



# Fiscal 2006 Interim Results Presentation

November 15, 2005

ITX Corporation

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## 1. Overview of FY06 Interim Results (Consolidated)

### FY05 Interim Results

(¥ billion)

	FY05 Interim Results	FY06 Interim Results	YoY Change
1) P/L (Consolidated)			
Revenues	158.6	183.7	25.1
Sales of investment securities for business incubation	(8.4)	(3.6)	(-4.8)
Equipment sales and services	(150.2)	(180.1)	(29.9)
Operating income *1	2.6	1.8	-0.8
Sales of investment securities for business incubation	(3.2)	(2.3)	(-0.9)
Equipment sales and services	(-0.6)	(-0.5)	(0.1)
Income before income taxes	-1.8	1.5	3.3
Net income	-2.5	1.2	3.7
2) B/S			
1. Interest-bearing debt (Consolidated) (Non consolidated)	74.5 60.0	82.4 63.1	7.9 3.1
2. Shareholders' equity (Consolidated)	25.0	27.2	2.2
3) Performance Indicators			
1. Debt-equity ratio *2 (Consolidated) (Non consolidated)	1.7 1.4	2.0 1.4	— —

\*1 Non consolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services.

\*2 Debt-equity Ratio = net interest-bearing debt (interest-bearing debt - cash and cash equivalents) ÷ shareholders' equity

## FY06 Interim Period Key Points (1)

■ **Revenues: ¥183.7 billion (Investment securities for business incubation : ¥3.6 billion, equipment sales and services : ¥180.1 billion )**

(+¥25.1 billion YoY; investment securities for business incubation: -¥4.8 billion YoY; equipment sales and services: +¥29.9 billion YoY)

■ **Operating Income: ¥1.8 billion (Investment securities for business incubation : ¥2.3 billion, equipment sales and services : ¥-0.5 billion )**

(-¥0.8 billion YoY; investment securities for business incubation: -¥0.9 billion YoY; equipment sales and services: +¥0.1 billion YoY)

### <Key Factors>

- ◆ Consolidation of KS Olympus and two cable TV companies (Boosted revenues by ¥16.8 billion and operating income by ¥0.8 billion)
- ◆ Sales of investment securities for business incubation (five companies)
- ◆ Lower OEM sales of PC peripheral equipment due to slowing market (Reduced revenues by ¥4.6 billion YoY)
- ◆ Higher revenues, lower earnings at IT Telecom (Revenues: +¥13.8 billion; operating income: -¥1.1 billion)
- ◆ Efforts to increase market share while keeping eye on number portability system ⇒ Increase in SG&A expenses
- ◆ (# of new subscribers signed up in entire mobile phone market fell 11% YoY, but increased 9% at IT Telecom)

## FY06 Interim Period-Highlights (2)

■ **Other expenses : ¥1.1 billion (+¥4.8 billion YoY)**

Main factor:

Losses on swap transactions of ¥0.8 billion (¥1.0 billion in previous interim period)

■ **Income before income taxes : ¥1.5 billion**

Significant turnaround from loss before income taxes of ¥3.3 billion a year earlier

■ **Extraordinary gains : ¥0.9 billion**

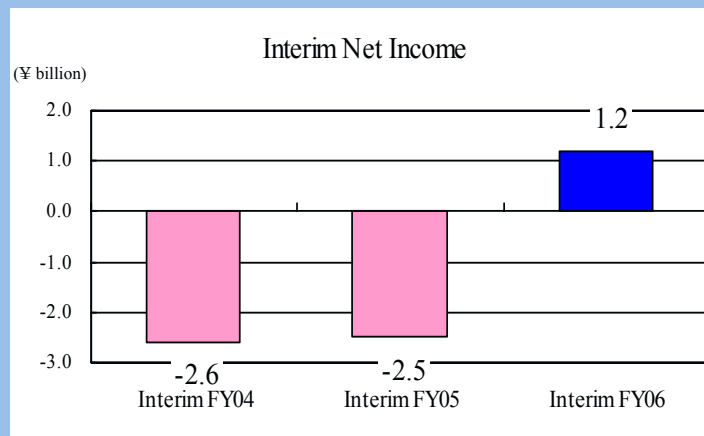
Main factors:

- ◆ Gain on sale of shares in TechMatrix: ¥2.2 billion  
ITX sells part of holding in TechMatrix to widen the company's investor base and increase share liquidity  
(Holding falls from 52.4% →32.0%; company now equity-method affiliate)
- ◆ Impairment losses: ¥0.9 billion  
(Impairment losses booked on software, goodwill, buildings, land and other assets at ITX Group companies)

