

Total Solution Provider

CEC
Computer Engineering & Consulting

Computer Engineering & Consulting, Ltd.

The 36th-Term Annual Review

From February 1, 2003 to January 31, 2004

To Shareholders

Feature: Toward further growth

CEC will proactively promote structural reform, striving to leap into the new age of ubiquitous computing.

Corporate principle / Basic management strategy

To Shareholders

**Overview of business for the fiscal term under review /
Business overview by segment (consolidated)**

Topics

Financial highlights

Consolidated financial statements

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Non-consolidated statements of appropriation

of retained earnings

Profile of the Company

Share information

“Great Voyage of the 21st Century”

Navigating many new currents in the IT ocean

Just like those great adventurers in the Age of Discovery who set out on the ocean in search for unknown continents...

As an independent Total Solution Provider,

CEC is passionate about attaining its goals:

to ride out the rough seas in the coming era of revolution

in information technology with customers, and

to strive for excellence in the new IT society.

Corporate principle

Using its information technologies, CEC will solve customers’ management problems and give them a competitive edge in fierce competition. By doing so, we strive to be a Total Solution Provider that is regarded by customers as a reliable IT service partner to grow together.

Basic management strategy

CEC will faithfully provide customers with their demanding satisfaction at justifiably reasonable cost. We will also promote “creative focus on orders,” which means providing creative proposals to obtain more orders, aiming to increase corporate value and establish a framework with which the Company will grow and develop over the long term.

The financial information appearing in this review is a translation from the original Japanese text and is based on generally accepted accounting standards and practices in Japan. Forecasts of future performance contained in this review are based on Computer Engineering & Consulting, Ltd.’s current expectations, estimates and assessment of the market in which it operates. A number of factors, many beyond the company’s control, could cause actual results to differ from the forecasts contained in this review. It is recommended investment decisions not be made solely on the basis of these forecasts.

To Shareholders



Hirosato Iwasaki

Representative Director &
Chairman of the Board



Ryuzo Miyahara

Representative Director &
President

We thank you for your support and look forward to receiving it in the future as well.

It is a great honor for us to announce the Annual Review for the 36th fiscal term (February 1, 2003 through January 31, 2004).

Based on the experience and technologies it has accumulated in the IT services sector, CEC serves customers as a Total Solution Provider, and aims for a “creative focus on orders” —providing customers with creative proposals to solve management problems —as a basic management strategy.

In the period under review, CEC moved its head office to Ebisu in Tokyo’s Shibuya Ward in April 2003 to provide customers with faster services and tighter support. In August 2003, the Company established Computer Engineering & Consulting (Shanghai), Ltd., as its foothold in China.

During the term under review, however, the information service industry suffered from a sluggish business climate, marking negative growth. Under such circumstances, CEC posted consolidated net sales of ¥40,882 million, down ¥476 million (1.2%) from the previous year. Ordinary income plunged ¥1,355 million (34.8%) to ¥2,540 million. Net income, however, increased ¥116 million (5.4%) to ¥2,269 million, mainly due to an extraordinary income earned in association with the return of the so-called substitute portion of the corporate employee pension programs to the Government of Japan.

Rewarding shareholders for their continued support, CEC was pleased to pay a dividend of ¥20 per share for the term under review (¥10 of which was distributed as an interim dividend).

The Japanese economy has begun to gradually recover from the prolonged recession. However, corporate customers are increasingly becoming cautious in investing in information technology, and it appears to be taking longer than expected for the business climate in the information service industry to recover. Regarding this harsh situation as a great opportunity for a leap forward, CEC will make its utmost to improve earnings through a further restructuring and under the slogan of faithfully providing customers with their demanding satisfaction at justifiably reasonable cost.

We sincerely ask for your continued support to CEC.

CEC will proactively promote structural the new age of ubiquitous computing.

■ Enhancing ability to deal with customers in the sluggish business environment

IT service companies are now in the midst of the struggle for survival, as corporate customers are reluctant to invest in IT, and service prices are uniformly becoming low throughout the world.

However, CEC regards such a harsh market climate as a big opportunity to expand operations as an independent Total Solution Provider, and has established the Marketing Division for the creation of “personalized services” for its customers. To ensure faithfully providing suitable services at reasonable cost, the Company also set up the Project Management (PM) Promotion Division. Under the new organization, the firm is striving to preclude major potential failures by inspecting the overall projects and promoting the QCD campaign (improvement in *quality*, reduction of *costs*, and observance of *delivery* schedules).

■ Reinforcing CEC's edge with four business models

CEC is reforming its corporate structure to further strengthen its competitive advantage, through the consolidation of its businesses into four (4) clear models, utilizing the established competitiveness built over the years.

1. Business model A

In this business model, we receive orders for total system development from major companies and IT vendors. CEC is expanding operations relating to this business model by: improving production efficiency through the use of advanced technologies and promotion of standardization; reducing costs through stepped-up overseas operations; and using our accumulated know-how in financial, distribution and manufacturing operations.

