



IT Holdings

# **Information Meeting Materials for the First Three Quarters of the Fiscal Year ending March 31, 2010**

- **Three-quarter performance summary**
- **Full-year forecasts**

IT Holdings Corporation

**February 9, 2010**



IT Holdings

## **Three-Quarter Performance Summary**

# Three-Quarter Performance Summary: IT Holdings (Consolidated)



IT Holdings

(Millions of yen)

IT Holdings	Fiscal 2009		Fiscal 2010		YOY change	
	First Two Quarters	First Three Quarters	First Two Quarters	First Three Quarters	First Two Quarters	First Three Quarters
Net sales	163,426	232,985	146,954	208,927	(10.1)% (16,472)	(10.3)% (24,058)
Outsourcing and network	37.2% 60,794	39.6% 92,342	41.9% 61,623	43.6% 91,070	1.4% 829	(1.4)% (1,272)
Software development	50.2% 82,000	48.0% 111,740	47.8% 70,308	46.1% 96,333	(14.3)% (11,692)	(13.8)% (15,407)
Solution services	9.1% 14,914	8.9% 20,817	8.0% 11,798	7.7% 16,187	(20.9)% (3,116)	(22.2)% (4,630)
Other business	3.5% 5,717	3.5% 8,085	2.2% 3,224	2.6% 5,335	(43.6)% (2,493)	(34.0)% (2,750)
Operating income	5.8% 9,400	5.0% 11,613	4.0% 5,805	2.8% 5,919	(38.2)% (3,595)	(49.0)% (5,694)
Recurring profit	5.8% 9,479	5.1% 11,794	3.9% 5,792	2.8% 5,818	(38.9)% (3,687)	(50.7)% (5,976)
Net income	2.7% 4,491	1.9% 4,353	2.2% 3,207	1.1% 2,337	(28.6)% (1,284)	(46.3)% (2,016)

Note: Revenues from leasing operations are included under other business. The amount for fiscal 2009, was booked according to old accounting standards for leasing operations, wherein leasing transactions with transferred ownership is written off on a gross basis, while the amount for fiscal 2010, was booked according to new accounting standards.

**Despite some signs of economic recovery in Japan, business conditions remained sluggish overall. Difficult economic trends and pressure on corporate earnings forced clients to take a cautious stance on IT investment, including reduced spending limits. This situation had a major impact on the information services industry.**

**Net sales: Year-on-year decrease, largely due to reduced IT investment by clients.**

**Operating income: Year-on-year decrease, reflecting the lower net sales starting point as well as higher selling, general and administrative expenses, especially operating costs in the software development segment.**

#### Status of service segments

Outsourcing and network : Profit-squeezing developments, particularly requests by major clients to cut prices, eroded a solid contribution from Nexway. In the end, sales fell year-on-year.

Software development : Reduced IT spending by clients and an uphill battle to attract new projects were key issues compounding the fact that big projects had been completed in the previous term. As a result, sales fell year-on-year.

Solution services : Sales decreased year-on-year, primarily because the difficult business climate caused demand for hardware to retreat.

# Three-Quarter Performance Summary: TIS (Consolidated) and INTEC



IT Holdings

(Millions of yen)

TIS, Consolidated	Fiscal 2009		Fiscal 2010		YOY change	
	First Two Quarters	First Three Quarters	First Two Quarters	First Three Quarters	First Two Quarters	First Three Quarters
Net sales	55,659	74,202	44,472	61,415	(20.1)% (11,187)	(17.2)% (12,787)
Outsourcing and network	32.0% 17,819	35.7% 26,510	38.1% 16,950	40.8% 25,050	(4.9)% (869)	(5.5)% (1,460)
Software development	57.5% 31,989	53.0% 39,345	51.0% 22,692	48.7% 29,930	(29.1)% (9,297)	(23.9)% (9,415)
Solution services	10.5% 5,850	11.2% 8,346	10.9% 4,830	10.5% 6,434	(17.4)% (1,020)	(22.9)% (1,912)
Operating income	3.9% 2,180	2.6% 1,939	4.6% 2,024	1.6% 1,010	(7.2)% (156)	(47.9)% (929)
Recurring profit	5.5% 3,063	3.6% 2,706	5.1% 2,262	2.3% 1,434	(26.2)% (801)	(47.0)% (1,272)
Net income	3.8% 2,105	0.8% 590	3.1% 1,368	1.1% 652	(35.0)% (737)	10.5% 62

