

Consolidated Earnings Report for the Year Ended March 31, 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
 Inquiries: Shoichi Hanzawa TEL (81)-3- 4288-7000
 Scheduled date for Ordinary Annual General Meeting of Shareholders: June 24, 2009
 Scheduled date for submitting a Securities Report: June 24, 2009
 Scheduled start date of dividend payment: -

1. Consolidated Financial Results for the year ended March 31, 2009 (April 1, 2008 –March 31, 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 –Mar. 31, 2009	251,738 (-22.1)%	(108) (-) %	(3,982) (-) %
Apr. 1 –Mar. 31, 2008	323,140 (-2.2)%	4,366 (56.8) %	1,622 (-) %

(Yen)

	Net income per share	Net income per share (diluted)
Apr. 1 –Mar. 31, 2009	(6,219.78)	-
Apr. 1 –Mar. 31, 2008	2,858.01	2,833.22

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

Apr. 1 – Mar 31, 2009 ¥ 690 million Apr. 1 – Mar 31, 2008 ¥ 102 million

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total net assets	Equity Ratio	Net assets per share
Mar. 31, 2009	131,343	31,958	23.2 %	47,547.58 (Yen)
Mar. 31, 2008	169,613	39,081	21.0	55,655.89

(Reference): Equity:

Mar. 31, 2009 ¥ 30,442 million Mar. 31, 2008 ¥ 35,633 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, 2009	9,319	2,607	(11,681)	25,624 (Yen)
Apr. 1 –Mar. 31, 2008	11,091	(7,398)	(3,981)	25,312

2. Dividends

Record date	Dividends per Share(¥)					Total dividends (annual) (millions of yen)	Dividends Payout rate (%) (Consolidated)	at end of year
	At end of the 1Q	At end of the 2Q	At end of the 3Q	Year-end	Annual			
Year ended March 31, 2008	-	0.00	-	0.00	0.00	0.00	-	0.00
Year ended March 31, 2009	-	0.00	-	0.00	0.00	0.00	-	0.00

Year ending March 31, 2010 (forecast)	-	0.00	-	0.00	0.00	-	-	-
---------------------------------------	---	------	---	------	------	---	---	---

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
Six-month period ending September 30, 2009	105,000	Δ16.0	800	-	0	-	0.00
Year ending March 31, 2010	219,000	Δ13.0	4,500	-	1,000	-	1,561.91

4. Other

(1) Changes in major subsidiaries during the period

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

Decreases: 1 (ITX-Nextream Fund No.1 Investment Limited Liability Partnership)

(Note) For more details please refer to the section of "2. The ITX Group" on page 10.

(2) Changes in accounting principles, procedures and 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): None

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

	Mar. 31, 2009	Mar. 31, 2008
Number of shares issued and outstanding	640,240	640,240
Treasury Stock	-	-

(4) Concerning of Accounting Auditor: None

(Reference)

Summary of Non-Consolidated Results for the year ended March 31, 2009 (April 1, 2008 – March 31, 2009) -- 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, 2009	1,308	(-84.8) %	(4,716)	(-) %	(13,432)	(-) %
Apr. 1 –Mar. 31, 2008	8,616	(81.0) %	320	(-) %	2,351	(31.9) %

(Yen)

	Net income per share	Net income per share (diluted)
Apr. 1 –Mar. 31, 2009	(20,979.32)	-
Apr. 1 –Mar. 31, 2008	4,140.88	-

(2) Non-Consolidated Financial Position

(Millions of yen)

	Total assets	Total net assets	Equity Ratio	Net assets per share
			%	(Yen)
Mar. 31, 2009	88,507	33,833	38.2	52,844.63
Mar. 31, 2008	104,540	46,987	44.9	73,389.86

(Reference): Equity:

March 31, 2009 ¥ 33,833 million March 31, 2008 ¥46,987 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 position

(1) Operating Results

During fiscal 2009, ended March 31, 2009, amidst weakening demand due to the impact of the global recession that developed out of the financial crisis that originated in the U.S., the Japanese economy is suffering an economic recession under which corporate earnings have fallen considerably. Also, because the trend of declining stock prices continues due to lackluster trading on the Japanese stock markets, not only there is a high risk of recording impairment losses, but there has also been a remarkable drop in the number of new initial public offerings (IPOs).

Under such economic environment, the ITX Group, guided by its 2006 Corporate Strategic Plan (three-year medium-term management plan) that it is currently implementing, undertook concrete initiatives to (1) “build an even stronger operating base capable of generating consistent consolidated earnings” by means of business selection and focus, (2) continually optimize the portfolio by “accelerating the investment cycle,” and (3) strengthen the financial base.

With respect to the strategy of building an even stronger operating base capable of generating consistent consolidated earnings, the ITX Group is making solid achievements through steadily growing and strengthening the earnings power of consolidated group companies, particularly in the mobile phone retailing business and the automotive aftermarket service business.

As for continually optimizing the portfolio by accelerating the investment cycle, the ITX Group has focused its corporate resources on its core businesses by controlling the progress of group businesses and improving the administrative process that conducts strict evaluation of business investment policy.

Also, with respect to strengthening the financial base, ITX has achieved its target of a non-consolidated net debt to equity ratio of “1.5” through reducing selling, general and administrative expenses.

However, significant issues such as the deterioration of the financial environment and the sudden economic recession, because of unsuccessful business performance in the companies the ITX Group have invested and significant increase of impairment loss on investment securities influenced on consolidated corporate earnings. Under such an environment, the ITX Group focused on, from the medium- to long-term points of view, concentrating on creating greater group-wide business efficiency and withdrawing from non-profitable businesses while establishing firmer footing for businesses with stable earnings by further strengthening its core revenue-earning businesses. Following this strategy, it can work towards an improved corporate standing capable of continually producing profit and ultimately making it possible to maximize group corporate value, the ITX Group announced its “Corporate Restructuring Plan” in December last year.

Results

In fiscal 2009 (ended March 31, 2009), ITX recorded consolidated revenues of ¥251,738 million, a year-on-year decrease of 22.1%. This decrease in revenues is mainly attributable to a protraction of the handset renewal cycle in the mobile phone retailing business arising from changes in the price plans of mobile communications carriers.

The major breakdown of revenues was as follows. Major consolidated subsidiaries, IT Telecom Inc. (which was absorbed to ITX on April 1, 2009, it will be hereafter omitted), ¥153,038 million (consolidated revenues); KS OLYMPUS CO., LTD, ¥33,212 million; Broadleaf Co., Ltd., and ¥16,545 million (consolidated revenues).

Results in terms of profit and loss were as follows. In the mobile phone retailing business, despite revenues being down due to factors already mentioned, improvements to the unit sales price due primarily to changes in the method by which handsets are sold and efficiency gains regarding selling costs contributed to improved profitability, which, in addition to greater sales promotion efforts by mobile communications carriers engaged in end-of-year sales, led to the mobile phone retailing business reporting record level of high gross profit and operating income. The ITX Group’s gross profit, however, was ¥47,471 million, a year-on-year decrease of 11.1%. This was because of not only decreases in gains from sales of investment securities for business incubation, and withdrawal from non-profitable businesses as part of the business selection and focus accompanying the implementation of the “Corporate Structural Reform,” but also the occurrence of loss on liquidation of investment securities for business incubation.