### FY06 Interim Period-Highlights (3)

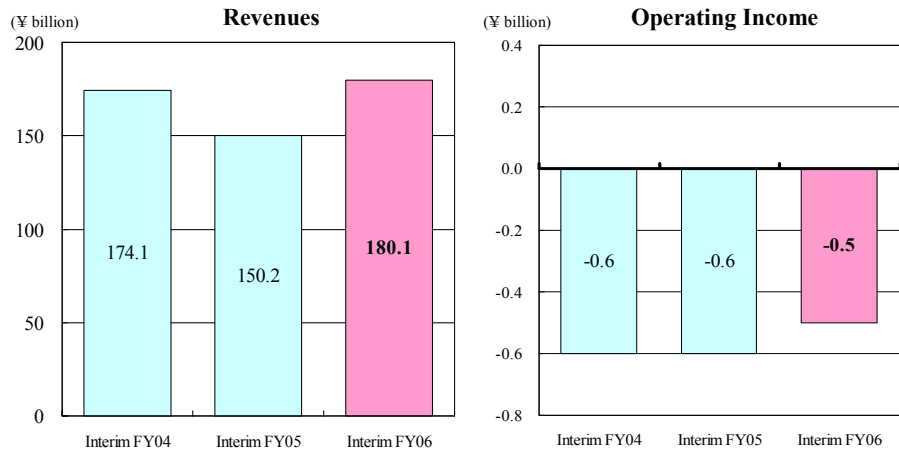
■ Interim net income: ¥1.2 billion

⇒ Improvement of ¥3.7 billion YoY (exceeds initial target by ¥0.7 billion)



## 1-1 Equipment Sales and Services Results

## Equipment Sales and Services—Interim Results

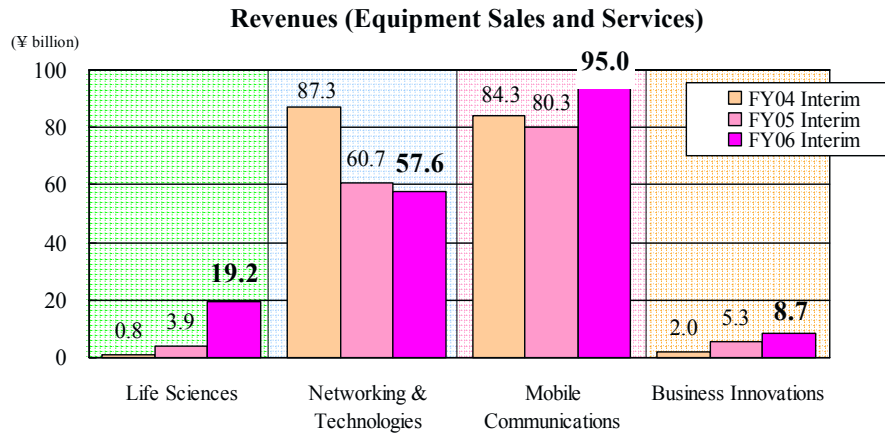


\* Non consolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services

\* Operating income includes companywide management expenses

\* Interim figures for FY04 in the Mobile Communications segment reflect operating results at IT Telecom for the April 03 ~ September 03 period due to a change in fiscal year-end

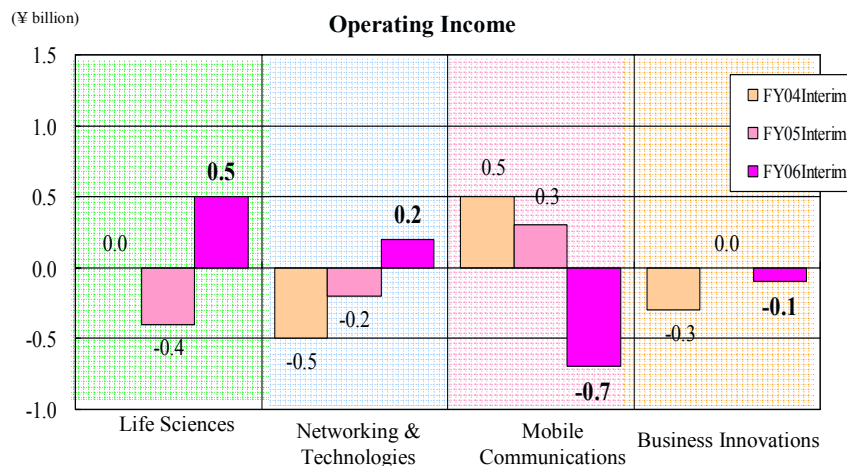
## Equipment Sales and Services—Interim Revenues by Segment



\* Interim figures for FY04 in the Mobile Communications segment reflect operating results at IT Telecom for the April 03 ~ September 03 period due to a change in fiscal year-end.

\* Refer to the Supplementary Materials in page 4 for more details

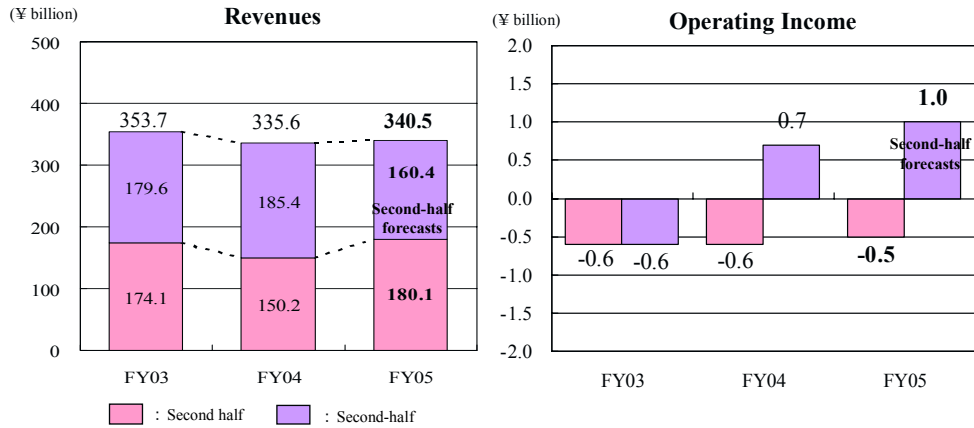
## Equipment Sales and Services—Interim Operating Income by Segment