(Millions of yen)

INTEC	Fiscal 2009		Fiscal 2010		YOY change	
	First Two Quarters	First Three Quarters	First Two Quarters	First Three Quarters	First Two Quarters	First Three Quarters
Net sales	45,034	67,491	43,169	63,624	(4.1)% (1,865)	(5.7)% (3,867)
Outsourcing and network	34.4% 15,497	33.9% 22,849	33.6% 14,501	34.4% 21,860	(6.4)% (996)	(4.3)% (989)
Software development	56.5% 25,441	57.3% 38,663	55.7% 24,044	55.5% 35,286	(5.5)% (1,397)	(8.7)% (3,377)
Solution services	9.1% 4,095	8.9% 5,979	10.7% 4,623	10.2% 6,477	12.9% 528	8.3% 498
Operating income	5.6% 2,544	5.1% 3,413	4.1% 1,769	4.6% 2,908	(30.5)% (775)	(14.8)% (505)
Recurring profit	4.8% 2,176	4.2% 2,848	3.2% 1,393	3.7% 2,351	(36.0)% (783)	(17.5)% (497)
Net income	1.9% 859	1.8% 1,222	1.7% 736	1.2% 742	(14.3)% (123)	(39.3)% (480)

# Three-Quarter Performance Summary: UFIT, Agrex, Qualica, AJS



UFIT Co., Ltd.			
IT Holdings holds 70.4% equity. Particularly strong in services for credit card and consumer finance companies. Focuses on outsourcing services.			
■ Fiscal 2010 Three-Quarter Results			
Consolidated (Millions of yen)	Fiscal 2009 First Three Quarters	Fiscal 2010 First Three Quarters	YOY change
Net sales	30,455	29,625	(830)
Operating income	3,427	1,156	(2,271)
Recurring profit	3,507	1,220	(2,287)
Net income	1,988	614	(1,374)

Agrex Inc.			
IT Holdings holds 50.6% equity. Leader in Japan's business process outsourcing (BPO) business. Listed on Tokyo Stock Exchange First Section (stock code: 4799).			
■ Fiscal 2010 Three-Quarter Results			
Consolidated (Millions of yen)	Fiscal 2009 First Three Quarters	Fiscal 2010 First Three Quarters	YOY change
Net sales	19,413	19,462	49
Operating income	585	283	(302)
Recurring profit	557	280	(277)
Net income (loss)	122	(87)	(209)

Qualica Inc.			
IT Holdings holds 80% equity and Komatsu Ltd., 20%. Maintains a high profile with services for the manufacturing, distribution and service industries.			
■ Fiscal 2010 Three-Quarter Results			
Non-Consolidated (Millions of yen)	Fiscal 2009 First Three Quarters	Fiscal 2010 First Three Quarters	YOY change
Net sales	13,681	10,007	(3,674)
Operating income	918	12	(906)
Recurring profit	932	23	(909)
Net income (loss)	425	(16)	(441)

AJS Inc.			
IT Holdings holds 51% equity and Asahi Kasei Corp., 49%. Focuses on systems for the manufacturing and medical services industries.			
■ Fiscal 2010 Three-Quarter Results			
Non-Consolidated (Millions of yen)	Fiscal 2009 First Three Quarters	Fiscal 2010 First Three Quarters	YOY change
Net sales	7,216	7,471	255
Operating income	302	407	105
Recurring profit	298	394	96
Net income	172	257	85

