

Japan Third Party Co., Ltd. JASDAQ:2488

Results of Operations for the Second Quarter Ending March 31, 2009

Corporate Presentation



Japan Third Party

JTP develops the Global Business in Japan
as the IT Professionals of the Unix, Java, and Network. <http://www.jtp.co.jp/index.html>



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Corporate Profile



Corporate Profile

N a m e

Japan Third Party Co., Ltd.

Established

October 31, 1987

L o c a t i o n

hinagawa InterCity, Bldg. A, 2-15-1 Konan, Minatoku, Tokyo

B u s i n e s s

IT technology service for overseas IT manufacturers, and support and consulting

Representative

Kazuaki Mori

C a p i t a l

795,475,000 yen

**Fiscal year
e n d s**

March

E m p l o y e e s

502 (average number of temporary workers: 159) As of Sept. 30, 2008

**M a j o r
shareholders**

Kazuaki Mori 43.86%, Itochu Techno Solutions 10.97%, JTP employees' stockholding 3.92%, Toshiaki Kon 3.44%, The Bank of Tokyo-Mitsubishi UFJ 2.39%, Japan Third Party 2.23%



“Management Policy” and “Management Vision”

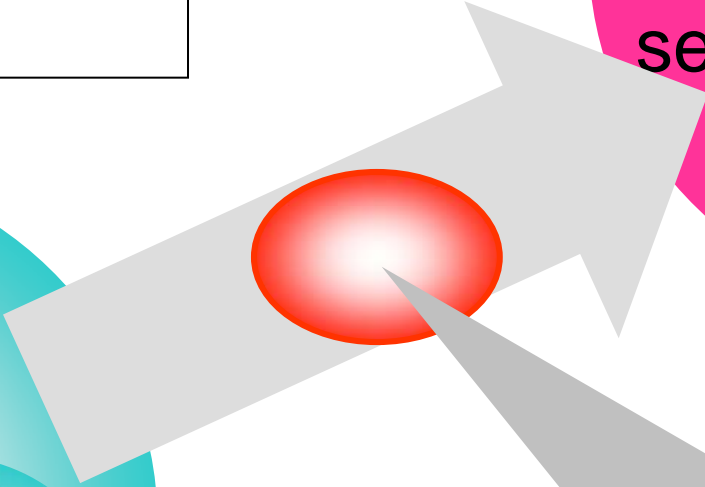
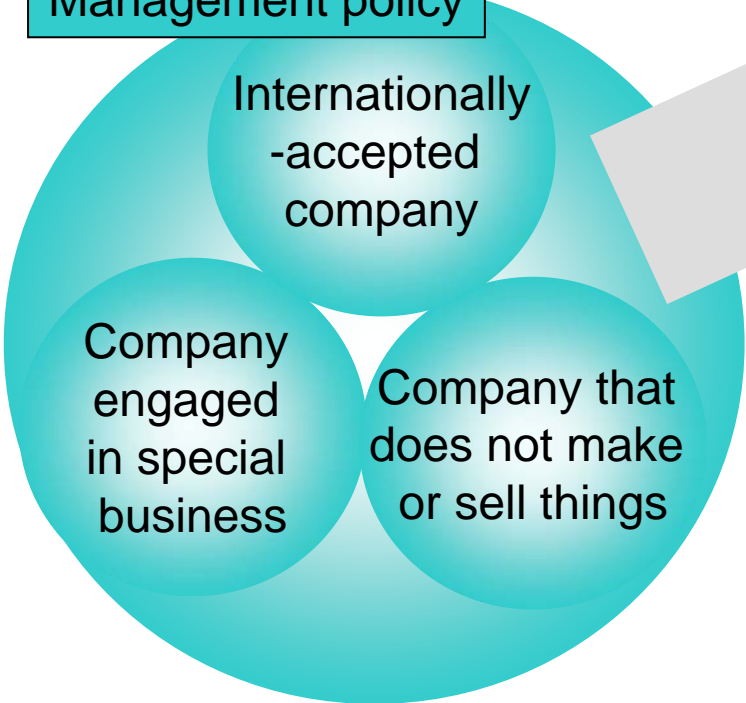
Vision = JTP 5 years later

Develop unique business based on management policy

- Steady growth for about 20 years
- Improved skills through business with global companies
- Established revenue base

Company which goes beyond the bounds of common sense of Japanese IT services

Management policy



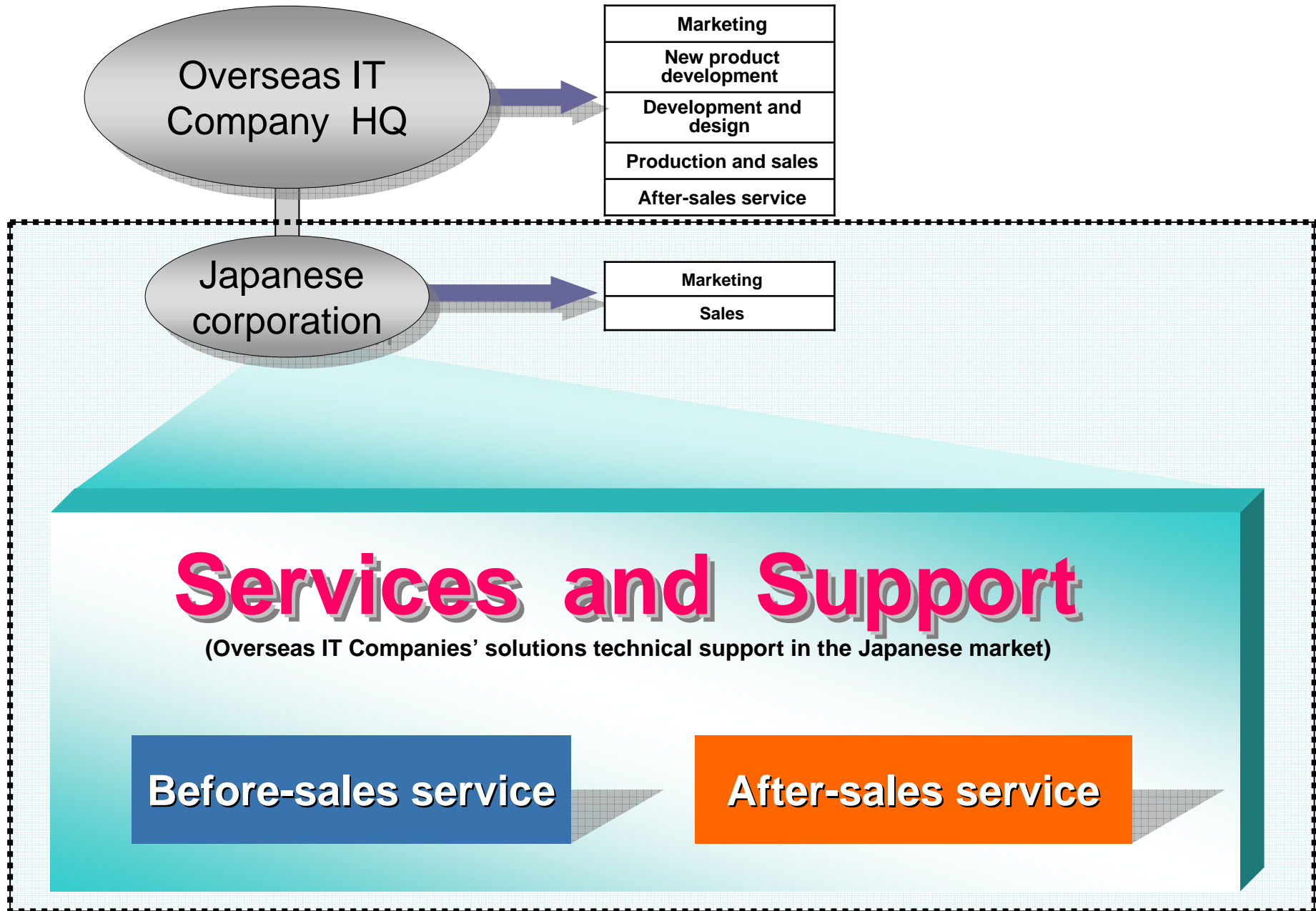
Initiatives toward realization of visions

