

Consolidated Earnings Report for the Year Ended March 31, 2008

Company Name: ITX Corporation
 Stock Listing: Osaka Securities Exchange (Hercules)
 Code: 2725
 (URL <http://www.itx-corp.co.jp/>)
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 Scheduled date for Ordinary Annual General Meeting of Shareholders: June 24, 2008

1. Consolidated Financial Results for the year ended March 31, 2008 (April 1, 2007 – March 31, 2008) -- Unaudited

(1) Consolidated Operating Results

(The percentage figure accompanying amounts represents the year-on-year change.)

(Millions of yen)

	Revenues		Operating income		Net income	
Apr. 1 – Mar. 31, 2008	323,140	(-2.2)%	4,366	(56.8) %	1,622	(-)%
Apr. 1 – Mar. 31, 2007	330,314	(-4.8)%	2,784	(-4.2) %	(1,751)	(-)%

(Yen)

	Net income per share	Net income per share (diluted)
Apr. 1 – Mar. 31, 2008	2,858.01	2,833.22
Apr. 1 – Mar. 31, 2007	(3,571.40)	-

(Reference): Equity in gain(loss) of unconsolidated subsidiaries and affiliates:

Apr. 1 – Mar 31, 2008 (¥ 102 million) Apr. 1 – Mar 31, 2007 ¥ 49 million

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total net assets	Equity Ratio	Net assets per share
Mar. 31, 2008	169,613	39,081	21.0 %	55,655.89
Mar. 31, 2007	178,301	29,178	14.1	51,431.48

(Reference): Equity:

March 31, 2008 ¥ 35,633 million March 31, 2007 ¥ 25,214 million

(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, 2008	11,091	(7,398)	(3,981)	25,312
Apr. 1 – Mar. 31, 2007	6,495	(2,314)	3,945	25,932

Note: figures in brackets indicate minus amounts

2. Dividends

Record date	Dividends per Share (¥)			Total dividends (annual) (millions of yen)	Dividends Payout rate(%) (Consolidated)	Dividends on equity(%) (Consolidated)
	Interim	Year-end	Annual			
Year ended March 31, 2008	-	-	0.00	-	-	-
Year ended March 31, 2007	-	-	0.00	-	-	-
Year ending March 31, 2009 (forecast)	-	-	0.00	-	-	-

3. Forecast for Fiscal 2009 (April 1, 2008 – March 31, 2009)

(The percentage figure accompanying amounts represents the year-on-year change.)

	Revenues		Operating income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six-month period ending September 30, 2008	151,000	4.6	1,400	0.3	(400)	-	(624.76)
Year ending March 31, 2009	322,000	0.4	5,000	14.5	1,600	1.4	2,499.06

4. Other

(1) Changes in major subsidiaries during the period

(changes in specified subsidiaries due to change in the scope of consolidation): None

(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:

None

(ii) Other changes besides (i):

None

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

	Mar. 31, 2008	Mar. 31, 2007
Number of shares issued and outstanding	640,240	490,240
Treasury Stock	-	-

(Reference)

Summary of Non-Consolidated Results for the year ended March 31, 2008 (April 1, 2007 – March 31, 2008) -- Unaudited

(1) Non-Consolidated Operating Results

(The percentage figure accompanying amounts represents the year-on-year change.)

(Millions of yen)

	Revenues		Operating income		Net income	
Apr. 1 –Mar. 31, 2008	8,616	(81.0) %	(320)	(-) %	2,351	(31.9) %
Apr. 1 –Mar. 31, 2007	4,761	(-91.5) %	(987)	(-) %	1,782	(183.0) %

(Yen)

	Net income per share	Net income per share (diluted)
Apr. 1 –Mar. 31, 2008	4,140.88	4,140.88
Apr. 1 –Mar. 31, 2007	3,635.64	3,018.65

(2) Non-Consolidated Financial Position

(Millions of yen)

	Total assets	Total net assets	Equity Ratio	Net assets per share
			%	(Yen)
Mar. 31, 2008	104,540	46,987	44.9	73,389.86
Mar. 31, 2007	107,537	35,550	33.1	72,516.59

(Reference): Equity:

March 31, 2008 ¥ 46,987 million March 31, 2007 ¥ 35,550 million

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 5 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 2008 ended March 31, 2008, a growth slowdown trend was observed with respect to corporate earnings in the Japanese economy. Although the economy continued to grow modestly against a backdrop of strong exports to emerging countries and robust corporate capital investment, it was impacted by the subprime mortgage crisis in the second half of the year, the soaring price of crude oil, and concern over the slowdown in the US economy. Lackluster trading on the Japanese stock markets made it difficult for listing companies to procure the capital they originally planned for, and there was a significant drop in the number of IPOs (initial public offerings) as a result of a continued series of corporate scandals and tighter listing criteria.

Results

Against this backdrop, in the second year of its 2006 Corporate Strategic Plan (three-year medium-term management plan launched in fiscal 2007), the Group continued to work toward its management goal of establishing ITX as a brand synonymous with professional business acceleration.

