finance and securities fields
- **System sales:** **¥569 million (-15.8%)**
 - Selective order acceptance continues

1-4 .Operating summary by principal field

● Securities and finance

- Lagging orders in general bond and electronic CP software products
- Strong orders for housing loan (RB) software products

● Central and local governments

- Strong trends in mergers/integration, data provision operations, replacement, others
- Stress on obtaining new orders in Request For Proposal development operations

● Corporate and education

- Strong start for JIPROS and other software product sales
- Orders obtained for new customer core software development

● Science and technology

- Poor orders for bridge operations in Nagoya, Osaka and Fukuoka

1-5 . Evaluation of results by consolidated company

compared to the previous period

Sales **Recurring profit**

Overview of Japan Information Processing Service Co., Ltd.

Strong **Strong**

Overview of consolidated subsidiaries

Noa Infotechno Corporation	Weak	Weak
JIP ENGINEERING SERVICE CO., Ltd	Good	Good
JIP InfoBridge Co., Ltd.	Weak	Weak
JIP Techno Science Corporation	Weak	Weak
Integrate System Service co., ltd.	Strong	Strong
Japan Information System CO, LTD	Weak	Weak

1-6. Progress of responses to FY 3/05 issues

- **SIGMA21-related**

- One company remains to switch to SIGMA21 (as of end-July)
- Large reduction in external dependence
- New customer specialist group established to reinforce sales capabilities

- **Local government merger-related**

- 1Q profit contribution from extension of operations under special law on the merger of municipalities

- **Delays in corporate and educational development**

- Related software development is complete

2 . FY 3/06 interim and full-term outlooks

2-1 .Interim term consolidated outlook

Previous period comparisons in parentheses

- **EPS:** **¥ 7.6 (¥ 56.7)**
- **ROE:** **1.2% (8.8 points)**
- **Recurring profit margin :** **1.2% (9.5 points)**
- **Sales :** **¥ 16,500 million (-7.8%)**
- **Recurring profit :** **¥ 200 million (-)**
- **Net profit :** **¥ 150 million (-)**
- **Orders :** **¥ 14,410 million (-1.4%)**
- **Order backlog :** **¥ 21,540 million (3.1%)**

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Service co., ltd. , Japan Information System CO, LTD

2-2 FY 3/06 full-term outlook

Previous period comparisons in parentheses

- EPS: ¥ 22.7 (¥ 82.3)
- ROE: 3.6% (12.4 points)
- Recurring profit margin : 2.2% (5.1 points)
- Sales : ¥41,000 million (2.9%)
- Recurring profit : ¥ 900 million (-)
- Net profit : ¥ 450 million (-)
- Orders : ¥ 41,700 million (7.5%)
- Order backlog : ¥ 24,330 million (3.0%)

2-3. Full-term sales outlook by segment

Previous period comparisons in parentheses

- **Information service:** **¥17,600 million (¥772 million)**
- **Internet service :** **¥2,300 million (¥595 million)**
- **Software development:** **¥17,500 million (¥297 million)**
- **System sales:** **¥3,600 million (-¥506 million)**

2-4. Points of importance for principal fields

● **Securities/finance :**

- Obtaining SIGMA21 orders from new customers and operating cost reductions for existing users
- Reinforcing order acquisition for the general bond, JIP-RB, electronic CP and new RTGS finance products

● **Central and local governments :**

- Early reduction in merger-driven higher external order costs
- Promotion of NewLife III all-branch integration package
- Take new measures in formulation of Enterprise Architecture guidelines for local governments

● **Corporate and educational :**

- Obtain orders for JIPROS, MR Planner, Time de Net and other software products
- Promote alliances in qualification testing work

● **Science and technology :**

- Lower orders expected from steel bridge-related manufacturers

3 . Topics

3-1 .Topics

- **Management policy (three promises)**
 - 1) More thoroughgoing focus on customers, providing strong trust and high customer satisfaction
 - **As customer value, provide information technology desired by customers returning to the point of origin**
 - 2) Promotion of reforms for recovery of operating results and stabilization of management
 - **Implement strategic investment and ongoing cost reductions in order to generate profits**
 - 3) Establish a corporate culture of taking pride in contributions to society
 - **Accomplish corporate social responsibility, deepen information management and risk control**
 - **Deepen compliance with laws and regulations**

