

Japan Information Processing Service Co., Ltd.

Consolidated Accounts Briefing

Interim term, fiscal year ending March 2006

Program

1. Results for interim term, fiscal year ending March 2006
2. Full term outlook, fiscal year ending March 2006
3. Overview of Management Reform

1. Results for interim term, fiscal year ending March 2006

1-1. Overview of interim term

(YoY comparison in parentheses)

- EPS : ¥ 4.0 (¥ 53.1)
- ROE : 0.6% (7.9points)
- Dividend: ¥ 7.0
- Recurring profit margin: 1.4% (9.7points)
- Sales: ¥ 17 ,297million (-3.4%)
- Operating profit: ¥ 223million (—)
- Recurring profit: ¥ 250million (—)
- Net profit/loss : ¥ 78million (—)
- Orders: ¥ 13 ,398million (-8.3%)
- Order backlog: ¥ 19 ,731million (-5.5%)

1-2. Cash flow

(YoY comparison in parentheses)

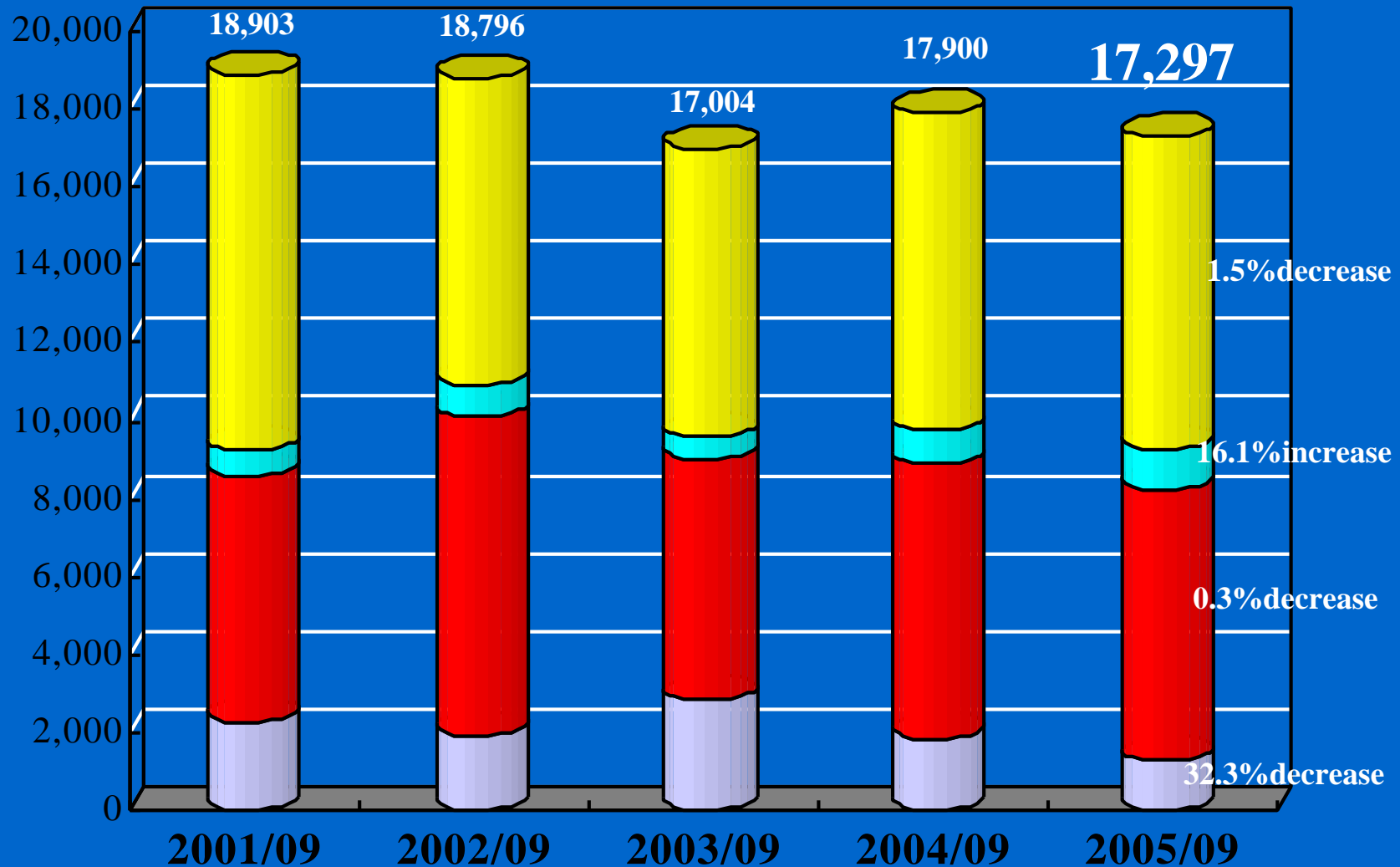
End-1H outstanding balance of cash and equivalents

