

Japan Information Processing Service Co.,Ltd.

15th Small Group Meeting

**First quarter,
fiscal year ending March 2005**

Order of business

- 1 . Consolidated conditions in the 1st quarter**
- 2 . Intermediate and annual outlook, fiscal year ending March 2005**
- 3 . Topics**
- 4 . Q&A**

1 . General conditions in the 1st quarter

1 - 1 . Consolidated conditions in the 1st quarter

(compared to the previous term)

- EPS: -¥31.0
- ROE: -4.6%
- Ordinary profit rate: -9.6%
- Sales: ¥ 8,840 million (19.1 %)
- Ordinary profit: -¥ 844 million
- Net profit for the term: -¥ 618 million
- Orders received: ¥ 6,467 million
- Orders on hand: ¥ 21,797 million

Consolidated subsidiaries: JIP ENGINEERING SERVICE CO.,Ltd, Noa infotechno Corporation,JIP InfoBridge CO., Ltd.,
JIP Techno Science Corporation,Integrate System Service co.,ltd.

Equity-method companies: Japan Information System CO,LTD

1-2 . Cash flow

- **Cash flow from operating activities** [-¥245 million]
 - Decrease due to the payment of accounts payable
- **Cash flow from investment activities** [-¥109 million]
 - Decrease due to software development investments
- **Cash flow from financing activities** [¥596 million]
 - Increase in short-term borrowings
- **Balance at term end** [¥4,355 million]

1-3 . Sales by service sector

Figures in parentheses: % compared to previous term

- **Information services** : **¥ 4,095 million (7.7%)**
 - Robust stock prices in securities and financing sector and activation of new customers
 - Increase in spot business at affiliated units, etc.
- **Internet services:** **¥ 430 million (88.2%)**
 - Increase in contacts in internet securities related business
 - Overall increase in small-scale operations
- **Software services** : **¥ 3,636 million (46.3%)**
 - Completion of large-scale software development projects, orders for additional projects, etc.
- **System sales** : **¥ 676 million (-25.3%)**
 - Continued selected order acceptance

1 -4 . General conditions of major sectors

● Securities and financing sector

- Completion of large-scale software development projects and launch of information services
- In addition to the 6 existing companies, launch of services of SIGMA21 targeting quasi-large-scale securities
- Expansion in orders for software product housing loans (RB)
- Additional large software orders

● Government sector

- Orders shifted to 2nd quarter due to extensions of municipal merger deadlines under the Municipal Merger Law
- Brisk orders for individual systems other than merger projects (LINUS, internal data systems, etc.)

● General corporate and education sector

- Statistics and survey domains are excellent

● Science and technology sector

- Housing sector remains firm
- Increased orders in the civil engineering and bridge sector due to a boost in competitive strength through the merger effect

1-5 . General conditions of group affiliates

(compared to the previous term)

		Sales	Ordinary profit
● General conditions of Japan Information Processing Service Co., Ltd	As planned		
● General conditions of consolidated subsidiaries			
JIP ENGINEERING SERVICE CO., Ltd	Tough		
Noa Infotechno Corporation	So-so		
JIP InfoBridge CO., Ltd.	Tough		
JIP Techno Science Corporation	So-so		
Integrate System Service co., ltd	So-so		
General conditions of equity-method companies			
Japan Information System CO., LTD	Showing strength		

2 . Intermediate and annual outlook for fiscal year ending March 2005

2-1 . Consolidated intermediate-term outlook

Figures in parentheses:% compared to previous term

- EPS: -¥22.5 (¥3.5)
- ROE: -3.2% (0.5 points)
- Dividend: ¥7.0
- Ordinary profit rate: -1.9% (-0.9 points)
- Sales: ¥18,000million (5.9%)
- Ordinary profit: -¥350million (-)
- Net profit for the term: -¥450million (-)
- Orders received: ¥13,440million (0.5%)
- Orders on hand: ¥19,610million (-2.5%)

Consolidated Subsidiaries : JIP ENGINEERING SERVICE CO., Ltd, Noa Infotechno Corporation, JIP InfoBridge CO., Ltd.,

JIP Techno Science Corporation, Integrate System Service co., ltd.

