Consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2010
(April 1, 2009 through June 30, 2009)

All financial information has been prepared in accordance with accounting principles generally accepted in Japan. This is a partial English translation of the original Japanese-language document. All information pertains to consolidated results unless otherwise noted. Information on the basis of presentation of consolidated financial statements does not appear in this translation.

August 11, 2009

Company name: IT Holdings Corporation
Stock exchange listings: The First Section of the Tokyo Stock Exchange
Stock code: 3626
URL: http://www.itholdings.co.jp/e/
Representative: Susumu Okamoto, President
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Scheduled dates
Submission of quarterly statements: August 12, 2009
Commencement of dividend payments: -

Figures in millions of yen are rounded down to the nearest million

1. Consolidated Results for the First Quarter of the Fiscal Year ending March 31, 2010 (April 1, 2009 – June 30, 2009)

(1) Consolidated Financial Results

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FY 2010 First Quarter	65,855	(1.6)	851	-	981	-	1,101	-
FY 2009 First Quarter	66,934	-	(362)	-	(118)	-	(457)	-

	Net income per share – basic	Net income per share – diluted
	yen	yen
FY 2010 First Quarter	12.94	12.94
FY 2009 First Quarter	(5.40)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
End-First Quarter FY 2010	287,819	145,686	45.5	1,538.20
End-FY 2009	295,327	146,216	44.4	1,541.17

For reference:
Shareholders' equity: End-First Quarter FY 2010: 130,995 million yen End-FY 2009: 131,054 million yen.

2. Cash Dividends for Shareholders of Common Stock

	Cash dividends per share				
Record date or period	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
FY 2009	-	-	-	32.00	32.00
FY 2010	-	-	-	-	-
FY 2010 (forecast)	-	12.00	-	20.00	32.00

Note: Revision of dividend forecast during the first quarter of the fiscal year ending March 31, 2010: No

3. Forecast of Consolidated Results for FY 2010 (April 1, 2009 – March 31, 2010)

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income		Net income per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	yen
First half of FY 2010 (six months ending Sep. 30, 2009)	149,000	(8.8)	5,000	(46.8)	4,800	(49.4)	2,500	(44.3)	29.38
Full FY 2010 (year ending Mar. 31, 2010)	322,000	(4.8)	20,000	(15.9)	19,500	(17.4)	9,000	(4.3)	105.71

Note: Revision of consolidated results forecast during the first quarter of the fiscal year ending March 31, 2010: Yes

4. Other

(1) Material reclassifications of subsidiaries (scope of consolidation) during the period: No

(2) Application of simplified accounting and application of special accounting to preparation of quarterly consolidated financial statements: Yes

Note: For details, see “4. Other” on page 6 in the “Qualitative Information and Financial Statements” section.

(3) Changes in accounting principles, procedures, presentation methods, etc., used in the preparation of quarterly consolidated financial statements (information reported in "Changes in Basis of Presentation of Consolidated Financial Statements")

1) Changes associated with changes to accounting standards: Yes

2) Changes other than the above: No

Note: For details, see “4. Other” on page 6 in the “Qualitative Information and Financial Statements” section.

(4) Issued shares of common stock

1) Period-end issued shares (including treasury stock):

End-First Quarter FY 2010 (June 30, 2009): 86,372,339 shares

End-FY 2009 (March 31, 2009): 86,372,339 shares

2) Period-end treasury stock:

End-First Quarter FY 2010 (June 30, 2009): 1,211,263 shares

End-FY 2009 (March 31, 2009): 1,337,013 shares

3) Average number of shares (for the three months):

First Quarter FY 2010 (June 30, 2009): 85,076,683 shares

First Quarter FY 2009 (June 30, 2008): 84,762,083 shares

Cautionary Statement on Forward-Looking Statements and Other Important Matters

1. Consolidated first-half and full-year results forecasts for FY2010, previously issued on May 12, 2009, have been revised. The revised forecasts appear in this document.
2. This report contains forward-looking statements that reflect IT Holdings Corporation (ITHD)’s plans and expectations. These forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors that may cause ITHD’s actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements.
   Refer to “Qualitative Information on the Consolidated Results Forecast” in the “Qualitative Information and Financial Statements” section, beginning on page 3, for assumptions underlying earnings forecasts and cautionary statements on the use of earnings forecasts.

