

Consolidated Earnings Report for the Year Ended March 31, 2010

Company Name: ITX Corporation
 Stock Listing: Osaka Securities Exchange (Hercules)
 Code: 2725
 (URL <http://www.itx-corp.co.jp/>)
 Representative Director: Makoto Nakatsuka, President
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 Scheduled date for Ordinary Annual General Meeting of Shareholders: June 24, 2010
 Scheduled date for submitting a Securities Report: June 24, 2010
 Scheduled start date of dividend payment: -

1. Consolidated Financial Results for the year ended March 31, 2010 (April 1, 2009 – March 31, 2010) -- 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, 2010	237,110	(-5.8)%	4,058	(-) %	1,510	(-) %
Apr. 1 – Mar. 31, 2009	251,738	(-22.1)%	(108)	(-) %	(3,982)	(-) %

(Yen)

	Net income per share	Net income per share (diluted)
Apr. 1 – Mar. 31, 2010	2,358.27	-
Apr. 1 – Mar. 31, 2009	(6,219.78)	-

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

Apr. 1 – Mar. 31, 2010 ¥ 310 million Apr. 1 – Mar. 31, 2009 ¥ 690 million

(2) Consolidated Financial Position

(Millions of yen)

	Total assets	Total net assets	Equity Ratio	Net assets per share
Mar. 31, 2010	116,329	33,514	27.7 %	50,301.95
Mar. 31, 2009	131,343	31,958	23.2	47,547.58

(Reference): Equity: Mar. 31, 2010 ¥ 32,205 million Mar. 31, 2009 ¥ 30,442 million

(3) Consolidated Cash Flows

(Millions of yen)

	Operating activities	Investment activities	Financing activities	Cash and cash equivalents, at end of year
Apr. 1 – Mar. 31, 2010	10,356	6,276	(20,527)	21,825
Apr. 1 – Mar. 31, 2009	9,319	2,607	(11,681)	25,624

2. Dividends

Record date	Dividends per Share (¥)					Total dividends (annual) (millions of yen)	Dividends Payout ratio (%) (Consolidated)	Dividend on equity ratio (Consolidated)
	At end of the 1Q	At end of the 2Q	At end of the 3Q	Year-end	Annual			
Year ended Mar. 31, 2009	-	0.00	-	0.00	0.00	0.00	-	-
Year ended Mar. 31, 2010	-	0.00	-	0.00	0.00	0.00	-	-
Year ending Mar. 31, 2011 (forecast)	-	0.00	-	0.00	0.00	-	-	-

3. Forecast for Fiscal 2011 (April 1, 2010 – March 31, 2011)

(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 Sep. 30, 2010	107,000	6.2	1,200	35.5	400	7.0	624.76
Year ending Mar. 31, 2011	210,000	11.4	3,000	26.1	1,600	6.0	2,499.06

4. Other

(1) Changes in major subsidiaries during the period

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

Decreases: 2(IT Telecom, Inc. ITX INTERNATIONAL EQUITY CORPORATION)

(Note) For more details, please refer to the section of "2 The ITX Group" on page 8.

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

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

(ii) Other changes besides (i): Yes

(Note) For more details, please refer to the section of "Significant changes in basis of presenting consolidated financial statements" on page 17.

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

	Mar. 31, 2010	Mar. 31, 2009
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, 2010 (April 1, 2009 –March31, 2010) -- 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, 2010	190,590 (-) %	3,390 (-) %	742 (-) %
Apr. 1 –Mar. 31, 2009	1,308 (-84.8) %	(4,716) (-) %	(13,432) (-) %

(Yen)

	Net income per share	Net income per share (diluted)
Apr. 1 –Mar. 31, 2010	1,158.81	-
Apr. 1 –Mar. 31, 2009	(20,979.32)	-

(2) Non-Consolidated Financial Position

(Millions of yen)

	Total assets	Total net assets	Equity Ratio	Net assets per share
Mar. 31, 2010	105,214	34,260	32.6 %	53,511.77 (Yen)
Mar. 31, 2009	88,507	33,833	38.2	52,844.63

(Reference): Equity: Mar. 31, 2010 ¥ 34,260 million Mar. 31, 2009 ¥ 33,833 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 from forecasts due to a variety of factors.

1. Results of operations and financial position

(1) Operating Results

The Japanese economy for the fiscal year ended March 31, 2010 seemed to partly recover due to the economic stimulus package. However, there still remains stagnant in employment situation, income environment and equipment investment. The economy as a whole has been still uncertain so far.

In such economic environment, the ITX Group is aggressively driving forward our businesses based on “Corporate Structural Reform” released in December, 2008. The aims for this plan are as follows.

- Strengthening profitability by concentrating management resources
- Improvement of financial position by withdrawal from non-profitable businesses
- Creation of new businesses

As a part of the plan, ITX merged with one of its subsidiary companies, IT Telecom, Inc. on April 1, 2009.

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. Expansion of sales channels in our core business, mobile phone retailing business, released in May 2009 and the sale of Broadleaf CO., LTD in November 2009 are also the parts of the plan.

Creation of new business is making steady progress and medical information business has already started partially.

As a result of implementation of the plan, it became more appropriate 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 business segments, “Telecommunication” and “Service & Solution”. “Telecommunication” is centered on mobile phone retailing and “Service & Solution” provides services and solutions to the medical information and healthcare field, network solutions field and other fields. Both segments are based on the information and communication services business base in which ITX Group has accumulated much experience and expertise. ITX had the “business incubation” segment which activities were investment, incubation of the investee’s business, and realization of business value due to sales of shares for capital gain as “business incubation”. However, ITX group has withdrawn from net investment business aiming at capital gains including corporate venture capital (CVC) investment in the “Corporate Structural Reform”. As a result, from the fiscal year ended March 31, 2010, ITX changed presentation method of investment securities for business incubation and related profit and loss. (For more details, please refer to “Notes to Consolidated Financial Statements - Significant changes in basis of presenting consolidated financial statements, Change in presentation method of sales of investment securities for business incubation and cost of revenues”).

Under these circumstances, sales in Telecommunication business for the fiscal year ended March 31, 2010 increased due to expansion of sales channels by succession of mobile phone retailing business from Sony Marketing Inc. and Panasonic Telecom Inc., as announced in May, 2009. The spread of installment sales method in mobile phone retailing market and expansion of the sales channels with increased efficiency promoted stabilizing and strengthening profitability. These factors brought drastic improvement in operating income compared with the same period of last year.