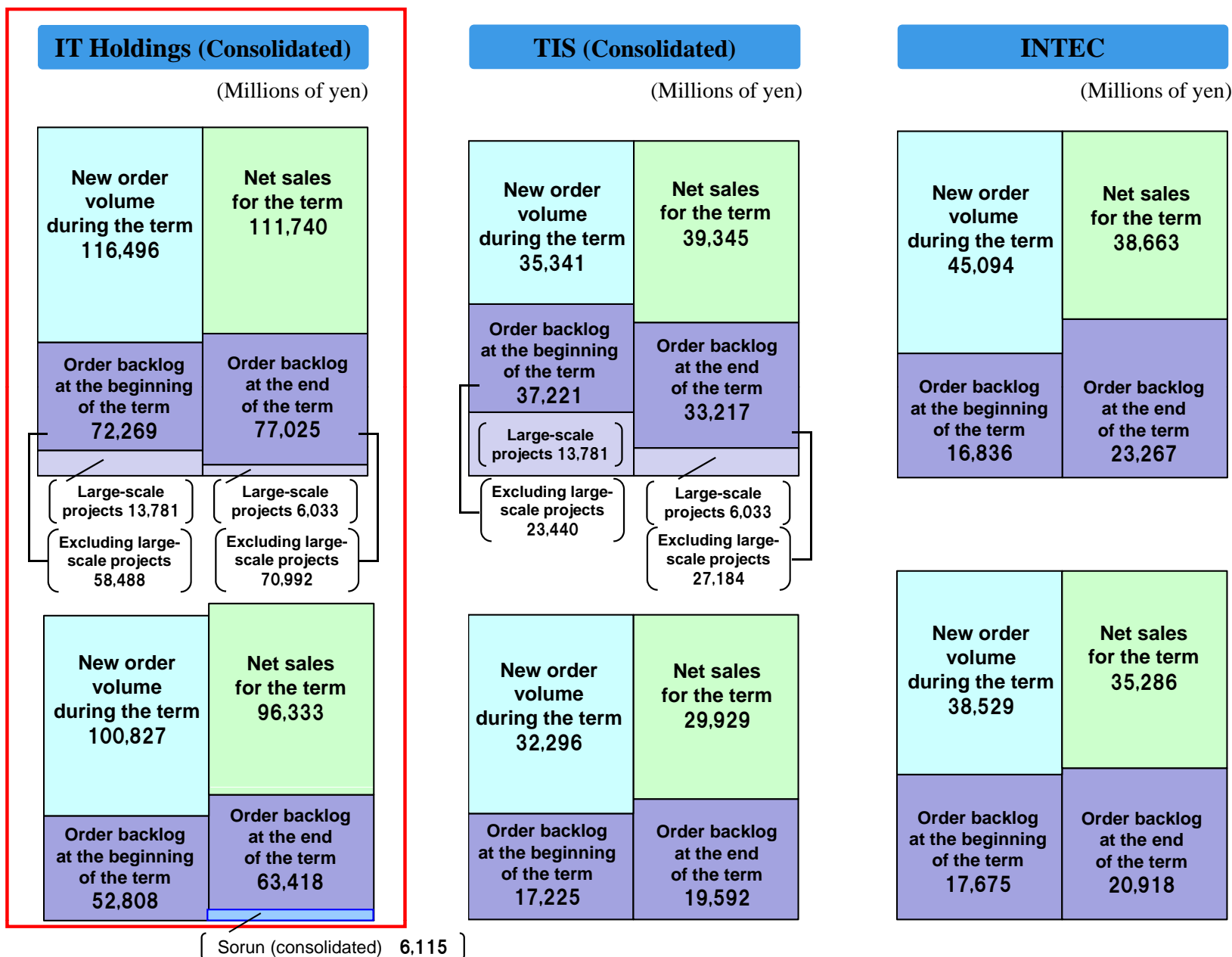
# Three-Quarter Performance Summary:

## IT Holdings (Consolidated), TIS (Consolidated), INTEC (Non-Consolidated)



First Three Quarters of Fiscal 2009

First Three Quarters of Fiscal 2010



\* Sorun (consolidated) figures are included in the order backlog at the end of the third quarter because the company was brought under consolidation as of December 31, 2009.



## **Full-Year Forecasts**

# Fiscal 2010 Full-Year Forecast: IT Holdings (Consolidated)



IT Holdings

(Millions of yen)

IT Holdings	Fiscal 2009	Fiscal 2010 (estimates)			
	Full Year (actual/a)	Announced on Nov. 10, 2009 (b)	Announced on Feb. 9, 2010 (c)	Change (c/b)	Change (c/a)
Net sales	338,302	322,000	310,000	(3.7)% (12,000)	(8.4)% (28,302)
Outsourcing and network	37.2% 125,720	38.8% 125,000	40.6% 125,700	0.6% 700	(0.0)% (20)
Software development	51.9% 175,847	50.0% 161,000	49.1% 152,200	(5.5)% (8,800)	(13.4)% (23,647)
Solution services	8.7% 29,409	9.0% 29,000	7.9% 24,600	(15.2)% (4,400)	(16.4)% (4,809)
Other business	2.2% 7,325	2.2% 7,000	2.4% 7,500	7.1% 500	2.4% 175
Operating income	7.0% 23,787	6.2% 20,000	4.7% 14,500	(27.5)% (5,500)	(39.0)% (9,287)
Recurring profit	7.0% 23,604	6.1% 19,500	4.5% 14,000	(28.2)% (5,500)	(40.7)% (9,604)
Net income	2.8% 9,406	2.8% 9,000	2.1% 6,500	(27.8)% (2,500)	(30.9)% (2,906)

Growing uncertainty over the direction that the economy will take has prompted clients to assume a more cautious stance toward IT investment. In some cases budgets will be or already have been cut. The business environment is likely to become much more challenging in the short term.