: ¥1,841 million (-¥1,869 million)

- **Cash flow from operating activities: ¥2,467 million (+¥3,913 million)**
 - **Due to accounts receivable collection**
- **Cash flow from investing activities: -¥693 million (+¥177 million)**
 - **Due to software development investment**
- **Cash flow from financial activities: -¥2,854 million (-¥4,414 million)**
 - **Due to repayment of long/short-term borrowings**

1-3. Sales trends by business

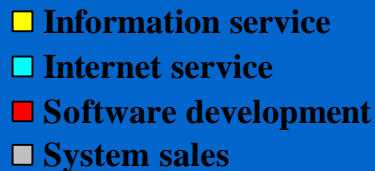
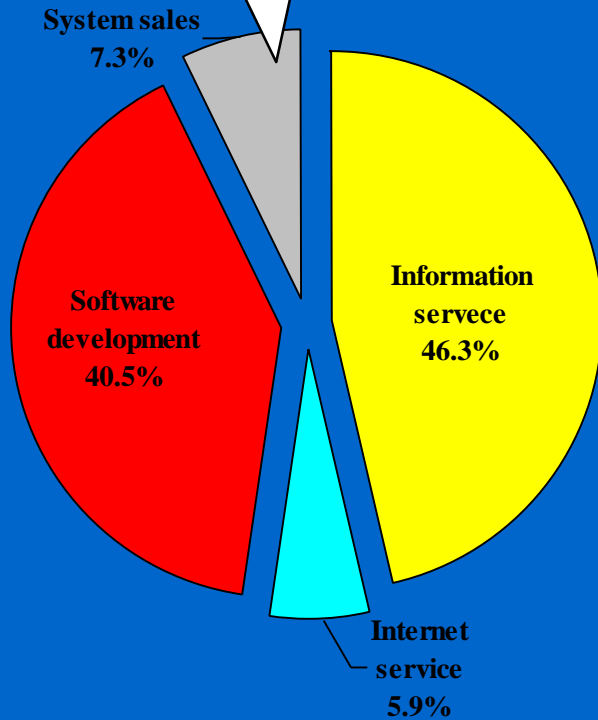
(Unit: ¥ million)



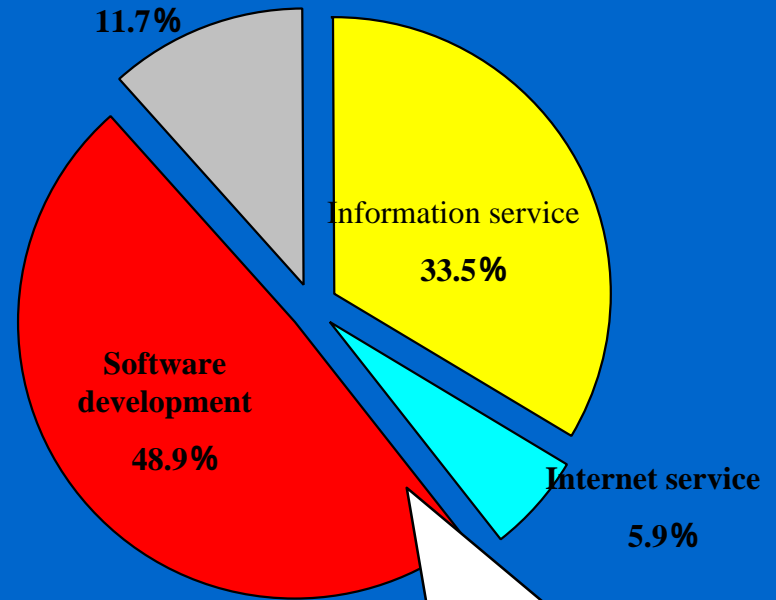
Information service Internet service Software development System sales

