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# **Fiscal 2005 Interim Results Presentation (Supplementary Materials)**

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**November 17, 2004**

**I: Data**

**II: About ITX**

ITX Corporation

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## I Data

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## II About ITX

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# **1. Interim Results**

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# Interim Consolidated Operating Results

(¥ billion)

	Interim FY04 Results	Interim FY05 Results	YoY Change
<b>Revenues</b>	172.6	<b>158.6</b>	-14.0
(Sales of investment securities for business incubation)	(1.2)	<b>(8.4)</b>	(7.2)
(Equipment sales and services)	(171.4)	<b>(150.2)</b>	(-21.2)
<b>Gross profit</b>	21.5	<b>16.8</b>	-4.7
(Sales of investment securities for business incubation)	(0.9)	<b>(4.2)</b>	(3.3)
(Impairment loss on investment securities)	(-0.1)	<b>(-0.2)</b>	(-0.1)
(Equipment sales and services)	(20.7)	<b>(12.8)</b>	(-7.9)
<b>Selling, general &amp; administrative expenses</b>	-21.7	<b>-14.2</b>	7.5
(Sales of investment securities for business incubation)	(-0.8)	<b>(-0.8)</b>	(-)
(Equipment sales and services)	(-20.9)	<b>(-13.4)</b>	(7.5)
<b>Operating income</b>	-0.2	<b>2.6</b>	2.8
(Sales of investment securities for business incubation)	(-0.0)	<b>(3.2)</b>	(3.2)
(Equipment sales and services)	(-0.2)	<b>(-0.6)</b>	(-0.4)
<b>Non- operating income (expenses)</b>	1.5	<b>-5.9</b>	-7.4
<b>Ordinary income</b>	1.3	<b>-3.3</b>	-4.6
<b>Extraordinary gain (loss)</b>	-3.3	<b>1.5</b>	4.8
<b>Net income(loss)</b>	-2.6	<b>-2.5</b>	0.1

\*Nonconsolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services

# Interim Consolidated Operating Results by Segment (FY04 & FY05 Interim Period)

(¥ billion)

	Life Sciences		Networking & Technologies		Mobile Communications		Business Innovations		Eliminations and Corporate		Total	
	Interim FY04	Interim FY05	Interim FY04	Interim FY05	Interim FY04	Interim FY05	Interim FY04	Interim FY05	Interim FY04	Interim FY05	Interim FY04	Interim FY05
<b>Revenues</b>	0.8	4.9	88.2	68.1	81.6	80.3	2.3	5.3	-0.3	-	172.6	158.6
(Sales of investment securities for business incubation)	(-)	(1.0)	(0.9)	(7.4)	(-)	(-)	(0.3)	(0.0)	(-)	(-)	(1.2)	(8.4)
(Equipment sales and services)	(0.8)	(3.9)	(87.3)	(60.7)	(81.6)	(80.3)	(2.0)	(5.3)	(-0.3)	(-)	(171.4)	(150.2)
<b>Gross profit</b>	0.3	1.3	11.0	5.8	9.4	8.8	0.8	0.9	0.0	-	21.5	16.8
(Sales of investment securities for business incubation)	(-)	(0.9)	(0.6)	(3.3)	(-)	(-)	(0.3)	(0.0)	(-)	(-)	(0.9)	(4.2)
(Impairment loss on investment securities)	(-)	(-0.1)	(-0.1)	(-0.1)	(-0.0)	(-)	(-0.0)	(-0.0)	(-)	(-)	(-0.1)	(-0.2)
(Equipment sales and services)	(0.3)	(0.6)	(10.5)	(2.6)	(9.4)	(8.8)	(0.5)	(0.9)	(0.0)	(-)	(20.7)	(12.8)
<b>Selling, general &amp; administrative expenses</b>	-0.4	-1.1	-11.3	-3.0	-8.5	-8.5	-0.9	-1.0	-0.6	-0.6	-21.7	-14.2
(Sales of investment securities for business incubation)	(-0.1)	(-0.1)	(-0.3)	(-0.3)	(-0.0)	(-0.0)	(-0.1)	(-0.1)	(-0.3)	(-0.3)	(-0.8)	(-0.8)
(Equipment sales and services)	(-0.3)	(-1.0)	(-11.0)	(-2.7)	(-8.5)	(-8.5)	(-0.8)	(-0.9)	(-0.3)	(-0.3)	(-20.9)	(-13.4)
<b>Operating income</b>	-0.1	0.2	-0.3	2.8	0.9	0.3	-0.1	-0.1	-0.6	-0.6	-0.2	2.6
(Sales of investment securities for business incubation)	(-0.1)	(0.6)	(0.2)	(3.0)	(-0.0)	(-0.0)	(0.2)	(-0.1)	(-0.3)	(-0.3)	(0.0)	(3.2)
(Equipment sales and services)	(0.0)	(-0.4)	(-0.5)	(-0.2)	(0.9)	(0.3)	(-0.3)	(-0.0)	(-0.3)	(-0.3)	(-0.2)	(-0.6)

\*Nonconsolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services

# Interim Performance by Core Subsidiary (YoY Comparison)

(¥ billion)

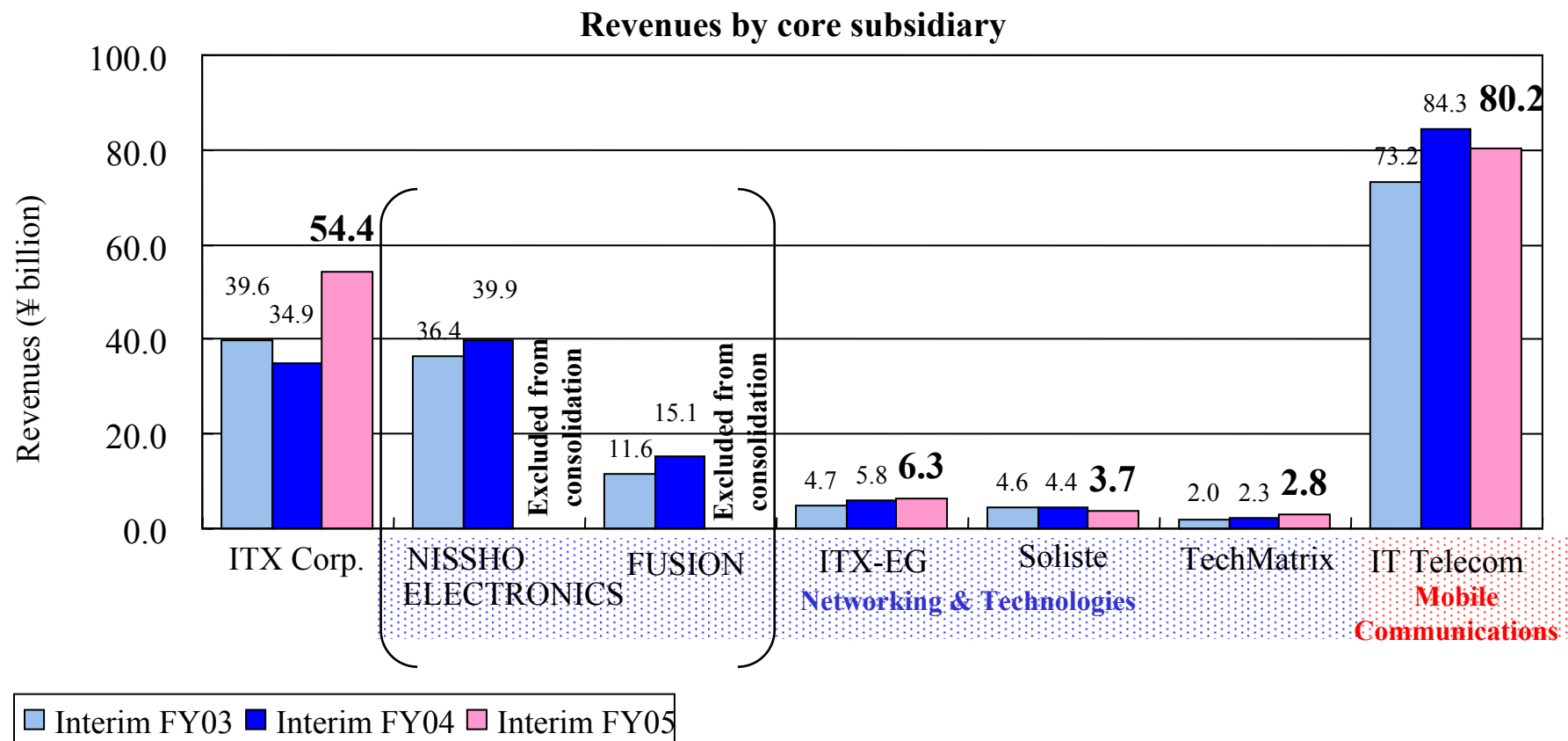
Interim FY05 Results	ITX Corp.	AVS	ITX-EG	Soliste	TMX	IT Telecom
Revenues	54.4	3.6	6.3	3.7	2.8	80.2
Operating income	-1.2	0.0	0.1	0.0	0.2	1.4
(loss) Ordinary income (loss)	-2.7	0.0	0.1	0.0	0.2	1.4
Net income	3.7	0.0	0.1	0.0	0.1	0.7

Interim FY04 Results	ITX Corp.	AVS	ITX-EG	Soliste	TMX	IT Telecom
Revenues	34.9	-	5.8	4.4	2.3	81.6
Operating income (loss)	-0.4	-	0.2	0.0	-0.0	1.9
Ordinary income (loss)	1.4	-	0.2	0.0	-0.0	1.8
Net income (loss)	-1.6	-	0.1	0.0	-0.0	1.0

YoY Change	ITX Corp.	AVS	ITX-EG	Soliste	TMX	IT Telecom
Revenues	19.5	3.6	0.5	-0.7	0.5	-1.4
Operating income (loss)	-0.8	0.0	-0.1	0.0	0.2	-0.5
Ordinary income (loss)	-4.1	0.0	-0.1	0.0	0.2	-0.4
Net income (loss)	5.3	0.0	0.0	0.0	0.1	-0.3

\*Some company names in the above table have been abbreviated: ITX-EG=ITX E-Globaledge, TMX=TechMatrix. TOKYO DEN-ON changed its name to Soliste in October 2004

# Interim Revenues by Core Subsidiary



\*IT Telecom changed its fiscal year-end in FY04. As a result, FY03 interim results are for the period January ~ June 2002, while FY04 and FY05 interim results are for the period April ~ September 2003 and 2004, respectively.

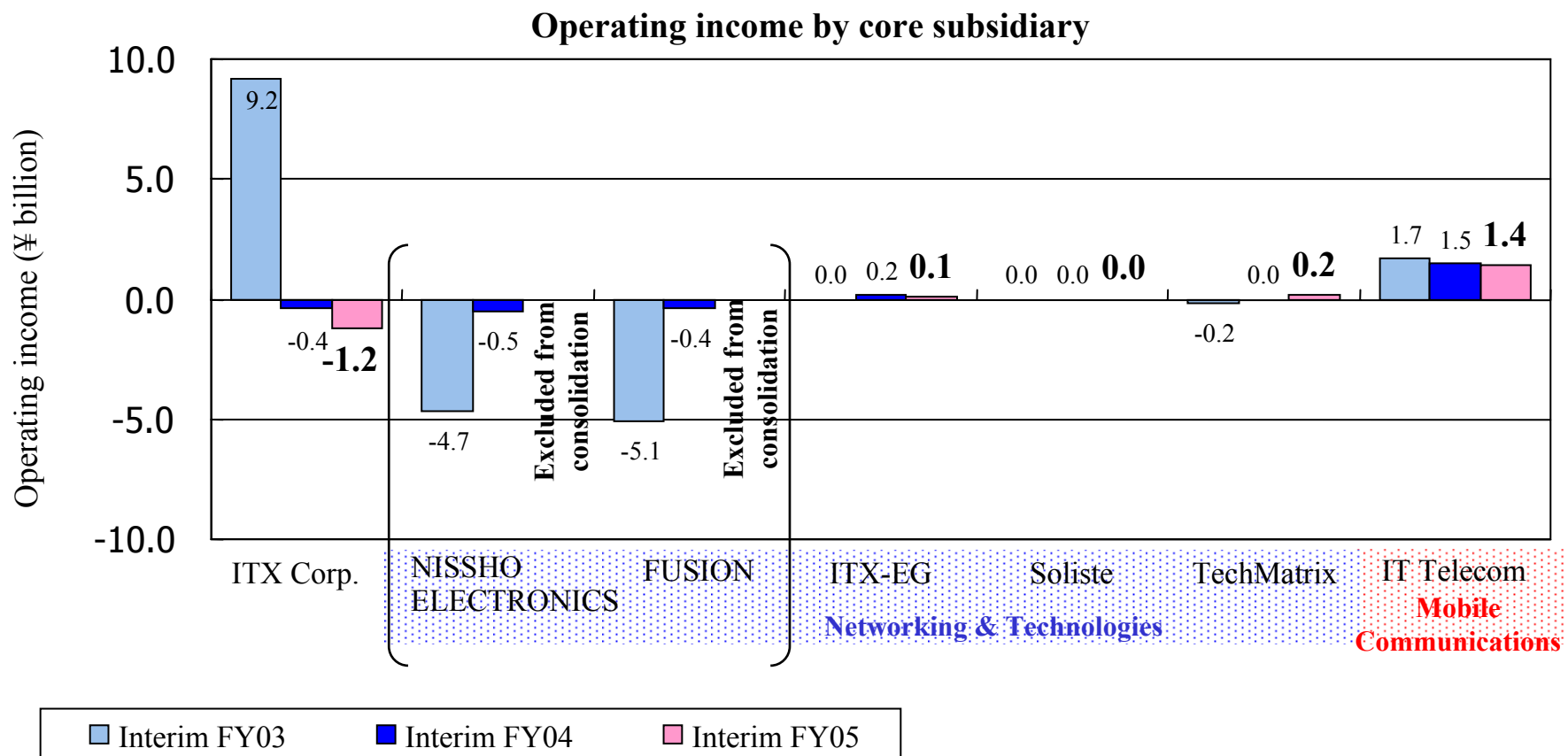
\*NISSHO ELECTRONICS figures include results from FUSION COMMUNICATIONS.

\*Data prior to consolidation in ITX results has been used for each company

\*Some company names in the above table have been abbreviated: NISSHO=NISSHO ELECTRONICS, FUSION=FUSION COMMUNICATIONS, ITX-EG=ITX E-Globaledge.

\*TOKYO DEN-ON Co., Ltd. changed its name to Soliste Corporation in October 2004.

# Interim Operating Income by Core Subsidiary



\*IT Telecom changed its fiscal year-end in FY04. As a result, FY03 interim results are for the period January ~ June 2002, while FY04 and FY05 interim results are for the period April ~ September 2003 and 2004, respectively.

\*NISSHO ELECTRONICS figures include results from FUSION COMMUNICATIONS.

\*Data prior to consolidation in ITX results has been used for each company

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\*TOKYO DEN-ON Co., Ltd. changed its name to Soliste Corporation in October 2004.

