



**Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2012**  
(April 1, 2011 through June 30, 2011)  
(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.

August 3, 2011

Company name: IT Holdings Corporation  
 Stock exchange listings: The First Section of the Tokyo Stock Exchange  
 Stock code: 3626  
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Scheduled dates  
 Submission of quarterly report: August 10, 2011  
 Commencement of dividend payments: -  
 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 Quarter of the Fiscal Year Ending March 31, 2012**  
(April 1, 2011 – June 30, 2011)

(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 Quarter, FY2012	67,891	(1.6)	(2,036)	—	(1,691)	—	(1,360)	—
First Quarter, FY2011	69,007	4.8	(2,142)	—	(1,848)	—	(2,817)	—

Note: Comprehensive income: First Quarter FY 2012: (1,770) million yen (- %), First Quarter FY 2011: (3,949) million yen (- %)

	Net income per share – basic	Net income per share – diluted
	yen	yen
First Quarter, FY2012	(15.50)	—
First Quarter, FY2011	(32.10)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End-First Quarter, FY2012	290,595	147,443	48.2
End-FY2011	301,076	151,110	47.7

For reference:

Shareholders' equity: End-first quarter FY2012: 140,093 million yen, End-FY2011: 143,646 million yen.

**2. Cash Dividends for Shareholders of Common Stock**

Record date or period	Cash dividends per share				
	End-Q1	End-Q2	End-Q3	Year-end	Total
	yen	yen	yen	yen	yen
FY2011	-	12.00	-	20.00	32.00
FY2012	-	-	-	-	-
FY2012 (forecast)	-	0.00	-	18.00	18.00

Note: Revisions from the latest release of dividends forecasts: None

### 3. Forecast of Consolidated Results for FY2012 (April 1, 2011 – March 31, 2012)

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 2012 (six months ending Sep. 30, 2011)	151,500	(1.6)	3,000	(35.7)	2,800	(41.2)	1,000	(0.4)	11.39
Full FY 2012 (year ending Mar. 31, 2012)	308,000	(4.7)	11,000	(14.2)	10,500	(16.8)	3,500	(41.5)	39.88

Note: Revisions from the latest release of earnings forecasts: None

### 4. Other

- (1) Material reclassifications of subsidiaries during the period: Yes  
(Changes in specified subsidiaries resulting in change in scope of consolidation)  
Additions: None: Exclusions: Two companies: SORUN CORPORATION, UFIT Co., Ltd.
- (2) Accounting methods specific to quarterly consolidated financial statements: None
- (3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement
  - 1) Changes in accordance with amendments to accounting standards, etc.: none
  - 2) Changes other than noted in 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (4) Common stock issued
  - 1) Issued shares as of period-end (including treasury stock):
 

End-first quarter, FY2012 (June 30, 2011):	87,789,098 shares
End-FY2011 (March 31, 2011):	87,789,098 shares
  - 2) Treasury stock as of period-end:
 

End-first quarter, FY2012 (June 30, 2011):	15,691 shares
End-FY2011 (March 31, 2011):	15,385 shares
  - 3) Average number of shares (during the respective three-month period):
 

First quarter, FY2012 (ended June 30, 2011):	87,773,589 shares
First quarter, FY2011 (ended June 30, 2010):	87,765,572 shares

#### \*Quarterly review status

These materials are not subject to the quarterly review procedure requirements of Japan's Financial Instruments and Exchange Act. As of this report's publication, a review of the quarterly consolidated financial statements in accordance with the Act had not been completed.

#### 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.

For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, refer to "(2) Analysis of Consolidated Earnings Forecast" in the "1. Results of Operations" section on page

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## **1. Results of Operations**

### **(1) Analysis of Consolidated Operating Results**

The first quarter of fiscal 2011 (April 1, 2011 – June 30, 2011) was overall a severe period for the Japanese economy due to the impact of the Great East Japan Earthquake in March 2011, including restrictions on electrical power usage. In the information services industry, a severe business environment persisted without significant change, as some companies continued to take a cautious approach to IT investment. During the quarter, however, there emerged a number of companies taking a more forward-looking approach towards IT investment, and orders by the IT Holdings Group rebounded as a result.

