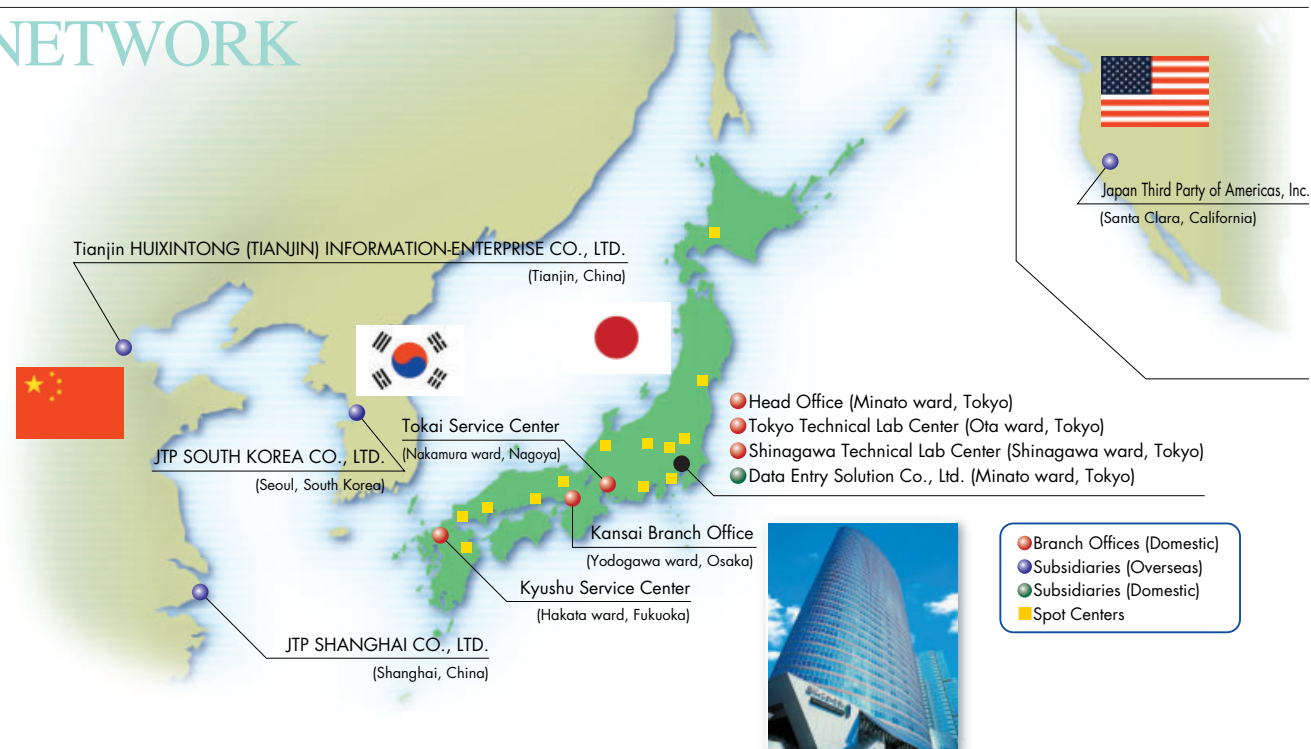


NETWORK



Shareholders' Memo

Shareholders' Information

Stock Code: 2488
 Fiscal Year: From April 1 of each year to March 31 of the following year
 Annual Shareholders' Meeting: June
 Record Date for Voting Rights at Annual Shareholders' Meeting: March 31
 In other cases where deemed necessary, the Company will set another record date, following a prior public announcement.
 Record Dates for Dividends: Year-end dividends: March 31
 Interim dividends: September 30 (if any)
 Administrator of Shareholders Register:
 Mitsubishi UFJ Trust and Banking Corporation
 Address: 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
 Administrative Office of Administrator of Shareholders Register (contact by mail and telephone):
 Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division
 Address: 7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081
 Telephone: 0120-232-711 (toll free)

Intermediary Offices of Administrator of Shareholders Register:
 All branches nationwide of Mitsubishi UFJ Trust and Banking Corporation and Nomura Securities Co., Ltd.
 Public Notice Circulation Method: Public notices of the Company will be given by means of electronic notification at the website: <http://www.jtp.co.jp/>
 However, in cases where electronic notification is not available due to accidents or any other unavoidable reasons, public notices will be given in the Nihon Keizai Shimbun.
 Request for Registration Forms: Please call the transfer agent toll free at 0120-244-479, available 24 hours a day, for forms for reporting changes to your address or the designation of and changes to your bank account for dividends, or forms for requesting the procedures for inheriting shares.
 Stock Procedure Details: Please refer to the website of Mitsubishi UFJ Trust and Banking Corporation: <http://www.tr.mufg.jp/daikou/>



Shinagawa InterCity Bldg. A, 13F, 2-15-1, Konan, Minato-ku, Tokyo 108-6012, Japan
 TEL: +81-3-5782-7600 FAX: +81-3-5479-4797 <http://www.jtp.co.jp/english/>

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The 20th Term Business Report

April 1, 2006 to March 31, 2007



Message from Top Management

JTP was founded 20 years ago as a company specializing in providing outsourcing of technical services of overseas companies' Japanese subsidiaries. Since then, we have established a unique position through our business deals with a variety of customers around the world, from global IT venture firms to leading companies.

For overseas companies seeking to expand their sales of IT products, building and maintaining a service framework presents a more important management challenge than establishing sales channels because the cycles of such products are short. In Japan, manufacturers usually establish integrated business operations on their own, covering everything from the development and production of IT products to the provision of services. In other countries on the cutting edge of IT technology, however, the prevailing business formula is to maximize the leverage by outsourcing non-core operations, such as production, logistics and services while retaining core operations like marketing, technology development and sales.