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## **2. Full-Year Forecasts**

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# Full-Year Consolidated Forecasts

(¥ billion)

	FY04 Full-Year Results	FY05 Full-Year Forecasts	YoY Change
<b>Revenues</b>	412.0	<b>325.0</b>	-87.0
(Sales of investment securities for business incubation)	(14.7)	<b>(14.0)</b>	(-0.7)
(Equipment sales and services)	(397.3)	<b>(311.0)</b>	(-86.3)
<b>Gross profit</b>	55.7	<b>38.7</b>	-17.0
(Sales of investment securities for business incubation)	(10.8)	<b>(9.2)</b>	(-1.6)
(Impairment loss on investment securities)	(-1.3)	<b>(-0.6)</b>	(0.7)
(Equipment sales and services)	(46.2)	<b>(30.1)</b>	(-16.1)
<b>Selling, general &amp; administrative expenses</b>	-47.7	<b>-31.0</b>	16.7
(Sales of investment securities for business incubation)	(-1.6)	<b>(-1.6)</b>	(-)
(Equipment sales and services)	(-46.1)	<b>(-29.4)</b>	(16.7)
<b>Operating income</b>	7.9	<b>7.7</b>	-0.2
(Sales of investment securities for business incubation)	(7.8)	<b>(7.0)</b>	(-0.8)
(Equipment sales and services)	(0.1)	<b>(0.7)</b>	(0.6)
<b>Non- operating income (expenses)</b>	1.4	<b>-7.0</b>	-8.4
<b>Ordinary income</b>	9.4	<b>0.7</b>	-8.7
<b>Extraordinary gain (loss)</b>	-4.0	<b>1.2</b>	5.2
<b>Net income</b>	0.6	<b>1.0</b>	0.4

\*Nonconsolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services.

# FY04 Full-Year Results & FY05 Full-Year Forecasts by Segment

(¥ billion)

	Life Sciences		Networking & Technologies		Mobile Communications		Business Innovations		Eliminations and Corporate		Total	
	FY04 Full-Year Results	FY05 Full-Year Forecasts	FY04 Full-Year Results	FY05 Full-Year Forecasts	FY04 Full-Year Results	FY05 Full-Year Forecasts	FY04 Full-Year Results	FY05 Full-Year Forecasts	FY04 Full-Year Results	FY05 Full-Year Forecasts	FY04 Full-Year Results	FY05 Full-Year Forecasts
<b>Revenues</b>												
(Sales of investment securities for business incubation)									(14.7)	(14.0)	412.0	325.0
(Equipment sales and services)	(1.1)	(9.4)	(181.9)	(115.3)	(208.5)	(175.2)	(6.3)	(11.1)	(-0.6)	(-)	(14.7)	(14.0)
											(397.3)	(311.0)
<b>Gross profit</b>												
(Sales of investment securities for business incubation)									(9.4)	(8.6)	55.7	38.7
(Equipment sales and services)	(0.5)	(1.5)	(21.3)	(7.7)	(23.2)	19.0	(1.4)	(1.9)	(-0.1)	(-)	(9.4)	(8.6)
											(46.2)	(30.1)
<b>Selling, general &amp; administrative expenses</b>												
(Sales of investment securities for business incubation)									(-1.6)	(-1.6)	-47.7	-31.0
(Equipment sales and services)	(-0.7)	(-1.9)	(-22.1)	(-6.9)	(-21.1)	(-18.1)	(-1.8)	(-1.8)	(-0.6)	(-0.7)	(-1.6)	(-1.6)
											(-46.1)	(-29.4)
<b>Operating income (loss)</b>												
(Sales of investment securities for business incubation)									(7.8)	(7.0)	7.9	7.7
(Equipment sales and services)	(-0.2)	(-0.4)	(-0.8)	(0.8)	(2.1)	(0.9)	(-0.4)	(0.1)	(-0.6)	(-0.7)	(7.8)	(7.0)
											(0.1)	(0.7)

\*Nonconsolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services.

\*Sales of investment securities for business incubation in each segment are shown as a total in the Eliminations and Corporate column.

# FY04 Full-Year Results & FY05 Full-Year Forecasts by Core Subsidiary

(¥ billion)

FY05 Full-Year Forecasts	ITX Corp.	AVS	ITX-EG	Soliste	TMX	IT Telecom
Revenues	94.6	8.3	15.1	8.0	6.5	173.8
Operating income	1.8	0.0	0.7	0.0	0.5	2.5
Ordinary income	0.8	0.0	0.7	0.0	0.5	2.4
Net income	7.5	0.0	0.4	0.0	0.3	1.3

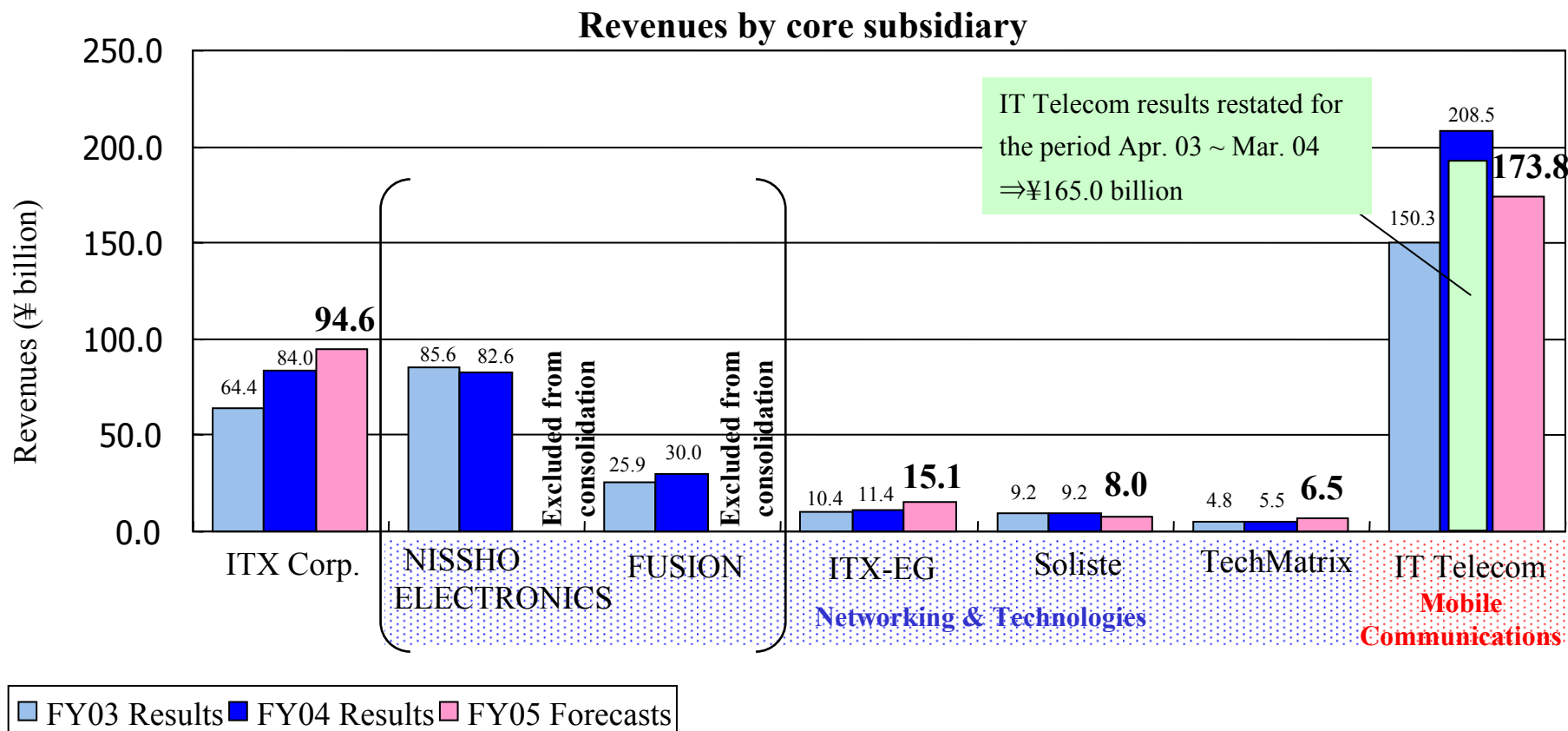
FY04 Full-Year Results	ITX Corp.	AVS	ITX-EG	Soliste	TMX	IT Telecom
Revenues	84.0	—	11.4	9.2	5.5	208.5
Operating income	5.9	—	0.3	0.1	0.3	4.1
Ordinary income	9.2	—	0.3	0.1	0.3	3.9
Net income	6.5	—	0.2	0.1	0.1	2.0

YoY Change	ITX Corp.	AVS	ITX-EG	Soliste	TMX	IT Telecom
Revenues	10.6	8.3	3.7	-1.2	1.0	-34.7
Operating income (loss)	-4.1	0.0	0.4	-0.1	0.2	-1.6
Ordinary income (loss)	-8.4	0.0	0.4	-0.1	0.2	-1.5
Net income (loss)	1.0	0.0	0.2	-0.1	0.2	-0.7

\*Some company names in the above table have been abbreviated: ITX-EG=ITX E-Globaledge, TMX=TechMatrix. TOKYO DEN-ON changed its name to Soliste in October 2004.

\*FY04 data for IT Telecom includes 15 months of results (Jan. 1, 2003 ~ Mar. 31, 2004), because of a change in the fiscal year-end at this company.

# Revenues by Core Subsidiary (FY03 and FY04 Results, FY05 Forecasts)



\* FY04 data for IT Telecom includes 15 months of results (Jan. 1, 2003 ~ Mar. 31, 2004), because of a change in the fiscal year-end at this company.

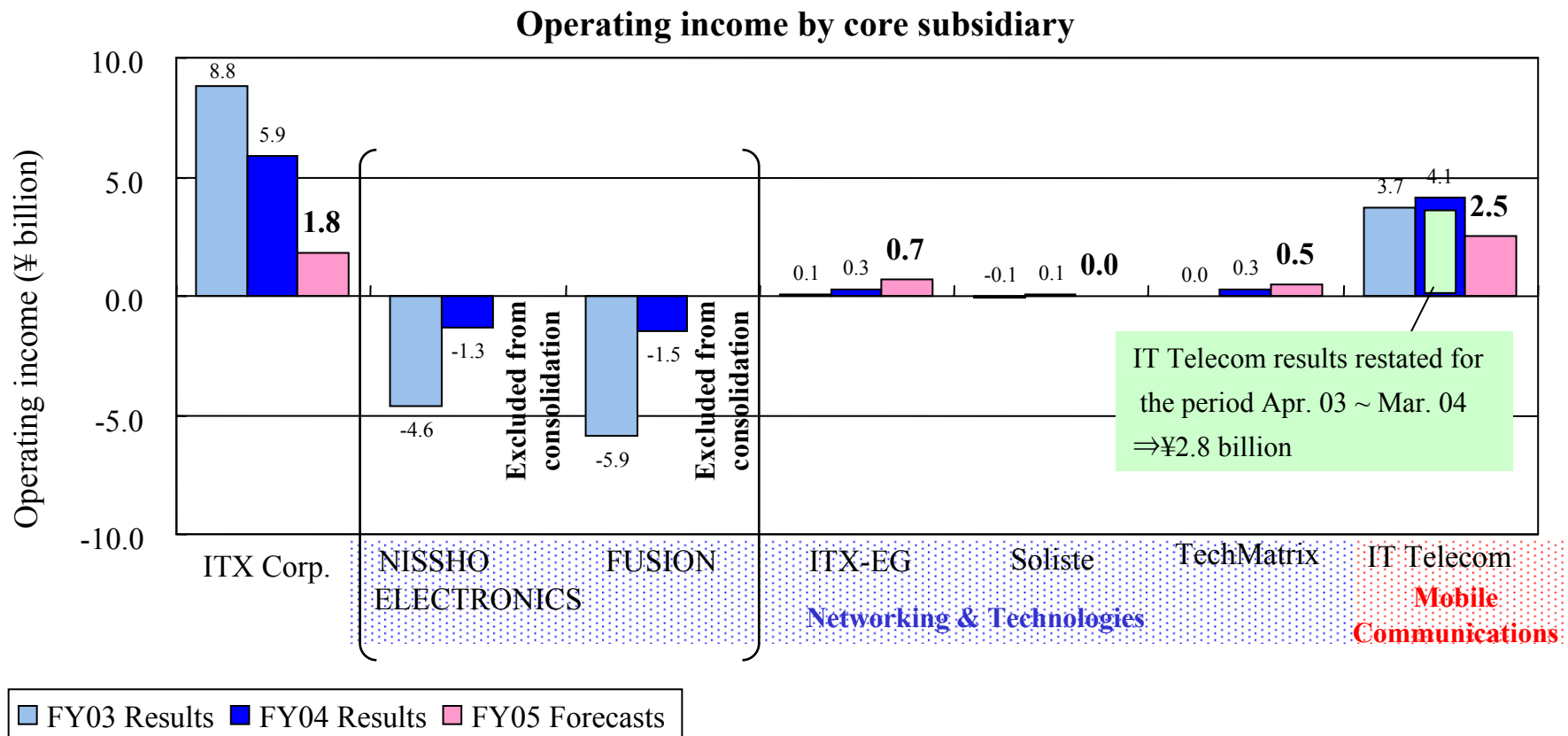
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\*Some company names in the above table have been abbreviated: NISSHO=NISSHO ELECTRONICS, FUSION=FUSION COMMUNICATIONS, ITX-EG=ITX E-Globaleedge.

\*TOKYO DEN-ON Co., Ltd. changed its name to Soliste Corporation in October 2004.

# Operating Income by Core Subsidiary (FY03 and FY04 Results, FY05 Forecasts)



\* FY04 data for IT Telecom includes 15 months of results (Jan. 1, 2003 ~ Mar. 31, 2004), because of a change in the fiscal year-end at this company.

\*NISSHO ELECTRONICS figures include results from FUSION COMMUNICATIONS.

\*Data prior to consolidation in ITX results has been used for each company

\*Some company names in the above table have been abbreviated: NISSHO=NISSHO ELECTRONICS, FUSION=FUSION COMMUNICATIONS, ITX-EG=ITX E-Globaledge.

\*TOKYO DEN-ON Co., Ltd. changed its name to Soliste Corporation in October 2004.

