

Aerospace, Electronics & Multimedia Company

Message from the Division Company President

Under our A&P-2002 Mid-term Plan, in which we are working to “expand corporate value as an industry leading business group,” we reinforced the base of our existing businesses and reformed our profit structure while concentrating on new business areas such as Bio and Nano technologies.

Under our Super A&P-2004 Mid-term Plan, we will strengthen profitability in the face of a rapidly changing market, industry and technology with a “frontier spirit for consistent creation of new businesses.” To achieve this, we will implement two measures, “laying the ground work for the future” by undertaking new technology and new businesses and “strengthening subsidiaries and affiliates and expanding consolidated net income” through increasing our group companies’ corporate value.



Business Performance in Fiscal Year 2003

In our consolidated results for fiscal year 2003, gross trading profit reached ¥102.5 billion and trading income* ¥25.9 billion, although domestic IT-related transaction decreased due to lowered IT-related investment from a sluggish economy. Net income was ¥14.3 billion, due to a decrease in gain on sale of investments in securities.

What We Did in Fiscal Year 2003

In the Total Solutions business, in an alliance with Hitachi, Ltd., we worked together to further strengthen IT services and develop new businesses utilizing cutting-edge technologies such as Bio and Nano technologies. Together with ITOCHU TECHNO-SCIENCE Corporation (CTC), we acquired the domestic marketing rights for an integrated high-end Linux server that is highly reliable and largely cuts system maintenance costs. In order to strengthen this area, we made CRC Solutions Corp. (CRC), which is strong in developing and operating office application systems and in handling outsourced operations, into a consolidated subsidiary and organized a system to promote our business centering on CTC and CRC.

In the e-business area, Excite Japan Co., Ltd. made a full-scale entry in the broadband-related business with the *BB.Excite* content distribution service and *Woman Excite café*, a broadband café that specifically targets women.

In the mobile phone business, we enhanced both hardware/software competitiveness and profitability by strengthening mobile phone sales and service company ITC NETWORKS CORPORATION and by establishing NANO Media, Inc. to supervise entire mobile internet content business.

In the media content sector, mainly to increase the number of subscriber households of CS broadcaster SKY PerfecTV!, we established a set top box sales company, T.T. Nexyz. Corporation.

In the aerospace field, in addition to efforts to increase profitability on a collaboration base with ITOCHU Aviation Co., Ltd. and other group companies, we worked to strengthen the cyber security business with iDEFENSE Japan Inc.

In the new business area, in addition to establishing the Bioinformatics Center making the best use of IT and Bio technologies for strengthening our foothold in the Bio business, we established a protein analysis firm, Proteome Systems Japan, in conjunction with an Australian biotechnology firm.

Yoichi Okuda
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