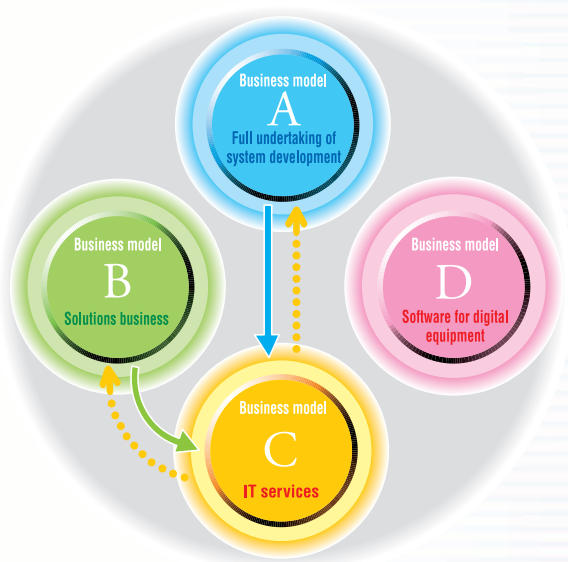
2. Business model B

This business model is designed to provide SMEs (small and medium-sized enterprises) with solutions services using the WonderWeb® operations solution packages. Services are supplied on a modular basis by combining common solutions such as CRM/SFA, EC, and EDI with performance and operations solutions for the construction, out-of-store sales, and hotel sectors. Thus, while taking each customer's uniqueness into consideration in the offered solutions, CEC can still manage to shorten the time from receiving orders to delivering the products that maintain the high quality, thereby providing customers with a high degree of satisfaction. By meeting such conflicting needs, the Company is expanding operations of this business model.

3. Business model C

This business model is designed to support Business models A and B, which consist mainly of applications, by establishing IT infrastructure and operating systems. With this model, CEC provides mainly center services for housing, remote monitoring

Devised four (4) business models▼



reform, striving to leap into

Future



Representative Director & President
Ryuzo Miyahara

and system operations using the secure Internet Data Center (IDC), for which CEC has obtained the Japanese Information Security Management System (ISMS) certification as the seventh holder. The Company also offers customers with on-site services to provide know-how as well as data entry services. Through providing such a wide range of services, CEC is expanding operations for this model. Furthermore, the Company will work on an advanced, strategic outsourcing business in the future.

4. Business model D

In this model, as a new step in the current term, CEC consolidates control system technologies which are now scattered company-wide, to accelerate preparation for the new age of ubiquitous computing. The Company will focus on: development of software programs that are installed in digital devices and Internet-linked consumer electronics; evaluation and verification of products; establishment of monitoring and control systems based on our products. We expand operations for this model which CEC regards its fourth business pillar.

The urgent task these models need to fulfill is ensuring profits in the ongoing harsh business environment. To achieve these goals, the PM Promotion Division has strengthened its inspection functions to rigorously and objectively verify project quality control and cost reduction. With the IT service business expanding, CEC has also extended the scope of business fields to include IT services to acquire the certification of ISO9001: 2000.

■ Preparation for continued growth

To ensure continued growth with the four business models in the future, CEC needs tools to open up new business fields. One model is the proprietary operations solution series WonderWeb®. Through corporate alliance with Tokyu Construction Co., Ltd., CEC markets the product which standardizes centralized management of information on customers for construction-related firms. The

Company is also developing CRM products for the distribution and retail industries. In an effort to expand the use of WonderWeb®, CEC will promote a solution which combines WonderWeb® with enterprise resource planning (ERP) and supply chain management (SCM) systems to manufacturers specializing in assembly.

Another tool is to strengthen the China business, as part of the development of global operations. CEC has established corporate alliances with many Chinese companies since 1991, and developed software products using their high technical capabilities while reducing costs. Thus, the Company has succeeded in building up cooperative relationships with leading software houses in China. In August 2003, we set up our wholly owned subsidiary, Computer Engineering & Consulting (Shanghai), Ltd., to obtain more orders in the Shanghai market. In the current term, the Company aims to lure more orders for software development from Japanese firms operating in China, and to step up overseas development.

To further promote restructuring while preparing for new growth, CEC streamlined the structure of board of directors and introduced an executive officer system in February 2004. Through such moves, the Company is striving for faster management decision-making, tightening supervisory functions, and ensuring the implementation of business programs.

In addition, CEC has launched three committees—Customer Development Committee, QCD Promotion Committee, and Cost Reduction Committee—to create a new corporate culture that is suited for a restructured system.

To continue growing in the new age of ubiquitous computing, IT service companies need to come up with new ideas and have the technical capabilities to eventuate. Accordingly, it is crucial to train personnel. As it will take some time before the results from investments in human resources become apparent, we believe it is most important for us to invest in such resources and train such personnel urgently for the prosperous future for the next five to ten years.

Information Provider

Overview of business for the fiscal term under review

In the fiscal term under review, the software service industry remained sluggish in Japan (just as in the previous term), due to further transformation of the industrial structure, an increase in demand for lower prices from customers, and selection of service suppliers by customers based on the technical and advisory capabilities.

In such an environment, CEC concluded that it could not grow just by sticking to conventional forms of business, and endeavored to reform its corporate structure as it had done in the previous terms. The Company considered this situation as a good opportunity to develop further, by shifting from the business models based on dispatching staff or contracting work to those emphasizing orders for total development.