One of the specific goals to achieve this aim is to “build an even stronger operating base capable of generating consistent consolidated earnings,” and in this endeavor, the Group is steadily producing results with respect to reallocating portfolio investments, and achieving growth in the three core businesses of the automotive aftermarket services business, the mobile phone retailing business, and the medical business. With respect to portfolio reallocation, ITX, aiming to reallocate investments of at least ¥20 billion within a two-year period beginning fiscal 2008 by reviewing current portfolio companies, has reallocated about ¥10 billion during fiscal 2008. With respect to achieving growth in the three core businesses, ITX achieved a year-on-year increase in operating income associated with the three core businesses despite a decrease in revenues due to changes in the price plans of mobile communications carriers in the mobile phone retailing business. Also, in the medical business, ITX acquired Ai-medice Co., Ltd., which manufactures, imports and sells medical devices for orthopedic surgery implant, making it a subsidiary.

Two other specific goals of the management objective are “accelerating the investment cycle” and “strengthening the financial base.” With respect to “accelerating the investment cycle,” ITX is strengthening the investment management framework by establishing the Portfolio Assessment Department and is implementing investment rules throughout the Group.

With respect to “strengthening the financial base,” by procuring funds through the private placement of shares to parent company, Olympus Corporation, and by repaying bank loans ahead of the repayment term dates, ITX has dramatically reduced the unconsolidated net interest-bearing debt ratio from 1.7 times at the end of fiscal 2007 to 1.0 times. ITX also achieved significant reductions in costs at ITX Corporation; by reducing selling, general and administrative (SG&A) expenses and securing revenue by providing business support functions, ITX achieved a year-on-year increase of more than ¥500 million in improved earnings.

In fiscal 2008, ITX recorded consolidated revenues of ¥323,140 million, a year-on-year decrease of 2.2%. This is attributable to the revenue earned from equipment sales and services by consolidated subsidiaries, despite strong revenue growth such as in the medical business, there was also revenue decline, such as in the mobile phone retailing business, which suffered a decline in revenues due to changes in the price plans of mobile communications carriers.

The main contributors to revenues were ITX Corporation, ¥8,616 million; and major consolidated subsidiaries, IT Telecom, Inc., ¥201,973 million (consolidated revenues); KS OLYMPUS CO., LTD., ¥37,116 million; E-Globaledge Corporation (trading name was changed from ITX E-Globaledge Corporation to E-Globaledge Corporation on October 1, 2007), ¥14,160 million (consolidated revenues); and Broadleaf Co., Ltd., ¥16,947 million (consolidated revenues).

Revenues by business segment were as follows (figures in parentheses indicate share of consolidated revenues): ¥50,510 million (15.6%) in Life Sciences; ¥50,537 million (15.6%) in Networking & Technologies; ¥203,930 million (63.1%) in Mobile Communications; and ¥18,228 million (5.7%) in Business Innovations.

In terms of profit and loss, consolidated gross profit increased by 7.9% year on year to ¥53,415 million. Contributing to this were equipment-sales-and-services-related increases in not only the mobile phone retailing business and the automotive aftermarket services business, but also in the medical services business as a result of Ai-medice Corporation becoming a consolidated subsidiary. Due to increases in SG&A expenses in businesses such as the mobile phone retailing business, SG&A increased by ¥2,315 million year on year to ¥49,049 million, which comprised personnel expenses of ¥20,901 million and non-personnel expenses of ¥28,149 million (including ¥3,484 million for the amortization of goodwill). Operating income increased 56.8% year on year to ¥4,366 million.

After other income and expenses, ITX reported income before income taxes and minority interests of ¥3,102 million (up ¥3,669 million compared with fiscal 2007) and net income of ¥1,622 million (up ¥3,373 million compared with fiscal 2007).

Operating Result by Business Segment

As of March 31, 2008, the ITX Group consisted of ITX Corporation, 53 subsidiaries, including 3 companies not accounted for as a consolidated subsidiary or an equity-method affiliate, and 11 affiliates, including 2 companies not accounted for as an equity-method affiliate, for a total of 65 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, 2008 and 2007.

Segment	(Millions of yen)	
	Apr.1, 2006- Mar.31, 2007	Apr.1, 2007- Mar.31, 2008
Life Sciences		
Revenues	45,138	50,510
Sales of investment securities for business incubation	529	755
Equipment sales and services	44,609	49,755
Gross Profit	6,849	8,745
Sales of investment securities for business incubation	248	46
Equipment sales and services	6,601	8,699
Selling, general and administrative expenses	6,358	7,436
Operating income (Loss)	491	1,309
Sales of investment securities for business incubation	145	(53)
Equipment sales and services	346	1,362
Networking & Technologies		
Revenues	51,294	50,537
Sales of investment securities for business incubation	4,105	7,662
Equipment sales and services	47,189	42,875
Gross Profit	18,389	18,040
Sales of investment securities for business incubation	2,197	1,703
Equipment sales and services	16,192	16,337
Selling, general and administrative expenses	14,616	14,596
Operating income (Loss)	3,773	3,444
Sales of investment securities for business incubation	2,013	1,587
Equipment sales and services	1,760	1,857
Mobile Communications		
Revenues	216,397	203,930
Sales of investment securities for business incubation	-	-
Equipment sales and services	216,397	203,930
Gross Profit	21,529	23,358
Sales of investment securities for business incubation	-	-
Equipment sales and services	21,529	23,358
Selling, general and administrative expenses	20,681	21,883
Operating income (Loss)	848	1,475
Sales of investment securities for business incubation	(8)	(18)
Equipment sales and services	856	1,493

