



Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2014
(April 1, 2013 through September 30, 2013)
(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 30, 2013

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, Deputy Division Manager, Administration Division
 Phone: +81 3-5338-2272

Scheduled dates
 Submission of quarterly report: November 7, 2013
 Commencement of dividend payments: December 10, 2013
 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 Half of the Fiscal Year Ending March 31, 2014
(April 1, 2013 – September 30, 2013)

(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, FY2014	163,365	0.5	7,652	5.5	7,859	11.0	3,857	27.7
First Half, FY2013	162,523	5.1	7,251	54.8	7,078	51.3	3,019	—

Note: Comprehensive income: First Half FY2014: 6,562 million yen (133.1 %), First Half FY2013: 2,815 million yen (- %)

	Net income per share – basic	Net income per share – diluted
	yen	yen
First Half, FY2014	43.95	43.91
First Half, FY2013	34.40	34.39

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End of First Half, FY2014	296,302	163,311	52.5
End of FY2013	302,302	158,159	49.8

For reference: Total equity: End of first half, FY2014: 155,427 million yen End of FY2013: 150,514 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
FY2013	-	7.00	-	14.00	21.00
FY2014	-	8.00	-	-	-
FY2014 (forecast)	-	-	-	17.00	25.00

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

3. Forecast of Consolidated Results for FY2014 (April 1, 2013 – March 31, 2014)

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 FY2014 (year ending Mar. 31, 2014)	345,000	2.1	20,500	12.8	20,000	14.7	7,500	27.8	85.45

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, FY2014 (September 30, 2013): 87,789,098 shares
End-FY2013 (March 31, 2013): 87,789,098 shares
 - 2) Treasury stock as of period-end:
End-First Half, FY2014 (September 30, 2013): 20,801 shares
End-FY2013 (March 31, 2013): 19,046 shares
 - 3) Average number of shares (during the respective six-month period):
First Half, FY2014 (ended September 30, 2013): 87,769,209 shares
First Half, FY2013 (ended September 30, 2012): 87,771,894 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 3 in the Accompanying Materials.

Accompanying Material – Contents

1. Results of Operations	2
(1) Analysis of Consolidated Operating Results	2
(2) Consolidated Earnings Forecast and Caution on Forward-Looking Statements	3
2. Consolidated Financial Statements	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of Income and Comprehensive Income	6
Consolidated Statements of Income	
For the First Half	6
Consolidated Statements of Comprehensive Income	7
For the First Half	
(3) Notes on the Consolidated Financial Statements	8
(Notes on the Going-concern Assumption)	8
(Notes on Significant Changes in the Amount of Shareholders' Equity)	8

1. Results of Operations

(1) Analysis of Consolidated Operating Results

In the first half of fiscal 2014 (year ending March 31, 2014), the Japanese economy experienced a gradual recovery as consumer spending, exports and production recovered thanks to the impact of active fiscal and financial measures by the government. However, there remained a sense of uncertainty about the future reflecting the Japanese government's decision to raise the consumption tax rate and the outlook of overseas economies.

In the IT services industry, to which the IT Holdings Group belongs, despite the Bank of Japan's quarterly Short-term Economic Survey of Principal Enterprises in Japan (issued in September 2013) pointing to an expansion of IT investment on the back of economic recovery based on economic indicators such as a 8.4% increase year on year in software investment plan (all industries including financial institutions), no significant changes were visible as far as actual customer sentiment towards IT investment was concerned, which continued to be prudent, except for some customers led by financial institutions.

Under these circumstances, the Group's net sales for the first half increased 0.5% versus the same period of the previous fiscal year to ¥163,365 million, operating income increased by 5.5% to ¥7,652 million, recurring profit rose 11.0% to ¥7,859 million, and net income increased 27.7% to ¥3,857 million.