\* Interim figures for FY04 in the Mobile Communications segment reflect operating results at IT Telecom for the April 03 ~ September 03 period due to a change in fiscal year-end

\* Refer to the Supplementary Materials in page 4 for more details

## Equipment Sales and Services—Revenues and Operating Income (First and Second Half)



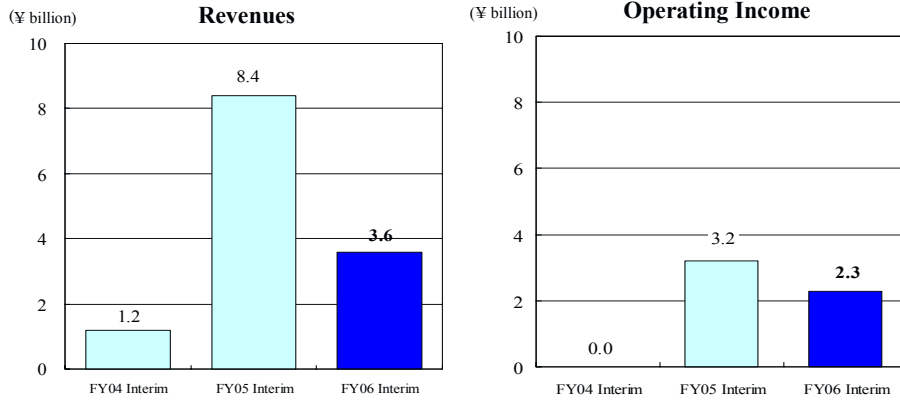
### Trends in Earning Patterns: concentrating in second half of fiscal year

- B2B-related business ⇒ tendency for earnings to concentrate in 4Q
- Peak sales for mobile phones: December ~ January and March

\*Interim figures for FY04 in the Mobile Communications segment reflect operating results at IT Telecom for the April 03 ~ September 03 period, and second-half figures for FY04 reflect operating results for the same company for the October 03 ~ March 04 period, due to a change in fiscal year-end

## 1-2 Investment Exit Results

## Investment Securities for Business Incubation—Interim Results



(# of companies)

	IPO-related share sales	M&A-related share sales	Other	Total
Interim FY04	- (-)	2 (1)	10 (4)	12 (5)
Interim FY05	- (-)	66 (1)	18 (4)	84 (5)
<b>Interim FY06</b>	<b>10 (2)</b>	<b>26 (2)</b>	<b>0 (1)</b>	<b>36 (5)</b>

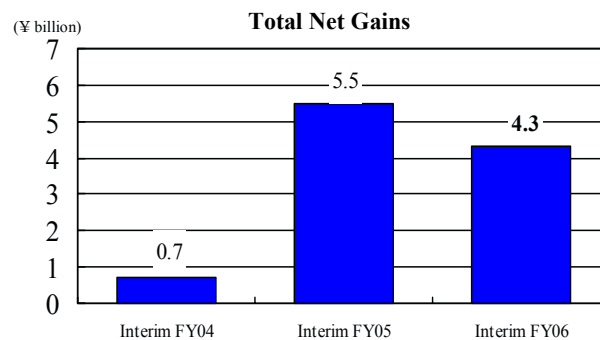
\*Non consolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services  
ITX Corporation

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## Interim Net Gains on Exit From Investments

(# of companies)

	Sales of investment securities for business incubation	Sales of other securities	Total
Interim FY04	5	12	17
Interim FY05	5	6	11
<b>Interim FY06</b>	<b>5</b>	<b>6</b>	<b>11</b>



\*Total net gains reflect gains on sales of investment securities for business incubation, investment securities and investment securities in subsidiaries and affiliates, as well as impairment losses and other items

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## 2. FY06 Forecasts (Consolidated)

### FY06 Forecasts: Summary

(¥ billion)

	FY05 Results	FY06 Results (forecast)	YoY Change
<b>1) P/L (Consolidated)</b>			
Revenues	349.7	348.0	-1.7
Sales of investment securities for business incubation	(14.1)	(7.5)	(-6.6)
Equipment sales and services	(335.6)	(340.5)	(4.9)
Operating income *1	7.2	5.9	-1.3
Sales of investment securities for business incubation	(7.1)	(5.4)	(-1.7)
Equipment sales and services	(0.1)	(0.5)	(0.4)
Net income	0.6	0.5	4.4
<b>2) B/S</b>			
1. Interest-bearing debt (Consolidated)	84.6	84.9	0.3
(Non consolidated)	62.7	64.5	1.8
2.Shareholders' equity (Consolidated)	25.9	30.3	4.4
<b>3) Performance Indicators</b>			
1.Debt-equity ratio *2 (Consolidated)	2.3	2.1	—
(Non consolidated)	1.7	1.6	—