(Millions of yen)

Segment	Apr.1, 2006- Mar.31, 2007	Apr.1, 2007- Mar.31, 2008
Business Innovations		
Revenues	17,581	18,228
Sales of investment securities for business incubation	240	406
Equipment sales and services	17,341	17,822
Gross Profit	2,751	3,298
Sales of investment securities for business incubation	(515)	(283)
Equipment sales and services	3,266	3,581
Selling, general and administrative expenses	3,944	4,134
Operating income (Loss)	(1,193)	(836)
Sales of investment securities for business incubation	(639)	(403)
Equipment sales and services	(554)	(433)
Elimination and Corporate		
Revenues	(96)	(65)
Sales of investment securities for business incubation	-	-
Equipment sales and services	(96)	(65)
Gross Profit	-	(26)
Sales of investment securities for business incubation	-	-
Equipment sales and services	-	(26)
Selling, general and administrative expenses	1,135	1,000
Operating income (Loss)	(1,135)	(1,026)
Sales of investment securities for business incubation	(568)	(513)
Equipment sales and services	(567)	(513)
Consolidated		
Revenues	330,314	323,140
Sales of investment securities for business incubation	4,874	8,823
Equipment sales and services	325,440	314,317
Gross Profit	49,518	53,415
Sales of investment securities for business incubation	1,930	1,466
Equipment sales and services	47,588	51,949
Selling, general and administrative expenses	46,734	49,049
Operating income (Loss)	2,784	4,366
Sales of investment securities for business incubation	943	600
Equipment sales and services	1,841	3,766

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 2009 (ending March 31, 2009)

For fiscal 2009, ITX Group is forecasting operating income of ¥5.0 billion, and net income of ¥1.6 billion on consolidated revenues of ¥322.0 billion. Although consolidated revenues are expected to decrease by ¥1.1 billion, operating income is expected to increase by ¥0.6 billion and net income is expected to remain at the same level as fiscal 2008. The forecasted increase in operating income reflects expected growth in earnings from the medical business and the automotive aftermarket services business. Although net income is expected to remain at the same level as fiscal 2008, this is due to expected increases in income taxes and so on.

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

At March 31, 2008, ITX Group had ¥169,613 million in total assets, a decrease of ¥8,688 million, or 4.9%, compared to the end of the previous fiscal year. This was mainly attributable to a decrease in accounts receivable of consolidated subsidiaries

IT Telecom, Inc. and E-Globaledge Corporation and a reduction in investment securities for business incubation held by ITX Corporation (by sale).

Interest-bearing debt was ¥78,828 million, a decrease of ¥14,975 million compared to the previous fiscal year-end.

Total net assets was ¥39,081 million, an increase of ¥9,903 million compared to a year earlier, which mainly reflects the procurement of funds from the new share issuance accepted by the parent company, Olympus Corporation, and the reporting net income of ¥1,622 million. As a result, the equity ratio improved substantially from 14.1% in fiscal 2007 to 21.0%.

Cash flows

At March 31, 2008, ITX Group had ¥25,312 million in cash and cash equivalents, a decrease of ¥620 million compared to the end of fiscal 2007. The following provides an overview of cash flows according to activity and mentions the major contributing factors.

(Cash flows from operating activities)

Operating activities provided net cash of ¥11,091 million, compared with ¥6,495 million provided at the end of fiscal 2007. This mainly reflected income before income taxes and minority interests of ¥3,102 million, a decrease in trade receivables of ¥3,072 million, a decrease in investment securities for business incubation of ¥3,679 million and a decrease (cash outflow) in trade payables of ¥2,829 million. Also, non-cash items were amortization of goodwill of ¥3,484 million, and depreciation of ¥2,922 million.

(Cash flows from investing activities)

Investing activities used net cash of ¥7,398 million, compared with ¥2,314 million used at the end of fiscal 2007. This was mainly due to loans made by consolidated subsidiaries.

(Cash flows from financing activities)

Financing activities used net cash of ¥3,981 million, compared with ¥3,945 million provided at the end of fiscal 2007. This mainly reflected cash provided by proceeds from issuance of common stock of ¥9,906 million in ITX Corporation and proceeds from long-term debt of ¥4,450 million in consolidated subsidiaries being less than the cash used in the redemption of corporate bonds of ¥10,094 million and the repayments of long-term debt of ¥10,594 million in ITX Corporation and consolidated subsidiaries.

(3) Basic Policy on Distribution of Profit and Dividends for Fiscal 2008 and 2009

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. 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.

2. 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.

3. 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, 53 subsidiaries, including 3 companies not accounted for as a consolidated subsidiary or an equity-method affiliate, and 11 affiliates of which 2 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; manufacturing, importing and selling medical devices for orthopedic surgery implant; 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
- Provision of outsourcing services

[ITX Group Summary]

ITX Corporation
<u>Life Sciences</u> KS OLYMPUS CO., LTD Ai-medic Corporation TmediX Corporation AVS CO.,LTD GeneFrontier Corporation And 2 other subsidiaries and 2 affiliated companies
<u>Networking & Technologies</u> BroadLeaf CO.,LTD E-Globaledge Corporation Soliste Corporation TechMatrix Corporation And 11 other subsidiaries and 3 affiliated companies
<u>Mobile Communications</u> IT Telecom, Inc. Quattro Media Corporation And 1 other subsidiary and 3 affiliated companies
<u>Business Innovations</u> Atlux Corporation Nippon Outsourcing Corporation And 24 other subsidiaries and 3 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 E-Globaledge Corporation was renamed E-Globaledge Corporation on October 1, 2007.
5. The changes in consolidated subsidiaries during the year ended March 31, 2008 are as follows.