Qualitative Information and Financial Statements

1. Qualitative Information on the Consolidated Results of Operations

Results for the first quarter of fiscal 2010 (three months ended June 30, 2009)

There were some mildly promising signs for the Japanese economy during the three months ended June 30, 2009, as exports and industrial production started to rally for a number of manufacturing sectors, but the overall business climate remained extremely challenging as the ongoing fallout from the global financial crisis and concerns over the risk of a further economic downturn weighed heavily on corporate earnings and capital spending.

These conditions once again made things very difficult for the information services industry, as reflected in figures from the Bank of Japan's June 2008 *Short-term Economic Survey of Enterprises in Japan* indicating that firms are planning to significantly reduce their software investment versus the fiscal year ended March 31, 2009.

Our own sales for the three months ended June 30, 2009, were adversely impacted as our clients sought to cut back on their capital outlays, but we were also able to post some solid results by virtue of: (1) the completion of a number of projects for which orders had been received prior to the end of March; (2) solid demand for operation and maintenance services among our major clients; and (3) cost reductions achieved through an increased focus on project profitability. We thus booked consolidated net sales of ¥65,855 million (down just 1.6% from the three months ended June 30, 2008), operating profit of ¥851 million (versus an operating loss of ¥362 million a year earlier), recurring profit of ¥981 million (versus a recurring loss of ¥118 million), and net profit of ¥1,101 million (versus a net loss of ¥457 million in the three months ended June 30, 2008).

The breakdown of net sales by segment was as follows.

1) Outsourcing and network segment

Consolidated sales totaled ¥30,870 million, which was up 7.3% from the three months ended June 30, 2008, on the back of solid contributions from ongoing operations and Nexway Co., Ltd., which became a group subsidiary in July 2008.

2) Software development segment

Consolidated sales totaled ¥27,425 million, down 5.1% from a year earlier due to the completion of a number of relatively large projects during the previous fiscal year.

3) Solution services segment

Consolidated sales totaled ¥5,798 million, which was down 8.9% from a year earlier as the economic downturn continued to impact on demand for hardware.

4) Other businesses segment

Consolidated sales totaled ¥1,760 million, down 39.5% from a year earlier as the application of new accounting standards required sales attributable to sublease transactions to be recorded on a net basis.

In April 2009 we launched a new three-year management plan—*IT Evolution 2011*—which aims to cement our group's position at the forefront of the IT services industry. The plan outlines key strategies for strengthening and expanding our existing operations while simultaneously exploring new business opportunities both at home and abroad, and we have recently taken a significant step toward realizing these goals by signing a memorandum of understanding with British Telecommunications plc—one of the world's leading providers of network IT services—outlining a strategic collaboration in providing next-generation IT services. The alliance will encompass various aspects of technology, product development, and marketing, thereby enabling us to offer a global one-stop service for Japanese companies with major international operations.

On April 1, 2009 we established IT Service Force Inc. as a subsidiary that will provide shared back-office services for each of our group companies with a view to achieving group-wide efficiency gains, cost savings, and operational quality improvements.

Also in line with our medium- to long-term group strategy, we completed the process of making Systems Engineering Laboratory Co., Ltd. a wholly owned subsidiary on June 25, 2009, and we then merged this firm with TIS Solution Business Co., Ltd. on July 1 to launch a new firm under the name of Neoaxis Co., Ltd.

We are now planning to merge Intec Holdings, Ltd. with Intec Inc. (effective October 1, 2009) as the second step in our group formation strategy.

2. Qualitative Information on Consolidated Financial Position

1) Assets

Assets totaled ¥287,819 million at the end of the fiscal first quarter (June 30, 2009), down ¥7,507 million from the end of last fiscal year (March 31, 2009). This mainly reflects a ¥25,573 million decrease in notes and accounts receivable, which was only partly offset by a ¥6,670 million increase in work in process, a ¥4,534 million increase in investment securities, and a ¥4,104 million increase in cash and deposits.

2) Liabilities

Liabilities totaled ¥142,132 million at June 30, 2009, down ¥6,977 million from March 31, 2009, reflecting a ¥5,099 million decline in notes and accounts payable, a ¥2,266 million decline in short-term borrowings, and a ¥1,000 million decline in corporate bonds (including those that are to be redeemed within one year).

