Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2016
(April 1, 2015 through December 31, 2015)
(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.

February 2, 2016

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:	Norio Maenishi, President
Contact:	Akio Kita, Executive Officer, Deputy Division Manager, Administration Division
Phone:	+81 3-5338-2272

Scheduled dates

Submission of quarterly report:	February 10, 2016
Commencement of dividend payments:	-
Supplementary materials to the quarterly results:	Available
Quarterly results presentation held:	Yes (targeted at institutional investors and analysts)

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

1. Consolidated Results for the First Three Quarters of the Fiscal Year Ending March 31, 2016 (April 1, 2015 – December 31, 2015)

(1) Consolidated Financial Results

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent company	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
First Three Qtrs., FY2016	270,595	6.2	14,139	30.9	14,448	33.4	7,113	46.2
First Three Qtrs., FY2015	254,887	6.9	10,803	28.8	10,829	31.3	4,866	51.5

Note: Comprehensive income: First Three Qtrs., FY 2016: (4,335) million yen (-%), First Three Qtrs., FY 2015: 21,802 million yen (170.3%)

	Net income per share – basic	Net income per share – diluted
	Yen	yen
First Three Qtrs., FY2016	81.36	-
First Three Qtrs., FY2015	55.59	55.55

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End of Third Quarter, FY2016	319,578	178,676	54.8
End of FY2015	345,851	188,789	53.3

For reference: Total equity: End of third quarter, FY2016: 174,981 million yen End of FY2015: 184,400 million yen.
*Total equity = Shareholders' equity plus total accumulated other comprehensive income

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
FY2015	-	10.00	-	20.00	30.00
FY2016	-	11.00	-		
FY2016 (forecast)				22.00	33.00

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

3. Forecast of Consolidated Results for FY2016 (April 1, 2015 – March 31, 2016)

Percentages indicate year-over-year changes

	Net sales		Operating income		Recurring profit		Net income attributable to owners of the parent company		Net income per share – basic
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Full FY2016 (year ending Mar. 31, 2016)	370,000	2.5	23,500	11.3	23,000	8.2	12,800	24.6	146.61

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

※ Notes

(1) Material reclassifications of subsidiaries during the period: None
(Changes in specified subsidiaries resulting in change in scope of consolidation)
Additions: None Exclusions: None

(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: Yes
3) Changes in accounting estimates: Yes
4) Retrospective restatement: None
Note: For further details, please refer to "(1) Changes in Accounting Policy, Changes in Accounting Estimates, and Retrospective Restatement" in the "2. Other Information" on page 4 in the Accompanying Materials.

(4) Common stock issued
1) Issued shares as of period-end (including treasury stock):
End-Third Quarter, FY2016 (December 31, 2015): 87,789,098 shares
End-FY2015 (March 31, 2015): 87,789,098 shares
2) Treasury stock as of period-end:
End-Third Quarter, FY2016 (December 31, 2015): 864,084 shares
End-FY2015 (March 31, 2015): 320,444 shares
3) Average number of shares (during the respective nine-month period):
First Three Quarters, FY2016 (ended December 31, 2015): 87,430,841 shares
First Three Quarters, FY2015 (ended December 31, 2014): 87,539,797 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 based on information available to ITHD at the time of preparation and on certain other information ITHD believes to be reasonable. These forward-looking statements are not guarantees of future performance, and actual results, performance, achievements or financial position may differ materially from those expressed or implied herein due to a range of factors.

For the assumptions underlying the forecasts herein and other notice on the use of earnings forecasts, refer to "(2) Consolidated Earnings Forecast and Caution on Forward-Looking Statements" in the "1. Results of Operations" section on page 4 in the Accompanying Materials.

Accompanying Materials – Contents

1. Results of Operations

(1) Analysis of Consolidated Operating Results

In the first nine months of fiscal 2016 (April 1, 2015 – December 31, 2015), the Japanese economy continued its moderate recovery owing mainly to improved corporate earnings. Caution over the future economic outlook grew, however, due to concern over the impact of slowing growth in China and other Asian emerging countries, as well as the steep decline in oil prices.

The business environment surrounding the IT services industry, to which the IT Holdings Group belongs, remained robust. The Bank of Japan's Short-term Economic Survey of Enterprises in Japan (issued in December 2015) revealed growth in corporate IT investment, as reflected in such economic indicators as a 8.1% year-on-year increase in software investment plans (all manufacturing & financial institutions).

Under these circumstances, the IT Holdings Corporation ("ITHD") Group is promoting various measures for implementing Group-wide reform to achieve further growth and raise corporate value, based on the Group management strategy developed under the third medium-term management plan (from fiscal 2016 through fiscal 2018) launched in the year under review.