(Increase)		(Decrease)	
Consolidated subsidiaries		Consolidated subsidiaries	
United Healthcare Corporation	LS(foundation)	Moranet Inc.	NT(removal due to merger)
Ai-medic Co., Ltd.	LS(acquisition of shares)	Kita Cable Network Inc.	NT(sales of shares)
Telos Japan, Co., Ltd.	LS(acquisition of shares)	Ai-medic Co., Ltd.	LS(removal due to merger)
Four other companies		Four other company	

Note:

1. Business segment names have been abbreviated: Life Sciences (LS) and Networking & Technologies (NT).
2. Reason for change in parentheses.
3. Ai-medic Co., Ltd. and Telos Japan Co., Ltd. merged on January 1, 2008, with Telos Japan Corporation being the surviving corporation which subsequently changed its trading name to Ai-medic Corporation on the same day.

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 Forecasts for Fiscal 2009 (ending March 31, 2009).

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

Since the start of the 2006 Corporate Strategic Plan, the three-year medium-term management plan launched in fiscal 2007, the Company has worked toward its management goal of establishing ITX as a brand synonymous with professional business acceleration. For fiscal 2009 (ending March 31, 2009), the final year of this plan, the Company will strive to accomplish the following management targets.

Management 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

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 Group 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

ITX Corporation has already surpassed its initial target for reducing the net interest-bearing debt ratio through the allocation of a certain amount of cash flows for the repayment of interest-bearing debt and is now proceeding to further reduce interest expense.

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, 2008 and 2007

Assets	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Current assets:			
Cash and cash equivalents	¥ 25,312	¥ 25,932	\$ 253,120
Trade notes and accounts receivable	48,515	51,802	485,150
Allowance for doubtful accounts	(312)	(239)	(3,120)
	48,203	51,563	482,030
Marketable securities	-	22	-
Inventories	12,258	13,156	122,580
Deferred tax assets	402	335	4,020
Other current assets	11,014	8,461	110,140
Total current assets	97,189	99,469	971,890
Non-current assets:			
Property and equipment			
Land	1,611	1,477	16,110
Buildings and structures	7,482	9,217	74,820
Machinery and transportation equipment	1,193	1,539	11,930
Furniture and fixtures	3,207	3,060	32,070
Construction in progress	55	62	550
Accumulated depreciation	(6,611)	(7,290)	(66,110)
	6,937	8,065	69,370
Investment and other assets:			
Investment securities	4,734	5,527	47,340
Investment securities for business incubation	6,775	12,961	67,750
Long-term loans receivable	2,962	598	29,620
Deferred tax assets	304	271	3,040
Goodwill	42,058	43,396	420,580
Intangible assets	3,366	2,992	33,660
Other non-current assets	5,288	5,022	52,880
	65,487	70,767	654,870
Total non-current assets	72,424	78,832	724,240
Total assets	¥ 169,613	¥ 178,301	\$ 1,696,130

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥100=US\$1.

ITX Corporation Consolidated Balance Sheets

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Current liabilities:			
Trade notes and accounts payable	¥ 36,435	¥ 39,320	\$ 364,350
Short-term borrowings	14,614	12,907	146,140
Current portion of long-term debt	4,797	17,339	47,970
Accrued income taxes	979	975	9,790
Allowance for short-term cancellation repayment	60	120	600
Other current liabilities	11,959	12,633	119,590
Total current liabilities	68,844	83,294	688,440
Non-current liabilities:			
Long-term debt	59,417	63,557	594,170
Deferred tax liabilities	123	289	1,230
Retirement allowance:			
Employees	1,570	1,376	15,700
Directors and corporate auditors	70	58	700
Allowance for losses on guarantees of liabilities	453	453	4,530
Other non-current liabilities	55	96	550
Total non-current liabilities	61,688	65,829	616,880
Net Assets:			
Shareholders' Equity:			
Common stock	25,444	20,456	254,440
Capital surplus	18,005	13,018	180,050
Retained earnings	(6,775)	(8,340)	(67,750)
Total Shareholders' Equity	36,674	25,134	366,740
Valuation and Translation Adjustments:			
Net unrealized holding gain(loss) on available-for-sale securities, net of taxes	(446)	367	(4,460)
Net unrealized losses on hedging derivatives, net of taxes	(146)	(46)	(1,460)
Revaluation reserve for land	(135)	(135)	(1,350)
Foreign currency translation adjustments	(314)	(106)	(3,140)
Total valuation and translation adjustments	(1,041)	80	(10,410)
Minority Interests	3,448	3,964	34,480
Total Net Assets	39,081	29,178	390,810
Total liabilities and Net Assets	¥ 169,613	¥ 178,301	\$ 1,696,130

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥100=US\$1.

