



[Securities code : 9651]

Japan Process Development Co., Ltd.

Financial Results Briefing

Financial Results for the Second Quarter (Accumulated Period) of the Year Ending May 31, 2016



January 12, 2016

1. Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2016

2. Forecast for the Year Ending May 31, 2016

3. Focus Efforts on the Next Core Businesses

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Second Quarter of the Year Ending May 31, 2016

Outline of Consolidated Financial Results



JAPAN PROCESS
DEVELOPMENT CO.,LTD.

Unit: Millions of yen

	Plan	Against plan	Actual	Year-on-year	Previous year
Net Sales	2,350	+425 +18.1%	2,775	+42 +1.5%	2,733
Operating Income (Income ratio)	80 (3.4%)	+167 +209.0%	247 (8.9%)	-0 -0.0%	247 (9.0%)
Ordinary Income (Income ratio)	100 (4.3%)	+169 +169.9%	269 (9.7%)	+6 +2.5%	263 (9.6%)
Net Income of the Quarter (Income ratio)	89 (3.8%)	+86 +96.7%	175 (6.3%)	+15 +9.6%	159 (5.8%)

Second Quarter of the Year Ending May 31, 2016

Overview of Consolidated Financial Results - 1



JAPAN PROCESS
DEVELOPMENT CO.,LTD.

Net Sales

+ ¥42M YOY (+ 1.5%)

Increased due to accelerated receiving inspection timing in contracted projects and projects subject to the percentage-of-completion method, etc.

Operating Income

- ¥0M YOY (- 0.0%)

Although some segments decreased due to completion of large-scale projects in the previous year, overall was unchanged YOY

Ordinary Income

+ ¥6M YOY (+ 2.5%)

Increased slightly due to dividend income, etc.

Net Income of the Quarter

+ ¥15M YOY (+ 9.6%)

Increased due to decreased corporation tax, etc.



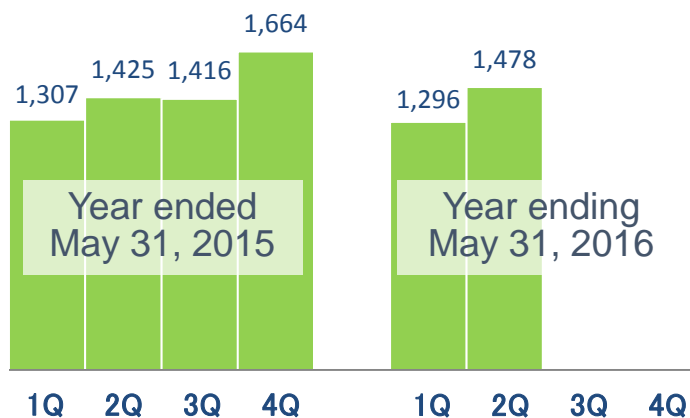
[Major topics]

- Industrial/public systems, IT services, embedded systems, etc., were strong, exceeding the beginning-of-period plan for both net sales and profit
- In the focus area of automobiles, specialty technology in multiple segments was consolidated and development began
- As for IoT, joined associations and councils specializing in security, etc., and began information gathering information and working group activities

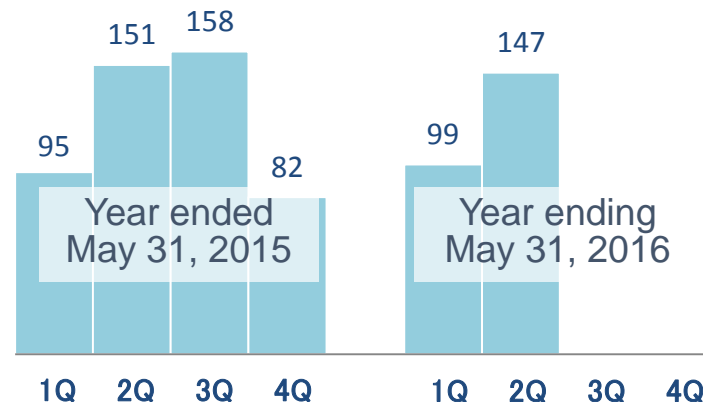
Overview of Consolidated Financial Results (Performance Trend by Quarter)

