

Consolidated Earnings Report for the Third-Quarter Ended December 31, 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: February 15, 2010
 Scheduled start date of dividend payment: —

1. Consolidated Financial Results for the Third-Quarter ended December 31, 2009 (April 1, 2009 –December 31, 2009) --
Unaudited

(1) Consolidated Operating Results

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

| | Revenues | | Operating income | | Net income | |
|-----------------------|----------|---------|------------------|---------|------------|--------|
| Apr. 1 –Dec. 31, 2009 | 172,195 | (-5.9)% | 2,795 | (-) % | 1,620 | (-)% |
| Apr. 1 –Dec. 31, 2008 | 183,071 | (-)% | (1,243) | (-) % | (4,603) | (-)% |

(Yen)

| | Net income per share | Net income per share (diluted) |
|-----------------------|-------------------------|-----------------------------------|
| Apr. 1 –Dec. 31, 2009 | 2,530.75 | 2,526.50 |
| Apr. 1 –Dec. 31, 2008 | (7,189.84) | - |

(2) Consolidated Financial Position

(Millions of yen)

| | Total assets | Total net assets | Equity Ratio | Net assets per share |
|---------------|--------------|------------------|--------------|-------------------------|
| | | | % | (Yen) |
| Dec. 31, 2009 | 114,868 | 33,409 | 27.8 | 49,953.43 |
| Mar. 31, 2009 | 131,343 | 31,958 | 23.2 | 47,547.58 |

(Reference): Equity:

Dec. 31, 2009 ¥ 31,982 million Mar. 31, 2009 ¥ 30,442 million

2. Dividends

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

(Reference): Revision of Dividend Forecast: None

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

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

| | Revenues | | Operating income | | Net income | | Net income per share |
|----------------------------|-----------------|-----|------------------|---|-----------------|---|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| Year ending March 31, 2010 | 258,000 | 2.5 | 4,500 | - | 1,400 | - | 2,186.67 |

(Note): Revision of Forecast: None

4. Other

(1) Changes in major subsidiaries during the period

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

Decreases: 1(IT Telecom, Inc.)

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

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

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

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

(i) Changes due to revisions to accounting standards: None

(ii) Other changes besides (i) : Yes

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

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

| | Dec. 31, 2009 | Mar. 31, 2009 |
|---|---------------|---------------|
| Number of shares issued and outstanding | 640,240 | 640,240 |

| | Dec. 31, 2009 | Mar. 31, 2009 |
|----------------|---------------|---------------|
| Treasury Stock | - | - |

| | Apr.1 – Dec. 31, 2009 | Apr.1 – Dec. 31, 2008 |
|--|-----------------------|-----------------------|
| The weighted average number of shares issued and outstanding | 640,240 | 640,240 |

(5) Concerning of Accounting Auditor: None

※Cautionary Statement on Appropriate Use of Earnings Forecasts

Earnings forecasts are based on information available and assumptions of uncertainties that could impact future results as of the date of release. Accordingly, actual results could differ materially from forecasts due to a variety of factors.

Qualitative Data, Financial Statements and Other Information

1. Qualitative Data Related to Consolidated Operating Results

The Japanese economy for the nine months ended December 31, 2009 seemed to partly recover due to government stimulus package. However, there still remains uncertainty about the economic prospects, centering on equipment investment, export environment and employment situation. 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 Restructuring Plan” released in December 2008. As a part of the plan, ITX merged with one of its subsidiary companies, IT Telecom, Inc. on April 1, 2009 in order to concentrate the 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 and “Service & Solution” provides services and solution to the medical information and healthcare field, network solutions field and other fields. Both segments are based on the information and communication services business base in which ITX Group has accumulated much experience and expertise.

Under these circumstances, sales in Telecommunication business for the nine months ended December 31, 2009 increased due to expansion in sales channels by succession of mobile phone retailing business from Sony Marketing Inc. and Panasonic Telecom Inc., as announced in May, 2009. The spread of installment sales method in mobile phone retailing market and expansion of the sales channel with increased efficiency promoted stabilizing and strengthening profitability. Merger between ITX and the former subsidiary IT Telecom, Inc. contributed to business efficiency. These factors brought drastic improvement in operating income compared with the nine months ended December 31, 2008.