Consolidated net sales for the Group for the first nine months of the fiscal year increased 6.2% year on year to ¥270,595 million. Operating income rose 30.9% year on year to ¥14,139 million, recurring profit increased 33.4% year on year to ¥14,448 million, and net income attributable to owners of the parent company rose 46.2% year on year to ¥7,113 million.

Consolidated net sales grew year on year as the Group accurately grasped the IT investment needs of its customers in areas where IT investment is growing.

Profits also increased, as the increase in sales and measures to improve profitability absorbed the impact of a decline in sales from some existing clients which restrained IT investment or reduced the scale of projects, as well as the impact of unprofitable projects.

In the second quarter, ITHD decided to review the future strategy for the data center operations of subsidiary TIS Inc. and to sell investment securities held by TIS Inc. As a result, ITHD recorded an impairment loss of ¥14.3 billion as an extraordinary loss as well as a gain on sale of investment securities of ¥16.0 billion as extraordinary income.

Segment results for the first nine months of the fiscal year are as follows. The sales figures for each segment include inter-segment sales.

1) IT Infrastructure Services

Consolidated sales rose 5.9% year on year to ¥91,795 million and operating income rose 14.8% to ¥5,715 million. Net sales increased on the back of steady growth in the data center and BPO businesses, along with the added revenues of two BPO companies that became consolidated subsidiaries in the first half. Despite a reduction in the scale or reduced profitability of projects with some existing clients, operating income increased year on year due to the sales growth and a decline in depreciation expenses.

2) Financial IT Services

Consolidated sales declined 1.3% year on year to ¥56,282 million, while operating income declined 39.3% to ¥2,184 million. While there was solid overall expansion in clients' IT investments, the reduction in IT investment by some existing customers had a significant impact on results, leading to lower year-on-year sales and operating income.

3) Industrial IT Services

Consolidated sales increased 10.4% year on year to ¥124,877 million, while operating income increased by 206.0% to ¥4,782 million. Sales grew primarily due to robust IT investment in the energy field in conjunction with Electricity System Reform in Japan. Operating income rose significantly as a result of the higher sales and successful measures to improve profitability.

4) Other
Consolidated sales rose 2.0% year on year to ¥11,219 million, and operating income increased 15.8% to ¥1,807 million.

As previously stated, the Group has initiated its third medium-term management plan from the year under review. In the initial year of the plan, the Group has formulated the following management strategy in accordance with the management plan's basic concepts, and is promoting various measures for implementing Group-wide reform to achieve further growth and raise corporate value.

Third medium-term management plan basic concepts	**Group management strategy for fiscal 2016**
Profit Emphasis	(1) Emphasize ROE as the key performance indicator (KPI) and aim to raise corporate value (2) Improve business profitability through higher productivity (3) Manage with an emphasis on return on investment
IT Brain (expansion of value-added business)	(1) Sharpen unique strengths and growth engines (2) Promote planned business initiatives (value-added business) (3) Promote industry platform business (market development business)
Portfolio Management	(1) Achieve business portfolio management (2) Implement "corporate governance reforms" as a Group (3) Integrate and consolidate common Group functions

IT Holdings Group's key initiatives in the first nine months of the fiscal year were as follows.

The IT Holdings Group is planning measures to reform the current Group organizational structure, and through these reforms to establish an optimal Group organizational structure in order to optimize the entire Group and achieve portfolio management. As a first step in these reforms, it was decided in October 2015 that ITHD will merge with TIS Inc. in July 2016 and the new company will serve as a holding company for the Group. As part of this plan, representative directors will be appointed to new positions and the company name of IT Holdings Corporation will be changed to TIS Inc. as of July 1, 2016. These plans are conditional on their proposal and approval at ITHD's eighth general shareholders' meeting scheduled for June 24, 2016. In conjunction with this, the Group brand will be unified under the name "TIS INTEC Group." Preceding the merger, core Group companies TIS Inc. and INTEC Inc. plan to reorganize businesses between them in April 2016. The companies are currently making preparations to ensure a smooth transition.

This reorganization is aimed at further raising corporate value and shareholder value by maximizing the Group's business competitiveness and strengthening governance.

Additionally, in order to strengthen the distinctive businesses of each Group company, optimize the entire Group, and bolster the business foundation, the BPO business currently dispersed throughout the Group is being consolidated into AGREX Inc. As the first step in this strategy, a part of the BPO business managed by TIS Inc. was transferred to AGREX Inc. in October 2015. The Group will continue to review and deliberate measures to further consolidate the business.

Regarding the data center business, the business environment is changing dramatically due to the expansion of cloud computing and other factors. In response to the declining profitability of the business, a comprehensive plan to reform TIS Inc.'s approach to the data center business and the future direction of this business was announced on September 30, 2015. Sweeping measures are required to deal with aging equipment and ensure that the Group can provide continuous services into the future. As a result, measures will be taken to integrate data center operations in Tokyo and Osaka areas as a way to minimize large future costs to upgrade aging facilities. Moving ahead, the Group will gradually begin activities to attract clients and make new proposals for the core data centers.

