Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2011

(April 1, 2010 through September 30, 2010)
(Prepared pursuant to Japanese GAAP)

All financial information has been prepared in accord 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.

November 2, 2010

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 report: November 12, 2010
Commencement of dividend payments: December 10, 2010

Supplementary materials to the quarterly results: Available
Quarterly results presentation: Available (targeted at institutional investors and analysts)

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

1. Consolidated Results for the First Half of the Fiscal Year Ending March 31, 2011 (April 1, 2010 – September 30, 2010)

(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	%
First Half, FY2011	154,009	4.8	4,667	(19.6)	4,762	(17.8)	1,004	(68.7)
First Half, FY2010	146,954	(10.1)	5,805	(38.2)	5,792	(38.9)	3,207	(28.6)

	Net income per share – basic	Net income per share – diluted
	yen	yen
First Half, FY2011	11.44	-
First Half, FY2010	37.60	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
End-First Half, FY2011	295,307	152,315	46.7	1,571.12
End-FY2010	313,077	155,075	44.2	1,602.77

For reference: Shareholders' equity: End-First Half, FY2011: 137,905 million yen End-FY2010: 138,401 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
FY2010	-	12.00	-	20.00	32.00
FY2011	-	12.00	-	-	-
FY2011 (forecast)	-	-	-	20.00	32.00

Note: Revision of dividend forecast during the second quarter of the fiscal year ending March 31, 2011: No

3. Forecast of Consolidated Results for FY2011 (April 1, 2010 – March 31, 2011)

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
Full FY2011 (year ending Mar. 31, 2011)	335,000	6.7	16,500	3.2	16,000	1.8	5,500	(28.2)	62.66

Note: Revision of consolidated results forecast during the second quarter of the fiscal year ending March 31, 2011: Yes

4. Other

For details, see “2. Other information” on page 4 in the accompanying material.

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

*This refers to additions and removals of material subsidiaries to and from the scope of consolidated results during the period.

(2) Application of simplified accounting and/or specific accounting procedures: Yes

*This refers to the application of simplified accounting methods and accounting procedures specific to the preparation of quarterly consolidated financial statements.

(3) Changes in accounting principles, procedures, presentation methods, etc.

1) Changes associated with changes to accounting standards: Yes

2) Changes other than the above: No

*This refers to changes in accounting principles, procedures, and presentation methods used in the preparation of the quarterly consolidated financial statements

(4) Common stock issued

1) Issued shares as of period-end (including treasury stock):

End-First Half, FY2011 (September 30, 2010):	87,789,098 shares
End-FY2010 (March 31, 2010):	86,373,919 shares

2) Treasury stock as of period-end:

End-First Half, FY2011 (September 30, 2010):	13,927 shares
End-FY2010 (March 31, 2010):	22,813 shares

3) Average number of shares (during the respective six-month period):

First Half, FY2011 (ended September 30, 2010):	87,770,453 shares
First Half, FY2010 (ended September 30, 2009):	85,293,484 shares

***Quarterly review status**

The quarterly financial results are not subject to quarterly reviews pursuant to the Financial Instruments and Exchange Act. The quarterly review of the quarterly financial statements herein had not been completed by the date of this report’s publication.

Caution on Forward-Looking Statements and Other Important Matters

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 “Consolidated Earnings Forecast” on page 3 in the accompanying materials.

Accompanying Material – Contents

1. Consolidated Performance

(1) Consolidated Operating Results

In the first half of fiscal 2011 (year ending March 31, 2011), prospects of domestic economic recovery started to become more palpable amid a pickup in exports and production, but the economic outlook ultimately remained murky, clouded by rapid yen appreciation and concerns of a global economic slowdown. The IT services industry's business environment consequently remained adverse. Although the Bank of Japan's *Short-term Economic Survey of Enterprises in Japan* (the *Tankan* survey) reported that Japanese companies collectively plan to increase software investment in the current fiscal year, the vast majority of companies are still treading cautiously on the IT investment front.

In the fiscal first half, the IT Holdings Group's consolidated net sales rose 4.8% year on year to ¥154,009 million, bolstered by incremental sales derived from SORUN CORPORATION's inclusion as a consolidated subsidiary effective December 2009. Operating income was down 19.6% year on year to 4,667 million, recurring profit was down 17.8% year on year to ¥4,762 million, and net income was down 68.7% year on year to ¥1,004 million. The Group booked a one-time charge of ¥2,199 million related to asset retirement obligations in the fiscal first half.

The Group had forecast consolidated first-half net sales of ¥165,000 million, operating income of ¥4,800 million, recurring profit of ¥4,800 million, and net income of ¥800 million. Sales were impacted by customers' clampdown on IT investment, and the decline in sales in turn impacted on profits. The Group still achieved profits largely in line with its initial forecasts, however, by stepping up cost-cutting and better adapting its business model to the prevailing adverse operating environment.

Fiscal first-half consolidated net sales by segment were as follows.

