



**Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2011**  
 (April 1, 2010 through December 31, 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.

February 3, 2011

Company name:	IT Holdings Corporation
Stock exchange listings:	The First Section of the Tokyo Stock Exchange
Stock code:	3626
URL:	<a href="http://www.itholdings.co.jp/e/">http://www.itholdings.co.jp/e/</a>
Representative:	Susumu Okamoto, President
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Scheduled dates	
Submission of quarterly report:	February 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 Three Quarters of the Fiscal Year Ending March 31, 2011**  
 (April 1, 2010 – December 31, 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 Three Qtrs, FY2011		223,990	7.2	4,044	(31.7)
First Three Qtrs, FY2010		208,927	(10.3)	5,919	(49.0)
		Net income per share – basic			
		yen			
First Three Qtrs, FY2011		1.97		-	
First Three Qtrs, FY2010		27.29		-	

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio	Net assets per share
	millions of yen	millions of yen	%	yen
End-Third Quarter, FY2011	295,532	150,854	46.2	1,557.06
End-FY2010	313,077	155,075	44.2	1,602.77

For reference:

Shareholders' equity: End-third quarter, FY2011: 136,671 million yen      End-FY2010: 138,401 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
FY2010	yen -	yen 12.00	yen -	yen 20.00	yen 32.00
FY2011	yen -	yen 12.00	yen -	yen -	yen -
FY2011 (forecast)	yen -	yen -	yen -	yen 20.00	yen 32.00

Note: Revision of dividend forecast during the third 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	%	yen
Full FY2011 (year ending Mar. 31, 2011)	328,000	4.5	12,500	(21.9)	12,000	(23.7)	5,500 (28.2) 62.66

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

### 4. Other

For details, see “2. Other information” on page 3 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-Third Quarter, FY2011 (December 31, 2010): 87,789,098 shares

End-FY2010 (March 31, 2010): 86,373,919 shares

2) Treasury stock as of period-end:

End-Third Quarter, FY2011 (December 31, 2010): 14,575 shares

End-FY2010 (March 31, 2010): 22,813 shares

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

First three quarters, FY2011 (ended December 31, 2010): 87,771,992 shares

First three quarters, FY2010 (ended December 31, 2009): 85,647,596 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 2 in the accompanying materials.

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## **1. Consolidated Performance**

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

In the first nine months of fiscal 2011 (year ending March 31, 2011), the Japanese economy showed signs of a recovery, driven by exports mainly to emerging countries and a pickup in production. The IT services industry, however, failed to join the recovery as companies remain cautious about IT investment.

In the first nine months of the fiscal year, the IT Holdings Group's consolidated net sales rose 7.2% year on year to ¥223,990 million, bolstered by incremental sales derived from Sorun Corporation's inclusion as a consolidated subsidiary effective December 2009. However, despite cost-cutting and other measures to improve the business platform, profits were negatively impacted by customers' ongoing clampdown on IT investment. Operating income was down 31.7% year on year to ¥4,044 million, recurring profit was down 32.7% year on year to ¥3,915 million, and net income was down 92.6% year on year to ¥173 million. The Group booked a one-time charge of ¥2,199 million related to asset retirement obligations in the first nine months of the fiscal year.

Consolidated net sales by segment in the nine-month period were as follows.

#### **1) Outsourcing and Network segment**

Net sales grew 1.2% year on year to ¥92,197 million as incremental sales contributed by newly consolidated subsidiary Sorun Corporation offset lower sales elsewhere.

#### **2) Software Development segment**

Net sales grew 13.4% year on year to ¥109,229 million by virtue of incremental sales contributed by newly consolidated subsidiary Sorun Corporation.

#### **3) Solution Services segment**

Net sales grew 4.2% year on year to ¥16,868 million as incremental sales contributed by newly consolidated subsidiary Sorun Corporation offset lower sales elsewhere.

#### **4) Other Business segment**

Net sales grew 6.7% year on year to ¥5,694 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, the Company decided to merge TIS, Inc., Sorun Corporation, and Ufit Co., Ltd., through a tripartite merger, with the aim of bolstering business capabilities and making operations more efficient. In October 2010, the three subsidiaries entered into a memorandum of understanding regarding the merger. In advance of the effective merger date of April 1, 2011, the three subsidiaries entered into a definitive merger agreement upon making Ufit Co., Ltd. a wholly owned subsidiary in February 2011.

Elsewhere, the Company is planning Group formation changes, including the merger of its shared services subsidiaries, and is continuing efforts to put in place a more efficient management structure and bolster the business platform in view of expected changes in the business environment.

### **(2) Consolidated Earnings Forecast**

The business environment surrounding the IT service industry remains adverse as customers are maintaining a cautious stance toward IT investment and price competition in the industry is intensifying. In addition, during the first nine months of the fiscal year, certain key subsidiaries entered into unprofitable projects and the direction of effort toward these projects negatively impacted the profitability of other projects. Consequently, the Company has revised its consolidated earnings forecast for the full fiscal year ending March 31, 2011.