Amid this business environment, the IT Holdings Group has set forth a management strategy for fiscal 2012 underpinned by four major initiatives we began to tackle in the first quarter: Top-line expansion and growth of the contract outsourcing business; Firm establishment of a new Group formation; Strengthening of the Group management foundation and profit structure; Preparation for shift to services- and solutions-oriented business through new investments.

For the first quarter, the IT Holdings Group's consolidated net sales decreased 1.6% versus the same period in fiscal 2011 to ¥67,891 million. Operating loss totaled ¥2,036 million, compared to a loss of ¥2,142 million a year ago, while recurring loss totaled ¥1,691 million compared with the previous year's loss of ¥1,848 million. Net loss totaled ¥1,360 million versus a loss of ¥2,817 million a year ago.

Net sales declined in the quarter due mainly to lower demand for financial IT services, which outweighed growing sales of industrial IT services. The operating and recurring losses narrowed compared to the first quarter of last year as a result of aggressive cost reductions, which offset the cost associated with the opening of the next-generation data center GDC Gotenyama in April 2011. The lower net loss is attributed to the booking of asset retirement obligations (an extraordinary loss of ¥2,199 million) in the first quarter of the previous year.

The IT Holdings Group operates data centers in locations resistant to natural disasters and has designed many of its data centers to be earthquake-proof (GDC Gotenyama and INTEC Manyo Square among them). In addition, the data centers are outfitted with the latest energy-conservation technologies to reduce their environmental burden to a minimum. Through this network of sophisticated data centers, the IT Holdings Group will provide high-quality IT services for the cloud computing era and contribute to the recovery of customers' business and their enhanced management efficiency.

First-quarter results by segment are as follows.

Beginning with the first quarter of fiscal 2012, the IT Holdings Group has reclassified its business into new segments based on the type of services and industry, replacing the previous segmentation based on groupings of consolidated subsidiaries. The purpose of the reclassification is to standardize management and accounting systems at companies under the Group umbrella, and through the visualization of performance and status at each company, facilitate lateral implementation of management practices throughout the Group. Sales in each segment include inter-segment sales, and the previous year's figures have been reclassified into the new segments for comparison purposes.

### **1) IT Infrastructure Services**

This business provides self-administered computer utility or system operation services through large IT facilities, including data centers. Consolidated sales declined 2.5% from the same period a year ago to ¥26,611 million and operating profit declined 53.4% to 811 million yen. The sales and profits declines were mainly the result of upfront investments for the opening of the GDC Gotenyama data center in April 2011.

### **2) Financial IT Services**

This business supports clients in their efforts to make greater use of IT in their operations and in the execution of their business activities with IT expertise and business know-how specific to the finance industry. Consolidated sales in the quarter declined 4.3% from the same period a year ago to ¥13,360 million, while the operating loss narrowed to ¥753 million from ¥1,431 million as a result of efforts to lower subcontracting costs and other expenses.

### **3) Industrial IT Services**

This business supports clients in their efforts to make greater use of IT in their operations and in the execution of their business activities with IT expertise and business know-how in areas other than finance, namely industrial and public sectors. Consolidated sales increased 2.9% year on year to ¥28,597 million. The operating loss narrowed to ¥2,193 million from ¥2,382 million the previous year, an improvement of only about ¥180 million due to the emergence of unprofitable projects. A provision against the losses from these unprofitable projects has been made.

#### 4) Other

Leases and other incidental business generated from the provision of information systems. Consolidated sales in this segment declined 5.6% year on year to ¥4,020 million, and operating income increased 36.9% to ¥506 million.

Consolidated subsidiary TIS, Inc., which merged with SORUN CORPORATION and UFIT Co., Ltd. in April 2011, has made the early improvement of business performance and maximization of merger synergies its top management priorities. The company's structural reform initiatives include a comprehensive overhaul of the personnel structure and work assignments. To complete this initiative, the company has begun a special job transfer support program. More about the program can be found in the section entitled Material Subsequent Events on page 8.

#### (2) Analysis of Consolidated Earnings Forecast

At the present time, consolidated sales, operating income and other performance measures are generally in line with the original estimates made at the beginning of the fiscal year, and therefore there is no change to the consolidated estimates announced May 11, 2011.

