

Japan Process Development Co., Ltd.

Financial Results Briefing

Year Ended May 31, 2013



July 12, 2013

1. Consolidated financial results for the year ended May 31, 2013

2. Forecast for the year ending May 31, 2014

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2. Forecast for the year ending May 31, 2014

Outline of the Consolidated Financial Results for the Year Ended May 31, 2013

Unit: Millions of yen

	Plan	Against plan	Actual	Year-on- year	Previous year
Net Sales	5,100	130 2.6%	5,230	583 12.6%	4,647
Operating Income	310	6 2.1%	316	67 27.1%	249
Ordinary Income	350	16 4.8%	366	69 23.3%	297
Current Net Income	202	6 3.2%	208	56 37.4%	151

Overview of the Consolidated Financial Results - 1

Net Sales

+¥583M YOY

Although sales in Transportation Systems and IT Management Services were down YOY, Particular Information Systems, Industrial & Public Systems, and Embedded Systems performed strongly

Operating Income

+¥67M YOY

Contribution made by factors including the completion of large-scale system in Particular Information Systems and the acquisition of new clients in Embedded Systems

Ordinary Income

+¥69M YOY

Gain on surrender of insurance contract

Current Net Income

+¥56M YOY

Loss on revaluation of investment securities

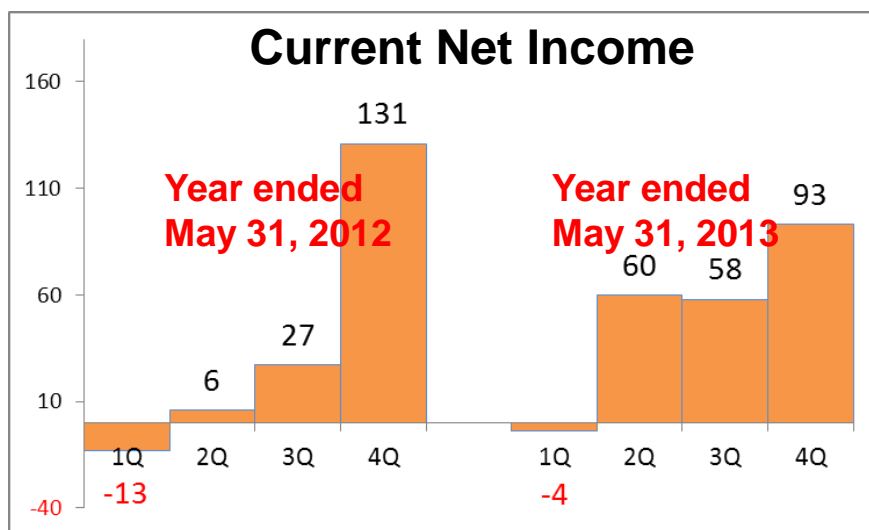
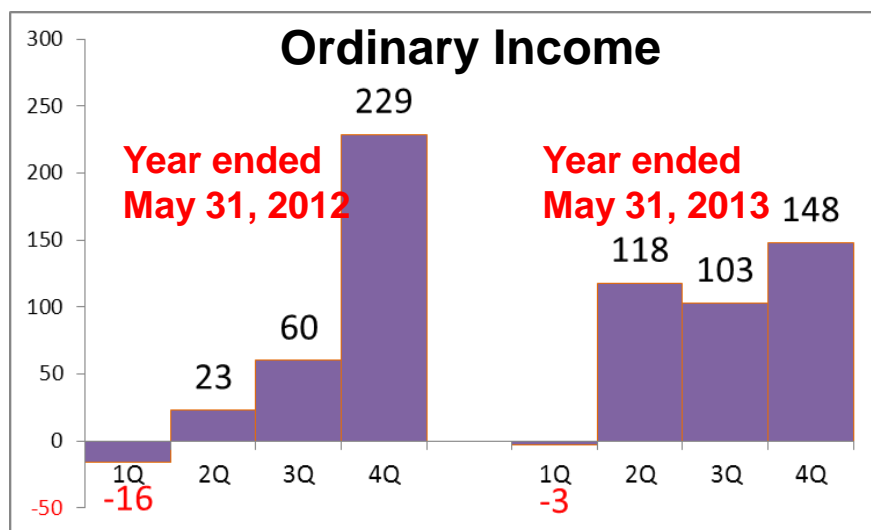
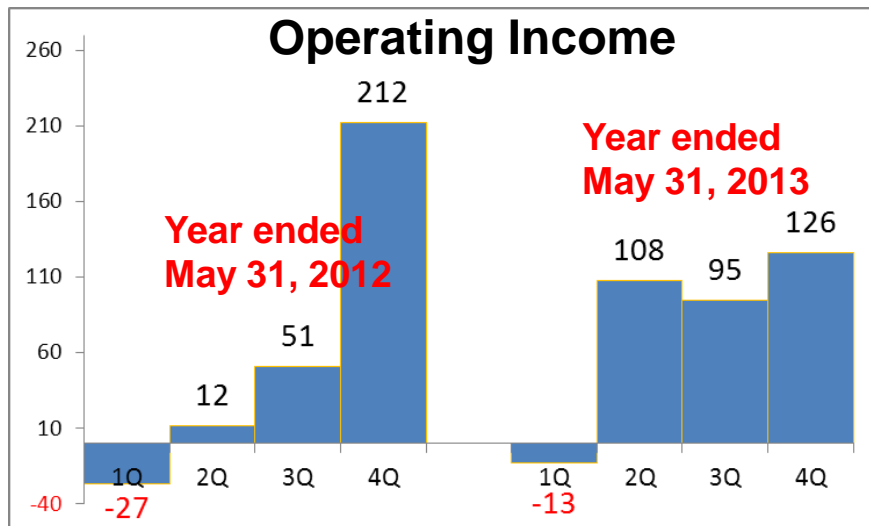
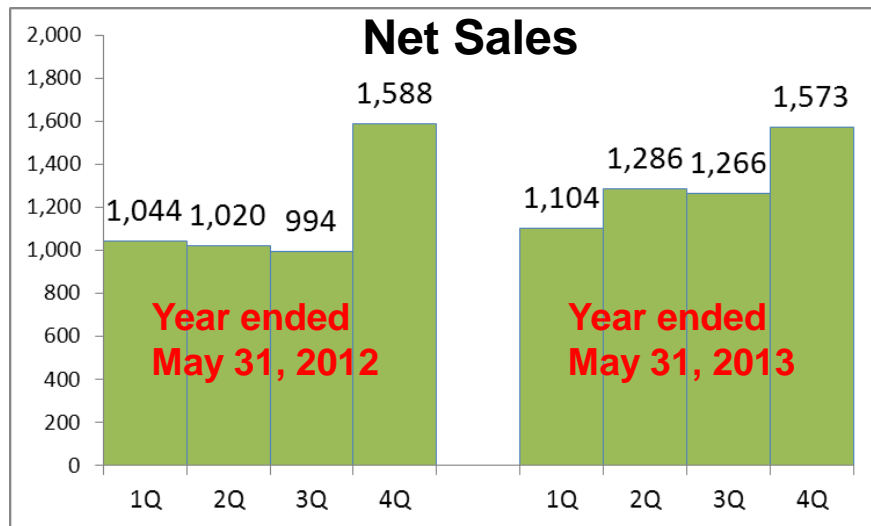
Overview of the Consolidated Financial Results - 2