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

Results

ITX recorded consolidated revenues of ¥237,110 million, a year-on-year decrease of 5.8%. This was influenced by the sales of subsidiaries in last fiscal year, although there was sales increase in Telecommunication business due to expansion of sales channels.

Results in terms of profit and loss were as follows. ITX recorded operating income of ¥4,058 million, while operating loss in the same period last year was ¥108 million. Improvement of profitability in Telecommunication Business, Concentration of management resources for efficient use and withdrawal from non-profitable businesses led to this result. Operating income turned into positive this year, while we recorded operating loss in the same period last year.

ITX reported net consolidated income of ¥1,510 million, while net consolidated loss in the same period last year was ¥3,982 million. Details for other income and expenses are as follows. Gain on sales of investment securities, net of ¥487 million, gain on sales of investment securities in subsidiaries and affiliates of ¥1,370 million (primarily due to sales of shares of Broadleaf CO., LTD), impairment loss on investment securities of ¥889 million, impairment loss on fixed assets of ¥560 million, interest and dividend income of ¥259, interest expense of ¥1,065, income taxes and minority interests adjustments.

Broadleaf CO., LTD was a consolidated subsidiary of ITX, but Broadleaf CO., LTD was removed from the scope of consolidation due to the sale of its shares in the third quarter of the fiscal 2010. However, the income and loss of Broadleaf CO., LTD before it was sold, is included in the consolidated statements of operation.

On May 11, 2010 at the board meeting, ITX resolved to transfer Service & Solution Business, comprised of Network Solution field and Medical information field, to new company (affiliated company) established by Olympus, parent company, and ITX. In Non-Consolidated Financial Results for the year ended March 31, 2010, ITX recorded loss on restructuring of business of ¥3,051 million, but there was no effect in Consolidated Financial Results. For more details, please refer to “Notes to Consolidated Financial Statements - Other - SUBSEQUENT EVENTS”.

The operating results by business segments for the fiscal year ended March 31, 2010 are as follows:

(Telecommunication Business)

Telecommunication Business recorded consolidated revenues of ¥189,375 million, a year-on-year increase of 23.8%. This was due to the effect of expansion of sales channels by succession of mobile phone retailing business from Sony Marketing Inc. and Panasonic Telecom Inc. By stabilizing and strengthening profitability and a rise in business efficiency, operating income significantly improved to ¥4,849 million, a year-on-year increase of 83.9%.

(Service & Solution Business)

Service & Solution Business recorded consolidated revenues of ¥51,010 million, a year-on-year decrease of 49.7%. This was due to sales of subsidiaries in last fiscal year. On the other hand, withdrawal from non-profitable businesses in previous year was effective despite of economic stagnancy and expense resulted from review of business in corporate restructuring plan. Therefore, operating income improved to ¥530 million (up ¥2,097 million compared to the same period last year).

Forecast for Fiscal 2011 (ending March 31, 2011)

For fiscal 2011, ITX is forecasting consolidated revenues of ¥210.0 billion, operating income of ¥3.0 billion, and net income of ¥1.6 billion. ITX expects to see decrease in revenues and operating income, because of the sale of shares of Broadleaf CO., LTD in this fiscal year ended March 31, 2010 based on the policy in “Corporate Restructuring Plan” and transfer of Service & Solution Business.

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

Major changes in total assets, liabilities and net assets

On March 31, 2010, ITX Group had ¥116,329 million in total assets, a decrease of ¥15,014 million, or 11.4%, compared to the end of the previous fiscal year. This was mainly attributable to a decrease of ¥12,384 million in intangible assets resulted from sales of investment securities in subsidiaries and affiliates etc.

As a result of proactive efforts to reduce interest-bearing debt, interest-bearing debt at the end of fiscal 2010 was ¥44,074 million, a decrease of ¥20,175 million from March 31, 2009.

Total net assets was ¥33,514 million, an increase of ¥1,556 million from March 31, 2009, which mainly reflects recording a net income of ¥1,510 million. Because of decrease in interest-bearing debt, the equity ratio rose from 23.2% on March 31, 2009 to 27.7%.

Cash flows

On March 31, 2010, ITX Group had ¥21,825 million in cash and cash equivalents, a decrease of ¥3,799 million from March 31, 2009. 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 ¥10,356 million, compared with ¥9,319 million provided in the previous year. This mainly reflected income before income taxes and minority interests of ¥2,466 million, increase in trade payables of ¥6,325 million, increase in trade receivables of ¥(4,167) million and non-cash items such as amortization of goodwill of ¥3,177 million and depreciation of ¥2,447 million.

(Cash flows from investment activities)

Investing activities provided net cash of ¥6,276 million, compared with ¥2,607 million provided in the previous year. This mainly reflected net increase due to sales of investments in subsidiaries related to changes in scope of consolidation of ¥17,579 million, payments due to transfer of business of ¥(6,851) million, acquisition of property and equipment of ¥(1,783) million, net increase in short-term loans receivable of ¥(1,632) million and acquisition of intangible fixed assets of ¥(1,441) million.

(Cash flows from financing activities)

Financing activities used net cash of ¥20,527 million, compared with ¥11,681 million used in the previous year. This mainly reflected repayments of debt at ITX and its subsidiaries.

(3) Basic Policy on Distribution of Profit and Dividends for Fiscal 2010 and 2011

ITX regards the return of profits to shareholders as a key management issue. However, taking into account efforts to strengthen its financial position and increase internal reserves, ITX regrettably announces that it will make no dividend payment. ITX is considering concrete measures for resuming dividend payments as soon as possible. Looking ahead, 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.

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.

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 2010, the total number of subscriber contracts for mobile phones and similar communication devices was more than 110 million 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, on which the government hold public hearing in April 2010, is enforced, it may furthermore 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 make 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:

Telemarketing Center, Tokyo New Connections Center, Fukuoka New Connections Center, Corporate Sales Department, Corporate Sales Department Direct Sales Division

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.

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.

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 recent change of world economy, outlook in Japanese economy also remains uncertain. 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.

