

## Consolidated Earnings Report for the First-Quarter Ended June 30, 2009

Company Name: ITX Corporation

Stock Listing: Osaka Securities Exchange (Hercules)

Code: 2725

(URL <http://www.itx-corp.co.jp/>)

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Scheduled date for submitting a Quarterly Securities Report: August 14, 2009

Scheduled start date of dividend payment: -

## 1. Consolidated Financial Results for the First-Quarter ended June 30, 2009 (April 1, 2009 – June 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 –June. 30, 2009	52,001	(-16.5)%	390	( - )%	(84)	( - )%
Apr. 1 –June. 30, 2008	62,263	( - )%	(134)	( - )%	(1,398)	( - )%

(Yen)

	Net income per share	Net income per share (diluted)
Apr. 1 –June. 30, 2009	(130.49)	-
Apr. 1 –June. 30, 2008	(2,183.20)	-

## (2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total net assets	Equity Ratio	Net assets per share
Jun. 30, 2009	126,095	31,888	24.2 %	47,621.91
Mar. 31, 2009	131,343	31,958	23.2	47,547.58

(Reference): Equity:

Jun. 30, 2009 ¥ 30,489 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 ended March 31, 2010	-	-	-	-	-
Year ending March 31, 2010 (forecast)	-	0.00	-	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
Six-month period ending September 30, 2009	105,000	16.0	800	-	0	-	0.00
Year ending March 31, 2010	219,000	13.0	4,500	-	1,000	-	1,561.91

(Note): Revision of Forecast: None

## 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( 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):

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

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

	Apr.1 – Jun. 30, 2009	Apr.1 – Jun. 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 to forecasts due to a variety of factors.

## Qualitative Data, Financial Statements and Other Information

### 1. Qualitative Data Related to Consolidated Operating Results

The Japanese economy in the first quarter of fiscal 2010 seemed to finally stave off the rapid recession due to the improvement in export environment and inventory adjustment, although the economy is still sagging for the employment situation and slow consumer consumption.

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 on the information and communication services business base in which ITX Group has accumulated much experience and expertise.

Under this circumstances, Telecommunication business continuously remained flat in selling handsets since previous year in the mobile phone market. This was due to lengthening upgrade cycle of handsets and effect in decrease of cancellation before the expiration date. However, merger between ITX and the former subsidiary IT Telecom, Inc. contributed advancement in business efficiency, and concentrated on the expansion of the sales channel which brought drastic improvement in operating income.

On the other hand, Service & Solution business is suffering from an economic recession and under the difficult condition in which demand for IT investment in software is weakening.

ITX recorded consolidated revenues of ¥52,001 million, a year-on-year decrease of 16.5%. This was influenced by the sales of subsidiaries last fiscal year.

On the other hand, results in terms of profit and loss were as follows. ITX recorded operating income of ¥390 million, while operation loss in the same period last year was ¥134 million. Advancement of profitability in Telecommunication business, efficient use of management resources, and withdrawal from non-profitable businesses led to this results. Operating income turned into positive this year, while we recorded operating loss in the same period last year.

ITX reported net loss of ¥84 million, while net loss in the same period last year was ¥1,398 million. Details for other income and expenses are as follows. Gain on sales of investment securities, net of ¥77 million, gain on sales of investment securities in subsidiaries and affiliates of ¥63 million, impairment loss on investment securities of ¥90 million, impairment loss on fixed assets of ¥54 million, interest expense, income taxes and minority interests adjustments,

The operating results by business segments are as follows:  
(Telecommunication Business)

Telecommunication Business recorded consolidated revenues of ¥39,220 million, a year-on-year increase of 2.8%.

This was due to the effect of expansion in sales channels. Operating income, significantly improved to ¥960 million, a year-on-year increase of 186.5%. The merger between ITX and the former subsidiary IT Telecom, Inc. produced the effect on focusing on the management resources.

(Service & Solution Business)

Service & Solution Business recorded consolidated revenues of ¥13,628 million, a year-on-year decrease of 45.0%.

This was due to sales of subsidiaries last fiscal year. On the other hand, although part of subsidiaries have seasonal fluctuation and their operating results tend to improve in the latter of the fiscal year, promoting withdrawal from non-profitable businesses in previous term was effective. Therefore, operating loss turned out to be ¥219 million (down ¥6 million compared to the same period of last year).

### 2. Qualitative Data Related to Consolidated Financial Position

ITX Group had ¥126,095 million in total assets, a decrease of ¥5,248 million, compared to the end of the previous fiscal year. This was mainly attributable to the collection of accounts receivable 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 loss of ¥84 million, leading to total net assets of ¥31,888 million. The equity ratio rose from 23.2% to 24.2%.

**3. Qualitative Data Related to Consolidated Forecasts**

There are no revision in the forecast released on May 12, 2009.

**4. Other Information**

(1).Changes in major subsidiaries during the first quarter.