↓

Medium-term management plan

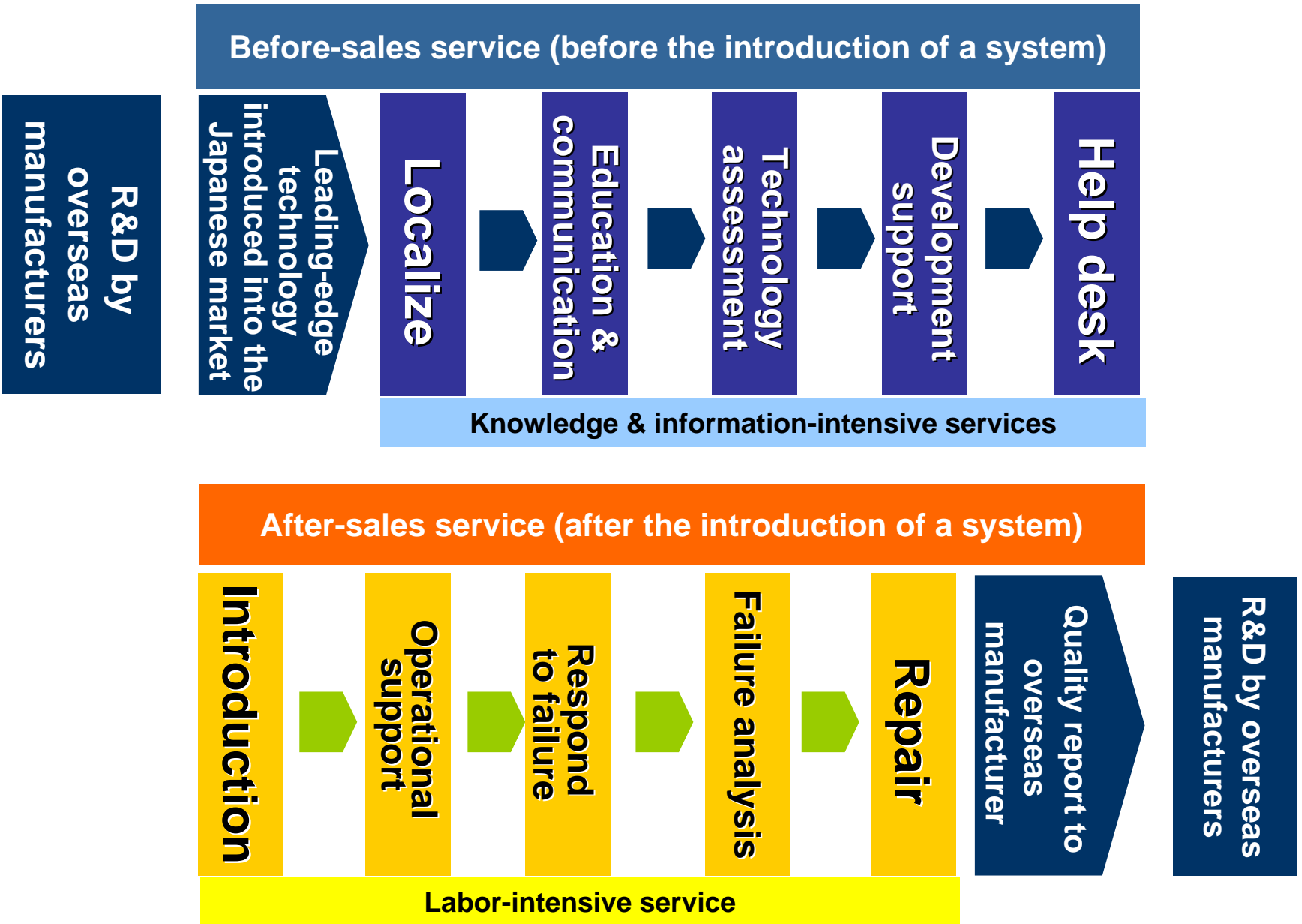


JTP's Business Model





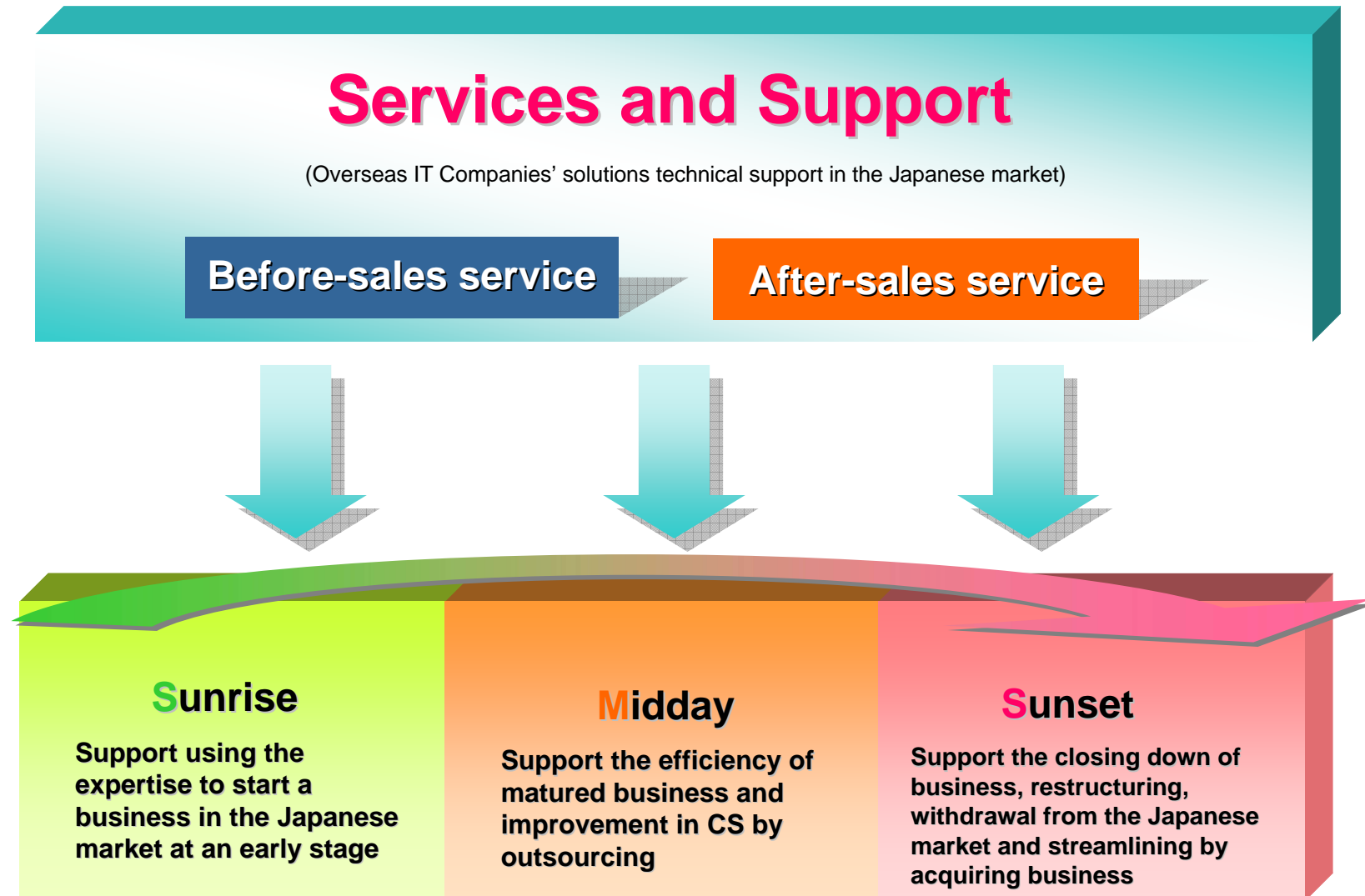
JTP's Business Model





Advantages of JTP's Business Model

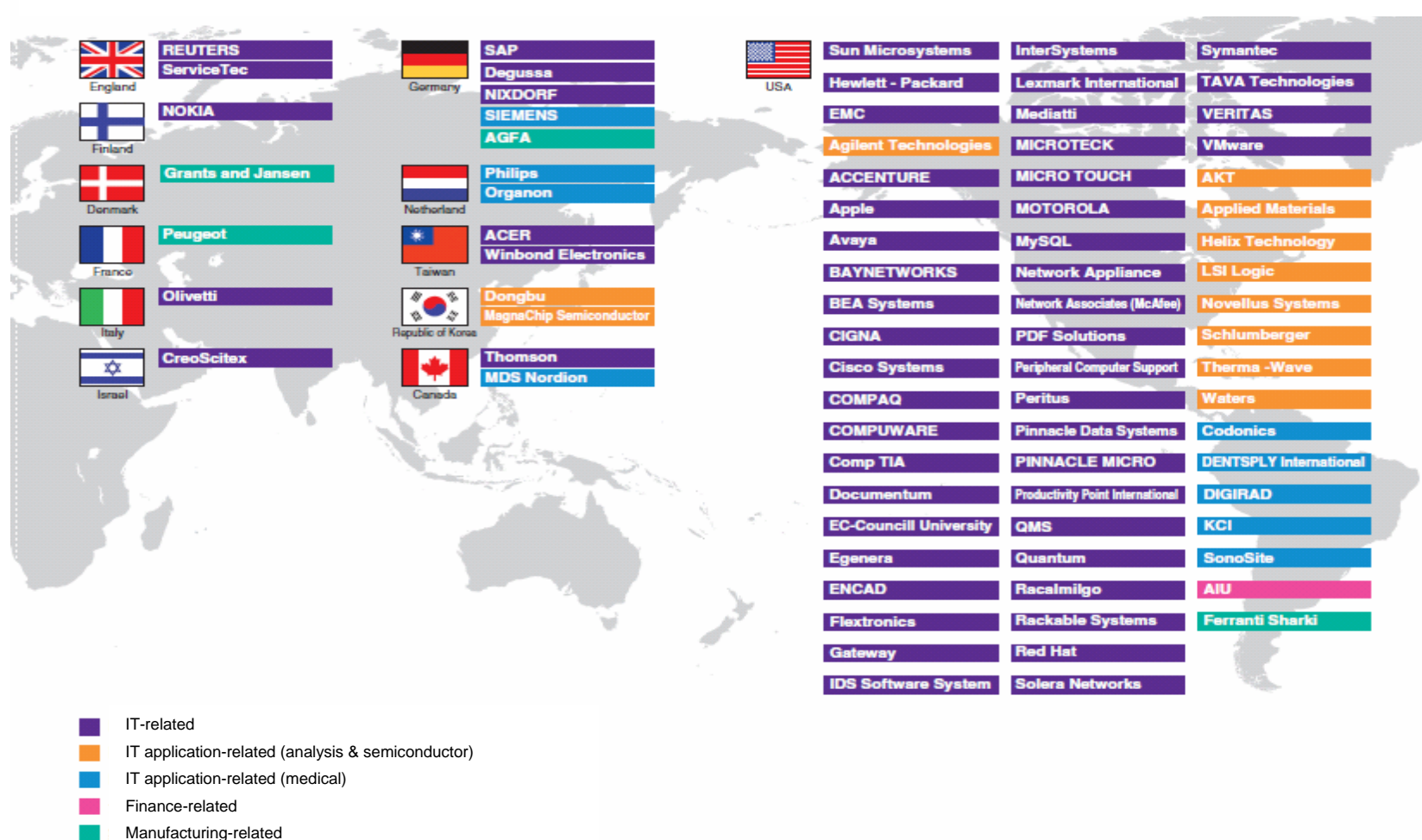
Business model capable of responding to companies at various stages