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### **3. Core Subsidiary Operating Results and Forecasts**

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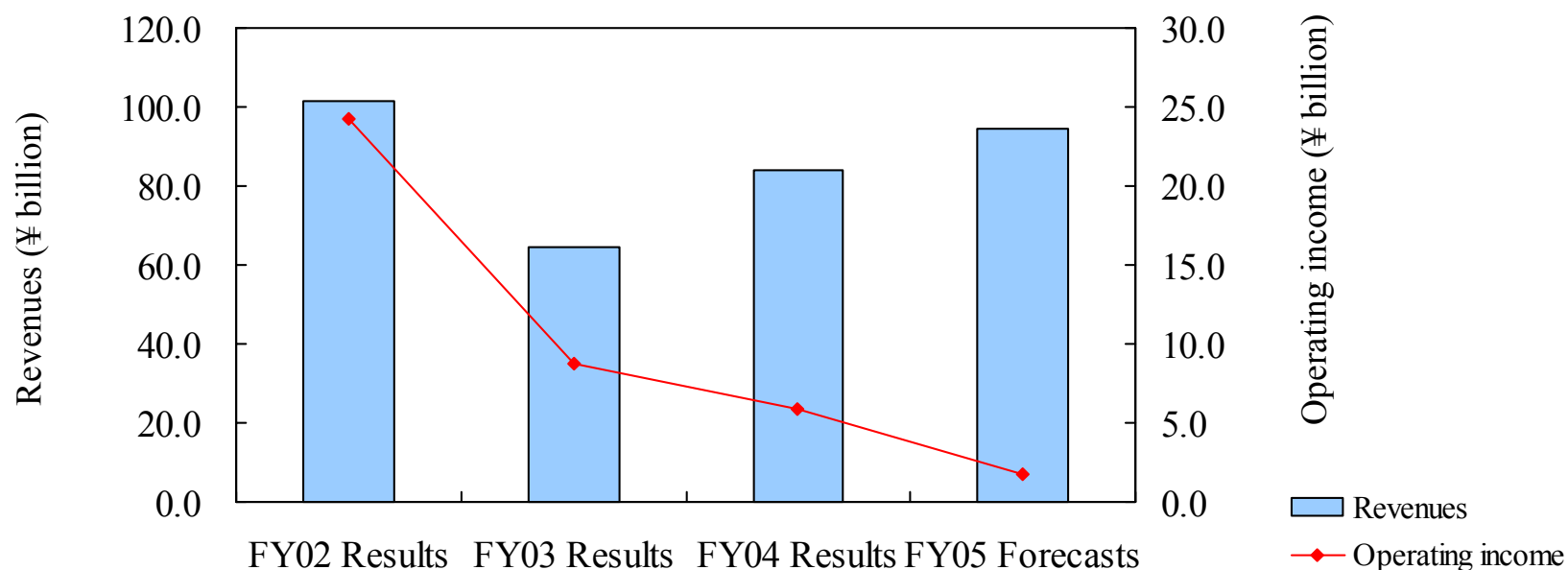
# Core Subsidiary Operating Results

## ITX Corporation

(¥ billion)

	FY02 Results	FY03 Results	FY04 Results	FY05 Interim Results	FY05 Full-Year Forecasts
Revenues	101.7	64.4	84.0	54.4	94.6
Operating income (loss)	24.2	8.8	5.9	-1.2	1.8
Net income (loss)	7.3	-38.9	6.5	3.7	7.5

\*Some equipment sales and services handled by ITX were transferred to ITX E-Globaledge in April 2002



# Core Subsidiary Operating Results

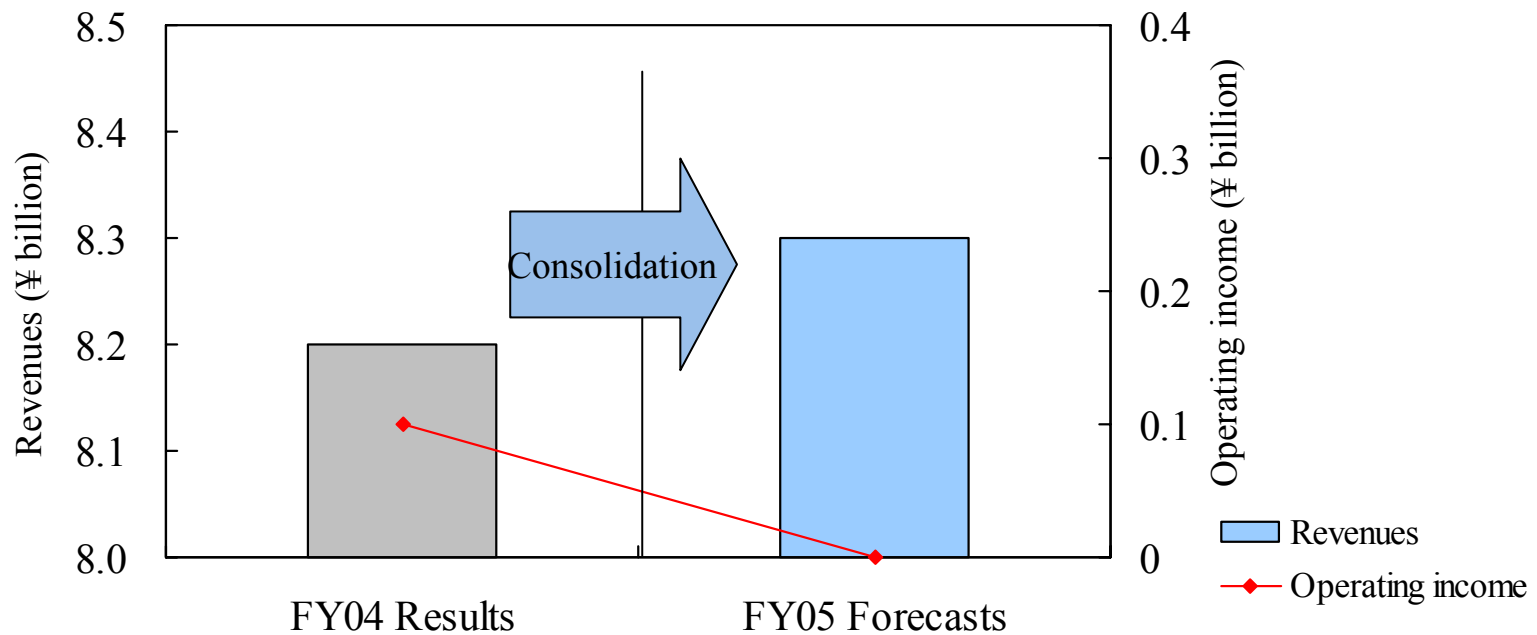
AVS

(¥ billion)

	FY04 Results	FY05 Interim Results	FY05 Full-Year Forecasts
Revenues	8.2	3.6	8.3
Operating income	0.1	0.0	0.0
Net income	0.0	0.0	0.0

\*OLYMPUS AVS Co., Ltd. was acquired in April 2004 and consolidated in the ITX Group from FY05.

The company name was changed to AVS Co., Ltd. in June 2004.



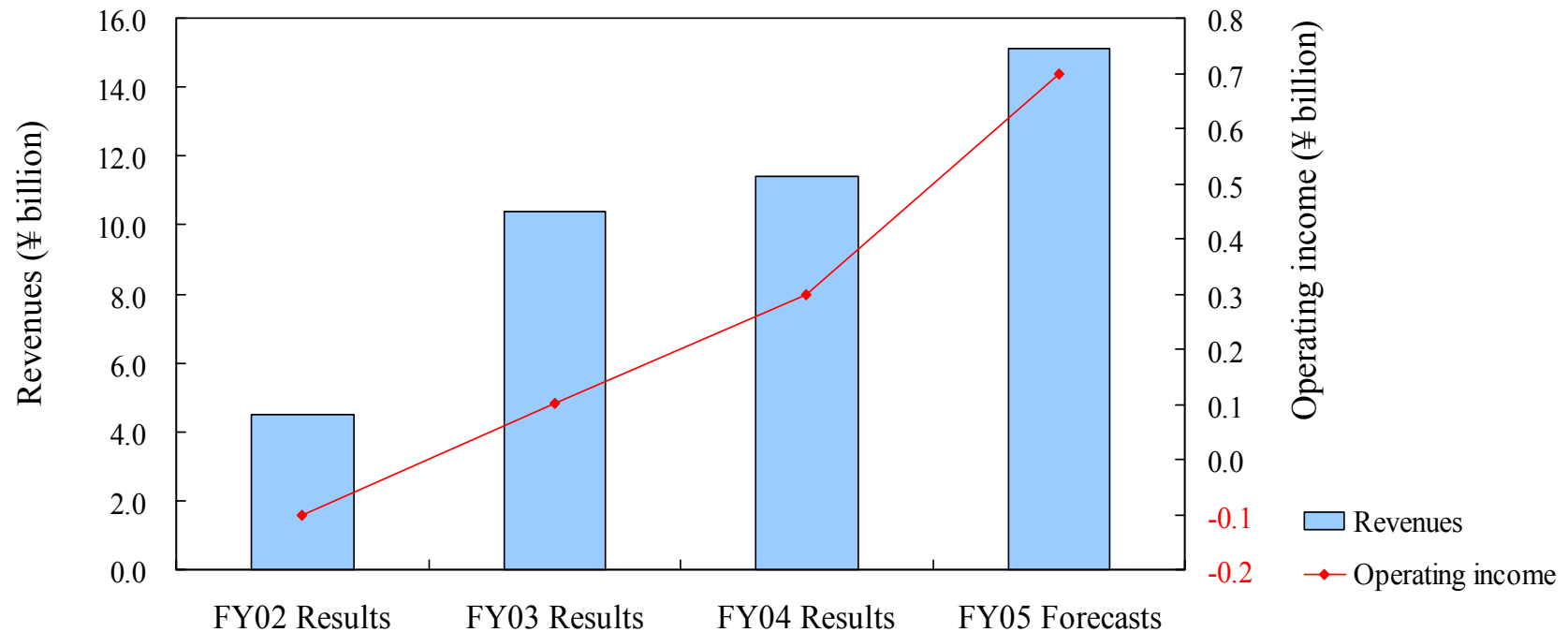
# Core Subsidiary Operating Results

## ITX E-Globaledge

(¥ billion)

	FY02 Results	FY03 Results	FY04 Results	FY05 Interim Results	FY05 Full-Year Forecasts
Revenues	4.5	10.4	11.4	6.3	15.1
Operating income	-0.1	0.1	0.3	0.1	0.7
(loss) Net income (loss)	-0.1	0.1	0.2	0.1	0.4

**\*Some equipment sales and services handled by ITX were transferred to ITX E-Globaledge in April 2002**



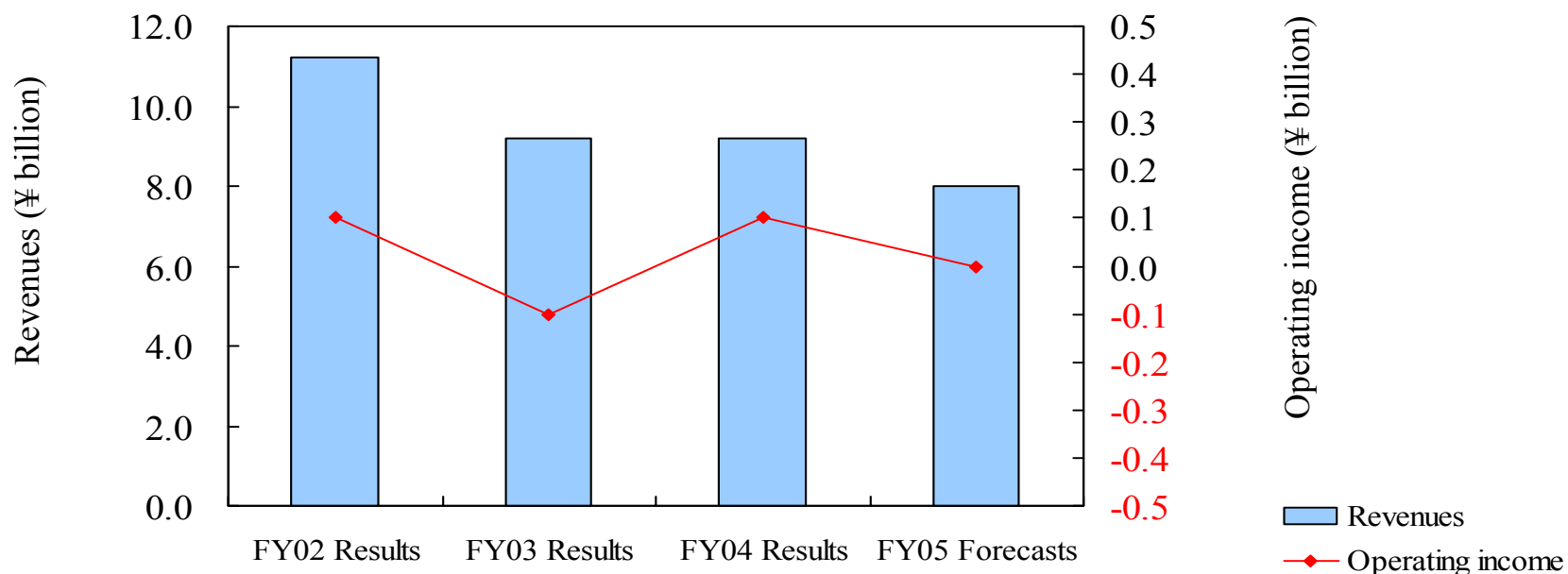
# Core Subsidiary Operating Results

## Soliste (formerly TOKYO DEN-ON)

(¥ billion)

	FY02 Results	FY03 Results	FY04 Results	FY05 Interim Results	FY05 Full-Year Forecasts
Revenues	11.2	9.2	9.2	3.7	8.0
Operating income (loss)	0.1	-0.1	0.1	0.0	0.0
Net income (loss)	-0.8	-0.5	0.1	0.0	0.0

**\*Figures for FY02 are the sum of operating results of IT Electronics Corporation and TOKYO DEN-ON, which merged in October 2001.**

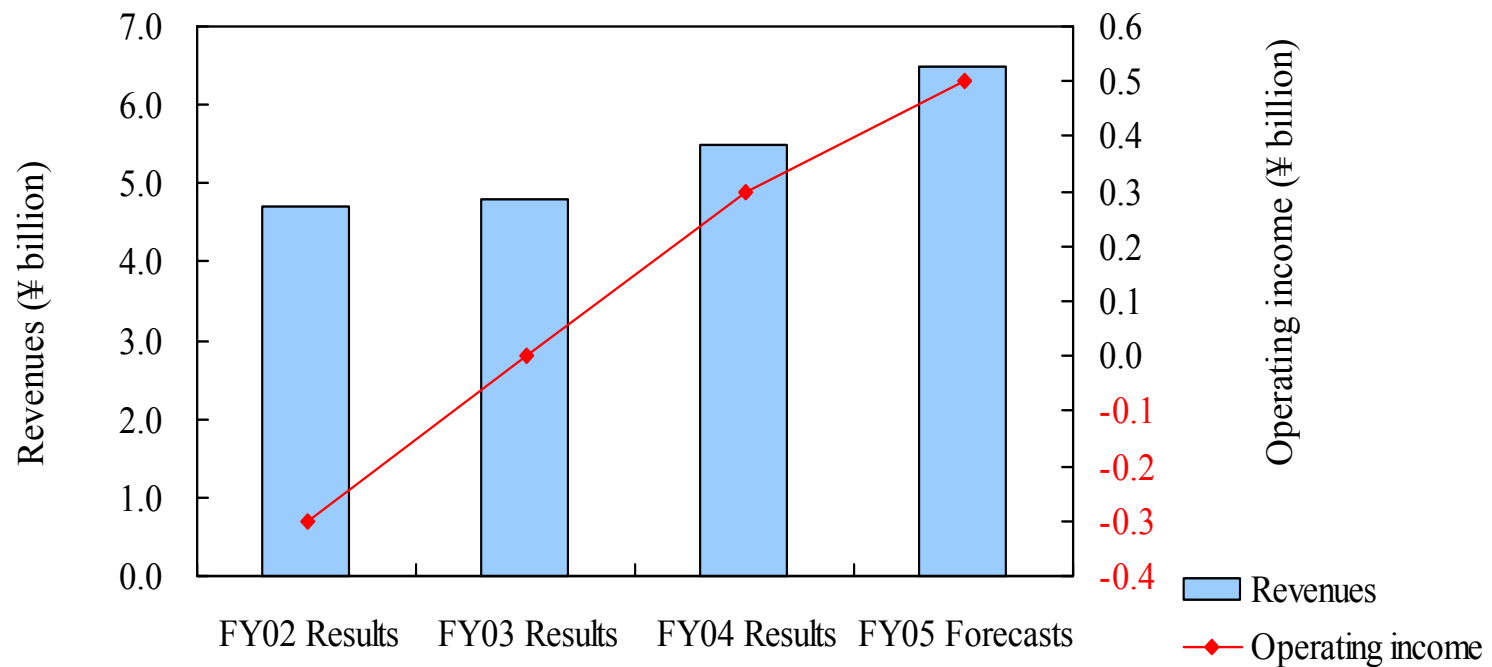


# Core Subsidiary Operating Results

## TechMatrix

(¥ billion)