Selling, general and administrative (SG&A) expenses decreased by 3.0% year on year, to ¥47,579 million, which comprised personnel expenses of ¥20,783 million and non-personnel expenses of ¥26,796 million (including ¥3,375 million for the amortization of goodwill).

Operating income decreased ¥4,474 million compared with the same period of fiscal 2008 to post a loss of ¥108 million.

After other income and expenses such as gain on sales of investment securities in subsidiaries and affiliates of ¥3,019 million, impairment loss on fixed assets of ¥1,815 million, loss on sales of investment securities, net of ¥1,056 million, interest expense, income taxes and minority interests adjustments, ITX reported net loss of ¥3,982 million (down ¥5,604 million compared with the same period of fiscal 2008).

With respect to KS OLYMPUS CO., LTD., and TmediX Corporation, these companies were consolidated subsidiaries of ITX, but following ITX’s sale of its shareholdings of the said companies in the fourth quarter, the said companies were

removed from the scope of consolidation. However, the income and loss of the said companies are included on the consolidated statements of operations. For more details on the change, please refer to ITX's "Notice of Change in Classification of Subsidiaries" that was disclosed on March 27, 2009.

Operating Result by Business Segment

As of March 31, 2009, the ITX Group consisted of ITX Corporation, 40 subsidiaries, including 1 company not accounted for as a consolidated subsidiary or an equity-method affiliate, and 17 affiliates, including 3 companies not accounted for as an equity-method affiliate, for a total of 58 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, 2009 and 2008.

Segment	(Millions of yen)	
	Apr.1, 2007- Mar.31, 2008	Apr.1, 2008- Mar.31, 2009
Life Sciences		
Revenues	50,510	45,908
Sales of investment securities for business incubation	755	136
Equipment sales and services	49,755	45,772
Gross Profit	8,745	7,491
Sales of investment securities for business incubation	46	(764)
Equipment sales and services	8,699	8,255
Selling, general and administrative expenses	7,436	7,385
Operating income (Loss)	1,309	106
Sales of investment securities for business incubation	(53)	(857)
Equipment sales and services	1,362	963
Networking & Technologies		
Revenues	50,537	35,094
Sales of investment securities for business incubation	7,662	851
Equipment sales and services	42,875	34,243
Gross Profit	18,040	14,705
Sales of investment securities for business incubation	1,703	(100)
Equipment sales and services	16,337	14,805
Selling, general and administrative expenses	14,596	13,651
Operating income (Loss)	3,444	1,054
Sales of investment securities for business incubation	1,587	(214)
Equipment sales and services	1,857	1,268
Mobile Communications		
Revenues	203,930	154,201
Sales of investment securities for business incubation	-	-
Equipment sales and services	203,930	154,201
Gross Profit	23,358	23,945
Sales of investment securities for business incubation	-	-
Equipment sales and services	23,358	23,945
Selling, general and administrative expenses	21,883	22,017
Operating income (Loss)	1,475	1,928
Sales of investment securities for business incubation	(18)	(11)
Equipment sales and services	1,493	1,939

Segment	(Millions of yen)	
	Apr.1, 2007- Mar.31, 2008	Apr.1, 2008- Mar.31, 2009
Business Innovations		
Revenues	18,228	16,678
Sales of investment securities for business incubation	406	114
Equipment sales and services	17,822	16,564
Gross Profit	3,298	1,473
Sales of investment securities for business incubation	(283)	(1,156)
Equipment sales and services	3,581	2,629
Selling, general and administrative expenses	4,134	3,490
Operating income (Loss)	(836)	(2,017)
Sales of investment securities for business incubation	(403)	(1,235)
Equipment sales and services	(433)	(782)
Elimination and Corporate		
Revenues	(65)	(143)
Sales of investment securities for business incubation	-	-
Equipment sales and services	(65)	(143)
Gross Profit	(26)	(143)
Sales of investment securities for business incubation	-	-
Equipment sales and services	(26)	(143)
Selling, general and administrative expenses	1,000	1,036
Operating income (Loss)	(1,026)	(1,179)
Sales of investment securities for business incubation	(513)	(518)
Equipment sales and services	(513)	(661)
Consolidated		
Revenues	323,140	251,738
Sales of investment securities for business incubation	8,823	1,101
Equipment sales and services	314,317	250,637
Gross Profit	53,415	47,471
Sales of investment securities for business incubation	1,466	(2,020)
Equipment sales and services	51,949	49,491
Selling, general and administrative expenses	49,049	47,579
Operating income (Loss)	4,366	(108)
Sales of investment securities for business incubation	600	(2,835)
Equipment sales and services	3,766	2,727

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.

Forecast for Fiscal 2010 (ending March 31, 2010)

For fiscal 2010, ITX is forecasting consolidated revenues of ¥219.0 billion, operating income of ¥4.5 billion, and net income of ¥1.0 billion. ITX expects to see improvements in operating income and net income, firstly because the withdrawals from non-profitable corporate venture capital (CVC) investments and other operations during fiscal 2009 are mostly completed and secondly because ITX expects to achieve business growth in the Mobile Phone Retailing Business and Automotive Aftermarket Service Business, its core businesses.

The above forecasts are based on management's assumptions and beliefs in light of the information currently available and may be affected by a number of important factors 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. ITX will rapidly disclose revised earnings projections in the event of factors impacting on forecasts.

(2) Financial Position**① Major changes in total assets, liabilities and net assets**

At March 31, 2009, ITX Group had ¥131,343 million in total assets, a decrease of ¥38,270 million, or 22.6%, compared to the end of the previous fiscal year. This was mainly attributable to a decrease in accounts receivable of consolidated subsidiaries such as IT Telecom, Inc. and E-Globaledge Corporation, the withdrawals from non-profitable CVC investments and other operations as part of business selection and focus, and the removal of KS OLYMPUS CO., LTD from the scope of consolidation through ITX's sales of its shareholdings.

As a result of proactive efforts to reduce interest-bearing debt at the end of fiscal 2009 was ¥64,249 million, a decrease of ¥14,579 million from March 31, 2008.

Total net assets was ¥31,958 million, a decrease of ¥7,123 million from March 31, 2008, which mainly reflects recording a net loss of ¥3,982 million. However, because of the substantial decrease in total assets, which was due to ITX's sale of its shareholding of KS OLYMPUS CO., LTD and other factors, the equity ratio rose from 21.0% on March 31, 2008 to 23.2%.

② Cash flows

At March 31, 2009, ITX Group had ¥25,624 million in cash and cash equivalents, an increase of ¥312 million from March 31, 2008. 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 ¥9,319 million, compared with ¥11,091 million provided in the previous year. This mainly reflected the acquisition and sales of investment securities for business incubation and operating income of IT Telecom, Inc., BroadLeaf CO., LTD and KS OLYMPUS CO., LTD.

(Cash flows from investing activities)

Investing activities provided net cash of ¥2,607 million, compared with ¥7,398 million used in the previous year. This mainly reflected funds used for capital investment at BroadLeaf CO., LTD and IT Telecom, Inc., and acquisition of investment securities and funds provided by sale of subsidiaries' stocks, particularly those of KS OLYMPUS CO., LTD and the collection of loans receivables.