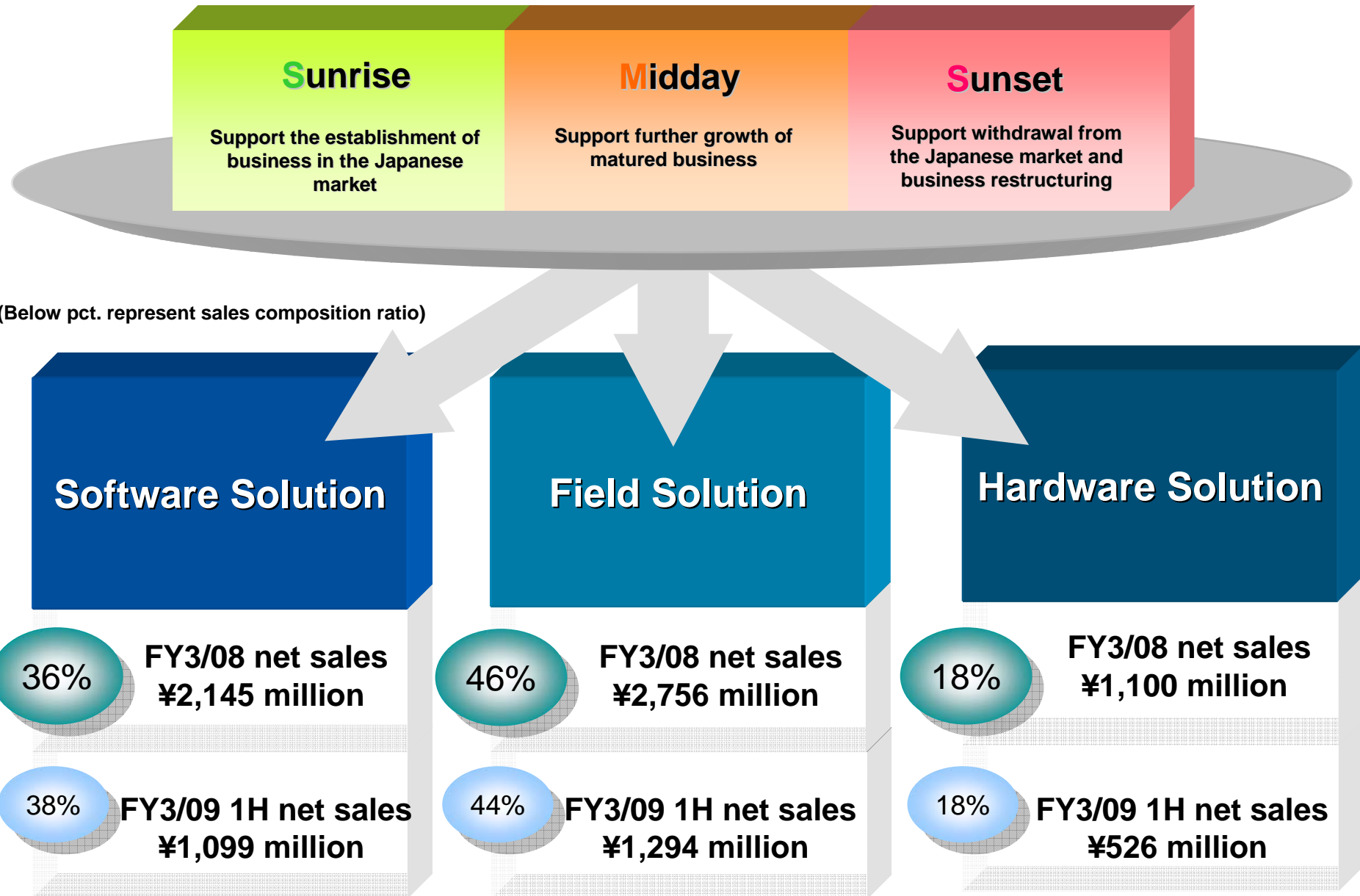
Global Leading Companies are Major Customers

Building trust with world's leading companies for 20 years as strategic partner





Explanations on Business Segment





Software Solution

Major issues faced by overseas IT manufacturers

- Want to release technical manuals and education materials developed in the U.S. simultaneously in the U.S., Japan, China, Korea, India, Singapore, Australia, etc. to increase sales of products in Asia
- Urgent need to train channel sales personnel who can handle multiple technologies for establishing sales channels
- Shortage of consulting engineers who can assist users in the installation and use of application software
- Need to provide multi-language (English, Chinese, Korean) support for software sold in Asian countries
- Want a framework established for technical support to back up sales personnel during pre-sales activities

***Will be solved
by JTPA***



Field Solution

Major issues faced by overseas IT manufacturers

- Want to submit proposals for improving service quality to make mature products more competitive and for creating performance strategies for improving customer service that match market conditions in each Asian country
- To serve the diversifying needs of users, we want support provided even for the large number of models that are sold in small quantities, such as models where there are only 20 units in an entire country
- Since users' systems are part of entire networks, there are demands for comprehensive services that cover not only their own medical equipment services but also the servers, storage devices and other products of other companies.
- Meet conditions for submitting bids for small companies that have recently started doing business in Japan.

***Will be solved
by JTP***



Hardware Solution

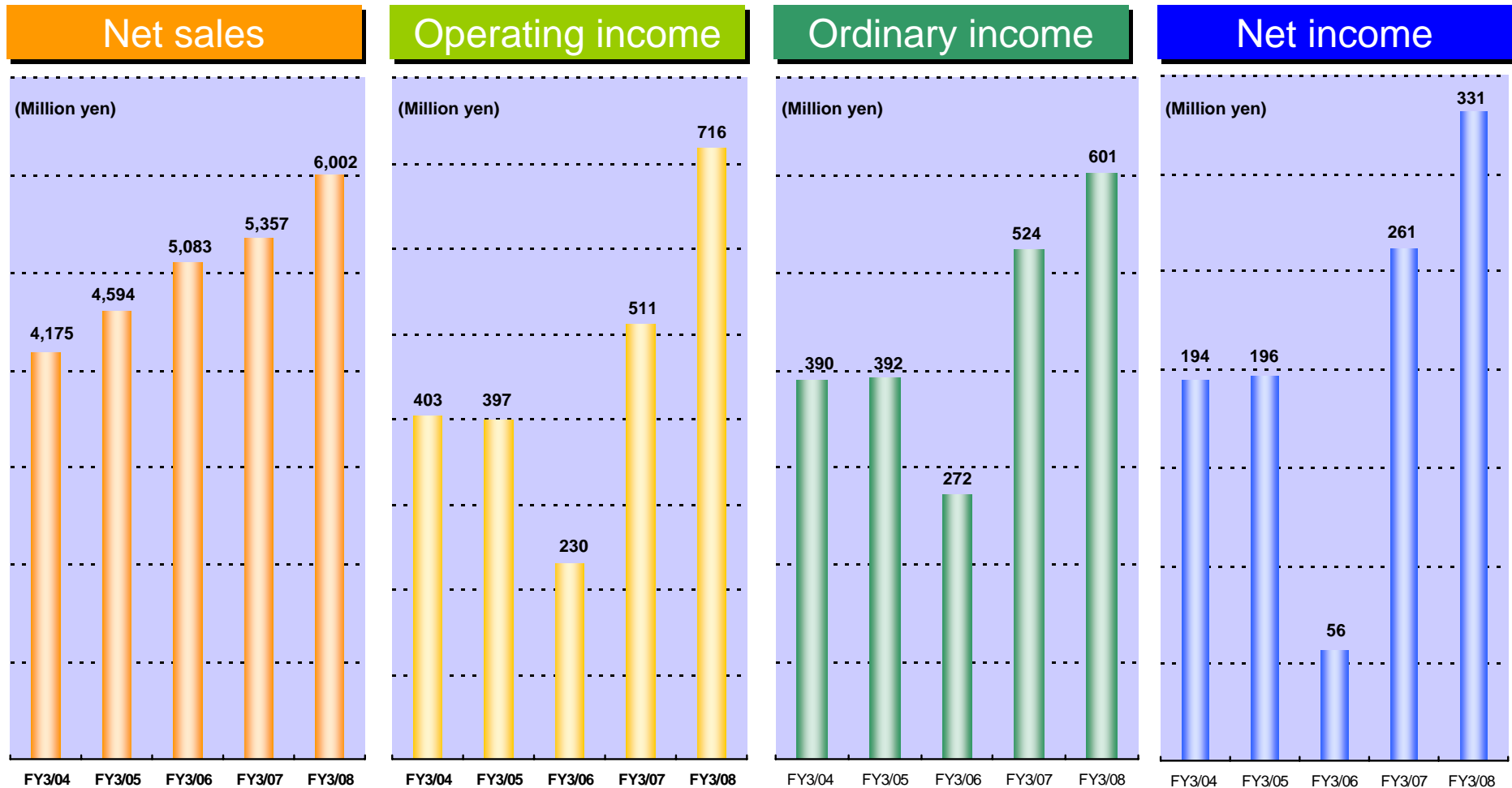
Major issues faced by overseas IT manufacturers

- Want to meet the needs of an increasingly diverse range of customers by delaying as much as possible the determination of system specifications. To accomplish this, we want to shorten by 60% the time needed to build the system after finalizing specifications.
- Want to improve product quality by identifying the causes of defects in products that have been sold and restructuring inspection processes.
- For systems that are sold to users, we want to provide a guarantee for reliable operations that includes guarantees covering the operations of other companies' products.

