

May 8, 2007

Consolidated Earnings Report for the Year Ended March 31, 2007

Company Name: ITX Corporation
 Stock Listing: Osaka Securities Exchange (Hercules)
 Code: 2725 Head Office: Tokyo
 (URL <http://www.itx-corp.co.jp/>)
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 Scheduled date for Ordinary Annual General Meeting of Shareholders: June 22, 2007

1. Consolidated Results for the year ended March 31, 2007 (April 1, 2006 – March 31, 2007) -- Unaudited

(1) Consolidated Operating Results (Millions of yen)

	Revenues		Operating income (loss)		Net income(loss)	
Apr. 1 - Mar. 31, 2007	330,314	(-4.8)%	2,784	(-4.2) %	(1,751)	(-)%
Apr. 1 - Mar. 31, 2006	346,855	(-0.8)%	2,906	(-59.4) %	1,318	(119.0)%

(Yen)

	Net income (loss) per share	Net income per share (diluted)
Apr. 1 - Mar. 31, 2007	(3,571.40)	-
Apr. 1 - Mar. 31, 2006	2,616.49	2,166.43

(Reference): Equity in gains of unconsolidated subsidiaries and affiliates:

Apr. 1 - Mar. 31, 2007	¥ 49 million
Apr. 1 - Mar. 31, 2006	¥ 147 million

(2) Consolidated Financial Position (Millions of yen)

	Total assets	Total net assets	Equity Ratio	Net assets per share
			%	(Yen)
Mar. 31, 2007	178,301	29,178	14.1	51,431.48
Mar. 31, 2006	167,049	26,897	16.1	54,794.33

(Reference): Equity :

Mar. 31, 2007	¥ 25,214 million
Mar. 31, 2006	¥ -

(3) Consolidated Cash Flows (Millions of yen)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents, at end of year
Apr. 1 - Mar. 31, 2007	6,495	(2,314)	3,945	25,932
Apr. 1 - Mar. 31, 2006	(13,363)	(112)	6,658	17,618

Note: figures in brackets indicate minus amounts

2. Dividends

Record date	Dividends per Share(¥)			Total dividends (annual) (millions of yen)	Dividend payout ratio (%) (Consolidated)	Dividend on equity (%) (Consolidated)
	Interim	Year-end	Annual			
Year ended March 31, 2007	-	-	0.00	-	-	-
Year ended March 31, 2006	-	-	0.00	-	-	-
Year ending March 31, 2008 (forecast)	-	-	0.00	-	-	-

3. Forecast for Fiscal 2008 (April 1, 2007 – March 31, 2008)

	Revenues		Operating income (loss)		Net income(loss)		Net income (loss) per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30,2007	168,000	9.5	1,200	-	100	-	203.98
Year ending March 31, 2008	358,000	8.4	4,500	61.6	1,500	-	3,059.73

(Note : Percentage changes are compared with the previous corresponding period.)

4. Other

(1) Changes in major subsidiaries during the period

(changes in specified subsidiaries due to change in the scope of consolidation): No

(2) Changes in accounting principles, procedures or methods of presentation associated with consolidated financial statements (significant changes in basis of presenting consolidated financial statements)

(i) Changes due to revisions to accounting standards: Yes

(ii) Other changes besides (i): Yes

Note: For further details, please refer to “Significant changes in basis of presenting consolidated financial statements” on page 23.

(3) Number of shares issued and outstanding (Common stock):

	Mar. 31, 2007	Mar. 31, 2006
Number of shares issued and outstanding	490,240	490,240
Treasury Stock	-	-

(Reference)

Summary of Non-Consolidated Results for the year ended March 31, 2007 (April 1, 2006 – March 31, 2007) -- Unaudited

(1) Non-Consolidated Operating Results

(Millions of yen)

	Revenues		Operating income (loss)		Net income(loss)	
Apr. 1 - Mar. 31, 2007	4,761	(-91.5)%	(987)	(-) %	1,782	(183.0) %
Apr. 1 - Mar. 31, 2006	56,049	(-47.1)%	(2,485)	(-) %	630	(-92.0)%

(Yen)

	Net income (loss) per share	Net income per share (diluted)
Apr. 1 - Mar. 31, 2007	3,635.64	3,018.65
Apr. 1 - Mar. 31, 2006	1,284.89	1,066.84

(2) Non-Consolidated Financial Position

(Millions of yen)

	Total assets	Total net assets	Equity Ratio	Net assets per share
			%	(Yen)
Mar. 31, 2007	107,537	35,550	33.1	72,516.59
Mar. 31, 2006	107,554	33,579	31.2	68,495.66

(Reference): Equity:

Mar. 31, 2007 ¥ 35,550 million

Mar. 31, 2006 ¥ -

Cautionary Statement on Appropriate Use of Earnings Forecasts

Earnings forecasts are based on information available and assumptions of uncertainties that could impact future results as of the date of release. Accordingly, actual results could differ materially to forecasts due to a variety of factors. Please refer to page 6 of the supplementary materials for cautionary statements concerning the appropriate use of earnings forecasts.

1. Results of Operations and Financial Review

(1) Operating Result

Operating Environment

During fiscal 2007, ended March 31, 2007, the Japanese economy maintained its recovery as strength in the corporate sector spread to the household sector in the form of an improved employment market and higher incomes. The operating environments of ITX Group companies were also generally firm. In terms of stock market conditions, the Nikkei Average started the fiscal year at a high level, reflecting hopes for economic growth. During the period, however, there was a major correction due to fallout from a global downturn in stock prices. Despite this, the Nikkei Average had recovered some lost ground by the end of the fiscal year. However, in emerging equity markets where ITX Corporation seeks to realize value for the Group, a number of issues such as renewed focus on corporate governance meant private investors were more cautious, resulting in a weaker investment environment than the previous fiscal year.

Results

Against this backdrop, in the first year of its 2006 Corporate Strategic Plan (three-year medium-term management plan launched in fiscal 2007), the Group worked toward its management goal of establishing ITX as a brand synonymous with professional business acceleration through business investment and development, and initiatives in equipment sales and services.

In equipment sales and services, we focused on the company-wide strategy of building an operating base capable of generating consistent consolidated earnings. As a result, we achieved steady progress particularly in our three core businesses: automotive aftermarket services, mobile phone retailing and the medical business. In the automotive aftermarket services business, which we moved into for the first time in fiscal 2007, Broadleaf Co., Ltd. (renamed from ITX Tsubasa Net Co., Ltd. in August 2006), which was acquired by ITX Corporation at the end of fiscal 2006, began operations and contributed to consolidated earnings. In mobile phone retailing, IT Telecom, Inc. achieved a significant improvement in earnings due to earnings structure reforms implemented from the previous fiscal year. In the medical business, KS OLYMPUS CO., LTD. reported stable earnings.

However, in business investment and development activities, sales of investment securities for business incubation by ITX Corporation were significantly below plan. This reflected two main factors: subsidiaries seeking to list are taking longer than expected to achieve growth targets, and efforts to maximize gains led to delays in sales of investment securities for business incubation.

Consequently, we lowered our full-year consolidated earnings forecasts, and in light of this, overhauled our 2006 Corporate Strategic Plan.

Despite firm equipment sales and services by consolidated subsidiaries in the automotive aftermarket services, mobile phone retailing and medical businesses, consolidated revenues for the year declined 4.8% to ¥330,314 million, chiefly due to the termination of OEM PC peripheral products in the previous fiscal year. The main contributors to revenues were ITX Corporation, with ¥4,761 million; and major consolidated subsidiaries IT Telecom, Inc., ¥214,028 million (consolidated revenues); KS OLYMPUS CO., LTD, ¥34,857 million, ITX E-Globaledge Corporation, ¥18,506 million (consolidated revenues), and Broadleaf Co., Ltd., ¥16,650 million (consolidated revenues). Revenues by business segment were as follows (figures in parentheses indicate share of consolidated revenues): ¥45,138 million (13.7%) in Life Sciences; ¥51,294 million (15.5%) in Networking & Technologies; ¥216,397 million (65.5%) in Mobile Communications; and ¥17,581 million (5.3%) in Business Innovations.