Unit: Millions of yen

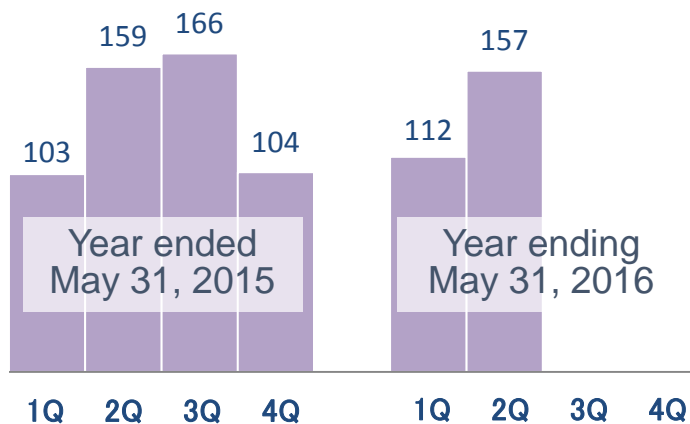
Net Sales



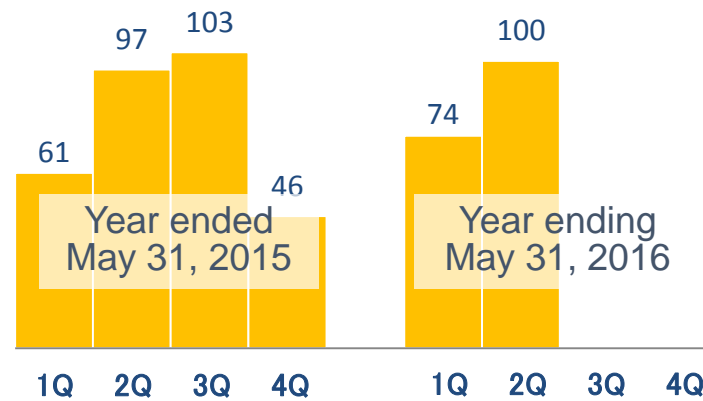
Operating Income



Ordinary Income

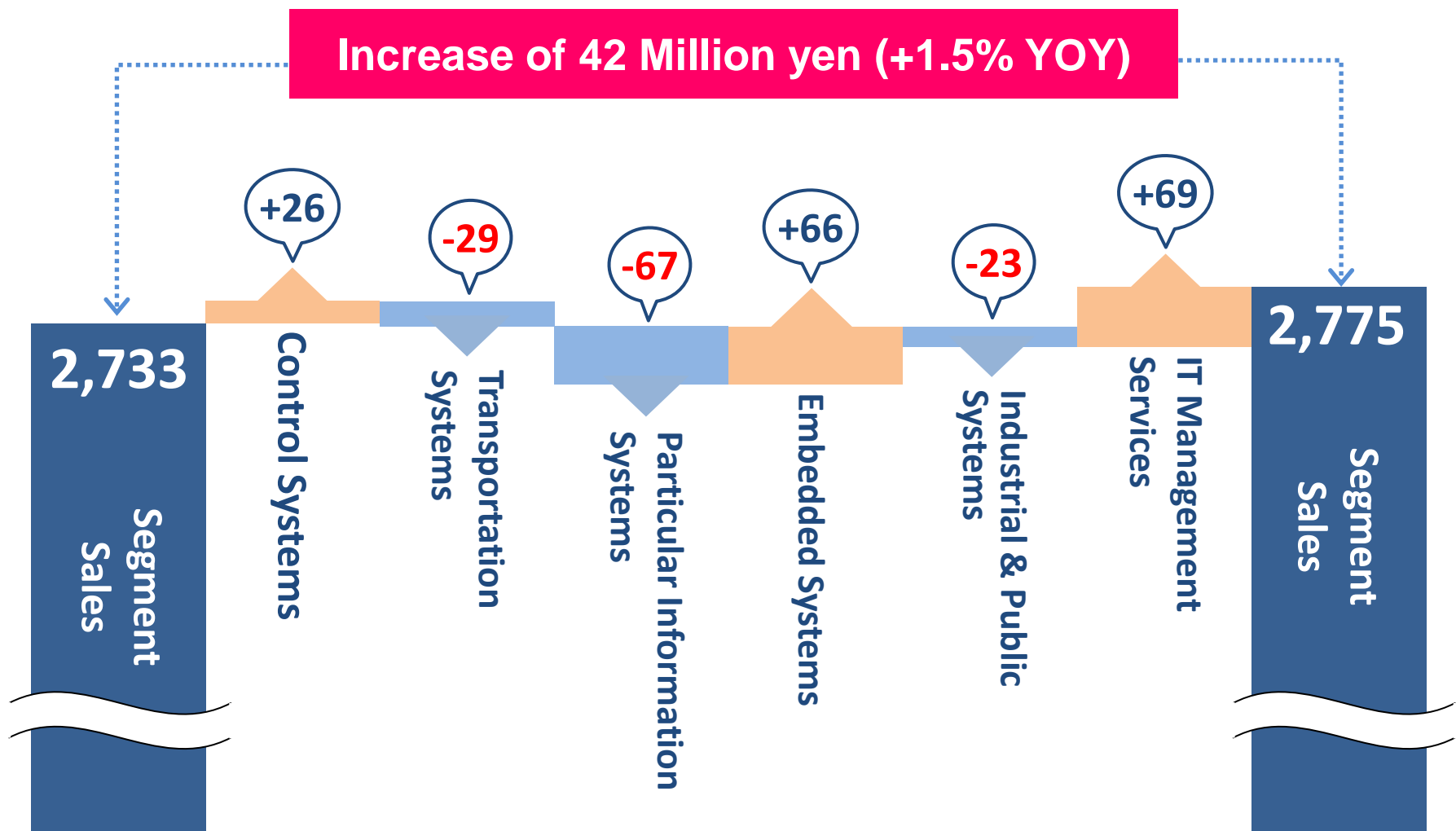


Current Net Income



Changes in sales by segment for the Second Quarter of the Year Ending May 31, 2016

Unit: Millions of yen

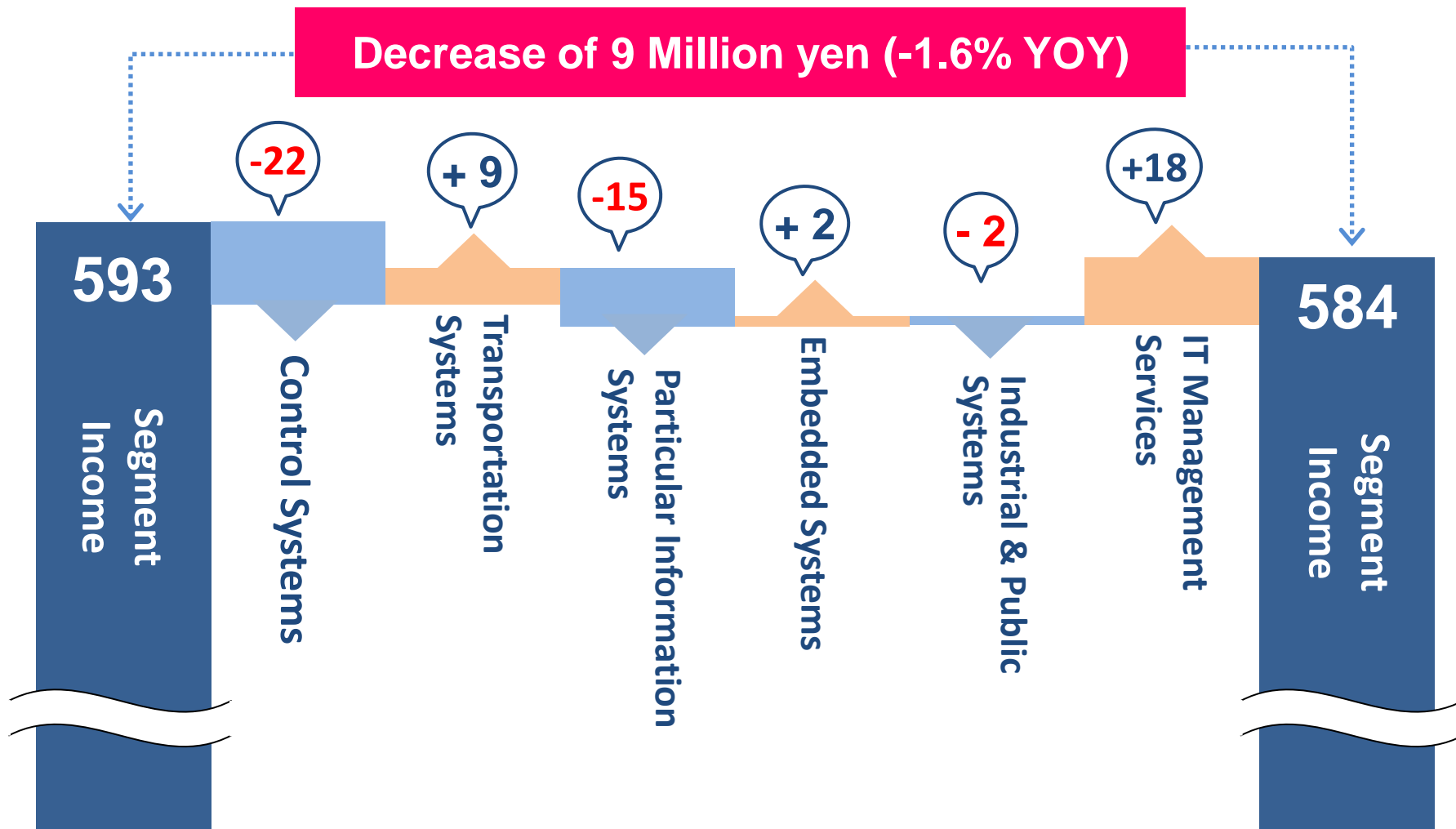


Second Quarter of the Year Ended May 31, 2015

Second Quarter of the Year Ending May 31, 2016

Changes in profits by segment for the Second Quarter of the Year Ending May 31, 2016

Unit: Millions of yen



Second Quarter of the Year Ended May 31, 2015

***Segment income does not include corporate expenses that have not been allocated to the segments.**

Second Quarter of the Year Ending May 31, 2016

(1) Segment information for the Second Quarter of the Year Ending May 31, 2016

Control Systems Division

- Power plants: Work amount increased in Japan/overseas
- Automobiles: Shifted from engine control to continuously variable transmission (CVT)
- Ordered development of a new driving safety support system
- Rotation of technicians led to over-assignment, resulting in decreased profits

Unit: Millions of yen

Business Segment		Year ended May 31, 2015 (Income Ratio)	Year ending May 31, 2016 (Income Ratio)	Change (Percentage of change)
Control Systems	Net Sales	470	496	+26 (+5.6%)
	Income	116 (24.7%)	94 (18.9%)	-22 (-19.1%)

*Segment income does not include corporate expenses that have not been allocated to the segments.