Net sales on the whole increased year on year led by strong sales growth in the IT Infrastructure Services and the Financial IT Services segments. This more than offset the decline in the Industrial IT Services segment caused by the impact of the reversion to a large-scale system development project in the same period of the previous fiscal year. Profits also exceeded the previous year's level despite the impact of unprofitable projects, as revenues increased and the Group strived to reduce costs.

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

1) IT Infrastructure Services

Sales rose 3.2% year on year to ¥56,856 million and operating income increased 5.2% to ¥3,546 million. Both sales and profit levels improved in this segment compared with a year earlier, as the Data Center Business grew as a result of increased customer usage and the tax-exempt individual savings account system-related business also grew.

2) Financial IT Services

Sales in the first half increased 8.4% from the same period a year ago to ¥36,083 million and operating income rose 37.4% compared with the same period of the previous fiscal year to ¥2,846 million. Sales in this segment grew year on year and profit levels improved, as major customer credit card and insurance companies gradually expanded their IT-related investments.

3) Industrial IT Services

Sales declined 4.9% year on year to ¥70,992 million, and operating income declined 50.4% to ¥868 million compared with the same period of the previous fiscal year. While sales declined due to the impact of the reversion to a large-scale system development project for a manufacturer in the previous year, sales levels are roughly the same as for the previous year if we exclude this impact. Profit levels declined compared with a year earlier mainly due to the impact of recording additional expenses reflecting the delay in the completion of some development projects and higher selling expenses to reinforce the sales structure.

4) Other

Sales in this segment increased 4.3% year on year to ¥8,761 million, and operating income rose 4.3% to ¥1,106 million.

With the aim of becoming an IT business that will implement reforms as a single unit, the Group in the previous fiscal year embarked on implementation of measures under the second medium-term management plan (from fiscal 2013 through fiscal 2015) under the three basic concepts of "Top-Line Emphasis," acting "as One Company" and being "Enterprising and Bold" and has been addressing the management issues.

Based on the business results from the previous fiscal year and implementation status of related measures in the current fiscal year, which is the second year of the second medium-term management plan, the Group has been driving forward various measures under the Group management strategy based on the basic concepts of "put the Group top-line on a 'growth track' to ensure 'earnings recovery'," "further strengthen the Group's communication base and develop an open and dynamic corporate culture," and "expand the services-oriented business and promote globalization."

As part of these efforts, the Company shifted to a new management setup in June 2013, under which the five representative directors of major Group companies simultaneously serve as part-time directors of the Company, to strengthen the structure to achieve Group total optimum.

Under the new management system, the Group will promote the following key measures to ensure achievement of the goals set forth by the second medium-term management plan and improve its corporate value:

1. Strengthen the Group's communication base
2. Develop unique and clear strengths (growth engines) and collaborate on a business domain basis
3. Deepen initiatives to expand the services-oriented business and promote globalization
4. Improve efficiency of back office operations and introduce the Group-common IT system

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

Sales have been proceeding largely in line with the plan. While the progress in operating income and other profits is slightly behind the plan, the Group aims to strive as one to bridge the gap and achieve the targets by taking advantage of the impact of the gradual improvement in the business environment and through measures including cost reductions.

Based on the above, the Group did not make any changes to the consolidated earnings forecast announced on May 10, 2013.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Items	As of March 31, 2013	As of Sep. 30, 2013
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	28,633	28,084
Notes and accounts receivable	68,249	57,001
Lease receivables and lease investment assets	9,322	9,104
Marketable securities	5,401	1,925
Merchandise and finished goods	3,035	3,737
Work in process	7,091	9,875
Raw materials and supplies	200	234
Deferred tax assets	8,523	8,158
Other current assets	7,846	8,692
Allowance for doubtful accounts	(85)	(75)
Total current assets	138,219	126,739
Fixed assets		
Property and equipment		
Buildings and structures, net	58,133	58,334
Machinery and equipment, net	4,231	4,280
Land	21,135	21,135
Leased assets, net	3,615	3,188
Other property and equipment, net	6,475	6,047
Total property and equipment	93,592	92,987
Intangible assets		
Goodwill	1,784	1,226
Other intangible assets	13,487	13,797
Total intangible assets	15,272	15,024
Investments and other assets		
Investment securities	32,633	39,417
Deferred tax assets	6,823	6,207
Other assets	17,577	17,697
Allowance for doubtful accounts	(1,816)	(1,771)
Total investments and other assets	55,218	61,551
Total fixed assets	164,083	169,562
Total assets	302,302	296,302