1) Outsourcing and networks

Net sales grew 1.1% year on year to ¥62,322 million as incremental sales contributed by newly consolidated subsidiary SORUN CORPORATION offset lower sales elsewhere.

2) Software development

Net sales grew 8.9% year on year to ¥76,551 million by virtue of incremental sales contributed by newly consolidated subsidiary SORUN CORPORATION.

3) Solution services

Despite newly consolidated subsidiary SORUN CORPORATION's contribution to sales, net sales fell 4.3% year on year to ¥11,292 million, largely as a result of continued retrenchment in hardware demand among customers.

4) Other businesses

Net sales grew 19.2% year on year to ¥3,843 million.

As the next phase of the Group's ongoing management reforms in response to qualitative changes in the operating environment and recent acceleration of such change, IT Holdings Corporation's Board of Directors passed a resolution on October 5, 2010, to consolidate subsidiaries TIS, Inc., SORUN CORPORATION, and Ufit Co., Ltd., through a tripartite merger. The three subsidiaries entered into a memorandum of understanding regarding the merger on the same date.

The Group believes that the path to strengthening its competitiveness lies in providing customer-focused, high-value-added services as an independent system integrator. The Group has also been pursuing expansion of its operations in the aim of strengthening itself and enhancing its corporate value, particularly amid today's uncertain business environment. In accord with these basic policies, the Group has been flexibly and nimbly enlarging its scale, reconfiguring itself, and strengthening its organization. Such efforts have borne fruit in the form of order bookings landed through cooperation among Group companies and cost savings derived from improvement in the efficiency of cross-Group functions.

The upcoming merger of the three subsidiaries is intended to reinforce and accelerate this reform process. The Group is confident that the merger will expand its engineers' sphere of activity, mainly in its core business of providing system configuration and outsourcing services to the financial sector (credit card companies, banks, brokerages, insurers, etc.). The Group firmly believes that the merger will facilitate more effective utilization of data centers and other resources, further strengthen its financial condition, and contribute to enhancing its corporate value.

Even after the merger has been completed, the Group intends to continue to increase its corporate value by proactively and flexibly developing businesses with promising synergistic prospects and adapting to changes in the market environment in accord with the basic policies noted above.

(2) Consolidated Earnings Forecast

In light of its fiscal first-half results, the Group has revised its consolidated earnings forecast announced on May 11, 2010.

Although fiscal first-half sales fell short of forecast as a result of customers' clampdown on IT investment, the Group projects that second-half sales will be in line with its initial forecast in light of a recent pickup in quotation and sales negotiation activity and fiscal second-quarter (July–September 2010) order bookings that outstripped those for the year-earlier second quarter. The Group has accordingly lowered its full-year sales forecast by an amount equivalent to its first-half sales' shortfall vis-à-vis its initial forecast.

The Group has left its initial profit forecast unchanged given that it achieved first-half profits that were largely on par with its forecast and it expects second-half net sales to track in line with forecast.

(Millions of yen, except percent changes and net income per share)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previous forecast (A)	346,000	16,500	16,000	5,500	62.66
Revised forecast (B)	335,000	16,500	16,000	5,500	62.66
Change (B – A)	(11,000)	—	—	—	—
Percent change	(3.2)	—	—	—	—
For reference: Previous fiscal year's results	313,856	15,996	15,719	7,659	89.25

Note: The above forecasts are based on information available and assumptions deemed reasonable at the time of this document's release. Actual results may vary materially from these forecasts due to a range of factors.

2. Other Information

(1) Overview of Material Reclassifications of Subsidiaries during the Period

Not applicable

(2) Overview of Simplified Accounting and/or Specific Accounting Procedures

1) Simplified accounting

Bad debt estimation method for general claims

Certain consolidated subsidiaries estimated the value of uncollectible general claims based on the credit loss rate as of the end of the previous fiscal year, unless the credit loss rate as of the end of the first half under review was deemed to have changed substantially relative to the rate calculated at the end of the previous fiscal year.

Inventory valuation method

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

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 end of the previous fiscal year, 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) Overview of Changes in Accounting Principles, Procedures, and Presentation Methods, etc.

Changes related to accounting standards

Adoption of the Accounting Standard for Asset Retirement Obligations

Effective the first quarter of the fiscal year ending March 31, 2011, the Company adopted *the Accounting Standard for Asset Retirement Obligation*s (Statement No. 18, March 31, 2008) and its associated *Guidance on Accounting Standard for Asset Retirement Obligations* (Guidance No. 21, March 31, 2008).

Due to the standard and guidance's adoption, operating income and recurring profit each decreased by 121 million yen, income before income taxes decreased by 2,320 million yen, and asset retirement obligations changed by 2,554 million yen in the first half FY 2011, ended Sept 30, 2010.