(Cash flows from financing activities)

Financing activities used net cash of ¥11,681 million, compared with ¥3,981 million used in the previous year. This mainly reflected repayment of loans payable at ITX and its subsidiaries.

(3) Basic Policy on Distribution of Profit and Dividends for Fiscal 2009 and 2010

ITX regards the return of profits to shareholders as a key management issue. However, because it recorded a net loss for the fiscal year, ITX regrettably announces that it will make no dividend payment. Looking ahead, by promoting the "Corporate Structural Reform" to build a firm management foundation, all executives and employees of the ITX Group will put every effort into strengthening ITX's corporate standing and maximizing group corporate value.

(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.

On April 1, 2009, ITX merged with IT Telecom, Inc., which was one of its major consolidated subsidiaries. The business risks listed here take the said merger into consideration and describe matters relating to forward-looking judgments relevant at the time of announcement of this report.

① Risk factors of investees such as group companies etc.

The group companies etc. that are investees of ITX may not achieve operating performance according to the initial plan or the business plan, or ITX may not be able to sell an investee at an expected time, and this may prevent ITX from securing the group enterprise value it initially projected.

Additionally, because ITX's investment per company is large for certain investee, if an investee is unable to achieve operating performance according to the initial plan or the business plan, or is unable to sell the investee at an expected time, this may have a major impact on the consolidated operating results of ITX.

Up until now in its investment activities for business incubation, ITX has been developing unlisted companies, enhancing their enterprise value, and securing capital gains through IPOs, M&As and other means, aiming to realize enterprise value. Now, based on the policy of the “Corporate Structural Reform,” announced in December 2008, ITX has placed absolute priority on “strengthening the ITX Group’s operations through focus of management resources maximizing the ITX Group’s enterprise value through business creation based on the corporate standing that has been strengthened through this process. ITX is reviewing its exposure to risks accompanying investments overall based on this policy.

② Risk factors in ITX’s Telecommunications Services Business

• Concerning competition in the market

The rapid advancement of technology within the mobile phone market is fueling the launch of new services and products, one after the other, and continuing to spark demand amongst consumers. In this environment, as of March 2009, the total number of subscriber contracts for mobile phones and similar communication devices was 107,487 thousand and rising. However, while the rate of expansion continued to rise rapidly, the market is fast becoming saturated, limiting the increase of users. This is expected to cause greater competition among retailing companies vying to capture the limited remaining new users. Intensified competition may cause a reduced profit margin or other conditions that may have a considerable impact on operating results.

With respect to fixed broadband connections, as the FTTH (Fiber To The Home) deployment and other developments continue, and the communication environment improves, the rising expansion rate of users is expected to continue; however, just like the mobile phone market, competition among retailing companies is expected to intensify. Intensified competition may cause a reduced profit margin or other conditions that may have an impact on consolidated operating results.

• Concerning impacts from the competition policies of the Ministry of Internal Affairs and Communications (MIC)

In September 2006, MIC announced its New Competition Promotion Program 2010 to put in place fair competition rules for the electronic communications market and established the Study Group on Mobile Business for undertaking this task. This study group considered various issues of the electronic communications market such as sales incentives (note 1) and SIM locking (note 2) and announced its final report in September 2007. Following the final report, mobile communications carriers announced new sales methods including the installment sale. As a result of this, the rising retail price of mobile phone handsets may cause a diminished desire among consumers to purchase, and the mobile phone market may contract overall, which may significantly impact the consolidated operating results.

If the removal of SIM locking, which was postponed in the study group’s final report released in September 2007, were enforced, it may add to the impact on the above mentioned new retailing methods; furthermore, it may significantly impact on ITX’s consolidated operating results.

(Note 1) Sales incentives: A part of commission fees received from the mobile communications carriers. Sales incentives are set according to handset model and obtained contract.

(Note 2) SIM locking: Mobile phone handsets use SIM cards (Subscriber Identity Module Cards) and SIM locking makes it only possible to operate by a SIM card of a specific mobile communications carrier.

• Concerning commission fees from mobile communications carriers

The Telecommunications Services Business of ITX concludes agency contracts with each of the mobile communications carriers and works as an agent for subscription contracts of mobile communication services provided by the respective mobile communications carrier. In return, ITX receives commission fees from the mobile communications carriers as consideration for these services.

The respective transaction conditions established with each of the mobile communications carriers are subject to change based on the carrier’s business policy. If transaction conditions were to considerably change, this may significantly impact operating results.

• Concerning the impact from business policies of mobile communications carriers

The revenues of the Telecommunications Services Business depend primarily on the mobile phone retailing business. The Telecommunications Service Business, which is positioned in the mobile phone market that is expected to change significantly in the future, aims to seize the opportunity of capturing the remaining user interest and aggressively expand its business. However, because the decisions pertaining to the location of new store openings and the content of operation are made by the respective mobile communications carriers, the Telecommunications Service Business may not always be able to operate its business according to its business plan. Because of this, changes to the respective business policies of the mobile communications carriers may significantly impact ITX’s consolidated operating results.

• Concerning the impact of M&A for business expansion purposes

The Telecommunications Services Business, in its endeavors to expand, may accept assignment of or purchase businesses of other companies in the same industry or become a secondary agent. Through taking such action, ITX may

be impacted by the goodwill or other that is generated. Also, there is no guarantee that the revenues of such a business that were initially expected at the time of the acquisition etc. will materialize due to changes in market trend and economic environment in the future. Moreover the operating results or other circumstances of the investee business may result in impairment of goodwill, which may significantly impact consolidated operating results.

- Concerning personal information leaks etc.

The ITX Group handles a large volume of customer's personal information that was disclosed to the respective mobile communications carrier when the customer contract was handled on behalf of the carrier.

In addition to complying with manuals etc. that contain the provisions of the mobile communications carriers, the ITX Group, recognizes that the disclosure or leakage etc. of personal information by company employees in recent year is a societal problem and puts concerted effort into educating its employees and managing its transaction partners. In addition, through such measures as obtaining ISO27001 certification for centers (note) that handle large volumes of personal information, the ITX Group is building a system to suppress the leaks of personal information. If however, a personal information leak did occur, it may significantly lower the trust that the ITX Group receives from its transaction partners, particularly the respective mobile communications carriers, and this may have a significant impact on the future business expansion of the ITX Group.

(Note): The following offices have obtained certification: Logistics and New Connections Center (Tokyo), Telemarketing Center (Tokyo), Corporate Sales Department (Tokyo)

③ Risk factors in each group business fields

- Market size and growth predictions

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

- 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.

- 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.

- New product development/new service provision

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

- 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.

④ Management risk

- 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.

- 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.

- Securing personnel

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

- Relationship with parent company

As of the date of submittal of this report, OLYMPUS CORPORATION is ITX's parent company with a shareholding ratio of 82.06%.

The transaction-based and personnel-based relationships with the parent company are limited and it is considered that any change to the capital relationship would not materially impact operations.

⑤ Other

• 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 or company information as customer for some reason could have an impact on the operating results of ITX.

• Impact of volatile economic environment on operating results

In the Japanese economy during fiscal 2009, the impact of the financial crisis that developed from the subprime mortgage financial crisis extended also to the real economy. Considering such uncertainty towards the future, deterioration of corporate revenues and weakening of the private consumption of consumers may significantly impact on the operations of the ITX Group.