For manufacturers seeking to establish their own service frameworks in the IT sector, wherein technological innovation occurs rapidly, an enormous initial investment in personnel is required so as to secure human resources and provide technical training and education. Furthermore, in order to cope with a rapidly changing market environment, it is necessary to adopt a flexible service framework, closing in some cases and restructuring it in others. The effectiveness of our business model in reducing the costs necessary for such flexibility has been widely recognized in Japan. Having already begun preparations for spreading our business model throughout the Asian region in response to customer requests, we intend to actively operate in the region in anticipation of opportunities for further business expansion.

Under these circumstances, in our 20th term we managed to post the best business results in our corporate history in terms of both sales and profits, and also consolidate our management foundation. For this, we are appreciative of the support from our customers, shareholders and employees.

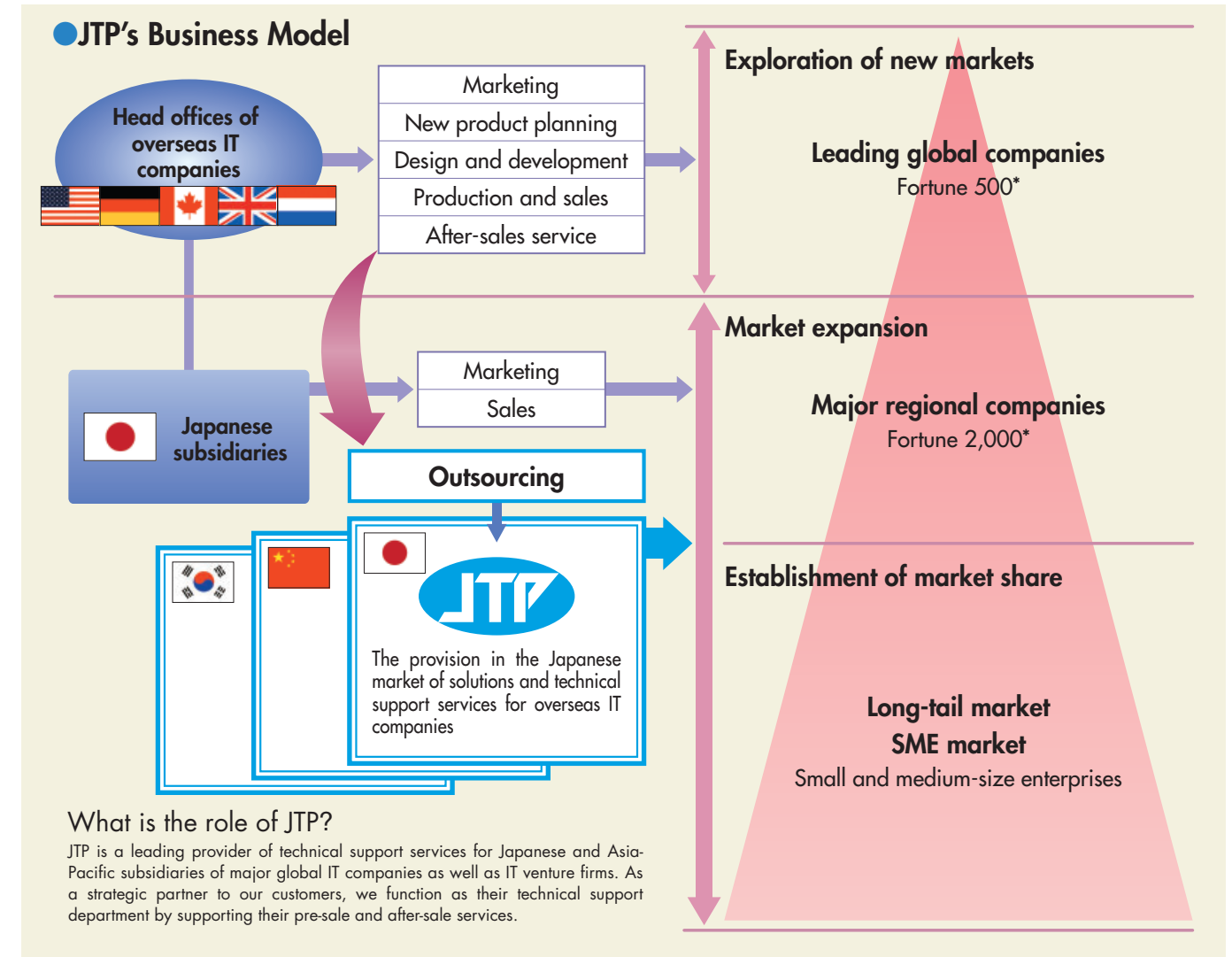
June 2007

President and Chief Executive Officer
Kazuaki Mori



Business Model

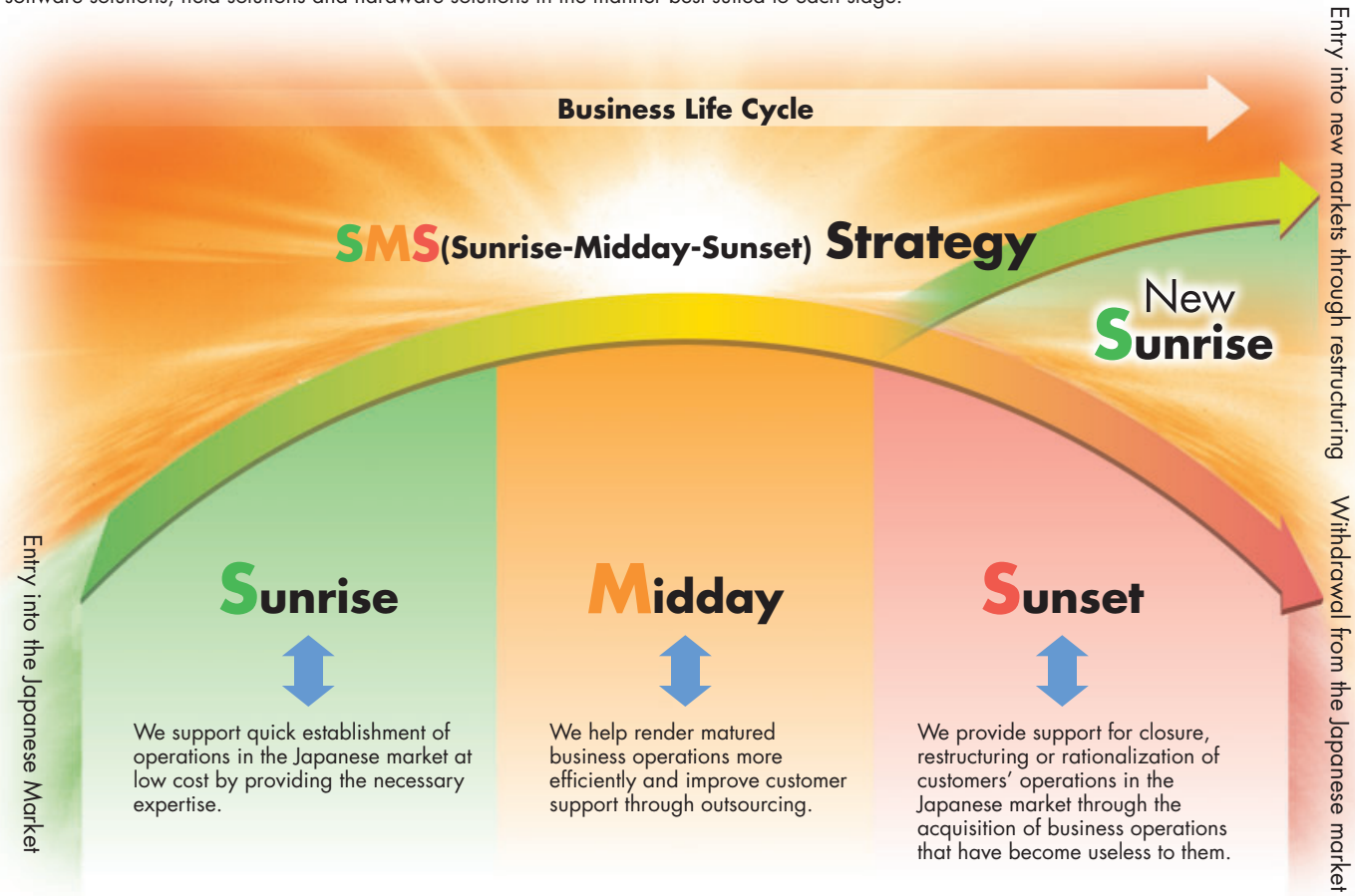
We serve as a “second service division” of leading overseas companies by providing business solutions and technical support services.



*Corporate ranking as announced by the U.S. economic magazine "Fortune"

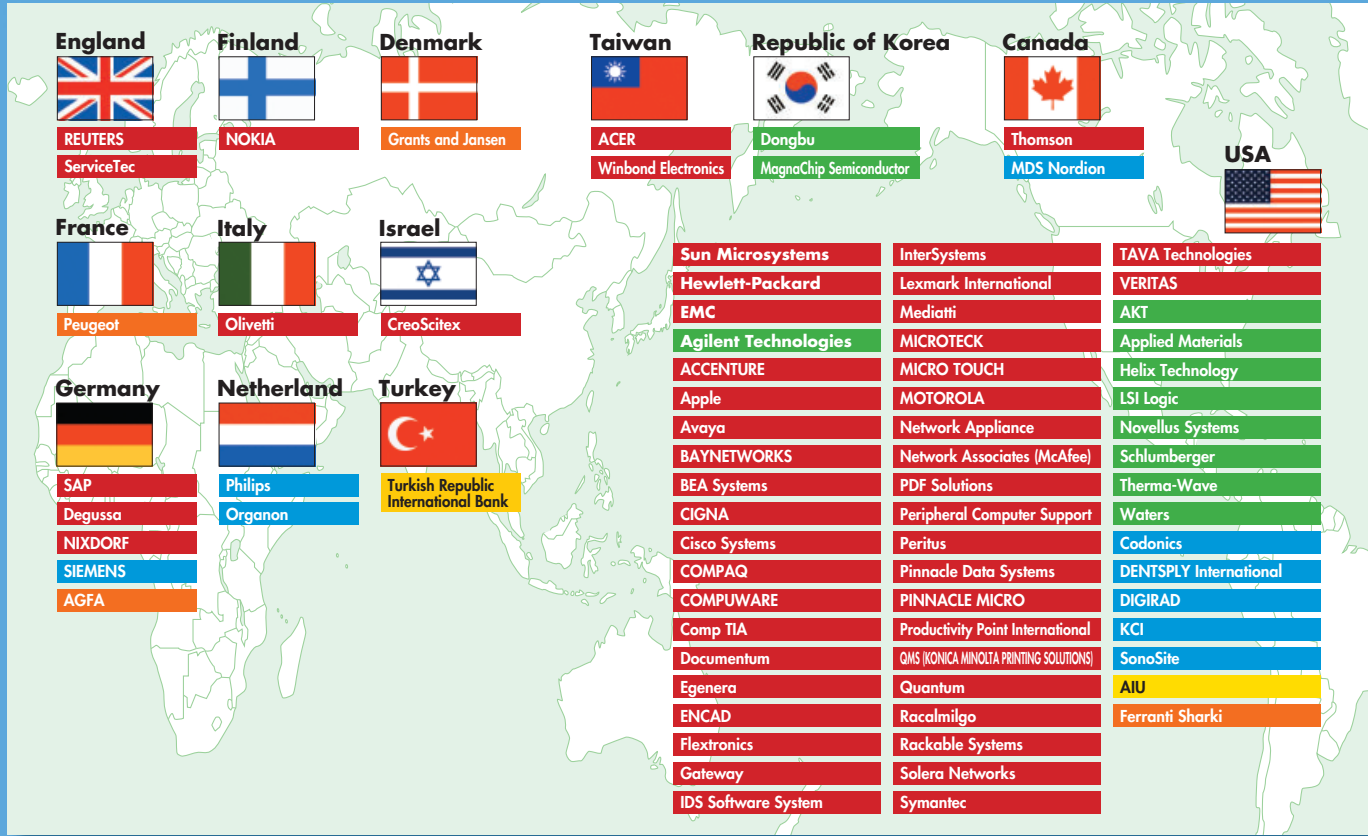
“SMS Strategy” — Business Model that Enables Quick Adaptation to Changes in Business Environments

