Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2012

(April 1, 2011 through September 30, 2011)
(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.

November 2, 2011

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:	Susumu Okamoto, President
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Scheduled dates

Submission of quarterly report:	November 9, 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 Half of the Fiscal Year Ending March 31, 2012 (April 1, 2011 – September 30, 2011)

(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, FY2012	154,682	0.4	4,683	0.3	4,679	(1.7)	(1,469)	—
First Half, FY2011	154,009	4.8	4,667	(19.6)	4,762	(17.8)	1,004	(68.7)

Note: Comprehensive income: First Half, FY 2012: (2,600) million yen (- %) First Half, FY 2011: (723) million yen (- %)

	Net income per share – basic	Net income per share – diluted
	yen	yen
First Half, FY2012	(16.74)	-
First Half, FY2011	11.44	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End-First Half, FY2012	291,745	146,585	47.8
End-FY2011	301,076	151,110	47.7

For reference: Shareholders' equity: End-First Half, FY2012: 139,415 million yen End-FY2011: 143,646 million yen.

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
FY2011	-	12.00	-	20.00	32.00
FY2012	-	0.00			
FY2012 (forecast)			-	18.00	18.00

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

3. Forecast of Consolidated Results for FY2012 (April 1, 2011 – March 31, 2012)

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 2012 (year ending Mar. 31, 2012)	325,000	0.6	14,000	9.2	13,500	6.9	2,000	(66.6)	22.79

Note: Revisions from the latest release of earnings forecasts: Yes

4. Other

(1) Material reclassifications of subsidiaries during the period: Yes

(Changes in specified subsidiaries resulting in change in scope of consolidation)

Additions: None: Exclusions: Two companies: SORUN Corporation, UFIT Co., Ltd.

(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, FY2012 (September 30, 2011): 87,789,098 shares

End-FY2011 (March 31, 2011): 87,789,098 shares

2) Treasury stock as of period-end:

End-first half, FY2012 (September 30, 2011): 15,902 shares

End-FY2011 (March 31, 2011): 15,385 shares

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

First half, FY2012 (ended September 30, 2011): 87,773,455 shares

First half, FY2011 (ended September 30, 2010): 87,770,453 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.

Accompanying Material – Contents

1. Results of Operations

(1) Analysis of Consolidated Operating Results

In the first half of fiscal 2012 (year ending March 31, 2012), though production activity which had been affected by the Great East Japan Earthquake showed signs of recovery, the domestic economic outlook remained unpredictable reflecting concerns over the economic stagnation in Europe and the appreciation of the yen.

The IT services industry, to which the IT Holdings Group belongs, is showing signs of steadily changing for the better as client attitude towards IT investments turned favorable despite the tough business environment.

Amid this business environment, the IT Holdings Group has set forth a management strategy for fiscal 2012 underpinned by four major initiatives: firm establishment of a new Group formation; strengthening of the Group management foundation and profit structure; top-line expansion and growth of the contract outsourcing business; and preparation for shift to services- and solutions-oriented business through new investments, which the Group is pursuing to establish a solid business platform.

In the fiscal first half, the IT Holdings Group's consolidated net sales rose 0.4% year on year to ¥154,682 million, operating income increased by 0.3% year on year to 4,683 million, and recurring profit fell 1.7% year on year to ¥4,679 million. While the group posted a net loss of ¥1,469 million (down from a net income of ¥1,004 million in the previous year) primarily due to booking an extraordinary loss, all other targets set at the beginning of the term were achieved through strong business activities and thorough cost-cutting measures.

Strong growth in orders in industrial IT services drove net sales higher, offsetting the sluggishness in financial IT services. Operating income and recurring profit were at levels similar to the previous year as aggressive cost reductions offset the impact of unprofitable projects and the cost associated with the opening of the next-generation data center GDC Gotenyama in April 2011.

The net loss is due to extraordinary losses on expenses related to measures implemented to establish a solid business platform. Specifically, expenses of about ¥1.8 billion in Group office relocation and integration and about ¥4.4 billion related to the special job transfer support program being carried out at TIS, Inc. following structural reforms at that subsidiary were booked as extraordinary loss in the first half. The Group's estimates the overall expenses for the office relocation to be about ¥3.2 billion and plans to book the remaining ¥1.4 billion from the third quarter onward.

First-half results by segment are as follows.

Beginning with the first quarter of fiscal 2012, the IT Holdings Group has reclassified its business into new segments based on the service type and by customer/market types, replacing the previous segmentation based on groupings of consolidated subsidiaries. Sales in each segment include inter-segment sales, and the previous year's figures have been reclassified into the new segments for comparison purposes.