[Major topics]

- **Completion of large-scale subcontracting project in the crisis management field**
- **Subcontracting advanced in some business divisions**
- **Profitability deteriorated due to some unprofitable projects**
- **Sales activities to acquire new clients bore fruit**
- **Gradual advance of offshore development**
- **Although proposals were actively made in response to the globalization of customers, results were limited**
- **Continuation of working groups involving industry trade organizations**
 - **JASA (Japan Embedded Systems Technology Association)**
 - **JSCA (Japan Smart Community Alliance)**
 - **Released paper and won award at the Union of Japanese Scientists and Engineers**

Overview of Consolidated Financial Results (Performance Trend by Quarter)

Unit: Millions of Yen



Sales by Business Segment in the Year Ended May 31, 2013

Unit: Millions of Yen

Business Segment	Year ended May 31, 2012 (Composition ratio)	Year ended May 31, 2013 (Composition ratio)	Change (Percentage of change)
Control Systems	1,007 (21.7%)	1,065 (20.4%)	57 (5.7%)
Transportation Systems	871 (18.8%)	764 (14.6%)	-107 (-12.4%)
Particular Information Systems	558 (12.0%)	729 (14.0%)	171 (30.7%)
Embedded Systems	647 (13.9%)	836 (16.0%)	188 (29.1%)
Industrial & Public Systems	591 (12.7%)	909 (17.4%)	318 (53.7%)
IT Management Services	969 (20.9%)	925 (17.7%)	-44 (-4.6%)
Total	4,647	5,230	583

Note: Includes sales that should be canceled out between segments.