When an overseas high-tech company engages in business in Japan, it can be assumed that they face three stages in their business life cycle: 1. Business growth following market entry (Sunrise), 2. Business maturity (Midday) and 3. Withdrawal from the market (Sunset). JTP provides a “framework” and “service system” that enable flexible actions at each stage. More specifically, JTP provides software solutions, field solutions and hardware solutions in the manner best suited to each stage.



We have earned the trust of major global companies in our role as their strategic partner over the past 20 years.

- IT-related businesses
- IT application-related businesses (analysis equipment/semiconductors)
- IT application-related businesses (medical equipment)
- Financial businesses
- Manufacturing businesses



We provide world-class human resources and service quality through the “Muscat Strategy.”

Licenses obtained by business divisions and individual employees

Vendor names	License names	
●Sun Microsystems	•SCSA •SCNA •SCSecA •SISC •SCFE •SJC-P	•SJC-D •SJC-Wc •SJD-EA •SJD-BC •Star Suite
●Hewlett Packard	•HP-UX	•HP-HA
●Cisco Systems	•CCNA •CCDA •CCNP •CCIP	•CCIE •CSE •WLAN
●Linux Professional Institute	•LPIC Level1 •LPIC Level2	
●Oracle	•Silver •Gold	•Platinum
●Microsoft	•MCP •MCSA	•MCSE •MCDST
●VERITAS	•SFS •DPA-X •DPA-W •BUES	•DPS-X •DPS-W •HAS-X •HAS-W
●EMC	•Associate Level •Specialist Level	
●XML	•XML Master Basic	
●OMG	•UML Professional Fundamental	
●CheckPoint	•CCSA	
●IBM	•SCS	
●Comp TIA	•A+ •NETWORK+	
●Brocade	•CFP	
●SAP	•ABAP	
●Turbolinux	•Turbolinux	
●OGC	•ITIL	

Support based on international standards



Qualifications acquired by individual employees

L × **e²**
License bilingual experienced engineer

Bilingual

Multilingual engineers who can communicate in several languages

TOEIC

It is quite natural for JTP engineers working across national borders to have full command of English as an international language.

Employees make full use of their skills in English, Chinese (Mandarin and Cantonese) and Korean when engaging in business activities in the Asia-Pacific region, including business negotiations, system design, training, technical transfers and presentation. To facilitate this, we foster an environment that enables all of our employees to improve their capabilities as multilingual engineers.

Qualifications acquired by business divisions

Acquisition of ISO9001: 2000 certificate

Education division	JQA-2598
Repair center division	JQA-2699
IT-based system support division	JQA-QM5320
Computer system support	JQA-QM6085
Integration support	JQA-QM6413
Computer system support (peripherals)	JQA-QM8338

Through the “Muscat Strategy” (which owes its name to an analogy with the Muscat variety of grape), we simultaneously seek to develop human resources in ways wherein individual employees are trained so as to be able to work proactively and effectively as an individual (like individual grapes in a bunch), thereby enhance the entire organization (the whole bunch). In order to ensure the provision of high-quality services, JTP has in place the L×e² system, which outlines individual employees’ skills in numerical terms for easy recognition and provides quality assurance based on our acquisition of ISO9001 certification. Furthermore, JTP trains its employees in ways that enables them to perform multiple jobs, thus enhancing efficiency. Moreover, thanks to its combination of high service quality and price competitiveness in international markets, JTP has been designated as a participant in international competitive bids.

Future Challenges



Maintaining a Slim but Strong Management Based on the “Pay-As-You-Use” Pricing System Instead of Fixed-Rate Contracts

You pay as you use in the case of utility services such as electricity, gas and water supply. In your everyday life, one can sense a shift to this type of service pricing system taking place in Japan’s IT sector. For example, you can obtain a mobile phone for free and pay a monthly bill for a variety of services, such as voice calling and e-mails, based only to the extent to which you actually used said services. Thus, the utility service model that is becoming popular in the United States and Europe is also starting to take hold in Japan. Until now, the business management of IT service companies has mostly relied on stable revenue assured by a fixed-rate system based on annual contracts that factor in possible system glitches and breakdowns, just like non-refundable insurance contracts that require fixed-premium payments on the assumption of possible accidents and diseases. Under our “pay-as-you-use” pricing system, we charge a fee each time we provide our services aimed at solving customer problems. From a customer standpoint, we simply provide services and charge fees as necessary. We will maintain this management principle without being tempted by the comfort of the fixed-rate contract system.



Aiming to Become a Future Employment Magnet for School Children Receiving Education Grounded in High Technology

Elementary school children who are now using high-tech machines like PCs and advanced mobile terminals in their classrooms are set to join society as adults in ten years’ time. We endeavor to become the kind of company that would appear attractive to such people as a potential employer. The key words for achieving this end are “suitability for international business” and “social contributions.” By developing employees into “human assets” well suited to international business by way of our unique education system, we aim to become over the next ten years a knowledge-intensive support company that provides up-to-date technical expertise and information and multi-faceted skills.