3) Net assets

Net assets were ¥145,686 million at June 30, 2009, down ¥529 million from March 31, 2009. Although we booked ¥1,264 million in net unrealized gains on other securities, this was offset by a ¥1,620 million decrease in retained earnings (reflecting a ¥1,101 million net profit for the quarter and ¥2,721 million in dividend payments from surplus).

3. Qualitative Information on the Consolidated Results Forecast

For the various reasons outlined below, we have revised our consolidated earnings forecasts for the fiscal year ending March 31, 2010 (previously announced on May 12, 2009). Note that our non-consolidated earnings forecast and dividend forecast remain unchanged.

IT investment in the fiscal first half (six months ending September 30, 2009) remains somewhat sluggish as unexpectedly strong concerns over the economic outlook are apparently delaying a recovery in corporate earnings and capital expenditures.

We therefore expect to see our consolidated first-half earnings come in somewhat below our original forecasts as we battle through a number of headwinds including: (1) scaling-down of some projects and delays to others to an extent that far exceeds our initial expectations; (2) caution among clients with respect to IT investment, resulting in longer development lead times and thus causing revenues to lag behind personnel expenses and other upfront costs incurred in anticipation of going into full development; (3) growing demands to cut prices in relation to software development, although demand for IT operations, maintenance, and other ongoing services remains strong; and (4) additional outlays required to bolster our core operations and develop new businesses with a view to driving medium- to long-term growth.

Our forecasts for the fiscal second half remain unchanged, however. The group remains strong on the order front. IT Holdings has numerous orders currently in the pipeline along with a number of projects set to move out of the initial development stage. It also expects to see concrete results from group-wide efforts to secure new orders and decisively reduce costs.

1) Forecast for the first half of the fiscal year ending March 31, 2010

	Net sales	Operating income	Recurring profit	Net income	Net income per share (yen)
Previous forecast (A)	155,000	9,500	9,300	4,500	52.92
Revised forecast (B)	149,000	5,000	4,800	2,500	29.38
Change (B – A)	(6,000)	(4,500)	(4,500)	(2,000)	—
Percent change (%)	(3.9)%	(47.4)%	(48.4)%	(44.4)%	—
Reference: April 1 – September 30, 2008	163,426	9,400	9,479	4,491	52.97

2) Forecast for the full fiscal year ending March 31, 2010

	Net sales	Operating income	Recurring profit	Net income	Net income per share (yen)
Previous forecast (A)	328,000	24,500	24,000	11,000	129.36
Revised forecast (B)	322,000	20,000	19,500	9,000	105.71
Change (B – A)	(6,000)	(4,500)	(4,500)	(2,000)	—
Percent change (%)	(1.8)%	(18.4)%	(18.8)%	(18.2)%	—
For reference: Previous fiscal year's results	338,302	23,787	23,604	9,406	110.74

*The above forecasts were prepared by IT Holdings based on information available at the time of preparation. Actual results may differ materially from forecasts due to various factors.

4. Other

(1) Material reclassifications of subsidiaries (scope of consolidation) during the period

Not applicable

(2) Application of simplified accounting and accounting procedures specific to preparation of quarterly consolidated financial statements

1) Simplified accounting

(a) Bad debt estimation method for general claims

Certain consolidated subsidiaries estimated the value of uncollectible general claims based on the credit loss rate at beginning of the first quarter of the fiscal year ending March 31, 2010, unless the credit loss rate at end of the first quarter was deemed to have changed substantially relative to the rate calculated at the beginning of the first quarter.

(b) Inventory valuation method

Certain consolidated subsidiaries write-down the book value of inventory to estimated net realizable value only when utility has clearly diminished.

(c) Calculation method for income taxes and deferred-tax assets and liabilities

Certain consolidated subsidiaries calculate income tax payments with a method that limits deductible and taxable items and tax-credit items to those that are material. To assess deferred assets' collectability, certain consolidated subsidiaries used the tax planning and earnings forecasts used at the beginning of the fiscal year ending March 31, 2010, as no substantial changes in the operating environment and status of temporary differences were deemed to have taken place since beginning of the fiscal year.