2. The ITX Group

ITX Group comprises ITX Corporation, 27 subsidiaries, including 1 company not accounted for as a consolidated subsidiary or an equity-method affiliate, and 3 affiliates, for a total of 31 companies.

ITX Group conducts business specializing in two key fields: “Telecommunication” and “Service & Solution”. “Telecommunication” is centered on mobile phone retailing while “Service & Solution” provides services and solutions to the medical information and healthcare field, network solution field and other fields. ITX Group’s main business areas and the position of each subsidiary and affiliate are as follows:

Telecommunication Service Business

- Sales of mobile phones
- Sales of mobile communication service
- Sales of fixed line communication service
- Sales of corporate network solution services

Service and Solution Business

- Medical information and healthcare field:
 - Manufacturing and sales of medical devices for orthopedic surgery implant,
 - Provision of medical information for healthcare
- Network solution field:
 - Broadband
 - Provision of EC account settlement, CRM and other Internet services, CATV business
- Other filed:
 - Provision of outsourcing services

[ITX Group Summary]

ITX Corporation
<u>Telecommunication Service Business</u> ITX Communications Corporation And 2 other subsidiaries and 1 affiliated companies
<u>Service & Solution Business</u> Nippon Outsourcing Corporation E-Globledge Corporation And 22 other subsidiaries and 2 affiliated companies

- Notes: 1. Since April 1, 2009, ITX Group has revised its business segments. The four business segments (Life Sciences, Networking & Technologies, Mobile Communications, and Business Innovations) have changed to two business segments (Telecommunications Service Business, and Services and Solutions Business). Business lines correspond to segment information.
2. Effective April 1, 2009, ITX merged IT Telecom, Inc., a subsidiary of ITX. For further details, please refer to “Subsequent Events” on page 21.
3. Effective April 1, 2009, Atlux Corporation, Nippon Outsourcing Corporation and Three S partners Inc. merged by a method that left Atlux Corporation as the surviving company. The name of the new company, however, became Nippon Outsourcing Corporation.
4. The changes in consolidated subsidiaries during the year ended March 31, 2010 are as follows.

(Increase)	(Decrease)
Consolidated subsidiaries	Consolidated subsidiaries
ITX Communications Corporation	IT Telecom, Inc. TL(dissolution due to merger)
TL(purchases of shares)	Nippon Outsourcing Corporation SS(dissolution due to merger)
	Broadleaf CO., LTD SS(sales of shares)
	ITX-Innovation Fund No.1 investment Partnership SS(liquidation)
	ITX INTERNATIONAL EQUITY CORPORATION SS(dissolution due to merger)
Three other companies	12 other companies

- Notes: 1. Names of business segment have been abbreviated: Telecom (TL), Service & Solution (SS).
2. Reason for change in parentheses.
3. ITX purchased the whole shares of SMOJ Mobile Communications Inc. by transfer of business from Sony Marketing Inc., which made the SMOJ Mobile Communications Inc. a consolidated subsidiary. The company changed its name to ITX Communications Corporation.
4. Nippon Outsourcing Corporation, Atlux Corporation and Three S partners Inc. merged. Atlux Corporation, the surviving company changed its name to Nippon Outsourcing Corporation.

3. Management Policies

(1) Basic Management Policy

The philosophy of ITX since its founding has been to contribute to society by creating new business opportunities. Based on this philosophy, ITX has developed, funded, and cultivated business, especially in information and communication services. Given the changes to global business conditions that followed the failure of Lehman Brothers, ITX focused in the previous fiscal year on the Corporate Structural Reform it announced in December 2008. Specifically, the Company sought to: (1) Increase profitability through a more focused allocation of management resources; (2) Improve its financial strength by withdrawing from underperforming operations; and (3) Create new businesses. After executing this plan, ITX has decided to focus its resources on information and communication services centered on the Telecommunications Service Business, its core revenue base, and will seek to improve its corporate value by bolstering and expanding these services.

The ITX Group aims to become a corporate group that provides its customers with peace of mind, particularly in information and communication services.

ITX believes that peace of mind is the ultimate form of satisfaction. The Company will propose the most appropriate responses to the diversifying needs of customers by providing equipment and services, and will be responsible for customer satisfaction.

ITX seeks also to build positive relationships with all of its stakeholders.

(2) Target Performance Indicators

ITX forecasts consolidated net sales of ¥210.0 billion and operating income of ¥3.0 billion for fiscal 2011 (ending March 31, 2011). The Company regards cash flows from operating activities in addition to operating income, which form the resources it will use to strengthen and expand its businesses over the medium and long terms, as an important management indicator. It will consequently strive to achieve sustained growth in cash flow.

(3) Medium- to long-term Strategy

ITX has been executing the Corporate Structural Reform that it announced in December 2008. Based on the results of the Corporate Structural Reform, ITX has determined that the best policy for accelerating growth and bolstering corporate value is to transfer its Services & Solutions Business to a new company that will be established jointly by ITX and its parent Olympus Corporation, and to focus its resources on information and communication services, especially the Telecommunications Service Business.

The total number of domestic subscriber contracts for mobile phones has exceeded 110 million, and this is not expected to increase sharply. Nonetheless, ITX expects that the mobile communications market, including the mobile phone market – the predominant market for the information and communication services that are the focus for ITX – will expand moderately over the medium and long terms, reflecting the proliferation of smart phones, user demand for second mobile phones, and advances in broadband capability in mobile communications networks involving WiMAX and LTE (long-term evolution). The Company anticipates that the fixed line communications market will also expand, given expected solid demand for rapidly expanding fiber optic lines and demand for the replacement of existing networks with the Next Generation Network (NGN).

In these circumstances, ITX aims to establish a stable revenue base in the sale of information and communication services by continuing to expand its sales strength through improvements in merchantable quality and service enhancements in sales channels, especially at mobile phone carrier shops. The Company will also seek to increase sales to corporate customers by providing added value, and to expand its sales network through mergers and acquisitions (M&A). Viewing expected network innovations, including LTE, NGN, and fixed mobile convergence (FMC), as new business opportunities, ITX will aggressively develop new services and businesses, using the next-generation communications infrastructure.

(4) Challenges to Address

Bolstering and expanding revenue base

To respond to the maturing market and diversifying services and needs of customers, ITX will seek to improve its service capabilities and its ability to make proposals at carrier shops and in corporate sales. In doing so, the Company will seek to retain and acquire repeat customers. Meanwhile, ITX will strive to expand its sales channels by appointing partner agencies and through M&A, thereby bolstering and expanding its revenue base and sales.

