

Consolidated Earnings Report for the Second-Quarter Ended September 30, 2009

Company Name: ITX Corporation
 Stock Listing: Osaka Securities Exchange (Hercules)
 Code: 2725
 (URL <http://www.itx-corp.co.jp/>)
 Representative Director: Makoto Nakatsuka, President
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 Scheduled date for submitting a Quarterly Securities Report: November 13, 2009
 Scheduled start date of dividend payment: —

1. Consolidated Financial Results for the Second-Quarter ended September 30, 2009 (April 1, 2009 –September 30, 2009) -- 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 –Sep. 30, 2009	114,077	(-8.7)%	1,859	(-) %	374	(-) %
Apr. 1 –Sep. 30, 2008	124,987	(-) %	(70)	(-) %	(2,804)	(-) %

(Yen)

	Net income per share	Net income per share (diluted)
Apr. 1 –Sep. 30, 2009	583.77	581.30
Apr. 1 –Sep. 30, 2008	(4,379.17)	-

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total net assets	Equity Ratio	Net assets per share
Sep. 30, 2009	124,407	32,232	24.8 %	48,248.62 (Yen)
Mar. 31, 2009	131,343	31,958	23.2	47,547.58

(Reference): Equity:

Sep. 30, 2009 ¥ 30,891 million Mar. 31, 2009 ¥ 30,442 million

2. Dividends

Record date	Dividends per Share(¥)				
	At end of the 1Q	At end of the 2Q	At end of the 3Q	Year-end	Annual
Year ended March 31, 2009	-	0.00	-	0.00	0.00
Year ending March 31, 2010	-	0.00	-	-	-
Year ending March 31, 2010 (forecast)	-	-	-	0.00	0.00

(Reference): Revision of Dividend Forecast: None

3. Forecast for Fiscal 2010 (April 1, 2009 – March 31, 2010)

(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
Year ending March 31, 2010	258,000	2.5	4,500	-	1,400	-	2,186.67

(Note): Revision of Forecast: Yes

4. Other

(1) Changes in major subsidiaries during the period

(changes in specified subsidiaries accompanying change in the scope of consolidation): Yes

Decreases: 1 (IT Telecom, Inc.)

(Note) For more details, please refer to the section of "4. Other Information" of Qualitative Data, Financial Statements and Other Information on page 4.

(2) Application of simplified accounting methods as well as special accounting methods for preparing quarterly consolidated financial statements:

Yes

(Note) For more details, please refer to the section of "4. Other Information" of Qualitative Data, Financial Statements and Other Information on page 4.

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

(i) Changes due to revisions to accounting standards:

None

(ii) Other changes besides (i) :

Yes

(Note) For more details, please refer to the section of "4. Other Information" of Qualitative Data, Financial Statements and Other Information on page 4.

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

	Sep. 30, 2009	Mar. 31, 2009
Number of shares issued and outstanding	640,240	640,240

	Sep. 30, 2009	Mar. 31, 2009
Treasury Stock	-	-

	Apr.1 – Sep. 30, 2009	Apr.1 – Sep. 30, 2008
The weighted average number of shares issued and outstanding	640,240	640,240

(5) Concerning of Accounting Auditor: None

※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 from forecasts due to a variety of factors.

Please refer to "ITX Revises Forecasts for Fiscal 2010" provided separately today concerning the forecast for fiscal 2010.

Qualitative Data, Financial Statements and Other Information

1. Qualitative Data Related to Consolidated Operating Results

The Japanese economy for the six months ended September 30, 2009 seemed to finally put the brake on the rapid recession from the latter half of the last year. However, it is expected to take time for the economy to recover due to uncertainty of recovery of export business and employment situation.

In such economic environment, the ITX Group is aggressively driving forward our businesses based on “Corporate Restructuring Plan” released in December 2008. As a part of the plan, ITX merged with the former subsidiary company, IT Telecom, Inc. on April 1, 2009 in order to focus on management resources.

At the same time, in consideration of future market environment and growth potential, we reviewed our business portfolio in order to maximize synergy of our group businesses and promote more efficient use of management resources.