	FY02 Results	FY03 Results	FY04 Results	FY05 Interim Results	FY05 Full-Year Forecasts
Revenues	4.7	4.8	5.5	2.8	6.5
Operating income	-0.3	0.0	0.3	0.2	0.5
(loss) Net income (loss)	-0.3	0.0	0.1	0.1	0.3



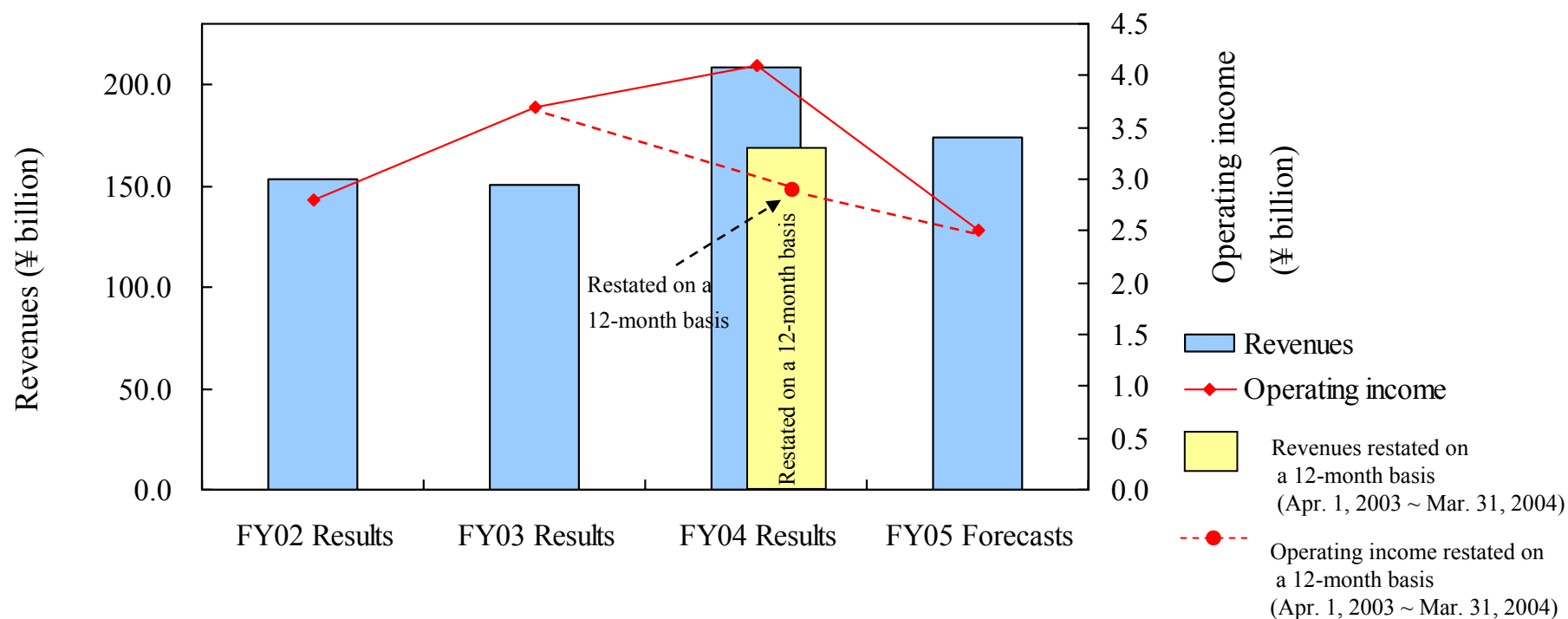
# Core Subsidiary Operating Results

## IT Telecom

(¥ billion)

	FY02 Results	FY03 Results	FY04 Results (15 months)	(Reference) (Restated for the period Apr. 03 ~ Mar. 04)	FY05 Interim Results	FY05 Full-Year Forecasts
Revenues	153.0	150.3	208.5	165.0	80.2	173.8
Operating income	2.8	3.7	4.1	2.8	1.4	2.5
Net income	1.5	1.8	2.0	1.4	0.7	1.3

**\*Due to a change in the fiscal year-end, FY04 data includes 15 months of operating results (Jan. 1, 2003 ~ Mar. 31, 2004).**



# Results of Main Companies Set Up or Acquired Since ITX Began Operations

(¥ billion)

	FY01 Full Year		FY02 Full Year		FY03 Full Year		FY04 Interim		FY04 Full Year		FY05 Interim		FY05 Full-Year Forecasts	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
<b>New businesses in 2000</b> Promotions DIDS	0.0	-0.0	0.2	-0.2	0.5	-0.2	0.4	-0.1	0.9	-0.1	0.5	-0.2	1.5	-0.0
<b>New businesses in 2001</b> BIOX Collabos MarkAny Japan Net Protections			0.0	-0.3	0.0	-1.0	0.1	-0.5	0.2	-0.8	0.2	-0.5	0.7	-0.5
<b>New businesses in 2002</b> DIGITAL ARX GeneFrontier Minerva Collection Agency AOI Technology					0.1	-0.2	0.2	-0.4	0.9	-1.0	0.2	-0.4	1.2	-0.5
<b>New businesses in 2003</b> IPX Moranet LA PLANTA AltaSens							0.0	0.0	1.0	-0.2	0.8	-0.3	1.2	-0.7
<b>New businesses in 2004</b> AVS Tmedix											3.6	0.0	8.3	0.0
<b>Subtotal</b>	0.0	-0.0	0.2	-0.5	0.6	-1.4	0.7	-1.0	3.0	-2.1	5.3	-1.4	12.9	-1.7

\*Subtotal (Total) is the simple sum of figures in the above table

# Results of Main Companies Acquired or Realigned Since ITX Began Operations (¥ billion)

	FY01 Full Year		FY02 Full Year		FY03 Full Year		FY04 Interim		FY04 Full Year		FY05 Interim		FY05 Full-Year Forecasts	
	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
<b>IT Telecom</b> (Nichimen Telecom acquired in Jul. 2000; merged with NI Telecom in Oct. 2000)	81.8	1.6	153.0	2.8	150.3	3.7	81.6	1.9	208.5	4.1	80.2	1.4	173.8	2.5
<b>TechMatrix</b> (Acquired in Jul. 2000)	5.0	0.3	4.7	-0.3	4.8	0.0	2.3	-0.0	5.5	0.3	2.8	0.2	6.5	0.5
<b>Soliste</b> (Nichimen Electric Technology acquired in Jul. 2000; merged with TOKYO DEN-ON in Oct. 2001)	9.7	0.2	11.2	0.1	9.2	-0.1	4.4	0.0	9.2	0.1	3.7	0.0	8.0	0.0
<b>ITX E-Globaledge</b> (Part of ITX's operations transferred to ITX-EG in Apr. 2002)	6.1	0.2	4.5	-0.1	10.4	0.1	5.8	0.2	11.4	0.3	6.3	0.1	15.1	0.7
<b>AVS</b> (OLYMPUS AVS acquired in Apr. 2004; part of ITX's operations transferred to this company)											3.6	0.0	8.3	0.0
<b>OLYMPUS SOGO SERVICE</b> (Acquired in Apr. 2004; merged with Nippon Outsourcing Corporation (NOC))											1.4	0.2	2.9	0.3
<b>Total*</b>	102.6	2.3	173.4	2.5	174.7	3.7	94.1	2.1	234.6	4.8	98.0	1.9	214.6	4.0

\*Total is the simple sum of figures in the above table

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## **4. Balance Sheet Information**

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# Consolidated Balance Sheets

(¥ billion)

	As of March 31, 2004	As of September 30, 2004	Change		As of March 31, 2004	As of September 30, 2004	Change
Cash and cash equivalents	26.9	32.7	5.8	Short-term interest-bearing debt	42.5	25.3	-17.2
Marketable securities	0.0	0.0	0.0	Other current liabilities	37.8	41.2	3.4
Other current assets	45.8	47.2	1.4	Long-term interest-bearing debt	43.2	49.2	6.0
<b><u>Total current assets</u></b>	<b><u>72.7</u></b>	<b><u>79.9</u></b>	<b><u>7.2</u></b>	Other non-current liabilities	1.3	1.2	-0.1
Tangible non-current assets	2.7	2.7	0.0	<b><u>Total liabilities</u></b>	<b><u>124.8</u></b>	<b><u>116.9</u></b>	<b><u>-7.9</u></b>
Intangible non-current assets	36.6	35.6	-1.0	Minority interests	2.5	2.5	0.0
(Deferred tax assets)	(34.2)	(33.4)	(-0.8)	Capital/capital reserve	48.4	48.4	0.0
Investment securities	15.5	5.3	-10.2	Retained earnings	-24.5	-25.8	-1.3
Investment securities for business incubation	22.5	15.2	-7.3	Net unrealized holding gain on available-for-sale securities	5.1	3.0	-2.1
Other non-current assets	5.5	5.7	0.2	Other	-0.8	-0.7	0.1
<b><u>Total non-current assets</u></b>	<b><u>82.8</u></b>	<b><u>64.5</u></b>	<b><u>-18.3</u></b>	<b><u>Total shareholders' equity</u></b>	<b><u>28.2</u></b>	<b><u>25.0</u></b>	<b><u>-3.2</u></b>
Deferred assets	0.0	0.0	0.0	<b><u>Total liabilities, minority interests and shareholders' equity</u></b>	<b><u>155.5</u></b>	<b><u>144.4</u></b>	<b><u>-11.1</u></b>
<b><u>Total assets</u></b>	<b><u>155.5</u></b>	<b><u>144.4</u></b>	<b><u>-11.1</u></b>				

# FY05 Interim Financial Position

## ◆ Consolidated Balance Sheet (Comparison with March 31, 2004)

- **Total assets ⇒ ¥11.1 billion decline**
    - Decrease in investment securities (Sale of shares in NISSHO ELECTRONICS and other companies)
    - Decrease in investment securities for business incubation (Sale of shares in U's Communications (UCOM) and other companies)
  
  - **Interest-bearing debt ⇒ ¥11.2 billion decline**
    - Repayment of short-term debt (Switched to commitment line contract)
  
  - **Shareholders' equity ⇒ ¥3.2 billion decline**
    - Main factors
      - Interim net loss due to factors such as equity in losses of UCOM and other companies
      - Decline in unrealized holding gain on available-for-sale securities
- [\*Shareholders' equity ratio: 18.1% (Mar. 31, 2004) ⇒ 17.3% (Sept. 30, 2004)]

# Nonconsolidated Balance Sheets

(¥ billion)

	As of March 31, 2004	As of September 30, 2004	Change		As of March 31, 2004	As of September 30, 2004	Change
Cash and cash equivalents	15.8	17.3	1.5	Short-term interest-bearing debt	31.2	13.6	-17.6
Marketable securities	0.0	1.2	1.2	Other current liabilities	12.9	15.7	2.8
Other current assets	6.5	10.1	3.6	Long-term interest-bearing debt	38.9	46.4	7.5
<b><u>Total current assets</u></b>	<b><u>22.3</u></b>	<b><u>28.6</u></b>	<b><u>6.3</u></b>	Other non-current liabilities	0.4	0.3	-0.1
Tangible non-current assets	0.1	0.1	0.0	<b><u>Total liabilities</u></b>	<b><u>83.4</u></b>	<b><u>76.0</u></b>	<b><u>-7.4</u></b>
Intangible non-current assets	0.4	0.3	-0.1	Capital/capital reserve	48.4	48.4	0.0
Investment securities for business incubation	6.6	9.0	2.4	Retained earnings	-23.4	-19.7	3.7
Investment securities for business incubation—in affiliates	18.1	7.2	-10.9	Net unrealized holding gain on available-for-sale securities	4.9	2.8	-2.1
Investment securities—in affiliates	62.8	56.6	-6.2	<b><u>Total shareholders' equity</u></b>	<b><u>30.0</u></b>	<b><u>31.5</u></b>	<b><u>1.5</u></b>
Investment securities	1.1	3.5	2.4				
Other non-current assets	2.0	2.2	0.2	<b>Total liabilities, minority interests and shareholders' equity</b>	<b>113.4</b>	<b>107.5</b>	<b>-5.9</b>
<b><u>Total non-current assets</u></b>	<b><u>91.1</u></b>	<b><u>78.9</u></b>	<b><u>-12.2</u></b>				
<b><u>Total assets</u></b>	<b><u>113.4</u></b>	<b><u>107.5</u></b>	<b><u>-5.9</u></b>				

# FY05 Interim Financial Position

## ◆ Nonconsolidated Balance Sheet (Comparison with March 31, 2004)

### ◆ Total assets ⇒ ¥5.9 billion decline

- Increase in current assets (Increase in trade notes and accounts receivable, cash and cash equivalents, etc.)
- Decrease in investment securities for business incubation—in affiliates (Sale of shares in UCOM and other companies)
- Decrease in investment securities—in affiliates (Sale of shares in NISSHO ELECTRONICS and other companies)

### ◆ Interest-bearing debt ⇒ ¥10.1 billion decline

- Repayment of short-term debt (Switched to commitment line contract)

### ◆ Shareholders' equity ⇒ ¥1.5 billion increase

- Main factors
    - Interim net income due to sale of shares in NISSHO ELECTRONICS and other companies
    - Decline in unrealized holding gain on available-for-sale securities
- [\*Shareholders' equity ratio: 26.4% (Mar. 31, 2004) ⇒ 29.3% (Sept. 30, 2004)]

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## **5. Investments**

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# ITX Group Companies and Investees

(No. of ITX Corp. and US investment subsidiary investees: 101)

As of September 30, 2004

	Life Sciences	Networking & Technologies	Mobile Communications	Business Innovations
<b>Consolidated subsidiaries (27)</b>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">DIGITAL ARX</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">GeneFrontier</div> <div style="border: 1px solid black; padding: 5px;">Tmedix</div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">ITX E-Globaledge</div> <div style="border: 2px solid blue; padding: 5px; margin-bottom: 5px;">Soliste</div> <div style="border: 2px solid red; padding: 5px; margin-bottom: 5px;">AltaSens</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Moranet</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">TechMatrix</div> <div style="display: flex; justify-content: space-between;"> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Promotions</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">Collabos</div> </div> <div style="border: 1px solid black; padding: 5px;">Net Protections</div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">IT Telecom</div> <div style="border: 1px solid black; padding: 5px;">Gismo Plus</div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">IPX</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">Atlux</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">Nippon Outsourcing Corporation (NOC)</div> <div style="border: 1px solid black; padding: 5px;">Minerva Collection Agency</div>
<b>Equity-method affiliates (13)</b>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">LA PLANTA</div> <div style="border: 2px solid red; padding: 5px;">Resect Medical</div>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;">AOI Technology</div> <div style="border: 1px solid black; padding: 5px;">5 CATV companies</div>		
<b>Investees outside the scope of consolidation (61)</b>	<div style="border: 2px solid red; padding: 5px;">NimbleGen Systems</div>	<div style="border: 2px solid red; padding: 5px; margin-bottom: 5px;">OINA</div> <div style="border: 2px solid red; padding: 5px; margin-bottom: 5px;">IP Infusion</div> <div style="border: 2px solid blue; padding: 5px; margin-bottom: 5px;">Infocom</div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 5px;">U's Communications</div> <div style="border: 2px solid red; padding: 5px;">Amphus</div>		
	(15 companies)	(58 companies)	(2 companies)	(26 companies)

\*Investments made by subsidiaries other than US investment subsidiaries have not been shown.