(5) Significant events concerning the premise of going concern: None**2. The ITX Group**

ITX Group comprises ITX Corporation, 40 subsidiaries, including 1 company not accounted for as a consolidated subsidiary or an equity-method affiliate, and 17 affiliates of which 3 are not accounted for by the equity method, for a total of 58 companies.

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; 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

In addition, ITX-Nextream Fund No.1 Investment Limited Liability Partnership, whose operations are under the control of ITX Capital Innovation, no longer will be classified as a specified subsidiary of ITX because of ITX's diminished control.

3. Management Policies

(1) Fundamental Management Policy

The ITX Group has a mission to contributing to people and society, looking to the future and envisages (a) having the clear business feature and strengths on the information and communication services business base, (b) strategically creating new markets in healthcare fields, (c) finding and considerably developing specific markets and services, establishing firm business base, and consequently creating unique value chains, and (d) successfully creating new, high-value-added businesses.

(2) Target Performance Indicators

Taking a medium- to long-term perspective, ITX is executing measures to improve and strengthen its corporate standing by re-engineering the ITX Group and, as a part of this, it implemented the Corporate Restructuring Plan that was announced at the end of last year. Through carrying out these measures, ITX aims to maximize the enterprise value of the Group through business creation that is founded upon a firm corporate standing. In terms of concrete goals, in fiscal 2012 (ending March 31, 2012), ITX is aiming to achieve consolidated revenues of ¥370.0 billion, and operating income of ¥8.0 billion.

The ITX Group places “information and communication services”, as a main earning base, with the Telecommunications Service Business which has core revenue-earning and the medical information services field has been chosen as the field to be strategically developed, aiming to leverage the strengths of the medical business of the OLYMPUS Group. By integrating the business collaboration amongst the entire ITX Group, ITX aims to build a unique value chain that will make the achievement of such management targets possible.

(3) Medium- to long-term Strategy

ITX is pursuing the following objectives as part of the Corporate Restructuring Plan announced on December 16, 2008.

① Strengthening of core revenue-earning business

The ITX Group has positioned the “information and communication services” with the Telecommunications Service Business, as its core revenue-earning business. Through the merger of ITX and IT Telecom Inc., ITX has accelerated its efforts to further strengthen its marketing capabilities and expand its corporate solutions business by integrating ITX's existing business development function and the business incubation function with the functions held by IT Telecom Inc. ITX also aims to strengthen the packaged software field centered on Broadleaf Co., Ltd. to secure stable and continuous profits.

② Promotion of greater group business efficiency

ITX aims to expand the revenue of the ITX Group's outsourcing business through the merger of three companies: Nippon Outsourcing Corporation, Atlux Corporation and Three S partners Inc. Also in the ITX Group's electronics business field, ITX is generating maximum synergy by combining the functions of two trading companies in the electronics field: E-Globaledge Corporation and Soliste Corporation.

③ Entering into the medical information and healthcare business as the strategic business

The ITX Group is creating the medical information services field by leveraging the strengths of the medical business in the Olympus Group. Business activities of this field includes not only information services aimed to help medical institutions and medical treatment related businesses to implement management reform, and help health insurance organizations to suppress medical treatment expenses, but also expansion into personal related health information services business. While accelerating the development of these businesses, ITX will try make strategic alliances that include equity participation into other companies.

④ Financial strategies

ITX is carrying out a bold reorganization of its portfolio including withdrawal from its existing CVC businesses and other pure investments for capital gains, and looking to secure investment funds for core business fields while reducing interest-bearing debt.

(4) Changes in business segments

The ITX Group is actively pushing ahead with business reorganization based on the above management policies. It has also carried out a review of its business portfolio to consider the future market environments and the growth

potential of businesses, seek maximization of synergy amongst the businesses of the ITX Group, and promote more efficient utilization of management resources.

As a result of this review, ITX decided to divide the ITX Group businesses into new, more appropriate business segments. Commencing on fiscal 2010, from April 1, 2009, the ITX Group will focus its operations on two business segments: the “Telecommunications Services Business,” which is centered on mobile phone retailing and the “Services & Solutions Business,” which provides services and solutions to the medical information and healthcare field, network solutions field and other fields, both on the information and communication services business base — in which the ITX Group has accumulated much know-how—as its core revenue-earning business.

[New business segments]

Telecommunication Service Business Core revenue-earning business	Services & Solutions Business
Sales of mobile communication devices Sales of fixed line connections Sales of corporate solution services	Medical information and healthcare field (strategic business) Network solutions field Other fields
Information and communication services	

ITX Corporation Consolidated Balance Sheets

As of March 31, 2009 and 2008

Assets	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current assets:			
Cash and cash equivalents	¥ 25,624	¥ 25,312	\$ 261,469
Trade notes and accounts receivable	29,149	48,515	297,439
Allowance for doubtful accounts	(435)	(312)	(4,439)
	28,714	48,203	293,000
Marketable securities	199	-	2,031
Inventories	-	12,258	-
Merchandise and finished goods	7,860	-	80,204
Work in process	285	-	2,908
Deferred tax assets	138	402	1,408
Other current assets	7,348	11,014	74,980
Total current assets	70,168	97,189	716,000
Non-current assets:			
Property and equipment			
Land	1,384	1,611	14,123
Buildings and structures	7,675	7,482	78,316
Machinery and transportation equipment	1,221	1,193	12,459
Furniture and fixtures	2,883	3,207	29,418
Lease assets	239	-	2,439
Construction in progress	5	55	51
Accumulated depreciation	(6,875)	(6,611)	(70,153)
	6,532	6,937	66,653
Investment and other assets:			
Investment securities	2,711	4,734	27,663
Investment securities for business incubation	3,636	6,775	37,102
Long-term loans receivable	3,006	2,962	30,674
Deferred tax assets	27	304	276
Goodwill	37,562	42,058	383,286
Lease assets	17	-	173
Intangible assets	2,940	3,366	30,000
Other non-current assets	4,744	5,288	48,408
	54,643	65,487	557,582
Total non-current assets	61,175	72,424	624,235
Total assets	¥ 131,343	¥ 169,613	\$ 1,340,235

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.

ITX Corporation Consolidated Balance Sheets

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current liabilities:			
Trade notes and accounts payable	¥ 21,604	¥ 36,435	\$ 220,449
Short-term borrowings	6,935	14,614	70,765
Current portion of long-term debt	15,165	4,797	154,745
Accrued income taxes	1,132	979	11,551
Allowance for short-term cancellation repayment	16	60	163
Other provision	46	73	470
Other current liabilities	10,935	11,886	111,582
Total current liabilities	55,833	68,844	569,725
Non-current liabilities:			
Long-term debt	41,906	59,417	427,612
Deferred tax liabilities	29	123	296
Retirement allowance:			
Employees	1,343	1,570	13,704
Directors and corporate auditors	40	70	408
Allowance for losses on guarantees of liabilities	-	453	-
Other non-current liabilities	234	55	2,388
Total non-current liabilities	43,552	61,688	444,408
Net Assets:			
Shareholders' Equity:			
Common stock	25,444	25,444	259,633
Capital surplus	18,005	18,005	183,725
Retained earnings	(10,773)	(6,775)	(109,929)
Total Shareholders' Equity	32,676	36,674	333,429
Valuation and Translation Adjustments:			
Net unrealized holding loss on available-for-sale securities, net of taxes	(679)	(446)	(6,929)
Net unrealized losses on hedging derivatives, net of taxes	(85)	(146)	(867)
Revaluation reserve for land	(113)	(135)	(1,153)
Foreign currency translation adjustments	(1,357)	(314)	(13,847)
Total valuation and translation adjustments	(2,234)	(1,041)	(22,796)
Minority Interests	1,516	3,448	15,469
Total Net Assets	31,958	39,081	326,102
Total liabilities and Net Assets	¥ 131,343	¥ 169,613	\$ 1,340,235

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.