The Group is also integrating and consolidating its offices in conjunction with the integration and consolidation of common functions. Office consolidation has been completed in the Tokyo area and was implemented in the Osaka area in July 2015. Preparations have also begun to consolidate offices in the Nagoya area in the summer of 2016.

During the third quarter, ITHD acquired 540,400 shares of treasury stock (total acquisition cost of ¥1,599 million) based on a Board of Directors' resolution of October 29, 2015. The acquisition was made to execute a flexible capital policy adaptive to changes in the operating environment, as well as to improve shareholder returns and capital efficiency.

(2) Consolidated Earnings Forecast and Caution on Forward-Looking Statements

As the Group's consolidated business performance has been proceeding largely in line with the plan, there is no change to the consolidated earnings forecast announced on May 8, 2015.

Regarding dividend policy, beginning with the fiscal year under review, ITHD has changed its policy from a consolidated dividend payout ratio target of about 30% to a consolidated return ratio target of about 35%. As a result of the previously explained treasury share buyback, ITHD expects the consolidated return ratio for the current fiscal year to be 35.2%.

*Consolidated return ratio: Combined amount of dividends and treasury stock buybacks as a percentage of net income.

2. Other Information

(1) Changes in Accounting Policy, Changes in Accounting Estimates, and Retrospective Restatement

Change in an accounting policy which is difficult to distinguish from a change in accounting estimates

(Change in depreciation method for property and equipment)

Until the year under review, the IT Holdings Group had mainly used the straight-line method for buildings, structures, and transportation equipment excluding leased assets, and the declining balance method for machinery and equipment excluding leased assets. Since the first quarter of the year under review, the Group has also used the straight-line method for machinery and equipment excluding leased assets.

In recent years, the external environment surrounding the IT market has changed significantly due to the emergence of cloud services and other trends. In order to achieve medium- to long-term growth, the Group has promoted the establishment of a management structure that can more effectively use its diverse management resources.

Starting with the year under review, the Group has launched a new third medium-term management plan with the slogan, "Beyond Borders 2017." Under this plan, assets related to the cloud services business will assume greater importance as the business delivers stable profits, leading the Group to reconsider depreciation methods that would best reflect the use conditions of equipment. As a result, the Group decided that recognizing expenses evenly over the period of asset use was the most reasonable method and would more appropriately demonstrate actual management conditions.

As a result of this change, operating income, recurring profit, and income before income taxes for the first nine months of the year under review rose by ¥191 million respectively.

(2) Additional Information

The provisions of Article 39 of the "Accounting Standard for Consolidated Financial Statements (Accounting Standards Board of Japan (ASBJ) Statement No. 22 of September 13, 2013)" are made applicable. As a result, presentation of net income and other related items have been changed, and minority interests has been changed to non-controlling interests.

The prior year financial statements for the third quarter and the full year have been reclassified to reflect the change in the method of presentation.

Conclusion of Merger Contract

At the Board of Directors' meeting held on October 29, 2015, ITHD approved a resolution to conduct an absorption-type merger of TIS Inc., a wholly owned subsidiary. A merger contract between ITHD and TIS Inc. was concluded the same day.

1. Overview of business combination

(1) Company names and business descriptions of combining companies

(Surviving company of absorption-type merger)

Company name: IT Holdings Corporation

Business description: Management of Group companies and related business

(Expiring company of absorption-type merger)

Company name: TIS Inc.

Business description: Outsourcing services, software development, and solutions services related to information technology investments

(2) Date of business combination

July 1, 2016 (current schedule)

(3) Legal form of business combination

An absorption-type merger will be conducted in which ITHD will be the surviving company and TIS Inc. will be dissolved.

(4) Allotment of shares in business combination

ITHD owns all shares of TIS Inc., and therefore ITHD will neither issue new shares nor allot outstanding shares in this business combination.

(5) Company name after business combination

IT Holdings Corporation

The company name will be changed to TIS Inc. as of July 1, 2016, conditional on the approval of a proposal to change a part of the articles of incorporation at ITHD's eighth general shareholders' meeting scheduled for June 24, 2016.

(6) Overview of transaction, including purpose

The purpose of the merger is to establish an optimal Group organization by reviewing and reorganizing the current Group organizational structure, thereby achieving the goals of optimizing the overall Group and achieving portfolio management as stated in the third medium-term management plan.