\*Four investees, including a number of US enterprises, are not included in the above business segments or table.

**US investment subsidiary investees**

**Listed companies**

# Investments

As of September 30, 2004

Category	ITX Corp.		US investment subsidiaries	
	Amount (¥ billion)	No. of companies	Amount (¥ billion)	No. of companies
Core subsidiaries and affiliates	56.6	14	—	—
Business incubation securities in affiliates (Incl. equity-method affiliates)	7.2 (4.6)	25 (12)	0.1 (0.1)	1 (1)
Business incubation securities	9.0	25	1.3	9
Minor investments	3.6	29	0.1	2
<b>Total</b>	<b>76.4</b>	<b>93</b>	<b>1.5</b>	<b>12</b>

Segment	ITX Corp.		US investment subsidiaries	
	Amount (¥ billion)	No. of companies	Amount (¥ billion)	No. of companies
Life Sciences	1.9	10	0.8	5
Networking & Technologies	22.2	51	0.7	7
Mobile Communications	40.8	2	—	—
Business Innovations	4.4	26	—	—
Groupwide	7.1	4	—	—
<b>Total</b>	<b>76.4</b>	<b>93</b>	<b>1.5</b>	<b>12</b>

# Investments in Interim FY05 by ITX and US Investment Subsidiaries

Amount (¥ billion) (No. of companies)

ITX investment category	Investments by ITX Corp.		Investments by US investment subsidiaries	
	New investments	Follow-on investments	New investments	Follow-on investments
Core subsidiaries and affiliates (Consolidated subsidiaries)	0.9 (2)	- (-)	- (-)	- (-)
Business incubation securities in affiliates (Consolidated subsidiaries and equity-method affiliates)	0.0 (1)	0.5 (5)	- (-)	0.1 (1)
Business incubation securities (Non-consolidated)	0.0 (1)	- (-)	0.4 (3)	- (-)
Minor investments (Non-consolidated)	0.4 (7)	3.0 (1)	- (-)	- (-)
Total	1.3 (11)	3.5 (6)	0.4 (3)	0.1 (1)

# Overview of Major New Investments in Interim FY05

(Investments by ITX Corp. and US investment subsidiaries)

(1/2)

	Date	Amount (¥ billion)	Holding	Business/relationship to ITX operations
Consolidated				
Tmedix	April 2004	3.5	70%※	Provision of new cost per procedure and other services in the medical device sales field

	Date	Amount (¥ billion)	Holding	Business
Non-consolidated				
Fusion Partner ▪	April 2004	0.4	0.1%	Provision of services such as database management, systems sales, technical support and consulting
Acologix*	April 2004	10.0	1.0%	Development of pharmaceutical products to treat a range of conditions, including osteoporosis, tooth and gum disease, chronic renal failure, inflammatory disorders and cancer
AMNIOTEC	May 2004	4.5	2.3%	Regenerative medical procedures in the field of ophthalmology using collagen derived from sheep amniotic membranes

※Holding increased to 100% in October 1, 2004

▪ Changed its name from Database Communications in October 2004

\*Investment by US investment subsidiary

# Overview of Major New Investments in Interim FY05

(Investments by ITX Corp. and US investment subsidiaries)

(2/2)

	Date	Amount (¥ billion)	Holding	Business
Non-consolidated				
aRigen	May 2004	7.4	1.0%	Development of pharmaceutical products related to infectious diseases
Gene Excel *	June 2004	5.6	12.8%	Consigned production of materials for gene therapy and R&D related to gene therapy
FOI	July 2004	7.2	0.8%	Development and sale of plasma etching equipment for semiconductor manufacturing
Terminus Technology	August 2004	6.8	11.7%	Development and sale of LSI devices for Internet equipment
Molecular Medicine Design Laboratory	August 2004	5.3	1.0%	Development of pharmaceutical products to treat angina, cardiac infarction, rheumatism and other conditions
Takara Mobile Entertainment	September 2004	5.0	1.0%	Distribution of mobile content, sales of mobile phone-related products and operation of broadcasting business for mobile phones

\* Investment by US investment subsidiary

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## **6. Corporate Overview**

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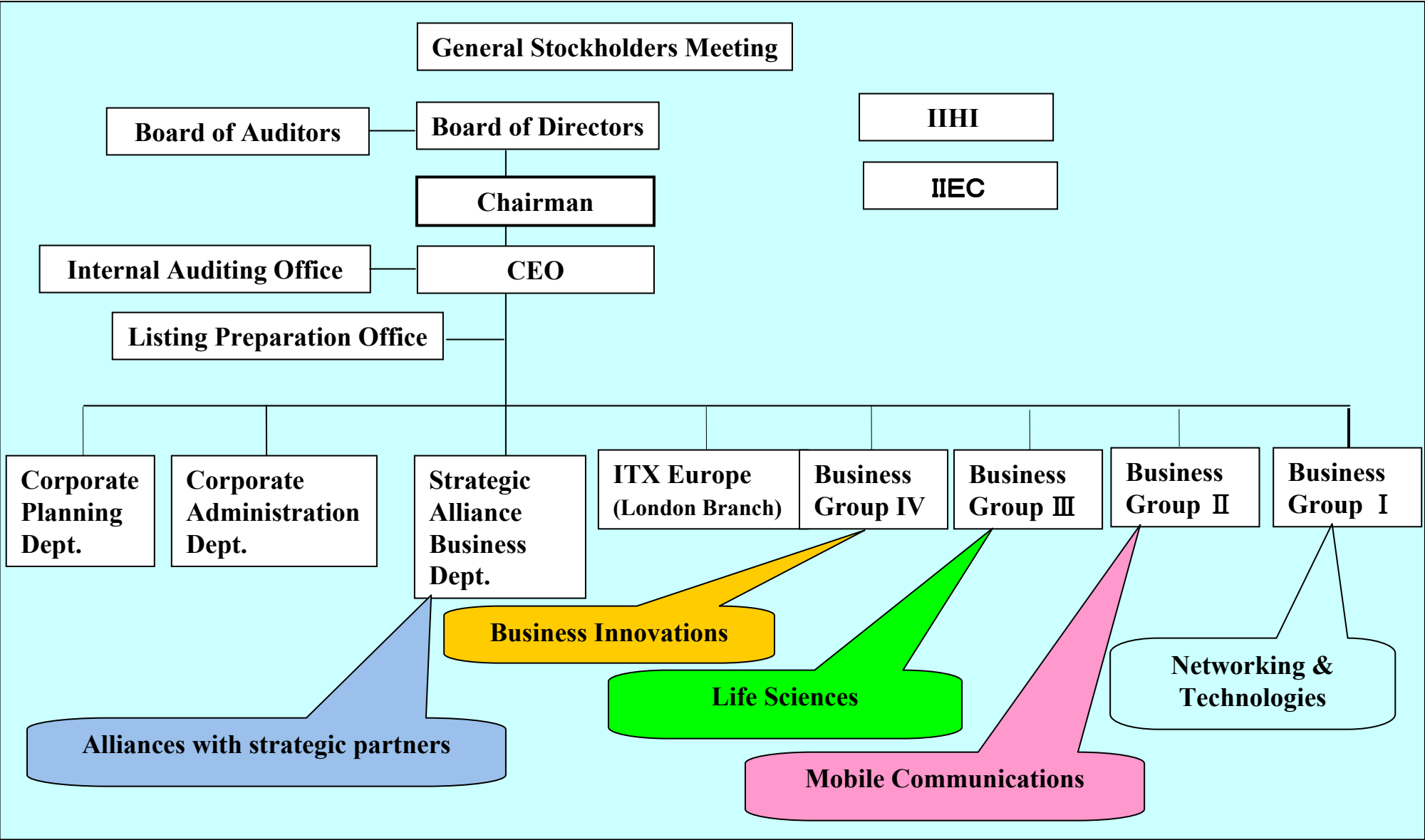
# Corporate Overview

- ◆ President & CEO: Akinobu Yokoo
- ◆ Start of operations: April 1, 2000
- ◆ Business activities: Investment and business incubation, equipment sales and service provision in the IT field
- ◆ Stock listing: Nippon New Market (Hercules) (Code: 2725)
  
- ◆ Total no. of shares issued: 490,240
- ◆ Capital: ¥20.4 billion
- ◆ Capital reserve: ¥27.9 billion
- ◆ Revenues: ¥412.0 billion [Year ended March 31, 2004 (Fiscal 2004)]
- ◆ Net income: ¥0.6 billion (Fiscal 2004)
  
- ◆ Employees\*: 113 (Salaried excluding directors and executive officers)
- ◆ Group employees\*: Approx. 1,400 (only employees at consolidated subsidiaries)
  
- ◆ Major shareholders\*: Olympus Corporation (58.7%), Funai Electric Co., Ltd. (7.7%), LGT Bank in Liechtenstein (5.0%), LGT Class Fund IT Ventures (3.8%), Bear Stearns & Co., Inc. (3.0%)
- ◆ Main Banks\*: UJF Bank Limited, Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi, Ltd., AOZORA BANK, Ltd., The Norinchukin Bank

\*As of September 30, 2004

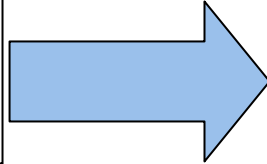
# ITX Organization

(As of September 30, 2004)



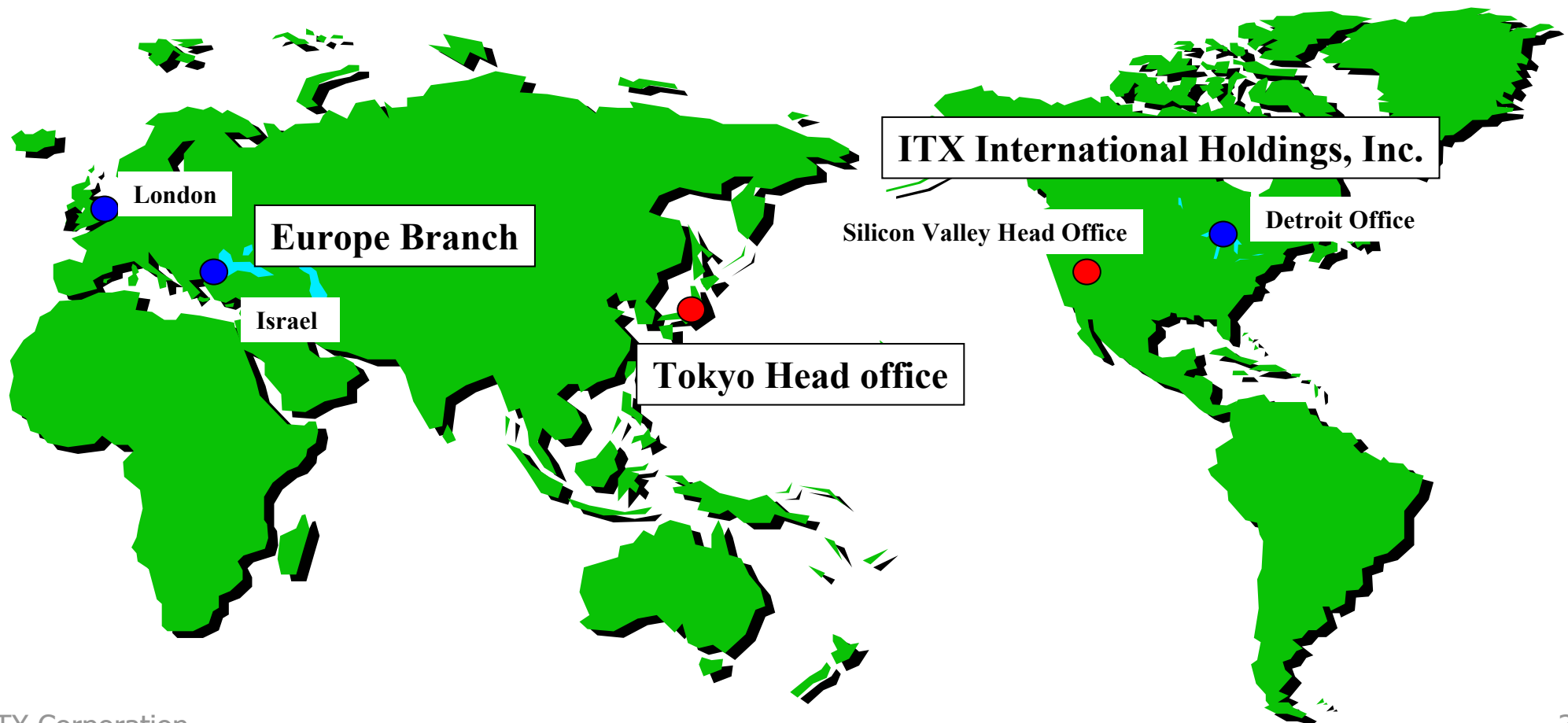
# Overseas Bases

**ITX's three main locations**



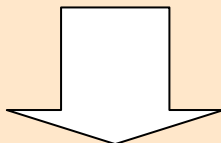
- ITX (Japan)
- ITX International Holdings (US)/10 employees
- ITX Europe Branch/4 employees

(As of September 30, 2004)



# A History of ITX

1984 Direct forerunner of ITX founded:  
Nissho Iwai Information and Industries Division



December 1999: Registered as ITX

March 2000: Information and Industries  
operations transferred from Nissho Iwai

**April 2000: ITX Begins Operations**

October 2000: Life Sciences Business begins operations

(Transferred from Nissho Iwai)

December 14, 2001: Listing on the NASDAQ Japan Market  
(Now Nippon New Market "Hercules")

January 2003: ITX strengthens strategic partnership with  
leading shareholder Olympus