IT Holdings plans to recognize an extraordinary loss to cover expenses related to the special job transfer support program being carried out by TIS, Inc. At the present time, however, the number of employees retiring under the program is unknown, and the financial impact cannot be estimated. IT Holdings will make an announcement regarding the financial impact as soon as it is known.

## 2. Other Information

### (1) Changes affecting the status of significant subsidiaries during the period (scope of consolidation)

Consolidated subsidiaries SORUN CORPORATION and UFIT Co., Ltd. were absorbed into consolidated subsidiary TIS, Inc. through an absorption-type merger on April 1, 2011, and therefore they are no longer under the scope of consolidation.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

Items	As of March 31, 2011	As of June 30, 2011
	millions of yen	millions of yen
<b>Assets</b>		
Current assets		
Cash and deposits	36,729	40,185
Notes and accounts receivable	59,040	37,434
Lease receivables and lease investment assets	8,710	8,558
Marketable securities	301	201
Merchandise and finished goods	2,295	2,998
Work in process	6,554	12,076
Raw materials and supplies	197	195
Deferred tax assets	7,741	10,362
Other current assets	7,085	8,458
Allowance for doubtful accounts	(199)	(168)
Total current assets	128,455	120,304
Fixed assets		
Property and equipment		
Buildings and structures, net	60,230	59,437
Machinery and equipment, net	5,009	4,314
Land	22,468	22,468
Leased assets, net	2,539	2,838
Other property and equipment, net	5,209	5,767
Total property and equipment	95,457	94,825
Intangible assets		
Goodwill	5,516	4,795
Other intangible assets	13,073	13,437
Total intangible assets	18,589	18,233
Investments and other assets		
Investment securities	31,794	30,956
Deferred tax assets	8,115	7,511
Other assets	20,995	21,102
Allowance for doubtful accounts	(2,331)	(2,339)
Total investments and other assets	58,573	57,231
Total fixed assets	172,620	170,291
Total assets	301,076	290,595

Items	As of March 31, 2011	As of June 30, 2011
	millions of yen	millions of yen
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	14,944	10,780
Short-term borrowings	14,800	15,741
Corporate bonds (redeemed within one year)	7,500	7,500
Income taxes payable	3,401	1,148
Accrued bonuses to directors and employees	11,041	6,236
Other allowances	464	388
Other current liabilities	20,938	25,771
Total current liabilities	73,090	67,567
Non-current liabilities		
Corporate bonds	100	100
Long-term debt	55,054	53,237
Lease obligations	3,981	4,115
Accrued retirement benefits to employees	11,509	12,024
Accrued retirement benefits to directors	244	195
Deferred tax liabilities	674	665
Deferred tax liabilities from revaluation of land	993	993
Other non-current liabilities	4,317	4,253
Total non-current liabilities	76,875	75,585
Total liabilities	149,965	143,152
<b>Net assets</b>		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	86,788	86,788
Retained earnings	47,298	44,143
Less treasury stock, at cost	(24)	(24)
Total shareholders' equity	144,062	140,908
Accumulated other comprehensive income		
Net unrealized gains on other securities	1,729	1,287
Revaluation of land	(1,841)	(1,841)
Foreign currency translation adjustments	(303)	(260)
Total accumulated other comprehensive income	(415)	(814)
Stock acquisition rights	29	29
Minority interests	7,434	7,320
Total net assets	151,110	147,443
Total liabilities and net assets	301,076	290,595

**(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**Consolidated Statements of Income**

Items	First Quarter FY2011 (Apr. 1 – Jun. 30, 2010)	First Quarter FY2012 (Apr. 1 – Jun. 30, 2011)
	millions of yen	millions of yen
Net sales	69,007	67,891
Cost of sales	58,868	58,129
Gross profit	10,138	9,761
Selling, general and administrative expenses	12,281	11,798
Operating loss	(2,142)	(2,036)
Non-operating income		
Interest income	9	21
Dividends income	435	462
Other	248	266
Total non-operating income	694	750
Non-operating expenses		
Interest expenses	268	250
Equity in losses of non-consolidated subsidiaries and affiliates	69	76
Other	62	78
Total non-operating expenses	400	405
Recurring loss	(1,848)	(1,691)
Extraordinary income		
Gain on sale of investment securities	119	0
Gain on extinguishment of tie-in shares	—	41
Other	57	6
Total extraordinary income	176	49
Extraordinary loss		
Merger expenses	—	159
Effect of adoption of new accounting standards for asset retirement obligations	2,199	—
Other	288	146
Total extraordinary loss	2,487	306
Loss before income taxes and minority interests	(4,159)	(1,948)
Income taxes: current	1,083	1,158
Income taxes: deferred	(2,091)	(1,730)
Total income taxes	(1,008)	(572)
Loss before minority interests	(3,151)	(1,376)
Minority interests in loss of consolidated subsidiaries	(334)	(16)
Net loss	(2,817)	(1,360)