(changes in specified subsidiaries due to 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)	(Decrease) Nippon Outsourcing Corporation SS (dissolution due to merger )  Four other companies
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Note: 1 Business segment names have been abbreviated: Service & Solution (SS).

2 Reason for change in parentheses.

3 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:

Valuation method for inventories

Part of consolidated subsidiaries take reasonable method in calculating inventories at this quarter-end, based on the physical inventory taking at end of the last year.

Calculating method for depreciation expense

When the declining-balance method to property and equipment are applied, the yearly depreciation expense is equally divided by 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 are recorded under "Revenues". Also, sell off for those carrying value securities and loss from securities revaluation are 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 changed from profit loss and gain on sales to special profit and loss from this fiscal year.

As a result, gross profit and operating income decreased by ¥21 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
	Jun.30, 2009	Mar.31, 2009	Jun.30, 2009
<b>Current assets:</b>			
Cash and cash equivalents	¥ 23,985	¥ 25,624	\$ 249,844
Trade notes and accounts receivable	23,406	29,149	243,813
Marketable securities	-	199	-
Merchandise and finished goods	9,629	7,860	100,302
Work in process	289	285	3,010
Other current assets	8,081	7,486	84,177
Allowance for doubtful accounts	(455)	(435)	(4,740)
Total current assets	64,935	70,168	676,406
<b>Non-current assets:</b>			
Property and equipment	6,646	6,532	69,230
<b>Investment and other assets:</b>			
Investment securities	6,116	2,711	63,708
Goodwill	37,521	37,562	390,844
Intangible assets	3,101	2,957	32,302
Other non-current assets	8,729	12,406	90,927
Allowance for doubtful accounts	(953)	(993)	(9,927)
Total non-current assets	54,514	54,643	567,854
Total non-current assets	61,160	61,175	637,084
Total assets	¥ 126,095	¥ 131,343	\$ 1,313,490

*The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥96=US\$1.*

**ITX Corporation**  
**Consolidated Balance Sheets**

<b>Liabilities and Net Assets</b>	Millions of yen		Thousands of U.S. dollars
	Jun.30, 2009	Mar.31, 2009	Jun.30, 2009
<b>Current liabilities:</b>			
Trade notes and accounts payable	¥ 21,719	¥ 21,604	\$ 226,240
Short-term borrowings	9,061	6,935	94,386
Current portion of long-term debt	11,132	15,165	115,958
Accrued income taxes	298	1,132	3,104
Provision	39	62	406
Other current liabilities	9,862	10,935	102,729
Total current liabilities	52,111	55,833	542,823
<b>Non-current liabilities:</b>			
Long-term debt	40,402	41,906	420,854
Retirement allowance: Employees	1,375	1,343	14,323
Provision	31	40	323
Other non-current liabilities	288	263	3,000
Total non-current liabilities	42,096	43,552	438,500
<b>Net Assets:</b>			
Shareholders' Equity:			
Common stock	25,444	25,444	265,042
Capital surplus	18,005	18,005	187,552
Retained earnings	(10,854)	(10,773)	(113,063)
Total Shareholders' Equity	32,595	32,676	339,531
Valuation and Translation Adjustments:			
Net unrealized holding loss on available-for-sale securities, net of taxes	(847)	(679)	(8,823)
Net unrealized losses on hedging derivatives, net of taxes	(77)	(85)	(802)
Revaluation reserve for land	(113)	(113)	(1,177)
Foreign currency translation adjustments	(1,068)	(1,357)	(11,125)
Total valuation and translation adjustments	(2,105)	(2,234)	(21,927)
Minority Interests	1,398	1,516	14,563
Total Net Assets	31,888	31,958	332,167
Total liabilities and Net Assets	¥ 126,095	¥ 131,343	\$ 1,313,490

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥96=US\$1.

**ITX Corporation**  
**Consolidated Statements of Operations**

	Millions of yen		Thousands of U.S. dollars
	Apr.1, 2009- Jun.30, 2009	Apr.1, 2008- Jun.30, 2008	Apr.1, 2009- Jun.30, 2009
<b>Revenues</b>	¥ 52,001	¥ 62,263	\$ 541,677
<b>Costs of revenues</b>	<u>41,879</u>	<u>50,395</u>	<u>436,239</u>
<b>Gross profit</b>	<b>10,122</b>	11,868	<b>105,438</b>
<b>Selling, general and administrative expenses</b>	<u>9,732</u>	<u>12,002</u>	<u>101,375</u>
<b>Operating income (loss)</b>	<b>390</b>	(134)	<b>4,063</b>
<b>Other income (expenses):</b>			
Interest and dividend income	57	131	594
Interest expense	(269)	(364)	(2,802)
Impairment loss on investment securities	(90)	(695)	(938)
Gain on sales of investment securities, net	77	12	802
Gain on sales of investment securities in subsidiaries and affiliates	63	-	656
Impairment loss on fixed assets	(54)	(3)	(563)
Equity in gain(loss) of unconsolidated subsidiaries and affiliates	15	(78)	156
Foreign exchange gain	11	102	115
Loss on sales and retirement of non-current assets, net	(16)	(5)	(167)
Settlement received	-	72	-
Other, net	(78)	35	(812)
<b>Income(loss) before income taxes and minority interests</b>	<b>106</b>	(927)	<b>1,104</b>
<b>Income taxes:</b>			
Current	173	500	1,802
Deferred	13	6	136
	<u>186</u>	<u>506</u>	<u>1,938</u>
<b>Minority interests</b>	<b>(4)</b>	35	<b>(41)</b>
<b>Net loss</b>	<u>¥ (84)</u>	<u>¥ (1,398)</u>	<u>\$ (875)</u>