(2) Segment information for the Second Quarter of the Year Ending May 31, 2016

Transportation Systems

- Conventional railroad line projects moved up receiving inspections scheduled for the second half
- Overseas railroad projects entered the test phase, shrinking the structure
- The maintenance phase continued for the Shinkansen, and development projects decreased
- Profits improved due to the completion of the handling of defects

Unit: Millions of yen

Business Segment		Year ended May 31, 2015 (Income Ratio)	Year ending May 31, 2016 (Income Ratio)	Change (Percentage of change)
Transportation Systems	Net Sales	210	181	-29 (-13.8%)
	Income	15 (7.2%)	24 (13.7%)	+9 (+64.4%)

*Segment income does not include corporate expenses that have not been allocated to the segments.

(3) Segment information for the Second Quarter of the Year Ending May 31, 2016

Particular Information Systems

- Although contracted projects underwent receiving inspections early, net sales decreased due to completion of large-scale projects last year
- Started development of an automobile driving safety support system utilizing image analysis technology

Unit: Millions of yen

Business Segment		Year ended May 31, 2015 (Income Ratio)	Year ending May 31, 2016 (Income Ratio)	Change (Percentage of change)
Particular Information Systems	Net Sales	331	264	-67 (-20.2%)
	Income	72 (21.8%)	56 (21.3%)	-15 (-21.9%)

*Segment income does not include corporate expenses that have not been allocated to the segments.

(4) Segment information for the Second Quarter of the Year Ending May 31, 2016

Embedded Systems

- Development of an in-car information system was strong for the in-car platform and communications middleware
- SSD storage devices were strong for consumers and corporate customers
- Storage server development peaked, increasing work amount

Unit: Millions of yen

Business Segment		Year ended May 31, 2015 (Income Ratio)	Year ending May 31, 2016 (Income Ratio)	Change (Percentage of change)
Embedded Systems	Net Sales	619	685	+66 (+10.7%)
	Income	144 (23.3%)	147 (21.5%)	+2 (+2.0%)

*Segment income does not include corporate expenses that have not been allocated to the segments.

(5) Segment information for the Second Quarter of the Year Ending May 31, 2016

Industrial & Public Information Systems

- The quasi-zenith satellite system structure expanded
- Although IC cards and sports-related systems decreased, convenience store and document management were strong
- Engineering services for railroad subsidiaries decreased
- New orders for broadcast systems, authentication/authorization systems

Unit: Millions of yen

Business Segment		Year ended May 31, 2015 (Income Ratio)	Year ending May 31, 2016 (Income Ratio)	Change (Percentage of change)
Industrial & Public Information Systems	Net Sales	657	634	-23 (-3.6%)
	Income	161 (24.6%)	159 (25.1%)	-2 (-1.5%)

*Segment income does not include corporate expenses that have not been allocated to the segments.

(6) Segment information for the Second Quarter of the Year Ending May 31, 2016

IT Management Services

- Validation services for digital devices were strong
- Architecture services for the financial industry were strong
- The maintenance/operation services structure expanded with renovation of the customer's in-house information system
- Accounting systems were strong due to the start of new development

Unit: Millions of yen

Business Segment		Year ended May 31, 2015 (Income Ratio)	Year ending May 31, 2016 (Income Ratio)	Change (Percentage of change)
IT Management Services	Net Sales	443	512	+69 (+15.6%)
	Income	84 (19.0%)	102 (20.0%)	+18 (+21.6%)

*Segment income does not include corporate expenses that have not been allocated to the segments.

Consolidated financial statements

Unit: Millions of yen

Assets

Total liabilities and net assets

Assets : Decrease of 558 Million yen

Liabilities : Decrease of 690 Million yen
Net assets : Increase of 131 Million yen

9,359



8,800



- Major factors causing changes

Cash and deposits	+ 577
Trade receivables, etc.	- 439
Marketable securities	+ 551
Deferred tax assets	- 91
Investment securities	- 494
Long-term deposits	- 800

2015/4Q

2016/2Q

9,359

Liabilities



8,800

Liabilities



2015/4Q

2016/2Q

- Major factors causing changes

Accrued amount Payable	- 76
Corporate taxes payable	- 206
Accrued consumption taxes	- 77
Reserves for bonuses	- 308
Deferred tax liabilities	+ 25
Retained Earnings	+ 76
Valuation difference on available-for-sale securities	+ 55

Financial Indicators (Other)

	Year ended May 31, 2015	Second Quarter Year Ending May 31, 2016	(Reference) Second Quarter Year Ended May 31, 2015
Net Assets	¥7,827M	¥7,958M	¥7,737M
Net Assets per Share	¥1,590.07	¥1,616.81	¥1,571.81
Net Income per Share	¥61.45	¥35.55	¥30.88
Capital-to-assets Ratio	83.6%	90.4%	88.9%
Treasury Shares	822,634_{shares}	822,634_{shares}	822,634_{shares}
No. of employees	561	545	553