***Will be solved
by JTP***



Business Results



Since JTP does not prepare consolidated financial statements, above are all non-consolidated figures.

JTP was listed on the JASDAQ market in June 2006 (20th period).



FY3/2009 2Q Financial Results

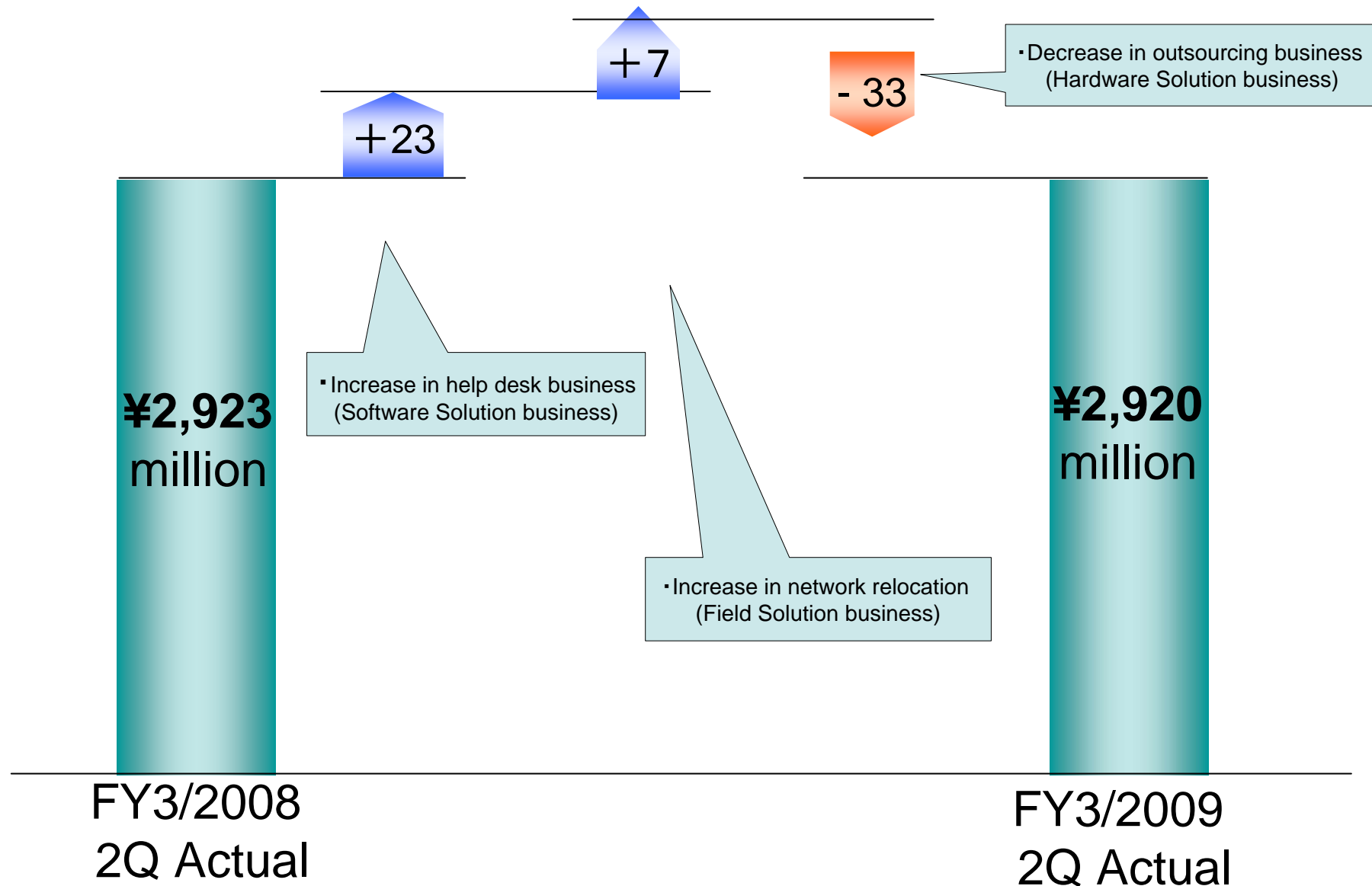


FY3/2009 2Q Income Statement

(Million yen)	FY3/08 2Q	FY3/09 2Q	YoY change		
			Differ- ence	Pct. change	
Net sales	2,923	2,920	- 3	- 0.1%	【Net sales】 •Sales declined due to a delay in contribution of new graduates
Software solution	1,076	1,099	23	2.1%	【Main factor for profit decrease】 •Increase in expenses for posting cost of one-time depreciable assets associated with expansion of classes
Field solution	1,287	1,294	7	0.5%	
Hardware solution	559	526	- 33	- 5.9%	
Gross profit	619	397	- 222	- 35.9%	【Main factors for profit decrease】 •Personnel expenses for some new graduates •Educational training expenses for employees
Gross profit margin	21.2%	13.6%	- 7.6P	-	
SG&A expenses	296	327	31	10.5%	【Ordinary income】 •Posted +¥510 mn in non-operating gain or loss including exchange gain
SG&A expense ratio	10.1%	11.2%	+1.1P	-	
Operating income	323	69	- 254	- 78.6%	【Factor for profit decrease】 •Posted a securities valuation loss (¥520 mn) as an extraordinary loss
Operating margin	11.1%	2.4%	- 8.7P	-	
Ordinary income	315	120	- 195	- 61.9%	
Ordinary income margin	10.8%	4.1%	- 6.7P	-	
Net income	180	36	- 144	- 80.0%	
Net income margin	6.2%	1.2%	- 5.0P	-	

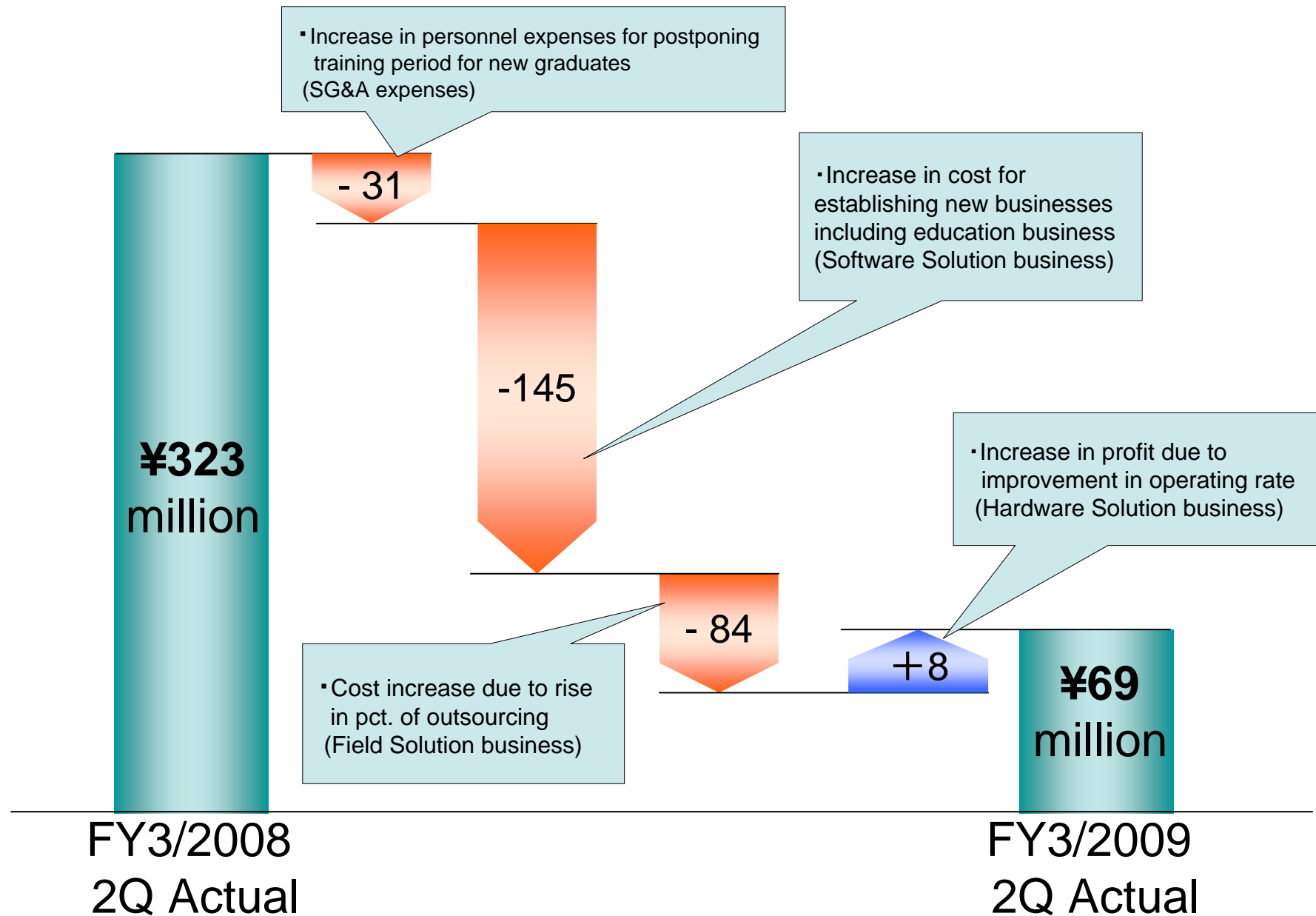


Factors for Changes in 2Q Net Sales





Factors for Changes in 2Q Operating Income





FY3/2009 Quarterly Balance Sheet and Cash Flow Statement

Balance sheet at end of 2Q

(Million yen)