In particular, focusing on proprietary added-value to its services, CEC implemented various reform measures to offer personalized services of acceptable quality at reasonable cost by a scheduled delivery date. As part of its efforts, the Company relocated the head office to Ebisu in Tokyo's Shibuya Ward in April 2003, hoping to provide customers with closer support and improved services. In August 2003, it established Computer Engineering & Consulting (Shanghai), Ltd. to cut software development costs while exploring the Chinese market.

CEC set the stage for further restructuring, through reorganization of the operations in accordance with its business models and establishment of new divisions to handle new business fields. The Company also strived to improve quality of products and productivity, while acquiring ISO9001 certification for every division and setting up an independent division to strengthen in-house project management capabilities.

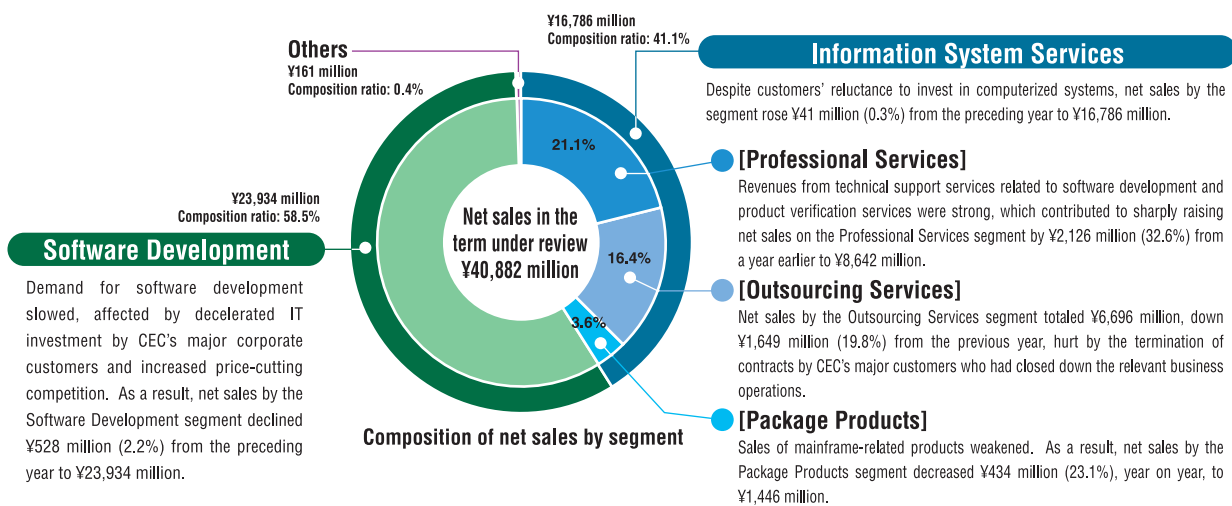
Despite such efforts, however, CEC's consolidated net sales were ¥40,882 million in the term under review, down ¥476 million (1.2%) from the previous year. Ordinary income declined ¥1,355 million (34.8%) to ¥2,540 million, as a result of investments in restructuring, disposal of bad assets and occurrence of unprofitable projects. Meanwhile, the Company posted an extraordinary income of ¥1,675 million in association with returning of the substitute portion of corporate employee pension plans to the Government of Japan, which was approved in August 2003. As a result, net income increased ¥116 million (5.4%) to ¥2,269 million.

On a non-consolidated basis, net sales dropped ¥450 million (1.3%), to ¥34,007 million. Ordinary income fell ¥1,313 million (37.9%) to ¥2,148 million, while net income increased ¥200 million (10.7%) to ¥2,079 million.

CEC's activities in the last twelve months

	2003	February	March
Capability for providing creative proposals to win orders: Strengthening of marketing and advisory abilities		● Established Solutions Marketing Division	
Building of systems: Enhancement of project management (PM) ability			
Expansion of IT services			
Construction of in-house infrastructure			
Expansion of China operations			

Business overview by segment (consolidated)



● Issues to be addressed

The software service industry lacks people working in the upstream process of software development, but those engaging in the downstream process are overflowing, a trend likely to intensify further. Thus, the gap between software service companies is expected to widen substantially, depending on whether they have the capabilities to meet customer requests adequately.

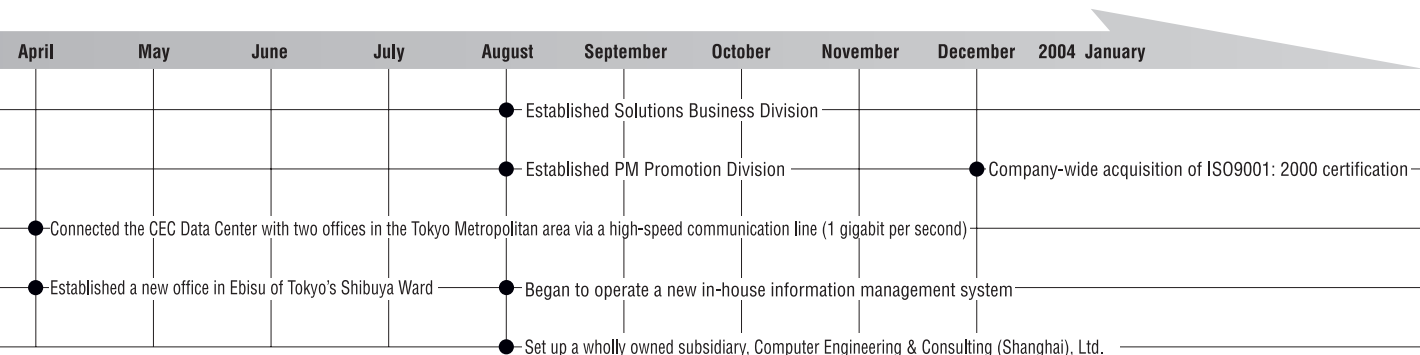
Under these circumstances, CEC will further promote restructuring efforts, which it has been making for the past two years, striving to produce better results.