1-4. Composition of sales and gross profit by business

Sales composition



Gross profit composition



Gross profit composition

1-5. Sales by business segment

(YoY comparison in parentheses)

- **Information service: ¥8,001 million (-1.5%)**

- Decline due to active stock trading and shift of existing operations to Internet service

- **Internet service: ¥1,028 million (+16.1%)**

- Increases in Internet trading service and sales of Web software products

- **Software development: ¥7,006 million (-0.3%)**

- In the central and local government field, more business related to merger of municipalities

- 1H YoY declines in finance/securities field due to large year-ago software sales postings

- **System sales: ¥1,260 million (-32.3%)**

- Decline due to selective order acceptance on value added projects

1-6. Operating summary by principal field

- **Securities and finance :**
 - Sales far up on securities trading volume increase and existing customer shift to SIGMA21
 - JIP-RB, electronic CP and general bond sales and profits strong
- **Agencies and local governments :**
 - Orders strong on special legislation-driven deferral of local government mergers
- **Corporate and education :**
 - Expansion in software product orders for manufacturers
 - Sales postings into 2H due to order postponements
- **Science and technology :**
 - Bridge-related orders still difficult

1-7. Evaluation of results by consolidated company

Overall group profits greatly improved, black ink achieved

(YoY comparison)

	Sales	Recurring profit
● Overview of Japan Information		
Processing Service Co., Ltd.	Flat	Into the black
● Overview of consolidated subsidiaries		
Noa Infotechno Corporation	→	● ↘
JIP ENGINEERING SERVICE CO., Ltd	↗	● →
JIP InfoBridge Co., Ltd.	→	● ↗
JIP Techno Science Corporation	↗	● ↗
Integrate System Service co., ltd.	↗	● →
Japan Information System CO, LTD	→	● →

2. FY 2006/03 full term consolidated outlook

2-1. Full term consolidated outlook

(compared to the previous period)

- EPS : ¥ 22.7 (¥ 82.3)
- ROE : 3.6% (12.4points)
- Dividend : ¥ 14.0 (interim term: ¥ 7.0)
- Recurring profit margin : 2.2% (5.1points)
- Sales : ¥ 41,000million (2.9%)
- Operating profit : ¥ 950 million (- -)
- Recurring profit : ¥ 900 million (- -)
- Net profit/loss : ¥ 450 million (- -)
- Orders : ¥ 41,700 million (7.5%)
- Order backlog : ¥ 24,330 million (3.0%)

2-2. By-segment sales outlook

(YoY comparison)

- **Information service: ¥17,600 million (+¥772 million)**
 - Acquisition of new SIGMA21 customers
 - Expansion of outsourcing orders in the central/local government and general corporate education fields
- **Internet service: ¥2,300 million (+¥595 million)**
 - Reinforcement of Internet service and order expansion in securities and finance field
 - Development of outsourcing service using JIP-iDC
- **Software development: ¥17,500 million (+¥297 million)**
 - Reinforcement of specialized software product development and sales in strongest fields
- **System sales: ¥3,600 million (-¥506 million)**
 - Continuation of order selectivity and obtaining orders for high added value projects

2-3. Points of importance by principal field

● Securities and finance :

- Stable supply of mainstay finance products (general bonds, electronic CP, RB, others), development of next-generation strategic products, promotion of sales
- Acquire new securities customers, improve earnings by optimizing consignment fees

● Agencies and local governments :

- Expand sales of individual software products (library, home nursing, post-merger remaining projects, others)
- Early receipt of project orders

● Corporate and education :

- Expand existing customer operations
- Expand sales of software products (JIPROS, testing operations, others)

● Science and technology :

- Steel bridge work will decrease, so stress relatively good concrete and analytical operations
- Promote work orders for existing customers