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥96=US\$1.

# ITX Corporation

## Consolidated Statements of Cash Flows

ITX Corporation

	Millions of yen	Thousands of U.S. dollars
	Apr.1, 2009- Jun.30, 2009	Apr.1, 2009- Jun.30, 2009
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 105	\$ 1,094
Adjustments to reconcile loss before income taxes and minority interests to net cash provided by operating activities		
Depreciation	605	6,302
Impairment loss on fixed assets	54	563
Amortization of goodwill	764	7,958
Increase in allowance for doubtful accounts	1	10
Increase (decrease) in retirement allowance:		
Employees	31	323
Directors and corporate auditors	(9)	(94)
Interest and dividend income	(57)	(594)
Interest expense	269	2,802
Equity in losses of unconsolidated subsidiaries and affiliates	(15)	(156)
Gain on sales of investment securities, net	(77)	(802)
Impairment loss on investment securities	89	927
Gain on sales of investment securities in subsidiaries and affiliates	(62)	(646)
Decrease in trade receivables	5,726	59,646
Increase in inventories	(1,772)	(18,458)
Increase in trade payables	113	1,177
Increase in other assets	(40)	(417)
Decrease in other liabilities	(387)	(4,031)
Other, net	98	1,021
Sub-total	5,436	56,625
Receipt of interest and dividends	60	625
Payment of interest	(96)	(1,000)
Payment of income taxes	(1,060)	(11,042)
Net cash provided by operating activities	4,340	45,208
Cash flows from investment activities:		
Proceeds from sales and redemption of short-term investment securities	200	2,083
Acquisition of property and equipment	(501)	(5,219)
Proceeds from sales of property and equipment	10	104
Acquisition of intangible fixed assets	(416)	(4,333)
Acquisition of investment securities	(119)	(1,239)
Proceeds from sales and redemption of investment securities	325	3,385
Net decrease due to sales of investments in subsidiaries related to changes in scope of consolidation	(16)	(167)
Purchase of investments in subsidiaries	(797)	(8,302)
Net increase in short-term loans receivable	(458)	(4,771)
Collection of long-term loans receivable	2	21

(to be continued)

**ITX Corporation**  
**Consolidated Statements of Cash Flows**

	Millions of yen	Thousands of U.S. dollars
(continued)	Apr.1, 2009- Jun.30, 2009	Apr.1, 2009- Jun.30, 2009
Payments due to transfer of business	(904)	(9,416)
Other payments	(99)	(1,031)
Other proceeds	183	1,906
Net cash used in investment activities	<u>(2,590)</u>	<u>(26,979)</u>
Cash flows from financing activities:		
Net increase in short-term borrowings	2,188	22,792
Proceeds from long-term debt	10	104
Repayments of long-term debt	(5,530)	(57,604)
Cash dividends paid to minority shareholders	(112)	(1,167)
Other, net	(17)	(177)
Net cash used in financing activities	<u>(3,461)</u>	<u>(36,052)</u>
Effect of exchange rate changes on cash and cash equivalents	72	750
Net decrease in cash and cash equivalents	<u>(1,639)</u>	<u>(17,073)</u>
Cash and cash equivalents at beginning of period	25,624	266,917
Cash and cash equivalents at end of period	<u>¥ 23,985</u>	<u>\$ 249,844</u>

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥96=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- Jun.30, 2008	Apr.1, 2009- Jun.30, 2009	The year-on-year change (%)
Telecommunication	Revenues	38,151	39,220	2.8
	Operating income (loss)	335	960	186.5
Service & Solution	Revenues	24,758	13,628	(45.0)
	Operating income (loss)	(225)	(219)	-
Elimination and Corporate	Revenues	(646)	(847)	-
	Operating income (loss)	(244)	(351)	-
Consolidated	Revenues	62,263	52,001	(16.5)
	Operating income (loss)	(134)	390	-

#### Change of Business Segments

We 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 on the information and communication services business base in which ITX Group has accumulated much experience and expertise.