



Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2013
(April 1, 2012 through September 30, 2012)
(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.

October 31, 2012

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: November 8, 2012
 Commencement of dividend payments: December 10, 2012
 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, 2013
(April 1, 2012 – September 30, 2012)

(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, FY2013	162,523	5.1	7,251	54.8	7,078	51.3	3,019	—
First Half, FY2012	154,682	0.4	4,683	0.3	4,679	(1.7)	(1,469)	—

Note: Comprehensive income: First Half, FY 2013: 2,815 million yen (- %) First Half, FY 2012: (2,600) million yen (- %)

	Net income per share – basic	Net income per share – diluted
	yen	yen
First Half, FY2013	34.40	34.39
First Half, FY2012	(16.74)	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End-First Half, FY2013	298,143	152,388	48.6
End-FY2012	310,003	150,965	46.3

For reference: Total equity: End-First Half, FY2013: 144,923 million yen End-FY2012: 143,658 million yen.

*Total equity = Shareholders' equity plus total accumulated other comprehensive income

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
FY2012	-	0.00	-	18.00	18.00
FY2013	-	7.00	-	-	-
FY2013 (forecast)	-	-	-	14.00	21.00

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

3. Forecast of Consolidated Results for FY2013 (April 1, 2012 – March 31, 2013)

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 FY 2013 (year ending Mar. 31, 2013)	340,000	3.8	17,500	12.0	17,000	10.4	6,000	181.0	68.36

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: 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 half, FY2013 (September 30, 2012): 87,789,098 shares

End-FY2012 (March 31, 2012): 87,789,098 shares

2) Treasury stock as of period-end:

End-first half, FY2013 (September 30, 2012): 18,053 shares

End-FY2012 (March 31, 2012): 16,882 shares

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

First half, FY2013 (ended September 30, 2012): 87,771,894 shares

First half, FY2012 (ended September 30, 2011): 87,773,455 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 3 in the accompanying materials.

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1. Results of Operations

(1) Analysis of Consolidated Operating Results

In the first half of fiscal 2013 (year ending March 31, 2013), though the Japanese economy showed signs of gradual recovery on the back of reconstruction demand, the outlook remained uncertain reflecting concerns over the impact of the economic slowdown in Europe, China and elsewhere overseas.

The IT services industry, to which the IT Holdings Group belongs, grew on the whole as more clients resumed IT investments despite concerns in some quarters over an economic downturn.

In the fiscal first half, the IT Holdings Group's consolidated net sales rose 5.1% versus the same period of the previous fiscal year to ¥162,523 million, operating income increased by 54.8% to 7,251 million, and recurring profit rose 51.3% to ¥7,078 million. The group posted net income of ¥3,019 million, recovering from a loss of ¥1,469 million in the previous fiscal year.

Consolidated net sales increased on year led by strong sales growth in the industrial IT services segment and also the gradual recovery in the financial IT services segment. Profit levels improved significantly compared with the previous year owing to higher net sales, improved productivity and efforts to rein in large-scale unprofitable projects. The impact of the Group office relocation and integration as well as that of measures implemented in conjunction with the merger of group companies in the previous term also contributed to the growth in profits.

First-half results by segment are as follows. The sales figures of each segment include inter-segment sales.

1) IT Infrastructure Services

Consolidated sales declined 0.2% year on year to ¥55,091 million and operating income declined 7.3% to 3,372 million yen. While net sales were steady, operating income declined year on year due to the impact of prior investments made to cater to the increased demand for the next-generation data center business and also to the rise in electricity charges.

2) Financial IT Services

Consolidated sales for the first half rose 3.3% from the same period of the previous fiscal year to ¥33,295 million and operating income grew 69.8% to ¥2,070 million. The increase in sales and profits was primarily driven by the Group's major customer credit card companies' moves to resume IT-related investments.