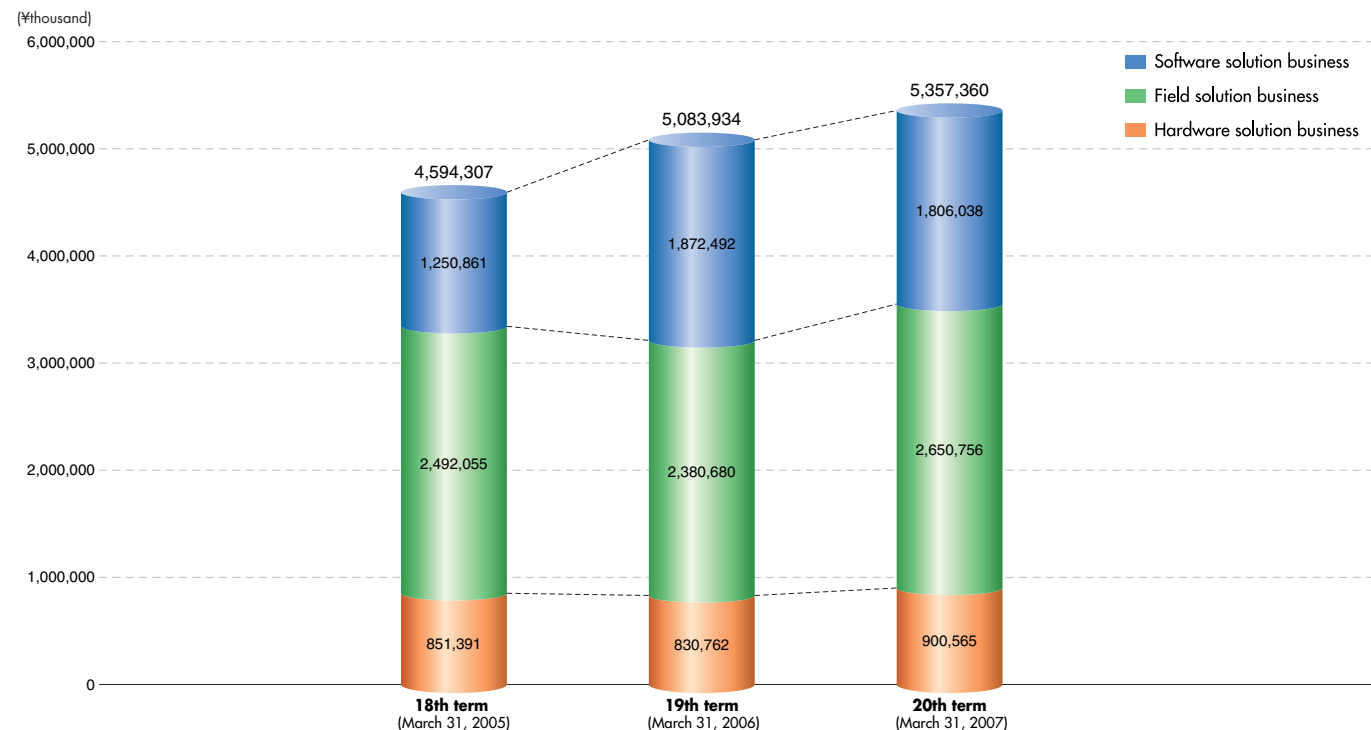


Presenting the Ultimate Support System Based on Web-Based Knowledge and Information Instead of Physical Support

Service and support businesses involve labor-intensive operations that are constantly faced with a labor shortage problem. In a move that overturns conventional wisdom, we are preparing to implement a plan to establish a system capable of applying Web-based support to resolve problems faced by customers in the field of IT system design and integration. We can realize such a system merely by way of the technical experience, knowledge and information that we have accumulated through our business activities with our numerous overseas companies over the past 20 years.

Business Review

■ Sales by business segment



During the term under review, securing profits, as opposed to business expansion, emerged as a challenge for Japan's IT sector and became a focal point of interest as the maturation of the market progressed. Meanwhile, the economy recovered, led by the utilization of human resources and the start of business operations in Asian countries.

In light of this situation, JTP endeavored to expand its business activities by providing services that meet a variety of needs of customers, including overseas manufacturers, while maintaining service quality, as well as by achieving service costs that are competitive in the Asian region. Moreover, having strengthened its financial foundation as well as having made organizational preparations, JTP obtained in June 2006 a stock listing on the JASDAQ stock market, a goal of the company since its foundation.

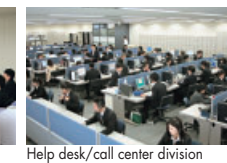
As a result, JTP generated net sales of 5,357 million yen in this term, up 5.4% from the previous year and earned an operating income of 511 million yen, up 122.1%, an ordinary income of 524 million yen, up 92.1%, and a net income of 261 million yen, up 365.1%.

Software Solution Business

This business division provides software "localization" services to overseas IT manufacturers entering the Japanese and Asian markets. Such services include translation of technical manuals and educational materials, training of engineers at JTP training facilities, software technology service support for end users and technical help desk operations for helping engineers and end users resolve their problems (technical call centers). Although help desk operations posted steady growth this term, net sales declined 3.5% from the previous year to 1,806 million yen due to the postponement of a system modification at an end user to the next term.



Education division



Help desk/call center division

Field Solution Business

This business division provides on-site solutions by establishing a framework for efficient services with regard to high-mix, low-volume systems and equipment manufactured and sold by overseas IT producers, including computer systems, network systems, medical equipment, chemical analyzers and semiconductor-manufacturing equipment. During this term, JTP actively engaged in consulting services that formulate proposals for customer-oriented solution systems based on comprehensive use of our technological know-how, and also endeavored to obtain contracts for related network integration work. As a result, net sales in this term rose 11.3% to 2,650 million yen.



Computer system support division



IT-based system support division

Hardware Solution Business

This business division, in which the need for cost reduction is acute in the Asian region in particular, supports product assembly, software integration, product customization and pre-shipment inspection at Japanese plants belonging to overseas IT manufacturers by proposing solution to customers through consulting services with regard to strategies for building frameworks for ensuring speedy, low-cost product delivery in Asia. In this term, our solution proposals led to a business expansion, with net sales increasing 8.4% to 900 million yen.