Promoting business efficiency

As sales volume is not expected to increase sharply in the current business environment, ITX will focus on business efficiency and will improve its cost structure by reviewing its operations and segregation of duties within its organization and promoting efficient systems. ITX aims for organizational efficiency by integrating the operation and management, especially in the businesses acquired from Panasonic Telecom Inc. and Sony Marketing Inc.

Creating challenging new services

Based on the sales network, relationships with business partners, as well as the human talent cultivated through the sale of communication services, ITX will endeavor to create unique services and businesses, using communications infrastructure such as LTE, NGN, and FMC as each technology continues to evolve and fuse with the others.

ITX Corporation Consolidated Balance Sheets

As of March 31, 2010 and 2009

Assets	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current assets:			
Cash and cash equivalents	¥ 21,825	¥ 25,624	\$ 234,677
Trade notes and accounts receivable	32,255	29,149	346,828
Marketable securities	-	199	-
Merchandise and finished goods	9,721	7,860	104,527
Work in process	242	285	2,602
Deferred tax assets	127	138	1,366
Other current assets	6,921	7,348	74,419
Allowance for doubtful accounts	(268)	(435)	(2,882)
Total current assets	70,823	70,168	761,537
Non-current assets:			
Property and equipment			
Land	1,291	1,384	13,882
Buildings and structures	7,813	7,675	84,011
Machinery, equipment and vehicles	1,342	1,221	14,430
Tools, furniture and fixtures	2,423	2,883	26,054
Lease assets	484	239	5,204
Construction in progress	11	5	118
Accumulated depreciation	(7,160)	(6,875)	(76,989)
Total non-current assets	6,204	6,532	66,710
Investment and other assets:			
Investment securities	3,480	2,711	37,419
Investment securities for business incubation	-	3,636	-
Long-term loans receivable	2,697	3,006	29,000
Deferred tax assets	63	27	678
Goodwill	26,552	37,562	285,505
Lease assets	16	17	172
Intangible assets	1,567	2,940	16,850
Other non-current assets	5,959	5,737	64,075
Allowance for doubtful accounts	(1,032)	(993)	(11,097)
Total non-current assets	39,302	54,643	422,602
Total non-current assets	45,506	61,175	489,312
Total assets	¥ 116,329	¥ 131,343	\$ 1,250,849

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=US\$1.

ITX Corporation Consolidated Balance Sheets

As of March 31, 2010 and 2009

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current liabilities:			
Trade notes and accounts payable	¥ 27,408	¥ 21,604	\$ 294,710
Short-term borrowings	5,899	6,935	63,430
Current portion of long-term debt	7,839	15,165	84,290
Accrued income taxes	448	1,132	4,817
Allowance for short-term cancellation repayment	-	16	-
Provision	2	46	22
Other current liabilities	8,922	10,935	95,935
Total current liabilities	50,518	55,833	543,204
Non-current liabilities:			
Long-term debt	29,903	41,906	321,538
Deferred tax liabilities	270	29	2,903
Retirement allowance:			
Employees	1,563	1,343	16,807
Directors and corporate auditors	32	40	344
Other non-current liabilities	529	234	5,688
Total non-current liabilities	32,297	43,552	347,280
Net Assets:			
Shareholders' Equity:			
Common stock	25,444	25,444	273,591
Capital surplus	18,015	18,005	193,710
Retained earnings	(9,271)	(10,773)	(99,688)
Total Shareholders' Equity	34,188	32,676	367,613
Valuation and Translation Adjustments:			
Net unrealized holding losses on available-for-sale securities, net of taxes	(160)	(679)	(1,720)
Net unrealized losses on hedging derivatives, net of taxes	(487)	(85)	(5,237)
Revaluation reserve for land	(113)	(113)	(1,215)
Foreign currency translation adjustments	(1,223)	(1,357)	(13,151)
Total valuation and translation adjustments	(1,983)	(2,234)	(21,323)
Minority Interests	1,309	1,516	14,075
Total Net Assets	33,514	31,958	360,365
Total Liabilities and Net Assets	¥ 116,329	¥ 131,343	\$ 1,250,849

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=US\$1.

ITX Corporation Consolidated Statements of Operations

For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Revenues			
Equipment sales and services	¥ 237,110	¥ 250,637	\$ 2,549,570
Sales of investment securities for business incubation	-	1,101	-
	237,110	251,738	2,549,570
Costs of revenues			
Equipment sales and services	190,871	201,147	2,052,376
Sales of investment securities for business incubation	-	3,120	-
	190,871	204,267	2,052,376
Gross profit	46,239	47,471	497,194
Selling, general and administrative expenses	42,181	47,579	453,560
Operating income (loss)	4,058	(108)	43,634
Other income (expenses):			
Interest and dividend income	259	398	2,785
Interest expense	(1,065)	(1,321)	(11,452)
Impairment loss on investment securities	(889)	(879)	(9,559)
Gain(loss) on sales of investment securities, net	487	(1,056)	5,237
Gain on sales of investment securities in subsidiaries and affiliates	1,370	3,019	14,731
Gain(loss) on investments in partnership	(67)	145	(720)
Impairment loss on fixed assets	(560)	(1,815)	(6,021)
Equity in loss of unconsolidated subsidiaries and affiliates	(310)	(690)	(3,333)
Foreign exchange gain(loss)	(1)	100	(11)
Reversed of allowance for doubtful accounts	47	13	505
Gain on deemed sales of investment securities in affiliates due to dilution of equity interests, net	-	9	-
Loss on sales and retirement of non-current assets, net	(110)	(119)	(1,183)
Co-sponsor fee	68	-	731
Other, net	(821)	(671)	(8,828)
Income(loss) before income taxes and minority interests	2,466	(2,975)	26,516
Income taxes:			
Current	715	1,324	7,688
Deferred	309	197	3,323
	1,024	1,521	11,011
Minority interests	68	514	732
Net income (loss)	¥ 1,510	¥ (3,982)	\$ 16,237

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=US\$1.