	Mar. 31, '08	Sept. 30, '09	Change (%)
Current assets	3,295	3,085	-6.4%
Cash & deposits	1,930	1,725	-10.6%
Trade notes & accounts receivable	1,059	1,079	1.9%
Raw material	93	51	-45.2%
Work in progress	1	18	1700.0%
Others	212	212	0.0%
Fixed assets	781	824	5.5%
Property & equipment	152	227	49.3%
Intangible fixed assets	18	16	-11.1%
Investment, others	610	581	-4.8%
Total assets	4,076	3,910	-4.1%
Current liabilities	915	817	-10.7%
Trade notes & accounts payable	250	178	-28.8%
Accrued income taxes	140	71	-49.3%
Allowance for employees' bonuses	188	214	13.8%
Others	337	354	5.0%
Fixed liabilities	479	492	2.7%
Allowance for employees' retirement benefits	374	389	4.0%
Others	105	102	-2.9%
Net assets	2,681	2,600	-3.0%
Total liabilities & net assets	4,076	3,910	-4.1%
Shareholders' equity ratio	65.8%	66.5%	1.1%
Net assets per share (yen)	45,209.07	44,222.44	-2.2%

2Q Cash flow statement

(Million yen)

	Sept. 30, '08	FY09 1H	Change (amount)
Operating activities	27	-45	-72
Investing activities	-91	-85	6
Financing activities	-64	-130	-66
Cash & cash equivalents	33	-115	-148
Changes in balance sheet	1761	1723	-38

【Changes in balance sheet】

- Assets: ① Current assets decreased due mainly to decrease in cash and deposits
② Fixed assets increased due to increase in property & equipment
- Liabilities: Current liabilities decreased due mainly to decrease in accounts payable and accrued income taxes
- Net assets: Decrease of ¥800 thousand YoY due to decrease in retained earnings

【Details of cash flow statement】

- Major operating activity items: Income before income taxes ¥68 mn
Payments for income taxes -¥131 mn
- Investing activity item: Payments for acquisition of property & equipment -¥88 mn
- Financing activity item: Payments for acquisition of treasury stock -¥115 mn



FY3/2009 Business Forecast

(Million yen)	FY3/08 actual	FY3/09 forecast	YoY change	
			Difference	Pct. change
Net sales	6,002	6,400	398	6.6%
Operating income	716	450	- 266	- 37.2%
Ordinary income	601	500	- 101	- 16.8%
Net income	331	245	- 86	- 26.0%

【Initiatives in the 2nd half】

- Boost demand for service outsourcing from overseas IT companies
⇒ Reeducate employees from the 1H to prepare for demands
- Postpone aggressive development of equipment sales business scheduled for 2H and focus on the current business

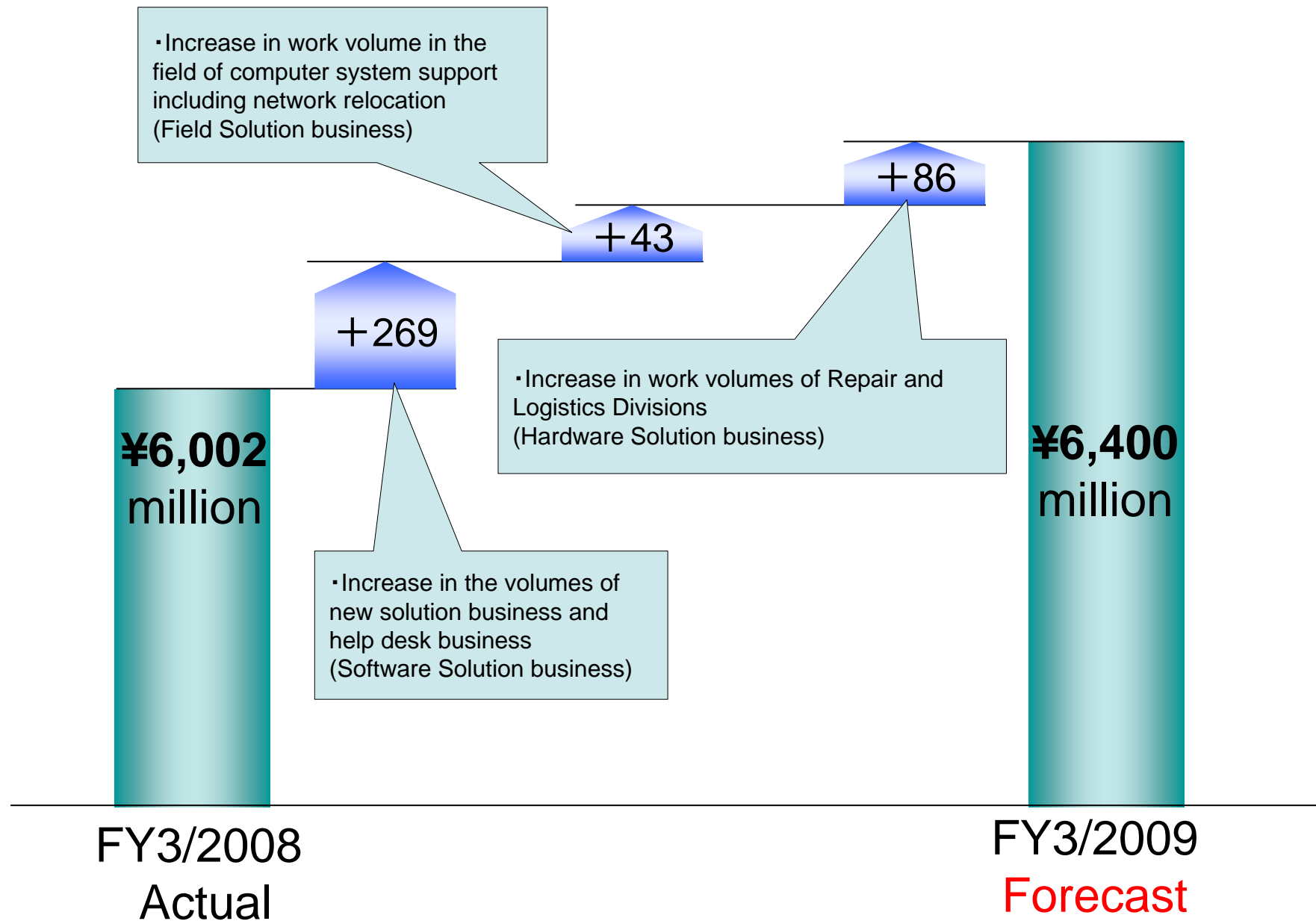
Net sales by segment

(Million yen)	FY3/08 actual	FY3/09 forecast	YoY change	
			Difference	Pct. change
Software Solution	2,145	2,414	269	12.5%
Field Solution	2,756	2,799	43	1.6%
Hardware Solution	1,100	1,187	87	7.9%
Total	6,002	6,400	398	6.6%

- Software Solution
⇒ Aggressive development of education business
- Field Solution
⇒ Deepen relationship of trust with existing customers
- Hardware Solution
⇒ Deepen relationship of trust with existing customers

