

Japan Process Development Co., Ltd.

Financial Results Briefing

**Financial Results for the Second Quarter (Accumulated
Period) of the Year Ending May 31, 2013**



January 11, 2013

1. Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2013

2. State of Affairs and Outlook by Business Segment

1. Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2013

2. State of Affairs and Outlook by Business Segment

Second Quarter of the Year Ending May 31, 2013

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	2,300	91	2,391	326	2,064
		4.0%		15.8%	
Operating Income	30	65	95	109	-14
		217.3%		-	
Ordinary Income	45	69	114	107	7
		155.5%		-	
Net Income of the Quarter	22	34	56	62	-6
		156.1%		-	

Second Quarter of the Year Ending May 31, 2013

Overview of Consolidated Financial Results



JAPAN PROCESS
DEVELOPMENT CO.,LTD.

Net Sales

+¥326M YOY

Net sales for Particular Information Systems progressed steadily, and sales targets were achieved ahead of the business plan. Transportation Systems performed poorly, but other business segments showed a strong showing.

Operating Income

+¥109M YOY

Particular Information Systems contributed greatly to operating income, while Embedded Systems exhibited recovery. Although IT Management Services struggled due to a decrease in verification work, there was an overall increase in operating rates, increasing the operating income.

Ordinary Income

+¥107M YOY

Boost in ordinary income due to the increase in operating income.

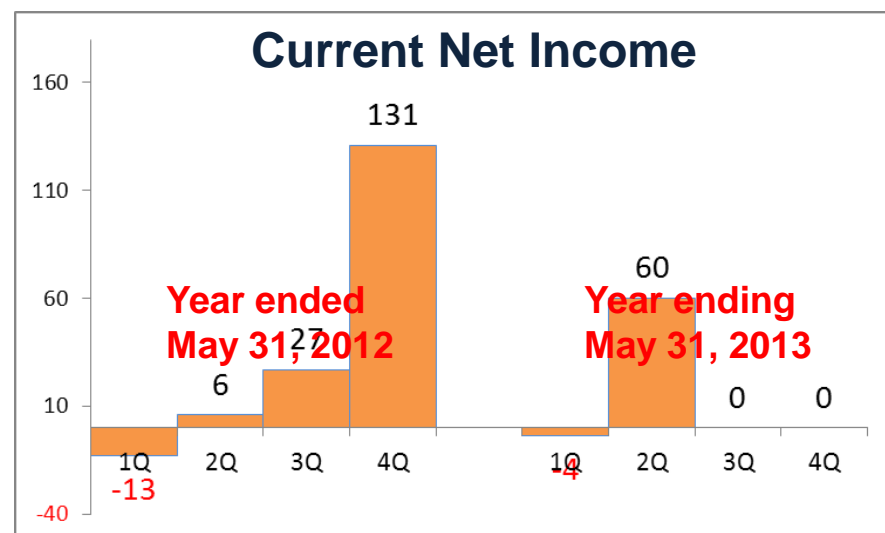
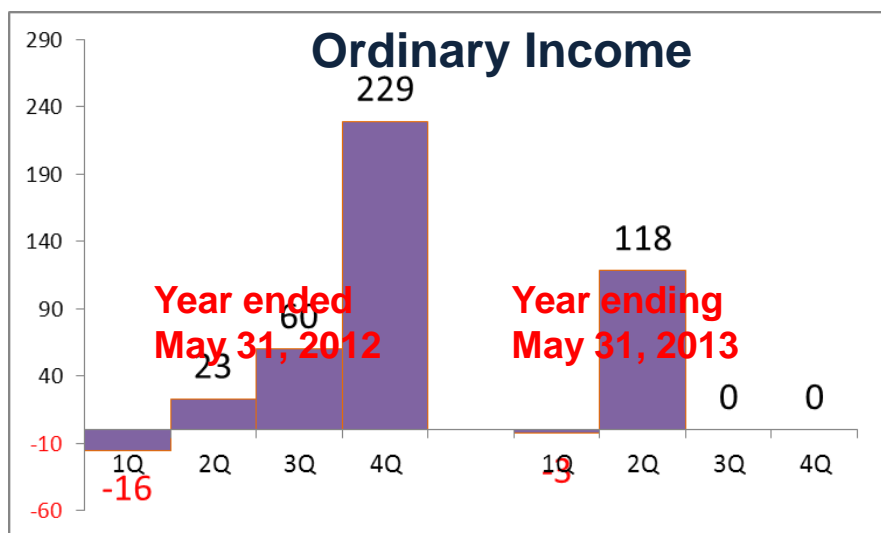
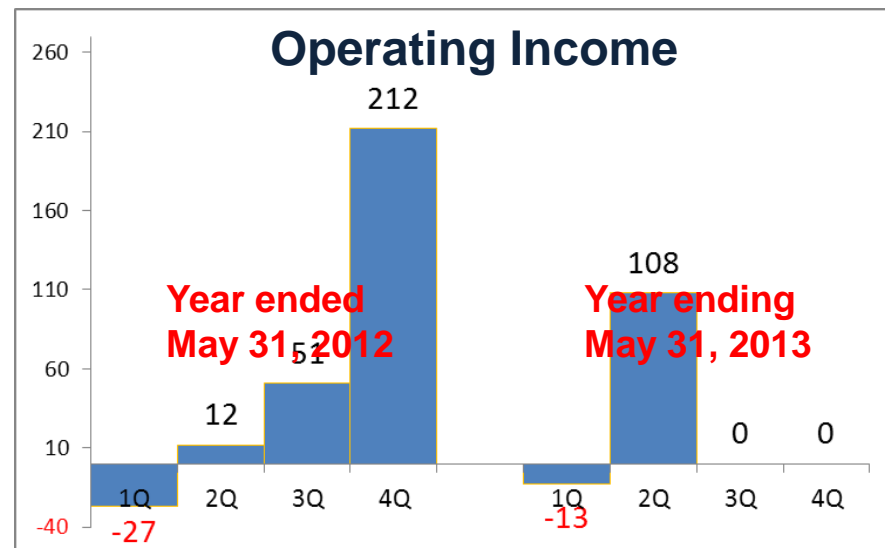
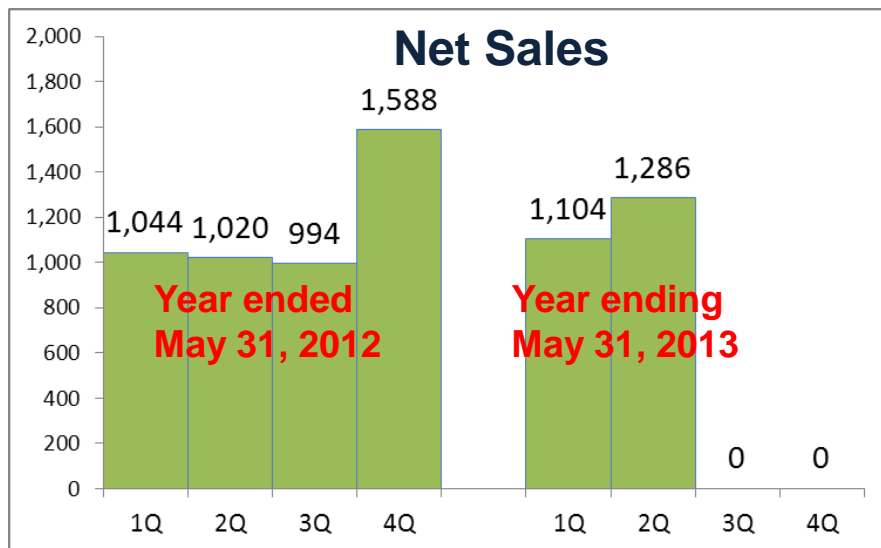
**Net Income of the
Quarter**