Income Performance by Business Segment in the Year Ended May 31, 2013

Unit: Millions of Yen

Business Segment	Year ended May 31, 2012 (Composition ratio)	Year ended May 31, 2013 (Composition ratio)	Change (Percentage of change)
Control Systems	271 (26.9%)	236 (22.2%)	-35 (-12.9%)
Transportation Systems	187 (21.5%)	126 (16.5%)	-61 (-32.7%)
Particular Information Systems	91 (16.3%)	182 (25.0%)	91 (100.5%)
Embedded Systems	74 (11.5%)	182 (21.8%)	107 (144.1%)
Industrial & Public Systems	163 (27.6%)	233 (25.6%)	69 (42.5%)
IT Management Services	248 (25.6%)	151 (16.4%)	-96 (-39.0%)
Total	1,036	1,112	75

Note: Segment income include company-wide expense not allocated to each segment.

Performance by segment for year ended May 31, 2013 -1

Control Systems Division

- Volume of system development for domestic power generation decreased
 - Although efforts were made to expand the scope covered, both sales and profits decreased
 - Although overseas project increased, because unit prices declined the Dalian subsidiary was used to reduce costs
- Motorization projects for next-generation vehicles performed strongly

Unit: Millions of Yen

Business Segment		Year ended May 31, 2012 (Income Ratio)	Year ended May 31, 2013 (Income Ratio)	Change (Percentage of change)
Control Systems	Net Sales	1,007	1,065	57 (5.7%)
	Income	271 (26.9%)	236 (22.2%)	-35 (-12.9%)

Performance by segment for year ended May 31, 2013 -2

Transportation Systems Division

- Profitability declined as response to defects was required, insufficient sales activities caused sales to decrease
- Delay in system development for overseas railway project
- Steady progress in the Hokuriku and Hokkaido Shinkansen extension

Unit: Millions of Yen

Business Segment		Year ended May 31, 2012 (Income Ratio)	Year ended May 31, 2013 (Income Ratio)	Change (Percentage of change)
Transportation S y s t e m s	Net Sales	871	764	-107 (-12.4%)
	Income	187 (21.5%)	126 (16.5%)	-61 (-32.7%)

Particular Information Systems Division

- Continuing from last year, a large-scale subcontracted system development progressed and brought to a conclusion steadily, making a contribution to both sales and profits
- System development environment establishment work and new system development commenced in the crisis management field

Unit: Millions of Yen

Business Segment		Year ended May 31, 2012 (Income Ratio)	Year ended May 31, 2013 (Income Ratio)	Change (Percentage of change)
Particular Information Systems	Net Sales	558	729	171 (30.7%)
	Income	91 (16.3%)	182 (25.0%)	91 (100.5%)

Performance by segment for year ended May 31, 2013 -4

Embedded Systems Division

- Although there were some fluctuations in volume, smartphone development was mostly flat
- Steady progress in newly launched vehicle development
- Short-range wireless technologies leveraged to acquire new customers
- SSD (storage devices) development was robust

Unit: Millions of Yen

Business Segment		Year ended May 31, 2012 (Income Ratio)	Year ended May 31, 2013 (Income Ratio)	Change (Percentage of change)
E m b e d d e d S y s t e m s	Net Sales	647	836	188 (29.1%)
	Income	74 (11.5%)	182 (21.8%)	107 (144.1%)

Performance by segment for year ended May 31, 2013 -5

Industrial & Public Systems Division

- IC card system development was robust
- Development of content management products performed strongly in response to the expansion of customer operations
- Steady development of newly launched sport-related systems
- Development of public systems such as ETC systems and automated ticket vending machines performed well

Unit: Millions of Yen

Business Segment		Year ended May 31, 2012 (Income Ratio)	Year ended May 31, 2013 (Income Ratio)	Change (Percentage of change)
Industrial & Public Systems	Net Sales	591	909	318 (53.7%)
	Income	163 (27.6%)	233 (25.6%)	69 (42.5%)

Performance by segment for year ended May 31, 2013 -6

IT Management Services Division

- There was a decline in sales profits from verification services due to a slowdown in customers' product development, their use of offshore services which caused the occurrence of idle periods.
- System development support services performed strongly due to factors including reconstruction demand
- Repair, maintenance, and operation services performed robustly