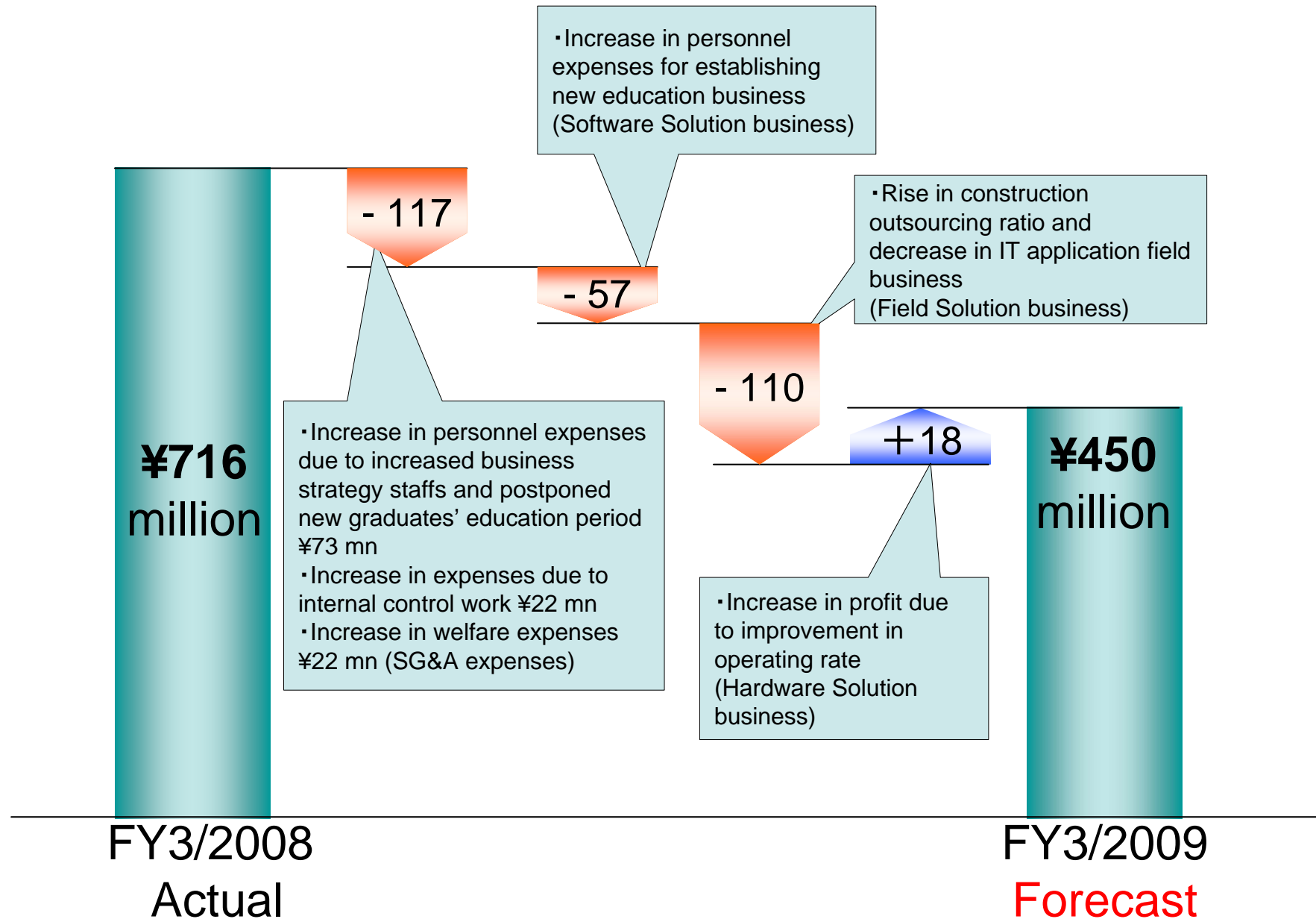


FY3/2009 Forecast Factors for Changes in Net Sales





FY3/2009 Forecast Factors for Changes in Operating Income



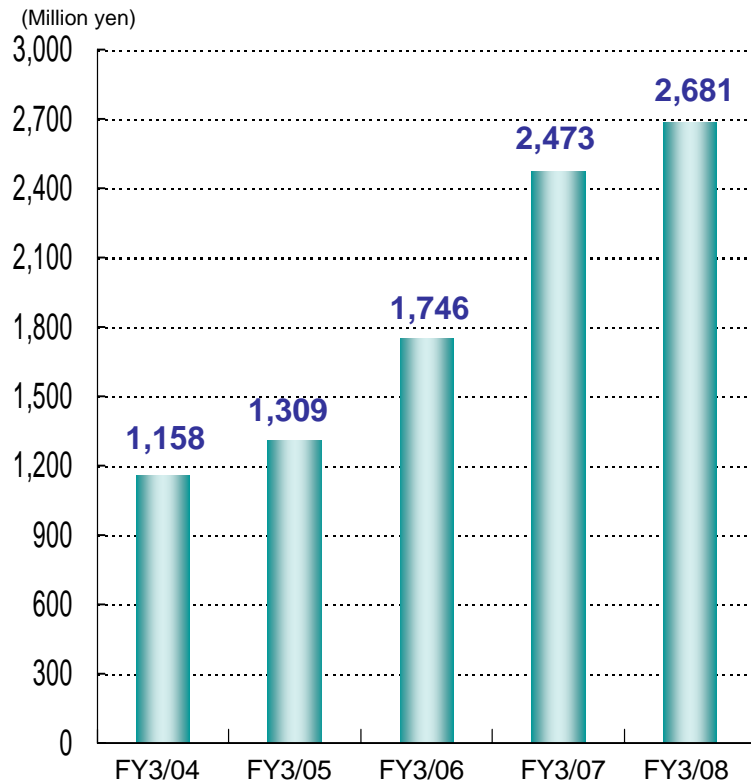


Return Profits to Shareholders

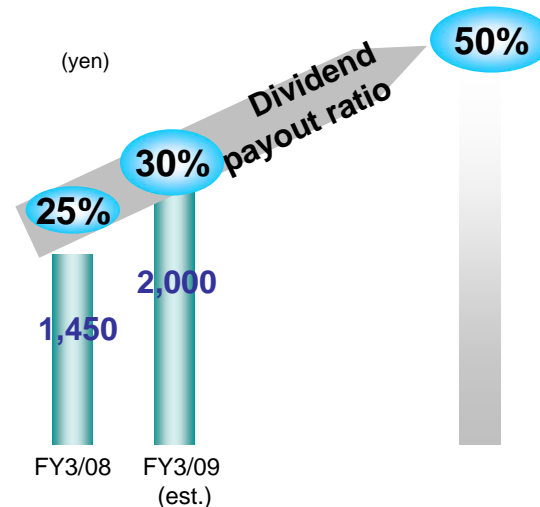
To maximize shareholder value and corporate value

- Increase in market value by expanding business and increasing profits
- Aim at a dividend payout ratio of 50% based on the policy of returning profits according to performance
- Share buy-back

◆ Shareholders' equity



◆ Annual dividend per share



(yen, %)

	Annual dividend per share	Dividend payout ratio
FY3/07	1,166	0.64%
FY3/08	1,450	2.46%
FY3/09 (est.)	2,000	5.19%

Dividend yield for FY3/07 and FY3/08 are calculated based on the closing prices at end of periods and FY3/09 (est.) is calculated based on the closing price (¥38,500) of Nov. 28, '08.

◆ Share buy-back

	No. of shares (share)	Amount (yen)	Ave. stock price (yen)
No. of shares held as of Mar. 31, '08	842	52,941,500	62,875
No. of shares acquired from Apr. 1 to Nov. 30, '08 (No. of shares acquired this period)	1,034	50,643,300	48,978
No. of shares held as of Nov. 30, '08	1,876	103,584,800	55,215
Pct. as of Nov. 30, '08	3.12%		

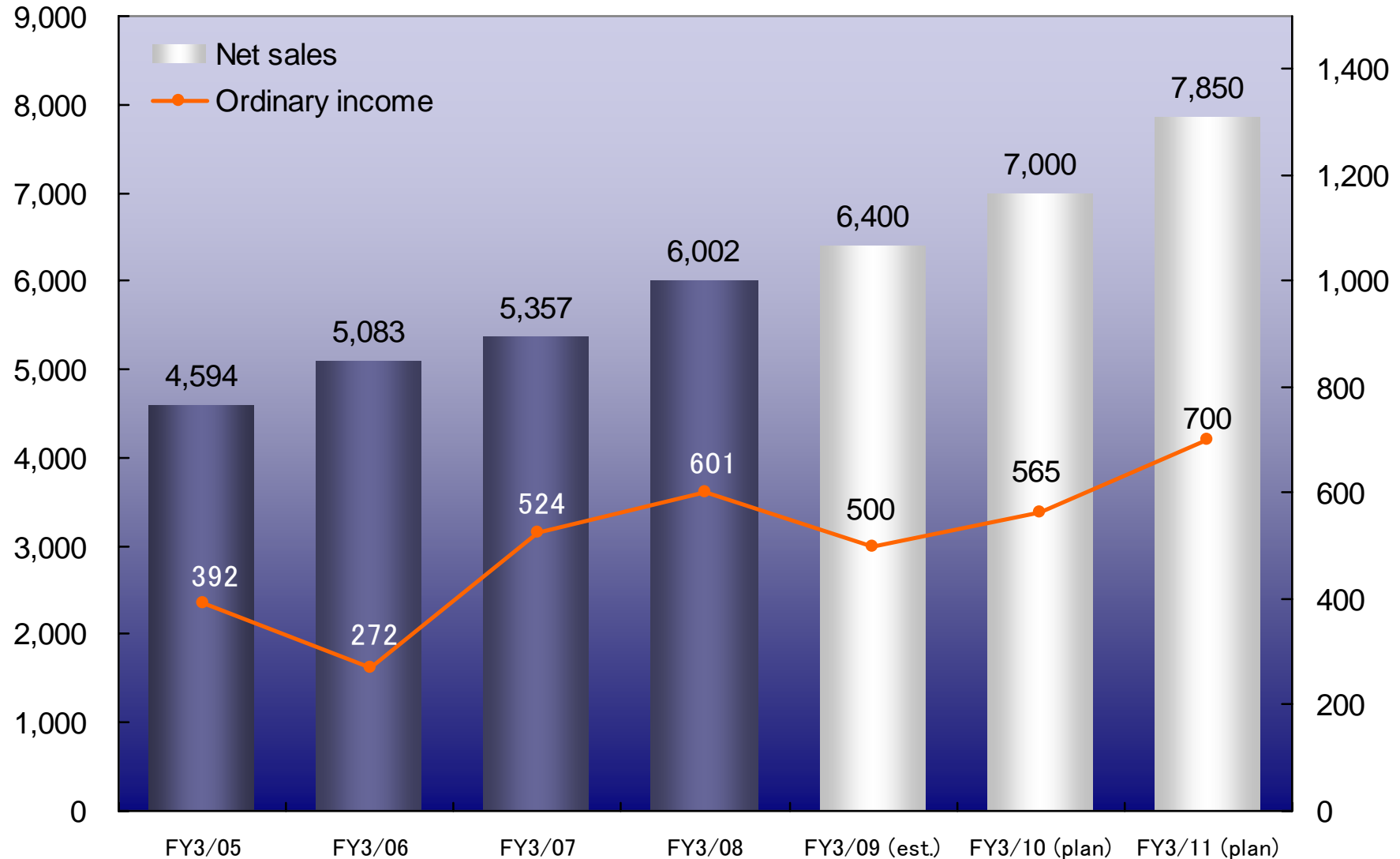


Medium-term Management (Earnings) Plan

Net sales and Ordinary Income Plan

(Million yen)