Adoption of the Accounting Standard for Business Combinations

Effective the first quarter of the fiscal year ending March 31, 2011, the Company adopted the *Accounting Standard for Business Combinations* (ASBJ Statement No. 21, December 26, 2008), the *Accounting Standard for Consolidated Financial Statements* (ASBJ Statement No. 22, December 26, 2008), the *Amendments to Accounting Standard for Research and Development Costs* (ASBJ Statement No. 23, December 26, 2008), the *Revised Accounting Standard for Business Divestitures* (ASBJ Statement No. 7, December 26, 2008), the *Revised Accounting Standard for Equity Method of Accounting for Investments* (ASBJ Statement No. 16, December 26, 2008), and the *Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures* (ASBJ Guidance No. 10, December 26, 2008).

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Items	As of Sept. 30, 2010	As of Mar. 31, 2010
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	39,219	47,192
Notes and accounts receivable	49,804	62,619
Lease receivables and lease investment assets	7,650	7,590
Marketable securities	306	321
Merchandise and finished goods	2,388	1,914
Work in process	11,004	7,121
Raw materials and supplies	203	227
Deferred tax assets	7,851	8,527
Other current assets	8,444	6,649
Allowance for doubtful accounts	(186)	(197)
Total current assets	126,685	141,967
Fixed assets		
Property and equipment		
Buildings and structures, net	55,436	52,331
Machinery and equipment, net	5,264	4,851
Land	22,562	22,630
Leased assets, net	2,372	2,476
Construction in progress	2,587	4,106
Other property and equipment, net	5,192	5,602
Total property and equipment	93,415	91,999
Intangible assets		
Goodwill	6,388	6,741
Other intangible assets	12,949	12,388
Total intangible assets	19,337	19,130
Investments and other assets		
Investment securities	29,326	34,593
Deferred tax assets	8,971	6,994
Other assets	20,299	21,171
Allowance for doubtful accounts	(2,729)	(2,779)
Total investments and other assets	55,868	59,980
Total fixed assets	168,621	171,109
Total assets	295,307	313,077

Items	As of Sept. 30, 2010	As of Mar. 31, 2010
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	12,782	14,953
Short-term borrowings	20,480	34,895
Corporate bonds (redeemed within one year)	-	4,000
Income taxes payable	2,025	2,114
Accrued bonuses to directors and employees	11,291	10,820
Other allowances	209	374
Other current liabilities	18,876	19,097
Total current liabilities	65,666	86,255
Non-current liabilities		
Corporate bonds	7,600	7,600
Long-tern debt	48,188	45,151
Lease obligations	3,642	3,914
Deferred tax liabilities	650	694
Deferred tax liabilities from revaluation of land	993	993
Accrued retirement benefits to employees	11,111	10,672
Accrued retirement benefits to directors	446	470
Other non-current liabilities	4,692	2,250
Total non-current liabilities	77,325	71,746
Total liabilities	142,991	158,001
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	86,788	85,207
Retained earnings	43,370	44,088
Less treasury stock, at cost	(23)	(57)
Total shareholders' equity	140,136	139,239
Valuation and translation adjustments		
Net unrealized gains on other securities	(175)	1,182
Revaluation of land	(1,841)	(1,841)
Foreign currency translation adjustments	(214)	(178)
Total valuation and translation adjustments	(2,230)	(837)
Stock acquisition rights	29	18
Minority interests	14,380	16,654
Total net assets	152,315	155,075
Total liabilities and net assets	295,307	313,077

(2) Consolidated Statements of Income

Items	First Half, FY2010 (Apr. 1 – Sept. 30, 2009)	First Half, FY2011 (Apr. 1 – Sept. 30, 2010)
	millions of yen	millions of yen
Net sales	146,954	154,009
Cost of sales	119,987	124,915
Gross profit	26,967	29,094
Selling, general and administrative expenses	21,162	24,426
Operating income (loss)	5,805	4,667
Non-operating income		
Interest income	40	25
Dividends income	429	453
Amortization of negative goodwill	44	43
Other	340	402
Total non-operating income	854	925
Non-operating expenses		
Interest expenses	526	524
Equity in losses of non-consolidated subsidiaries and affiliates	37	49
Other	303	255
Total non-operating expenses	867	830
Recurring profit	5,792	4,762
Extraordinary income		
Gain on sale of investment securities	20	1,337
Reversal of allowance for doubtful accounts	53	-
Other	7	81
Total extraordinary income	81	1,418
Extraordinary loss		
Loss on disposal of fixed assets	151	-
Valuation loss on investment securities	112	-
Impairment loss	135	-
Effect of adoption of new accounting standards for asset retirement obligations	-	2,199
Other	103	1,157
Total extraordinary loss	502	3,356
Income before income taxes	5,371	2,824
Income taxes: current	1,151	1,959
Income taxes: deferred	722	(68)
Total income taxes	1,873	1,890
Income before minority interests	-	934
Minority interests (loss) in earnings of consolidated subsidiaries	290	(70)
Net income	3,207	1,004

(3) Notes on the Going-concern Assumption

Not applicable

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

Not applicable