ITX Corporation Consolidated Statements of Operations

For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Revenues			
Equipment sales and services	¥ 250,637	¥ 314,317	\$ 2,557,520
Sales of investment securities for business incubation	1,101	8,823	11,235
	251,738	323,140	2,568,755
Costs of revenues			
Equipment sales and services	201,147	262,368	2,052,520
Sales of investment securities for business incubation	3,120	7,357	31,837
	204,267	269,725	2,084,357
Gross profit	47,471	53,415	484,398
Selling, general and administrative expenses	47,579	49,049	485,500
Operating income (loss)	(108)	4,366	(1,102)
Other income (expenses):			
Interest and dividend income	398	521	4,061
Interest expense	(1,321)	(1,570)	(13,480)
Impairment loss on investment securities	(879)	(477)	(8,969)
Gain(loss) on sales of investment securities, net	(1,056)	271	(10,776)
Gain on sales of investment securities in subsidiaries and affiliates	3,019	312	30,806
Gain on investments in partnership	145	90	1,480
Impairment loss on fixed assets	(1,815)	(36)	(18,520)
Equity in loss of unconsolidated subsidiaries and affiliates	(690)	(102)	(7,041)
Loss on sales of trade notes receivable	-	(1)	-
Foreign exchange gain(loss)	100	(222)	1,020
Reversed of allowance for doubtful accounts	13	6	133
Gain(loss) on deemed sales of investment securities in affiliates due to dilution of equity interests, net	9	(2)	92
Gain on transfer of business	-	300	-
Loss on sales and retirement of non-current assets, net	(119)	(150)	(1,214)
Other, net	(671)	(204)	(6,847)
Income(loss) before income taxes and minority interests	(2,975)	3,102	(30,357)
Income taxes:			
Current	1,324	1,648	13,511
Deferred	197	(97)	2,010
	1,521	1,551	15,521
Minority interests	514	71	5,245
Net income (loss)	¥ (3,982)	¥ 1,622	\$ (40,633)

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.

ITX Corporation

Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Stockholders' Equity:			
Common stock			
Balance at beginning of year	¥ 25,444	¥ 20,456	\$ 259,633
Changes in the period			
Issuance of common stock	-	4,988	-
Total changes in the period	-	4,988	-
Balance at end of year	<u>¥ 25,444</u>	<u>¥ 25,444</u>	<u>\$ 259,633</u>
Capital surplus			
Balance at beginning of year	¥ 18,005	¥ 13,018	\$ 183,725
Changes in the period			
Issuance of common stock	-	4,987	-
Total changes in the period	-	4,987	-
Balance at end of year	<u>¥ 18,005</u>	<u>¥ 18,005</u>	<u>\$ 183,725</u>
Retained earnings			
Balance at beginning of year	¥ (6,775)	¥ (8,340)	\$ (69,133)
Changes in the period			
Net income (loss)	(3,982)	1,622	(40,633)
Change of scope of consolidation	(16)	(57)	(163)
Total changes in the period	<u>(3,998)</u>	<u>1,565</u>	<u>(40,796)</u>
Balance at end of year	<u>¥ (10,773)</u>	<u>¥ (6,775)</u>	<u>\$ (109,929)</u>
Total Shareholders' Equity			
Balance at beginning of year	¥ 36,674	¥ 25,134	\$ 374,225
Changes in the period			
Issuance of common stock	-	9,975	-
Net income (loss)	(3,982)	1,622	(40,633)
Change of scope of consolidation	(16)	(57)	(163)
Total changes in the period	<u>(3,998)</u>	<u>11,540</u>	<u>(40,796)</u>
Balance at end of year	<u>¥ 32,676</u>	<u>¥ 36,674</u>	<u>\$ 333,429</u>

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.

ITX Corporation
Consolidated Statements of Changes in Net Assets

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Valuation and Translation Adjustments:			
Net unrealized holding gain(loss) on available-for-sale securities, net of taxes			
Balance at beginning of year	¥ (446)	¥ 367	\$ (4,551)
Changes in the period			
Net changes of items other than Shareholders' Equity	(233)	(813)	(2,378)
Total changes in the period	(233)	(813)	(2,378)
Balance at end of year	¥ (679)	¥ (446)	\$ (6,929)
Net unrealized losses on hedging derivatives, net of taxes			
Balance at beginning of year	¥ (146)	¥ (46)	\$ (1,490)
Changes in the period			
Net changes of items other than Shareholders' Equity	61	(100)	623
Total changes in the period	61	(100)	623
Balance at end of year	¥ (85)	¥ (146)	\$ (867)
Revaluation reserve for land			
Balance at beginning of year	¥ (135)	¥ (135)	\$ (1,378)
Changes in the period			
Net changes of items other than Shareholders' Equity	22	-	225
Total changes in the period	22	-	225
Balance at end of year	¥ (113)	¥ (135)	\$ (1,153)
Foreign currency translation adjustments			
Balance at beginning of year	¥ (314)	¥ (106)	\$ (3,204)
Changes in the period			
Net changes of items other than Shareholders' Equity	(1,043)	(208)	(10,643)
Total changes in the period	(1,043)	(208)	(10,643)
Balance at end of year	¥ (1,357)	¥ (314)	\$ (13,847)
Total valuation and translation adjustments			
Balance at beginning of year	¥ (1,041)	¥ 80	\$ (10,623)
Changes in the period			
Net changes of items other than Shareholders' Equity	(1,193)	(1,121)	(12,173)
Total changes in the period	(1,193)	(1,121)	(12,173)
Balance at end of year	¥ (2,234)	¥ (1,041)	\$ (22,796)
Minority interests			
Balance at beginning of year	¥ 3,448	¥ 3,964	\$ 35,184
Changes in the period			
Net changes of items other than Shareholders' Equity	(1,932)	(516)	(19,715)
Total changes in the period	(1,932)	(516)	(19,715)
Balance at end of year	¥ 1,516	¥ 3,448	\$ 15,469
Total Net Assets			
Balance at beginning of year	¥ 39,081	¥ 29,178	\$ 398,786
Changes in the period			
Issuance of common stock	-	9,975	-
Net income (loss)	(3,982)	1,622	(40,633)
Change of scope of consolidation	(16)	(57)	(163)
Net changes of items other than Shareholders' Equity	(3,125)	(1,637)	(31,888)
Total changes in the period	(7,123)	9,903	(72,684)
Balance at end of year	¥ 31,958	¥ 39,081	\$ 326,102

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.