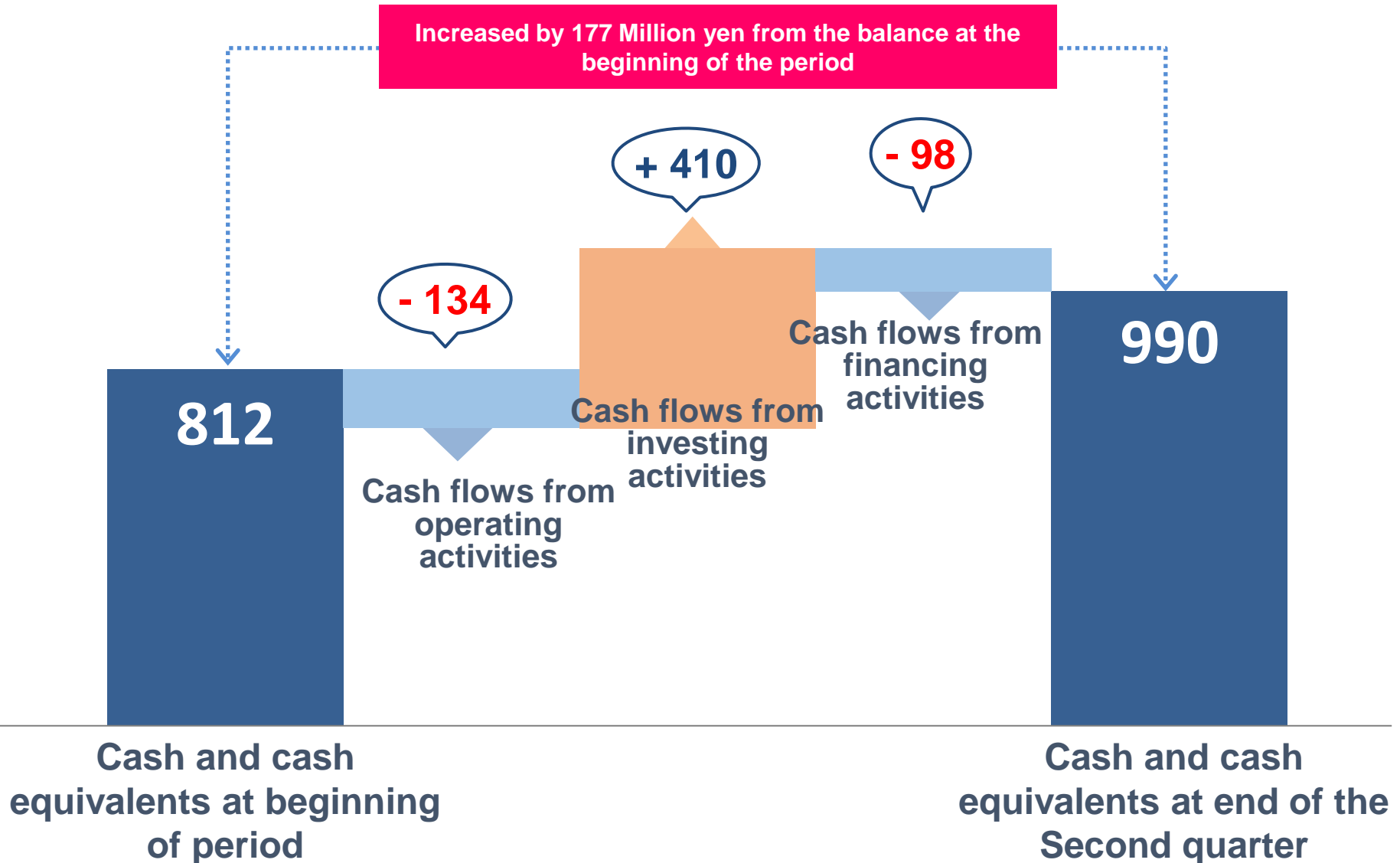
Second Quarter of the Year Ending May 31, 2016

Consolidated Cash Flows



JAPAN PROCESS
DEVELOPMENT CO.,LTD.

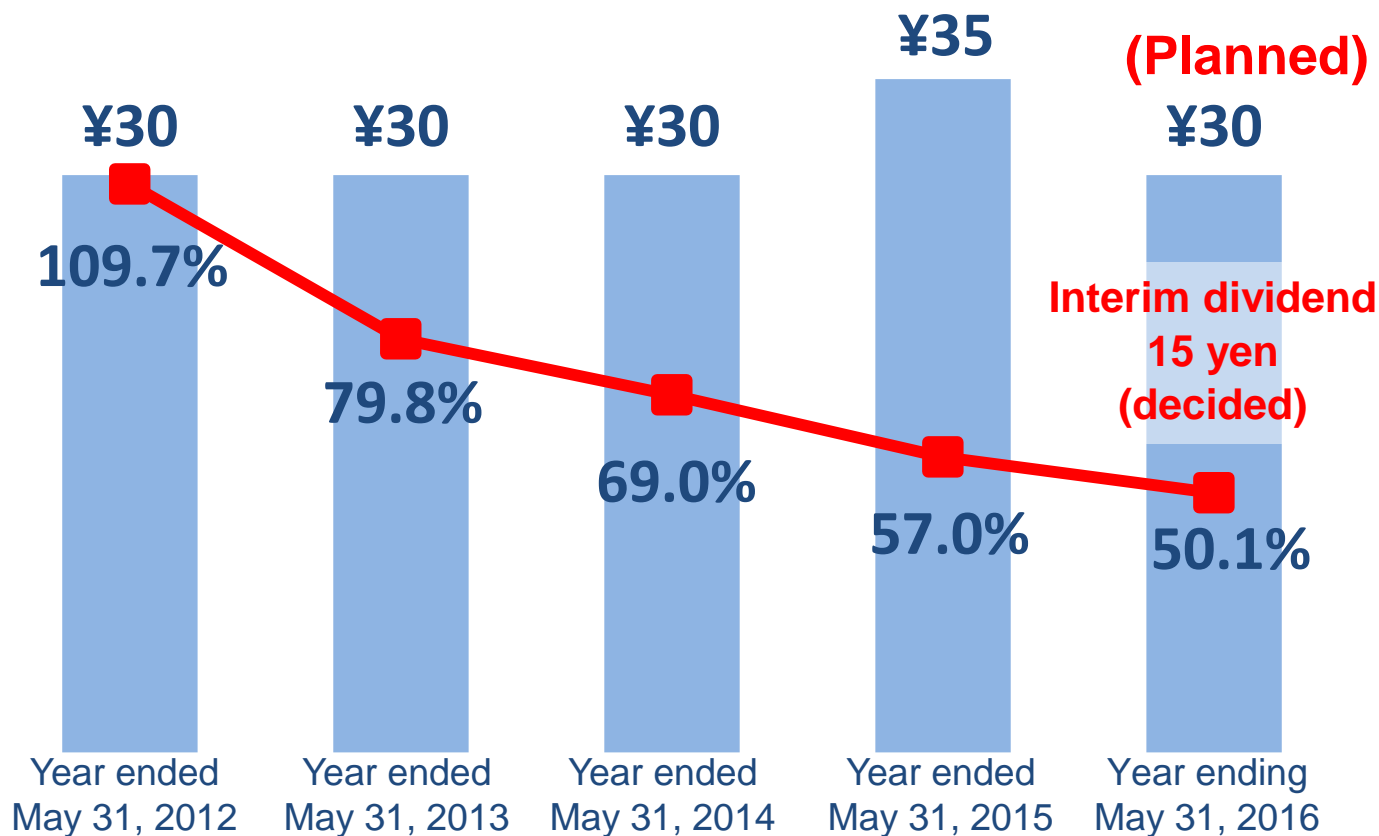
Unit: Millions of yen



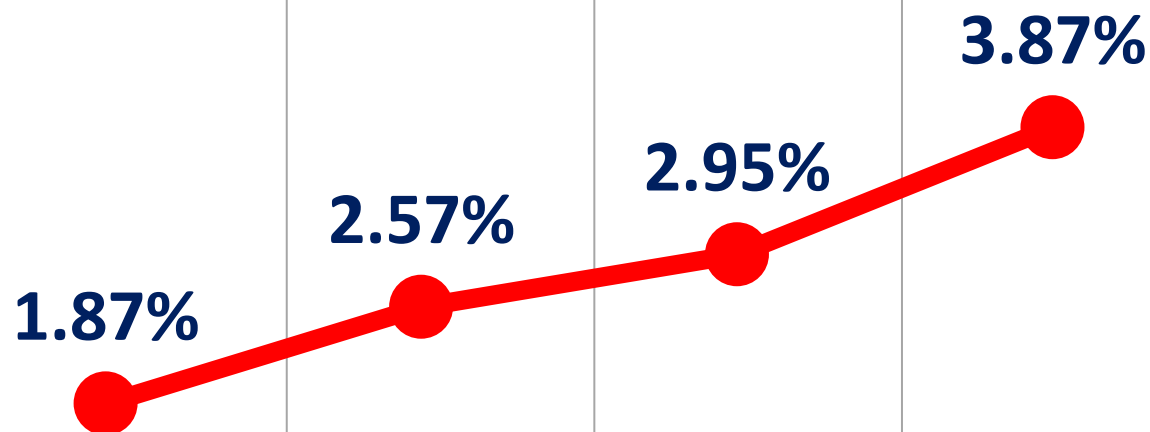
Trend in Shareholder Dividends

Dividend Policy

(1) Continuation of stable dividends (2) Target of 50% or higher dividend ratio



Trend in Return on Equity (ROE)