As a result of the review, ITX decided to classify its group businesses to new business segments. The former 4 business segments, “Life Sciences”, “Networking & Technologies”, “Mobile Communications” and “Business Innovations” changed to 2 segments, “Telecommunication” and “Service & Solution”. “Telecommunication” is centered on mobile phone retailing while “Service & Solution” provides services and solution to the medical information and healthcare field, network solutions field and other fields. Both segments are based on the information and communication services business base in which ITX Group has accumulated much experience and expertise.

Under these circumstances, sales in Telecommunication business for the six months ended September 30, 2009 increased due to expansion in sales channels by succession of mobile phone retailing business from Sony Marketing Inc. and Panasonic Telecom Inc., as announced in May, 2009. The spread of installment sales method in mobile phone retailing market and expansion of the sales channel with increased efficiency promoted stabilizing and strengthening profitability. Merger between ITX and the former subsidiary IT Telecom, Inc. contributed to business efficiency. These factors brought drastic improvement in operating income compared with the six months ended September 30 last year.

Service & Solution business recorded operating income, while operating loss was recorded in the same period of last year, due to smooth progress in business efficiency and withdrawal from non-profitable business, although part of this business is suffering from an economic recession.

ITX recorded consolidated revenues of ¥114,077 million, a year-on-year decrease of 8.7%. This was influenced by the sales of subsidiaries in last fiscal year, although there was sales increase in Telecommunication business due to expansion of sales channel.

On the other hand, results in terms of profit and loss were as follows. ITX recorded operating income of ¥1,859 million, while operating loss in the same period last year was ¥70 million. Concentration of management resources for efficient use and withdrawal from non-profitable businesses led to this result. Operating income turned into positive this year, while we recorded operating loss in the same period last year.

ITX reported net consolidated income of ¥374 million, while net loss in the same period last year was ¥2,804 million. Details for other income and expenses are as follows. Gain on sales of investment securities, net of ¥89 million, gain on sales of investment securities in subsidiaries and affiliates of ¥62 million, impairment loss on investment securities of ¥250 million, impairment loss on fixed assets of ¥162 million, interest expense, income taxes and minority interests adjustments.

The operating results by business segments for the six months ended September 30, 2009 are as follows:
(Telecommunication Business)

Telecommunication Business recorded consolidated revenues of ¥88,600 million, a year-on-year increase of 19.5%. This was due to the effect of expansion in sales channels by succession of mobile phone retailing business from Sony Marketing Inc. and Panasonic Telecom Inc. By stabilizing and strengthening profitability and a increase in business efficiency, operating income significantly improved to ¥2,230 million, a year-on-year increase of 194.0%.

(Service & Solution Business)

Service & Solution Business recorded consolidated revenues of ¥27,083 million, a year-on-year decrease of 48.0%. This was due to sales of subsidiaries in last fiscal year. On the other hand, promoting the review of our business and withdrawal from non-profitable businesses in previous year was effective. Therefore, operating income improved to ¥349 million (up ¥649 million compared to the same period last year).

2. Qualitative Data Related to Consolidated Financial Position

ITX Group had ¥124,407 million in total assets, a decrease of ¥6,936 million, compared to the end of the previous fiscal year. This was mainly attributable to the payment of trade payables in the former consolidated subsidiary, IT Telecom, Inc. and repayment of debt. (IT Telecom, Inc. dissolved due to the merger on April 1, 2009).

We recorded a net consolidated income of ¥374 million, leading to total net assets of ¥32,232 million. The equity ratio rose from 23.2% to 24.8%.

3. Qualitative Data Related to Consolidated Forecasts

Please refer to “ITX Revises Forecasts for Fiscal 2010” provided separately today concerning the forecast for fiscal 2010.

4. Other Information

(1) Changes in major subsidiaries during the period.

(changes in specified subsidiaries accompanying change in the scope of consolidation).

Name: IT Telecom Inc.

Reason for change: Merged with ITX Corporation on April 1, 2009.