ITX Corporation
Consolidated Statements of Operations

For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Revenues			
Equipment sales and services	¥ 314,317	¥ 325,440	\$ 3,143,170
Sales of investment securities for business incubation	8,823	4,874	88,230
	<u>323,140</u>	<u>330,314</u>	<u>3,231,400</u>
Costs of revenues			
Equipment sales and services	262,368	277,851	2,623,680
Sales of investment securities for business incubation	7,357	2,945	73,570
	<u>269,725</u>	<u>280,796</u>	<u>2,697,250</u>
Gross profit	53,415	49,518	534,150
Selling, general and administrative expenses	49,049	46,734	490,490
Operating income	4,366	2,784	43,660
Other income (expenses):			
Interest and dividend income	521	241	5,210
Interest expense	(1,570)	(1,359)	(15,700)
Impairment loss on investment securities	(477)	(1,993)	(4,770)
Gain on sales of investment securities, net	271	590	2,710
Gain on sales of investment securities in subsidiaries and affiliates	312	163	3,120
Gain on holding gain of investment securities, net	90	413	900
Impairment loss on fixed assets	(36)	(916)	(360)
Equity in gain(loss) of unconsolidated subsidiaries and affiliates	(102)	49	(1,020)
Gain(loss) on derivative swap transaction	11	(35)	110
Loss on sales of trade notes receivable	(1)	(207)	(10)
Foreign exchange gain(loss), net	(222)	58	(2,220)
Reversed of allowance for doubtful accounts	6	97	60
Gain(loss) on deemed sales of investment securities in affiliates due to dilution of equity interests, net	(2)	146	(20)
Gain on transfer of business	300	-	3,000
Loss on extraordinary depreciation on fixed assets	-	(360)	-
Provision of allowance for loss on guarantees of liabilities	-	(3)	-
Provision of allowance for short-term cancellation repayment	-	(168)	-
Other, net	(365)	(67)	(3,650)
Income (loss) before income taxes and minority interests	3,102	(567)	31,020
Income taxes:			
Current	1,648	1,284	16,480
Deferred	(97)	(122)	(970)
	<u>1,551</u>	<u>1,162</u>	<u>15,510</u>
Minority interests	71	(22)	710
Net income (loss)	¥ 1,622	¥ (1,751)	\$ 16,220

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥100=US\$1.

ITX Corporation

Consolidated Statements of Changes in Net Assets

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

(Millions of yen)

	Shareholders' Equity			
	Common stock	Capital surplus	Retained earnings	Total Shareholders' Equity
Shareholders' Equity at March 31, 2006 as previously reported	¥ 20,456	¥ 27,968	(¥ 21,438)	¥ 26,986
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April 1, 2006				-
Net Assets at April 1, 2006	¥ 20,456	¥ 27,968	(¥ 21,438)	¥ 26,986
Changes in the period				
Transferred from 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 at March 31, 2007	¥ 20,456	¥ 13,018	(¥ 8,340)	¥ 25,134

	Valuation and Translation Adjustments					Minority Interests	Total Net Assets
	Net unrealized holding gain(loss) on available-for-sale securities, net of taxes	Net unrealized losses on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Total valuation and translation adjustments		
Shareholders' Equity at March 31, 2006 as previously reported	¥ 210	-	(¥ 135)	(¥ 164)	(¥ 89)	-	¥ 26,897
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April 1, 2006						3,087	3,087
Net Assets at April 1, 2006	¥ 210	-	(¥ 135)	(¥ 164)	(¥ 89)	¥ 3,087	¥ 29,984
Changes in the period							
Transferred from capital reserve to other capital surplus and retained earnings							-
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 at March 31, 2007	¥ 367	(¥ 46)	(¥ 135)	(¥ 106)	¥ 80	¥ 3,964	¥ 29,178

Results for the Period from April 1, 2007 to March 31, 2008

(Millions of yen)

	Shareholders' Equity			
	Common stock	Capital surplus	Retained earnings	Total Shareholders' Equity
Balance at March 31,2007	¥ 20,456	¥ 13,018	(¥ 8,340)	¥ 25,134
Changes in the period				
Issuance of common stock	4,988	4,987		9,975
Decrease resulting from decrease in consolidated subsidiaries			(57)	(57)
Net Income			1,622	1,622
Net changes of items other than Shareholders' Equity				
Total changes in the period	4,988	4,987	1,565	11,540
Balance at March 31, 2008	¥25,444	¥ 18,005	(¥6,775)	¥36,674

	Valuation and Translation Adjustments					Minority Interests	Total Net Assets
	Net unrealized holding gain(loss) on available-for-sale securities, net of taxes	Net unrealized losses on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31,2007	¥ 367	(¥ 46)	(¥ 135)	(¥ 106)	¥ 80	¥ 3,964	¥ 29,178
Changes in the period							
Issuance of common stock							9,975
Decrease resulting from decrease in consolidated subsidiaries							(57)
Net Income							1,622
Net changes of items other than Shareholders' Equity	(813)	(100)	-	(208)	(1,121)	(516)	(1,637)
Total changes in the period	(813)	(100)	-	(208)	(1,121)	(516)	9,903
Balance at March 31, 2008	(¥ 446)	(¥ 146)	(¥ 135)	(¥ 314)	(¥ 1,041)	¥ 3,448	¥ 39,081