	Year ended May 31, 2012	Year ended May 31, 2013	Year ended May 31, 2014	Year ended May 31, 2015
Net income per share	¥27.3	¥37.6	¥43.5	¥61.4
Net assets per share	¥1,458.2	¥1,466.9	¥1,481.4	¥1,590.1
Treasury Shares	200,092 Shares	200,092 Shares	200,134 Shares	822,634 Shares

1. Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2016

2. Forecast for the Year Ending May 31, 2016

3. Focus Efforts on the Next Core Businesses

◆ Control Systems

- In the energy area, power plant monitoring/control and controller development will be unchanged
- The automobile area will be strong, and the driving safety support system development structure will expand

◆ Transportation Systems

- As for the Shinkansen, large-scale contracted projects are expected to undergo receiving inspection
- The amount of development for conventional railroad lines will increase

◆ Particular Information Systems

- Risk management will see a decrease in work amount, and geographical information will be unchanged

◆ Industrial & Public Information Systems

- Station service equipment will be strong, and the quasi-zenith satellite development phase will end
- The structure for railroad subsidiaries will expand beginning in 4Q
- The development phase for convenience stores will end

◆ IT Management Services

- Validation services, maintenance/operation services will be generally unchanged
- Architecture services for the financial industry will pass their peak and decrease
- New package development for accounting systems will be strong

◆ Embedded Systems

- The work amount for in-car information will decrease
- Although storage devices for consumers will shrink, others will be unchanged

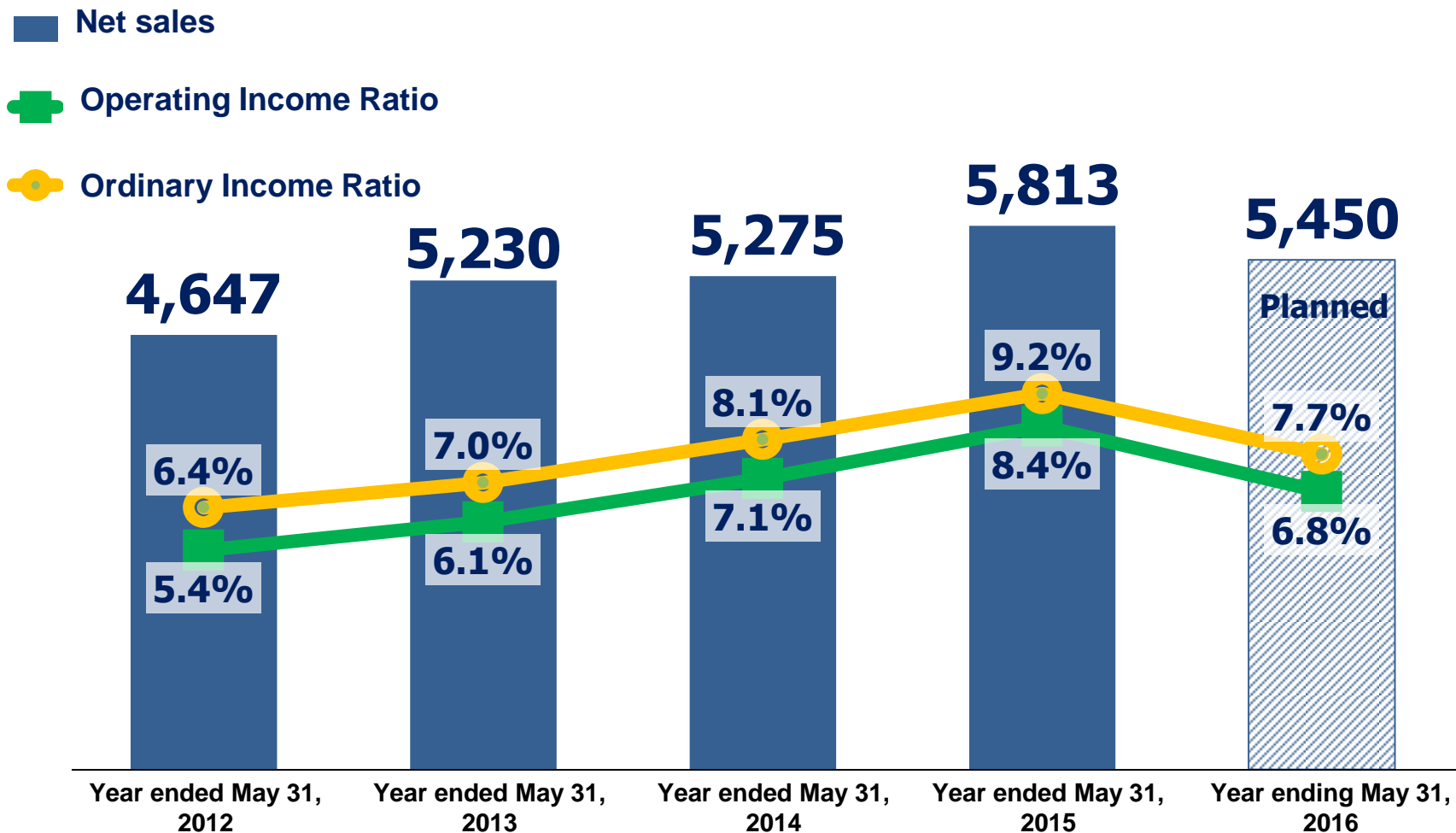
Planned Numerical Consolidated Targets for the Year Ending May 31, 2016

Unit: Millions of yen

	Year ended May 31, 2015 [Actual]	Year ending May 31, 2016 [Plan]	Change (Percentage of Change)
Net Sales	5,813	5,450	-363 (-6.3%)
Operating Income (Income Ratio)	487 (8.4%)	370 (6.8%)	-117 (-24.2%)
Ordinary Income (Income Ratio)	534 (9.2%)	420 (7.7%)	-114 (-21.4%)
Current Net Income (Income Ratio)	310 (5.3%)	295 (5.4%)	-15 (-4.9%)

Trend in Consolidated Figures

Unit: Millions of yen yen



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3. Focus Efforts on the Next Core Businesses

Basic Policy of the 4th Medium-Term Business Plan

**Vision of the 4th Medium-Term Business Plan
(From Year ending May 31, 2016 To Year ending May 31, 2018)**

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

Basic Policy of the 4th Medium-Term Business Plan

1. Focus efforts on the next core businesses

(1) Invest in vehicles, IoT, and environment/energy

(2) Accommodate clients' overseas expansion

(3) Plow deep into and expand existing fields

2. Invest in human resources as a priority

3. Restructure efforts on T-SES

Focus Efforts on the Next Core Businesses

The Company's strengths

◆ Transportation Systems	Shinkansen/conventional railroad line traffic control
◆ Energy Systems	Power plant monitoring/control
◆ Automotive systems	Powertrain control, HV/EV
◆ Embedded Systems	In-car information, storage devices
◆ Particular Information Systems	Remote sensing, image analysis, risk management
◆ Industrial & Public Information Systems	Public services, station service equipment
◆ IT Management Services	System architecture, verification, operation/maintenance