(ITX is the surviving company and IT Telecom Inc. is dissolved.)

Besides the above, the changes in consolidated subsidiaries are as follows:

(Increase) ITX Communications Corporation TL (purchases of shares)	(Decrease) Nippon Outsourcing Corporation SS (dissolution due to merger)
Three other companies	Four other companies

Note: 1 Names of business segment have been abbreviated: Telecom (TL), Service & Solution (SS).

2 Reason for change in parentheses.

3 ITX purchased the whole shares of SMOJ Mobile Communications Inc., which made the company a consolidated subsidiary. The company changed its name to ITX Communication Corporation.

4 Nippon Outsourcing Corporation, Atlux Corporation and Three S partners Inc. merged.

Atlux Corporation, the surviving company changed its name to Nippon Outsourcing Corporation.

(2) Application of simplified methods as well as special accounting methods for preparing quarterly consolidated financial statements:

① Valuation method for inventories

Certain consolidated subsidiaries apply reasonable methods in calculating inventories at this quarter-end, based on the physical inventory taking at end of the last year.

② Calculating method for depreciation expense

When the declining-balance method is applied to property and equipment, the yearly depreciation expense is equally allocated to each month.

(3) Changes in accounting principles, procedures or presentation methods associated with quarterly consolidated financial statements:

Change in presentation method of sales of investment securities for business incubation and cost of revenues (Consolidated statements of operations)

Sales of investment securities for business incubation purpose were recorded under “Revenues” in previous years. Also, carrying value for the sold securities and loss from revaluation of the securities were recorded under “Cost of revenue”.

However, ITX group announced withdrawal from net investment business aiming at capital gains including corporate venture capital (CVC) investment in the “Corporate Restructuring Plan” last December.

In accordance with this policy, recording method has been changed and net loss or gain on the sales of securities is recorded in special profit and loss from this fiscal year.

As a result, gross profit and operating income increased by ¥98 million respectively compared to those based on the past recording method.

ITX Corporation Consolidated Balance Sheets

Assets	Millions of yen		Thousands of U.S. dollars
	Sep.30, 2009	Mar.31, 2009	Sep.30, 2009
Current assets:			
Cash and cash equivalents	¥ 15,916	¥ 25,624	\$ 176,844
Trade notes and accounts receivable	25,409	29,149	282,322
Marketable securities	-	199	-
Merchandise and finished goods	9,948	7,860	110,533
Work in process	297	285	3,300
Other current assets	8,657	7,486	96,189
Allowance for doubtful accounts	(314)	(435)	(3,489)
Total current assets	59,913	70,168	665,699
Non-current assets:			
Property and equipment	6,996	6,532	77,734
Investment and other assets:			
Investment securities	5,554	2,711	61,711
Goodwill	40,361	37,562	448,456
Intangible assets	3,264	2,957	36,267
Other non-current assets	9,391	12,406	104,344
Allowance for doubtful accounts	(1,072)	(993)	(11,911)
Total non-current assets	57,498	54,643	638,867
Total non-current assets	64,494	61,175	716,601
Total assets	¥ 124,407	¥ 131,343	\$ 1,382,300

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥90=US\$1.