Results for the Period from April 1 to March 31, 2008

(Thousands of U.S. dollars)

	Shareholders' Equity			
	Common stock	Capital surplus	Retained earnings	Total Shareholders' Equity
Balance at March 31, 2007	\$ 204,560	\$ 130,180	(\$ 83,400)	\$ 251,340
Changes in the period				
Issuance of common stock	49,880	49,870		99,750
Decrease resulting from decrease in consolidated subsidiaries			(570)	(570)
Net Income			16,220	16,220
Net changes of items other than Shareholders' Equity				
Total changes in the period	49,880	49,870	15,650	115,400
Balance at March 31, 2008	\$ 254,440	\$ 180,050	(\$ 67,750)	\$ 366,740

	Valuation and Translation Adjustments					Minority Interests	Total Net Assets
	Net unrealized gain(loss) on available-for-sale securities, net of taxes	Net unrealized losses on hedging derivatives, net of taxes	Revaluation reserve for land	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance at March 31, 2007	\$ 3,670	(\$ 460)	(\$ 1,350)	(\$ 1,060)	\$ 800	\$ 39,640	\$ 291,780
Changes in the period							
Issuance of common stock							99,750
Decrease resulting from decrease in consolidated subsidiaries							(570)
Net Income							16,220
Net changes of items other than Shareholders' Equity	(8,130)	(1,000)	-	(2,080)	(11,210)	(5,160)	(16,370)
Total changes in the period	(8,130)	(1,000)	-	(2,080)	(11,210)	(5,160)	99,030
Balance at March 31, 2008	(\$ 4,460)	(\$ 1,460)	(\$ 1,350)	(\$ 3,140)	(\$ 10,410)	\$ 34,480	\$ 390,810

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥100=US\$1.

ITX Corporation

Consolidated Statements of Cash Flows

For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 3,102	¥ (567)	\$ 31,020
Adjustments to reconcile income(loss) before income taxes and minority interests to net cash provided by operating activities			
Depreciation	2,922	2,851	29,220
Impairment loss on fixed assets	36	916	360
Amortization of goodwill	3,484	3,076	34,840
Loss on extraordinary depreciation on fixed assets	-	360	-
Increase (decrease) in allowance for doubtful accounts	4	(101)	40
Increase (decrease) in retirement allowance:			
Employees	92	52	920
Directors and corporate auditors	12	(20)	120
Interest and dividend income	(521)	(241)	(5,210)
Interest expense	1,570	1,359	15,700
Equity in losses(gain) of unconsolidated subsidiaries and affiliates	102	(49)	1,020
Gain on sales of investment securities, net	(271)	(590)	(2,710)
Loss (gain) on deemed sales due to changes in equity, net	2	(146)	20
Impairment loss on investment securities	477	1,993	4,770
Gain on sales of investment securities in subsidiaries and affiliates	(312)	(163)	(3,120)
Decrease(increase) in investment securities for business incubation	3,679	(1,996)	36,790
Decrease (increase) in trade receivables	3,072	(7,030)	30,720
Decrease (increase) in inventories	1,063	(282)	10,630
Increase (decrease) in trade payables	(2,829)	5,912	(28,290)
Decrease (increase) in other assets	(2,180)	474	(21,800)
Increase (decrease) in other liabilities	(663)	2,849	(6,630)
Payment of directors' and corporate auditors' bonuses	-	(35)	-
Other, net	332	(145)	3,320
Sub-total	13,173	8,477	131,730
Receipt of interest and dividends	478	238	4,780
Payment of interest	(1,501)	(1,353)	(15,010)
Refund of income taxes	812	1,043	8,120
Payment of income taxes	(1,871)	(1,910)	(18,710)
Net cash provided by operating activities	11,091	6,495	110,910
Cash flows from investment activities:			
Proceeds from maturity of investment securities	-	1,267	-
Acquisition of property and equipment	(1,774)	(1,876)	(17,740)
Proceeds from sales of property and equipment	249	423	2,490
Acquisition of intangible fixed assets	(2,040)	(2,037)	(20,400)
Proceeds from sales of intangible assets	8	222	80
Acquisition of investment securities	(3,564)	(674)	(35,640)
Proceeds from sales of investment securities	3,390	1,314	33,900
Net decrease from acquisitions of investments in subsidiaries related to changes in scope of consolidation	-	(190)	-
Net increase due to sales of investments in subsidiaries related to changes in scope of consolidation	197	-	1,970
Net decrease due to sales of investments in subsidiaries related to changes in scope of consolidation	-	(231)	-
Acquisition of investments in subsidiaries and affiliates	(8)	-	(80)
Proceeds from sales of investment securities in subsidiaries and affiliates	608	-	6,080
Loans made	(7,994)	(718)	(79,940)
(to be continued)			