Despite a drop in gains on sales of investment securities for business incubation, consolidated gross profit increased 20.5% year on year to ¥49,518 million due to improved profitability in equipment sales and services. This reflected higher sales of mobile phones by IT Telecom, Inc., increased sales of optical medical equipment by KS OLYMPUS CO., LTD, and the contribution of sales of packaged software for the automotive aftermarket by Broadleaf Co., Ltd., which became a consolidated subsidiary at the end of the previous fiscal year.

Selling, general and administrative (SG&A) expenses increased ¥8,556 million year on year to ¥46,734 million, due primarily to the actual start of business operations by Broadleaf Co., Ltd.. This figure mainly comprised personnel expenses of ¥19,088 million and non-personnel expenses of ¥27,646 million (including ¥3,076 million for the amortization of goodwill). Operating income dropped 4.2% to ¥2,784 million. After other income, mainly gains on sales of investment securities, and other expenses, chiefly impairment loss on investment securities, ITX reported a loss before income taxes of ¥567 million, representing a decline in income before income taxes of ¥3,257 million. The net loss was ¥1,751 million, representing a drop in net income of ¥3,069 million from a year earlier.

Operating Results by Business Segment

As of March 31, 2007, the ITX Group consisted of ITX Corporation, 52 subsidiaries, including 2 companies not accounted for as a consolidated subsidiary or an equity-method affiliate, and 14 affiliates, including 3 companies not accounted for as an equity-method affiliate, for a total of 67 companies.

The following table lists operating results by segment and by source of revenue (gains from sales of investment securities for business incubation and revenues from sales of equipment and provision of services) on a consolidated basis for the year ended March 31, 2007.

(Millions of yen)

Segment	Apr. 1, 2005- Mar. 31, 2006	Apr. 1, 2006- Mar. 31, 2007
Life Sciences		
Revenues	42,389	45,138
Sales of investment securities for business incubation	2,403	529
Equipment sales and services	39,986	44,609
Gross Profit	8,015	6,849
Sales of investment securities for business incubation	1,872	248
Equipment sales and services	6,143	6,601
Selling, general and administrative expenses	5,608	6,358
Operating income (Loss)	2,407	491
Sales of investment securities for business incubation	1,688	145
Equipment sales and services	719	346
Networking & Technologies		
Revenues	83,716	51,294
Sales of investment securities for business incubation	2,897	4,105
Equipment sales and services	80,819	47,189
Gross Profit	8,683	18,389
Sales of investment securities for business incubation	2,070	2,197
Equipment sales and services	6,613	16,192
Selling, general and administrative expenses	6,690	14,616
Operating income (Loss)	1,993	3,773
Sales of investment securities for business incubation	1,704	2,013
Equipment sales and services	289	1,760
Mobile Communications		
Revenues	204,332	216,397
Sales of investment securities for business incubation	-	-
Equipment sales and services	204,332	216,397
Gross Profit	20,209	21,529
Sales of investment securities for business incubation	-	-
Equipment sales and services	20,209	21,529
Selling, general and administrative expenses	20,348	20,681
Operating income (Loss)	(139)	848
Sales of investment securities for business incubation	(12)	(8)
Equipment sales and services	(127)	856
Business Innovations		
Revenues	16,927	17,581
Sales of investment securities for business incubation	587	240
Equipment sales and services	16,340	17,341
Gross Profit	4,223	2,751
Sales of investment securities for business incubation	237	(515)
Equipment sales and services	3,986	3,266
Selling, general and administrative expenses	4,347	3,944
Operating income (Loss)	(124)	(1,193)
Sales of investment securities for business incubation	97	(639)
Equipment sales and services	(221)	(554)

Segment	Apr. 1, 2005- Mar. 31, 2006	Apr. 1, 2006- Mar. 31, 2007
Elimination and Corporate		
Revenues	(509)	(96)
Sales of investment securities for business incubation	-	-
Equipment sales and services	(509)	(96)
Gross Profit	(46)	-
Sales of investment securities for business incubation	-	-
Equipment sales and services	(46)	-
Selling, general and administrative expenses	1,185	1,135
Operating income (Loss)	(1,231)	(1,135)
Sales of investment securities for business incubation	(592)	(568)
Equipment sales and services	(639)	(567)
Consolidated		
Revenues	346,855	330,314
Sales of investment securities for business incubation	5,887	4,874
Equipment sales and services	340,968	325,440
Gross Profit	41,084	49,518
Sales of investment securities for business incubation	4,179	1,930
Equipment sales and services	36,905	47,588
Selling, general and administrative expenses	38,178	46,734
Operating income (Loss)	2,906	2,784
Sales of investment securities for business incubation	2,885	943
Equipment sales and services	21	1,841

Notes: Operating income from sales of investment securities for business incubation and from equipment sales and services has been shown for reference purposes from the period under review.

Forecasts for Fiscal 2008 (ending March 31, 2008)

For fiscal 2008, ITX Group is forecasting operating income of ¥4.5 billion, and net income of ¥1.5 billion on consolidated revenues of ¥358.0 billion. These forecasts, which represent increases of approximately ¥1.7 billion, ¥3.2 billion and ¥27.6 billion, respectively, reflect expected growth in the automotive aftermarket services, mobile phone retailing and medical businesses, the Group's three core businesses.

The above forecasts are based on information available at the time of release or certain reasonable assumptions and may be affected by a number of uncertainties including, but not limited to, those listed in (4). Business Risks, such as the economic situation, competitive climate and market environment. Consequently, actual results may differ materially from those discussed above. The Company will immediately disclose revised earnings projections in the event of factors impacting forecasts.

(2) Financial Position

Changes in total assets, liabilities and net assets

As of March 31, 2007, total assets stood at ¥178,301 million, an increase of ¥11,252 million, or 6.7%, compared to the end of the previous fiscal year. This was mainly attributable to an increase in trade notes and accounts receivable and inventories at consolidated subsidiaries IT Telecom, Inc. and KS OLYMPUS CO., LTD., and the actual start of operations at Broadleaf Co., Ltd. (renamed from ITX Tsubasa Net Co., Ltd. in August 2006), which became a consolidated subsidiary at the end of fiscal 2006.

At the fiscal year-end, interest-bearing debt totaled ¥93,803 million, an increase of ¥3,040 million compared to a year earlier. This was mainly attributable to an increase in debt related to multiple investments by ITX Corporation and overseas subsidiaries.

After booking a net loss of ¥1,751 million, net assets at the fiscal year-end stood at ¥29,178 million, a drop of ¥2,281 million compared to a year earlier. As a result, the shareholders' equity ratio declined from 16.1% to 14.1%.

In accordance with a proposal to reduce the Company's additional paid-in capital, approved by the Ordinary Annual General Meeting of Shareholders on June 23, 2006, of ¥27,968 million in additional paid-in capital in the net assets account, ¥14,950 million was transferred to retained earnings, effective July 27, 2006.

Cash flows

Cash and cash equivalents at the end of the year stood at ¥25,932 million, ¥8,314 million more than at the end of fiscal 2006.

(Cash flows from operating activities)

Operating activities provided net cash of ¥6,495 million. This mainly reflected loss before income taxes of ¥567 million, outweighed by non-cash items such as amortization of goodwill of ¥3,076 million, depreciation of ¥2,851 million, and impairment loss on investment securities of ¥1,993 million.

(Cash flows from investing activities)

Investing activities used net cash of ¥2,314 million. This was chiefly due to proceeds from redemption of securities of ¥1,267 million, against cash used for capital investment at Group companies such as IT Telecom, Inc. and Quattro Media Corporation.

(Cash flows from financing activities)

Financing activities provided net cash of ¥3,945 million. This mainly reflected an increase in borrowings at consolidated subsidiaries.

(3) Basic Policy on Distribution of Profit and Dividends for Fiscal 2007 and 2008

ITX sees the return of profits to shareholders as a key management issue. Going forward, ITX will consider returning profits to shareholders by resuming dividend payments while taking into account efforts to strengthen its financial position and increase internal reserves.

(4) Business Risks

The following is a list of major business risk factors which ITX views as associated with its operations. In addition, ITX also actively discloses other information which may not necessarily be business risks, but may impact one's investment decisions. Readers and potential investors are cautioned, however, that the list below does not purport to be a comprehensive analysis of business risk factors impinging on the operations of ITX.