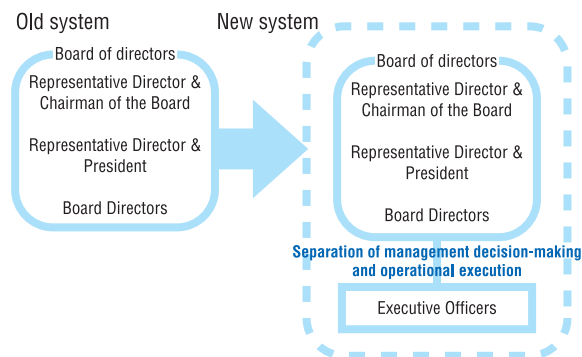
In particular, CEC will work on software for digital equipment

such as programs installed in home information appliances, which have grown remarkably, hoping to establish a new business model. Concurrently, we actively promote solutions businesses under CEC's brand using mainstay WonderWeb® package.

To expand high value-added operations, CEC will develop products that help customers solve their management problems, as well as construct an in-house infrastructure for strategic outsourcing services, including system support staff.

Furthermore, CEC will continue to educate human resources, a vital element for growing businesses.





CEC introduces an executive officer system to speed up management decision-making and ensure operational execution.

At a board meeting on January 23, 2004, CEC decided to reduce the number of board directors from twelve to seven and introduce an executive officer system from February 1, 2004 with the aim of responding appropriately to the rapidly changing business environment. In the new structure, the board of directors concentrates on management functions, striving to speed up management decision-making and strengthen supervisory functions, while transferring the operational responsibilities to executive officers, in order to clarify the

responsibility for operational execution and to speed up the corporate restructuring procedures.

Executive officers are selected at the board meeting, and those individuals take responsibility for executing operations in the business field they are in charge, in accordance with management strategies devised by the board of directors. The terms of executive officers are for one year, the same as board directors'.

CEC establishes three committees to facilitate achievement of operational goals.

On February 1, 2004, CEC established the following three (3) committees to promote restructuring and facilitate achievement of operational goals for the current 37th fiscal term.

1. Customer Development Committee

This committee promotes activities to cultivate customers so that CEC can increase order receipts and then sales, including obtaining more orders from existing customers, boosting transactions with target customers and acquiring new customers through development of unique products.

2. QCD Promotion Committee

This committee is tasked to solidify CEC's foundation for strengthening profitability and to improve customer satisfaction, through an active promotion of the QCD campaign (improvement in *quality*, reduction of *costs* and observance of *delivery* schedule).

3. Cost Reduction Committee

In order for CEC to increase profits, this committee promotes cost-cutting campaigns, in which the Company analyzes every case of cost generation company-wide to eliminate inefficient spendings.

Company-wide acquisition of ISO 9001: 2000 certification and addition of IT services to the list of business fields for registration of the certification

In recent years, as information systems are increasingly becoming important for customers' management strategy, needs for QCD are notably growing. To respond to such needs, CEC has expanded the applicable domains of the ISO 9001: 2000 certification (after acquiring ISO 9001: 1994 in 1996 and upgrading to ISO 9001: 2000 in 2002) to the overall Company, as part of efforts to strengthen quality control. Furthermore, the Company added IT services to the list of business fields for registration of the

certification. CEC will continue to provide high quality products and services, sure to win customer confidence, in all business fields in which it is active.

[Business fields for registration of the certification]

The scope of registered business is design, development, production and maintenance of customized software, products evaluation and information services.

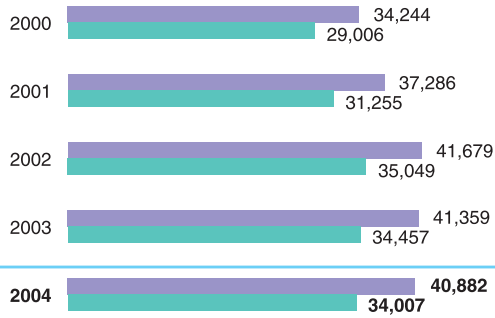


Financial Highlights

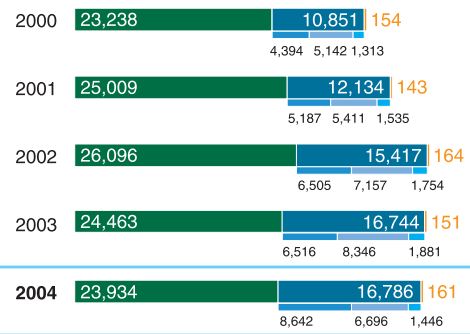
Years ended January 31

Consolidated (Millions of yen)