\*1 Non consolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services

\*2 Debt-equity Ratio = net interest-bearing debt (interest-bearing debt - cash and cash equivalents) ÷ shareholders' equity

## Termination of Existing OEM Business and Start of New OEM Business

### 1. ITX Corporation's OEM PC peripheral equipment business terminated November 2005

#### ■ Revenues generated by OEM PC peripheral equipment business

	Revenue
FY04	69.6 billion
FY05	92.3 billion
FY06 Full-year forecasts (Apr. 05 ~ Nov. 05)	45.9 billion

{FY05 Dec. ~ Mar. revenues:  
¥29.1 billion}

• Sales to OEM users booked as revenues, purchases of merchandise from OEM suppliers booked as cost of revenues

### 2. New OEM PC peripheral equipment business gets underway at ITX E-Globaledge in December 2005

Provision of usance, logistics and other services between OEM suppliers and users

• Compensation for these services is booked as revenues

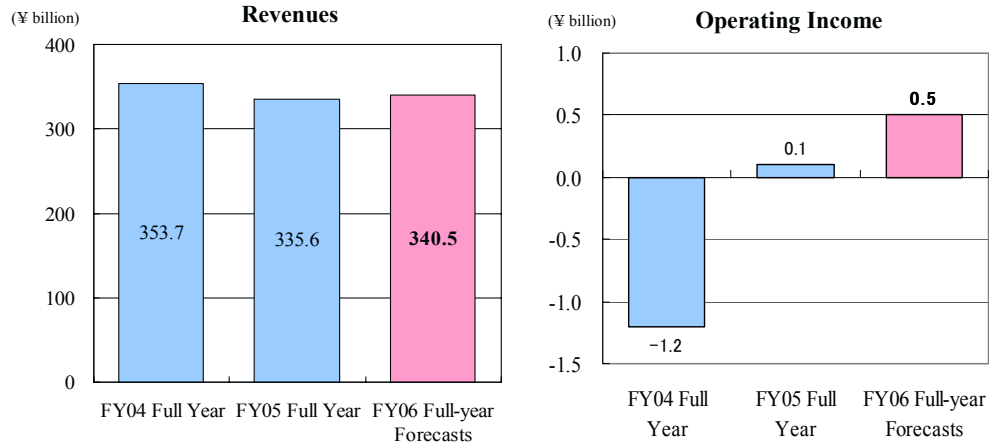
#### ● Lower revenues due to termination of former OEM business

#### ● Minimal impact on consolidated earnings

Although the termination of the original OEM agreement will lead to a drop in non consolidated gross profit, impact on consolidated results will be minimal due to earnings generated from new OEM services provided by ITX E-Globaledge

## 2-1 Equipment Sales and Services—Forecasts

## Equipment Sales and Services—Full-year Results and Forecasts

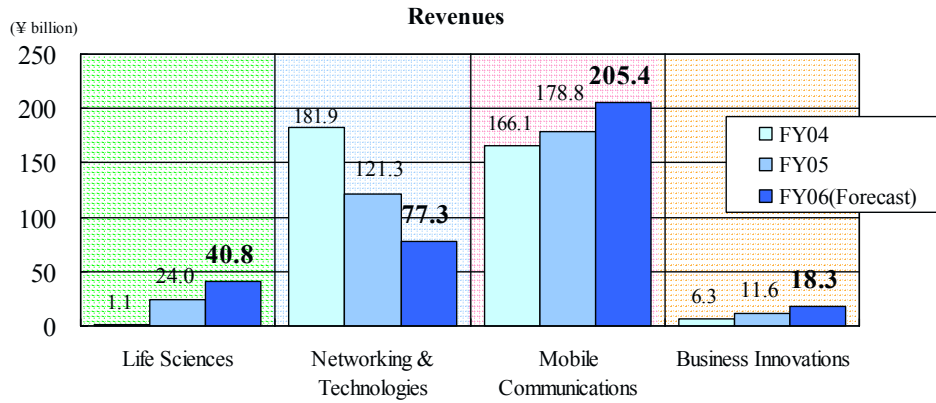


\* Non consolidated SG&A expenses are split evenly between investment securities for business incubation and equipment sales and services

\* Operating income includes companywide operating expenses

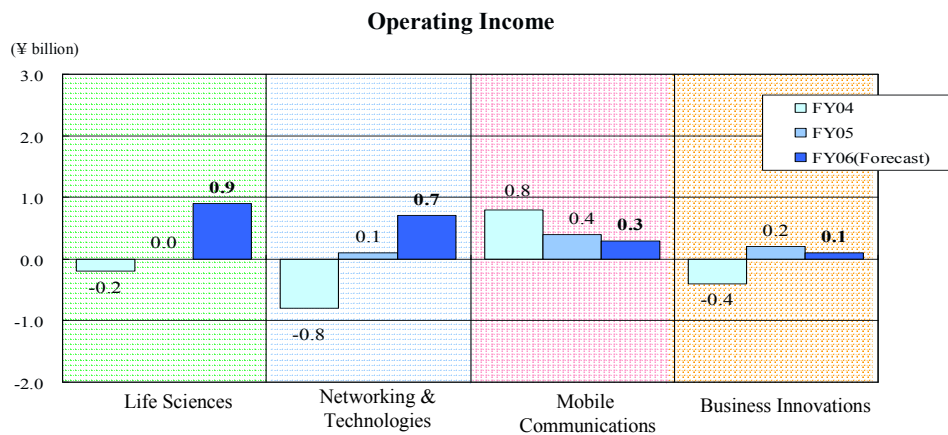
\* Full-year figures for FY04 in the Mobile Communications segment reflect operating results at IT Telecom for the April 03 ~ March 04 period due to a change in fiscal year-end