General risks associated with investment and incubation activities

By developing unlisted companies to enhance their enterprise value, the ITX Group aims to generate corporate value by securing capital gains through IPOs, M&As and other means. Consequently, the following risks may impact the earnings of the Company's investment and development activities, which are a key source of earnings for the Group.

1. Discovery of promising investment and business creation opportunities
The inability to identify promising business investment opportunities (new business creation, investment or acquisition targets).
2. Business incubation period following initial investment
The business incubation period of investees may exceed that of initial estimates.
3. Business value of investees
The business value of an investee may not increase in line with initial estimates.
4. Impact of investees' operations on ITX's financial results on a consolidated basis.
The financial results of an investee may have an impact on ITX's financial results on a consolidated basis, leading to a significant fluctuation in its operating results.
5. Capital gains from investments
The Company may not be able to sell its investments at an expected share price or at a favorable time. This will prevent the Company from securing capital gains as initially projected.
6. Changing conditions in stock markets on which investees are seeking to list or the environment for IPOs
Delays or cancellations to investee listings or fluctuations in the IPO issue price as a result of changing conditions in stock markets or the environment for IPOs, may impact on ITX's financial results on a consolidated basis, leading to a significant fluctuation in its operating results.
7. Listed investee share price
The stock price fluctuations in investees after going public or in ITX's investments in publicly traded securities may impact ITX's financial position and its consolidated financial results.

8. Business restructuring

Restructuring involving the disposal, merger, or liquidation of existing businesses, or the creation, investment in or acquisition of new businesses may not be implemented as scheduled.

Risk factors in target business fields

1. Market size and growth predictions

Markets in which ITX businesses operate may contract, or fail to expand in line with initial growth predictions.

2. Competing products, technologies and services

The introduction of competitive products, technologies and services in the market may have an impact on the operations of ITX.

3. Problems related to products, systems and services offered by ITX

Problems or deficiencies related to products, systems, services, technological support or aftercare services provided by ITX may have an impact on operations.

4. Declines in incentives and commissions

Incentives and commissions offered to ITX for the sales or provision of third-party products, systems and services may fall short of realistic or projected levels.

5. New product development/new service provision

The development of new products or new services scheduled for future launch may not proceed as scheduled.

6. Collection of Receivable

The inability to collect receivables from business partners facing financial difficulty, bankruptcy or other problems, may have an impact on the operations or financial results of ITX.

Management risk

1. Financial position

Failure to secure a planned level of net income may affect the Company's ability to rapidly reduce the accumulated deficit. The procurement of additional funds may lead to a deterioration in the Company's debt equity ratio.

2. Procurement of funds

The Company may not be able to acquire funds as planned. The cost of procuring funds may rise to such a level that it impacts on the Company's financial results.

3. Securing personnel

Failure to secure personnel with appropriate management, investment, business incubation or business operation skills may have an impact on the operational capabilities of the Company.

Other

1. Conversion of convertible bonds with stock acquisition rights

The conversion into shares of ¥10 billion in convertible bonds with stock acquisition rights may result in the dilution of ITX stock.

2. Stock options

The Company issues stock options via subscription rights to motivate employees in enhancing ITX's performance. In line with this thinking, ITX is currently examining the further issue of subscription rights to executives and employees of the Company. The exercise of these rights may lead to dilution of ITX's share price.

3. Information security

ITX and its subsidiaries have put in place information security measures in line with the ITX Group Basic Information Security Policy. However, the loss of public trust in the Company in the event of the leak of personal information for some reason could have an impact on the operating results of ITX.

4. Seasonal fluctuations in operating results

Many of the businesses operated by subsidiaries in the equipment sales and services field are B-to-B businesses, while in the Mobile Communications segment one of the most important sales periods for the mobile phone retailing business is March. Consequently, sales tend to be concentrated at the end of the fiscal year. As a result, the Company faces difficulties in forecasting full-year earnings based solely on consolidated quarterly or interim performance.

2. The ITX Group

ITX Group comprises ITX Corporation, 52 subsidiaries, including 2 companies not accounted for as a consolidated subsidiary or an equity-method affiliate, and 14 affiliates of which 3 are accounted for by the equity method.

Aiming to create new enterprise value through investment, the ITX Group conducts business acceleration, equipment sales and service provision specializing in four key fields: Life Sciences; Networking & Technologies; Mobile Communications; and Business Innovations. ITX's main business areas and the position of each subsidiary and affiliate in the ITX Group are as follows:

Life Sciences

- Medical
Sales of endoscopes, microscopes and other optical medical equipment and the provision of related value per procedure (VPP) programs; sales of medical devices based on U.S. and European technologies, and low/non-invasive devices designed to reduce the burden on patients; provision of medical informatics solutions
- Biotechnology
Provision of support for genome-based drug development and operation of regenerative medicine business

Networking & Technologies

- Automotive Aftermarket Service Business
Development and sales of business packaged software for the automotive aftermarket
- Network Solutions
Provision of system integration services and security solutions; sales of network infrastructure systems; development and sales of packaged software
- Broadband
Provision of EC account settlement, CRM and other Internet services; operation of CATV business and broadband businesses utilizing fiber-optic networks
- Semiconductors and Electronic Devices
Design, development and sales of semiconductor-related equipment and electronic devices, and other operations

Mobile Communications

- Mobile Terminals
Distribution of mobile phone devices
- Mobile Solutions and Content
Provision of mobile solutions, mobile content, interactive services and other operations

Business Innovations

- CVC
Portfolio investments with the aim of securing capital gains
- Human Capital Management
Provision of human resource services for new graduate recruiting support and deployment of new graduates as temporary staff, and provision of personnel-related outsourcing services
- Intellectual Property
Development of business offering patent analysis and patent and technology licensing services

[ITX Group Summary]

ITX Corporation
Life Sciences KS OLYMPUS CO., LTD TmediX Corporation AVS CO.,LTD GeneFrontier Corporation And 1 other subsidiary and 2 affiliated companies
Networking & Technologies BroadLeaf CO.,LTD ITX E-Globaledge Corporation Soliste Corporation And 16 other subsidiaries and 5 affiliated companies
Mobile Communications IT Telecom, Inc. Quattro Media Corporation And 1 other subsidiary and 2 affiliated companies
Business Innovations Atlux Corporation IPX Corporation Nippon Outsourcing Corporation And 19 other subsidiaries and 5 affiliated companies

Notes:

1. Business lines correspond to segment information.
2. Three subsidiaries, such as U.S.-based ITX International Holdings, Inc., ITX International Equity Corporation, EP Operations Co., Ltd., were not included in the diagram above.
3. Soliste Corporation is listed on the JASDAQ Securities Exchange.
4. ITX Tsubasa Net CO.,LTD. was renamed Broadleaf Co., LTD. in August 2006.

5. Changes in scope of consolidation and application of equity method during fiscal 2007

(Increase)	(Decrease)
Consolidated subsidiaries Japan Market Intelligence K.K. BI (Acquisition of shares) Six other companies Equity-method affiliates Flip Inc. BI (Acquisition of shares) Three other companies	Consolidated subsidiaries DIGITAL ARX CORPORATION LS (removal due to merger) MarkAny Japan Corporation NT (sale of shares) Promotions Corporation NT (decrease in importance) Minerva Collection Agency, Inc. BI (sale of shares) Three other companies Equity-method affiliates TOSHIMA CABLE NETWORK CO., LTD NT (sale of shares) TechMatrix Corporation NT (sale of shares) One other company

Notes:

- Business segment names have been abbreviated: Life Sciences (LS), Networking & Technologies (NT), and Business Innovations (BI).
- Reason for change in parentheses.

3. Management Policies

(1) Fundamental Management Policy

The ITX Group's founding ethos and mission is to contribute to society by creating new businesses that leverage IT. Specifically, ITX seeks to: uncover new technologies and use them in innovative ways to create new products and markets; contribute to industrial restructuring through business process reform based on accurate assessments of market needs; and attract and cultivate highly professional personnel by providing stimulating entrepreneurial working environments, based on the belief that business value creation starts with people.

(2) Management Objective

The Company's management objective is to establish ITX as a brand synonymous with professional business acceleration by building an even stronger operating base capable of generating consistent consolidated earnings and accelerating the business investment cycle. In addition to working to realize these goals, ITX will aim to achieve the targets of its 2006 Corporate Strategic Plan, revised in fiscal 2007.