ITX Corporation Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Stockholders' Equity:			
Common stock			
Balance at beginning of year	¥ 25,444	¥ 25,444	\$ 273,591
Balance at end of year	<u>¥ 25,444</u>	<u>¥ 25,444</u>	<u>\$ 273,591</u>
Capital surplus			
Balance at beginning of year	¥ 18,005	¥ 18,005	\$ 193,602
Changes in the period			
Change from retained earnings	10	-	108
Total changes in the period	<u>10</u>	<u>-</u>	<u>108</u>
Balance at end of year	<u>¥ 18,015</u>	<u>¥ 18,005</u>	<u>\$ 193,710</u>
Retained earnings			
Balance at beginning of year	¥ (10,773)	¥ (6,775)	\$ (115,839)
Changes in the period			
Net income (loss)	1,510	(3,982)	16,237
Change of scope of consolidation	2	(16)	22
Change to capital surplus	(10)	-	(108)
Total changes in the period	<u>1,502</u>	<u>(3,998)</u>	<u>16,151</u>
Balance at end of year	<u>¥ (9,271)</u>	<u>¥ (10,773)</u>	<u>\$ (99,688)</u>
Total Shareholders' Equity			
Balance at beginning of year	¥ 32,676	¥ 36,674	\$ 351,354
Changes in the period			
Net income (loss)	1,510	(3,982)	16,237
Change of scope of consolidation	2	(16)	22
Total changes in the period	<u>1,512</u>	<u>(3,998)</u>	<u>16,259</u>
Balance at end of year	<u>¥ 34,188</u>	<u>¥ 32,676</u>	<u>\$ 367,613</u>

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=US\$1.

ITX Corporation Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Valuation and Translation Adjustments:			
Net unrealized holding losses on available-for-sale securities, net of taxes			
Balance at beginning of year	¥ (679)	¥ (446)	\$ (7,301)
Changes in the period			
Net changes of items other than Shareholders' Equity	519	(233)	5,581
Total changes in the period	519	(233)	5,581
Balance at end of year	¥ (160)	¥ (679)	\$ (1,720)
Net unrealized losses on hedging derivatives, net of taxes			
Balance at beginning of year	¥ (85)	¥ (146)	\$ (914)
Changes in the period			
Net changes of items other than Shareholders' Equity	(402)	61	(4,323)
Total changes in the period	(402)	61	(4,323)
Balance at end of year	¥ (487)	¥ (85)	\$ (5,237)
Revaluation reserve for land			
Balance at beginning of year	¥ (113)	¥ (135)	\$ (1,215)
Changes in the period			
Net changes of items other than Shareholders' Equity	-	22	-
Total changes in the period	-	22	-
Balance at end of year	¥ (113)	¥ (113)	\$ (1,215)
Foreign currency translation adjustments			
Balance at beginning of year	¥ (1,357)	¥ (314)	\$ (14,591)
Changes in the period			
Net changes of items other than Shareholders' Equity	134	(1,043)	1,440
Total changes in the period	134	(1,043)	1,440
Balance at end of year	¥ (1,223)	¥ (1,357)	\$ (13,151)
Total valuation and translation adjustments			
Balance at beginning of year	¥ (2,234)	¥ (1,041)	\$ (24,021)
Changes in the period			
Net changes of items other than Shareholders' Equity	251	(1,193)	2,698
Total changes in the period	251	(1,193)	2,698
Balance at end of year	¥ (1,983)	¥ (2,234)	\$ (21,323)
Minority interests			
Balance at beginning of year	¥ 1,516	¥ 3,448	\$ 16,301
Changes in the period			
Net changes of items other than Shareholders' Equity	(207)	(1,932)	(2,226)
Total changes in the period	(207)	(1,932)	(2,226)
Balance at end of year	¥ 1,309	¥ 1,516	\$ 14,075
Total Net Assets			
Balance at beginning of year	¥ 31,958	¥ 39,081	\$ 343,634
Changes in the period			
Net income (loss)	1,510	(3,982)	16,237
Change of scope of consolidation	2	(16)	22
Net changes of items other than Shareholders' Equity	44	(3,125)	472
Total changes in the period	1,556	(7,123)	16,731
Balance at end of year	¥ 33,514	¥ 31,958	\$ 360,365

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=US\$1.

ITX Corporation Consolidated Statements of Cash Flows

For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash flows from operating activities:			
Income (loss) before income taxes and minority interests	¥ 2,466	¥ (2,975)	\$ 26,516
Adjustments to reconcile income(loss) before income taxes and minority interests to net cash provided by operating activities			
Depreciation	2,447	3,086	26,312
Impairment loss on fixed assets	560	1,815	6,021
Amortization of goodwill	3,177	3,375	34,161
Increase (decrease) in allowance for doubtful accounts	(67)	674	(720)
Increase (decrease) in retirement allowance:			
Employees	214	101	2,301
Directors and corporate auditors	(40)	(14)	(430)
Interest and dividend income	(259)	(398)	(2,785)
Interest expense	1,065	1,321	11,452
Equity in losses of unconsolidated subsidiaries and affiliates	310	690	3,333
Loss(gain) on sales of investment securities, net	(487)	1,056	(5,237)
Gain on deemed sales due to changes in equity, net	-	(9)	-
Impairment loss on investment securities	889	879	9,559
Gain on sales of investment securities in subsidiaries and affiliates	(1,370)	(3,019)	(14,731)
Decrease in investment securities for business incubation	-	2,335	-
Decrease (increase) in trade receivables	(4,167)	8,324	(44,806)
Decrease (increase) in inventories	(35)	3,150	(376)
Increase (decrease) in trade payables	6,325	(6,928)	68,011
Decrease (increase) in other assets	608	(541)	6,538
Decrease in other liabilities	(70)	(931)	(753)
Other, net	1,048	(66)	11,269
Sub-total	12,614	11,925	135,635
Receipt of interest and dividends	319	391	3,430
Payment of interest	(1,020)	(1,376)	(10,968)
Refund of income taxes	100	315	1,075
Payment of income taxes	(1,657)	(1,936)	(17,817)
Net cash provided by operating activities	10,356	9,319	111,355

(to be continued)