+¥62M YOY

Loss on valuation of investment securities amounting to ¥10M posted.

Overview of Consolidated Financial Results (Performance Trend by Quarter)

Unit: Millions of Yen



Sales by Business Segment in the Second Quarter of the Year Ending May 31, 2013



JAPAN PROCESS
DEVELOPMENT CO.,LTD.

Business Segment	Second Quarter Year Ended May 31, 2012 (Composition ratio)	Second Quarter Year Ending May 31, 2013 (Composition ratio)	Change (Percentage of change)
Control Systems	511 (24.8%)	531 (22.2%)	19 (3.9%)
Transportation Systems	317 (15.4%)	277 (11.6%)	-39 (-12.6%)
Particular Information Systems	153 (7.4%)	368 (15.4%)	214 (139.6%)
Embedded Systems	329 (16.0%)	358 (15.0%)	28 (8.8%)
Industrial & Public Systems	272 (13.2%)	370 (15.5%)	98 (36.3%)
IT Management Services	479 (23.2%)	484 (20.3%)	4 (0.9%)
Total (unit: millions of yen)	2,064	2,391	

Note: includes sales that should be cancelled out between segments.

Income Performance by Business Segment in the Second Quarter of the Year Ending May 31, 2013

Business Segment	Second Quarter Year Ended May 31, 2012 (Profit margin)	Second Quarter Year Ending May 31, 2013 (Profit margin)	Change (Percentage of change)
Control Systems	128 (25.2%)	125 (23.7%)	-2 (-2.3%)
Transportation Systems	48 (15.2%)	39 (14.3%)	-8 (-17.5%)
Particular Information Systems	8 (5.6%)	106 (28.9%)	97 (-)
Embedded Systems	8 (2.6%)	47 (13.2%)	38 (442.9%)
Industrial & Public Systems	61 (22.4%)	84 (22.7%)	23 (38.1%)
IT Management Services	119 (24.8%)	87 (18.0%)	-31 (-26.8%)
Total (unit: millions of yen)	374 (18.1%)	491 (20.5%)	

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

Financial Indicators (Other)

	Year ended May 31, 2012	Second Quarter Year Ending May 31, 2013	(Reference) Second Quarter Year Ended May 31, 2012
Net Assets	¥8,085M	¥8,061M	¥8,013M
Net Assets per Share	¥1,458.20	¥1,453.87	¥1,445.18
Net Income per Share	¥27.35	¥10.16	-¥1.18
Capital-to-assets Ratio	93.8%	92.1%	93.4%
Treasury Shares	200,092 shares	200,092 shares	200,092 shares
No. of employees	555	532	528

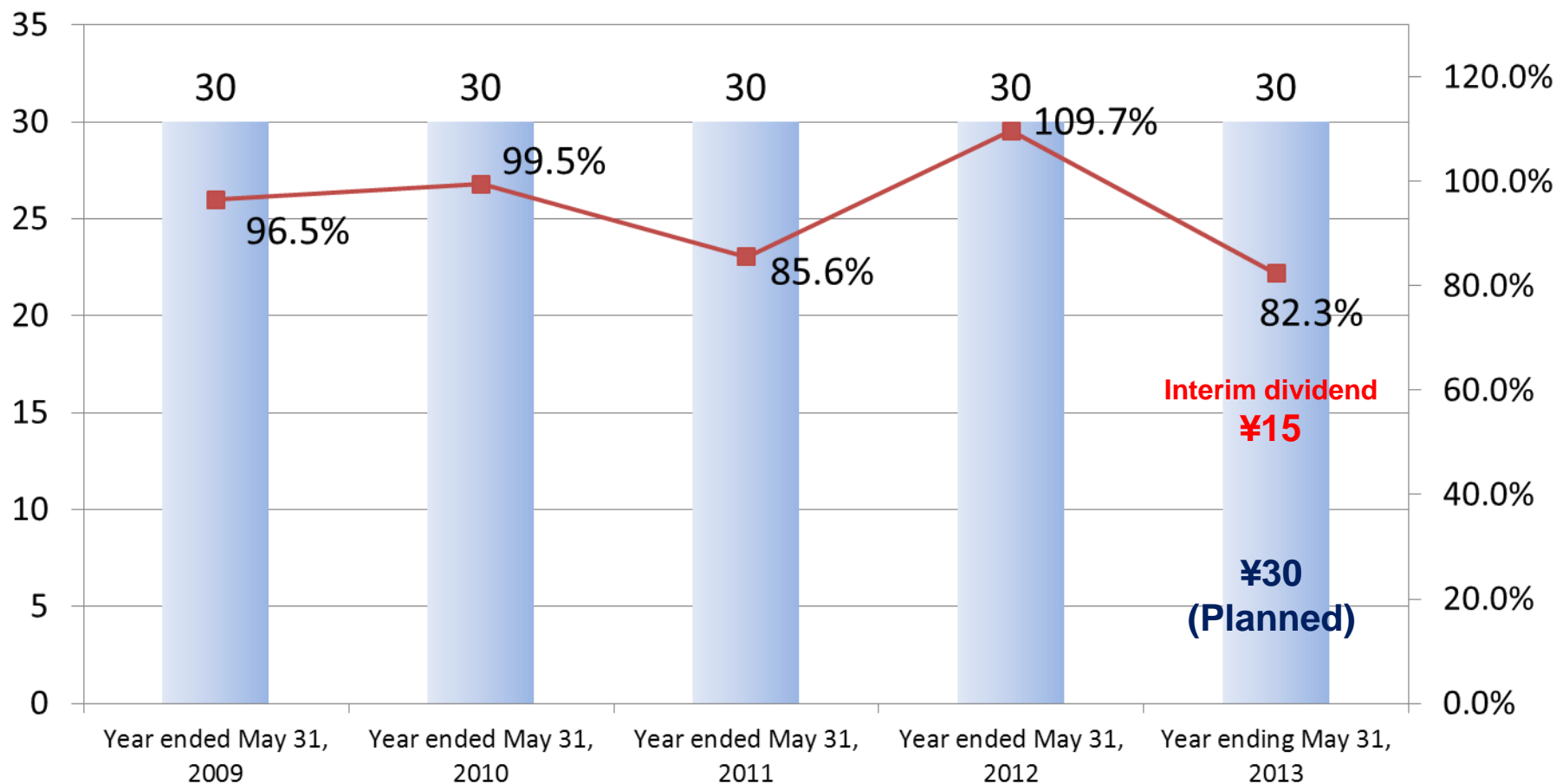
Consolidated Cash Flows

Unit: Millions of Yen

Item	Second Quarter Year Ended May 31, 2012	Second Quarter Year Ending May 31, 2013
Cash flow from operating activities	-125	515
Cash flow from investing activities	-520	-115
Cash flow from financing activities	-83	-83
Net increase (decrease) in cash and cash equivalents	-728	316
Cash and cash equivalents at beginning of year	2,004	821
Cash and cash equivalents at end of quarter	1,276	1,138

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.