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

ITX recorded consolidated revenues of ¥172,195 million, a year-on-year decrease of 5.9%. This was influenced by the sales of subsidiaries in last fiscal year, although there was sales increase in Telecommunication business due to expansion of sales channel.

Results in terms of profit and loss were as follows. ITX recorded operating income of ¥2,795 million, while operating loss in the same period last year was ¥1,243 million. Concentration of management resources for efficient use and withdrawal from non-profitable businesses led to this result. Operating income turned into positive this year, while we recorded operating loss in the same period last year.

ITX reported net consolidated income of ¥1,620 million, while net loss in the same period last year was ¥4,603 million. Details for other income and expenses are as follows. Gain on sales of investment securities, net of ¥422 million, gain on sales of investment securities in subsidiaries and affiliates of ¥1,380 million, impairment loss on investment securities of ¥415 million, impairment loss on fixed assets of ¥331 million, interest and dividend income of ¥180, interest expense of ¥831, income taxes and minority interests adjustments.

Broadleaf CO., LTD was consolidated subsidiary of ITX, but Broadleaf CO., LTD was removed from the scope of consolidation due to the sale of its shares. However, the income and loss of Broadleaf CO., LTD is included in the consolidated statements of operation.

The operating results by business segments for the nine months ended December 31, 2009 are as follows:
(Telecommunication Business)

Telecommunication Business recorded consolidated revenues of ¥134,599 million, a year-on-year increase of 22.2%. This was due to the effect of expansion in sales channels by succession of mobile phone retailing business from Sony Marketing Inc. and Panasonic Telecom Inc. By stabilizing and strengthening profitability and a rise in business efficiency, operating income significantly improved to ¥3,212 million, a year-on-year increase of 200.3%.

(Service & Solution Business)

Service & Solution Business recorded consolidated revenues of ¥40,060 million, a year-on-year decrease of 46.5%. This was due to sales of subsidiaries in last fiscal year. On the other hand, promoting the review of our business and withdrawal from non-profitable businesses in previous year was effective. Therefore, operating income improved to ¥623 million (up ¥2,168 million compared to the same period last year).

2. Qualitative Data Related to Consolidated Financial Position

ITX Group had ¥114,868 million in total assets, a decrease of ¥16,475 million, compared to the end of the previous fiscal year. This was mainly attributable to repayment of debt, sales of investments in subsidiaries and sales of investment securities.

We recorded a net consolidated income of ¥1,620 million, leading to total net assets of ¥33,409 million. The equity ratio rose from 23.2% to 27.8%.

3. Qualitative Data Related to Consolidated Forecasts

There are no revision in the forecast released on November 6, 2009.

4. Other Information

(1) Changes in major subsidiaries during the period.

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

Name: IT Telecom Inc.

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

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

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

| | |
|--------------------------------|---|
| (Increase) | (Decrease) |
| ITX Communications Corporation | Nippon Outsourcing Corporation |
| TL (purchases of shares) | SS (dissolution due to merger) |
| | Broadleaf CO., LTD |
| Three other companies | SS (sales of shares) |
| | ITX-Innovation Fund No.1 investment Partnership |
| | SS (liquidation) |
| | 11 other companies |

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

2 Reason for change in parentheses.

3 ITX purchased the whole shares of SMOJ Mobile Communications Inc. 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.

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

① Valuation method for inventories

Certain consolidated subsidiaries apply reasonable methods in calculating inventories at this quarter-end, and physical inventory count is not taken, based on the physical inventory taking at end of the previous fiscal year.