(3) Medium- to Long-term Management Strategy and Issues to Be Addressed

Since the start of the 2006 Corporate Strategic Plan, a three-year medium-term management plan launched in fiscal 2007, the Company has been working to achieve the plan's management objective of establishing ITX as a brand synonymous with professional business acceleration based on three specific goals: realize stock market listings for several subsidiaries, achieve business performance targets, and list ITX shares on the Tokyo Stock Exchange (TSE).

In fiscal 2007, although progress with the company-wide strategy of building an operating base capable of generating consistent consolidated earnings was slower than expected, the Company did make good ground particularly in its three core businesses: automotive aftermarket services, mobile phone retailing and the medical business. However, ITX failed to realize IPOs for subsidiaries scheduled for listing during fiscal 2007. In addition, sales of investment securities for business incubation fell short of targets, and the Company booked significant impairment losses on investment securities. Consequently, results for fiscal 2007 were below targets.

In light of this performance, ITX revised its 2006 Corporate Strategic Plan and incorporated two new specific goals—work to build an even stronger operating base capable of generating consistent consolidated earnings and accelerate the business investment cycle—to maximize the Group's corporate value over the medium term.

Management Targets

The Company's management objective of establishing ITX as a brand synonymous with professional business acceleration in order to speed up the business development cycle remains unchanged. However, based on the Group's current situation, ITX has changed the specific goals to achieve this aim as it strives to boost corporate value by achieving performance targets.

1. Channel resources into strategic business areas to build an even stronger operating base capable of generating consistent consolidated earnings
2. Continually optimize the business portfolio by accelerating the investment cycle
3. Strengthen the financial base

There is also no change to the Company's policy of listing subsidiaries, but the main priorities now are to build an operating base capable of generating consistent consolidated earnings that can achieve performance targets without the premise of such listings, and to optimize the business portfolio by accelerating the investment cycle. As for listing ITX on the TSE, this is something that the Company will revisit when the revised plan's targets appear attainable.

Strategies to Achieve Management Targets

1. Build an even stronger operating base capable of generating consistent consolidated earnings

Summary:

- Reallocate investments of at least ¥20 billion by reviewing current portfolio companies
- Channel resources into three core businesses and their peripheral areas
- Promote greater cooperation with Olympus

ITX investments in Group companies are classified into the following three categories:

(Category 1)

Businesses that generate core earnings for the Group; have the potential to extend business reach into related fields.

(Category 2)

Businesses that can be lifted to category 1 status through further business development.

(Category 3)

Standalone autonomous businesses from which ITX seeks to realize value through IPOs or M&As.

Reallocate investments of at least ¥20 billion by reviewing current portfolio companies

- ✓ Reclassify investees by examining potential of category 2 businesses to identify future category 1 businesses and rapidly realize enterprise value from category 3 businesses.
- ✓ Rapidly realize enterprise value from category 3 businesses; reallocate investments in the business portfolio through share sales of ¥30 billion, or at least ¥20 billion, by fiscal 2009.

Channel resources into three core businesses and their peripheral areas

ITX will channel resources into the following three core businesses classified under category 1. Investment will be used to accelerate their growth.

(Medical business)

- ✓ Centered on KS OLYMPUS CO., LTD, pursue synergies with Olympus Corporation's Medical Business, particularly in gastrointestinal and surgical fields.
In step with Olympus Corporation's strategy, invest in new business opportunities and provide solutions targeting medical institutions.
- ✓ Develop new fields in the medical business
Invest in areas regarded as new fields in Olympus Group's Medical Business (orthopedic surgery and other areas currently being examined).

(Automotive aftermarket services business)

- ✓ Leverage Broadleaf's software development and marketing capabilities to develop and sell new software designed for other specific industry sectors.
Use M&As to access new business opportunities

(Mobile phone retailing business)

- ✓ Centered on IT Telecom, Inc., increase market share and strengthen marketing to corporate customers.
Reinforce corporate customer marketing divisions and strengthen new service development teams to uncover new business opportunities. Actively make acquisitions as a means of increasing market share, aiming to become one of the top three mobile phone retailers in Japan in terms of market share.

Enhance role as a new business creator in the Olympus Group

- ✓ Step up collaboration with Olympus based on the themes of extending the Group's reach in medical business fields and procuring and developing key devices for electronic equipment.
- ✓ Build a framework to realize efficient cooperation between ITX and divisions responsible for new business development in each Olympus Group company; use this framework to implement concrete cooperative efforts.

2. Continually optimize the business portfolio by accelerating the investment cycle

Summary:

Revise investment guidelines (to reduce time needed to recover investments)

Strengthen the capabilities of the CVC investment business

Overhaul investment management framework

Actively invest in new prime projects based on revised investment rules that set investment recovery times

- ✓ Investment scope
Conduct investment to accelerate growth in three core businesses and grow other companies into new core businesses. Also make CVC investments as explained below.
In principle, and excluding CVC investments, invest in projects where investments can be recovered within five years on a cash flow basis (a maximum of ten years for important strategic investments).
- ✓ Investment amount
Make new investments, including CVC projects, of between ¥15 billion and ¥20 billion over 2 years.

Strengthen the capabilities of the CVC investment business

- ✓ While retaining its information gathering role to support the development of the ITX Group, use the investment business to boost earnings by conducting investment activities across different fields.
- ✓ Based on a clear exit strategy, in principle, target investees that offer the potential for capital gains within four years.

CVC investment business: corporate venture capital investments

Portfolio investments conducted by ITX Corporation, U.S. investment subsidiaries and ITX funds to secure capital gains. Also gathers information for the Group with no particular restriction on target fields.

Overhaul investment management framework

- ✓ Increase efficiency of business acceleration functions
Unify the business investment acceleration exit process to speed up business development, and strengthen and increase the effectiveness of business exit capabilities.
- ✓ Improve investment evaluation functions
Strictly enforce Group business performance management and upgrade the investee evaluation system to support continual optimization of the business portfolio.
- ✓ Implement consolidated subsidiary earnings management
In principle, with respect to newly consolidated subsidiaries, ensure newly established businesses achieve profitability on a fiscal-year basis within three years, and acquired businesses contribute to consolidated earnings in the first year of consolidation (including the amortization of goodwill).
Meanwhile, with respect to existing consolidated subsidiaries that are unprofitable, aim to reach a level of potential profitability by fiscal 2009; the status of companies with no prospects of becoming profitable will be reviewed, including possible disposal.

3. Strengthen the financial base

Summary:

- Reduce interest expense (cut non-consolidated interest-bearing debt)

- Reduce costs at ITX Corporation

Reduce interest expense

Allocate a certain amount of cash flows for the repayment of interest-bearing debt and reduce the net interest-bearing debt ratio from 1.7 times at the end of fiscal 2007 to 1.5 times. Also review borrowing conditions to reduce annual interest expense by around ¥0.2 billion to ¥0.3 billion.

Reduce costs at ITX Corporation

Aim to achieve a more streamlined management structure and reduce selling, general and administrative expenses. In addition, generate new earnings by strengthening business support functions to achieve an actual improvement in earnings of around ¥0.6 billion.