ITX Corporation Consolidated Statements of Cash Flows

For the years ended March 31, 2010 and 2009

(continued)	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash flows from investment activities:			
Purchase of short-term investment securities	-	(200)	-
Proceeds from sales and redemption of short-term investment securities	200	-	2,150
Acquisition of property and equipment	(1,783)	(1,444)	(19,172)
Proceeds from sales of property and equipment	25	323	269
Acquisition of intangible fixed assets	(1,441)	(1,768)	(15,495)
Acquisition of investment securities	(192)	(684)	(2,065)
Proceeds from sales and redemption of investment securities	1,176	714	12,645
Net decrease due to acquisition of investments in subsidiaries related to changes in scope of consolidation	(372)	-	(4,000)
Net increase due to sales of investments in subsidiaries related to changes in scope of consolidation	17,579	4,389	189,022
Net decrease due to sales of investments in subsidiaries related to changes in scope of consolidation	(44)	(96)	(473)
Purchase of investments in subsidiaries	(906)	(897)	(9,742)
Proceeds from liquidation of subsidiaries and affiliates	105	-	1,129
Net decrease (increase) in short-term loans receivable	(1,632)	2,678	(17,548)
Payments of long-term loans receivable	(4)	(217)	(43)
Collection of long-term loans receivable	99	121	1,065
Payments due to transfer of business	(6,851)	(70)	(73,667)
Proceeds from transfer of business	95	-	1,022
Other payments	(198)	(992)	(2,129)
Other proceeds	420	750	4,516
Net cash provided by investment activities	6,276	2,607	67,484
Cash flows from financing activities:			
Net decrease in short-term loans payable	(886)	(5,497)	(9,527)
Proceeds from long-term debt	28,710	4,752	308,710
Repayments of long-term debt	(48,007)	(11,148)	(516,204)
Proceeds from issuance of bonds	200	375	2,150
Redemption of corporate bonds	(300)	(200)	(3,226)
Proceeds from issuance of common stock to minority shareholders	-	146	-
Cash dividends paid to minority shareholders	(155)	(82)	(1,667)
Other, net	(89)	(27)	(957)
Net cash used in financing activities	(20,527)	(11,681)	(220,721)
Effect of exchange rate changes on cash and cash equivalents	9	(103)	97
Net increase (decrease) in cash and cash equivalents	(3,886)	142	(41,785)
Cash and cash equivalents at beginning of year	25,624	25,312	275,527
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	87	170	935
Cash and cash equivalents at end of year	¥ 21,825	¥ 25,624	\$ 234,677

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=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, 2010, which was ¥93 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, 2009) except the below.

Significant changes in basis of presenting consolidated financial statements

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

Sales of investment securities for business incubation purpose were recorded under “Revenues” in previous years. Also, carrying value for the sold securities and loss from revaluation of the securities were recorded under “Cost of revenue”. However, ITX group announced withdrawal from net investment business aiming at capital gains including corporate venture capital (CVC) investment in the “Corporate Structural Reform” on December, 2008.

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

As a result, gross profit and operating income decreased by ¥473 million respectively compared to those based on the past recording method. For reference, sales of investment securities for business incubation included in gross profit in the previous fiscal year totaled ¥1,101 million. Carrying value for the sold securities and loss from revaluation of the securities included in gross profit in the previous fiscal year totaled ¥3,120 million.

“Investment securities for business incubation” which were recorded under Investment and other assets is included in “Investment securities” in Consolidated Balance Sheets from this fiscal year. For reference, investment securities for business incubation included in Investment and other assets in the previous fiscal year totaled ¥3,636 million.

“Decrease in investment securities for business incubation” which were recorded under Cash flows from operating activities last fiscal year is included in Cash flows from operating activities such as “Loss(gain) on sales of investment securities, net”, “Impairment loss on investment securities”, and “Gain on sales of investment securities in subsidiaries and affiliates”, and Cash flows from investment activities such as “Acquisition of investment securities”, “Proceeds from sales and redemption of investment securities”, “Net decrease due to acquisition of investments in subsidiaries related to changes in scope of consolidation”, “Net increase due to sales of investments in subsidiaries related to changes in scope of consolidation”, “Net decrease due to sales of investments in subsidiaries related to changes in scope of consolidation” and “Purchase of investments in subsidiaries” in Consolidated Statements of Cash Flows from this fiscal year. For reference, “Decrease in investment securities for business incubation” under Cash flows from operating activities in the previous year includes “Loss(gain) on sales of investment securities, net” of ¥ (69) million, “impairment loss on investment securities” of ¥2,266 million, “Gain on sales of investment securities in subsidiaries and affiliates” of ¥ (177) million, “Acquisition of investment securities” of ¥ (327) million, “Proceeds from sales and redemption of investment securities” of ¥1,646 million, “Net decrease due to sales of investments in subsidiaries related to changes in scope of consolidation” of ¥ (819) million, “Purchase of investments in subsidiaries” of ¥ (183) million and other of ¥ (30) million.

Effect on business segment information is recorded in the section of “Other” of SEGMENT INFORMATION.

(Application of the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)”)

From this fiscal year, the “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No.19, July 31, 2008) has been applied. This change has no impact on financial statements.

Changes in presentation

(Consolidated statements of operations)

Due to implementation of “Corporate Structural Reform” and merger with a subsidiary as a part of the plan, ITX reviewed objective to use administration cost. As a result, cost for deployment of sales helper, included in “Business consignment expenses” under selling, general and administrative expenses in the previous year, is shown as “Advertising expenses” from this fiscal year. For reference, “Cost for deployment of sales helper”, included in “Business consignment expenses” under selling, general and administrative expenses in the previous year, totaled ¥1,854 million.

“Compensation income”, included in “other, net” under other income, is shown separately from this fiscal year, because its amount becomes more than 10% of other income. For reference, “Compensation income”, included in “other, net” in the previous year, totaled ¥37 million.

Other SEGMENT INFORMATION

The business segment information of the Companies for the years ended March 31, 2010 and 2009 is as follows:

Year ended March 31, 2010	Millions of yen			
	Telecom	Service & Solution	Elimination and Corporate	Consolidated
Net sales				
Sales to third parties	¥189,368	¥47,742	¥ -	¥237,110
Intersegment sales	7	3,268	(3,275)	-
Total	189,375	51,010	(3,275)	237,110
Operating expenses	184,526	50,480	(1,954)	233,052
Operating income	4,849	530	(1,321)	4,058

Note:

1. ITX's main business areas are as follows:

(1) Telecommunication Services Business

Sales of mobile communication devices:

Sales of mobile phones and mobile communication services

Sales of fixed line connections:

Sales of fixed line communication services

Sales of corporate solution services:

Sales of corporate network solution services

(2) Services & solutions Business

Medical information and healthcare business:

Manufacturing and sales of medical devices for orthopedic surgery implant,

Provision of medical information for healthcare

Network solutions:

Development and sales of business packaged software

Other:

Provision of outsourcing service

2. 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, business segment information for fiscal 2009 would be as follows.