3) Industrial IT Services

Consolidated sales increased 7.9% year on year to ¥74,683 million, while operating income came to ¥1,750 million, rebounding from a loss of ¥378 million in the previous fiscal year. A large-scale system development project for a major manufacturer led the sales increase, while profit levels improved as the Group reined in unprofitable projects.

4) Other

Consolidated sales in this segment rose 8.8% on year to ¥8,402 million, while operating income declined 2.8% to ¥1,061 million.

Starting April 2012, the IT Holdings Group embarked on implementation of measures under the second medium-term management plan (from fiscal 2013 through fiscal 2015) with the aim of becoming an IT business that will implement reforms as a single unit. Under the three basic concepts of "Top-Line Emphasis," acting "as One Company" and being "Enterprising and Bold," the Group has set the management strategy for fiscal 2013 as "position fiscal 2013 as the year for achieving a full-scale V-shaped recovery and sales expansion," "develop a sense of unity to achieve Group total optimum" and "carry out business transformation while embracing a shift to services- and solutions-oriented business," and has been addressing the management issues.

The IT Holdings Group has been reorganizing its Group formation so as to build a structure that can strengthen and streamline group management. On October 1, 2012, along with making its subsidiary IUK Inc. into a subsidiary of INTEC Inc., the Group pursued further integration of the customer onsite service business at TIS, Inc. by transferring development-related works to TIS Solution Link Inc. following the transfer of its operation-related work in the previous fiscal year. Going forward, the Group plans to merge SKY INTEC Inc. and INTEC Amenity Inc. in addition to making BM Consultants Inc. into a subsidiary of TIS, Inc. and changing the company name to TIS Business Consultants, Inc.

As for business expansion, the Group has been bolstering its existing businesses while driving forward measures that leverage its strengths, precisely grasping the prevailing trends such as a shift to services-oriented business and globalization.

In June 2012, the Group started offering EINS WAVE, a high-availability wide-area virtual cloud service for corporate customers, by linking together its three domestic data centers (Tokyo, Hokuriku and Kansai), making commercially available the first such service in Japan. In October 2012, the Group started offering the Asia Multi-platform Service which provides total IT infrastructure support to globalizing companies expanding into other Asian countries. Simultaneously, the Group also embarked on collaboration with SOFTBANK TELECOM Corp. in providing data center service and offering SOFTBANK's Pusan Data Center as a part of TIS Inc.'s disaster recovery and backup recovery (DR/BR) service.

From the perspective of operating the Group with a sense of unity, the Group has launched and is actively pursuing projects to study the cash management system (CMS) integrated operation and consolidated taxation system, and has established a Brand Committee, all in quick succession. At the same time, it has also founded the IT Holdings Group College and energized intra-Group information sharing related to international taxation system aimed at mitigating overseas tax-related risks among other measures to promote the concept of "as One Company" in earnest.

(2) Analysis of Consolidated Earnings Forecast

While consolidated business performance in the fiscal first half exceeded the original forecast, in light of uncertainties facing the economy from factors such as the strained relationship between China and Japan, the consolidated earnings forecast announced on May 10, 2012, has been left unchanged.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

Items	As of Mar. 31, 2012	As of September 30, 2012
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	41,365	42,316
Notes and accounts receivable	64,591	54,845
Lease receivables and lease investment assets	8,942	8,720
Marketable securities	201	201
Merchandise and finished goods	2,633	3,600
Work in process	8,278	11,041
Raw materials and supplies	209	176
Deferred tax assets	8,027	6,915
Other current assets	8,305	7,592
Allowance for doubtful accounts	(112)	(151)
Total current assets	142,442	135,259
Fixed assets		
Property and equipment		
Buildings and structures, net	58,635	57,050
Machinery and equipment, net	4,360	3,900
Land	22,266	21,835
Leased assets, net	3,455	3,739
Other property and equipment, net	6,074	7,311
Total property and equipment	94,792	93,838
Intangible assets		
Goodwill	3,471	2,632
Other intangible assets	14,047	13,784
Total intangible assets	17,519	16,417
Investments and other assets		
Investment securities	28,693	27,993
Deferred tax assets	8,597	9,236
Other assets	19,986	17,383
Allowance for doubtful accounts	(2,028)	(1,986)
Total investments and other assets	55,248	52,627
Total fixed assets	167,560	162,883
Total assets	310,003	298,143