In conjunction with the merger of the three subsidiaries, the Company anticipates some extraordinary income and losses during the fiscal fourth quarter (January – March 2011), and is currently determining what impact this will have on consolidated earnings. For details, please refer to the "Merger of Consolidated Subsidiaries (TIS, SORUN and UFIT)" and "Booking of Extraordinary Profit" released separately today.

(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)	335,000	16,500	16,000	5,500	62.66
Revised forecast (B)	328,000	12,500	12,000	5,500	62.66
Change (B - A)	(7,000)	(4,000)	(4,000)	0	—
Percent change	(2.1)	(24.2)	(25.0)	0.0	—
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 fiscal third quarter 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 the 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.

#### 1) 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 Obligations* (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 189 million yen, income before income taxes decreased by 2,388 million yen, and asset retirement obligations changed by 2,554 million yen in the nine months ended December 31, 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 Dec. 31, 2010	As of Mar. 31, 2010
	millions of yen	millions of yen
<b>Assets</b>		
Current assets		
Cash and deposits	43,498	47,192
Notes and accounts receivable	39,057	62,619
Lease receivables and lease investment assets	8,027	7,590
Marketable securities	306	321
Merchandise and finished goods	3,011	1,914
Work in process	16,748	7,121
Raw materials and supplies	216	227
Deferred tax assets	5,827	8,527
Other current assets	8,205	6,649
Allowance for doubtful accounts	(189)	(197)
Total current assets	124,710	141,967
Fixed assets		
Property and equipment		
Buildings and structures, net	55,047	52,331
Machinery and equipment, net	4,883	4,851
Land	22,469	22,630
Leased assets, net	2,320	2,476
Construction in progress	4,057	4,106
Other property and equipment, net	4,959	5,602
Total property and equipment	93,737	91,999
Intangible assets		
Goodwill	5,912	6,741
Other intangible assets	13,376	12,388
Total intangible assets	19,288	19,130
Investments and other assets		
Investment securities	30,641	34,593
Deferred tax assets	9,880	6,994
Other assets	19,885	21,171
Allowance for doubtful accounts	(2,612)	(2,779)
Total investments and other assets	57,795	59,980
Total fixed assets	170,822	171,109
Total assets	295,532	313,077

Items	As of Dec. 31, 2010	As of Mar. 31, 2010
	millions of yen	millions of yen
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable	10,924	14,953
Short-term borrowings	13,292	34,895
Corporate bonds (redeemed within one year)	-	4,000
Income taxes payable	709	2,114
Accrued bonuses to directors and employees	5,044	10,820
Other allowances	535	374
Other current liabilities	22,946	19,097
Total current liabilities	53,453	86,255
Non-current liabilities		
Corporate bonds	7,600	7,600
Long-term debt	61,625	45,151
Lease obligations	3,869	3,914
Accrued retirement benefits to employees	11,329	10,672
Accrued retirement benefits to directors	458	470
Deferred tax liabilities	666	694
Deferred tax liabilities from revaluation of land	993	993
Other non-current liabilities	4,680	2,250
Total non-current liabilities	91,224	71,746
Total liabilities	144,677	158,001
<b>Net assets</b>		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	86,788	85,207
Retained earnings	41,486	44,088
Less treasury stock, at cost	(23)	(57)
Total shareholders' equity	138,251	139,239
Valuation and translation adjustments		
Net unrealized gains on other securities	526	1,182
Revaluation of land	(1,841)	(1,841)
Foreign currency translation adjustments	(265)	(178)
Total valuation and translation adjustments	(1,580)	(837)
Stock acquisition rights	29	18
Minority interests	14,154	16,654
Total net assets	150,854	155,075
Total liabilities and net assets	295,532	313,077

**(2) Consolidated Statements of Income**

Items	First Three Qtrs, FY2010 (Apr. 1 – Dec. 31, 2009)	First Three Qtrs, FY2011 (Apr. 1 – Dec. 31, 2010)
	millions of yen	millions of yen
Net sales	208,927	223,990
Cost of sales	171,811	183,225
Gross profit	37,115	40,764
Selling, general and administrative expenses	31,196	36,720
Operating income	5,919	4,044
Non-operating income		
Interest income	58	26
Dividends income	503	531
Amortization of negative goodwill	66	64
Other	754	564
Total non-operating income	1,382	1,187
Non-operating expenses		
Interest expenses	772	754
Other	711	561
Total non-operating expenses	1,484	1,315
Recurring profit	5,818	3,915
Extraordinary income		
Gain on sale of investment securities	109	1,397
Reversal of allowance for doubtful accounts	92	-
Other	7	103
Total extraordinary income	209	1,501
Extraordinary loss		
Loss on disposal of fixed assets	394	-
Valuation loss on investment securities	162	-
Impairment loss	1,149	-
Effect of adoption of new accounting standards for asset retirement obligations	-	2,199
Other	128	1,162
Total extraordinary loss	1,834	3,361
Income before income taxes	4,193	2,055
Income taxes: current	512	1,409
Income taxes: deferred	987	573
Total income taxes	1,500	1,983
Income before minority interests	-	72
Minority interests (loss) in earnings of consolidated subsidiaries	356	(101)
Net income	2,337	173