3-2 .Topics

- **Measures for accelerated management reform**

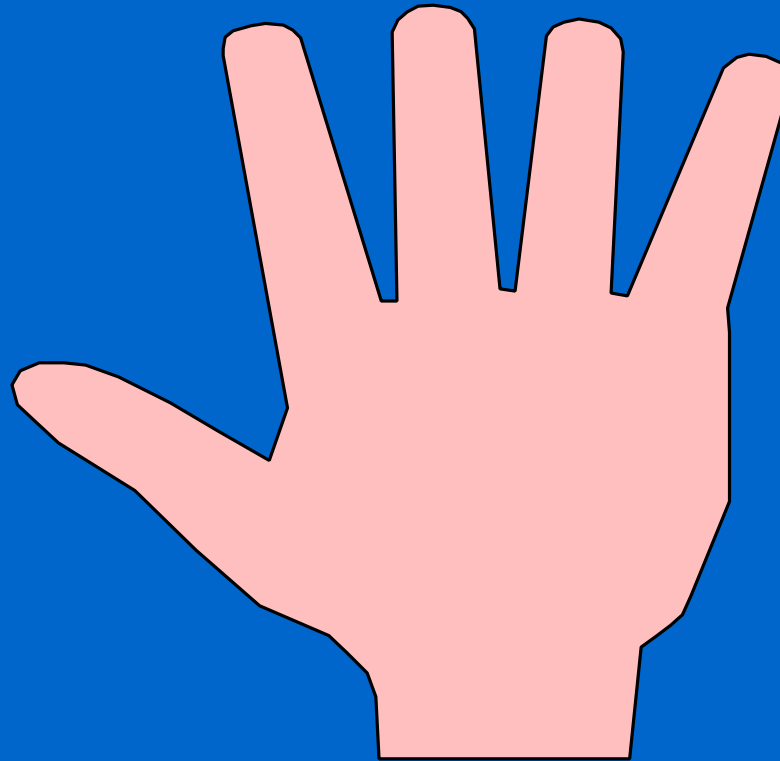
Sales measures: establishment of a management strategy main department

- **Reinforcement by linkage of all-company strategy and segment strategies**
- **Formulation and execution of specific policies via management reform execution tasks**
- **Cost reduction through revision of purchasing strategy**

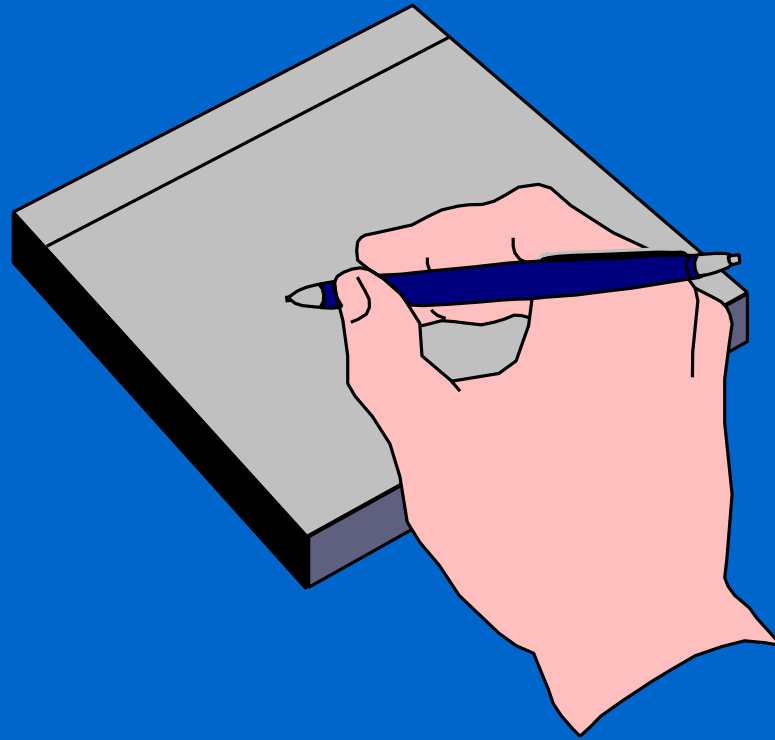
Technical measures: establishment of a production control department within the system main department

- **Eradicate unprofitable projects by reinforcement of project risk control**
- **Develop high quality systems through implementation of quality control inspections**
- **Build manufacturing power and reduce cost prices through standardization and thoroughgoing application of development methods and tools**

Q&A



Questionnaire entries



**Thank you for your taking the
time to attend the meeting**

Important reminder

The current plans, prospects, strategies, presumptions and other information noted in these materials relating to Japan Information Processing Service Co., Ltd. (“JIP”) that is not historical fact constitute projections relating to future performance. These are based on the judgments of JIP management based on currently available information. Consequently, we would like to request that you refrain from relying solely on these performance projections. Please be aware that actual performance may differ significantly from these performance projections due to various important factors. Important factors that may have an impact on actual performance include the following. (1) Economic circumstances surrounding JIP’s business fields and (2) the company’s ability to continuously provide products and services that are acceptance to its customers within the context of rapid technological innovation in the IT (information technology) field, though factors that may possibly have an impact on performance are not limited to these.