3. Overview of Management Reform

3-1. Overview of Management Reform

Formulate corporate guidelines:

Clarify and share value perceptions

- **We place customers first in everything, and by maximizing customer satisfaction seek to grow with our customers.**
- **Always pursue innovation and change, and by coping with constant challenge maintain high information technology and contribute to society.**
- **Enhance corporate value, secure appropriate earnings and maintain the trust of stockholders.**
- **With a strong ethical sense, observe all laws and regulations and strive for information disclosure and transparency.**
- **Respect each employee as an individual, and strive for free debate and fair evaluation and compensation.**

3-2. Overview of Management Reform

● Existing policies and activities

- Establishment of Product Management Dept. : Improve product quality, bolster productivity, elimination of money-losing projects
- Establishment of Corporate Strategy and Planning Dept. : Formulate and execute all-company strategy across operating divisions
- Management reform/improvement tasks: Cost reduction, securing profits, system infrastructure improvement => full disclosure of processes and results
- Customer satisfaction improvement committee: Chaired by the President, all officers are members, meetings convened monthly
- System of officers responsible for priority customers: Headquarters officers also responsible, priority-wise
- Q-UP21 movement: Movement to upgrade quality in all processes
- Order control system: System for sales activity control from finding business to order receipt
- "Town meetings": Convened weekly (about 300 persons already participated), in direct dialog with the President problems and improvements are pointed out, and solutions studied.

3-3. Overview of Management Reform

Strategies and policies being planned and formulated

- Organizational strategy

Three headquarters unit system: sales, development, customer service

Seek to provide specific solutions with higher productivity and quality, by expanding relationships with customers and concentrating skills in development, operation and maintenance organizations

In the sales headquarters, reinforce the authority of the branch managers in the Tokyo, Osaka, Nagoya and other areas, in a flexible sales system closely linked to the region and the customers

At the same time, in order to deepen promotion of by-segment strategies, position responsible officers under the sales headquarters manager

Maintain the present head office organization, and rename the system headquarters as the technical headquarters

In addition to the existing system technology department, establish the technical headquarters as the R&D department for research on new technology

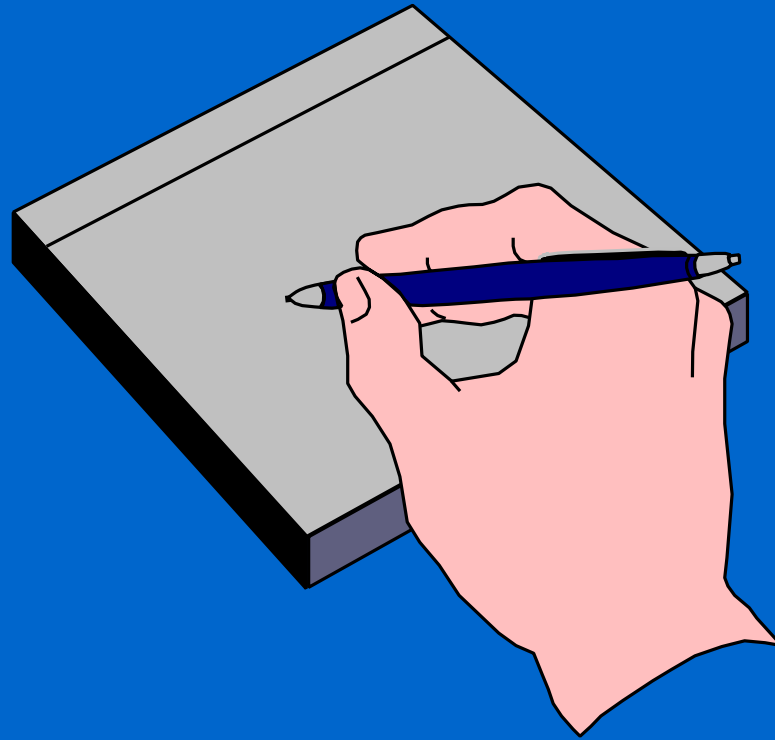
- Product strategy

Evaluate and select existing products and services, commit management resources to furtherance of selection and concentration, and clarify priorities

Q&A



Questionnaire entries



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.