2) Accounting procedures specific to preparation of quarterly consolidated financial statements

Not applicable

(3) Changes in accounting principles, procedures, presentation methods, etc., used in the preparation of quarterly consolidated financial statements (information reported in "Changes in Basis of Presentation of Consolidated Financial Statements")

Changes related to accounting standards

The Company previously used the completed-contract method to account for revenues associated with build-to-order software. Effective the first quarter of the fiscal year ending March 31, 2010, however, due to adoption of the *Accounting Standard for Construction Contracts* (ASBJ Statement No. 15, December 27, 2007) and its accompanying *Guidance on Accounting Standard for Construction Contracts* (ASBJ Guidance No. 18, December 27, 2007), the percentage-of-completion method has been applied to build-to-order software that went into development during the first quarter ended June 30, 2009, for which certain elements were determinable with certainty at end of the first quarter. The percentage of completion is estimated with the proportion-of-cost method, under which the percentage of software development completed during the period is calculated as the ratio of the development cost incurred during that period relative to the total development cost. The completed-contract method was applied to other works.

The effects of this change on net sales and income/loss are negligible.

5. Consolidated Financial Results for the First Quarter of the Fiscal Year ending March 31, 2010

(1) Consolidated Balance Sheets

Items	As of Jun. 30, 2009	As of Mar. 31, 2009
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	41,628	37,524
Notes and accounts receivable	37,288	62,862
Lease receivables and lease investment assets	7,456	7,274
Marketable securities	700	1,501
Merchandise and finished goods	2,137	2,799
Work in process	18,249	11,579
Raw materials and supplies	254	234
Deferred tax assets	11,497	11,075
Other	8,075	6,203
Allowance for doubtful accounts	(228)	(255)
Total current assets	127,060	140,799
Fixed assets		
Property and equipment		
Buildings and structures, net	53,639	53,278
Machinery and equipment, net	5,985	5,799
Land	21,925	21,925
Leased assets, net	1,555	1,235
Other, net	7,272	6,809
Total property and equipment	90,377	89,048
Intangible assets		
Goodwill	4,549	4,839
Other intangible assets	10,429	10,162
Total intangible assets	14,978	15,001
Investments and other assets		
Investment securities	31,438	26,904
Deferred tax assets	6,013	6,762
Prepaid pension cost	2,598	2,818
Guarantee deposits	11,178	10,153
Other assets	6,920	6,516
Allowance for doubtful accounts	(2,745)	(2,678)
Total investments and other assets	55,402	50,477
Total fixed assets	160,759	154,527
Total assets	287,819	295,327

Items	As of Jun. 30, 2009	As of Mar. 31, 2009
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	13,527	18,626
Short-term borrowings	20,653	22,919
Corporate bonds (redeemed within one year)	8,100	5,100
Income taxes payable	389	3,390
Accrued bonuses to directors and employees	4,814	9,830
Other allowances	264	71
Other	30,365	22,112
Total current liabilities	78,114	82,051
Non-current liabilities		
Corporate bonds	7,500	11,500
Long-tern debt	41,473	41,013
Lease obligations	2,721	2,549
Accrued retirement benefits to employees	8,312	8,113
Accrued retirement benefits to directors	215	248
Deferred tax liabilities	825	682
Deferred tax liabilities from revaluation of land	993	993
Other	1,976	1,958
Total non-current liabilities	64,018	67,058
Total liabilities	142,132	149,110
Net assets		
Shareholders' equity		
Common stock	10,000	10,000
Additional paid-in capital	86,318	86,321
Retained earnings	38,565	40,186
Less treasury stock, at cost	(2,133)	(2,354)
Total shareholders' equity	132,749	134,153
Valuation and translation adjustments		
Net unrealized gains on other securities	146	(1,118)
Revaluation of land	(1,841)	(1,841)
Foreign currency translation adjustments	(58)	(139)
Total valuation and translation adjustments	(1,754)	(3,098)
Stock acquisition rights	8	8
Minority interests	14,683	15,154
Total net assets	145,686	146,216
Total liabilities and net assets	287,819	295,327