ITX Corporation Consolidated Balance Sheets

As of March 31, 2007 and 2006

Assets	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Current assets:			
Cash and cash equivalents	¥ 25,932	¥ 17,618	\$ 219,763
Trade notes and accounts receivable	51,802	44,658	439,000
Allowance for doubtful accounts	(239)	(210)	(2,025)
	51,563	44,448	436,975
Marketable securities	22	1,200	186
Inventories	13,156	12,954	111,491
Deferred tax assets	335	264	2,839
Other current assets	8,461	8,511	71,703
Total current assets	99,469	84,995	842,957
Non-current assets:			
Property and equipment			
Land	1,477	1,667	12,517
Buildings and structures	9,217	9,386	78,110
Machinery and transportation equipment	1,539	1,512	13,042
Furniture and fixtures	3,060	2,681	25,932
Construction in progress	62	-	526
Accumulated depreciation	(7,290)	(6,417)	(61,780)
	8,065	8,829	68,347
Investments and other assets:			
Investment securities	5,527	7,093	46,839
Investment securities for business incubation	12,961	12,422	109,839
Long-term loans receivable	598	151	5,068
Deferred tax assets - non-current	271	273	2,297
Goodwill	43,396	45,417	367,763
Intangible assets	2,992	2,817	25,356
Other non-current assets	5,022	5,052	42,559
	70,767	73,225	599,721
Total non-current assets	78,832	82,054	668,068
Total assets	¥ 178,301	¥ 167,049	\$ 1,511,025

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1

Liabilities and shareholders' equity	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Current liabilities:			
Trade notes and accounts payable	¥ 39,320	¥ 33,374	\$ 333,220
Short-term borrowings	12,907	21,240	109,381
Current portion of long-term debt	17,339	7,235	146,941
Accrued income taxes	975	784	8,263
Allowance for short-term cancellation repayment	120	-	1,017
Other current liabilities	12,633	9,675	107,059
Total current liabilities	<u>83,294</u>	<u>72,308</u>	<u>705,881</u>
Non-current liabilities:			
Long-term debt	63,557	62,286	538,618
Deferred tax liabilities - non-current	289	130	2,449
Retirement allowance:			
Employees	1,376	1,338	11,661
Directors and corporate auditors	58	92	492
Allowance for losses on guarantees of liabilities	453	450	3,839
Allowance for disposal of business at subsidiaries	-	240	-
Other non-current liabilities	96	221	814
Total non-current liabilities	<u>65,829</u>	<u>64,757</u>	<u>557,873</u>
Minority interest	-	3,087	-
Shareholders' equity:			
Common stock	-	20,456	-
Additional paid-in capital	-	27,968	-
Accumulated deficit	-	(21,438)	-
Revaluation reserve for land	-	(135)	-
Net unrealized holding gain on available-for-sale securities	-	210	-
Foreign currency translation adjustments	-	(164)	-
Total shareholders' equity	-	<u>26,897</u>	-
Total liabilities and shareholders' equity	-	<u>167,049</u>	-
Net Assets:			
Shareholders' Equity:			
Common stock	20,456	-	173,356
Capital surplus	13,018	-	110,322
Accumulated deficit	(8,340)	-	(70,678)
Total shareholders' equity	25,134	-	213,000
Valuation and Translation Adjustments:			
Net unrealized holding gain on available-for-sale securities	367	-	3,110
Deferred losses on hedges	(46)	-	(390)
Revaluation reserve for land	(135)	-	(1,144)
Foreign currency translation adjustments	(106)	-	(898)
Total valuation and translation adjustments	80	-	678
Minority Interest	3,964	-	33,593
Total net assets	<u>29,178</u>	-	<u>247,271</u>
Total liabilities and net assets	<u>¥ 178,301</u>	-	<u>\$ 1,511,025</u>

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1

ITX Corporation Consolidated Statements of Operations

For the year ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Revenues:			
Equipment sales and services	¥ 325,440	¥ 340,968	\$ 2,757,966
Sales of investment securities for business incubation	4,874	5,887	41,305
	<u>330,314</u>	<u>346,855</u>	<u>2,799,271</u>
Costs of revenues:			
Equipment sales and services	277,851	304,064	2,354,669
Sales of investment securities for business incubation	2,945	1,707	24,958
	<u>280,796</u>	<u>305,771</u>	<u>2,379,627</u>
Gross profit	49,518	41,084	419,644
Selling, general and administrative expenses	46,734	38,178	396,051
Operating income	2,784	2,906	23,593
Other income (expenses):			
Interest and dividend income	241	182	2,043
Interest expense	(1,359)	(1,307)	(11,517)
Impairment loss on investment securities	(1,993)	(94)	(16,890)
Gain on sales of investment securities, net	590	794	5,000
Gain on sales of investment securities in subsidiaries and affiliates	163	2,199	1,381
Gain on disposition of investment securities, net	413	424	3,500
Impairment loss on fixed assets	(916)	(1,411)	(7,763)
Equity in gain of unconsolidated subsidiaries and affiliates	49	147	415
Loss on derivative swap transaction	(35)	(560)	(296)
Loss on sales of trade notes receivable	(207)	-	(1,754)
Provision of allowance for doubtful accounts	97	123	822
Gain on deemed sales of investment securities in affiliates due to dilution of equity interests, net	146	242	1,237
Gain on delinquency charges	-	396	-
Loss on extraordinary depreciation on fixed assets	(360)	-	(3,051)
Provision of allowance for loss on guarantees of liabilities	(3)	(225)	(25)
Provision of allowance for short-term cancellation repayment	(168)	-	(1,424)
Provision of allowance for disposal of business at subsidiaries	-	(240)	-
Other, net	(9)	(886)	(76)
Income before income taxes	(567)	2,690	(4,805)
Income taxes:			
Current	1,284	1,570	10,881
Deferred	(122)	(210)	(1,034)
	<u>1,162</u>	<u>1,360</u>	<u>9,847</u>
Minority interest	(22)	(12)	(187)
Net income (loss)	¥ (1,751)	¥ 1,318	\$ (14,839)

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1

ITX Corporation

Consolidated Statements of Shareholders' Equity

For the year ended March 31, 2006

	Millions of yen
	2006
Common stock:	
Beginning balance	¥ 20,456
Issuance of common stock	-
Ending balance	¥ 20,456
Additional paid-in capital:	
Beginning balance	¥ 27,968
Issuance of common stock	-
Ending balance	¥ 27,968
Accumulated deficit:	
Beginning balance	¥ (22,715)
Net income	1,318
Bonuses paid to directors and corporate auditors	(37)
Effect of changes in scope of consolidation	(4)
Ending balance	¥ (21,438)
Revaluation reserve for land:	
Beginning balance	¥ (135)
Net increase (decrease)	-
Ending balance	¥ (135)
Net unrealized holding gain on available-for-sale securities:	
Beginning balance	¥ 1,040
Net increase (decrease)	(830)
Ending balance	¥ 210
Foreign currency translation adjustments:	
Beginning balance	¥ (745)
Adjustments from translation of foreign currency financial statements	581
Ending balance	¥ (164)

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1

ITX Corporation Statements of Changes in Net Assets (Consolidated)

Results for the Period from April 1,2006 to March 31,2007

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Accumulated deficit	Total of Shareholders' equity
Balance as of March 31,2006	¥ 20,456	¥ 27,968	(¥ 21,438)	¥ 26,986
Changes in the period				
Transferred from a capital reserve to other capital surplus and retained earnings		(14,950)	14,950	-
Bonuses paid to directors and corporate auditors			(35)	(35)
Decrease resulting from increase in consolidated subsidiaries			(7)	(7)
Increase resulting from decrease in consolidated subsidiaries			10	10
Decrease resulting from decrease in consolidated subsidiaries			(4)	(4)
Decrease resulting from increase in unconsolidated subsidiaries and affiliates			(29)	(29)
Decrease resulting from decrease in unconsolidated subsidiaries and affiliates			(36)	(36)
Net loss			(1,751)	(1,751)
Net changes of items other than Shareholders' equity				
Total changes in the period	-	(14,950)	13,098	(1,852)
Balance as of March 31,2007	¥ 20,456	¥ 13,018	(¥ 8,340)	¥ 25,134

	Valuation and translation adjustments					Minority Interest	Total net assets
	Net unrealized holding gain on available-for-sale securities	Deferred loss on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Total Valuation and translation adjustments		
Balance as of March 31,2006	¥ 210	-	(¥ 135)	(¥ 164)	(¥ 89)	¥ 3,087	¥ 29,984
Changes in the period							
Transferred from a capital reserve to a surplus							-
Bonuses paid to directors and corporate auditors							(35)
Decrease resulting from increase in consolidated subsidiaries							(7)
Increase resulting from decrease in consolidated subsidiaries							10
Decrease resulting from decrease in consolidated subsidiaries							(4)
Decrease resulting from increase in unconsolidated subsidiaries and affiliates							(29)
Decrease resulting from decrease in unconsolidated subsidiaries and affiliates							(36)
Net loss							(1,751)
Net changes of items other than Shareholders' equity	157	(46)	-	58	169	877	1,046
Total changes in the period	157	(46)	-	58	169	877	(806)
Balance as of March 31,2007	¥ 367	(¥ 46)	(¥ 135)	(¥ 106)	¥ 80	¥ 3,964	¥ 29,178