## Equipment Sales and Services—Full-year Revenues by Segment



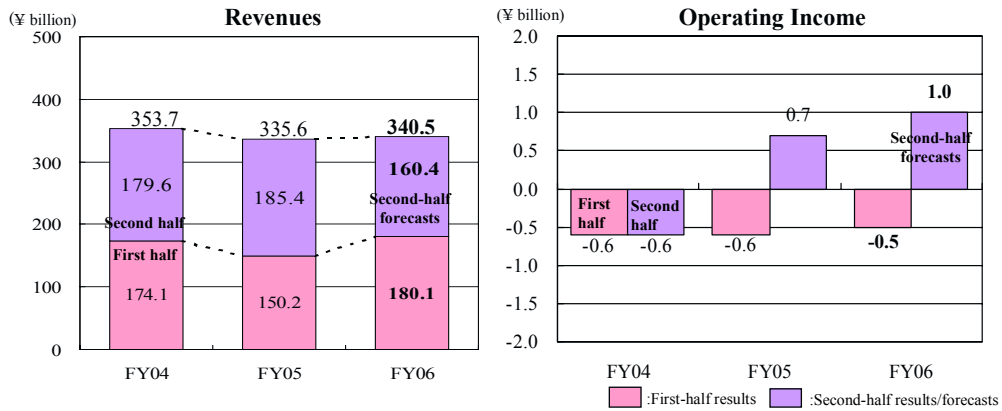
\* Full-year figures for FY04 in the Mobile Communications segment reflect operating results at IT Telecom for the April 03 ~ March 04 period due to a change in fiscal year-end  
 \* Refer to the Supplementary Materials in page 7 for more details

## Equipment Sales and Services—Full-year Operating Income by Segment



\* Full-year figures for FY04 in the Mobile Communications segment reflect operating results at IT Telecom for the April 03 ~ March 04 period due to a change in fiscal year-end  
 \* Refer to the Supplementary Materials in page 7 for more details

## Equipment Sales and Services—Attaining Full-year Forecasts

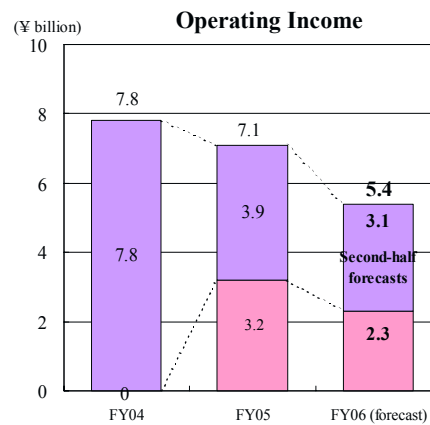
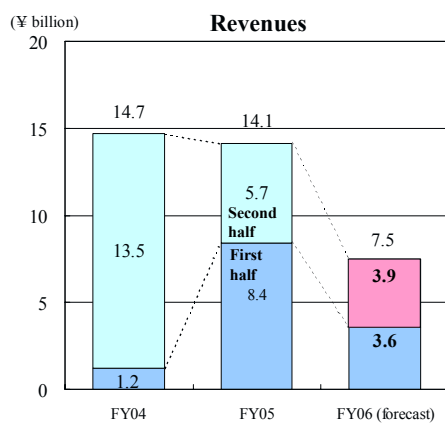


- B2B-related business ⇒ trend in earnings pattern to concentrate in 4Q
- Recovery in earnings at IT Telecom
- Peak sales for mobile phones: December ~ January and March (Second half)
- Revenues: ¥109.1 billion
- Operating income: ¥2.0 billion

\* Interim figures for FY04 in the Mobile Communications segment reflect operating results at IT Telecom for the April 03 ~ September 03 period, and second-half figures for FY04 reflect operating results for the same company for the October 03 ~ March 04 period, due to a change in fiscal year-end

## 2-2 Investment Securities for Business Incubation—Forecasts

### Investment Securities for Business Incubation —Full-year Results and Forecasts



Key Factors in Attaining Forecasts

■ Sold investment securities held for business incubation  
(Second half) Gains on sales : ¥ 3.9billion  
Operating Income : ¥ 3.1 billion