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)

3. Change in Accounting Policy

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

However, recording method has been changed and net loss or gain on the sales of securities is recorded in special profit and loss from this fiscal year. As a result, operating income in Service & Solution Business decreased by ¥ 473 million compared to those based on the past recording method.

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)

Note:

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.

Year ended March 31, 2010	Thousands of U.S. dollars			Consolidated
	Telecom	Service & Solution	Elimination and Corporate	
Net sales				
Sales to third parties	\$2,036,215	\$513,355	\$ -	\$2,549,570
Intersegment sales	75	35,140	(35,215)	-
Total	2,036,290	548,495	(35,215)	2,549,570
Operating expenses	1,984,151	542,796	(21,011)	2,505,936
Operating income	52,139	5,699	(14,204)	43,634

SUBSEQUENT EVENTS

Year ended March 31, 2010

(Important transfer of business)

1. Summary of Spin-off

At a Board of Directors meeting held on May 11, 2010, ITX passed a resolution to transfer its Services & Solutions Business, which consists primarily of the network solutions field and healthcare field, to a new company that will be established jointly by the Company and its parent Olympus corporation.

(1) Business to be spun off

All shares in 14 subsidiaries and affiliates and all investment securities in 24 issues that are related to the Services & Solutions Business, and businesses and short-term loans receivable associated with the business will be transferred.

The table below shows major Group companies to be spun off and their main businesses.

Subsidiary	Main business
Nippon Outsourcing Corporation	Comprehensive outsourcing services
Cable Networks Akita Co., Ltd.	CATV business
Ai-medic Corporation	Manufacturing and sales of medical equipment for orthopedics

(2) Main reason for spin-off

In December 2008, ITX announced a Corporate Structural Reform that it has since been executing. The plan has produced steady results. To build on these results and accelerate growth, ITX has determined that the best policy is to focus its resources on information and communication services, especially the core Telecommunications Service Business, and to maximize the probability of success and the results of new businesses that ITX will strive to create.

With the consolidation of Olympus Business Creates, a new company that can leverage the brand power, technological capabilities, and customer base of Olympus corporation, and the Services and Solutions Business of ITX, ITX will continue to pursue its growth strategy and to enhance the corporate value of the entire ITX Group.

Olympus Business Creates will become an equity method affiliate of ITX.

(3) Date of spin-off

July 1, 2010 (scheduled date of the transfer of business)

(4) Method of spin-off

Shares in subsidiaries and affiliates and investment securities that are related to the Services and Solutions Business of ITX, and businesses and short-term loans receivable associated with the shares and investment securities will be transferred to Olympus Business Creates, which will be established jointly by ITX and its parent Olympus corporation.

2. Outline of Planned Accounting Treatment

The consideration to be received will be cash, and the spin-off will create an affiliate of the Company. The spin-off will therefore be accounted for as a business divestiture in which the consideration received is solely cash and other property and in which the company spun off is an affiliate, under the Accounting Standard for Business Divestitures (the Business Accounting Deliberation Council; revised on December 26, 2008) and the Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (Accounting Standards Board of Japan Guidance No. 10; finally revised on December 26, 2008).

Book value of assets to be transferred as of March 31	non-consolidated)	24,455 million yen
Ditto	consolidated)	24,454 million yen
Transfer price		24,505 million yen

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, business segment information for fiscal 2009 would be as follows.

Year ended March 31, 2009	Millions of yen			Consolidated
	Telecom	Service & Solution	Elimination and Corporate	
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)

ITX Corporation Non-Consolidated Balance Sheets

As of March 31, 2010 and 2009

Assets	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current assets:			
Cash and cash equivalents	¥ 11,126	¥ 12,275	\$ 119,634
Trade notes and accounts receivable	26,269	49	282,462
Merchandise and finished goods	8,630	-	92,796
Other current assets	11,910	9,399	128,065
Allowance for doubtful accounts	(1,508)	(1,556)	(16,215)
Total current assets	<u>56,427</u>	<u>20,167</u>	<u>606,742</u>
Non-current assets:			
Property and equipment			
Buildings and accompanying facilities	3,039	102	32,677
Structures	156	-	1,677
Vehicles	0	-	0
Furniture and fixtures	1,778	54	19,118
Land	312	-	3,355
Construction in progress	0	-	0
Accumulated depreciation	(2,991)	(86)	(32,161)
	<u>2,294</u>	<u>70</u>	<u>24,666</u>
Investment and other assets:			
Investment securities	697	768	7,495
Investment securities for business incubation	-	483	-
Investment securities – in subsidiaries and affiliated companies	17,168	42,760	184,602
Investments in other securities of subsidiaries and affiliates	31	-	333
Investment securities for business incubation – in subsidiaries and affiliated companies	-	21,934	-
Long term loan receivable	4	2,087	43
Goodwill	23,847	-	256,419
Leasehold right	18	-	194
Software	810	116	8,710
Intangible assets	255	-	2,742
Other non-current assets	3,843	222	41,322
Allowance for doubtful accounts	(180)	(100)	(1,935)
	<u>46,493</u>	<u>68,270</u>	<u>499,925</u>
Total non-current assets	<u>48,787</u>	<u>68,340</u>	<u>524,591</u>
Total assets	<u>¥ 105,214</u>	<u>¥ 88,507</u>	<u>\$ 1,131,333</u>

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=US\$1.