Items	As of Mar. 31, 2012	As of September 30, 2012
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	17,917	15,459
Short-term borrowings	23,126	20,075
Corporate bonds (redeemed within one year)	100	-
Income taxes payable	2,341	2,543
Accrued bonuses to directors and employees	11,115	11,229
Other allowances	322	295
Other current liabilities	28,141	23,124
Total current liabilities	83,065	72,727
Non-current liabilities		
Long-term debt	53,288	50,780
Lease obligations	4,723	4,984
Deferred tax liabilities	503	479
Deferred tax liabilities from revaluation of land	869	732
Accrued retirement benefits to employees	12,359	11,927
Accrued retirement benefits to directors	107	106
Other non-current liabilities	4,120	4,016
Total non-current liabilities	75,972	73,027
Total liabilities	159,038	145,754
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	86,787	86,787
Retained earnings	47,673	49,361
Less treasury stock, at cost	(25)	(26)
Total shareholders' equity	144,436	146,124
Accumulated other comprehensive income		
Net unrealized gains on other securities	1,210	1,017
Revaluation of land	(1,718)	(1,967)
Foreign currency translation adjustments	(270)	(251)
Total accumulated other comprehensive income	(778)	(1,201)
Stock acquisition rights	38	42
Minority interests	7,267	7,423
Total net assets	150,965	152,388
Total liabilities and net assets	310,003	298,143

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

Items	First Half, FY2012	First Half, FY2013
	(Apr. 1 – Sept. 30, 2011)	(Apr. 1 – Sept. 30, 2012)
	millions of yen	millions of yen
Net sales	154,682	162,523
Cost of sales	127,531	133,845
Gross profit	27,150	28,678
Selling, general and administrative expenses	22,466	21,426
Operating income	4,683	7,251
Non-operating income		
Interest income	15	7
Dividend income	462	472
Other	413	391
Total non-operating income	891	870
Non-operating expenses		
Interest expenses	468	403
Equity in losses of non-consolidated subsidiaries and affiliates	110	110
Other	315	530
Total non-operating expenses	895	1,044
Recurring profit	4,679	7,078
Extraordinary income		
Gain on sale of investment securities	420	75
Other	77	4
Total extraordinary income	498	80
Extraordinary loss		
Loss on disposal of fixed assets	135	200
Impairment loss	159	483
Structural reform-related expenses	6,213	—
Other	626	259
Total extraordinary loss	7,135	944
Income (loss) before income taxes and minority interests	(1,957)	6,215
Income taxes: current	1,654	2,513
Income taxes: deferred	(2,018)	467
Total income taxes	(364)	2,981
Income (loss) before minority interests	(1,593)	3,234
Minority interests in earnings (losses) of consolidated subsidiaries	(124)	214
Net income (loss)	(1,469)	3,019

Consolidated Statements of Comprehensive Income

Items	First Half, FY2012 (Apr. 1 – Sept. 30, 2011)	First Half, FY2013 (Apr. 1 – Sept. 30, 2012)
	millions of yen	millions of yen
Income (loss) before minority interests	(1,593)	3,234
Other comprehensive income		
Net unrealized gains on other securities	(1,022)	(196)
Difference in revaluation of land	—	(248)
Foreign currency translation adjustments	17	25
Share of other comprehensive income of associates accounted for using the equity method	(2)	0
Total other comprehensive income	(1,007)	(418)
Comprehensive income	(2,600)	2,815
Components:		
Comprehensive income attributable to owners of the parent	(2,471)	2,596
Comprehensive income attributable to minority interests	(129)	218

(3) Note on the Going-concern Assumption

Not applicable

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

Not applicable