ITX Corporation Consolidated Balance Sheets

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	Sep.30, 2009	Mar.31, 2009	Sep.30, 2009
Current liabilities:			
Trade notes and accounts payable	¥ 20,448	¥ 21,604	\$ 227,200
Short-term borrowings	8,707	6,935	96,744
Current portion of long-term debt	7,663	15,165	85,144
Accrued income taxes	420	1,132	4,667
Provision	53	62	589
Other current liabilities	10,466	10,935	116,289
Total current liabilities	47,757	55,833	530,633
Non-current liabilities:			
Long-term debt	42,379	41,906	470,878
Retirement allowance: Employees	1,420	1,343	15,778
Provision	43	40	478
Other non-current liabilities	576	263	6,400
Total non-current liabilities	44,418	43,552	493,534
Net Assets:			
Shareholders' Equity:			
Common stock	25,444	25,444	282,711
Capital surplus	18,005	18,005	200,056
Retained earnings	(10,397)	(10,773)	(115,522)
Total Shareholders' Equity	33,052	32,676	367,245
Valuation and Translation Adjustments:			
Net unrealized holding loss on available-for-sale securities, net of taxes	(689)	(679)	(7,656)
Net unrealized losses on hedging derivatives, net of taxes	(202)	(85)	(2,244)
Revaluation reserve for land	(113)	(113)	(1,256)
Foreign currency translation adjustments	(1,157)	(1,357)	(12,856)
Total valuation and translation adjustments	(2,161)	(2,234)	(24,012)
Minority Interests	1,341	1,516	14,900
Total Net Assets	32,232	31,958	358,133
Total liabilities and Net Assets	¥ 124,407	¥ 131,343	\$ 1,382,300

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥90=US\$1.

ITX Corporation
Consolidated Statements of Operations

	Millions of yen		Thousands of U.S. dollars
	Apr.1, 2009- Sep.30, 2009	Apr.1, 2008- Sep.30, 2008	Apr.1, 2009- Sep.30, 2009
Revenues	¥ 114,077	¥ 124,987	\$ 1,267,522
Costs of revenues	<u>90,886</u>	<u>100,841</u>	<u>1,009,844</u>
Gross profit	23,191	24,146	257,678
Selling, general and administrative expenses	<u>21,332</u>	24,216	<u>237,022</u>
Operating income (loss)	1,859	(70)	20,656
Other income (expenses):			
Interest and dividend income	126	248	1,400
Interest expense	(550)	(710)	(6,111)
Impairment loss on investment securities	(250)	(1,154)	(2,778)
Gain on sales of investment securities, net	89	18	989
Gain (loss) on holding gain (loss) of investment securities, net	(35)	142	(389)
Gain on sales of investment securities in subsidiaries and affiliates	62	-	689
Impairment loss on fixed assets	(162)	(511)	(1,800)
Equity in loss of unconsolidated subsidiaries and affiliates	(37)	(83)	(411)
Foreign exchange gain	14	124	155
Loss on sales and retirement of non-current assets, net	(55)	(32)	(611)
Gain on deemed sales of investment securities in affiliates due to dilution of equity interests, net	-	9	-
Settlement received	-	76	-
Other, net	(351)	(9)	(3,900)
Income(loss) before income taxes and minority interests	710	(1,952)	7,889
Income taxes:			
Current	282	997	3,133
Deferred	109	(36)	1,211
	<u>391</u>	<u>961</u>	<u>4,344</u>
Minority interests	55	109	611
Net Income (loss)	<u>¥ 374</u>	<u>¥ (2,804)</u>	<u>\$ 4,156</u>

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥90=US\$1.