② Calculating method for depreciation expense

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

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

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

(Consolidated statements of operations)

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

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

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

As a result, gross profit and operating income decreased by ¥891 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 |
|-------------------------------------|-----------------|--------------|------------------------------|
| | Dec.31, 2009 | Mar.31, 2009 | Dec.31, 2009 |
| Current assets: | | | |
| Cash and cash equivalents | ¥ 21,611 | ¥ 25,624 | \$ 234,902 |
| Trade notes and accounts receivable | 26,392 | 29,149 | 286,870 |
| Marketable securities | - | 199 | - |
| Merchandise and finished goods | 12,155 | 7,860 | 132,120 |
| Work in process | 249 | 285 | 2,707 |
| Other current assets | 8,220 | 7,486 | 89,347 |
| Allowance for doubtful accounts | (298) | (435) | (3,239) |
| Total current assets | 68,329 | 70,168 | 742,707 |
| Non-current assets: | | | |
| Property and equipment | 6,246 | 6,532 | 67,891 |
| Investment and other assets: | | | |
| Investment securities | 4,107 | 2,711 | 44,641 |
| Goodwill | 27,051 | 37,562 | 294,032 |
| Intangible assets | 1,407 | 2,957 | 15,294 |
| Other non-current assets | 8,764 | 12,406 | 95,261 |
| Allowance for doubtful accounts | (1,036) | (993) | (11,261) |
| Total non-current assets | 40,293 | 54,643 | 437,967 |
| Total assets | ¥ 114,868 | ¥ 131,343 | \$ 1,248,565 |

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥92=US\$1.

ITX Corporation Consolidated Balance Sheets

| Liabilities and Net Assets | Millions of yen | | Thousands of U.S. dollars |
|--|-----------------|--------------|------------------------------|
| | Dec.31, 2009 | Mar.31, 2009 | Dec.31, 2009 |
| Current liabilities: | | | |
| Trade notes and accounts payable | ¥ 22,976 | ¥ 21,604 | \$ 249,739 |
| Short-term borrowings | 5,907 | 6,935 | 64,207 |
| Current portion of long-term debt | 7,864 | 15,165 | 85,478 |
| Accrued income taxes | 251 | 1,132 | 2,728 |
| Provision | 7 | 62 | 76 |
| Other current liabilities | 8,497 | 10,935 | 92,359 |
| Total current liabilities | 45,502 | 55,833 | 494,587 |
| Non-current liabilities: | | | |
| Long-term debt | 33,739 | 41,906 | 366,728 |
| Retirement allowance: Employees | 1,472 | 1,343 | 16,000 |
| Provision | 30 | 40 | 326 |
| Other non-current liabilities | 716 | 263 | 7,783 |
| Total non-current liabilities | 35,957 | 43,552 | 390,837 |
| Net Assets: | | | |
| Shareholders' Equity: | | | |
| Common stock | 25,444 | 25,444 | 276,565 |
| Capital surplus | 18,005 | 18,005 | 195,706 |
| Retained earnings | (9,151) | (10,773) | (99,467) |
| Total Shareholders' Equity | 34,298 | 32,676 | 372,804 |
| Valuation and Translation Adjustments: | | | |
| Net unrealized holding loss | (372) | (679) | (4,044) |
| on available-for-sale securities, net of taxes | | | |
| Net unrealized losses on hedging derivatives, net of taxes | (534) | (85) | (5,804) |
| Revaluation reserve for land | (113) | (113) | (1,228) |
| Foreign currency translation adjustments | (1,297) | (1,357) | (14,098) |
| Total valuation and translation adjustments | (2,316) | (2,234) | (25,174) |
| Minority Interests | 1,427 | 1,516 | 15,511 |
| Total Net Assets | 33,409 | 31,958 | 363,141 |
| Total liabilities and Net Assets | ¥ 114,868 | ¥ 131,343 | \$ 1,248,565 |

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥92=US\$1.