(Million yen)





Medium-term Management Plan

Reignite towards a phase of rapid growth
— “Company’ s second beginning”



Revolutionary Change in the IT Industry

Widening financial crisis

Rapid worsening of business condition

Cost-cutting is the urgent issue for companies

Biggest opportunity for JTP to grow dramatically

The age of introducing a new system

The age of operating the system safely and efficiently

Changes of the times

Company that can "operate the system steadily, efficiently and effectively"

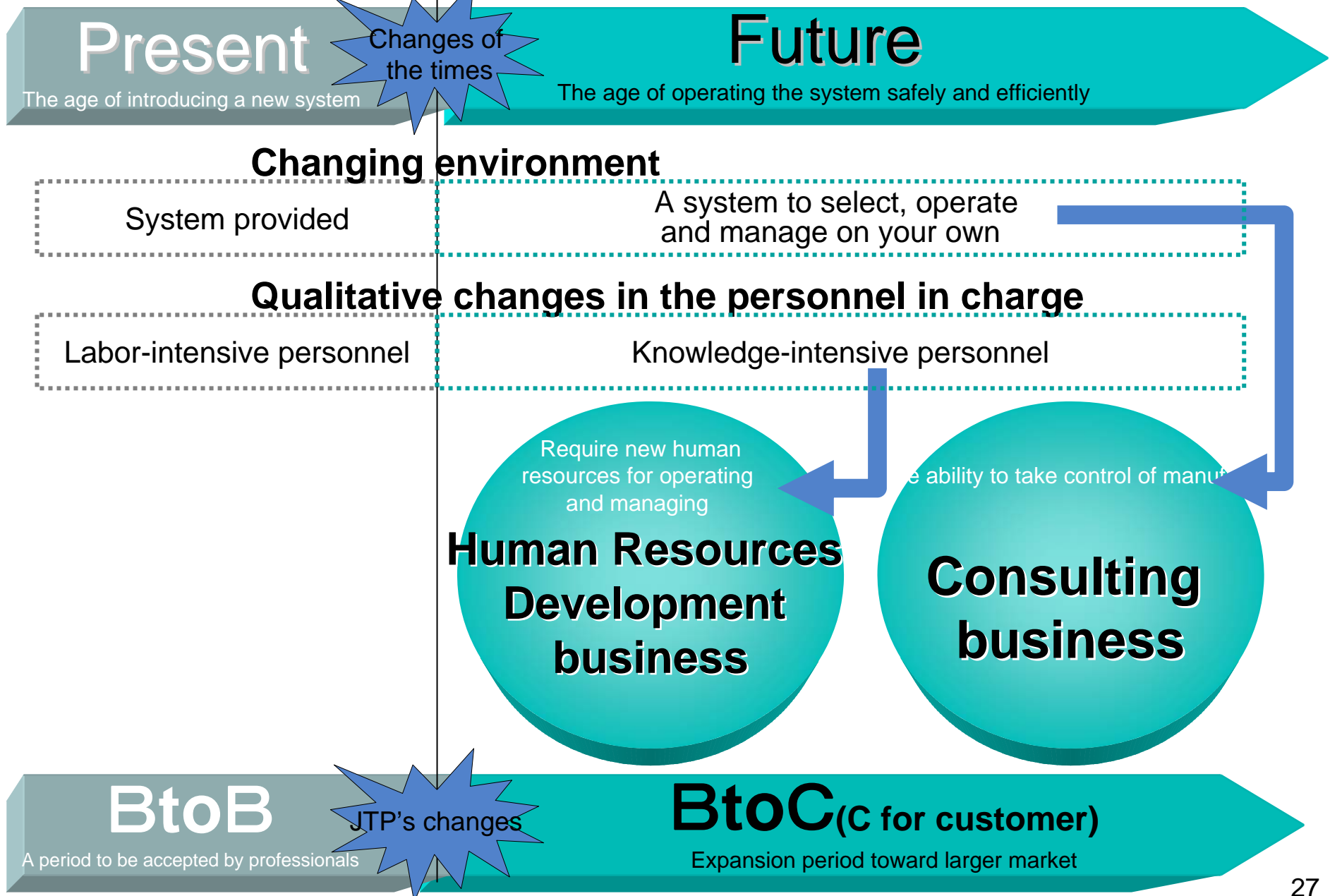
Future growing company

Manufacturers and companies that extend service support to manufacturers

Downsizing, weaker companies forced out



JTP's Roles in the Revolutionary Period = Development of Two New Businesses





Two New Business Domains

Consulting business

Optimality consulting

“Business process analysis”

“System analysis”

Reduce “system maintenance cost” and “business management cost”

“System optimization”
“Efficiency of business management process”

JTP undertakes operations required by customers as a BPO

Human Resources Development business

Foster the development of personnel who can perform new roles for the true ownership of systems and operate systems on their own

“Development of security professionals”

Train the employees of client companies

Create a new type of business that can be operated and managed on your own



Two New Business Domains

Consulting business

**Human Resources
Development business**

*1 Total amount of system
maintenance cost paid by
Japanese companies per year

About ¥1 trillion

*2
IT-related workers in Japan
990,000 people × ¥100,000

About ¥100 billion

Newly targeted markets



Consulting Business

“From Manufacturer’s System to Your Own System”

Present

System dependent on manufacturers

Issue

Is your system being built efficiently?

Are maintenance and operation costs reasonable?

Systems are already internally controlled in U.S., which has the world’s most advanced IT

Solution

Consultation with JTP

Build your own optimum and best system

Optimization of maintenance and operation costs

Earnings model

Original maintenance cost

Can be reduced

JTP-proposed maintenance cost

Receive compensation based on performance

Maintenance and operation costs (when undertaking maintenance)



Consulting Business “Business Development Strategy”

Raise issues in ads including newspapers

“Is your company’s maintenance cost appropriate?
Are you satisfied with business process efficiency?”

Direct approach using your own call center

Use consulting sales for responses
(establish consulting sales unit)

Point out inefficient system operations
and costly maintenance operations

Awareness of cost reduction and efficiency of system
operation within the company

Prepare to collaborate with other companies

Negotiate with companies that may
become alliance partners

Start collaborating with “consulting
firms”, “system development firms”,
etc.

Optimality consulting

Propose optimum system building
and appropriate maintenance and
operation costs

Price negotiation with
system manufacturers

Maintenance and
operation support on
behalf of manufacturers

**“Realize the maximum benefit of customers
through raising issues”**

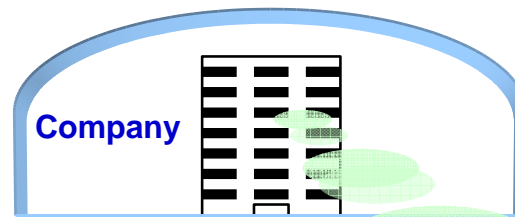


Human Resources Development Business “Security Professional”

The age of managing and operating systems on your own

The age with an emphasis on “business” to operate safely and stably

Create “a new type of business” to play the role



Protection using software and hardware

External fraud

Necessity of fostering specialists with integrated knowledge and skills

Internal fraud

Fraud by the “people” who handle systems

Risk of information leakage

Risk of system crash

⋮

Personnel with a high sense of ethics, and advanced knowledge of security and skills
= “Fostering of security professionals”

Provision of services to customers for the receipt of official certifications



Human Resources Development Business

“Necessity of Fostering Security Professionals”

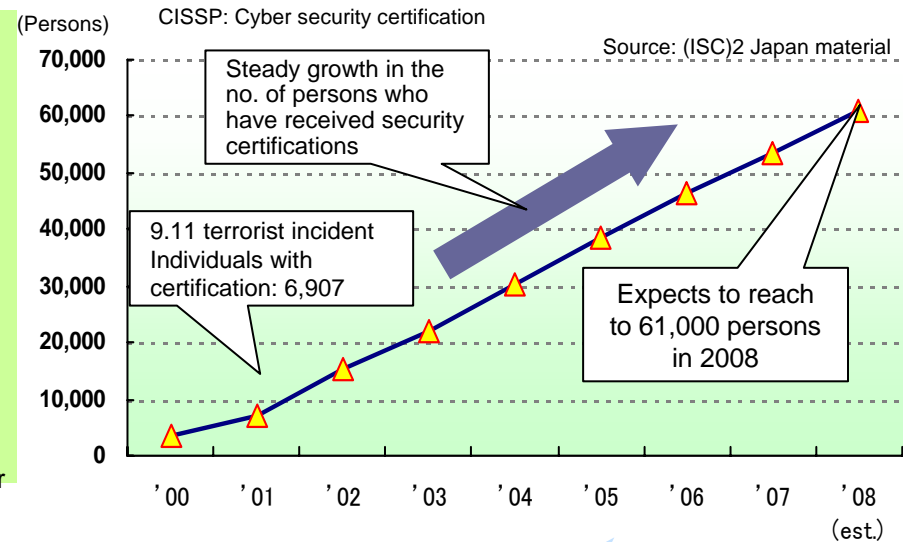
Status of certified persons

(Data extracted from each group)