1. Consolidated Financial Results for the Second Quarter of the Year Ending May 31, 2013

2. State of Affairs and Outlook by Business Segment

Control Systems

● State of Affairs in the Second Quarter

- **Power plant-related:** The volume of system development was on a downward trend for the whole of the power industry.
- **Automotive-related:** System development for motorization of items, such as for power steering, electric seat belts and electric parking brakes, did well. Onboard navigation systems were also progressing smoothly overseas, etc.

● Outlook

- **Power plant-related:** We will work with customers to reinforce overseas expansion.
- **Automotive related:** Favorable sales in system development for the motorization of items, etc., are expected to continue.

Transportation Systems

● State of Affairs in the Second Quarter

- There was marginal change in the development of traffic control systems for bullet trains and local trains.
- A problem was experienced in other transportation systems, resulting in the decline of income.

● Outlook

- The item experiencing the problem was brought to a conclusion in December. The profit ratio is expected to recover.
- We will steadily receive small orders for bullet trains, local trains and trains running in the Tokyo and surrounding areas, and work to maintain a stable intake of orders.
- We will continue activities towards order receipt for the development of transportation systems for overseas railroads.

Particular Information Systems

● State of Affairs in the Second Quarter

- The large-scale project ongoing from the previous year progressed smoothly, and sales were moved up.
- In other areas, the crisis management field performed steadily.

● Outlook

- The on-going large-scale project is expected to be brought to a conclusion.
- We will focus on receiving an order for the next large-scale project, while striving to expand the scope of our assignments and functions.
- In other areas, the crisis management field is expected to perform steadily.

Embedded Systems

● State of Affairs in the Second Quarter

- **Smartphones:** There were rises and falls in the volume of development due to the decrease in the number of smartphone models and the narrower range of development required due to acceleration in the adoption of the Android operating system.
- **Storage devices:** Development for storage devices expanded.
- **Automotive:** Development of embedded systems for automobiles, which was launched this year, was off to a steady start.

● Outlook

- **Smartphones:** Development for smartphones is expected to see only marginal change.
- **Automotive:** We will focus on stable/increased order intake for development of embedded systems for automobiles.
- We will leverage our short-range wireless technology and cultivate new customers, with companies involved in electronic parts and sensors as targets.

Industrial & Public Information Systems

● State of Affairs in the Second Quarter

- There was expansion in the development of items related to IC cards and document management products.
- There was marginal change in support operations for railroad companies and the development of equipment for use at railway stations.
- Focus was placed on the intake of orders for subcontracted items. (¥20M in the same period a year ago → ¥49M)

● Outlook

- Business with existing customer is expected to perform steadily.
- We will participate in the development of large-scale membership management systems.
- We will continue to promote subcontracting.

IT Management Services

● State of Affairs in the Second Quarter

- There was a decline in profits from verification services due to a slowdown in customers' product development, their use of offshore services, etc., and the occurrence of idle periods.
- There were many inquiries related to the building of system development and operating environments, which performed soundly.
- Repair, maintenance and operation services performed robustly, while other services saw marginal change.

● Outlook

- We will shift personnel from verification operations to the building of system development and operating environments, which is performing strongly.
- We will focus on capturing new customers for verification services.

Planned Numerical Consolidated Targets for the Year Ending May 31, 2013

Unit: In Millions of Yen

	Year ended May 31, 2012 [Actual]	Year ending May 31, 2013 [Plan]	Change (Percentage of Change)
Net Sales	4,647	5,100	452 (9.7%)
Operating Income (Operating Income Ratio)	249 (5.4%)	310 (6.1%)	60 (24.5%)
Ordinary Income (Ordinary Income Ratio)	297 (6.4%)	350 (6.9%)	52 (17.6%)
Current Net Income (Net Income Ratio)	151 (3.3%)	202 (4.0%)	50 (33.2%)

A revision to the second quarter forecast was announced on December 27, 2012.
The forecast for the fiscal years remains the same as the consolidated earnings forecast for the year ending May 31, 2013, announced on July 9, 2012.

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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