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

### 3. Investment Performance

**Interim Investment Performance**  
(Including US investment subsidiaries and domestic funds)

**Total investments made in fiscal 2006 interim period: ¥1.85 billion**  
(including ¥1.0 billion in new investments)

	Interim FY06 Investments	Core Business Fields	Investment Projects
Life Sciences	<b>¥ 0.27 billion</b> (¥ 0.15 billion)	◆Medical ◆Biotechnology	Investment in FibroGen Investment in EndoVx
Networking & Technologies	<b>¥ 0.46 billion</b> (¥0.16 billion)	◆Network Solutions ◆Broadband ◆Internet Services ◆Next-generation Semiconductors and Electronic Devices	Investment in VL Inc. Investment in 1021 Technologies
Mobile Communications	<b>¥ 0 .0billion</b> (¥ 0.0billion)	◆Mobile Terminals, Solutions and Content	
Business Innovations	<b>¥ 1.12 billion</b> (¥0.69 billion)	◆Business Innovations ◆Corporate Venture Capital (CVC)	Investment and other support for VSN, ESTAGE, SKIPPER WIRELESS and other companies
Total	<b>¥ 1.85 billion</b> (¥1.0 billion)		

\* New investments shown in parenthesis  
\* Refer to pages 25 and 26 of the Supplementary Materials for more details

## Outstanding Investments

(As of September 30, 2005)

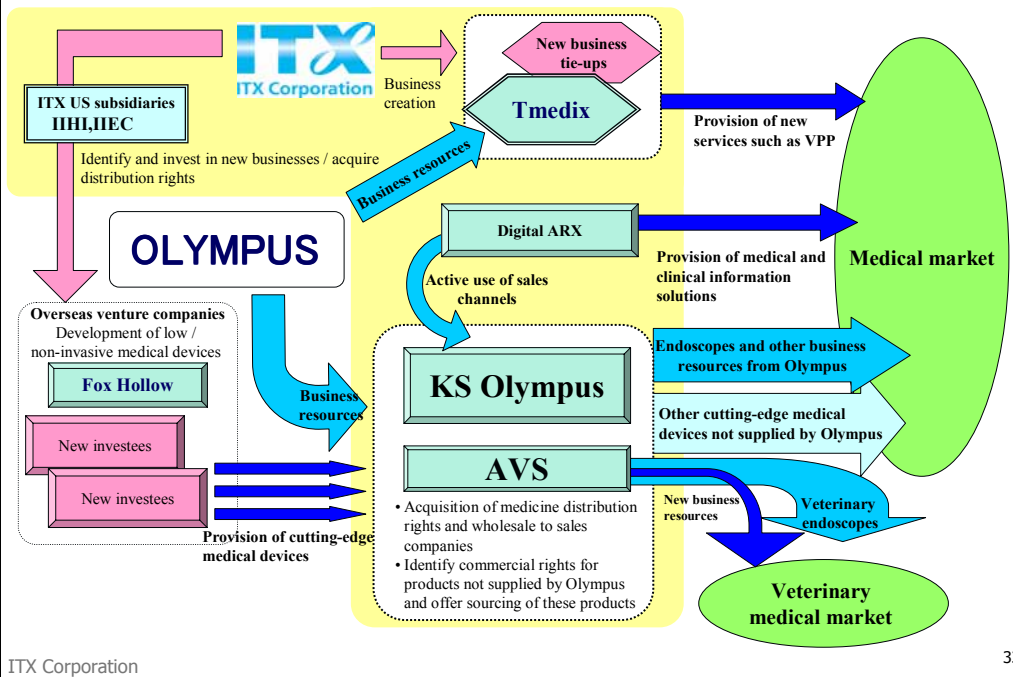
Accounting classification	Investment by ITX Corporation		Investment by US investment subsidiaries		Investment by domestic investment funds	
	Balance (¥ billion)	# of companies	Balance (¥ billion)	# of companies	Balance (¥ billion)	# of companies
Core subsidiaries and affiliates	55.3	13	—	—	—	—
Business incubation securities in affiliates (Incl. equity-method affiliates)	10.8 (4.2)	24 (6)	0.1 (0.1)	1 (1)	0.8	3
Business incubation securities	7.6	45	1.4	10	0.1	1
Investment securities	5.5	37	0.1	3	—	—
Business incubation bonds in affiliates	0.1	0	—	—	—	—
<b>Total</b>	<b>79.3</b>	<b>119</b>	<b>1.6</b>	<b>14</b>	<b>0.9</b>	<b>4</b>

Business segment	Investment by ITX Corporation		Investment by US investment subsidiaries		Investment by domestic investment funds	
	Balance (¥ billion)	# of companies	Balance (¥ billion)	# of companies	Balance (¥ billion)	# of companies
Life Science	6.1	21	1.0	8	—	—
Networking & Technologies	19.0	51	0.6	6	—	—
Mobile Communications	41.1	2	—	—	—	—
Business Innovations	6.0	42	—	—	0.9	4
Corporate	7.1	3	—	—	—	—
<b>Total</b>	<b>79.3</b>	<b>119</b>	<b>1.6</b>	<b>14</b>	<b>0.9</b>	<b>4</b>