**Consolidated Statements of Comprehensive Income**

Items	First Quarter FY2011 (Apr. 1 – Jun. 30, 2010)	First Quarter FY2012 (Apr. 1 – Jun. 30, 2011)
	millions of yen	millions of yen
Income before minority interests	(3,151)	(1,376)
Other comprehensive income		
Net unrealized gains on other securities	(812)	(450)
Foreign currency translation adjustments	8	55
Share of other comprehensive income of associates accounted for using the equity method	6	0
Total other comprehensive income	(798)	(393)
Comprehensive income	(3,949)	(1,770)
Components:		
Comprehensive income attributable to owners of the parent	(3,556)	(1,759)
Comprehensive income attributable to minority interests	(392)	(11)

**(3) Notes on the Going-concern Assumption**

Not applicable

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

Not applicable

**(5) Material Subsequent Events**

It was resolved at a meeting of the Board of Directors of TIS, Inc., an IT Holdings' subsidiary, on July 4, 2011, that TIS would implement a special career-change support program in conjunction with corporate restructuring.

**I. Reason for Implementing Special Career-Change Support Program**

The merger with SORUN CORPORATION and UFIT Co., Ltd., in April 2011 provided TIS with the perfect opportunity to pursue corporate structural reforms prioritizing a swift return to profitability and efforts to draw out and maximize the inherent merger effect. Management felt that a sweeping review of the personnel structure and assignment of human resources would be indispensable for TIS to overcome the current uncertainties that characterize the operating environment and would underpin growth and sustained corporate value over the medium term. Toward this end, management opted for a special career-change support program, which is in effect an early retirement plan.

**II. Outline of the Special Career-Change Support Program**

(1) Target number	About 400 (Number of employees at July 1, 2011 was 7,926)
(2) Eligibility	Full-time employees at least 40 years old as of September 30, 2011
(3) Application period	July 25, 2011 through August 22, 2011
(4) Date of retirement	September 30, 2011
(5) Other	Personnel retiring under this program will receive a retirement allowance as well as special severance pay. In addition, TIS will engage a rehiring support company to offer support for those individuals requiring help in finding new employment.

**III. Impact on Income and Loss**

The outflow of funds related to special severance pay and rehiring support will be recorded as an extraordinary loss, although the impact on income and loss cannot be estimated at the current time since the number of volunteers for early retirement under this program is not yet known.

**(For Reference) Supplementary Information for the First Quarter of the Fiscal Year Ending March 31, 2012**

**1. Net Sales and Operating income (loss) by Business Segment**

(millions of yen)