1) IT Infrastructure Services

This business provides self-administered computer utility or system operation services through large IT facilities, including data centers. Consolidated sales declined 0.6% from the same period a year ago to ¥55,180 million while operating income declined 5.8% to 3,640 million yen primarily due to the upfront investments for GDC Gotenyama data center opened in April 2011 to meet the anticipated growth in data center demand in the future.

2) Financial IT Services

This business supports clients in their efforts to make greater use of IT in their operations and in the execution of their business activities with IT expertise and business know-how specific to the finance industry. Consolidated sales in the half declined 7.5% from the same period a year ago to ¥32,233 million, while the operating income fell 25.6% million to ¥1,219 million, as a major life insurer and a bank completed a round of investment and IT investments in the credit card industry slowed down.

3) Industrial IT Services

This business supports clients in their efforts to make greater use of IT in their operations and in the execution of their business activities with IT expertise and business know-how in areas other than finance, namely industrial and public sectors. Consolidated sales increased 7.7% year on year to ¥69,184 million, on the back of robust growth fueled by the gradual recovery in IT investments in the public sector and process manufacturing. However, the emergence of unprofitable projects meant that the business posted an operating loss of ¥378 million compared with ¥473 million the previous year.

4) Other

This includes leases and other incidental business generated from the provision of information systems. Consolidated sales in this segment declined 7.1% year on year to ¥7,723 million, and operating income increased 69.4% to ¥1,091 million.

The IT Holdings Group has been continuously reorganizing its Group formation, while implementing the aforementioned measures including relocation and integration of offices of the Group companies and a special job transfer support program following structural reform at consolidated subsidiary TIS, Inc., with the aim of establishing a solid business platform.

Relocation and integration of offices of Group companies is aimed at generating synergy effects by enhancing cooperation between the companies, strengthening group governance and through cost cutting measures. Under the initiative, the Group plans to relocate the business bases of nine companies in the Tokyo area including IT Holdings to Nishi-shinjuku, Shinjuku-ku, Tokyo, one after another from December 2011. The initiative is expected to enable cost savings of approximately 900 million yen per year in rents.

The special job transfer support program at TIS, Inc. following the company-wide structural reform has been carried out based on the judgment that a comprehensive overhaul of the personnel structure and work assignment is essential for the early improvement of business performance and maximization of merger synergies, which are the company's top management priorities following the merger with SORUN Corporation and UFIT Co., Ltd. in April 2011. The measure is expected to enable the company to reduce personnel expenses by approximately 3.6 billion yen per year.

On April 1, 2011, as part of reorganization of the Group formation, TIS, Inc. merged with SORUN Corporation and UFIT Co., Ltd. and INTEC Inc. merged with Nippon System Gijutsu Co., Ltd and INTEC Systems Institute, Inc. In addition, TIS, Inc. transferred its onsite service business to TIS Solution Link Inc. (formerly known as CST Inc.) on October 1, 2011 and AJS Inc. merged with AJS Software Co., Ltd. Furthermore, two system operation service providers TIS System Service Inc. and System Support Inc. will undergo a merger on April 1, 2012.

(2) Analysis of Consolidated Earnings Forecast

IT Holdings expects orders to remain strong backed by steady sales initiatives, with client attitude towards IT investment turning favorable. The Group also expects the measures implemented in the first half for the establishment of a solid business platform to start yielding results in the third quarter of the current fiscal year. Still, concerns of a European downturn triggering a global economic slowdown coupled with a further strengthening of the yen are likely to influence client decisions on IT-related investment. Taking into account these conditions which affect the Group's business performance, IT Holdings is revising the full-year consolidated earnings forecast as follows.

(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)	308,000	11,000	10,500	3,500	39.88
Revised forecast (B)	325,000	14,000	13,500	2,000	22.79
Change (B – A)	17,000	3,000	3,000	(1,500)	—
Percent change	5.5%	27.3%	28.6%	(42.9%)	—
For reference: Previous fiscal year's results (FY2011)	323,173	12,818	12,625	5,985	68.19

Note: The above forecasts are based on information available and certain assumptions deemed reasonable at the time of this document's release. Actual results may differ materially from these forecasts due to various factors.