● Net Sales

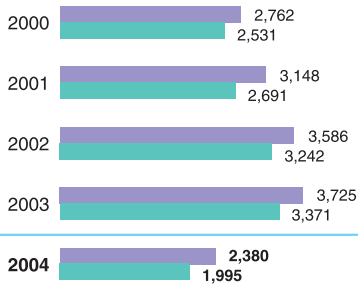


● Ratio of Net Sales by Segment

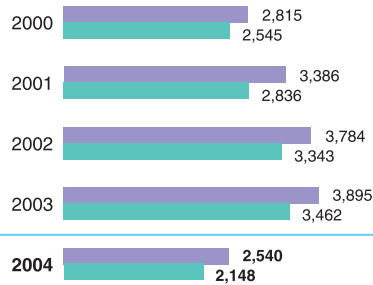


Software Development Information System Services Others
Professional Services Outsourcing Services Package Products

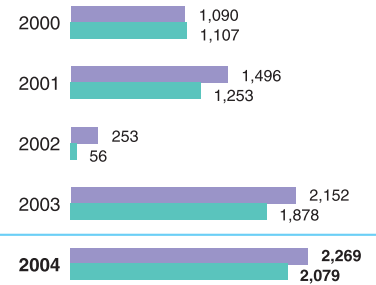
● Operating Income



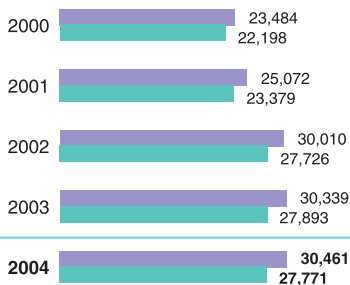
● Ordinary Income



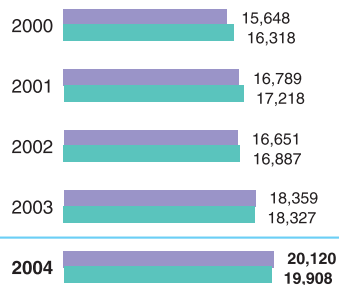
● Net Income



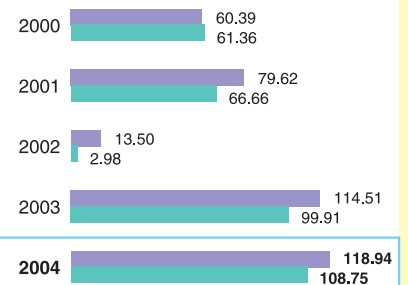
● Total Assets



● Shareholders' Equity



● Net Income per Share



Consolidated Financial Statements

Consolidated Balance Sheets January 31

(Thousands of yen)

	2004	2003
<Assets>		
Current assets	17,182,039	17,363,711
Cash and time deposits	4,722,805	4,401,194
Notes and accounts receivable—trade	9,106,829	9,556,187
Inventories	2,602,088	2,320,104
Deferred tax assets	276,125	182,381
Other	485,358	923,605
Allowance for doubtful accounts	(11,167)	(19,763)
Fixed assets	13,279,449	12,976,206
Property, plant and equipment	8,017,719	8,104,902
Buildings and structures	4,851,418	5,043,470
Land	2,612,545	2,612,545
Other	553,754	448,886
Intangible fixed assets	531,235	267,201
Investments and other assets	4,730,495	4,604,103
Investment in securities	2,001,547	1,114,630
Deferred tax assets	1,460,692	2,237,616
Other	1,433,135	1,398,105
Allowance for doubtful accounts	(164,880)	(146,250)
Total assets	30,461,489	30,339,917

Accumulated depreciation on property, plant and equipment 4,407,559

3,990,582

(Thousands of yen)

	2004	2003
<Liabilities, minority interests and shareholders' equity>		
Current liabilities	7,045,632	7,283,076
Notes and accounts payable—trade	3,365,781	3,212,349
Short-term borrowings	1,193,260	1,369,360
Accrued income taxes	601,935	960,390
Accrued bonuses	347,555	337,628
Other	1,537,099	1,403,347
Long-term liabilities	3,143,298	4,558,873
Long-term borrowings	392,520	450,780
Accrued severance indemnities	2,361,738	3,685,618
Allowance for directors' and corporate auditors' retirement benefits	389,040	422,475
Total liabilities	10,188,930	11,841,950
<Minority interests>		
Minority interests	152,273	138,495
<Shareholders' equity>		
Common stock	6,586,000	6,586,000
Capital surplus	6,415,030	6,415,030
Retained earnings	7,192,214	5,417,071
Net unrealized gains (losses) on investment in securities	234,883	(58,357)
Foreign currency translation adjustments	(8,411)	(173)
Treasury stock	(299,432)	(98)
Total shareholders' equity	20,120,285	18,359,472
Total liabilities, minority interests and shareholders' equity	30,461,489	30,339,917

Consolidated Statements of Operations
Years ended January 31

(Thousands of yen)