Cooperation is the buzzword for companies under the IT Holdings umbrella, and orders should increase through joint proposal activities. The Group takes a lateral approach to efforts aimed at enhanced profitability, primarily by optimizing outsourcing costs and trimming expenses, but challenges, particularly client requests for addition price reviews and a delayed start on software development projects, could cause net sales and income to fall below target in fiscal 2010.

Amortization of goodwill in the fourth quarter will be ¥220 million, reflecting consolidation of Sorun Corporation under the IT Holdings umbrella as a subsidiary. This will bring total goodwill to ¥4,396 million.

The Group's consolidated performance outlook includes Sorun's contribution in the fourth quarter: net sales of ¥13,300 million, ¥980 million in operating income after amortization of goodwill, ¥880 million in recurring profit, and ¥510 million in net income.

Management stands by its earlier announcement of anticipated year-end dividends of ¥20 per share.



# Fiscal 2010 Full-Year Forecasts: TIS (Consolidated), INTEC



IT Holdings

(Millions of yen)

TIS, Consolidated	Fiscal 2009	Fiscal 2010 (estimates)			
	Full Year (actual/a)	Announced on Nov. 10, 2009 (b)	Announced on Feb. 9, 2010 (c)	Change (c/b)	Change (c/a)
Net sales	113,685	98,500	88,610	(10.0)% (9,890)	(22.1)% (25,075)
Outsourcing and network	31.4% 35,699	34.5% 34,000	37.7% 33,410	(1.7)% (590)	(6.4)% (2,289)
Software development	58.3% 66,221	52.9% 52,100	51.2% 45,400	(12.9)% (6,700)	(31.4)% (20,821)
Solution services	10.3% 11,765	12.6% 12,400	11.1% 9,800	(21.0)% (2,600)	(16.7)% (1,965)
Operating income	6.6% 7,477	7.1% 7,000	5.1% 4,500	(35.7)% (2,500)	(39.8)% (2,977)
Recurring profit	7.0% 7,911	7.1% 7,000	5.4% 4,800	(31.4)% (2,200)	(39.3)% (3,111)
Net income	2.2% 2,507	4.3% 4,260	2.8% 2,500	(41.3)% (1,760)	(0.3)% (7)

(Millions of yen)

INTEC	Fiscal 2009	Fiscal 2010 (estimates)			
	Full Year (actual/a)	Announced on Nov. 10, 2009 (b)	Announced on Feb. 9, 2010 (c)	Change (c/b)	Change (c/a)
Net sales	96,618	91,500	91,170	(0.4)% (330)	(5.6)% (5,448)
Outsourcing and network	31.9% 30,785	32.5% 29,700	32.1% 29,220	(1.6)% (480)	(5.1)% (1,565)
Software development	59.3% 57,288	58.8% 53,800	58.1% 52,990	(1.5)% (810)	(7.5)% (4,298)
Solution services	8.8% 8,545	8.7% 8,000	9.8% 8,960	12.0% 960	4.9% 415
Operating income	6.4% 6,158	6.2% 5,700	5.3% 4,870	(14.6)% (830)	(20.9)% (1,288)
Recurring profit	5.8% 5,591	5.5% 5,000	4.7% 4,300	(14.0)% (700)	(23.1)% (1,291)
Net income	3.2% 3,126	3.1% 2,840	1.6% 1,430	(49.6)% (1,410)	(54.3)% (1,696)

# Fiscal 2010 Full-Year Forecasts: UFIT, Agrex, Qualica, AJS

<b>UFIT Co., Ltd.</b>			
IT Holdings holds 70.4% equity. Particularly strong in services for credit card and consumer finance companies. Focuses on outsourcing services.			
■ <b>Fiscal 2010 Forecast</b>			
Consolidated (Millions of yen)	Fiscal 2009 (actual)	Fiscal 2010 (revised estimates)	YOY change
Net sales	45,244	42,140	(3,104)
Operating income	4,967	1,980	(2,987)
Recurring profit	5,055	2,040	(3,015)
Net income	2,726	2,050	(676)

<b>Agrex Inc.</b>			
IT Holdings holds 50.6% equity. Leader in Japan's business process outsourcing (BPO) business. Listed on Tokyo Stock Exchange First Section (stock code: 4799).			
■ <b>Fiscal 2010 Forecast</b>			
Consolidated (Millions of yen)	Fiscal 2009 (actual)	Fiscal 2010 (revised estimates)	YOY change
Net sales	26,748	26,700	(48)
Operating income	1,041	580	(461)
Recurring profit	1,023	580	(443)
Net income	344	40	(304)

\*Revised estimates for fiscal 2010 announced on January 29, 2010.