## 4. Interim Operating Performance and Highlights

## Core Business Fields (1)—Business Tie-ups With Olympus (Medical Business)

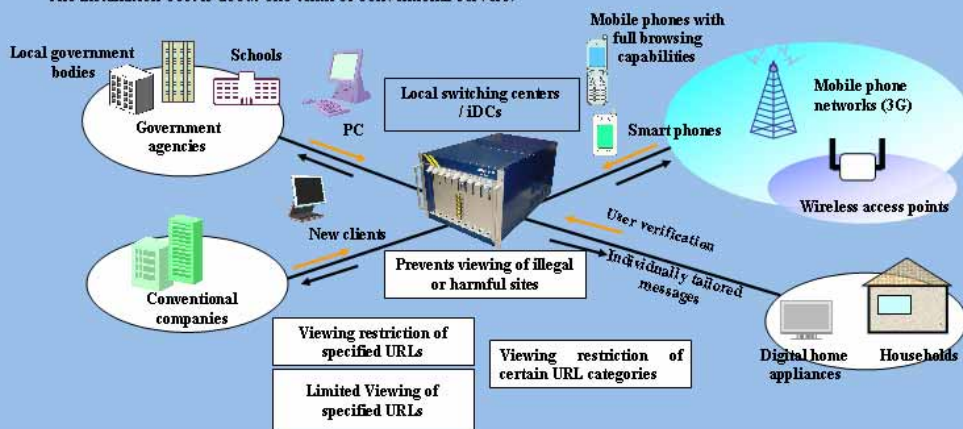


## Core Business Fields (2)—(Performance in Interim FY06: Business Innovations)

### DUAXES

#### First in the industry to launch entirely hardware-based URL filtering devices

- Compatible with all internet terminals, devices can be installed in local switching centers/internet data centers (IDCs) operated by mobile phone carriers, telecommunications companies, ISPs and portal site operators. It allows web surfing control to be tailored to each user's needs.
- Capable of processing information equivalent to 10 conventional servers ⇒ equivalent to several million users. The installation cost is about one-tenth of conventional servers.

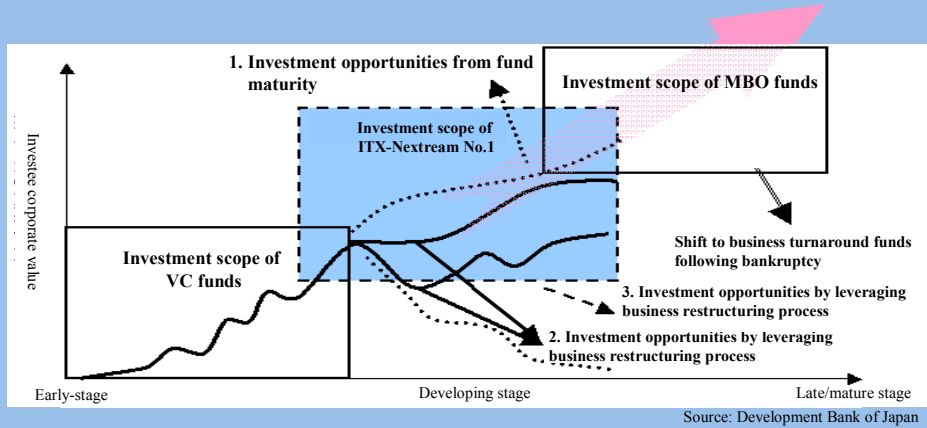


## Core Business Fields (3)—(Performance in Interim FY06: Business Innovations)

### ■ ITX Capital Innovation

#### Identifying business opportunities among unlisted companies in the retail market

In cooperation with Development Bank of Japan and other companies, established growth support fund for unlisted companies—ITX-Nextream No.1 Investment Limited Liability Partnership (ITX Group's first investment fund that includes funds from external investors)



## Progress at Companies Aiming for IPOs (Interim FY06)

### ■ IT Telecom

Ongoing implementation of market share expansion strategy targeting upcoming introduction of number portability system.

- ◆ New mobile phone sales: Approx. 450,000 units  
(New mobile phone contracts in Apr. ~ Sep. period: Approx. 7.8 million, ranked 4th in the market)
- ◆ While new mobile phone sales decreased by 11% YoY in the market, IT Telecom posts increase of 9%
- ◆ Creation of new volume sales marketing division has led to steady increase in sales via volume sales channel ⇒ 37% rise YoY
- ◆ Nationwide network of 233 stores (as of September 30, 2005)  
(227 stores at March 31, 2005)
- ◆ Pivot portal site operated by IT Telecom launched in April 2005  
⇒ Around 70,000 members has registered (as of September 30, 2005)

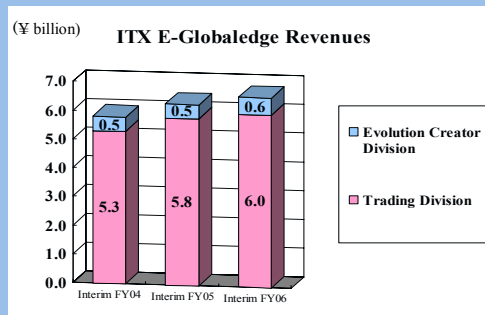
## Progress at Companies Aiming for IPOs (Interim FY06)

### ■ ITX E-Globaledge

- High-speed infrared wireless communication system developed jointly with NTT DoCoMo, Sharp and others was adopted as international standard by industry standards body

ITX E-Globaledge to begin offering a compatible protocol stack from November 2005