	2004	2003
Net sales	40,882,275	41,359,252
Cost of sales	33,576,862	32,219,743
Gross profit	7,305,412	9,139,508
Selling, general and administrative expenses	4,924,495	5,414,152
Operating income	2,380,917	3,725,355
Other income	178,088	226,583
Other expenses	18,930	56,730
Ordinary income	2,540,075	3,895,209
Extraordinary income	1,684,238	8,841
Extraordinary losses	214,739	117,383
Income before income taxes	4,009,573	3,786,667
Income taxes	1,243,717	1,740,860
Deferred income taxes	479,442	(126,046)
Minority interests in net income	17,264	19,027
Net income	2,269,150	2,152,825

Consolidated Statements of Retained Earnings
Years ended January 31

(Thousands of yen)

	2004	2003
< Capital surplus >		
Capital surplus at beginning of period	6,415,030	6,415,030
Capital surplus at end of period	6,415,030	6,415,030
< Retained earnings >		
Retained earnings at beginning of period	5,417,071	3,665,188
Increase in retained earnings	2,269,150	2,152,825
Decrease in retained earnings	494,007	400,942
Retained earnings at end of period	7,192,214	5,417,071

Consolidated Statements of Cash Flows
Years ended January 31

(Thousands of yen)

	2004	2003
Cash flows from operating activities	2,537,810	429,523
Cash flows from investing activities	(1,244,332)	(697,855)
Cash flows from financing activities	(947,218)	(318,755)
Effect of exchange rate changes on cash and cash equivalents	(5,754)	—
Net increase (decrease) in cash and cash equivalents	340,504	(587,087)
Cash and cash equivalents at beginning of period	4,341,447	4,928,534
Cash and cash equivalents at end of period	4,681,951	4,341,447

Non-Consolidated Financial Statements

Non-Consolidated Balance Sheets January 31

(Thousands of yen)

	2004	2003
<Assets>		
Current assets	14,459,997	14,962,250
Cash and time deposits	4,076,083	4,053,876
Notes receivable	104,749	87,587
Accounts receivable—trade	7,682,989	8,219,445
Inventories	1,494,928	1,529,428
Deferred tax assets	217,003	133,148
Other	892,250	955,127
Allowance for doubtful accounts	(8,006)	(16,362)
Fixed assets	13,311,977	12,931,499
Property, plant and equipment	7,518,130	7,606,261
Buildings	4,538,116	4,732,355
Land	2,383,494	2,383,494
Other	596,518	490,410
Intangible fixed assets	522,320	257,226
Software	485,948	220,305
Other	36,371	36,920
Investments and other assets	5,271,526	5,068,012
Investment in securities	1,380,679	549,459
Investments in subsidiaries	1,652,960	1,582,960
Equity investments	112,490	89,983
Equity investment in subsidiaries	59,700	—
Guarantee and deposits	650,770	629,779
Deferred tax assets	1,031,800	1,824,236
Other	466,526	473,842
Allowance for doubtful accounts	(83,400)	(82,250)
Total assets	27,771,975	27,893,750

Accumulated depreciation on property, plant and equipment 4,156,318 3,753,505

(Thousands of yen)

	2004	2003
<Liabilities>		
Current liabilities	5,484,042	5,820,195
Accounts payable—trade	3,243,059	3,146,686
Short-term borrowings	319,200	384,700
Accrued income taxes	474,282	840,620
Accrued bonuses	234,445	222,426
Other	1,213,056	1,225,762
Long-term liabilities	2,379,035	3,746,344
Long-term borrowings	48,000	67,200
Accrued severance indemnities	1,961,170	3,287,523
Allowance for directors' and corporate auditors' retirement benefits	369,865	391,621
Total liabilities	7,863,077	9,566,539
<Shareholders' equity>		
Common stock	6,586,000	6,586,000
Capital reserves	6,415,030	6,415,030
Capital surplus	6,415,030	6,415,030
Retained earnings	6,972,663	5,383,738
Revenue reserve	300,783	300,783
Voluntary reserves	4,257,747	2,865,733
Program and other, reserve	99,441	95,963
Special depreciation reserve	48,306	59,769
General reserve	4,110,000	2,710,000
Unappropriated retained earnings	2,414,132	2,217,221
Net unrealized gains (losses) on investment securities	234,636	(57,459)
Treasury stock	(299,432)	(98)
Total shareholders' equity	19,908,897	18,327,210
Total liabilities and shareholders' equity	27,771,975	27,893,750

Non-Consolidated Statements of Operations
Years ended January 31

(Thousands of yen)

	2004	2003
Net sales	34,007,341	34,457,590
Cost of sales	28,060,054	26,653,988
Gross profit	5,947,287	7,803,601
Selling, general and administrative expenses	3,952,277	4,432,591
Operating income	1,995,009	3,371,010
Other income	159,453	133,524
Other expenses	5,515	42,037
Ordinary income	2,148,948	3,462,497
Extraordinary income	1,683,701	5,975
Extraordinary losses	193,368	151,724
Income before income taxes	3,639,281	3,316,748
Income taxes	1,054,119	1,580,318
Deferred income taxes	505,932	(141,874)
Net income	2,079,229	1,878,304
Unappropriated retained earnings brought forward from the previous period	520,308	489,316
Interim Dividends	185,405	150,399
Unappropriated retained earnings	2,414,132	2,217,221