ITX Corporation
Consolidated Statements of Operations

| | Millions of yen | | Thousands of U.S. dollars |
|---|------------------------------|------------------------------|------------------------------|
| | Apr.1, 2009- Dec.31, 2009 | Apr.1, 2008- Dec.31, 2008 | Apr.1, 2009- Dec.31, 2009 |
| Revenues | ¥ 172,195 | ¥ 183,071 | \$ 1,871,685 |
| Costs of revenues | <u>136,661</u> | <u>148,380</u> | <u>1,485,446</u> |
| Gross profit | 35,534 | 34,691 | 386,239 |
| Selling, general and administrative expenses | <u>32,739</u> | <u>35,934</u> | <u>355,859</u> |
| Operating income (loss) | 2,795 | (1,243) | 30,380 |
| Other income (expenses): | | | |
| Interest and dividend income | 180 | 324 | 1,957 |
| Interest expense | (831) | (1,026) | (9,033) |
| Impairment loss on investment securities | (415) | (1,315) | (4,511) |
| Gain on sales of investment securities, net | 422 | 18 | 4,587 |
| Gain (loss) on holding gain (loss) of investment securities, net | (37) | 225 | (402) |
| Gain on sales of investment securities in subsidiaries and affiliates | 1,380 | 5 | 15,000 |
| Impairment loss on fixed assets | (331) | (952) | (3,598) |
| Equity in loss of unconsolidated subsidiaries and affiliates | (231) | (357) | (2,511) |
| Foreign exchange gain | 14 | 96 | 152 |
| Loss on sales and retirement of non-current assets, net | (76) | (44) | (826) |
| Gain on deemed sales of investment securities in affiliates due to dilution of equity interests, net | - | 9 | - |
| Settlement received | - | 74 | - |
| Other, net | (518) | (14) | (5,630) |
| Income(loss) before income taxes and minority interests | <u>2,352</u> | <u>(4,200)</u> | <u>25,565</u> |
| Income taxes: | | | |
| Current | 506 | 482 | 5,500 |
| Deferred | 177 | 44 | 1,924 |
| | <u>683</u> | <u>526</u> | <u>7,424</u> |
| Minority interests | (49) | 123 | (532) |
| Net income (loss) | <u>¥ 1,620</u> | <u>¥ (4,603)</u> | <u>\$ 17,609</u> |

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥92=US\$1.

ITX Corporation

Consolidated Statements of Cash Flows

ITX Corporation

| | Millions of yen | | Thousands of U.S. dollars |
|--|------------------------------|------------------------------|------------------------------|
| | Apr.1, 2009- Dec.31, 2009 | Apr.1, 2008- Dec.31, 2008 | Apr.1, 2009- Dec.31, 2009 |
| Cash flows from operating activities: | | | |
| Income (loss) before income taxes and minority interests | ¥ 2,352 | ¥ (4,200) | \$ 25,565 |
| Adjustments to reconcile income (loss) before income taxes and minority interests to net cash provided by operating activities | | | |
| Depreciation | 2,036 | 2,228 | 22,130 |
| Impairment loss on fixed assets | 331 | 952 | 3,598 |
| Amortization of goodwill | 2,488 | 2,579 | 27,043 |
| Increase (decrease) in allowance for doubtful accounts | (33) | 321 | (359) |
| Increase (decrease) in retirement allowance: | | | |
| Employees | 123 | 69 | 1,337 |
| Directors and corporate auditors | (41) | (8) | (446) |
| Interest and dividend income | (180) | (324) | (1,956) |
| Interest expense | 831 | 1,026 | 9,033 |
| Equity in losses of unconsolidated subsidiaries and affiliates | 231 | 357 | 2,511 |
| Gain on sales of investment securities, net | (422) | (18) | (4,587) |
| Gain on deemed sales due to changes in equity, net | - | (9) | - |
| Impairment loss on investment securities | 415 | 1,315 | 4,511 |
| Gain on sales of investment securities in subsidiaries and affiliates | (1,380) | (5) | (15,000) |
| Decrease in investment securities for business incubation | - | 1,973 | - |
| Decrease in trade receivables | 1,706 | 13,143 | 18,543 |
| Decrease (increase) in inventories | (2,476) | 600 | (26,913) |
| Increase (decrease) in trade payables | 1,893 | (8,870) | 20,576 |
| Decrease (increase) in other assets | 1,106 | (1,605) | 12,022 |
| Decrease in other liabilities | (657) | (1,079) | (7,141) |
| Other, net | 868 | (344) | 9,435 |
| Sub-total | 9,191 | 8,101 | 99,902 |
| Receipt of interest and dividends | 272 | 357 | 2,956 |
| Payment of interest | (688) | (926) | (7,478) |
| Refund of income taxes | 101 | 311 | 1,098 |
| Payment of income taxes | (1,787) | (1,803) | (19,424) |
| Net cash provided by operating activities | 7,089 | 6,040 | 77,054 |
| Cash flows from investment activities: | | | |
| Purchase of short-term investment securities | - | (200) | - |
| Proceeds from sales and redemption of short-term investment securities | 200 | - | 2,174 |
| Acquisition of property and equipment | (1,415) | (1,223) | (15,380) |
| Proceeds from sales of property and equipment | 12 | 36 | 130 |
| Acquisition of intangible fixed assets | (1,219) | (1,582) | (13,250) |
| Acquisition of investment securities | (142) | (627) | (1,544) |
| Proceeds from sales and redemption of investment securities | 869 | 612 | 9,446 |
| Net decrease from acquisition of investments in subsidiaries related to changes in scope of consolidation | (372) | - | (4,044) |
| Net decrease due to sales of investments in subsidiaries related to changes in scope of consolidation | (22) | (96) | (239) |
| Net increase from sales of investments in subsidiaries related to changes in scope of consolidation | 17,579 | - | 191,076 |
| Purchase of investments in subsidiaries | (800) | (897) | (8,696) |
| Net decrease (increase) in short-term loans receivable | (1,743) | 614 | (18,946) |
| Payments of long-term loans receivable | (4) | (91) | (43) |
| Collection of long-term loans receivable | 98 | 117 | 1,065 |
| (to be continued) | | | |