ITX Corporation
Statements of Changes in Net Assets (Consolidated)

Results for the Period from April 1,2006 to March 31,2007

(Thousands of U.S. dollars)

	Shareholders' equity			
	Common stock	Capital surplus	Accumulated deficit	Total of Shareholders' equity
Balance as of March 31,2006	\$ 173,356	\$ 237,017	(\$ 181,678)	\$ 228,695
Changes in the period				
Transferred from a capital reserve to other capital surplus and retained earnings		(126,695)	126,695	-
Bonuses paid to directors and corporate auditors			(297)	(297)
Decrease resulting from increase in consolidated subsidiaries			(59)	(59)
Increase resulting from decrease in consolidated subsidiaries			85	85
Decrease resulting from decrease in consolidated subsidiaries			(34)	(34)
Decrease resulting from increase in unconsolidated subsidiaries and affiliates			(246)	(246)
Decrease resulting from decrease in unconsolidated subsidiaries and affiliates			(305)	(305)
Net loss			(14,839)	(14,839)
Net changes of items other than Shareholders' equity				
Total changes in the period	-	(126,695)	111,000	(15,695)
Balance as of March 31, 2007	\$ 173,356	\$ 110,322	(\$ 70,678)	\$ 213,000

	Valuation and translation adjustments					Minority Interest	Total net assets
	Net unrealized holding gain on available-for-sale securities	Deferred loss on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Total Valuation and translation adjustments		
Balance as of March 31,2006	\$ 1,780	-	(\$ 1,144)	(\$ 1,390)	(\$ 754)	\$ 26,161	\$ 254,102
Changes in the period							
Transferred from a capital reserve to a surplus							-
Bonuses paid to directors and corporate auditors							(297)
Decrease resulting from increase in consolidated subsidiaries							(59)
Increase resulting from decrease in consolidated subsidiaries							85
Decrease resulting from decrease in consolidated subsidiaries							(34)
Decrease resulting from increase in unconsolidated subsidiaries and affiliates							(246)
Decrease resulting from decrease in unconsolidated subsidiaries and affiliates							(305)
Net loss							(14,839)
Net changes of items other than Shareholders' equity	1,330	(390)	-	492	1,432	7,432	8,864
Total changes in the period	1,330	(390)	-	492	1,432	7,432	(6,831)
Balance as of March 31, 2007	\$ 3,110	(\$ 390)	(\$ 1,144)	(\$ 898)	\$ 678	\$ 33,593	\$ 247,271

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1

ITX Corporation

Consolidated Statements of Cash Flows

For the year ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash flows from operating activities:			
Income before income taxes	¥ (567)	¥2,690	\$(4,805)
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities			
Depreciation	2,851	2,248	24,161
Impairment loss on fixed assets	916	1,411	7,763
Amortization of goodwill	3,076	2,121	26,068
Loss on extraordinary depreciation on fixed assets	360	-	3,051
Increase (decrease) in allowance for doubtful accounts	(101)	(2,261)	(856)
Increase (decrease) in retirement allowance:			
Employees	52	147	441
Directors and corporate auditors	(20)	(47)	(170)
Interest and dividend income	(241)	(182)	(2,043)
Interest expense	1,359	1,307	11,517
Equity in gain of unconsolidated subsidiaries and affiliates	(49)	(147)	(415)
Gain on sales of investment securities, net	(590)	(794)	(5,000)
Gain on deemed sales due to changes in equity, net	(146)	(242)	(1,237)
Impairment loss on investment securities	1,993	94	16,890
Gain on sales of investment securities in subsidiaries and affiliates	(163)	(2,199)	(1,381)
Increase in investment securities for business incubation	(1,996)	(12,637)	(16,915)
Decrease (increase) in trade receivables	(7,030)	3,666	(59,577)
Decrease (increase) in inventories	(282)	1,189	(2,390)
Increase (decrease) in trade payables	5,912	(7,179)	50,102
Decrease (increase) in other assets	474	(69)	4,017
Increase (decrease) in other liabilities	2,849	(749)	24,144
Payment of directors' and corporate auditors' bonuses	(35)	(37)	(297)
Other, net	(145)	529	(1,229)
Sub-total	8,477	(11,141)	71,839
Receipt of interest and dividends	238	173	2,017
Payment of interest	(1,353)	(1,162)	(11,466)
Refund of income taxes	1,043	71	8,839
Payment of income taxes	(1,910)	(1,304)	(16,187)
Net cash provided by (used in) operating activities	6,495	(13,363)	55,042
Cash flows from investment activities:			
Proceeds from maturity of investment securities	1,267	-	10,737
Acquisition of property and equipment	(1,876)	(1,612)	(15,898)
Proceeds from sales of property and equipment	423	51	3,585
Acquisitions of intangible fixed assets	(2,037)	(1,570)	(17,263)
Proceeds from sales of intangible assets	222	-	1,881
Acquisitions of investment securities	(674)	(1,103)	(5,712)
Proceeds from sales of investment securities	1,314	3,050	11,136
Net decrease from acquisitions of investments in subsidiaries related to changes in scope of consolidation	(190)	-	(1,610)
Net increase due to sales of investments in subsidiaries related to changes in scope of consolidation	-	1,431	-
Net decrease due to sales of investments in subsidiaries related to changes in scope of consolidation	(231)	-	(1,958)
Acquisitions of investments in subsidiaries	-	(71)	-
Loans made	(718)	(1,725)	(6,085)
Collection of loans	400	1,359	3,390
Acquisitions of other investments	(214)	(11)	(1,813)
Proceeds from sales of other investments	-	89	-
Net cash provided by (used in) investment activities	(2,314)	(112)	(19,610)
(to be continued)			

(continued)	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(8,375)	5,918	(70,975)
Proceeds from long-term debt	18,907	27,022	160,229
Repayments of long-term debt	(7,595)	(26,973)	(64,364)
Proceeds from issuance of bonds	-	244	-
Redemption of corporate bonds	(92)	(26)	(780)
Proceeds from issuance of common stock to minority shareholders	1,100	473	9,322
Net cash provided by (used in) financing activities	3,945	6,658	33,432
Effect of exchange rate changes on cash and cash equivalents	84	240	712
Net increase (decrease) in cash and cash equivalents	8,210	(6,577)	69,576
Cash and cash equivalents at beginning of year	17,618	24,158	149,305
Increase in cash and cash equivalents due to increase in consolidated subsidiaries	146	46	1,238
Decrease in cash and cash equivalents due to decrease in consolidated subsidiaries	(42)	(9)	(356)
Cash and cash equivalents at end of year	¥25,932	¥17,618	\$219,763

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1

ITX Corporation

Notes to Consolidated Financial Statements

ITX Corporation and consolidated subsidiaries

Basis of presenting consolidated financial statements

ITX Corporation (the “Company”) and its consolidated domestic subsidiaries maintain their official accounting records in accordance with the provisions set forth in the Japanese Securities and Exchange law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan (“Japanese GAAP”), which are different in certain aspects as to application and disclosure requirements of International Financial Reporting Standards.

The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principals prevailing in the respective countries of domicile.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of shareholders' equity) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2007, which was ¥118 to U.S. \$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

Excluding those explained below, there were no significant changes to the basis of presenting the consolidated financial statements since the most recent Securities Report submitted by the Company (June 23, 2006). Consequently the notes have been omitted.

Significant changes in basis of presenting consolidated financial statements

(Accounting Standard for Presentation of Net Assets on the Balance Sheet)

Effective from the interim period under review, the Company has adopted “Accounting Standard for the Presentation of Net Assets on the Balance Sheet” (Accounting Standards Board of Japan (ASBJ) Statement No.5, December 9, 2005) and “Guidance on Accounting Standard for the Presentation of Net Assets on the Balance Sheet” (ASBJ Guidance No.8, December 9, 2005).

The amount equivalent to shareholders' equity under the previous presentation standard was ¥25,259 million.

Due to revisions to Regulations Concerning the Preparation of Consolidated Financial Statements, the Company has presented net assets on the balance sheet for the fiscal year under review in accordance with these revised regulations.