2. Other Information

(1) Changes affecting the status of significant subsidiaries during the period (scope of consolidation)

Consolidated subsidiaries SORUN Corporation and UFIT Co., Ltd. were absorbed into consolidated subsidiary TIS, Inc. through an absorption-type merger on April 1, 2011, and therefore they are no longer under the scope of consolidation.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

Items	As of Mar. 31, 2011	As of September 30, 2011
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	36,729	31,429
Notes and accounts receivable	59,040	51,599
Lease receivables and lease investment assets	8,710	8,409
Marketable securities	301	201
Merchandise and finished goods	2,295	3,456
Work in process	6,554	9,805
Raw materials and supplies	197	183
Deferred tax assets	7,741	8,108
Other current assets	7,085	6,813
Allowance for doubtful accounts	(199)	(153)
Total current assets	128,455	119,854
Fixed assets		
Property and equipment		
Buildings and structures, net	60,230	57,835
Machinery and equipment, net	5,009	4,344
Land	22,468	22,450
Leased assets, net	2,539	2,937
Other property and equipment, net	5,209	5,782
Total property and equipment	95,457	93,350
Intangible assets		
Goodwill	5,516	4,311
Other intangible assets	13,073	13,898
Total intangible assets	18,589	18,209
Investments and other assets		
Investment securities	31,794	30,260
Deferred tax assets	8,115	10,442
Other assets	20,995	21,863
Allowance for doubtful accounts	(2,331)	(2,234)
Total investments and other assets	58,573	60,331
Total fixed assets	172,620	171,891
Total assets	301,076	291,745

Items	As of Mar. 31, 2011	As of September 30, 2011
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	14,944	13,596
Short-term borrowings	14,800	16,640
Corporate bonds (redeemed within one year)	7,500	7,500
Income taxes payable	3,401	1,920
Accrued bonuses to directors and employees	11,041	10,957
Other allowances	464	190
Other current liabilities	20,938	22,363
Total current liabilities	73,090	73,169
Non-current liabilities		
Corporate bonds	100	100
Long-term debt	55,054	49,878
Lease obligations	3,981	3,966
Deferred tax liabilities	674	662
Deferred tax liabilities from revaluation of land	993	993
Accrued retirement benefits to employees	11,509	12,162
Accrued retirement benefits to directors	244	206
Other non-current liabilities	4,317	4,019
Total non-current liabilities	76,875	71,989
Total liabilities	149,965	145,159
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	86,788	86,788
Retained earnings	47,298	44,069
Less treasury stock, at cost	(24)	(24)
Total shareholders' equity	144,062	140,833
Accumulated other comprehensive income		
Net unrealized gains on other securities	1,729	715
Revaluation of land	(1,841)	(1,841)
Foreign currency translation adjustments	(303)	(291)
Total accumulated other comprehensive income	(415)	(1,418)
Stock acquisition rights	29	38
Minority interests	7,434	7,131
Total net assets	151,110	146,585
Total liabilities and net assets	301,076	291,745

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

Consolidated Statements of Income

Items	First Half, FY2011 (Apr. 1 – Sept. 30, 2010)	First Half, FY2012 (Apr. 1 – Sept. 30, 2011)
	millions of yen	millions of yen
Net sales	154,009	154,682
Cost of sales	124,915	127,531
Gross profit	29,094	27,150
Selling, general and administrative expenses	24,426	22,466
Operating income	4,667	4,683
Non-operating income		
Interest income	25	15
Dividends income	453	462
Other	445	413
Total non-operating income	925	891
Non-operating expenses		
Interest expenses	524	468
Equity in losses of non-consolidated subsidiaries and affiliates	49	110
Other	255	315
Total non-operating expenses	830	895
Recurring profit	4,762	4,679
Extraordinary income		
Gain on sale of investment securities	1,337	420
Other	81	77
Total extraordinary income	1,418	498
Extraordinary loss		
Restructuring costs	—	6,213
Effect of adoption of new accounting standards for asset retirement obligations	2,199	—
Other	1,157	921
Total extraordinary loss	3,356	7,135
Income (loss) before income taxes and minority interests	2,824	(1,957)
Income taxes: current	1,959	1,654
Income taxes: deferred	(68)	(2,018)
Total income taxes	1,890	(364)
Income (loss) before minority interests	934	(1,593)
Minority interests in loss of consolidated subsidiaries	(70)	(124)
Net income (loss)	1,004	(1,469)

Consolidated Statements of Comprehensive Income

Items	First Half, FY2011 (Apr. 1 – Sept. 30, 2010)	First Half, FY2012 (Apr. 1 – Sept. 30, 2011)
	millions of yen	millions of yen
Income (loss) before minority interests	934	(1,593)
Other comprehensive income		
Net unrealized gains on other securities	(1,597)	(1,022)
Foreign currency translation adjustments	(53)	17
Share of other comprehensive income of associates accounted for using the equity method	(6)	(2)
Total other comprehensive income	(1,657)	(1,007)
Comprehensive income	(723)	(2,600)
Components:		
Comprehensive income attributable to owners of the parent	(388)	(2,471)
Comprehensive income attributable to minority interests	(334)	(129)

(3) Note on the Going-concern Assumption

Not applicable

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

Not applicable