Non-Consolidated Statements of Appropriation of Retained Earnings

(Thousands of yen)

	2004 (April 23)	2003 (April 22)
Unappropriated retained earnings for the period	2,414,132	2,217,221
Reduction of revenue reserve	24,159	24,103
Reduction of program and others, reserve	12,696	12,640
Reduction of special depreciation reserve	11,462	11,462
Total	2,438,291	2,241,325
Amounts to be appropriated as follows:		
Dividends	185,405	225,598
	[¥10.00 per share]	[¥12.00 per share]
Bonuses for directors and corporate auditors	52,150	79,300
[Corporate auditor bonuses]	[1,400]	[2,000]
Revenue reserve	1,700,645	1,416,118
Program and others, reserve	645	16,118
General reserve	1,700,000	1,400,000
Total	1,938,201	1,721,016
Retained earnings carried forward to the next period	500,090	520,308

(Notes) 1. An interim dividend of ¥10 per share was paid on October 3, 2003.

2. Dividend payments do not include dividends on treasury stock (259,401 shares in the current fiscal year, 101 shares in the preceding fiscal year).

Basic Policy for Appropriation of Retained Earnings

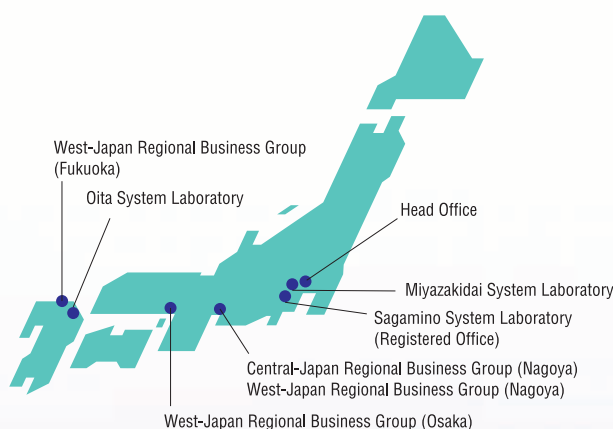
The Company's policy on profit distribution is to increase retained earnings on a long-term basis and to maintain a steady distribution of earnings in consideration of overall future business environment and dividend payout.

In addition, the Company enhance our business fundamentals by allocating retained earnings to capital expenditures such as research and development for advanced technologies and infrastructure development for improving business operations.

The Company decided the interim dividend of ¥10 per share and the final dividend of ¥10 per share, totalling ¥20 per share for the period under review.

Corporate Data (As of January 31, 2004)

- **Corporate Name** : Computer Engineering & Consulting, Ltd.
- **Establishment** : February 24, 1968
- **Common Stock** : 6,586,000,000 yen
- **Fiscal Year-end** : January 31
- **Number of Employees** : 1,545



● Main Offices and Laboratories

Head Office

JR Ebisu Bldg., 5-5, Ebisu Minami 1-chome, Shibuya-ku, Tokyo 150-0022

Sagamino System Laboratory (Registered Office)

1-11, Higashihara 5-chome, Zama-shi, Kanagawa 228-8567

Miyazakidai System Laboratory

9-16, Miyazaki 2-chome, Miyamae-ku, Kawasaki-shi, Kanagawa 216-0033

Oita System Laboratory

21-1, Ohira Aza Kumano, Oaza Kitsuki-shi, Oita 873-0008

Central-Japan Regional Business Group (Nagoya)

Denki Bunka Kaikan, 2-5, Sakae 2-chome, Naka-ku, Nagoya 460-0008

West-Japan Regional Business Group (Nagoya)

Nagoya-shi Urban Development Corporation Fushimi Bldg., 2-12, Sakae 2-chome, Naka-ku,

West-Japan Regional Business Group (Osaka)

Shin-Osaka Daiichi Seimei Bldg., 5-24, Miyahara 3-chome, Yodogawa-ku, Osaka 532-0003

West-Japan Regional Business Group (Fukuoka)

Fukuoka MD Bldg., 2-21, Tsunaba-cho, Hakata-ku, Fukuoka 812-0024

Other Business Offices

Sendai, Chiba, Numazu, Toyama, Toyoda, Kyoto, Nagasaki



Sagamino System Laboratory (Registered Office)

	Name	Common Stock (millions of yen)	Ratio of Voting Rights (%)	Main Business
Consolidated	Foresight System Co., Ltd.	250	83.2	Software development
Subsidiaries	CEC Information Service Co., Ltd.	160	100.0	Data entry services
	CEC Solutions Inc.	100	100.0	Information system services
	Honest Co., Ltd.	100	100.0	Personnel services
	CEC Nagoya Information Service Ltd.	50	100.0	System maintenance and operation
	CEC Computer Service Ltd.	50	100.0	Information system services
	Oita Computer Engineering & Consulting Ltd.	30	100.0	Software development
	Computer Engineering & Consulting (Shanghai), Ltd.	U.S.\$500,000	100.0	Software development
	Affiliates to which the Equity Method is Applied	Fujitsu Middleware Ltd.	200	20.0
	Fujitsu Oita Software Laboratory Ltd.	120	20.0	Software development
	Shanghai BaoXi Computer Technology Co., Ltd.	U.S.\$600,000	30.0	Software development

(Note) Computer Engineering & Consulting (Shanghai), Ltd. was established on August 1, 2003.