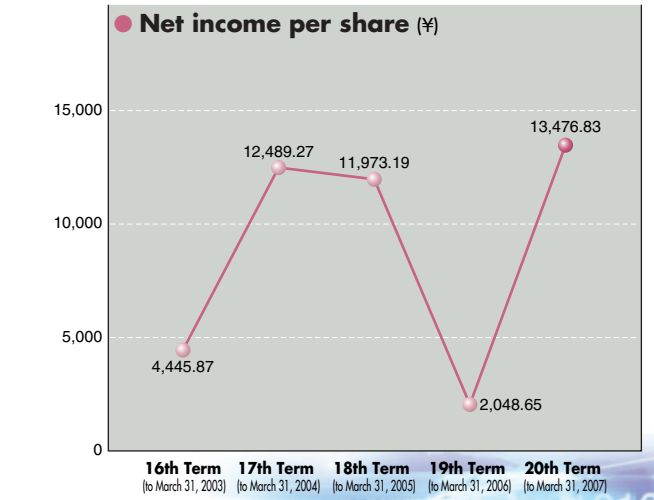
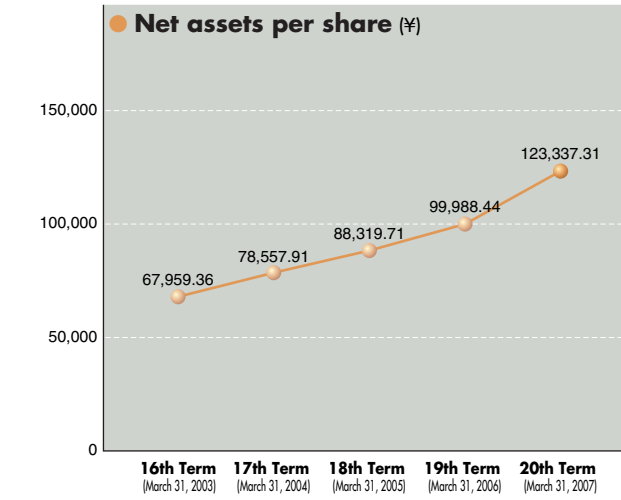
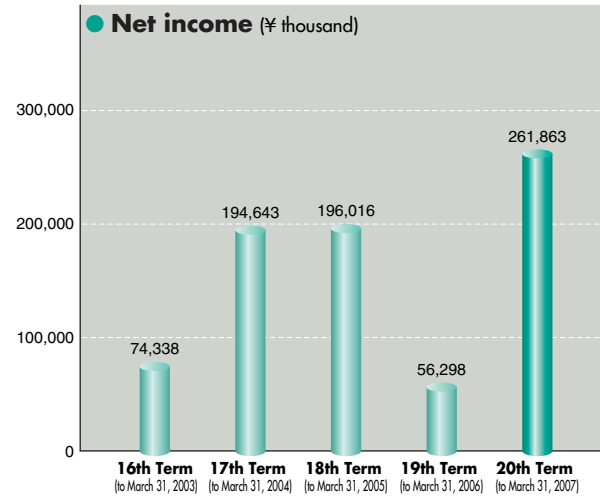
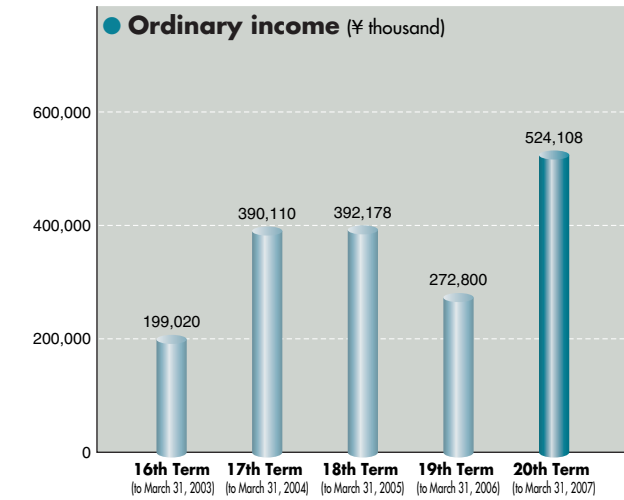
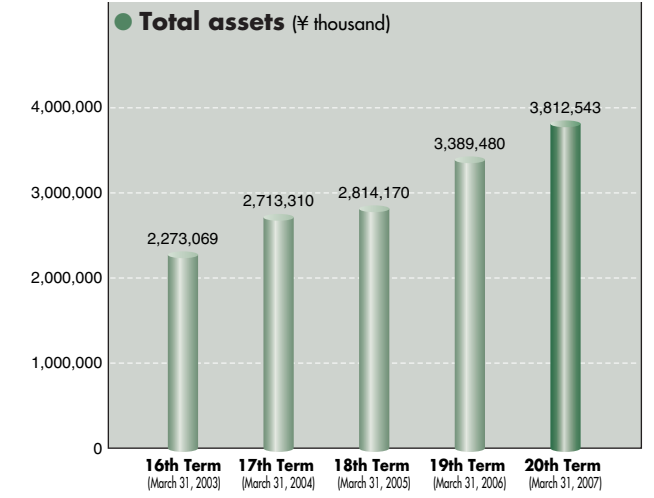
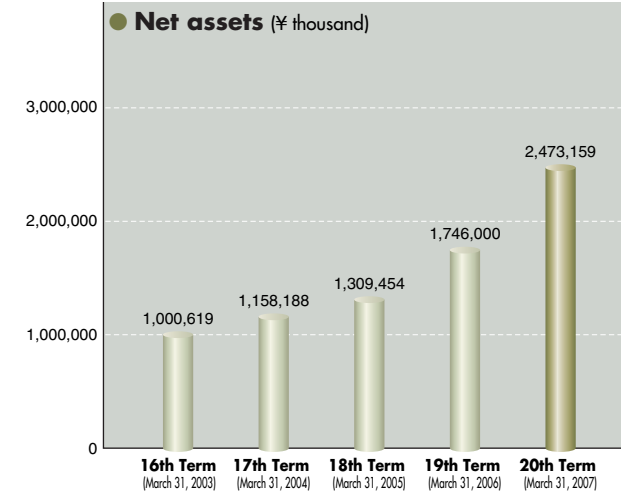
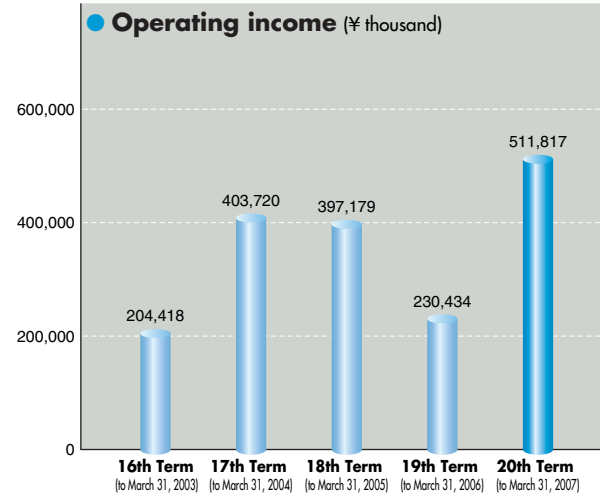
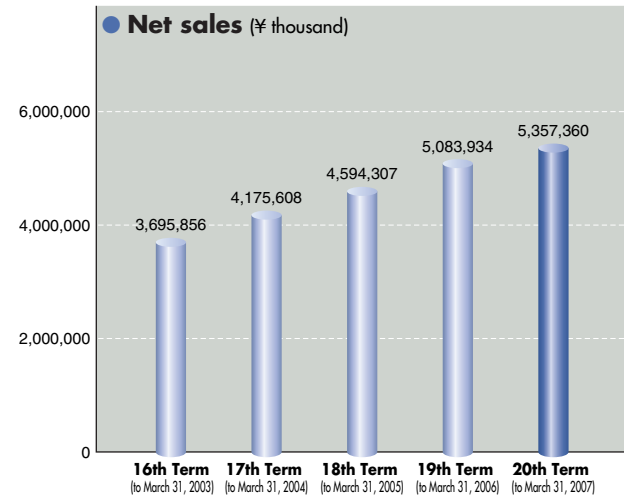