ITX Corporation

Consolidated Statements of Cash Flows

For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ (2,975)	¥ 3,102	\$ (30,357)
Adjustments to reconcile loss before income taxes and minority interests to net cash provided by operating activities			
Depreciation	3,086	2,922	31,490
Impairment loss on fixed assets	1,815	36	18,520
Amortization of goodwill	3,375	3,484	34,439
Increase in allowance for doubtful accounts	674	4	6,877
Increase (decrease) in retirement allowance:			
Employees	101	92	1,031
Directors and corporate auditors	(14)	12	(143)
Interest and dividend income	(398)	(521)	(4,061)
Interest expense	1,321	1,570	13,479
Equity in losses of unconsolidated subsidiaries and affiliates	690	102	7,041
Loss(gain) on sales of investment securities, net	1,056	(271)	10,776
Loss(gain) on deemed sales due to changes in equity, net	(9)	2	(92)
Impairment loss on investment securities	879	477	8,969
Gain on sales of investment securities in subsidiaries and affiliates	(3,019)	(312)	(30,806)
Decrease in investment securities for business incubation	2,335	3,679	23,826
Decrease in trade receivables	8,324	3,072	84,939
Decrease in inventories	3,150	1,063	32,143
Decrease in trade payables	(6,928)	(2,829)	(70,694)
Increase in other assets	(541)	(2,180)	(5,520)
Decrease in other liabilities	(931)	(663)	(9,500)
Other, net	(66)	332	(673)
Sub-total	<u>11,925</u>	<u>13,173</u>	<u>121,684</u>
Receipt of interest and dividends	391	478	3,990
Payment of interest	(1,376)	(1,501)	(14,041)
Refund of income taxes	315	812	3,214
Payment of income taxes	<u>(1,936)</u>	<u>(1,871)</u>	<u>(19,755)</u>
Net cash provided by operating activities	9,319	11,091	95,092
Cash flows from investment activities:			
Purchase of short-term investment securities	(200)	-	(2,041)
Acquisition of property and equipment	(1,444)	(1,774)	(14,735)
Proceeds from sales of property and equipment	323	249	3,296
Acquisition of intangible fixed assets	(1,768)	(2,040)	(18,041)
Proceeds from sales of intangible fixed assets	-	8	-
Acquisition of investment securities	(684)	(3,564)	(6,980)
Proceeds from sales and redemption of investment securities	714	3,390	7,286
Net increase due to sales of investments in subsidiaries related to changes in scope of consolidation	4,389	197	44,786
Net decrease due to sales of investments in subsidiaries related to changes in scope of consolidation	(96)	-	(980)
Purchase of investments in subsidiaries	(897)	(8)	(9,153)
Proceeds from sales of investments in subsidiaries	-	608	-
Net decrease in short-term loans receivable	2,678	-	27,326
Loans made	-	(7,994)	-
Payments of long-term loans receivable	(217)	-	(2,214)
(to be continued)			

ITX Corporation Consolidated Statements of Cash Flows

(continued)	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Collection of loans	-	1,563	-
Collection of long-term loans receivable	121	-	1,235
Payments due to transfer of business	(70)	(29)	(714)
Proceeds from transfer of business	-	315	-
Other payments	(992)	(486)	(10,122)
Other proceeds	750	2,167	7,653
Net cash provided by (used in) investment activities	2,607	(7,398)	26,602
Cash flows from financing activities:			
Net increase (decrease) in short-term borrowings	(5,497)	1,706	(56,092)
Proceeds from long-term debt	4,752	4,450	48,490
Repayments of long-term debt	(11,148)	(10,594)	(113,755)
Proceeds from issuance of common stock	-	9,906	-
Proceeds from issuance of bonds	375	100	3,827
Redemption of corporate bonds	(200)	(10,094)	(2,041)
Proceeds from issuance of common stock to minority shareholders	146	609	1,490
Cash dividends paid to minority shareholders	(82)	(54)	(837)
Other, net	(27)	(10)	(276)
Net cash used in financing activities	(11,681)	(3,981)	(119,194)
Effect of exchange rate changes on cash and cash equivalents	(103)	(310)	(1,051)
Net increase (decrease) in cash and cash equivalents	142	(598)	1,449
Cash and cash equivalents at beginning of year	25,312	25,932	258,286
Decrease in cash and cash equivalents due to decrease in consolidated subsidiaries	-	(22)	-
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	170	-	1,734
Cash and cash equivalents at end of year	¥ 25,624	¥ 25,312	\$ 261,469

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.

ITX Corporation

Notes to Consolidated Financial Statements

ITX Corporation and consolidated subsidiaries

Premise of going concern

None

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, 2009, which was ¥98 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 24, 2008) except the below.

Significant changes in basis of presenting consolidated financial statements

Application of the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements”

From this first quarter period, the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (ASBJ PITF Practical Solution No.18, May 17, 2006) is applied. This change has no impact on profits and losses.

Application of the “Accounting Standard for Lease Transactions”

Before the change, the accounting treatment for finance lease transactions not involving the transfer of ownership followed mutatis mutandis the method for operating lease transactions. However, the Company applies the “Accounting Standard for Lease Transactions” (ASBJ Statement No.13: the First Committee of the Business Accounting Council, June 17, 1993; revised March 30, 2007) and the “Guidance on Accounting Standard for Lease Transactions” (ASBJ Guidance No.16; the JICPA Accounting Committee, January 18, 1994; revised March 30, 2007) from the year ended March 31, 2009, and the accounting treatment for such transactions follow the method for ordinary purchase and sales transactions. Meanwhile, depreciation of leased assets pertaining to finance lease transactions not involving the transfer of ownership is computed on a straight-line method over the lease period as durable period without residual value. Also, the accounting treatment for finance lease transactions not involving the transfer of ownership and whose transaction commenced before the first fiscal year in which the Accounting Standard for Lease Transactions is applied continuously follows mutatis mutandis the method for operating lease transactions. The impact of this change on profits and losses is immaterial.

Applications of the “Accounting Standard for Measurement of Inventories”

In the past, inventories held for sale in the ordinary course of business were stated at cost, determined principally on a first-in, first-out basis.

As the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No.9, July 5, 2006) are applied from the year ended March 31, 2009, we mainly employ the moving average method and the first-in, first-out method based on the cost method (for the value stated on the balance sheet, book value is written down based on the decreased profitability). As a result of this change, operation loss increased by ¥8 million and loss before income taxes and minority interests increased by ¥63 million respectively.

Changes in presentation

(Consolidated balance sheets)

Following the Cabinet Office Ordinance Partially Revising the Regulation for Financial Statements (Cabinet Office Ordinance No. 50, August 7, 2008), the item listed as “inventories” in the previous fiscal year has been separated into “merchandise and finished goods” and “work in progress” commencing fiscal 2009. For reference, “merchandise and finished goods” and “work in process” recorded in “inventories” in the previous year were ¥11,273 million and ¥984 million respectively.

(Consolidated statements of operations)

The item listed as “Gain on holding gain of investment securities, net” in the previous fiscal year has been changed to “Gain on investments in partnership” to improve comparability of consolidated statements of operations following the introduction of XBRL on EDINET.

(Consolidated statements of cash flows)

Concerning items listed as “loans made” and “Collection of loans” in the previous fiscal year, to improve the clarity of presentation, from fiscal 2009, those of short term and fast rotation are recorded in “net decrease (increase) in short-term loans receivable,” while those that are not are recorded in either “payments of long-term loans receivable” or “collection of long-term loans receivable.”