ITX Corporation

Consolidated Statements of Cash Flows

(continued)	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Collection of loans	1,563	400	15,630
Acquisition of other investments	(486)	(214)	(4,860)
Proceeds from sales of other investments	2,167	-	21,670
Payments due to transfer of business	(29)	-	(290)
Proceeds from transfer of business	315	-	3,150
Net cash used in investment activities	(7,398)	(2,314)	(73,980)
Cash flows from financing activities:			
Net increase(decrease) in short-term borrowings	1,706	(8,375)	17,060
Proceeds from long-term debt	4,450	18,907	44,500
Repayments of long-term debt	(10,594)	(7,595)	(105,940)
Proceeds from issuance of common stock	9,906	-	99,060
Proceeds from issuance of bonds	100	-	1,000
Redemption of corporate bonds	(10,094)	(92)	(100,940)
Proceeds from issuance of common stock to minority shareholders	609	1,100	6,090
Cash dividends paid to minority shareholders	(54)	-	(540)
Other, net	(10)	-	(100)
Net cash provided by(used in) financing activities	(3,981)	3,945	(39,810)
Effect of exchange rate changes on cash and cash equivalents	(310)	84	(3,100)
Net increase(decrease) in cash and cash equivalents	(598)	8,210	(5,980)
Cash and cash equivalents at beginning of year	25,932	17,618	259,320
Increase in cash and cash equivalents due to increase in consolidated subsidiaries	-	146	-
Decrease in cash and cash equivalents due to decrease in consolidated subsidiaries	(22)	(42)	(220)
Cash and cash equivalents at end of year	¥ 25,312	¥ 25,932	\$ 253,120

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥100=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 Financial Products Trading 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 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 Financial Products Trading 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, 2008, which was ¥100 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.

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 22, 2007). Consequently the notes have been omitted.

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; manufacturing, importing and selling medical devices for orthopedic surgery implant; 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

Provision of outsourcing services

The business segment information of the Companies for the years ended March 31, 2008 and 2007 is as follows:

Business Segments

Year ended March 31, 2008	Millions of yen					Consolidated
	LS	NW & T	MC	BI	Elimination and Corporate	
Net sales						
Sales to third parties	¥50,510	¥50,511	¥203,930	¥18,189	¥ -	¥323,140
Intersegment sales	-	26	-	39	(65)	-
Total	50,510	50,537	203,930	18,228	(65)	323,140
Operating expenses	49,201	47,093	202,455	19,064	961	318,774
Operating income (loss)	1,309	3,444	1,475	(836)	(1,026)	4,366

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, 2008	Thousands of U.S. dollars					Consolidated
	LS	NW & T	MC	BI	Elimination and Corporate	
Net sales						
Sales to third parties	\$505,100	\$505,110	\$2,039,300	\$181,890	\$ -	\$3,231,400
Intersegment sales	-	260	-	390	(650)	-
Total	505,100	505,370	2,039,300	182,280	(650)	3,231,400
Operating expenses	492,010	470,930	2,024,550	190,640	9,610	3,187,740
Operating income (loss)	13,090	34,440	14,750	(8,360)	(10,260)	43,660

The information related to overseas sales by region for the years ended March 31, 2008 and 2007 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 2008

Overseas sales by region are not presented as overseas sales accounted for less than 10% of consolidated sales.

ITX Corporation Non-Consolidated Balance Sheets

As of March 31, 2008 and 2007

Assets	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Current assets:			
Cash and cash equivalents	¥ 8,643	¥ 8,327	\$ 86,430
Trade notes and accounts receivable	94	46	940
Allowance for doubtful accounts	(1)	(1)	(10)
	93	45	930
Other current assets	7,991	8,086	79,910
Total current assets	16,727	16,458	167,270
Non-current assets:			
Property and equipment			
Buildings and structures	95	95	950
Furniture and fixtures	63	63	630
Accumulated depreciation	(82)	(68)	(820)
	76	90	760
Investment and other assets:			
Investment securities	2,293	3,605	22,930
Investment securities for business incubation	2,210	7,107	22,100
Investment securities – in subsidiaries and affiliated companies	56,646	55,634	566,460
Investment securities for business incubation – in subsidiaries and affiliated companies	26,233	24,298	262,330
Long term loan receivable	-	20	-
Software	124	118	1,240
Other non-current assets	231	207	2,310
	87,737	90,989	877,370
Total non-current assets	87,813	91,079	878,130
Total assets	¥ 104,540	¥ 107,537	\$ 1,045,400

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥100=US\$1.

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Current liabilities:			
Accounts payable	¥ 7	¥ -	\$ 70
Current portion of long-term debt	2,040	12,840	20,400
Accrued income taxes	22	5	220
Deposits	973	9	9,730
Other current liabilities	714	498	7,140
Total current liabilities	<u>3,756</u>	<u>13,352</u>	<u>37,560</u>
Non-current liabilities:			
Long-term debt	53,120	57,760	531,200
Deferred tax liabilities	22	225	220
Retirement allowance for employees	182	177	1,820
Allowance for losses on guarantees of liabilities	453	453	4,530
Other non-current liabilities	20	20	200
Total non-current liabilities	<u>53,797</u>	<u>58,635</u>	<u>537,970</u>
Net Assets:			
Shareholders' Equity:			
Common stock	25,444	20,456	254,440
Capital reserve	10,964	5,977	109,640
Other capital surplus	7,050	7,050	70,500
Retained earnings	4,133	1,782	41,330
Total Shareholders' Equity	47,591	35,265	475,910
Valuation and translation adjustments:			
Net unrealized holding gain on available-for-sale securities, net of taxes	(465)	329	(4,650)
Unrealized losses on hedging derivatives, net of taxes	(139)	(44)	(1,390)
Total valuation and translation adjustments	(604)	285	(6,040)
Total Net Assets	<u>46,987</u>	<u>35,550</u>	<u>469,870</u>
Total liabilities and Net Assets	<u>¥ 104,540</u>	<u>¥ 107,537</u>	<u>\$ 1,045,400</u>

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥100=US\$1.