- ITX E-Globaledge to begin provision of SiGN solutions that improve performance of application servers jointly with Insight Technologies and VERITAS Software



## Progress at Companies Aiming for IPOs (Interim FY06)

### ■ QuattroMedia

- Actively introducing new mobile content; released 10 new types of contents in the interim period

Content type and number	Information	Games	Ringtones	e-Commerce	Media	Total
As of Mar. 31, 2005	13	14	15	15	3	60
As of Sep. 30, 2005	17	15	17	18	3	70

- Steady increase in total registered users
- Transfer and integration of businesses from subsidiary DIDS—PPV viewing log data collation, data broadcasting planning, content production and operation, and digital broadcasting outsourcing

### ■ Net Protections

- Steady rise in # of active stores registered ⇒ # of stores using NP Pay On Delivery services exceeds 3,000
- Cumulative # of NP Pay On Delivery service users exceeds 1 million in October 2005
- Aims to further increase # of registered stores using NP Pay On Delivery services and NP Card by linking up with companies providing shopping cart services to web-retailing companies

## 5. ATLUX Business Strategy

### Company Overview



**Company name:** Atlux Corporation

(URL: [www.atlux.co.jp](http://www.atlux.co.jp))

**Head office:** Atlux Bldg., 1-13-6 Tomioka, Koto-ku, Tokyo

**Established:** November 1988

**Capital:** ¥0.32billion

**Representative:** Minoru Takagi

**Employees:** 103

**Shareholder:** ITX Corporation

**Clients:** Approx. 700 companies

**Business locations:** Tokyo head office and Osaka branch office

**Certifications:** Acquired Japan's first domestic privacy mark certificate (Sep. 1998)

**Subsidiaries:** Atlux Humanage, Inc. (URL: [www.humanage.co.jp](http://www.humanage.co.jp))

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Tokyo Head Office

## Atlux's Mission

**Atlux's mission is to offer optimal solutions while focusing on two major management issues faced by every company regardless of the type of industry or their size of business.**

Two major management issues faced by companies = reinforcing two types of capital

- 1. How to recruit core personnel who plays key role in supporting future growth → Reinforce human capital**
- 2. How to strengthen relationships with customers to boost sales and profits → Reinforce financial capital**

## Atlux's Business Scope

### Human Capital Management Business

### Customer Relationship Management Business

#### New Graduate Recruitment Solution Services

- Provides supports to companies on recruitment of new graduates

#### Aptitude Assessment Services

- Planning, development and support for the introduction of personnel aptitude tests

#### EAP Services

- Stress management services for current employees

#### New Graduate Dispatch Services

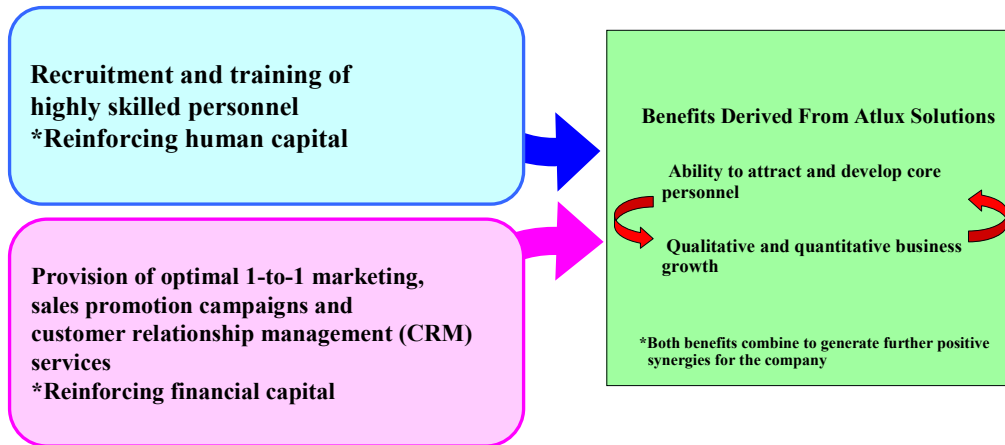
- Assignment of new graduates to IT technician, administrative and sales positions

#### CRM Solutions Services

- 1-to-1 marketing and consulting services to enhance CRM
- Promotion of PDCA cycles to plan, implement, analyze and improve different types of sales promotion campaigns
- Provision of integrated CRM outsourcing services (DM, internet, email, telemarketing, etc.)



## Solutions Provided by Atlux



## Atlux's Characteristics and Strengths

- A menu of proprietary & technology-driven services underpinned by IT and data processing capabilities.
- 17 year of accumulated expertise in handling personal information since its establishment; received Japan's first domestic privacy mark certificate.
- Providing a one-stop-shop for all of customers' need ranging from consulting to outsourcing services with a lineup of services.

## Future Business Development

Atlux will provide a unique range of services focusing on human capital management and customer relationship management. Atlux will achieve both qualitative and quantitative growth by helping its customers succeed through the services provided.

### **FY06 Business Plan (Consolidated basis; ¥ billion)**

	FY05	FY06 (Forecast)
<b>Revenues</b>	3.6	4.0
<b>Operating Income</b>	0.1	0.2