Equity-method companies : Japan Information System CO,LTD

2-2 . Annual outlook for fiscal year ending March 2005

Figures in parentheses:% compared to previous term

- EPS: ¥12.5 (¥31.3)
- ROE: 1.8% (4.3points)
- ¥14.0
- Ordinary profit rate: 2.3% (1.5points)
- Sales: ¥41,000million (11.7%)
- Ordinary profit: ¥950million (3.4%)
- Net profit for the term: ¥250million (-)
- Orders received: ¥39,227million (5.6%)
- Orders on hand: ¥22,397million (-7.3%)

Consolidated Subsidiaries : JIP ENGINEERING SERVICE CO., Ltd, Noa Infotechno Corporation, JIP InfoBridge CO., Ltd.,

JIP Techno Science Corporation, Integrate System Service co., ltd.

Equity-method companies : Japan Information System CO,LTD

2-3-1. Priority intermediate and annual measures

- **Expansion in information service operations**
 - Expansion in orders from new SIGMA21 customers
 - Promotion of expanded orders in civil engineering and bridge sector through a further boost in competitive strength
- **Expansion in internet service operations**
 - Promotion of network services through JIP-iDC
(long-term nursing insurance ASP, JIP/eInfoStream, e-SACCS, JIP Web questionnaires, registered data, etc.)
 - Promotion of Mathematica forum operations
 - Expansion in Internet securities business
- **Expansion in software product operations**
 - Promotion of development and sales of general bonds, RTGS and other new software products
 - Acceleration of housing loan (RB) and electronic CP order acceptance
 - Expansion in orders for municipal merger projects in the local government sector and Focus on efforts for sales of NewLife and individual products
(long-term nursing insurance, delinquent payment liquidation, integrated document management, etc.)
 - Promotion of package sales in the education sector
(LINUS, Mathematica, JIP instruction assessment systems)

2-3-2. Priority intermediate and annual measures

● Productivity and quality improvements

- Introduction of JIP-ITSS as part of the efforts to reinforce technological strength
- Reinforcement of project management capabilities (introduction of project management standards)
- Reinforced selection of Open-Web engineers
- Sharing of developed parts and reinforcement of assembly technology
- Cost reductions realized by reinforcing outsourcing management(reinforcement of acceptance inspections, etc.)
- Accumulation of business expertise and technology by promoting intra-group development
- Reinforced of JIP-iDC management

● Promotion of risk management measures

- Reinforcement of security management
- Development of Nagoya backup center

2-4. Annual performance outlook for fiscal year ending March 2005 (progress in software development operations)

- **Unprofitable business operations due to delay and increased labor costs in large-scale software development**
 - Projects in financing sector are completed and information services have started
 - Projects in general corporate and education sectors to be completed by year-end
- **Strategic system development investment**
 - Focus on accelerating shift of new and existing customers to SIGMA21
(goal: all customers by year-end)
 - Response to municipal mergers, start of integration in NewLife

Performance outlook is tough through year-end due to increased cost burden of large-scale software development and transfer of business operations with prospects for rapid recovery from the 4th quarter

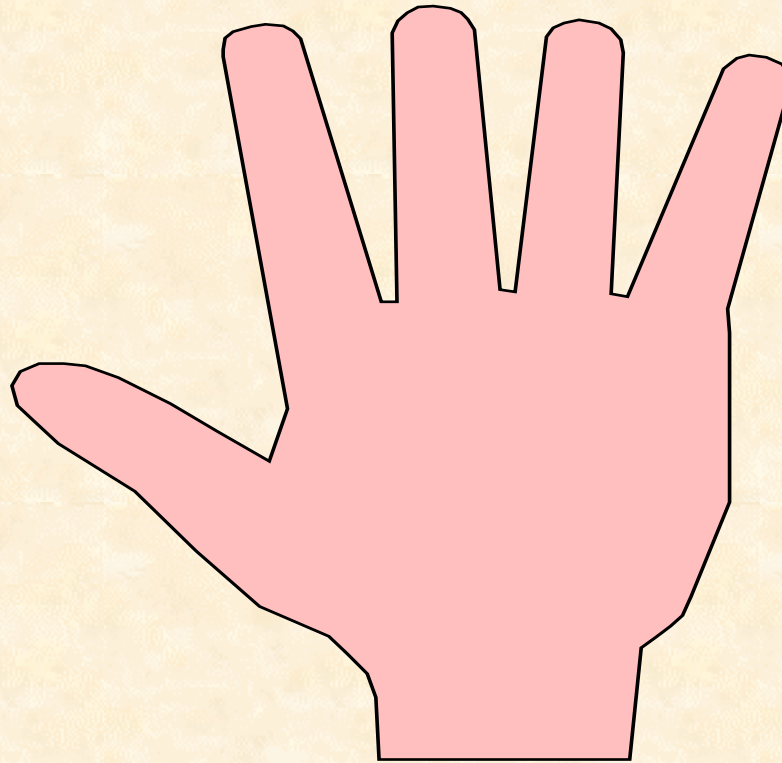
3-1 . Topics (1)