ITX Corporation Non-Consolidated Statements of Operations

For the years ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Revenues			
Equipment sales and services	¥ 599	¥ 270	\$ 5,990
Sales of investment securities for business incubation	8,017	4,491	80,170
	<u>8,616</u>	<u>4,761</u>	<u>86,160</u>
Costs of revenues			
Equipment sales and services	108	81	1,080
Sales of investment securities for business incubation	6,455	3,695	64,550
	<u>6,563</u>	<u>3,776</u>	<u>65,630</u>
Gross profit	2,053	985	20,530
Selling, general and administrative expenses	1,733	1,972	17,330
Operating income(loss)	320	(987)	3,200
Other income (expenses)			
Interest and dividend income	1,836	3,705	18,360
Interest expense	(998)	(1,051)	(9,980)
Gain on sales of investment securities, net	128	-	1,280
Gain on sales of investment securities in affiliates	330	197	3,300
Gain(loss) on holding gain(loss) of investment securities, net	(204)	71	(2,040)
Impairment loss on investment securities	(389)	(1,962)	(3,890)
Loss on derivative stock-price swap transactions	-	(15)	-
Provision of allowance for doubtful accounts	-	217	-
Provision of allowance for losses on guarantees of liabilities	-	(3)	-
Gain on compensation for damages	-	120	-
Other, net	(227)	58	(2,270)
Income before income taxes	796	350	7,960
Income taxes:			
Current	(1,555)	(1,432)	(15,550)
	<u>(1,555)</u>	<u>(1,432)</u>	<u>(15,550)</u>
Net income	¥ 2,351	¥ 1,782	\$ 23,510

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥100=US\$1.

ITX Corporation

Non-consolidated Statement of Changes in Net Assets

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

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus		Retained earnings	Total Shareholders' Equity
		Capital reserve	Other capital surplus		
Shareholders' Equity at March 31, 2006 as previously reported	¥ 20,456	¥ 27,977	-	(¥ 14,950)	¥ 33,483
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April, 2006					-
Net Assets at April 1, 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 at 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, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Total valuation and translation adjustments	
Shareholders' Equity at March 31, 2006 as previously reported	¥ 96	-	¥ 96	¥ 33,579
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April, 2006				-
Net Assets at April 1, 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 at March 31, 2007	¥ 329	(¥ 44)	¥ 285	¥ 35,550

Results for the Period from April 1, 2007 to March 31, 2008

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus		Retained earnings	Total Shareholders' Equity
		Capital reserve	Other capital surplus		
Balances at March 31, 2007	¥ 20,456	¥ 5,977	¥ 7,050	¥ 1,782	¥ 35,265
Changes in the period					
Issuance of common stock	4,988	4,987			9,975
Net Income				2,351	2,351
Net changes of items other than Shareholders' Equity					
Total changes in the period	4,988	4,987	-	2,351	12,326
Balance at March 31, 2008	¥ 25,444	¥ 10,964	¥ 7,050	¥ 4,133	¥ 47,591

	Valuation and translation adjustments			Total Net Assets
	Net unrealized holding loss on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Total valuation and translation adjustments	
Balances at March 31, 2007	¥ 329	(¥ 44)	¥ 285	¥ 35,550
Changes in the period				
Issuance of common stock				9,975
Net Income				2,351
Net changes of items other than Shareholders' Equity	(794)	(95)	(889)	(889)
Total changes in the period	(794)	(95)	(889)	11,437
Balance at March 31, 2008	(¥ 465)	(¥ 139)	(¥ 604)	¥ 46,987

Results for the Period from April 1, 2007 to March 31, 2008

(Thousands of U.S. dollars)

	Shareholders' Equity				
	Common stock	Capital surplus		Retained earnings	Total Shareholders' Equity
		Capital reserve	Other capital surplus		
Balances at March 31, 2007	\$ 204,560	\$ 59,770	\$ 70,500	\$ 17,820	\$ 352,650
Changes in the period					
Issuance of common stock	49,880	49,870			99,750
Net Income				23,510	23,510
Net changes of items other than Shareholders' Equity					
Total changes in the period	49,880	49,870	-	23,510	123,260
Balance at March 31, 2008	\$ 254,440	\$ 109,640	\$ 70,500	\$ 41,330	\$ 475,910

	Valuation and translation adjustments			Total Net Assets
	Net unrealized holding loss on available-for-sale securities, net of taxes	Unrealized losses on hedging derivatives, net of taxes	Total valuation and translation adjustments	
Balances at March 31, 2007	\$ 3,290	(\$ 440)	\$ 2,850	\$ 355,500
Changes in the period				
Issuance of common stock				99,750
Net Income				23,510
Net changes of items other than Shareholders' Equity	(7,940)	(950)	(8,890)	(8,890)
Total changes in the period	(7,940)	(950)	(8,890)	114,370
Balance at March 31, 2008	(\$ 4,650)	(\$ 1,390)	(\$ 6,040)	\$ 469,870

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