(Accounting Standard for Business Combinations)

Effective from the fiscal year ended March 31, 2007, the Company has applied “Accounting Standard for Business Combinations” (Business Accounting Deliberation Council, October 31, 2003); ASBJ Statement No. 7 (December 27, 2005), “Accounting Standard for Business Divestitures”; and ASBJ Guidance No. 10 (final revision, December 22, 2006), “Guidance on Accounting Standard for Business Combinations and Business Divestitures.”

(Partial Revision of Accounting Standards for Treasury Stock and Appropriation of Legal Reserve)

Effective from the fiscal year ended March 31, 2007, the Company has adopted the revised “Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (ASJB revised Statement No.1, August 11, 2006) and “Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve” (ASJB revised Guidance No.2, August 11, 2006).

Due to revisions to Regulations Concerning the Preparation of Interim Consolidated Financial Statements, the Company has prepared its interim consolidated financial statements in accordance with these revised regulations.

(Change to Accounting Treatment of Allowance for Short-term Cancellation Repayment)

To provide for the reimbursement of fees to mobile phone operating companies related to short-term cancellations by mobile phone subscribers at certain domestic subsidiaries, the Company has recorded an allowance for short-term cancellation repayment for the estimated net repayment amount based on the historical short-term cancellation ratio. In the past, the Company deducted from revenues the amount of reimbursed fees related to short-term cancellations at the time of cancellation. However, from the interim period under review, the Company has adopted a new method whereby the estimated net repayment amount of reimbursed fees related to short-term cancellations is deducted from revenues and an allowance based on the amount is recorded.

Due to an increase in the number of subscribers handled by the Company, the amount of reimbursed fees related to short-term cancellations now has greater significance, while the introduction of the mobile phone number portability system in October 2006 is anticipated replacement demand. Consequently, the Company adopted this change to ensure more appropriate representation of profitability and financial position for each fiscal period.

Compared to the previous method, this had the effect of increasing revenues by ¥72 million, increasing the loss before income taxes by ¥120 million as a result of recording estimated prior-year short-term cancellation repayments in other expenses.

Change in Presentation**(Consolidated Balance Sheets)**

Goodwill included in “Intangible assets” under “Investments and other assets” in the previous fiscal year, is shown as “Goodwill” from the fiscal year under review.

Goodwill included in “Intangible assets” under “Investments and other assets” in the previous fiscal year totaled ¥296 million.

(Consolidated Statements of Operations)

Loss on sales of trade notes receivable, included in “Other, net” under “Other income (expenses)” in the previous fiscal year, is shown as “Loss on sale of trade notes receivable” from the fiscal year under review.

Loss on sale of trade notes receivable included in “Other, net” under “Other income (expenses)” in the previous fiscal year totaled ¥67 million.

(Statements of Cash Flows)

Amortization of goodwill included in “Depreciation” in the previous fiscal year, is shown as “Amortization of goodwill” from the fiscal year under review.

Amortization of goodwill included in “Depreciation” in the previous fiscal year totaled ¥114 million.

Additional Information

1. With effect from November 2005, the Company terminated sales of OEM PC peripheral products. For these transactions, sales to OEM users were booked as revenues and procurement of products from OEM suppliers as cost of revenues.

Meanwhile, consolidated subsidiary ITX E-Globaledge Corporation entered into a new OEM agreement for PC peripheral products, starting December 2005. Under this new agreement, ITX E-Globaledge primarily provides usance and logistics services between OEM users and suppliers. Taking into account the economic substance of these services, ITX E-Globaledge books sales generated as revenues commensurate with compensation received. As a result of the termination of OEM sales, the Company’s revenues and cost of revenues will both decline. For reference, revenues and cost of revenues for the previous fiscal year were ¥52,507 million and ¥52,203 million, respectively.

2. In recent years, at certain domestic consolidated subsidiaries, the pace at which new mobile phone retail stores are opened and then relocated is increasing. As a result, the period of economical use of fixed assets in these stores is becoming shorter. In response, from the fiscal year under review, the Company has reduced the estimated useful life of assets in these stores to 7 years for buildings and structures and to 5 years for furniture and fixtures. Compared to the previous estimation, this had the effect of increasing the loss before income taxes by ¥358 million.

Other**SEGMENT INFORMATION**

The Companies operate in the following four different segments of business:

(1) Life Sciences**Medical**

Sales of endoscopes, microscopes and other optical medical equipment and the provision of related value per procedure (VPP) programs; sales of medical devices based on U.S. and European technologies, and low/non-invasive devices designed to reduce the burden on patients; provision of medical informatics solutions

Biotechnology

Provision of support for genome-based drug development and operation of regenerative medicine business

(2) Networking & Technologies**Automotive Aftermarket Service Business**

Development and sales of business packaged software for the automotive aftermarket

Network Solutions

Provision of system integration services and security solutions; sales of network infrastructure systems; development and sales of packaged software

Broadband

Provision of EC account settlement, CRM and other Internet services; operation of CATV business and broadband businesses utilizing fiber-optic networks

Semiconductors and Electronic Devices

Design, development and sales of semiconductor-related equipment and electronic devices, and other operations

(3) Mobile Communications**Mobile Terminals**

Distribution of mobile phone devices

Mobile Solutions and Content

Provision of mobile solutions, mobile content, interactive services and other operations

(4) Business Innovations**CVC**

Portfolio investments with the aim of securing capital gains

Human Capital Management

Provision of human resource services for new graduate recruiting support and deployment of new graduates as temporary staff, and provision of personnel-related outsourcing services

Intellectual Property

Development of business offering patent analysis and patent and technology licensing services

The business segment information of the Companies for the year ended March 31, 2007 and 2006 is as follows:

Business Segments

Year ended March 31, 2007	Millions of yen					Consolidated
	LS	NW & T	MC	BI	Elimination and Corporate	
Net sales						
Sales to third parties	¥45,138	¥51,198	¥216,397	¥17,581	¥ -	¥330,314
Intersegment sales	-	96	-	-	(96)	-
Total	45,138	51,294	216,397	17,581	(96)	330,314
Operating expenses	44,647	47,521	215,549	18,774	1,039	327,530
Operating income (loss)	491	3,773	848	(1,193)	(1,135)	2,784

Year ended March 31, 2006	Millions of yen					Consolidated
	LS	NW & T	MC	BI	Elimination and Corporate	
Net sales						
Sales to third parties	¥42,028	¥83,568	¥204,332	¥16,927	¥ -	346,855
Intersegment sales	361	148	-	-	(509)	-
Total	42,389	83,716	204,332	16,927	(509)	346,855
Operating expenses	39,982	81,723	204,471	17,051	722	343,949
Operating income (loss)	2,407	1,993	(139)	(124)	(1,231)	2,906

Year ended March 31, 2007	Thousands of U.S. dollars					Consolidated
	LS	NW & T	MC	BI	Elimination and Corporate	
Net sales						
Sales to third parties	\$382,525	\$433,881	\$1,833,873	\$148,992	\$ -	\$2,799,271
Intersegment sales	-	814	-	-	(814)	-
Total	382,525	434,695	1,833,873	148,992	(814)	2,799,271
Operating expenses	378,364	402,720	1,826,687	159,102	8,805	2,775,678
Operating income (loss)	4,161	31,975	7,186	(10,110)	(9,619)	23,593

The information related to overseas sales by region for the years ended March 31, 2007 and 2006 is as follows:

Overseas Sales by region

Year ended March 31, 2007	Millions of yen				
	North America	Europe	Asia	Others	Total
I. Overseas sales	¥4,888	¥7,044	¥5,350	¥408	¥17,690
II. Consolidated sales	-	-	-	-	330,314
% of overseas sales	1.5%	2.2%	1.6%	0.1%	5.4%

Year ended March 31, 2006	Millions of yen					Total
	North America	Europe	Asia	Central and South America	Others	
I. Overseas sales	¥25,361	¥21,359	¥7,505	¥11,401	¥653	¥66,279
II. Consolidated sales	-	-	-	-	-	¥346,855
% of overseas sales	7.3%	6.2%	2.2%	3.3%	0.1%	19.1%