ITX Corporation

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	Apr.1, 2009- Sep.30, 2009	Apr.1, 2008- Sep.30, 2008	Apr.1, 2009- Sep.30, 2009
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 710	¥ (1,952)	\$ 7,889
Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities			
Depreciation	1,308	1,457	14,533
Impairment loss on fixed assets	162	511	1,800
Amortization of goodwill	1,617	1,762	17,967
Increase (decrease) in allowance for doubtful accounts	(23)	327	(255)
Increase (decrease) in retirement allowance:			
Employees	69	36	767
Directors and corporate auditors	(28)	(13)	(311)
Interest and dividend income	(126)	(248)	(1,400)
Interest expense	550	710	6,111
Equity in losses of unconsolidated subsidiaries and affiliates	37	83	411
Gain on sales of investment securities, net	(89)	(18)	(989)
Gain on deemed sales due to changes in equity, net	-	(9)	-
Impairment loss on investment securities	250	1,154	2,778
Gain on sales of investment securities in subsidiaries and affiliates	(62)	(5)	(689)
Decrease in investment securities for business incubation	-	766	-
Decrease in trade receivables	4,241	13,652	47,122
Decrease (increase) in inventories	(66)	2,717	(733)
Decrease in trade payables	(935)	(13,352)	(10,389)
Decrease (increase) in other assets	983	(834)	10,922
Increase (decrease) in other liabilities	49	(589)	544
Other, net	343	(61)	3,811
Sub-total	8,990	6,094	99,889
Receipt of interest and dividends	193	285	2,144
Payment of interest	(624)	(815)	(6,933)
Refund of income taxes	99	309	1,100
Payment of income taxes	(1,166)	(1,066)	(12,956)
Net cash provided by operating activities	7,492	4,807	83,244
Cash flows from investment activities:			
Purchase of short-term investment securities	-	(200)	-
Proceeds from sales and redemption of short-term investment securities	200	-	2,222
Acquisition of property and equipment	(1,243)	(696)	(13,811)
Proceeds from sales of property and equipment	12	34	133
Acquisition of intangible fixed assets	(930)	(1,009)	(10,333)
Acquisition of investment securities	(138)	(449)	(1,533)
Proceeds from sales and redemption of investment securities	361	500	4,011
Net decrease from acquisition of investments in subsidiaries related to changes in scope of consolidation	(372)	-	(4,133)
Net decrease due to sales of investments in subsidiaries related to changes in scope of consolidation	(16)	(96)	(178)
Purchase of investments in subsidiaries	(797)	(565)	(8,855)
Net decrease (increase) in short-term loans receivable	(1,143)	1,154	(12,700)
Payments of long-term loans receivable	(3)	(85)	(33)
Collection of long-term loans receivable	13	8	144
(to be continued)			

ITX Corporation

Consolidated Statements of Cash Flows

(continued)	Millions of yen		Thousands of U.S. dollars
	Apr.1, 2009- Sep.30, 2009	Apr.1, 2008- Sep.30, 2008	Apr.1, 2009- Sep.30, 2009
Payments due to transfer of business	(6,851)	-	(76,122)
Other payments	(223)	(697)	(2,478)
Other proceeds	291	620	3,233
Net cash used in investment activities	(10,839)	(1,481)	(120,433)
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	776	(5,167)	8,622
Proceeds from long-term debt	24,710	4,638	274,556
Repayments of long-term debt	(31,807)	(6,753)	(353,411)
Proceeds from issuance of bonds	-	175	-
Repayments of corporate bonds	-	(61)	-
Proceeds from issuance of common stock to minority shareholders	-	143	-
Cash dividends paid to minority shareholders	(122)	(82)	(1,356)
Other, net	(54)	-	(600)
Net cash used in financing activities	(6,497)	(7,107)	(72,189)
Effect of exchange rate changes on cash and cash equivalents	49	17	545
Net decrease in cash and cash equivalents	(9,795)	(3,764)	(108,833)
Cash and cash equivalents at beginning of period	25,624	25,312	284,711
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	87	-	966
Cash and cash equivalents at end of period	¥ 15,916	¥ 21,548	\$ 176,844

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥90=US\$1.

Notes on premise of going concern: None

Notes on significant changes in the amount of stockholders' equity: None

Other Information

Operating Result by Business Segment

(Millions of yen)

		Apr.1, 2008- Sep.30, 2008	Apr.1, 2009- Sep.30, 2009	The year-on-year change (%)
Telecommunication	Revenues	74,169	88,600	19.5
	Operating income (loss)	758	2,230	194.0
Service & Solution	Revenues	52,109	27,083	(48.0)
	Operating income (loss)	(300)	349	-
Elimination and Corporate	Revenues	(1,291)	(1,606)	-
	Operating income (loss)	(528)	(720)	-
Consolidated	Revenues	124,987	114,077	(8.7)
	Operating income (loss)	(70)	1,859	-

Change of Business Segments

ITX changed business segments to 2 segments, "Telecommunication" and "Service & Solution". "Telecommunication" is centered on mobile phone retailing while "Service & Solution" provides services and solution to the medical information and healthcare field, network solutions field and other fields. Both segments are based on the information and communication services business base in which ITX Group has accumulated much experience and expertise.