2. Overview of accounting treatment applied

This business combination is scheduled to be accounted for as a transaction under common control based on "Accounting Standard for Business Combinations" and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Items	As of March 31, 2015	As of Dec. 31, 2015
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	29,211	44,472
Notes and accounts receivable	78,874	65,128
Lease receivables and lease investment assets	6,711	6,230
Marketable securities	661	1,901
Merchandise and finished goods	4,552	5,395
Work in process	5,546	11,431
Raw materials and supplies	243	262
Deferred tax assets	6,007	4,829
Other current assets	8,784	11,095
Allowance for doubtful accounts	(143)	(123)
Total current assets	140,450	150,624
Fixed assets		
Property and equipment		
Buildings and structures, net	53,670	39,190
Machinery and equipment, net	4,853	4,348
Land	24,342	22,744
Leased assets, net	3,995	4,353
Other property and equipment, net	4,552	4,622
Total property and equipment	91,413	75,260
Intangible assets		
Goodwill	1,197	762
Other intangible assets	15,555	15,840
Total intangible assets	16,752	16,603
Investments and other assets		
Investment securities	71,256	51,773
Net defined benefit asset	7,028	7,179
Deferred tax assets	5,199	4,778
Other assets	14,034	13,641
Allowance for doubtful accounts	(283)	(282)
Total investments and other assets	97,235	77,090
Total fixed assets	205,401	168,953
Total assets	345,851	319,578

Items	As of March 31, 2015	As of Dec. 31, 2015
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	21,681	17,314
Short-term borrowings	12,521	16,057
Income taxes payable	3,140	6,524
Accrued bonuses to directors and employees	11,331	5,692
Other allowances	1,318	999
Other current liabilities	27,673	31,587
Total current liabilities	77,666	78,174
Non-current liabilities		
Long-term debt	39,593	31,624
Lease obligations	5,497	6,004
Deferred tax liabilities	10,720	457
Deferred tax liabilities from revaluation of land	663	424
Accrued retirement benefits to directors	90	76
Net defined benefit liability	16,874	17,522
Other non-current liabilities	5,955	6,616
Total non-current liabilities	79,395	62,726
Total liabilities	157,062	140,901
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	83,601	82,920
Retained earnings	67,019	71,921
Less treasury stock, at cost	(514)	(2,123)
Total shareholders' equity	160,107	162,719
Accumulated other comprehensive income		
Net unrealized gains on other securities	26,191	14,986
Revaluation reserve for land	(1,898)	(2,397)
Foreign currency translation adjustments	396	152
Remeasurements of defined benefit plans	(397)	(480)
Total accumulated other comprehensive income	24,292	12,262
Non-controlling interests	4,388	3,694
Total net assets	188,789	178,676
Total liabilities and net assets	345,851	319,578

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

Consolidated Statements of Income

Items	First Three Qtrs., FY2015 (Apr. 1 – Dec. 31, 2014)	First Three Qtrs., FY2016 (Apr. 1 – Dec. 31, 2015)
	millions of yen	millions of yen
Net sales	254,887	270,595
Cost of sales	210,593	222,105
Gross profit	44,294	48,490
Selling, general and administrative expenses	33,490	34,351
Operating income	10,803	14,139
Non-operating income		
Interest income	44	49
Dividend income	704	1,173
Other	694	522
Total non-operating income	1,443	1,745
Non-operating expense		
Interest expenses	385	365
Equity in losses of affiliated companies	265	159
Other	765	911
Total non-operating expenses	1,416	1,435
Recurring profit	10,829	14,448
Extraordinary income		
Gain on sale of investment securities	376	16,781
Other	3	266
Total extraordinary income	379	17,048
Extraordinary loss		
Impairment loss	594	15,726
Other	1,351	3,355
Total extraordinary loss	1,945	19,081
Income before income taxes	9,263	12,415
Income taxes: current	1,609	8,584
Income taxes: deferred	2,390	(3,424)
Total income taxes	3,999	5,159
Net income	5,264	7,255
Net income attributable to non-controlling interests	398	141
Net income attributable to owners of the parent company	4,866	7,113

Consolidated Statements of Comprehensive Income

Items	First Three Qtrs., FY2015 (Apr. 1 – Dec. 31, 2014)	First Three Qtrs., FY2016 (Apr. 1 – Dec. 31, 2015)
	millions of yen	millions of yen
Net income	5,264	7,255
Other comprehensive income		
Net unrealized gains on other securities	16,308	(11,197)
Revaluation reserve for land	-	0
Foreign currency translation adjustments	105	(199)
Remeasurements of defined benefit plans	122	(81)
Share of other comprehensive income of equity-method affiliates	2	(112)
Total other comprehensive income	16,538	(11,591)
Comprehensive income	21,802	(4,335)
(Composition)		
Comprehensive income attributable to owners of the parent company	21,373	(4,417)
Comprehensive income attributable to non-controlling interests	429	81

(3) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders’ Equity)

Not applicable