For reference, in the previous fiscal year, the net increase in short-term loans receivable was ¥3,673 million, payments of long-term loans receivable was ¥3,570 million and collection of long-term loans receivable was ¥812 million.

Other

SEGMENT INFORMATION

The business segment information of the Companies for the years ended March 31, 2009 and 2008 is as follows:

Business Segments

Year ended March 31, 2009	Millions of yen					Consolidated
	LS	NW & T	MC	BI	Elimination and Corporate	
Net sales						
Sales to third parties	¥45,907	¥34,951	¥154,202	¥16,678	¥ -	¥251,738
Intersegment sales	-	143	-	-	(143)	-
Total	45,907	35,094	154,202	16,678	(143)	251,738
Operating expenses	45,801	34,040	152,274	18,695	1,036	251,846
Operating income (loss)	106	1,054	1,928	(2,017)	(1,179)	(108)

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, 2009	Thousands of U.S. dollars					Consolidated
	LS	NW & T	MC	BI	Elimination and Corporate	
Net sales						
Sales to third parties	\$468,439	\$356,643	\$1,573,489	\$170,184	\$ -	\$2,568,755
Intersegment sales	-	1,459	-	-	(1,459)	-
Total	468,439	358,102	1,573,489	170,184	(1,459)	2,568,755
Operating expenses	467,357	347,347	1,553,816	190,765	10,572	2,569,857
Operating income (loss)	1,082	10,755	19,673	(20,581)	(12,031)	(1,102)

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; 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

(Change in Accounting Policy)

Effective from fiscal year ended March 31, 2009, the Company applied "Accounting Standard for Measurement of Inventories"(ASBJ Statement No.9, July 5, 2006). As a result of this change, operation income decreased by ¥ 3 million in Networking & Technologies and by ¥ 5 million in Mobile Communications.

SUBSEQUENT EVENTS

Year ended March 31 2009

(Merger)

ITX passed a resolution at its Board of Directors' meeting held on December 16, 2008, to execute an absorption-type merger between ITX and its subsidiary, IT Telecom Inc., with ITX as the surviving company and IT Telecom Inc. as the absorbed company, and concluded the merger agreement on the same day. For ITX, this merger is considered a simplified merger as prescribed in Article 796, paragraph 3 of the Company Law, while for IT Telecom Inc., this merger is considered a

short-form merger as prescribed in Article 784, paragraph 1 of the Company Law, and as per the above provisions, a shareholders meeting was not called for the merger's approval. The merger later took effect on April 1, 2009.

(1) Names etc. of the combining and combined companies

1. Names of the combining and combined companies:

Combining company: ITX Corporation (ITX)

Combined company: IT Telecom, Inc. (consolidated subsidiary of ITX)

2. Business activities of the combined company

Mobile phone retailing and other sales

Sales of broadband and other communication services

3. Legal form of business combination

An absorption-type merger with ITX as the surviving company and IT Telecom, Inc. as the absorbed company.

4. Name of company after combination

ITX Corporation

5. Overview of transaction including the transaction's purpose

This merger was a response to the changes to the economic environment surrounding the ITX Group. The aim was to bring together the information and communication services functions comprised of the assets, resources and knowhow accumulated thus far by the ITX Group and centralize the management resources to pursue the following objectives: (a) build a strong and solid business revenue structure, (b) accelerate business promotion by utilizing business development functions and business incubation functions, and (c) enhance indirect operations and make these operations more efficient. The aim of the merger also includes accelerating promotion of consolidated group companies' business by strengthening the information and communication services business as its core revenue-earning business.

(2) Overview of accounting applied to the merger

ITX applies the accounting method of "business combinations under common control" based on ASBJ Accounting Standards for Business Combination and ASBJ Guidance No. 10 Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures. There will be no impact on consolidated financial statements.

(Change in Business Segments)

In the "Corporate Structural Reform" that was announced on December 16, 2008, ITX presented its intentions to make the operations of the ITX Group even more efficient and further strengthen the ITX Group's core revenue-earning business; moreover, it examined and prepared for the optimum placement of group resources by centering the management resources cultivated in line with the business developments till today. One of the results of this was the executions of the following mergers on April 1, 2009: the merger between ITX and IT Telecom, Inc. which was its major consolidated subsidiary, the acquisition of Soliste Corporation by E-Globaledge Corporation, and the merger between Nippon Outsourcing Corporation, Atlux Corporation and Three S partners Inc..

At this point in the deployment of the "Corporate Structural Reform" ITX has revised its business segments and decided to make new, more appropriate business segments for its non-consolidated and consolidated business operations. Commencing fiscal 2010, from April 1, 2009, information and communication services, in which the ITX Group has accumulated much know-how, will be treated as the core revenue-earning business, and the ITX Group will focus its operations on two business segments: the "Telecommunications Services Business," which is centered on mobile phone retailing, and the "Services & Solutions Business," which provides services and solutions to the medical information and healthcare field, network solutions field and other fields.

For reference, under the new business segments, of business segment information for fiscal 2009 would be as follows.

Business Segments

Year ended March 31, 2009	Millions of yen			
	Telecom	Service & Solution	Elimination and Corporate	Consolidated
Net sales				
Sales to third parties	¥152,977	¥98,761	¥ -	¥251,738
Intersegment sales	6	2,699	(2,705)	-
Total	152,983	101,460	(2,705)	251,738
Operating expenses	150,345	103,027	(1,526)	251,846
Operating income (loss)	2,638	(1,567)	(1,179)	(108)

Year ended March 31, 2009	Thousands of U.S. dollars			
	Telecom	Service & Solution	Elimination and Corporate	Consolidated
Net sales				
Sales to third parties	\$1,560,990	\$1,007,765	\$ -	\$2,568,755
Intersegment sales	61	27,541	(27,602)	-
Total	1,561,051	1,035,306	(27,602)	2,568,755
Operating expenses	1,534,133	1,051,296	(15,572)	2,569,857
Operating income (loss)	26,918	(15,990)	(12,030)	(1,102)

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

(1) Telecommunication Services Business

Sales of mobile communication devices: Sales of mobile phones

Sales of fixed line connections: Sales of fixed line communication service

Sales of corporate solution services: Sales of Corporate network solution services

(2) Services & Solutions Business

Medical information and healthcare business: Provision of medical information for healthcare

Network solutions: Development and sales of business packaged software

Other: Provision of outsourcing service

(Change in Accounting Policy)

Effective from fiscal year ended March 31, 2009, the Company applied "Accounting Standard for Measurement of Inventories"(ASBJ Statement No.9, July 5, 2006). As a result of this change, operation income decreased by ¥ 5 million in Telecommunications Services Business and by ¥ 3 million in Services & Solutions Business.