Unit: Millions of Yen

Business Segment		Year ended May 31, 2012 (Income Ratio)	Year ended May 31, 2013 (Income Ratio)	Change (Percentage of change)
IT Management S e r v i c e s	Net Sales	969	925	-44 (-4.6%)
	Income	248 (25.6%)	151 (16.4%)	-96 (-39.0%)

Financial Indicators (Other)

	Year ended May 31, 2012	Year ended May 31, 2013
Net Assets	¥8,085M	¥8,133M
Net Assets per Share	¥1,458.20	¥1,466.86
Net Income per Share	¥27.35	¥37.59
Capital-to-assets Ratio	93.8%	89.0%
Treasury Shares	200,092 shares	200,092 shares
No. of employees	555	559

Consolidated Cash Flows

Unit: Millions of Yen

Item	Year ended May 31, 2012	Year ended May 31, 2013
Cash flow from operating activities	-259	785
Cash flow from investing activities	-757	-298
Cash flow from financing activities	-166	-161
Net increase (decrease) in cash and cash equivalents	-1,183	325
Cash and cash equivalents at beginning of year	2,004	821
Cash and cash equivalents at end of year	821	1,146

1. Consolidated financial results for the year ended May 31, 2013

2. Forecast for the year ending May 31, 2014

The Company's business environment

● Domestic capital investment over-saturated

- Privatization of newly established power facilities, intensified cost competition
- Establishment of domestic Shinkansen lines completed for the time being

● Social infrastructure investment and building needs heightening on a global level

- Energy and environmental issues, the growth of emerging nations
- Drastic increase in and commoditization of mobile devices
- Advance of cloud computing, development sensor networks

Vision of the Third Medium-Term Business Plan

To contribute to safety security, comfort
and convenience in the social infrastructure field



Basic Policy of the Third Medium-Term Business Plan

1. Uncover new areas of focus
2. Promote globalization in step with customers
3. Continue T-SES

Priority issues

1) Uncover new areas of focus

- (1) Advanced acquisition of technologies
(object-oriented, functional safety, formal methods)
- (2) Continuing industry activities
- (3) Implementation of a company-wide flexible sales system

2) Promote globalization in step with customers

- (1) Standardization (packaging, adoption of shared and international standards)
- (2) Reducing costs
- (3) Actively proposing to customers based on the above perspectives

3) Continue T-SES (Total Software Engineering Services)

In addition to expanding the scope of phases, function, operations, and control, establish a development style to support this and improve added value

Control Systems Division

- Expand scope of operations to fields such as substation monitoring, storage batteries, EAM, and cloud technologies
- Propose next-generation systems development for thermal monitoring and control
- Motorization projects for next-generation vehicle to continue to perform well
- Improvement of model development technologies to also improve productivity
- Focus on vehicle functional safety

Transportation Systems Division

- Promotion of the expansion of the scope of business and subcontracting
- Promotion of offshore development
- Elimination of unprofitable projects

Particular Information Systems Division

- Maintenance phase for large-scale systems development
- Aim to expand operations in fields using space information such as map information and resource information
- Develop new areas utilizing skills such as mathematical calculations and new algorithms

Embedded Systems Division

- Leverage short-range wire technologies to develop new customers with a focus on parts manufacturers
- Consolidate vehicular information systems department and establish a dedicated department for vehicle embedded systems
- Expand customers using current semiconductor-related technologies

Industrial & Public Information Systems Division

- Expansion of system for sports-related systems
- Next-generation ticket vending machine systems development expected to commence
- Contents management product development work expected to be flat
- Promoting subcontracting (20%→30%)

IT Management Services Division

- Strengthen systems development education, expand operations
- Continue to develop new customers in verifications services
- Expand services from simple operation services to all areas of the IT service management field