Year ended March 31, 2007	Thousands of U.S. dollars				
	North America	Europe	Asia	Others	Total
I. Overseas sales	\$41,424	\$59,695	\$45,339	\$3,458	\$149,916
II. Consolidated sales	-	-	-	-	\$2,799,271
% of overseas sales	1.5%	2.2%	1.6%	0.1%	5.4%

ITX Corporation
Non-Consolidated Balance Sheets
As of March 31, 2007 and 2006

Assets	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Current assets:			
Cash and cash equivalents	¥ 8,327	¥ 2,329	\$ 70,568
Trade notes and accounts receivable	46	129	390
Allowance for doubtful accounts	(1)	(1)	(8)
	45	128	382
Other current assets	8,086	9,180	68,525
Total current assets	16,458	11,637	139,475
Non-current assets:			
Property and equipment			
Buildings and structures	95	94	805
Furniture and fixtures	63	64	534
Accumulated depreciation	(68)	(68)	(576)
	90	90	763
Investment and other assets:			
Investment securities	3,605	5,291	30,551
Investment securities for business incubation	7,107	6,400	60,229
Investment securities – in affiliates	55,634	55,163	471,475
Investment securities for business incubation – in affiliates	24,298	26,723	205,915
Long-term loan receivable	20	2,119	169
Software	118	121	1,000
Other non-current assets	207	10	1,754
	90,989	95,827	771,093
Total non-current assets	91,079	95,917	771,856
Total assets	¥ 107,537	¥ 107,554	\$ 911,331

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1

Liabilities and shareholders' equity	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Current liabilities:			
Accounts payable	¥ -	¥ 77	\$ -
Short-term borrowings	-	11,700	-
Current portion of long-term debt	12,840	5,220	108,814
Accrued income taxes	5	14	43
Deposits	9	33	76
Other current liabilities	498	2,389	4,220
Total current liabilities	13,352	19,433	113,153
Non-current liabilities:			
Long-term debt	57,760	53,800	489,492
Deferred tax liabilities – non-current	225	66	1,907
Retirement allowance:			
Employees	177	208	1,500
Directors and corporate auditors	-	18	-
Allowance for losses on guarantees of liabilities	453	450	3,839
Other non-current liabilities	20	-	169
Total non-current liabilities	58,635	54,542	496,907
Shareholders' equity :			
Common stock	-	20,456	-
Additional paid-in capital	-	27,977	-
Accumulated deficit	-	(14,950)	-
Net unrealized holding gain on available-for-sale securities	-	96	-
Total shareholders' equity	-	33,579	-
Total liabilities and shareholders' equity	¥ -	¥ 107,554	\$ -
Net assets:			
Shareholders' equity:			
Common stock	20,456	-	173,356
Capital reserve	5,977	-	50,652
Other capital surplus	7,050	-	59,746
Retained earnings	1,782	-	15,102
Total shareholders' equity	35,265	-	298,856
Valuation and translation adjustments:			
Net unrealized holding gain on available-for-sale securities	329	-	2,788
Deferred loss on hedges	(44)	-	(373)
Total Valuation and translation adjustments	285	-	2,415
Share purchase warrant	-	-	-
Total net assets	35,550	-	301,271
Total liabilities and net assets	¥ 107,537	¥ -	\$ 911,331

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1

ITX Corporation
Non-Consolidated Statements of Operations

For the year ended March 31, 2007 and 2006

	Millions of yen		Thousands of U.S. dollars
	2007	2006	2007
Revenues:			
Equipment sales and services	¥ 270	¥ 53,015	\$ 2,288
Sales of investment securities for business incubation	4,491	3,034	38,059
	<u>4,761</u>	<u>56,049</u>	<u>40,347</u>
Costs of revenues:			
Equipment sales and services	81	52,397	686
Sales of investment securities for business incubation	3,695	3,549	31,314
	<u>3,776</u>	<u>55,946</u>	<u>32,000</u>
Gross profit	985	103	8,347
Selling, general and administrative expenses	1,972	2,588	16,712
Operating income (loss)	(987)	(2,485)	(8,365)
Other income(expenses)			
Interest and dividend income	3,705	1,889	31,398
Interest expense	(1,051)	(1,036)	(8,907)
Gain (Loss) on sales of investment securities, net	-	314	-
Gain on sales of investment securities in affiliates	197	2,118	1,670
Impairment loss on investment securities in affiliates	-	(498)	-
Impairment loss on investment securities	(1,962)	-	(16,627)
Loss on derivative stock-price swap transactions	(15)	(560)	(127)
Provision of allowance for doubtful accounts	217	(187)	1,839
Provision of allowance for losses on guarantees of liabilities	(3)	(225)	(25)
Gain on delinquency charges	-	396	-
Gain on compensation for damages	120	-	1,017
Other, net	129	(290)	1,093
Income(loss) before income taxes	<u>350</u>	<u>(564)</u>	<u>2,966</u>
Income taxes:			
Current	(1,432)	(1,194)	(12,136)
Deferred	-	-	-
	<u>(1,432)</u>	<u>(1,194)</u>	<u>(12,136)</u>
Net income	¥ 1,782	¥ 630	\$ 15,102

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1

ITX Corporation
Non-Consolidated Statements of Shareholders' Equity
For the year ended March 31, 2006

	Millions of yen 2006
Common stock:	
Beginning balance	¥ 20,456
Issuance of common stock	
Ending balance	¥ 20,456
 Additional paid-in capital:	
Beginning balance	¥ 27,977
Issuance of common stock	
Ending balance	¥ 27,977
 Accumulated deficit:	
Beginning balance	¥ (15,580)
Net income	630
Ending balance	¥ (14,950)
 Net unrealized holding gain on available-for-sale securities:	
Beginning balance	¥ 91
Net increase (decrease)	5
Ending balance	¥ 96

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1

ITX Corporation

Statements of Changes in Net Assets (Non-consolidated)

Results for the Period from April 1 to March 31,2007

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus		Retained earnings	Total of Shareholders' equity
		Capital reserve	Other capital surplus		
Balances of March 31,2006	¥ 20,456	¥ 27,977	-	¥ (14,950)	¥ 33,483
Changes in the period					
Transferred from capital reserve to other capital surplus and retained earnings		(22,000)	7,050	14,950	-
Net income				1,782	1,782
Net changes of items other than Shareholders' equity					
Total changes in the period	-	(22,000)	7,050	16,732	1,782
Balance as of March 31,2007	¥ 20,456	¥ 5,977	¥ 7,050	¥ 1,782	¥ 35,265

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gain on available-for-sale securities	Deferred loss on hedges	Total Valuation and translation adjustments	
Balances of March 31,2006	¥ 96	-	¥ 96	¥ 33,579
Changes in the period				
Transferred from capital reserve to other capital surplus and retained earnings				-
Net income				1,782
Net changes of items other than Shareholders' equity	233	(44)	189	189
Total changes in the period	233	(44)	189	1,971
Balance as of March 31,2007	¥ 329	¥ (44)	¥ 285	¥ 35,550

ITX Corporation Statements of Changes in Net Assets (Non-consolidated)

Results for the Period from April 1 to March 31,2007

(Thousands of U.S. dollars)

	Shareholders' equity				
	Common stock	Capital surplus		Retained earnings	Total of Shareholders' equity
		Capital reserve	Other capital surplus		
Balances of March 31,2006	\$ 173,356	\$ 237,093	—	(126,695)	\$ 283,754
Changes in the period					
Transferred from capital reserve to other capital surplus and retained earnings		(186,441)	59,746	126,695	-
Net income				15,102	15,102
Net changes of items other than Shareholders' equity					
Total changes in the period	-	(186,441)	59,746	141,797	15,102
Balance as of March 31,2007	\$ 173,356	\$ 50,652	\$ 59,746	\$ 15,102	\$ 298,856

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gain on available-for-sale securities	Deferred loss on hedges	Total Valuation and translation adjustments	
Balances of March 31,2006	\$ 814	-	\$ 814	\$ 284,568
Changes in the period				
Transferred from capital reserve to other capital surplus and retained earnings				-
Net loss				15,102
Net changes of items other than Shareholders' equity	1,974	(373)	1,601	1,601
Total changes in the period	1,974	(373)	1,601	16,703
Balance as of March 31,2007	\$ 2,788	(\$ 373)	\$ 2,415	\$ 301,271

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥118=US\$1.