September 2004: Olympus becomes ITX's parent company

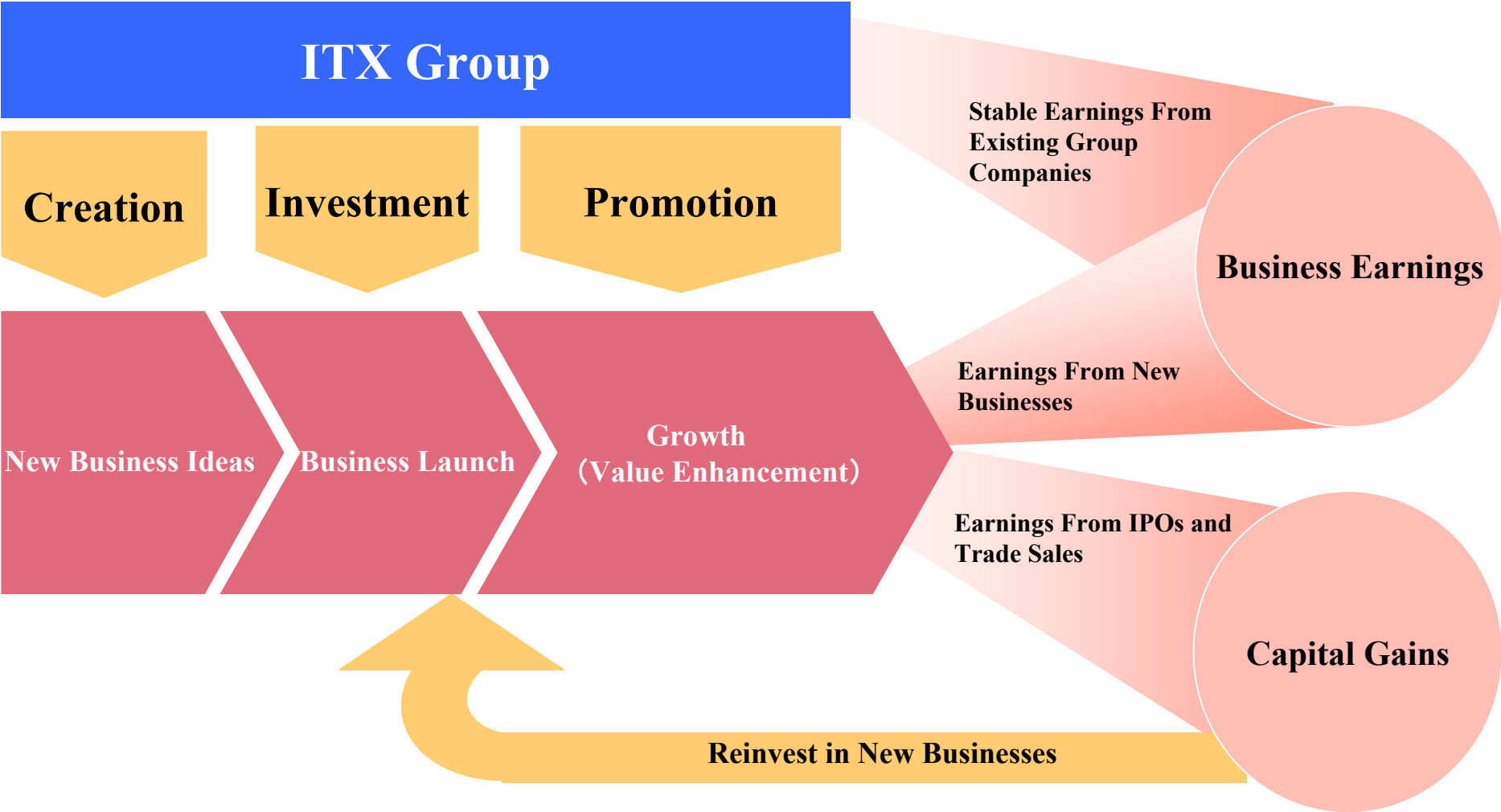
## <Relationships With Affiliates>

1983 **Infocom** established  
 1986 **Nifty** established (joint venture with Fujitsu)  
 1990 **Nissho Electronics** lists on the TSE  
 1993 Satellite Japan merges with Nihon Tsushin Eisei  
(Now **JSAT**)  
 1998 Nihon Digital Broadcast Services merges with J Sky  
B (Now **SKY Perfect Communications**)  
 1999 Nissho Iwai sells stake in **Nifty** to Fujitsu

**Spin-off from Nissho Iwai to encourage  
innovative IT Business Creation**

June 2000 ITX acquires **5 IT subsidiaries** from **Nichimen Corporation**  
 August 2000 **JSAT** lists on the first section of the TSE  
 October **SKY Perfect Communications** lists on TSE  
Mothers  
 October **IT Telecom** formed from merger of NI Telecom and  
Nichimen Telecom  
 April 2001 **Infocom** and Teijin Systems Technology merge  
(Now **Infocom**)  
 April 2001 Fusion Communications begins operations  
 October **IT Electronics** and TOKYO DEN-ON merge  
(Now **Soliste Corporation**)  
 March 2002 **Infocom** lists on the JASDAQ  
 April 2004 Olympus AVS (now AVS) and OLYMPUS SOGO  
SERVICE acquired  
 November Nippon Outsourcing Corporation and OLYMPUS  
SOGO SERVICE merge

# Business Creation Model & Earnings Structure



## ITX Business Model (1)

**Invests in unique and promising enterprises where ITX can play a leading role in management, operations and incubation**

**Utilize ITX's tangible and intangible resources, including management and other personnel, to maximize the investment success rate and rapidly boost enterprise value**

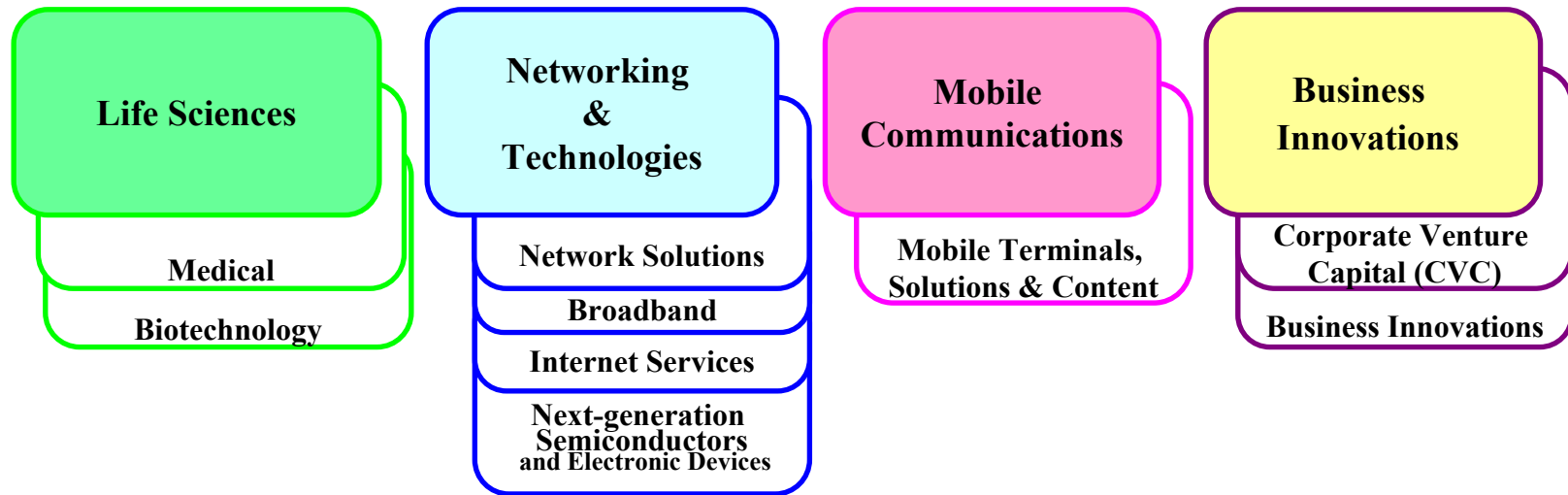
**Investees' earnings are included in ITX's financial results on a consolidated basis**

### **How ITX's Business Model Differs from a Japanese-Style VC Company**

#### **Invest and Incubate Businesses with Hands-On Approach**

- **Mainly invest at business concept and seed/early stages**
- **ITX takes management control**
- **A hands-on, comprehensive approach to business incubation utilizing the Group's collective resources, including sending directors to sit on the Board**
- **Devoted to enhancing the corporate value of investees**
- **A clear exit strategy**
- **Synergies generated across the ITX Group value chain**

# The Operating Scope of the ITX Group



Services	  確かな安心を食卓へ ラ・ブ・ラ・ン・ゴ	     		   
Solutions & Distribution	 	    	IT TELECOM	
Development	 			

\*Please refer to the pamphlet *ITX Major Group Companies*, available on the ITX corporate website.

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# **7. Overview of Corporate Strategy Plan**

**(Covering the period up to the end of fiscal 2007)**

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# Management Goals

- ◆ **Consolidated net income of ¥10.0 billion in FY07**

- ◆ **< Consolidated >** (¥ billion)

Revenues	500.0
Operating Income	20.0
Net Income	10.0

- ◆ **< Business Segment >** (¥ billion)

	Life Sciences	Networking & Technologies	Mobile Communications	Business Innovations
Revenues	80.0	200.0	200.0	20.0
Operating Income	5.0	8.0	7.0	2.0

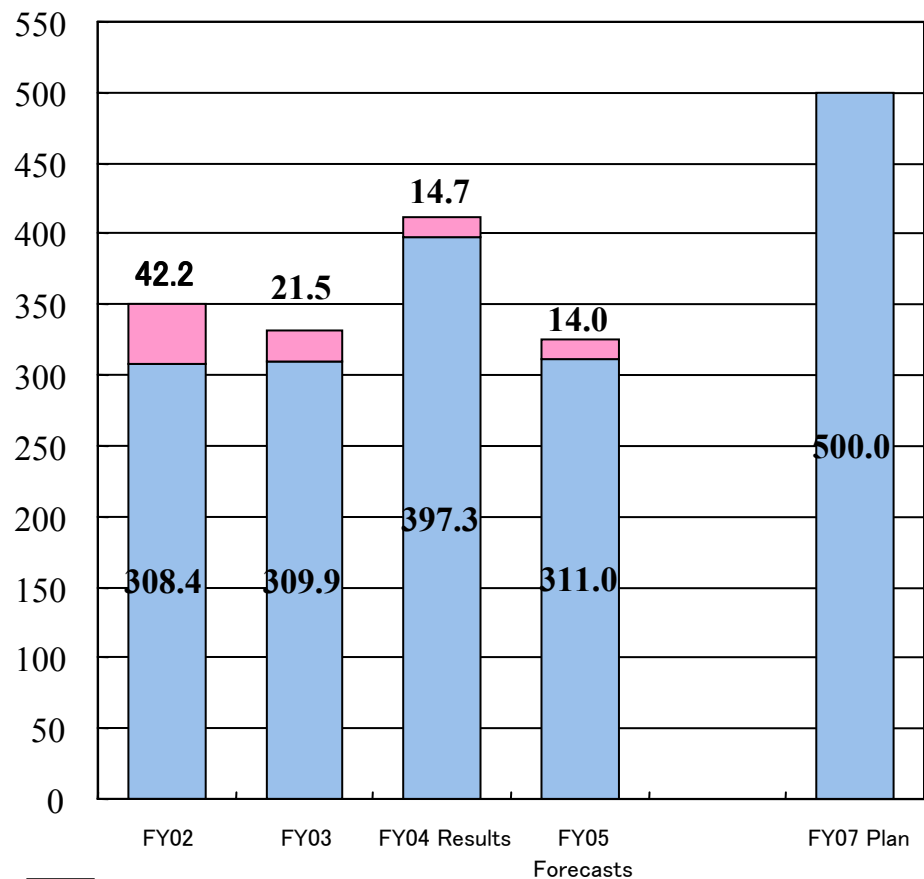
\*The above operating income figures include consolidated elimination and corporate costs of ¥2.0 billion

- ◆ **These forecasts include sales and earnings derived from new businesses that ITX and Olympus have been jointly developing since the strengthening of their strategic partnership in January 2003, primarily in the medical field and next-generation semiconductor and electronic device field**
- ◆ **During the three-year period covered by the plan, we are projecting sales of business incubation securities of approximately ¥40~¥50 billion. This figure has not been factored into the above forecasts.**

# Consolidated P/L Forecasts

(¥ billion)

## Revenues

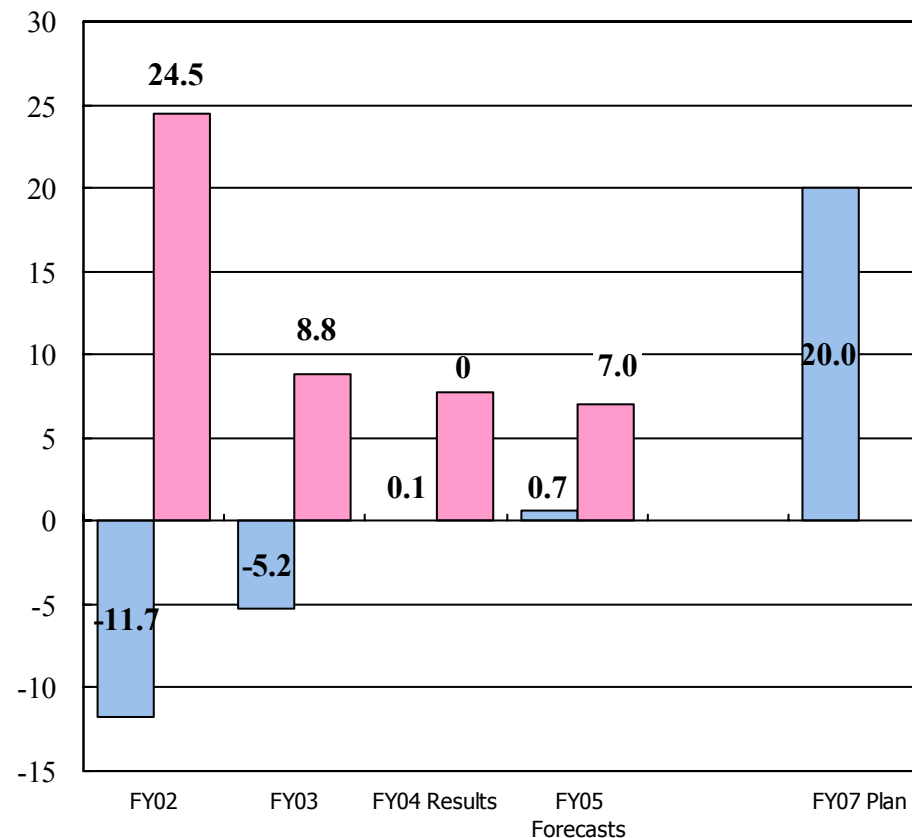


■ : Sales of investment securities for business incubation

■ : Equipment sales and services

## Operating income

(¥ billion)