SANS	No. of qualified persons in the world	No. of qualified persons in Japan
GIAC qualified	23,056	82
ISC ²	59,776	1,058
CISSP qualified	12,000	Several dozen
EC-Council		
CEH qualified		
Comp TIA	50,000	Undisclosed
CompTIA		
Security+ qualified		

Less aware of the security certification compared with other countries

No. of world's CISSP holders



Establish an educational program to meet needs

【JTP's educational program】

- Conduct technical assessment, clarify the skill level
- Conduct an education support training based on the level
- Provision of optimized curriculum extending from no knowledge through certification

【Example of successful internal training program】

- Conducted basic training for newly hired workers with no knowledge or experience
- Conducted training program for five of these individuals to earn certification
- All five received CEH certification (individuals who joined the company in the spring of 2008)

Target at end of FY09
100 employees

Acquire at once!!

Individuals with CEH certification

【Standard certification process】

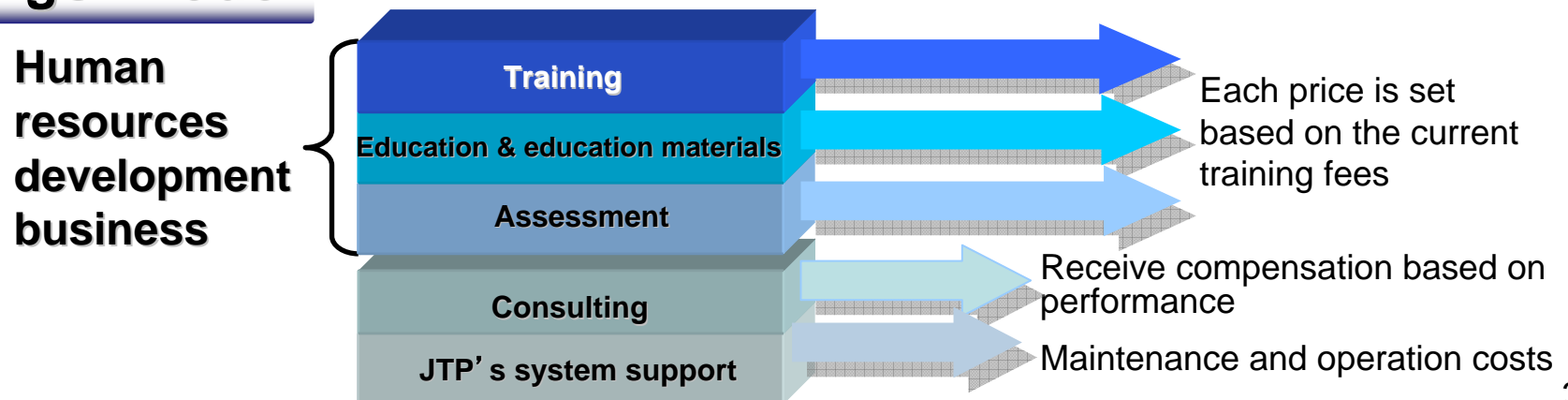
Aim for CEH certification by providing trainees with the knowledge, technologies and other items one by one that are needed to earn certification



Human Resources Development Business “Business Development Strategy”



Earnings model





Consulting Business and Human Resources Development Business

Even larger profit-earning opportunities associated with the expansion of 2 new businesses

Customer

JTP's business opportunities to all customers related to customer system

“JTP”

Maintenance and operations as its core businesses
① Service → ② Merchandising

Operate in 2 new businesses

Business process analysis

System analysis

Service support related to security

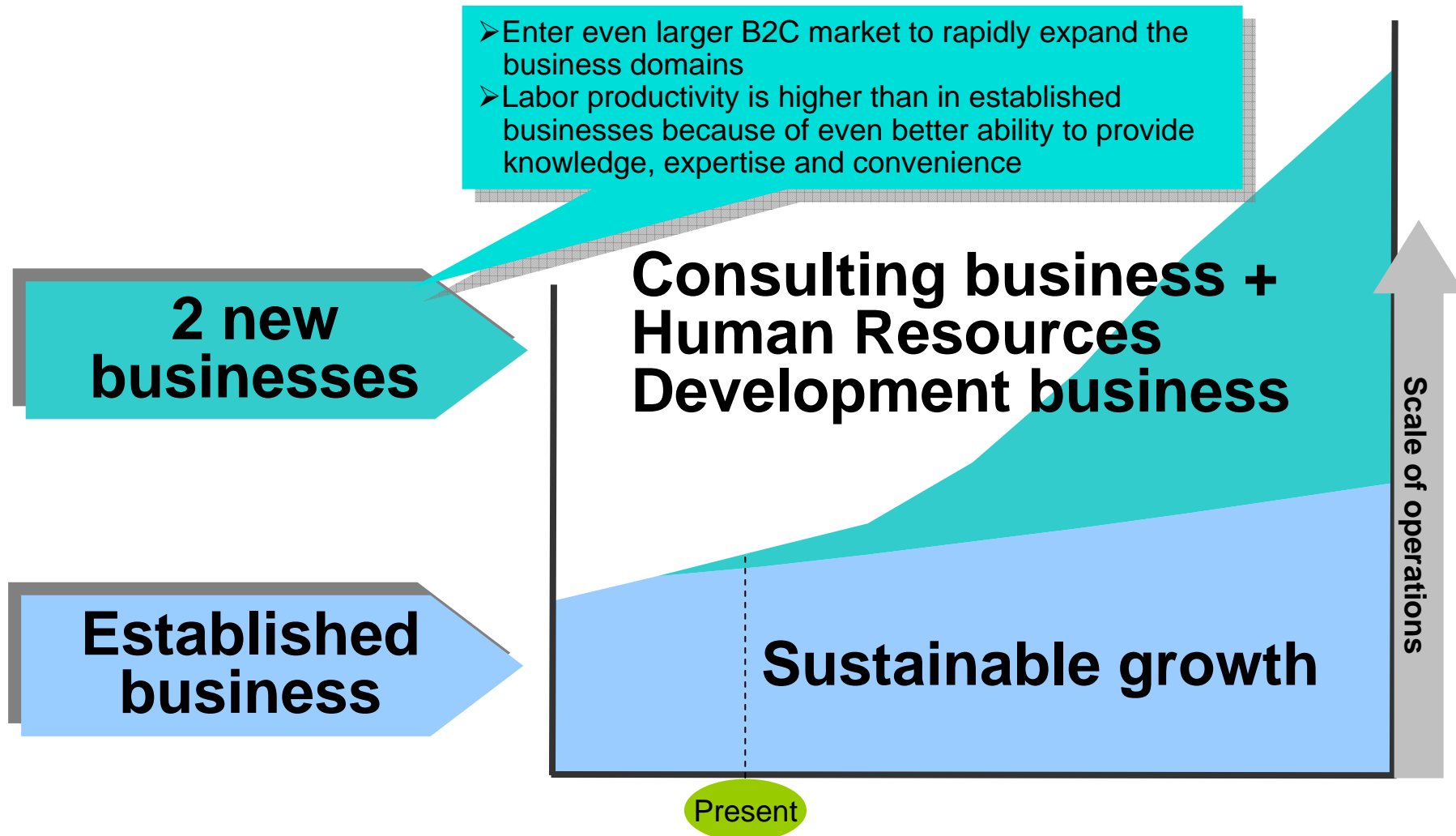
“Conventional manufacturers”
Development companies for manufacturing
① Merchandising → ② Service



Growth Image

- Continue to recruit about 100 people annually
- Established businesses (B2B) are expected continue a steady growth of about 5 to 10%

- Enter even larger B2C market to rapidly expand the business domains
- Labor productivity is higher than in established businesses because of even better ability to provide knowledge, expertise and convenience





Corporate Governance

■ Basic policy

- ❑ Securing of the Company's transparency and soundness
- ❑ Flexible decision-making and establishment of management system for performing tasks
- ❑ Compliance with corporate ethics (strengthen compliance structure)

■ Guidance of Administrative Division

Establish a management system that match the company's growth phase in order to earn the trust of the public

Build organizations and lines of command that match the company's size

Build a framework that can identify, manage and avoid risks

Foster development of internal administration managers and reinforce administrative systems

- Even while upgrading compliance and corporate governance, limit administrative personnel to 5% of the total workforce in order to maintain a highly productive organization.
- In principle, the goal is to maintain a debt-free balance sheet.

Let's Catch the Wave

These materials were prepared for the purpose of providing information concerning the results of operations for the second quarter ending March 31, 2009 and promoting better understanding of Japan Third Party and are not intended as a solicitation to purchase securities issued by the Company. These materials are based on information as of September 30, 2008. All opinions, forecasts and other forward-looking statements reflect the judgments of the Company when these materials were prepared. The Company provides no guarantee that this information is accurate or complete. Furthermore, forward-looking statements are not promises concerning future performance and may be revised at any time without prior notice.

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