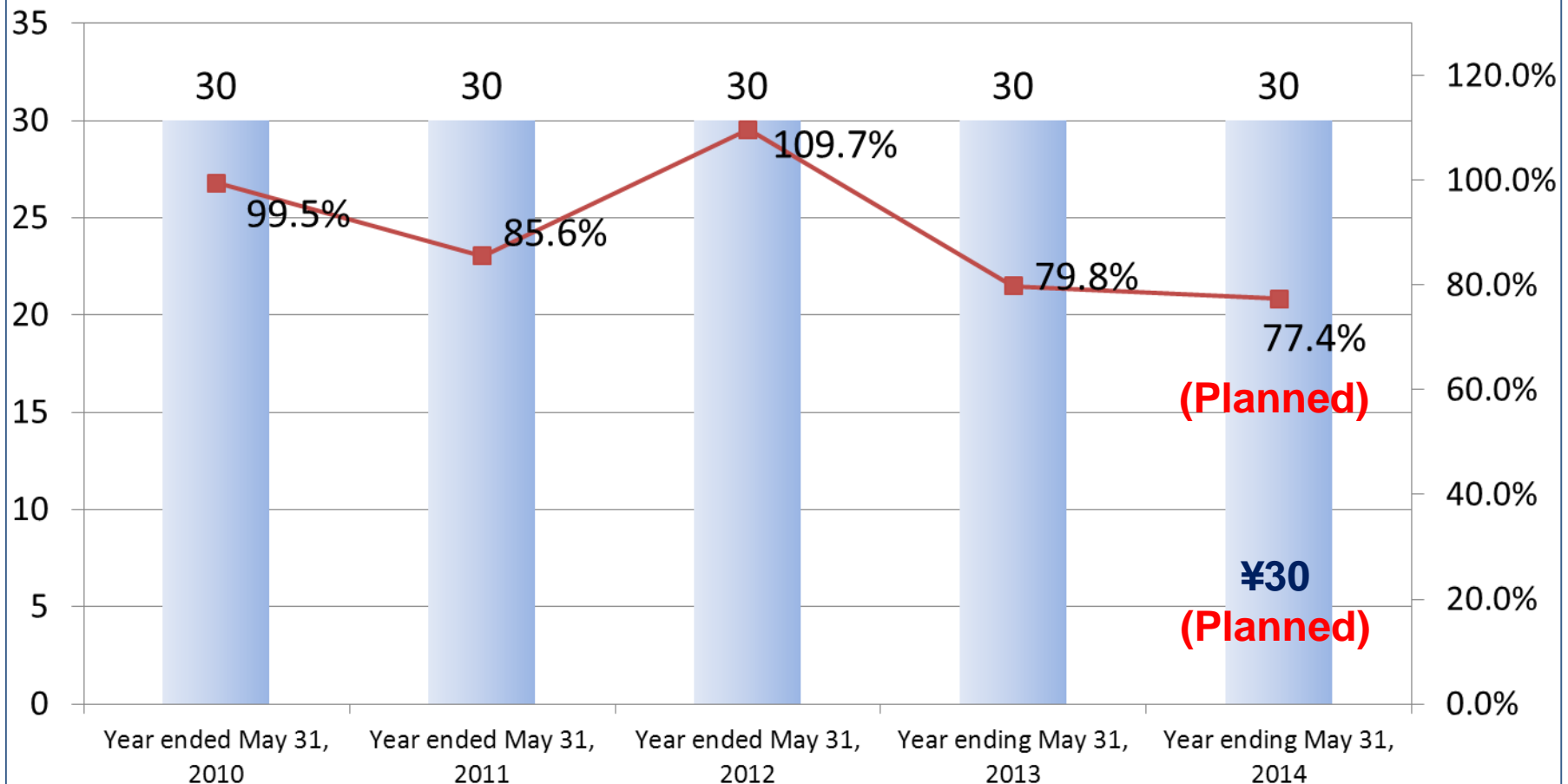
Planned Numerical Consolidated Targets for the Year Ending May 31, 2014

Unit: In Millions of Yen

	Year ended May 31, 2013 [Actual]	Year ending May 31, 2014 [Plan]	Change (Percentage of Change)
Net Sales	5,230	5,300	69 (1.3%)
Operating Income (Operating Income Ratio)	316 (6.1%)	340 (6.4%)	23 (7.4%)
Ordinary Income (Ordinary Income Ratio)	366 (7.0%)	385 (7.3%)	18 (5.0%)
Current Net Income (Net Income Ratio)	208 (4.0%)	215 (4.1%)	6 (3.1%)

Trend in Shareholder Dividends

We will position the return of our profits to our shareholders as a key managerial policy, executing it with the ongoing provision of stable dividends and a dividend payout ratio of over 50% as our target.



We will raise corporate value through **T-SES*** and contribute to safety, security, comfort and convenience in the social infrastructure field.

*T-SES = Total Software Engineering Services

Disclaimer

This material contains “forward-looking statements” based on current forecasts and assumptions. Japan Process Development Co., Ltd. in no way warrants the realization of such forward-looking statements, which are subject to risks and uncertainties that could cause actual outcomes and results to differ from these statements.

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