Tokyo Technical Lab Center (exterior)



Tokyo Technical Lab Center (interior)

Financial Highlights



Financial Statements

Consolidated Balance Sheets

As of March 31, 2007 and 2006

(¥thousand)

	2007	2006
Assets		
Current assets	3,097,739	2,664,367
Cash and deposits	1,786,055	1,525,909
Notes receivable — trade	36,353	9,570
Accounts receivable — trade	1,052,744	919,080
Raw materials	46,214	49,574
Work in process	715	—
Prepaid expenses	46,244	49,377
Deferred tax assets	109,002	90,184
Other	24,638	24,372
Allowance for doubtful accounts	(4,229)	(3,704)
Fixed assets	714,804	725,112
Tangible fixed assets	124,862	138,536
Equipment and facilities in buildings	96,201	99,069
Vehicles	275	275
Furniture and fixtures	28,385	39,192
Intangible fixed assets	23,870	18,335
Software	15,286	9,750
Telephone subscription rights	8,584	8,584
Investments and other assets	566,070	568,241
Investment securities	54,000	54,000
Stocks in subsidiaries and affiliates	61,915	38,431
Investments in capital to subsidiaries and affiliates	15,219	15,219
Long-term loans to employees	631	1,581
Long-term loans to subsidiaries and affiliates	40,298	—
Claims in bankruptcy, reorganization claims, and similar claims	985	1,011
Deferred tax assets	156,858	147,990
Guarantee deposits	220,635	287,719
Other	18,129	23,298
Allowance for doubtful accounts	(2,605)	(1,011)
Total assets	3,812,543	3,389,480

Note: Amounts less than one thousand yen are omitted.

	2007	2006
Liabilities		
Current liabilities	864,313	1,206,690
Accounts payable — trade	174,969	196,992
Short-term borrowings	—	453,000
Accounts payable — other	106,785	97,319
Accrued expenses	88,964	109,939
Income taxes payable	177,714	49,726
Accrued consumption taxes	27,584	40,872
Advances received	62,223	78,023
Deposits received	26,516	14,666
Reserve for bonuses	176,556	166,150
Reserve for directors' bonuses	23,000	—
Fixed liabilities	475,070	436,788
Reserve for retirement benefits	361,020	329,029
Reserve for directors' retirement benefits	98,620	87,160
Other	15,429	20,598
Total liabilities	1,339,384	1,643,479
Shareholders' equity		
Capital stock	—	535,075
Capital surplus	—	386,775
Capital reserve	—	386,775
Retained earnings	—	824,150
Earned reserve	—	9,926
Voluntary reserve	—	490,000
Special reserve	—	490,000
Unappropriated retained earnings for the term	—	324,224
Total shareholders' equity	—	1,746,000
Total liabilities and shareholders' equity	—	3,389,480
Net assets		
Shareholders' equity	2,473,159	—
Capital stock	795,475	—
Capital surplus	647,175	—
Capital reserve	647,175	—
Retained earnings	1,030,509	—
Earned reserve	9,926	—
Other retained earnings	1,020,583	—
Special reserve	490,000	—
Retained earnings carried forward	530,583	—
Total net assets	2,473,159	—
Total liabilities and net assets	3,812,543	—

Note: Amounts less than one thousand yen are omitted.