(2) Consolidated Statements of Income

Items	First Quarter FY 2009	First Quarter FY 2010
	millions of yen	millions of yen
Net sales	66,934	65,855
Cost of sales	57,640	54,526
Gross profit	9,293	11,329
Selling, general and administrative expenses	9,656	10,478
Operating income (loss)	(362)	851
Non-operating income		
Interest income	20	19
Dividends income	367	367
Amortization of negative goodwill	239	22
Other	170	133
Total non-operating income	798	543
Non-operating expenses		
Interest expenses	281	262
Equity in losses of non-consolidated subsidiaries and affiliates	7	57
Organization expenses	110	-
Other	155	92
Total non-operating expenses	554	412
Recurring profit (loss)	(118)	981
Extraordinary income		
Gain on sale of investment securities	7	20
Reversal of allowance for doubtful accounts	37	48
Other	6	0
Total extraordinary income	51	69
Extraordinary loss		
Loss on disposal of fixed assets	121	29
Valuation loss on investment securities	28	12
Other	28	6
Total extraordinary loss	178	48
Income (loss) before income taxes and minority interests	(245)	1,002
Income taxes: current	673	260
Income taxes: deferred	(648)	(422)
Total income taxes	25	(161)
Minority interests in earnings of consolidated subsidiaries	186	62
Net income (loss)	(457)	1,101

(3) Notes on the Going-Concern Assumption

Not applicable

(4) Note on Significant Changes in the Amount of Shareholders' Equity

Not applicable

(For reference) Supplementary Information for the First Quarter of Fiscal Year ending March 31, 2010

Consolidated Net Sales (IT Holdings Corporation)

1. Net Sales by Business Segment

(millions of yen)

IT Holdings (consolidated)	FY2010 Three months ended June 30, 2009 (A)	FY2010 Six months ending September 30, 2009	FY2010 Full Year (B)	FY2010 Progress ratio (A/B)
Net sales	65,855	149,000	322,000	20.5%
Outsourcing network	30,870 46.9%	61,000 40.9%	125,000 38.8%	24.7%
Software development	27,425 41.6%	72,000 48.3%	161,000 50.0%	17.0%
Solution services	5,798 8.8%	12,500 8.4%	29,000 9.0%	20.0%
Other business	1,760 2.7%	3,500 2.4%	7,000 2.2%	25.1%
		(Forecast)	(Forecast)	

(millions of yen)

IT Holdings (consolidated)	FY2009 Three months ended June 30, 2008 (A)	FY2009 Six months ending September 30, 2008	FY2009 Full Year (B)	FY2009 Progress ratio (A/B)
Net sales	66,934	163,426	338,302	19.8%
Outsourcing network	28,768 43.0%	60,794 37.2%	125,721 37.2%	22.9%
Software development	28,895 43.2%	82,000 50.2%	175,847 52.0%	16.4%
Solution services	6,361 9.5%	14,914 9.1%	29,409 8.7%	21.6%
Other business	2,911 4.3%	5,717 3.5%	7,325 2.1%	39.7%

*Forecast sales volume for the six months ending September 30, 2009 and the full year are revised figures released on August 11, 2009.

*Earnings forecasts and other forward-looking statements contained in this document are based on information available to the Company at the time of preparation and certain assumptions that it believes to be reasonable. Actual results may differ materially from those expressed or implied by forward-looking statements due to various factors.

*Lease businesses included in the Other segment: Until end of the third quarter of the fiscal year ended March 31, 2009 (December 31, 2008), the Company used the now-replaced lease accounting standards, under which sublease transactions were recorded on a gross basis. Since the fourth quarter of the fiscal year ended March 31, 2009, the Company has used the new lease accounting standards, under which sublease transactions are recorded on a net basis.

*Effective the fiscal year ending March 31, 2010, the Company adopted the percentage-of-completion method.

2. Orders for Software Development

(millions of yen)

	FY2010 Three months ended June 30, 2009
New order volume during the term	38,125
Order volume at the end of the term	63,508

(millions of yen)

	FY2009 Three months ended June 30, 2008	FY2009 Three months ended September 30, 2008	FY2009 Full Year
New order volume during the term	35,152	73,894	156,386
Order volume at the end of the term	78,527	64,163	52,808

*Orders for outsourcing network services are not stated in this report because they are conducted on an ongoing basis.