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

Not applicable

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

Not applicable

### Consolidated Net Sales (IT Holdings Corporation)

#### 1. Net Sales by Business Segment

	(millions of yen)						
	1st quarter	2nd quarter	1st half	3rd quarter	3rd quarter YTD (A)	Full Year (B)	Progress ratio (A/B)
Net sales	69,007	85,002	154,009	69,980	223,990	328,000	68.3%
Outsourcing and network	31,127 45.1%	31,195 36.7%	62,322 40.5%	29,875 42.7%	92,197 41.2%	127,000 38.7%	72.6%
Software development	31,060 45.0%	45,490 53.5%	76,551 49.7%	32,678 46.7%	109,229 48.8%	166,000 50.6%	65.8%
Solution services	4,818 7.0%	6,474 7.6%	11,293 7.3%	5,576 8.0%	16,868 7.5%	28,500 8.7%	59.2%
Other business	2,001 2.9%	1,841 2.2%	3,844 2.5%	1,851 2.6%	5,694 2.5%	6,500 2.0%	87.6%

(Forecast)

	(millions of yen)						
	1st quarter	2nd quarter	1st half	3rd quarter	3rd quarter YTD (A)	Full Year (B)	Progress ratio (A/B)
Net sales	65,855	81,098	146,954	61,972	208,927	313,856	66.6%
Outsourcing and network	30,870 46.9%	30,753 37.9%	61,623 41.9%	29,447 47.5%	91,070 43.6%	126,164 40.2%	72.2%
Software development	27,425 41.6%	42,882 52.9%	70,308 47.9%	26,024 42.0%	96,333 46.1%	155,976 49.7%	61.8%
Solution services	5,798 8.8%	5,999 7.4%	11,798 8.0%	4,389 7.1%	16,187 7.7%	25,021 8.0%	64.7%
Other business	1,759 2.7%	1,463 1.8%	3,224 2.2%	2,112 3.4%	5,335 2.6%	6,693 2.1%	79.7%

\*Sales volumes forecasts for the full year are revised figures released on February 3, 2011.

\*Earnings forecasts and other forward-looking statements 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.

\* Sorun Corporation's effect on consolidated results (Sorun became a consolidated subsidiary in December 2009).

Net sales for the first quarter of FY2011: 9,194 million yen (breakdown: Outsourcing and Network segment, 2,207 million yen; Software Development segment, 6,373 million yen; Solution Services segment, 531 million yen; Other Business segment, 82 million yen).

Net sales for the first half of FY2011: 21,135 million yen (breakdown: Outsourcing and Network segment, 4,461 million yen; Software Development segment, 15,285 million yen; Solution Services segment, 1,233 million yen; Other Business segment, 155 million yen).

Net sales for the first three quarters of FY2011: 31,330 million yen (breakdown: Outsourcing and Network segment, 7,026 million yen; Software Development segment, 22,504 million yen; Solution Services segment, 1,576 million yen; Other Business segment, 223 million yen).

Full-year net sales for FY2011 (forecast): 46,000 million yen (breakdown: Outsourcing and Network segment, 10,300 million yen; Software Development segment, 32,200 million yen; Solution Services segment, 3,200 million yen; in the Other Business segment, 300 million yen).

Net sales for the fourth quarter of FY2010: 14,034 million yen (breakdown: Outsourcing and Network segment, 3,093 million yen; Software Development segment, 9,925 million yen; Solution Services segment, 935 million yen; Other Business segment, 80 million yen).

#### 2. Orders for Software Development

	(millions of yen)				
	1st quarter	2nd quarter	1st half	3rd quarter	3rd quarter YTD
New order volume during the term	38,519	40,032	78,552	39,005	117,557
Order volume at the end of the term	57,028	51,570	51,570	57,898	57,898

	(millions of yen)						
	1st quarter	2nd quarter	1st half	3rd quarter	3rd quarter YTD	4th quarter	Full Year
New order volume during the term	38,125	31,682	69,808	31,019	100,827	45,794	146,621
Order volume at the end of the term	63,508	52,308	52,308	63,418	63,418	49,569	155,976

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

\* Sorun Corporation's effect on consolidated results (Sorun became a consolidated subsidiary in December 2009).

First quarter, FY2011: 9,547 million yen in orders received, 7,012 million yen order backlog at quarter-end.

First half, FY2011: 16,958 million yen in orders received, 5,410 million yen order backlog at quarter-end.

Third quarter YTD, FY2011: 25,059 million yen in orders received, 6,394 million yen order backlog at quarter-end.

Fourth quarter, FY2010: 7,665 million yen in orders received, 3,839 million yen order backlog at quarter-end.