Consolidated Statements of Income

Years ended March 31, 2007 and 2006

(¥thousand)

	2007	2006
Net sales	5,357,360	5,083,934
Cost of sales	4,245,697	4,354,997
Gross profit	1,111,662	728,936
Selling, general and administrative expenses	599,845	498,502
Operating income	511,817	230,434
Non-operating income	30,378	54,023
Non-operating expenses	18,088	11,656
Ordinary income	524,108	272,800
Extraordinary income	—	35,326
Extraordinary loss	43,558	120,363
Income before income taxes	480,549	187,764
Income taxes — current	246,373	145,423
Income taxes — deferred	(27,686)	(13,957)
Net income	261,863	56,298
Unappropriated retained earnings brought forward	—	267,925
Unappropriated retained earnings for the term	—	324,224

Note: Amounts less than one thousand yen are omitted.

Consolidated Statement of Changes in Shareholders' Equity

Year ended March 31, 2007

(¥thousand)

	Shareholders' equity								Total net assets
	Capital stock	Capital surplus		Retained earnings				Total shareholders' equity	
		Capital reserve	Total capital surplus	Earned reserve	Other retained earnings		Total retained earnings		
					Special reserve	Retained earnings carried forward			
Balance as of March 31, 2006	535,075	386,775	386,775	9,926	490,000	324,224	824,150	1,746,000	1,746,000
Changes during the term									
Issuance of new stock	260,400	260,400	260,400	—	—	—	—	520,800	520,800
Dividends from surplus	—	—	—	—	—	(34,504)	(34,504)	(34,504)	(34,504)
Net income	—	—	—	—	—	261,863	261,863	261,863	261,863
Directors' bonuses from surplus	—	—	—	—	—	(21,000)	(21,000)	(21,000)	(21,000)
Total changes during the term	260,400	260,400	260,400	—	—	206,359	206,359	727,159	727,159
Balance as of March 31, 2007	795,475	647,175	647,175	9,926	490,000	530,583	1,030,509	2,473,159	2,473,159

Note: Amounts less than one thousand yen are omitted.

August • Establishment of an American subsidiary in Silicon Valley

＝ Enhancement of information gathering and marketing related to venture companies seeking to move into Japan and the Asia-Pacific region ＝

In August 2006, JTP established Japan Third Party of Americas, Inc. (JTP Americas; 100% owned by JTP) in Silicon Valley (Santa Clara) in the United States as a foothold for information gathering and marketing related to overseas IT companies seeking to move into the Japanese market as well as the Asia-Pacific market. By setting up help-desk operations in the United States in addition to previously established operations in Japan, China and South Korea, we are aiming to strengthen our around-the-clock, year-round, English-language technical help-desk service.

Outline of JTP Americas

Company Name: Japan Third Party of Americas, Inc.
Location: 3333 Bowers Avenue, Santa Clara, California
Representative: Kazuaki Mori
Shareholder: Japan Third Party Co., Ltd. (100% owner)



▲Santa Clara Office in Silicon Valley



December • Social contribution program to commemorate the 20th anniversary of JTP's foundation

Special guest lecture by Mr. Scott McNealy, chairman of the Board of Directors of Sun Microsystems, Inc. of the United States

As part of a social contribution program to commemorate the 20th anniversary of JTP's foundation, we invited Mr. Scott McNealy, chairman of the Board of Directors of Sun Microsystems, Inc. of the United States, to speak as a special guest lecturer on December 7, Thursday.

His lecture, which we sponsored in order to acquaint young people aspiring to work in the IT sector with the spirit of a global business leader, attracted more than 570 students, academicians and IT business executives from Asian countries.

In his lecture, Mr. McNealy alluded to an episode about Sun Microsystems' successful attempt to enter the Japanese market shortly after the company's foundation, attributing his company's success to JTP's bold decision to do business with Sun Microsystems despite the huge risks involved.



▲Mr. Scott McNealy, chairman of the Board of Directors of Sun Microsystems, Inc. of the United States

(as of June 28, 2007)

Corporate Data

■Corporate data

Establishment : October 31, 1987
Capital fund : ¥795,475,000
Number of employees : 458

■Board members

● Directors

President and Chief Executive Officer: Kazuaki Mori

Managing Director: Takaaki Takashima

Directors: Hiroshi Okada
Yasuo Saeki
Ikuhiko Iwasaki
Hideki Iwabuchi

● Auditors

Standing Auditor: Kinya Kaneta
Auditors: Sadao Takeuchi
(Certified Public Accountant)
Keiji Nonomiya

■Subsidiaries and affiliates

JTP Plaza Inc.
Japan Refurbish Co., Ltd.
Data Entry Solution Co., Ltd.
Tianjin Huixintong (Tianjin) Information-Enterprise Co., Ltd.
JTP Shanghai Co., Ltd.
JTP South Korea Co., Ltd.
Japan Third Party of Americas, Inc.

(as of March 31, 2007)

Stock Information

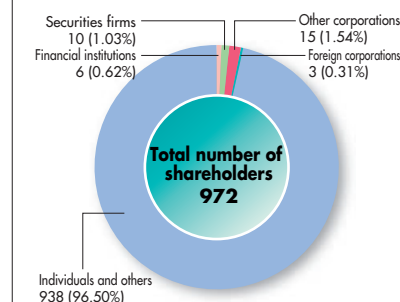
■Stock information

Total number of shares authorized to be issued : 69,000
Total number of outstanding shares : 20,052
Number of shareholders : 972

■Principal shareholders

Name	Number of shares held	Percentage of voting shares (%)
Kazuaki Mori	8,710	43.43
ITOCHU Techno-Solutions Corporation	2,200	10.97
JTP Employees' Shareholding Association	719	3.58
Japan Trustee Services Bank, Ltd. (Trust account)	596	2.97
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	480	2.39
Future Architect, Inc.	400	1.99
Toshiaki Kon	240	1.19
Isao Okamoto	200	0.99
Yamato Life Insurance Co.	200	0.99
Sun Microsystems K.K.	200	0.99
CTC TECHNOLOGY Corporation	200	0.99
Hewlett-Packard Japan, Ltd.	200	0.99

■Stock distribution by type of shareholders



■Stock distribution by number of shares held