Shareholder Information (As of January 31, 2004)

● Directors, Corporate Auditors and Executive Officers (As of April 23, 2004)

<Directors and Corporate Auditors>

Chairman of the Board (Representative Director)	Hirosato Iwasaki
President (Representative Director)	Ryuzo Miyahara
Director	Hiroomi Hamajima
Director (Executive Officer)	Kazuyuki Shinno
Director (Executive Officer)	Koshige Hayashi
Director (Executive Officer)	Fumio Sugimoto
Director (Executive Officer)	Osamu Yoshitake
Director (Executive Officer)	Kiyomi Hashimura
Standing Corporate Auditor	Hideo Nakahara
Corporate Auditor	Akiho Fujimoto
Corporate Auditor	Tsuyoshi Nagahama

<Executive Officers>

Executive Officer	Shinji Akino
Executive Officer	Yasuo Furukawa
Executive Officer	Goro Seki
Executive Officer	Junji Kawabata
Executive Officer	Koichi Sukekawa
Executive Officer	Fujio Tahara
Executive Officer	Motoharu Kawada
Executive Officer	Hiroharu Kinone

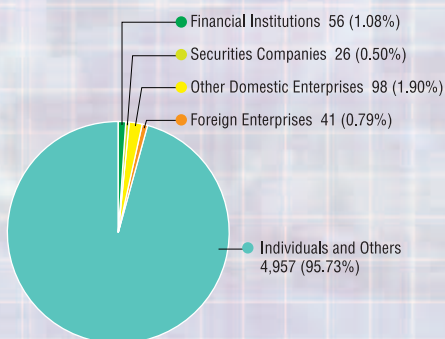
● Common Stock Authorized 40,000,000 shares

● Issued 18,800,000 shares

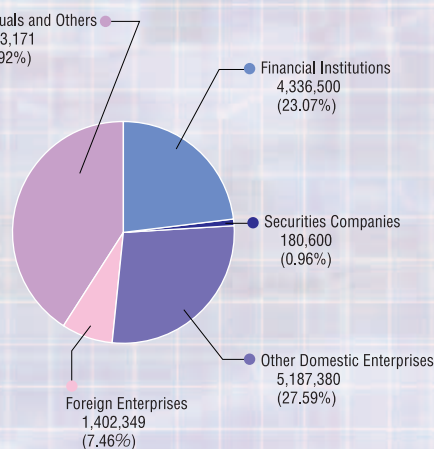
● Number of shareholders 5,178

● Major shareholders	Name	Number of shares held	Ratio of voting rights (%)
1	mitsuiwa corporation	1,968,600	10.62
2	Fujitsu Limited	1,680,000	9.06
3	Japan Trustee Services Bank, Limited (Trust Account)	1,001,900	5.40
4	Hirosato Iwasaki	938,200	5.06
5	The Master Trust Bank of Japan, Limited (Trust account)	758,800	4.09
6	Japan Foresight Electronics Limited	755,480	4.07
7	CEC Employee Ownership Association	421,400	2.27
8	Bank of Bermuda Guernsey Special Account Exclusive Benefit Clients	330,000	1.78
9	Morgan Stanley & Co., Inc.	328,000	1.77
10	UFJ Bank Limited	288,000	1.55

● Composition of Shareholders (number)



● Total Number of Shares Issued (shares)



Web Information

CEC proactively discloses various information through its website, including corporate and financial data, to shareholders and investors, and also introduces its corporate activities and status on the site. We hope you will access the website to understand our Company in a better manner. However, please note that those information is currently provided in Japanese only.

<http://www.cec-ltd.co.jp>



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● Information for Shareholders

Date of Fiscal Year-end

January 31

General Meeting of Shareholders

Held in April on an annual basis

Dividend recipients decided

January 31 (Or July 31 for Interim Dividend)

Base Date

January 31 (Or as publicly announced as required)

Transfer Agent

UFJ Trust Bank Limited
4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Place of Business

Stock Transfer Agency Department, UFJ Trust Bank Limited
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081
Tel : +81-3-5683-5111 (Main)

Postal Address

All Branch Offices of UFJ Trust Bank Limited

Number of Shares per Unit

100 shares

Stock Exchange Listing

First Section of Tokyo Stock Exchange (Security Code: 9692)

Independent Auditor

ChuoAoyama Audit Corporation

Newspaper for Official Notice

Nihon Keizai Shimbun

With regard to the Company's announcement of accounts, Balance Sheets and Statements of Operations are provided on the Company's Website (http://www.cec-ltd.co.jp/ir_info/ir_index.html).

Computer Engineering & Consulting, Ltd.

JR EBISU BLDG, 1-5-5, EBISUMINAMI SHIBUYA-KU, TOKYO, 150-0022

Tel: +81-3-5789-2441

URL <http://www.cec-ltd.co.jp>



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