The social infrastructure itself, and things that lead to the social infrastructure

Vehicles

IoT

Environment/Energy

Focus Efforts on the Next Core Businesses

The Company's strengths

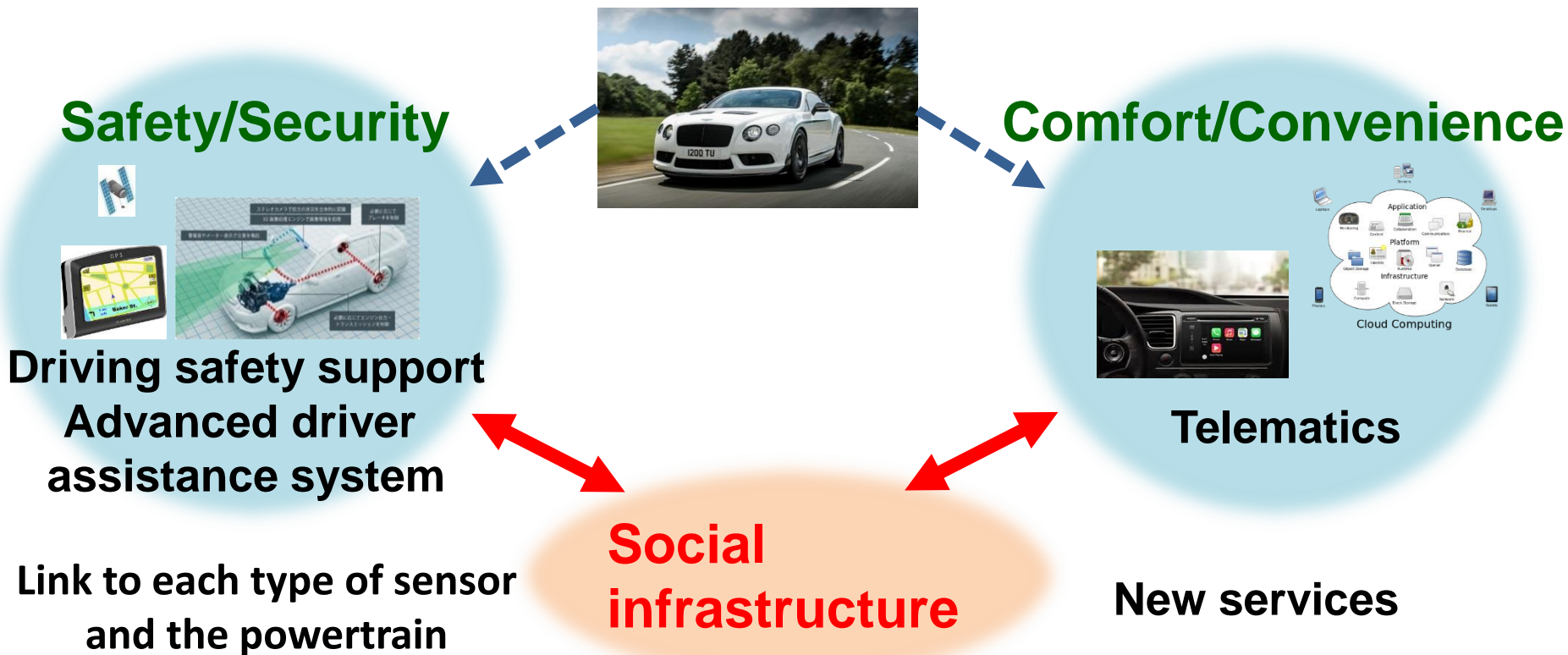
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The social infrastructure itself, and things that lead to the social infrastructure

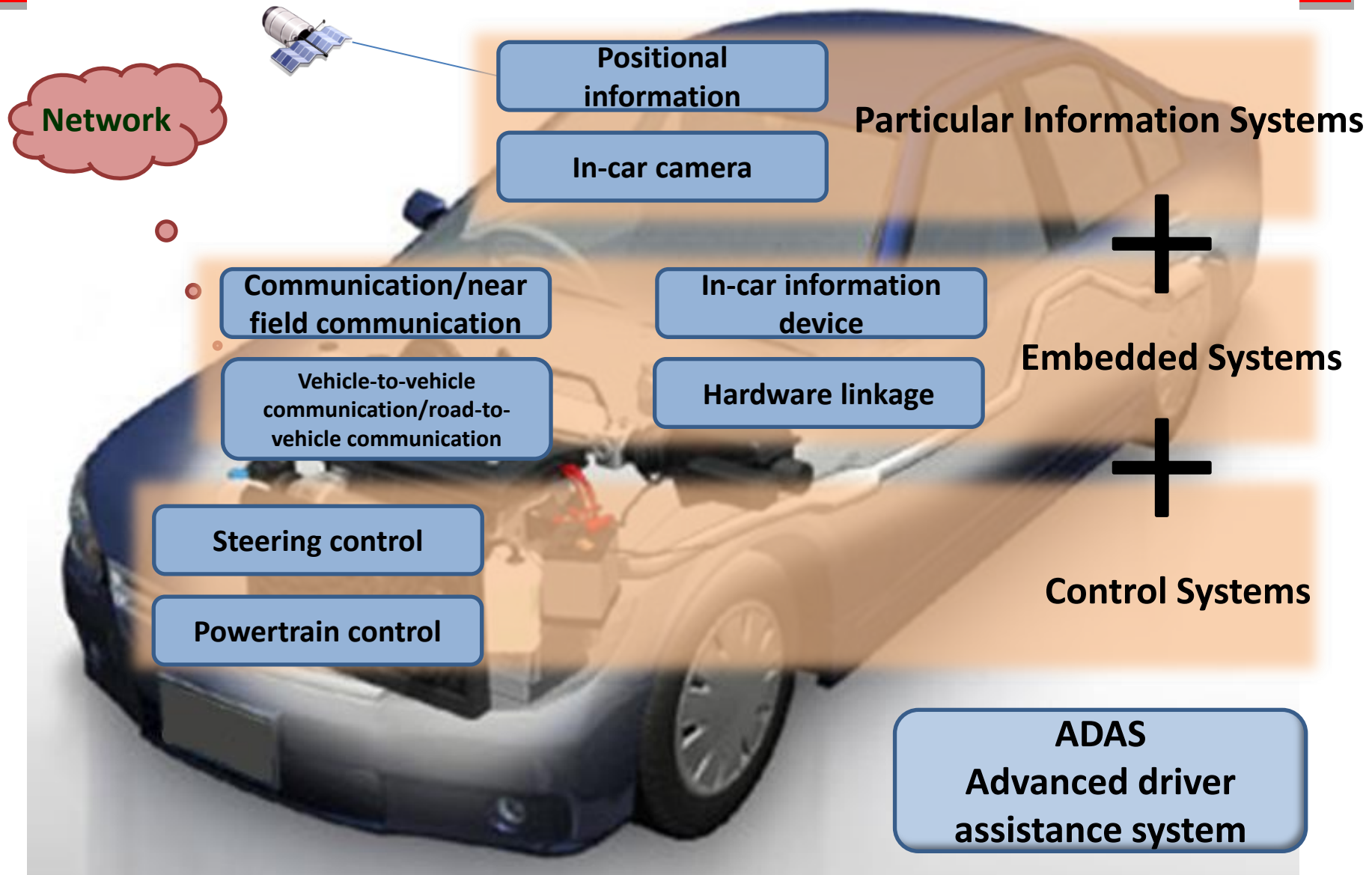
Vehicles

From “cars that drive, turn, and stop”