Consolidated	FY2012				
	First quarter (A)	First half targets (B)	Progress ratio (A / B)	Full year targets (C)	Progress ratio (A / C)
Net sales	67,891	151,500	44.8%	308,000	22.0%
YoY change	-1.6%	-1.6%		-4.7%	
IT Infrastructure Services	26,611	54,700	48.6%	109,700	24.3%
Composition ratio	39.2%	36.1%		35.6%	
YoY change	-2.5%	-1.5%		-1.1%	
Financial IT Services	13,360	32,900	40.6%	66,400	20.1%
Composition ratio	19.7%	21.7%		21.6%	
YoY change	-4.3%	-5.8%		-8.8%	
Industrial IT Services	28,597	64,700	44.2%	134,500	21.3%
Composition ratio	42.1%	42.7%		43.7%	
YoY change	+2.9%	+0.8%		-4.7%	
Other Businesses	4,020	8,200	49.0%	16,500	24.4%
Composition ratio	5.9%	5.4%		5.4%	
YoY change	-5.6%	-1.4%		-0.6%	
Intercompany elimination /adjustments	(4,698)	(9,000)	-	(19,100)	-
Operating income (loss)	(2,036)	3,000	-	11,000	-
Composition ratio	(3.0%)	2.0%		3.6%	
YoY change	-	-35.7%		-14.2%	
IT Infrastructure Services	811	2,100	38.6%	5,600	14.5%
Composition ratio	3.0%	3.8%		5.1%	
YoY change	-53.4%	-45.7%		-31.1%	
Financial IT Services	(753)	800	-	2,000	-
Composition ratio	(5.6%)	2.4%		3.0%	
YoY change	-	-26.1%		-32.6%	
Industrial IT Services	(2,193)	400	-	3,900	-
Composition ratio	(7.7%)	0.6%		2.9%	
YoY change	-	-		+60.4%	
Other Businesses	507	600	84.3%	1,300	38.9%
Composition ratio	12.6%	7.3%		7.9%	
YoY change	+36.9%	-7.0%		-1.1%	
Intercompany elimination /adjustments	(408)	(900)	-	(1,800)	-

(millions of yen)

Consolidated	FY2011				
	First quarter (A)	First half targets (B)	Progress ratio (A / B)	Full year targets (C)	Progress ratio (A / C)
Net sales	69,007	154,009	44.8%	323,173	21.4%
YoY change	+4.8%	+4.8%		+3.0%	
IT Infrastructure Services	27,293	55,528	49.2%	110,923	24.6%
Composition ratio	39.6%	36.1%		34.3%	
YoY change	-	-		-	
Financial IT Services	13,958	34,941	39.9%	72,815	19.2%
Composition ratio	20.2%	22.7%		22.5%	
YoY change	-	-		-	
Industrial IT Services	27,803	64,203	43.3%	141,137	19.7%
Composition ratio	40.3%	41.7%		43.7%	
YoY change	-	-		-	
Other Businesses	4,260	8,313	51.2%	16,596	25.7%
Composition ratio	6.2%	5.4%		5.1%	
YoY change	-	-		-	
Intercompany elimination /adjustments	(4,308)	(8,976)	-	(18,298)	-
Operating income (loss)	(2,142)	4,667	-	12,818	-
Composition ratio	(3.1%)	3.0%		4.0%	
YoY change	-	-19.6%		-19.9%	
IT Infrastructure Services	1,742	3,864	45.1%	8,127	21.4%
Composition ratio	6.4%	7.0%		7.3%	
YoY change	-	-		-	
Financial IT Services	(1,431)	1,082	-	2,969	-
Composition ratio	(10.3%)	3.1%		4.1%	
YoY change	-	-		-	
Industrial IT Services	(2,382)	(80)	-	2,432	-
Composition ratio	(8.6%)	(0.1%)		1.7%	
YoY change	-	-		-	
Other Businesses	370	645	57.4%	1,314	28.2%
Composition ratio	8.7%	7.8%		7.9%	
YoY change	-	-		-	
Intercompany elimination /adjustments	(440)	(844)	-	(2,024)	-

\* Earnings forecasts and other forward-looking statements above 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.

\* Net sales for each segment include intra-segment sales.

(For Reference) Suoolementary Information for the First Quarter of the Fiscal Year Ending March 31, 2012

2. Orders for Software Development

( millions of yen)

Consolidated	FY2011	FY2012	YoY change
	First quarter	First quarter	
Orders received during the term	38,519	44,918	6,399 +16.6%
Financial IT Services	13,143	16,359	3,216 24.5%
Composition ratio	34.1%	36.4%	
Industrial IT Services	25,376	28,559	3,183 12.5%
Composition ratio	65.9%	63.6%	
Order backlog at period-end	57,028	61,830	4,802 +8.4%
Financial IT Services	25,222	22,738	(2,484) (9.8%)
Composition ratio	44.2%	36.8%	
Industrial IT Services	31,806	39,092	7,286 22.9%
Composition ratio	55.8%	63.2%	

\* Orders for IT Infrastructure Services are not stated in this report because such services are conducted on an ongoing basis.