Items	As of March 31, 2013	As of Sep. 30, 2013
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	17,692	15,656
Short-term borrowings	32,881	30,659
Income taxes payable	3,112	2,853
Accrued bonuses to directors and employees	11,074	10,876
Other allowances	551	351
Other current liabilities	25,750	21,357
Total current liabilities	91,063	81,755
Non-current liabilities		
Long-term debt	27,668	24,564
Lease obligations	5,501	5,148
Deferred tax liabilities	492	1,237
Deferred tax liabilities from revaluation of land	732	732
Accrued retirement benefits to employees	12,762	13,595
Accrued retirement benefits to directors	108	86
Other non-current liabilities	5,813	5,870
Total non-current liabilities	53,079	51,235
Total liabilities	144,143	132,990
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	86,787	86,787
Retained earnings	51,596	54,225
Less treasury stock, at cost	(27)	(30)
Total shareholders' equity	148,357	150,983
Accumulated other comprehensive income		
Net unrealized gains on other securities	4,271	6,445
Revaluation of land	(1,967)	(1,967)
Foreign currency translation adjustments	(147)	(34)
Total accumulated other comprehensive income	2,157	4,443
Stock acquisition rights	42	45
Minority interests	7,602	7,838
Total net assets	158,159	163,311
Total liabilities and net assets	302,302	296,302

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

Items	First Half, FY2013 (Apr. 1 – Sep. 30, 2012)	First Half, FY2014 (Apr. 1 – Sep. 30, 2013)
	millions of yen	millions of yen
Net sales	162,523	163,365
Cost of sales	133,845	134,256
Gross profit	28,678	29,109
Selling, general and administrative expenses	21,426	21,456
Operating income (loss)	7,251	7,652
Non-operating income		
Interest income	7	19
Dividend income	472	538
Other	391	541
Total non-operating income	870	1,099
Non-operating expense		
Interest expenses	403	300
Equity in losses of non-consolidated subsidiaries and affiliates	110	153
Other	530	437
Total non-operating expenses	1,044	891
Recurring profit (loss)	7,078	7,859
Extraordinary income		
Gain on sale of investment securities	75	37
Gain on transfer of business	-	69
Other	4	3
Total extraordinary income	80	111
Extraordinary loss		
Loss on disposal of fixed assets	200	58
Impairment loss	483	39
Other	259	46
Total extraordinary loss	944	145
Income before income taxes and minority interests	6,215	7,825
Income taxes: current	2,513	2,884
Income taxes: deferred	467	713
Total income taxes	2,981	3,598
Income before minority interests	3,234	4,227
Minority interests in earnings of consolidated subsidiaries	214	370
Net income	3,019	3,857

Consolidated Statements of Comprehensive Income

Items	First Half, FY2013 (Apr. 1 – Sep. 30, 2012)	First Half, FY2014 (Apr. 1 – Sep. 30, 2013)
	millions of yen	millions of yen
Income before minority interests	3,234	4,227
Other comprehensive income		
Net unrealized gains on other securities	(196)	2,177
Difference in revaluation of land	(248)	—
Foreign currency translation adjustments	25	147
Share of other comprehensive income of associates accounted for using the equity method	0	10
Total other comprehensive income	(418)	2,335
Comprehensive income	2,815	6,562
(Composition)		
Comprehensive income attributable to owners of the parent	2,596	6,143
Comprehensive income attributable to minority interests	218	419

(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