<b>Qualica Inc.</b>			
IT Holdings holds 80% equity and Komatsu Ltd., 20%. Maintains a high profile with services for the manufacturing, distribution and service industries.			
■ <b>Fiscal 2010 Forecast</b>			
Non-Consolidated (Millions of yen)	Fiscal 2009 (actual)	Fiscal 2010 (revised estimates)	YOY change
Net sales	19,363	13,910	(5,453)
Operating income	1,728	240	(1,488)
Recurring profit	1,746	250	(1,496)
Net income	971	100	(871)

<b>AJS Inc.</b>			
IT Holdings holds 51% equity and Asahi Kasei Corp., 49%. Focuses on systems for the manufacturing and medical services industries.			
■ <b>Fiscal 2010 Forecast</b>			
Non-Consolidated (Millions of yen)	Fiscal 2009 (actual)	Fiscal 2010 (revised estimates)	YOY change
Net sales	10,565	10,350	(215)
Operating income	715	500	(215)
Recurring profit	706	480	(226)
Net income	619	280	(339)

# Fiscal 2010 Full-Year Forecasts: Sorun (Consolidated)



IT Holdings

(Millions of yen)

Sorun (consolidated)	Fiscal 2009	Fiscal 2010 (estimates)			
	Full Year (actual/a)	Announced on Oct. 30, 2009 (b)	Announced on Feb. 9, 2010 (c)	Change (c/b)	Change (c/a)
Net sales	61,402	50,000	46,300	(7.4)% (3,700)	(24.6)% (15,102)
Outsourcing and network	18.8% 11,515	20.6% 10,300	22.1% 10,210	(0.9)% (90)	(11.3)% (1,305)
Software development	74.6% 45,829	72.0% 36,000	71.9% 33,280	(7.6)% (2,720)	(27.4)% (12,549)
Solution services	5.8% 3,566	6.4% 3,200	5.2% 2,410	(24.7)% (790)	(32.4)% (1,156)
Other business	0.8% 492	1.0% 500	0.9% 400	(20.0)% (100)	(18.7)% (92)
Operating income	5.3% 3,252	4.5% 2,240	2.8% 1,300	(42.0)% (940)	(60.0)% (1,952)
Recurring profit	5.2% 3,176	4.5% 2,240	2.3% 1,070	(52.2)% (1,170)	(66.3)% (2,106)
Net income	3.1% 1,885	2.3% 1,130	1.1% 500	(55.8)% (630)	(73.5)% (1,385)

(Millions of yen)

Sorun (consolidated)	Fiscal 2009	Fiscal 2010		
	Full Year (actual)	First Three Quarters (actual, a)	Fourth Quarter (b-a)	Full Year (Revised estimates, b)
Net sales	61,402	32,950	13,350	46,300
Outsourcing and network	18.8% 11,515	21.6% 7,115	23.2% 3,095	22.1% 10,210
Software development	74.6% 45,829	72.3% 23,822	70.8% 9,458	71.9% 33,280
Solution services	5.8% 3,566	5.1% 1,672	5.5% 738	5.2% 2,410
Other business	0.8% 492	1.0% 339	0.5% 61	0.9% 400
Operating income	5.3% 3,252	0.3% 86	9.1% 1,214	2.8% 1,300
Recurring profit (loss)	5.2% 3,176	(0.2)% (65)	8.5% 1,135	2.3% 1,070
Net income (loss)	3.1% 1,885	(0.7)% (229)	5.5% 729	1.1% 500

Sorun's fourth quarter outlook was reflected in IT Holdings' consolidated outlook

All content described in these materials is based on information available to management regarding the IT Holdings Group—that is, IT Holdings and the subsidiaries under its umbrella—as of the presentation date and reflect somewhat objective assumptions deemed reasonable at this time. Please be advised that various factors may cause future results to be substantially different from expectations.