ITX Corporation

Consolidated Statements of Cash Flows

| (continued) | Millions of yen | | Thousands of U.S. dollars |
|--|------------------------------|------------------------------|------------------------------|
| | Apr.1, 2009- Dec.31, 2009 | Apr.1, 2008- Dec.31, 2008 | Apr.1, 2009- Dec.31, 2009 |
| Payments due to transfer of business | (6,851) | (70) | (74,467) |
| Proceeds from transfer of business | 95 | - | 1,033 |
| Other payments | (299) | (881) | (3,250) |
| Other proceeds | 568 | 627 | 6,174 |
| Net cash provided by (used in) investment activities | 6,554 | (3,661) | 71,239 |
| Cash flows from financing activities: | | | |
| Net decrease in short-term borrowings | (2,016) | (3,251) | (21,913) |
| Proceeds from long-term debt | 28,710 | 4,152 | 312,065 |
| Repayments of long-term debt | (44,446) | (6,458) | (483,109) |
| Proceeds from issuance of bonds | 200 | 375 | 2,174 |
| Repayments of corporate bonds | - | (186) | - |
| Proceeds from issuance of common stock to minority shareholders | - | 146 | - |
| Cash dividends paid to minority shareholders | (122) | (82) | (1,326) |
| Other, net | (58) | (25) | (630) |
| Net cash used in financing activities | (17,732) | (5,329) | (192,739) |
| Effect of exchange rate changes on cash and cash equivalents | (11) | (1) | (119) |
| Net decrease in cash and cash equivalents | (4,100) | (2,951) | (44,565) |
| Cash and cash equivalents at beginning of period | 25,624 | 25,312 | 278,522 |
| Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries | 87 | 170 | 945 |
| Cash and cash equivalents at end of period | ¥ 21,611 | ¥ 22,531 | \$ 234,902 |

The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥92=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- Dec.31, 2008 | Apr.1, 2009- Dec.31, 2009 | The year-on-year change (%) |
|------------------------------|-------------------------|------------------------------|------------------------------|--------------------------------|
| Telecommunication | Revenues | 110,164 | 134,599 | 22.2 |
| | Operating income (loss) | 1,069 | 3,212 | 200.3 |
| Service & Solution | Revenues | 74,835 | 40,060 | (46.5) |
| | Operating income (loss) | (1,545) | 623 | - |
| Elimination and Corporate | Revenues | (1,928) | (2,464) | - |
| | Operating income (loss) | (767) | (1,040) | - |
| Consolidated | Revenues | 183,071 | 172,195 | (5.9) |
| | Operating income (loss) | (1,243) | 2,795 | - |

Change of Business Segments

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