ITX Corporation Non-Consolidated Balance Sheets

As of March 31, 2009 and 2008

Assets	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current assets:			
Cash and cash equivalents	¥ 12,275	¥ 8,643	\$ 125,255
Trade notes and accounts receivable	49	94	500
Allowance for doubtful accounts	(0)	(1)	(0)
	49	93	500
Other current assets	7,843	7,991	80,031
Total current assets	20,167	16,727	205,786
Non-current assets:			
Property and equipment			
Buildings and structures	102	95	1,041
Furniture and fixtures	54	63	551
Accumulated depreciation	(86)	(82)	(878)
	70	76	714
Investment and other assets:			
Investment securities	768	2,293	7,837
Investment securities for business incubation	483	2,210	4,929
Investment securities – in subsidiaries and affiliated companies	42,760	56,646	436,326
Investment securities for business incubation – in subsidiaries and affiliated companies	21,934	26,233	223,816
Long term loan receivable	2,087	-	21,296
Software	116	124	1,184
Other non-current assets	122	231	1,245
	68,270	87,737	696,633
Total non-current assets	68,340	87,813	697,347
Total assets	¥ 88,507	¥ 104,540	\$ 903,133

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current liabilities:			
Accounts payable	¥ -	¥ 7	\$ -
Current portion of long-term debt	13,520	2,040	137,959
Accrued income taxes	4	22	41
Deposits	972	973	9,918
Other current liabilities	429	714	4,378
Total current liabilities	14,925	3,756	152,296
Non-current liabilities:			
Long-term debt	39,600	53,120	404,082
Deferred tax liabilities	-	22	-
Retirement allowance for employees	143	182	1,459
Allowance for losses on guarantees of liabilities	-	453	-
Other non-current liabilities	6	20	61
Total non-current liabilities	39,749	53,797	405,602
Net Assets:			
Shareholders' Equity:			
Common stock	25,444	25,444	259,633
Capital reserve	10,964	10,964	111,877
Other capital surplus	7,050	7,050	71,939
Retained earnings	(9,299)	4,133	(94,888)
Total Shareholders' Equity	34,159	47,591	348,561
Valuation and translation adjustments:			
Net unrealized holding loss on available-for-sale securities, net of taxes	(240)	(465)	(2,449)
Unrealized losses on hedging derivatives, net of taxes	(86)	(139)	(877)
Total valuation and translation adjustments	(326)	(604)	(3,326)
Total Net Assets	33,833	46,987	345,235
Total liabilities and Net Assets	¥ 88,507	¥ 104,540	\$ 903,133

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.

ITX Corporation Non-Consolidated Statements of Operations

For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Revenues			
Equipment sales and services	¥ 246	¥ 599	\$ 2,510
Sales of investment securities for business incubation	1,062	8,017	10,837
	<u>1,308</u>	<u>8,616</u>	<u>13,347</u>
Costs of revenues			
Equipment sales and services	39	108	398
Sales of investment securities for business incubation	4,354	6,455	44,429
	<u>4,393</u>	<u>6,563</u>	<u>44,827</u>
Gross profit	<u>(3,085)</u>	<u>2,053</u>	<u>(31,480)</u>
Selling, general and administrative expenses	<u>1,631</u>	<u>1,733</u>	<u>16,642</u>
Operating income(loss)	<u>(4,716)</u>	<u>320</u>	<u>(48,122)</u>
Other income (expenses)			
Interest and dividend income	1,121	1,836	11,439
Interest expense	(925)	(998)	(9,439)
Gain(loss) on sales of investment securities, net	(1,019)	128	(10,398)
Gain on sales of investment securities in subsidiaries and affiliates	3,962	330	40,428
Loss on investments in partnership	(2,656)	(204)	(27,102)
Impairment loss on investment securities	(476)	(389)	(4,857)
Impairment loss on investment securities in subsidiaries and affiliates	(9,902)	-	(101,041)
Foreign exchange gains(losses)	149	(138)	1,520
Loss on sales and retirement of noncurrent assets	(0)	(5)	(0)
Provision of allowance for doubtful accounts	(358)	-	(3,653)
Other, net	96	(84)	980
Income before income taxes	<u>(14,724)</u>	<u>796</u>	<u>(150,245)</u>
Income taxes:			
Current	(1,292)	(1,555)	(13,184)
	<u>(1,292)</u>	<u>(1,555)</u>	<u>(13,184)</u>
Net income	<u>¥ (13,432)</u>	<u>¥ 2,351</u>	<u>\$ (137,061)</u>

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.

ITX Corporation

Non-consolidated Statement of Changes in Net Assets

For the years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Stockholders' Equity:			
Common stock			
Balance at beginning of year	¥ 25,444	¥ 20,456	\$ 259,633
Changes in the period			
Issuance of common stock	-	4,988	-
Total changes in the period	-	4,988	-
Balance at end of year	¥ 25,444	¥ 25,444	\$ 259,633
Capital surplus			
Capital reserve			
Balance at beginning of year	¥ 10,964	¥ 5,977	\$ 111,877
Changes in the period			
Issuance of common stock	-	4,987	-
Total changes in the period	-	4,987	-
Balance at end of year	¥ 10,964	¥ 10,964	\$ 111,877
Other capital surplus			
Balance at beginning of year	¥ 7,050	¥ 7,050	\$ 71,939
Balance at end of year	¥ 7,050	¥ 7,050	\$ 71,939
Retained earnings			
Balance at beginning of year	¥ 4,133	¥ 1,782	\$ 42,173
Changes in the period			
Net income (loss)	(13,432)	2,351	(137,061)
Total changes in the period	(13,432)	2,351	(137,061)
Balance at end of year	¥ (9,299)	¥ 4,133	\$ (94,888)
Total Shareholders' Equity			
Balance at beginning of year	¥ 47,591	¥ 35,265	\$ 485,622
Changes in the period			
Issuance of common stock	-	9,975	-
Net income (loss)	(13,432)	2,351	(137,061)
Total changes in the period	(13,432)	12,326	(137,061)
Balance at end of year	¥ 34,159	¥ 47,591	\$ 348,561

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.

ITX Corporation

Non-consolidated Statement of Changes in Net Assets

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Valuation and Translation Adjustments:			
Net unrealized holding gain(loss) on available-for-sale securities, net of taxes			
Balance at beginning of year	¥ (465)	¥ 329	\$ (4,745)
Changes in the period			
Net changes of items other than Shareholders' Equity	225	(794)	2,296
Total changes in the period	225	(794)	2,296
Balance at end of year	¥ (240)	¥ (465)	\$ (2,449)
Net unrealized losses on hedging derivatives, net of taxes			
Balance at beginning of year	¥ (139)	¥ (44)	\$ (1,418)
Changes in the period			
Net changes of items other than Shareholders' Equity	53	(95)	541
Total changes in the period	53	(95)	541
Balance at end of year	¥ (86)	¥ (139)	\$ (877)
Total valuation and translation adjustments			
Balance at beginning of year	¥ (604)	¥ 285	\$ (6,163)
Changes in the period			
Net changes of items other than Shareholders' Equity	278	(889)	2,837
Total changes in the period	278	(889)	2,837
Balance at end of year	¥ (326)	¥ (604)	\$ (3,326)
Total Net Assets			
Balance at beginning of year	¥ 46,987	¥ 35,550	\$ 479,459
Changes in the period			
Issuance of common stock	-	9,975	-
Net income (loss)	(13,432)	2,351	(137,061)
Net changes of items other than Shareholders' Equity	278	(889)	2,837
Total changes in the period	(13,154)	11,437	(134,224)
Balance at end of year	¥ 33,833	¥ 46,987	\$ 345,235

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥98=US\$1.