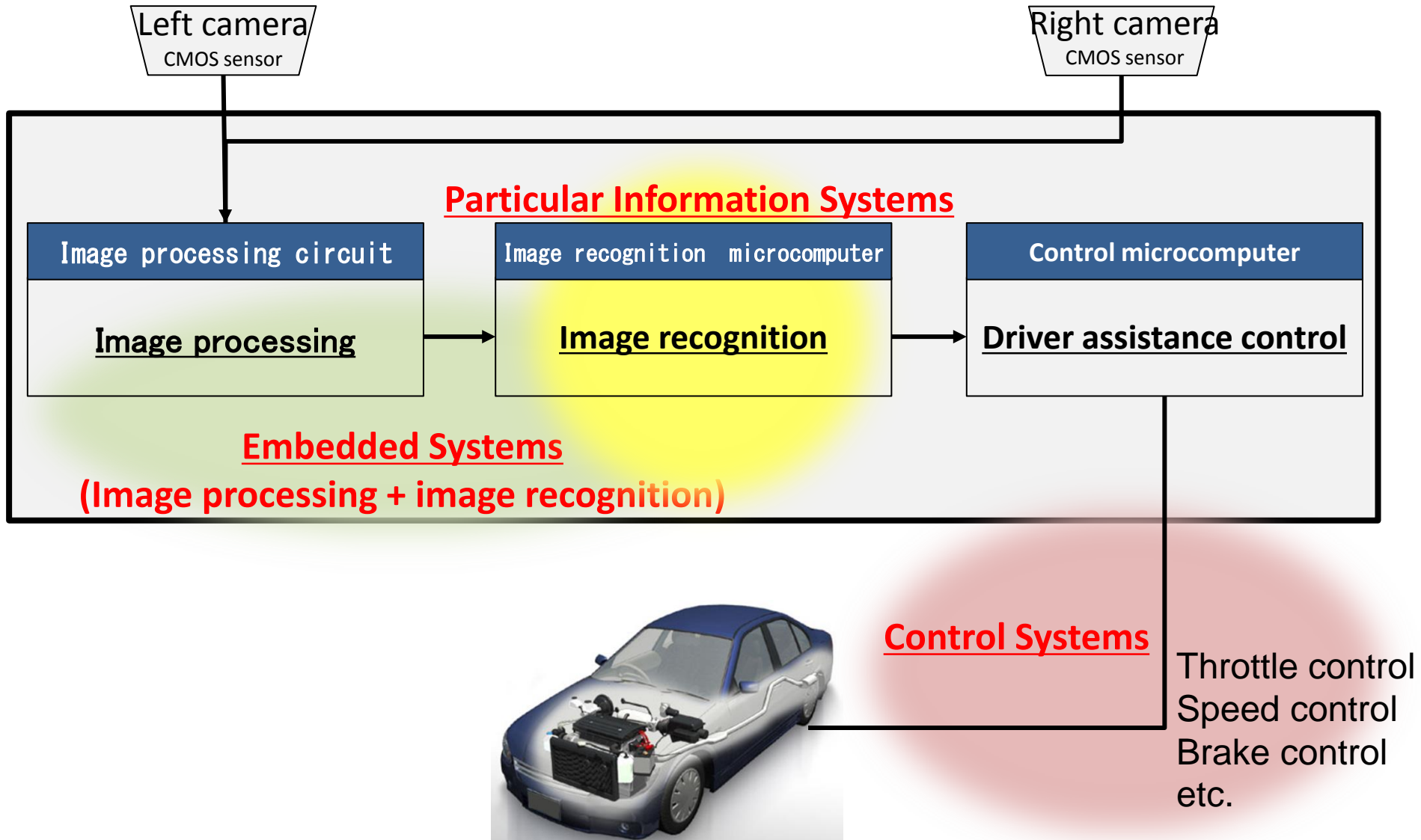
To “self-driving cars connected to society”

Fusion of JPD's technology



Development example)

Driver assistance system with a stereo camera



Focus Efforts on the Next Core Businesses

The Company's strengths

- | | |
|---|--|
| ◆ Transportation Systems | Shinkansen/conventional railroad line traffic control |
| ◆ Energy Systems | Power plant monitoring/control |
| ◆ Automotive systems | Powertrain control, HV/EV |
| ◆ Embedded Systems | In-car information, storage devices |
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| ◆ IT Management Services | System architecture, verification, operation/maintenance |



The social infrastructure itself, and things that lead to the social infrastructure