ITX Corporation Non-Consolidated Balance Sheets

As of March 31, 2010 and 2009

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Current liabilities:			
Accounts payable	¥ -	¥ -	\$ -
Current portion of long-term debt	23,204	13,520	249,505
Short-term borrowings	3,500	-	37,634
Current portion of long-term debt	7,670	-	82,473
Accrued income taxes	139	4	1,495
Deposits	352	972	3,785
Other current liabilities	5,475	429	58,871
Total current liabilities	40,340	14,925	433,763
Non-current liabilities:			
Long-term debt	29,160	39,600	313,549
Deferred tax liabilities	270	-	2,903
Retirement allowance for employees	1,160	143	12,473
Other non-current liabilities	24	6	258
Total non-current liabilities	30,614	39,749	329,183
Net Assets:			
Shareholders' Equity:			
Common stock	25,444	25,444	273,591
Capital reserve	10,964	10,964	117,893
Other capital surplus	7,050	7,050	75,806
Retained earnings	(8,557)	(9,299)	(92,011)
Total Shareholders' Equity	34,901	34,159	375,279
Valuation and translation adjustments:			
Net unrealized holding losses	(168)	(240)	(1,806)
on available-for-sale securities, net of taxes			
Unrealized losses on hedging derivatives, net of taxes	(484)	(86)	(5,204)
Revaluation reserve for land	11	-	118
Total valuation and translation adjustments	(641)	(326)	(6,892)
Total Net Assets	34,260	33,833	368,387
Total Liabilities and Net Assets	¥ 105,214	¥ 88,507	\$ 1,131,333

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=US\$1.

ITX Corporation Non-Consolidated Statements of Operations

For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Revenues			
Equipment sales and services	¥ 190,590	¥ 246	\$ 2,049,355
Sales of investment securities for business incubation	-	1,062	-
	<u>190,590</u>	<u>1,308</u>	<u>2,049,355</u>
Costs of revenues			
Equipment sales and services	162,082	39	1,742,817
Sales of investment securities for business incubation	-	4,354	-
	<u>162,082</u>	<u>4,393</u>	<u>1,742,817</u>
Gross profit (loss)	<u>28,508</u>	<u>(3,085)</u>	<u>306,538</u>
Selling, general and administrative expenses	<u>25,118</u>	<u>1,631</u>	<u>270,086</u>
Operating income(loss)	<u>3,390</u>	<u>(4,716)</u>	<u>36,452</u>
Other income (expenses)			
Interest and dividend income	364	1,121	3,914
Interest expense	(951)	(925)	(10,226)
Loss on sales of investment securities, net	(41)	(1,019)	(441)
Gain on sales of investment securities in subsidiaries and affiliates	3,416	3,962	36,731
Loss on investments in partnership	(344)	(2,656)	(3,699)
Impairment loss on investment securities	(332)	(476)	(3,570)
Impairment loss on investment securities in subsidiaries and affiliates	(1,171)	(9,902)	(12,591)
Foreign exchange gains(losses)	(3)	149	(32)
Loss on sales and retirement of noncurrent assets	(73)	(0)	(785)
Provision of allowance for doubtful accounts	(79)	(358)	(850)
Loss on restructuring of business	(3,051)	-	(32,806)
Other, net	(461)	96	(4,957)
Income before income taxes	<u>664</u>	<u>(14,724)</u>	<u>7,140</u>
Income taxes:			
Current	(360)	(1,292)	(3,871)
Deferred	282	-	3,033
	<u>(78)</u>	<u>(1,292)</u>	<u>(838)</u>
Net income	<u>¥ 742</u>	<u>¥ (13,432)</u>	<u>\$ 7,978</u>

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=US\$1.

ITX Corporation Non-consolidated Statement of Changes in Net Assets

For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Stockholders' Equity:			
Common stock			
Balance at beginning of year	¥ 25,444	¥ 25,444	\$ 273,591
Balance at end of year	¥ 25,444	¥ 25,444	\$ 273,591
Capital surplus			
Capital reserve			
Balance at beginning of year	¥ 10,964	¥ 10,964	\$ 117,893
Balance at end of year	¥ 10,964	¥ 10,964	\$ 117,893
Other capital surplus			
Balance at beginning of year	¥ 7,050	¥ 7,050	\$ 75,806
Balance at end of year	¥ 7,050	¥ 7,050	\$ 75,806
Retained earnings			
Balance at beginning of year	¥ (9,299)	¥ 4,133	\$ (99,989)
Changes in the period			
Net income (loss)	742	(13,432)	7,978
Total changes in the period	742	(13,432)	7,978
Balance at end of year	¥ (8,557)	¥ (9,299)	\$ (92,011)
Total Shareholders' Equity			
Balance at beginning of year	¥ 34,159	¥ 47,591	\$ 367,301
Changes in the period			
Net income (loss)	742	(13,432)	7,978
Total changes in the period	742	(13,432)	7,978
Balance at end of year	¥ 34,901	¥ 34,159	\$ 375,279

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=US\$1.

ITX Corporation Non-consolidated Statement of Changes in Net Assets

For the years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Valuation and Translation Adjustments:			
Net unrealized holding losses on available-for-sale securities, net of taxes			
Balance at beginning of year	¥ (240)	¥ (465)	\$ (2,581)
Changes in the period			
Net changes of items other than Shareholders' Equity	72	225	775
Total changes in the period	72	225	775
Balance at end of year	¥ (168)	¥ (240)	\$ (1,806)
Net unrealized losses on hedging derivatives, net of taxes			
Balance at beginning of year	¥ (86)	¥ (139)	\$ (925)
Changes in the period			
Net changes of items other than Shareholders' Equity	(398)	53	(4,279)
Total changes in the period	(398)	53	(4,279)
Balance at end of year	¥ (484)	¥ (86)	\$ (5,204)
Revaluation reserve for land			
Balance at beginning of year	¥ -	¥ -	\$ -
Changes in the period			
Net changes of items other than Shareholders' Equity	11	-	118
Total changes in the period	11	-	118
Balance at end of year	¥ 11	¥ -	\$ 118
Total valuation and translation adjustments			
Balance at beginning of year	¥ (326)	¥ (604)	\$ (3,506)
Changes in the period			
Net changes of items other than Shareholders' Equity	(315)	278	(3,386)
Total changes in the period	(315)	278	(3,386)
Balance at end of year	¥ (641)	¥ (326)	\$ (6,892)
Total Net Assets			
Balance at beginning of year	¥ 33,833	¥ 46,987	\$ 363,795
Changes in the period			
Net income (loss)	742	(13,432)	7,978
Net changes of items other than Shareholders' Equity	(315)	278	(3,386)
Total changes in the period	427	(13,154)	4,592
Balance at end of year	¥ 34,260	¥ 33,833	\$ 368,387

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥93=US\$1.