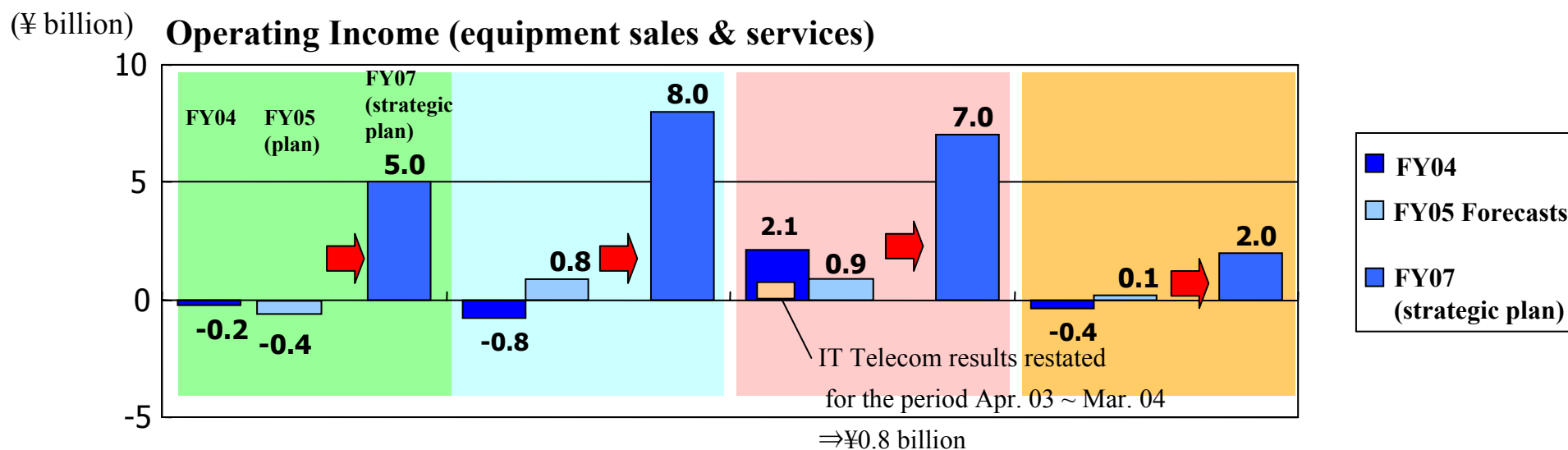
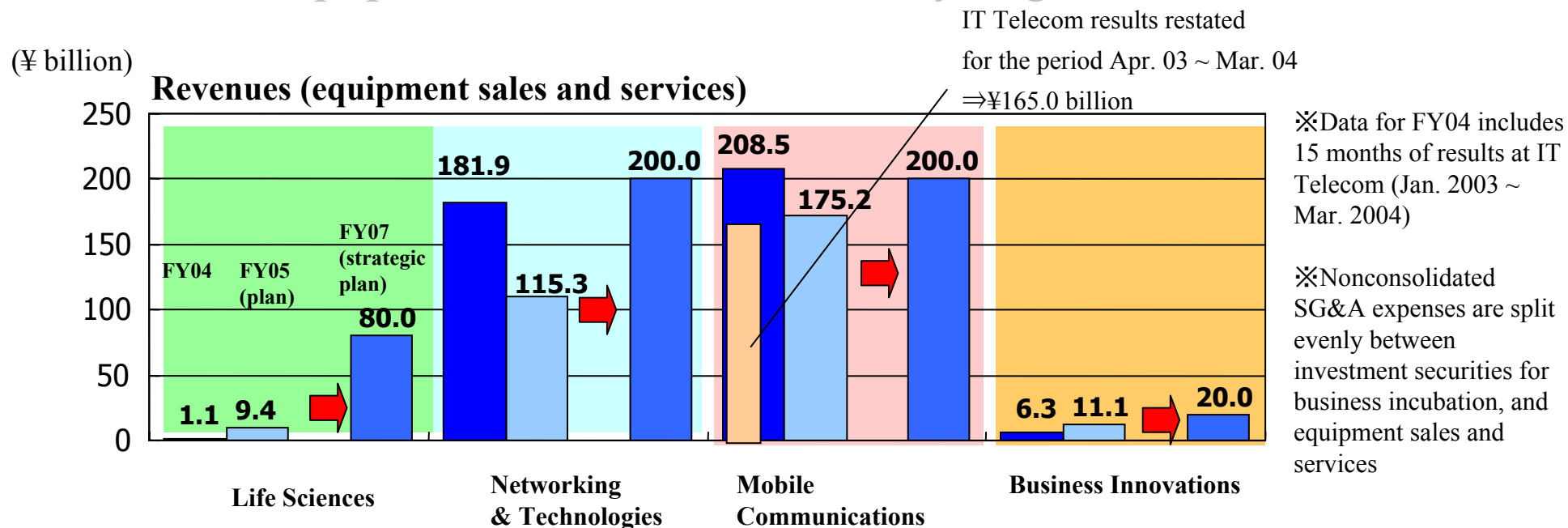
※The above forecasts for FY07 (strategic plan) only include equipment sales and services

※Capital gains from sales of investment securities for business incubation have not been factored into forecasts

※Data for FY04 includes 15 months of results at IT Telecom (Jan. 2003 ~ Mar. 2004)

※Nonconsolidated SG&A expenses are split evenly between investment securities for business incubation, and equipment sales and services

# Breakdown of Equipment Sales and Services by Segment

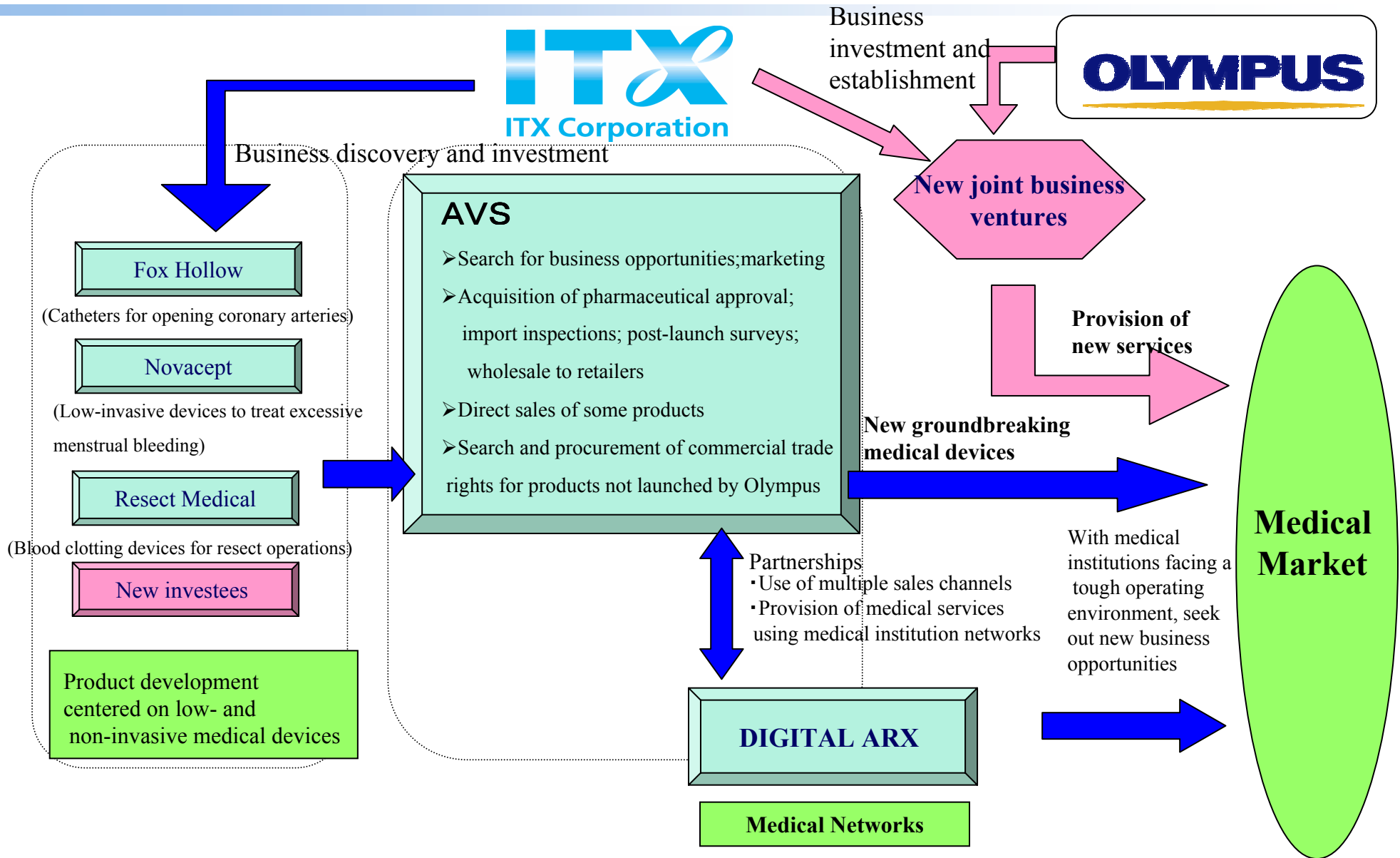


## Strategic Investment Fields During the 3-Year Strategic Plan

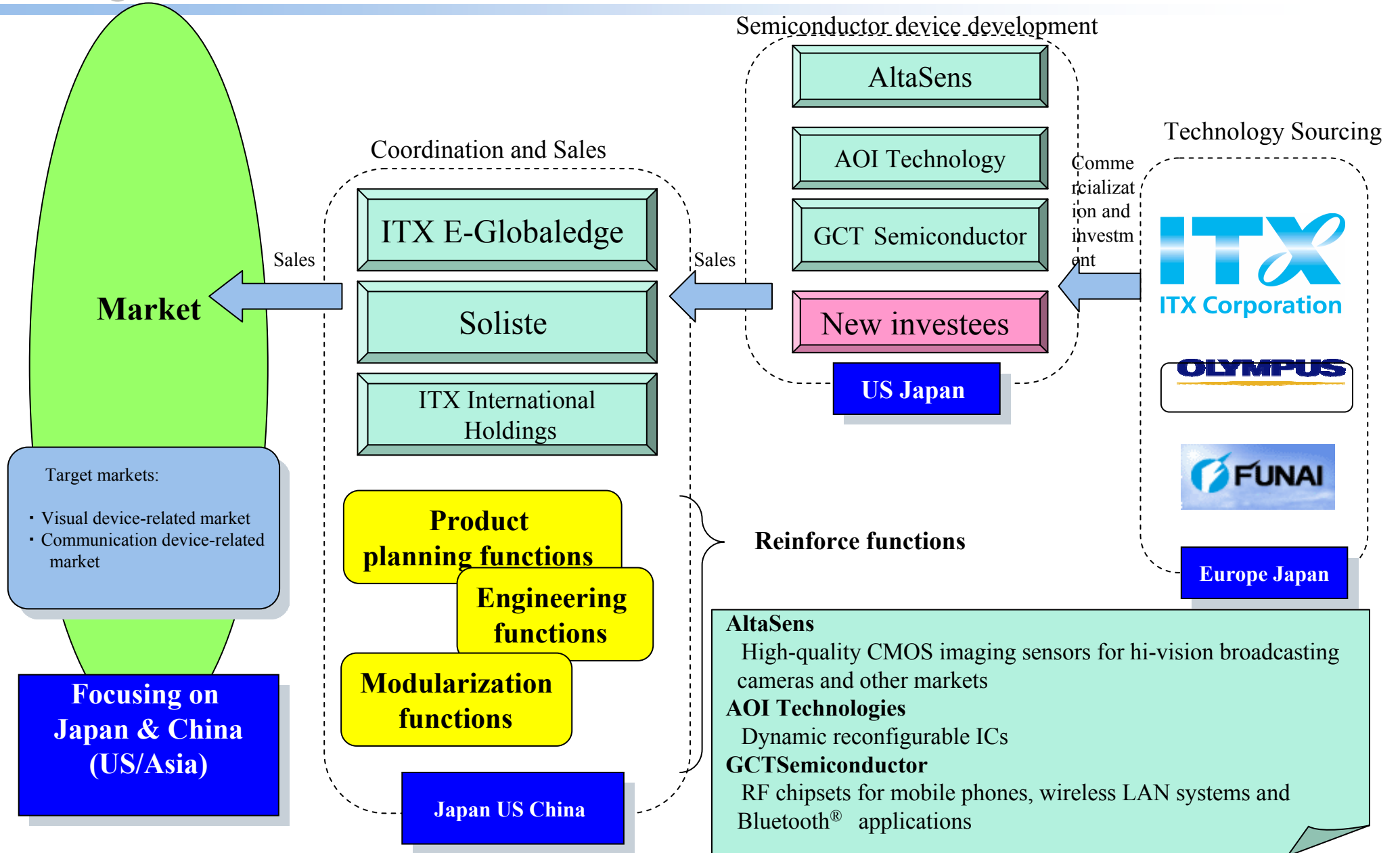
Business Segment	Strategic investment fields	Planned investments over the next 3 years (¥ billion)
<b>Life Sciences</b>	<ul style="list-style-type: none"> <li>▪ <b>Medical *</b></li> <li>▪ <b>Biotechnology</b></li> </ul>	<b>10.0</b>
<b>Networking &amp; Technologies</b>	<ul style="list-style-type: none"> <li>▪ <b>Network solutions*</b></li> <li>▪ <b>Broadband</b></li> <li>▪ <b>Internet services</b></li> <li>▪ <b>Next-generation semiconductors and electronic devices</b></li> </ul>	<b>15.0</b>
<b>Mobile Communications</b>	<ul style="list-style-type: none"> <li>▪ <b>Mobile terminals, solutions &amp; content*</b></li> </ul>	<b>15.0</b>
<b>Business Innovations</b>	<ul style="list-style-type: none"> <li>▪ <b>Corporate Venture Capital (CVC)</b></li> <li>▪ <b>Business restructuring</b></li> </ul>	<b>10.0</b>
<b>Total</b>		<b>50.0</b>

\*Priority new investment fields

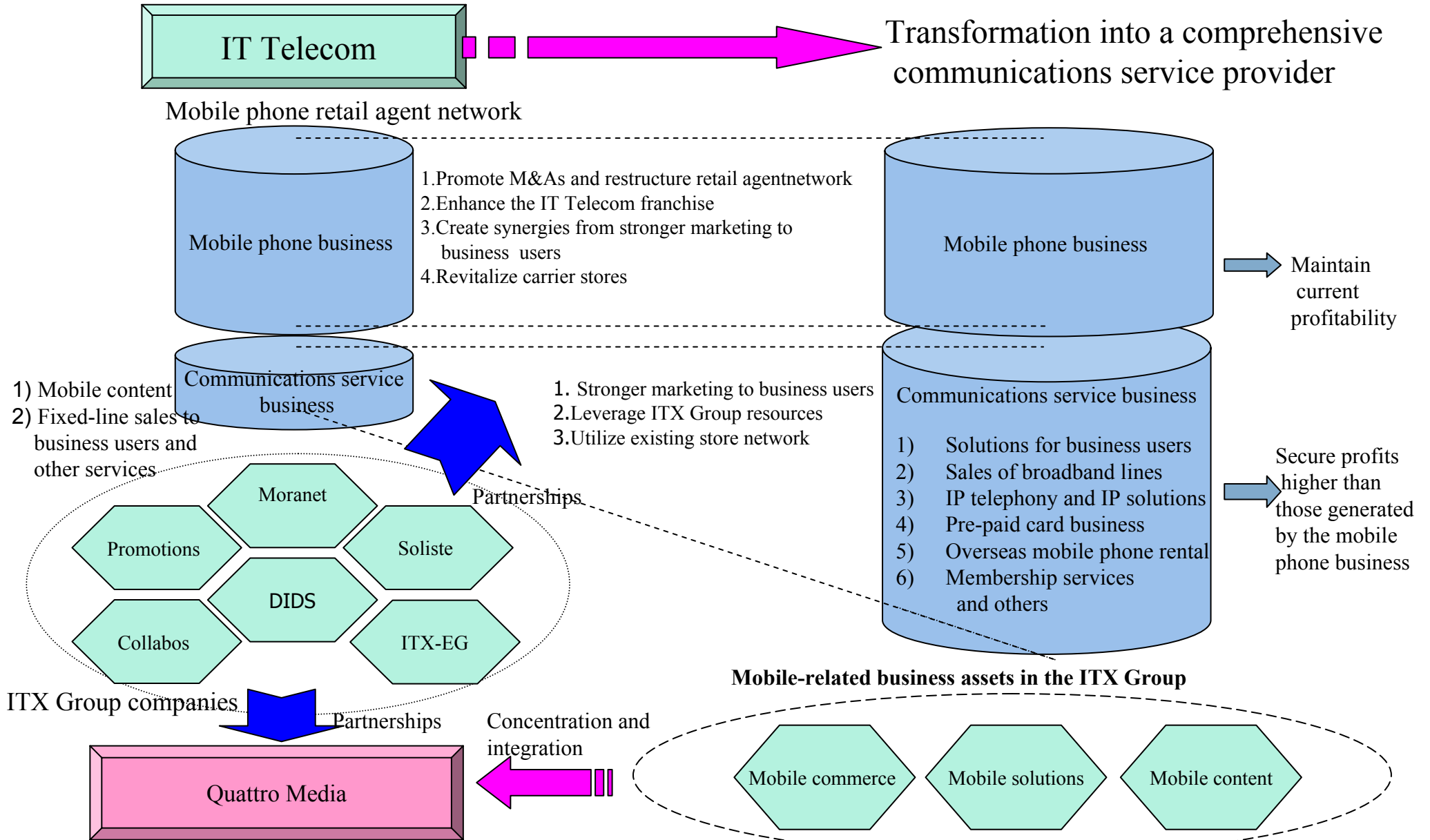
# Medical Business Field



# Next-generation Semiconductors and Electronic Devices



# Mobile Communications



# Key Initiatives—Alliance Strategy



## Pull Factors

- Existing technologies
- Business assets
- Business opportunities

### **1. Real Businesses**

#### **Provision of consulting services**

- Provide support to put in place functions and organizations
- Formulate business models
- Strategic alliances
- Carry out new product planning