IoT

IoT Manufacturing Industry Focused on Providing New Added Value

Aircraft engine manufacturer



Real time



**Data accumulation
/analysis**

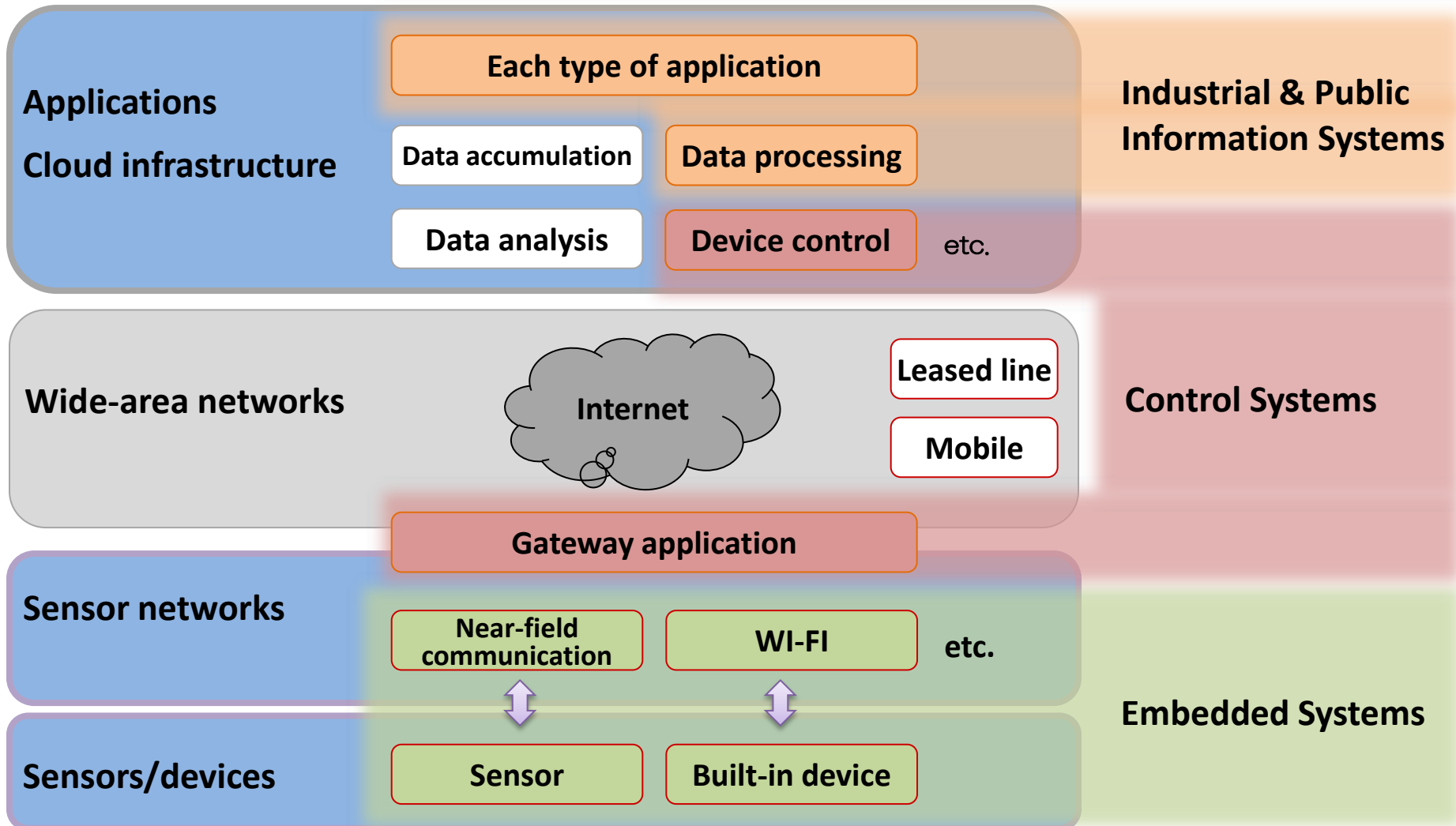
100 or more sensors

**Arrange for parts and repairs before failure
Propose reduced fuel costs to airline companies etc.**

**Manufacturing industry provides new added value
The importance of software increases**

IoT

The Company's Target Areas



IoT Development Example)

Smart Plant Factory



USB wireless device

Remote schedule
control

Industrial & Public Information Systems

(General plant factory)

Automatic management of lighting,
temperature, humidity, irrigation,
fertilization, ventilation, etc.

Embedded Systems

LED lighting unit



ON



LED lighting unit



ON



LED lighting unit



OFF

LED lighting unit itself relays wireless data



- Control the schedule of what color light is shined on which plants for how long
- Send instructions to the lighting unit via wireless, and the lighting unit itself relays them to other lighting units
- Simple wiring, layout changes, and lighting unit increases/decreases can be done easily

Focus Efforts on the Next Core Businesses

The Company's strengths

- | | |
|---|--|
| ◆ Transportation Systems | Shinkansen/conventional railroad line traffic control |
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The social infrastructure itself, and things that lead to the social infrastructure

Environment/Energy

Environmental/Energy Initiatives

Image of a smart community as new urban development

Control center

Control center to manage the region's information, energy, and traffic optimally

- Site to manage/provide a variety of services from companies/local governments to residents, and from residents to other residents
- Leftover power from individual homes and offices is used effectively within the region in order to effectively utilize the frequently fluctuating natural energy within the region
- Unify traffic control and energy management by managing the positional information and recharge status of electric buses and electric cars

- Created based on an image diagram from Mitsubishi Heavy Industries, Ltd.

Power generation

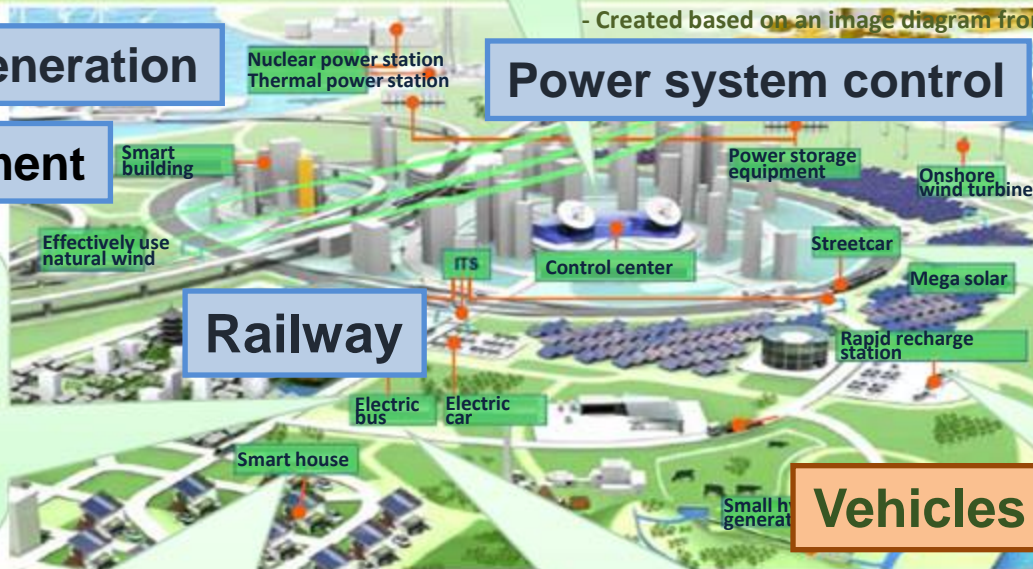
Power system control

Energy management

Utilize electric cars as the power infrastructure



When there is insufficient power:
Electric car → home
When there is excess power:
Home → electric car



Railway

Vehicles

Wireless streetcar

Street car with a storage cell
When moving between stations:
Operate by battery
When stopped at a station:
Recharge battery

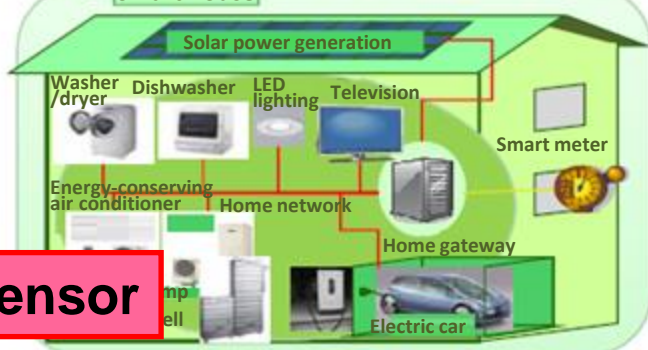


Rapid recharge station

Recharge 80% in 30 minutes



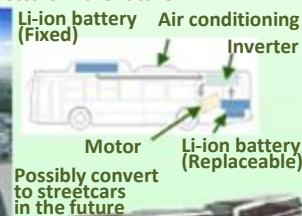
Smart house



Sensor

Electric bus (Convert to streetcars in the future)

Replaceable-battery-type electric bus. Connect multiple buses and convert to streetcars in the future.



Possibly convert to streetcars in the future



Source: Ministry of Economy, Trade and Industry

We will contribute to safety, security, comfort and convenience in the social infrastructure field.

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.

Contact for inquiries: **Hideki Yoneshima, Department Manager, Corporate Planning Department**
keikibu@jpd.co.jp