- Deployment of directors exclusively in charge of overall sales administration and technology administration
= Role of active control tower =
 - Sales initiatives (specialization in high-strength fields with a competitive edge)
 - Reinforcement of sales strength crosscutting operating sectors
 - Reinforcement of partner and collaboration strategies
 - Focus on business operations in which high added value can be anticipated (information services, Internet services, software products)
 - Technology initiative (thoroughgoing restructuring of software development capabilities)
 - Selection and training of professional project managers and service engineers
 - Short-term training of Open-Web engineers
 - Reduction in the degree external dependence (integration of development and management expertise in group units)
 - Promotion of initiatives to improve software development capabilities and quality and increased gross margin rate
 - Establishment of the technology firm JIP as a group of professionals in IT technology within 3 years

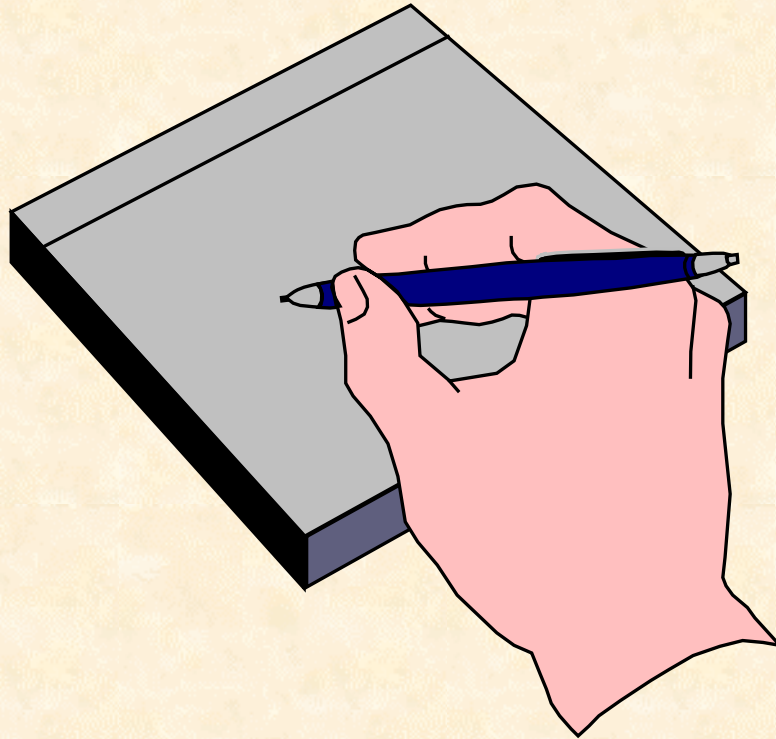
3-2 . Topics (2)

- **Establishment of compliance committee**
 - Response to compliance with the awareness that it is a basic issue of primary importance in the execution of business
 - Committee management by full-time directors
 - Response by developing manuals of important compliance items centered in the Commercial Code, internal rules, personal information, risk management, etc.
 - Exhaustive ISMS and Privacy Mark management
- **Acquisition of treasury stock** (purchased July 26, 2004)
 - Platform after the elimination of cross-stockholdings
 - Reserve stock for stock options
- **Issuance of new stock for stock options**
(120,000 shares issued July 30, 2004)
 - For allotment to company directors, auditors and employees, subsidiary directors and auditors
 - Option execution period: June 19, 2006-June 17, 2009

4 . 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.