**OLYMPUS**



Other shareholders and potential partners

## Push Factors

ITX

- ITX portfolio companies
- International technology ventures
- Business networks
- External assets (M&As)
- Deal flow

**Matchmaking functions**  
**Design of business launch programs**

- Design of business launch programs
- Business reforms

2. Leverage existing business assets to offer value-added services
- Business integration

3. Establish an earnings base
- Create new alliance strategies

2. Support for new businesses
- Company acquisition
  - Establish a group of core technology companies
  - Set up a fabless chip maker

## Strategies for Strategic Investment Fields (Life Sciences)

### ◆ **Medical**

- Enhance capabilities as an advanced visual systems (AVS) company capable of providing unique and innovative medical technologies from Europe and the US; and reinforce sourcing and sales capabilities
- Develop unique new services and innovative devices in the medical field through cooperation with Olympus
- Expand the medical networking business by helping medical institutions to enhance cooperation; specifically, DIGITAL ARX will promote the greater sharing of patient data

### ◆ **Biotechnology**

- Enhance ability to provide solutions that target potential growth opportunities in the fields of genomic drug R&D support and regenerative medicine
- Establish the GeneFrontier brand in the market
- Work closely with Olympus leveraging the ITX Group's overseas project sourcing capabilities.

# Strategies for Strategic Investment Fields (Networking & Technologies) (1)

## ◆ Network Solutions

ITX will become a key player in network security and other specialist network solutions fields

ITX E-Globaledge's  
customer base

+

TechMatrix's system  
integration skills

+

MarkAny Japan's lineup of  
dynamic reconfigurable Ics  
and other specialist products  
offered by  
ITX Group companies

- Promote the ubiquitous platform business based on location-neutral terminals and services

## ◆ Broadband

### Fiber optic broadband

- Using U's Communications' fiber-optic infrastructure, provide broadband applications to business users tailored for delivery over fiber optic broadband networks centered on Moranet

### Cable TV

- Launch a range of new services such as digital broadcasting services, pay-per-view (PPV) and VoIP
- Create a finely tuned aftersales service network

### Interactive Services

- Digital Interactive Dynamics (DIDS): Take advantage of the spread of digital broadcasting in Japan to steadily build a track record in the provision of interactive services for a range of media, including mobile phones; reinforce the DIDS business base by enhancing brand power and forging alliances

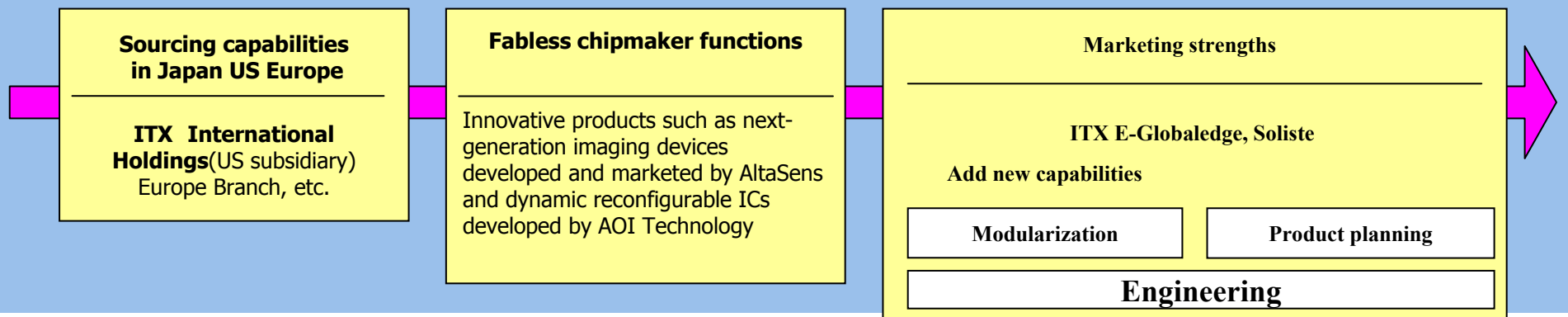
# Strategies for Strategic Investment Fields (Networking & Technologies) (2)

## ◆ Internet Services

- ◆ Generate synergies among Internet service companies in the ITX Group such as Promotions (web marketing) and Net Protections (account settlement and e-commerce services) through integrated investment
- ◆ Support the early IPOs of function-specific companies to build powerful and trusted brands and expedite growth

## ◆ Next-generation Semiconductors and Electronic Devices

- ◆ Targeting specific fields such as image processing and communications, create a powerful earnings model that focuses not just on single chip development but also on enhanced high added-value modularization capabilities



## Strategies for Strategic Investment Fields (Mobile Communications)

### ◆ **Mobile Terminals, Solutions & Content**

- ◆ Further develop IT Telecom's position as a core subsidiary in the mobile field
  - **Anchored by its existing mobile phone retail business transform IT Telecom into a comprehensive communications service provider**
  - **Targeting all customer segments—large, medium, small and SOHO businesses, as well as individual users—become a one-stop provider of hardware and software (content, etc.) supplied by carriers, vendors and providers**
- ◆ Integrate all the dispersed mobile-related service business assets (mobile content, commerce, solutions, media-mix and interactive services) in the ITX Group in a single standalone company

## Strategies for Strategic Investment Fields (Business Innovations)

### ◆ **Corporate Venture Capital (CVC)**

- ◆ Utilize Groupwide networking capabilities
  - Generate fee income from the provision of support services for business discovery and creation
  - Structure investment funds with partners in specialized markets

### ◆ **Business Innovation**

- ◆ Build a private equity investment business base by focusing on business restructuring financing, secondary investment for unlisted businesses, and investment in business restructuring buyouts.
- ◆ Enhance the consulting capabilities of subsidiaries in this field: Minerva Collection Agency (business restructuring specialist), Atlux (personnel support services and CRM solutions), and Nippon Outsourcing Corporation (NOC) (comprehensive outsourcing support )
- ◆ Use IPX's client assets secured through patent analysis and patent consulting services to become a pioneer in the intellectual property field by further developing the patent asset trading market

# Group Management Policy

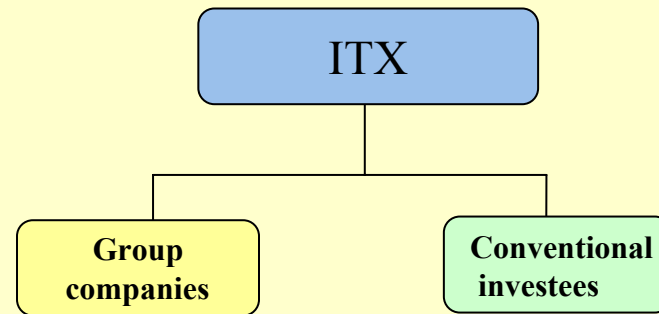
## ◆ ITX and Group Company Functions

1. Strengthen ITX's ability to procure Group funds and manage the investee portfolio; at the same time, transfer some existing ITX functions to specific companies designated as core subsidiaries in each business segment

### Current structure

ITX : New business creation, investment, support (including dispatch of personnel) and management

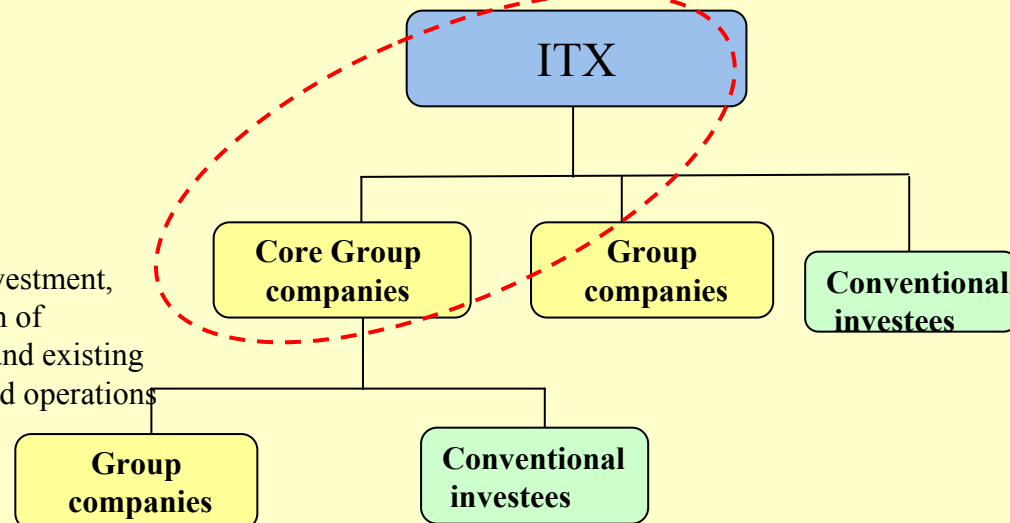
Group companies : Main business activities and operations



### Core Group companies given business investment and incubation functions in their specialist field

ITX : Fund procurement, portfolio management, etc.

Group companies: New business creation, investment, support (including dispatch of personnel), management, and existing main business activities and operations

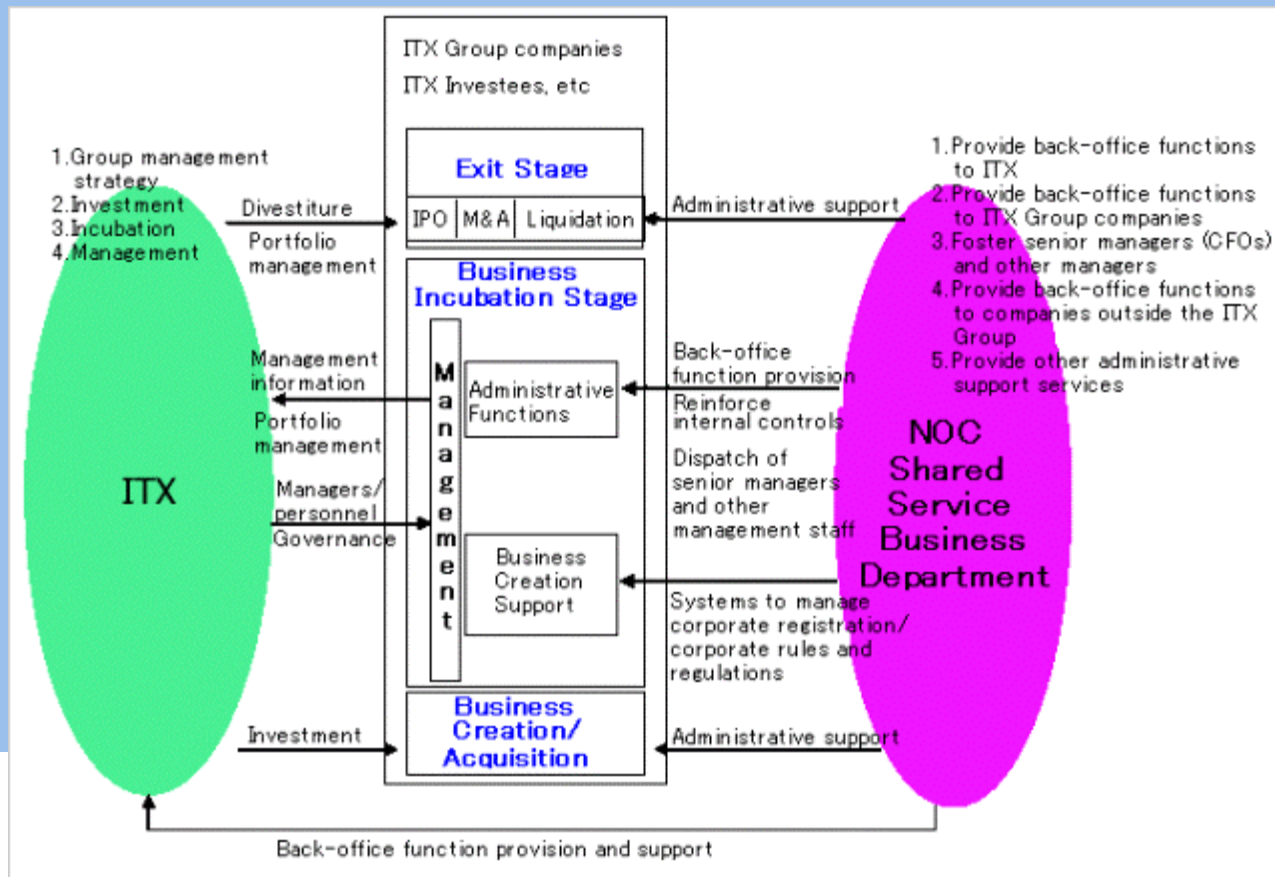


# Group Management Policy

## ◆ ITX and Group Company Functions

### 2. Provide back office functions using NOC's Shared Service Business Department

- Raise efficiency of Group back office functions, reduce consolidated SG&A expenses, improve business processes and train personnel. Provide back office services and related consulting services to ITX Group companies. In the future, offer similar back office support to companies outside the Group.



# Group Management Policy

## ◆ ITX and Group Company Functions

### 3. Overseas

#### ■ US and Europe

- **Generate greater revenues from the equipment sales and services, and from capital gains**
- **Enhance project sourcing capabilities at overseas Group subsidiaries and build stronger networks**

#### ■ China

- **Using Group company locations in the market, move into the product and service market;  
take advantage of untapped competitive strengths unique to China to create and launch  
new businesses**

## ◆ Business Integration and Restructuring

- ◆ **Concentrate dispersed ITX Group assets related to the same business field**

## ◆ Training and Recruiting Personnel

- ◆ **Train internal personnel and recruit professionals from outside with specialist skills in business creation, investment, management and operation, as well as market specialists**

## ◆ Improve the Financial Position

- ◆ **Reduce interest-bearing debt and increase shareholders' equity to quickly achieve a net debt-equity ratio of less than one**
- ◆ **Diversify fund procurement sources, including using capital markets**

Statements made in this document with respect to ITX's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of ITX. These statements are based on management's assumptions and beliefs in light of the information currently available. Readers are cautioned that a number of important factors could cause actual results to differ materially from those discussed in this document, including, but not limited to, changes in the operating environment, ITX's competitive position, and market conditions.

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