



Consolidated Financial Results for the First Three Quarters of the Fiscal Year Ending March 31, 2014
(April 1, 2013 through December 31, 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.

February 3, 2014

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: February 12, 2014
 Commencement of dividend payments: -
 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 Three Quarters of the Fiscal Year Ending March 31, 2014
(April 1, 2013 – December 31, 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 Three Qtrs., FY2014	238,447	1.0	8,388	8.4	8,251	18.0	3,211	20.2
First Three Qtrs., FY2013	236,112	4.7	7,741	61.1	6,995	47.2	2,671	—

Note: Comprehensive income: First Three Qtrs., FY2014: 8,066 million yen (147.0%), First Three Qtrs. FY2013: 3,265 million yen (- %)

	Net income per share – basic	Net income per share – diluted
	yen	yen
First Three Qtrs., FY2014	36.59	36.55
First Three Qtrs., FY2013	30.43	30.41

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	millions of yen	millions of yen	%
End of Third Quarter, FY2014	291,198	163,961	53.6
End of FY2013	302,302	158,159	49.8

For reference: Total equity: End of third quarter, FY2014: 156,062 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 FY 2014 (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-Third Quarter, FY2014 (December 31, 2013): 87,789,098 shares
End-FY2013 (March 31, 2013): 87,789,098 shares
 - 2) Treasury stock as of period-end:
End-Third Quarter, FY2014 (December 31, 2013): 2,935 shares
End-FY2013 (March 31, 2013): 19,046 shares
 - 3) Average number of shares (during the respective nine-month period):
First three quarters, FY2014 (ended December 31, 2013): 87,771,067 shares
First three quarters, FY2013 (ended December 31, 2012): 87,771,555 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.

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1. Results of Operations

(1) Analysis of Consolidated Operating Results

In the first nine months of fiscal 2014 (year ending March 31, 2014), the recovery in the Japanese economy gathered pace as consumer spending and production recovered thanks to the impact of active fiscal and financial measures by the government. However, there are factors such as decreased demand resulting from the proposed increase in the consumption tax rate in April 2014, as well as the export situation and the outlook of overseas economies that provide cause for future concern.

In the IT services industry, to which the IT Holdings Group belongs, the Bank of Japan's quarterly Short-term Economic Survey of Principal Enterprises in Japan (issued in December 2013) pointed to an expansion of IT investment on the back of economic recovery based on economic indicators such as a 10.9% increase year on year in software investment plan (all industries including financial institutions). In actual business, the growing customer sentiment towards IT investment, which was limited to a few customers led by financial institutions in the first half, was being felt also in the industrial sector in the second half on the back of improved economic sentiment.

Under these circumstances, the IT Holdings Group's net sales rose 1.0% versus the same period of the previous fiscal year to ¥238,447 million, operating income increased by 8.4% to 8,388 million, and recurring profit rose 18.0% to ¥8,251 million. The Group posted net income of ¥3,211 million, up 20.2% from the previous fiscal year.

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.

The nine-month results by segment are as follows. The sales figures of each segment include inter-segment sales.

1) IT Infrastructure Services

Sales rose 3.4% year on year to ¥84,608 million and operating income increased 14.3% to ¥5,123 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 BPO business expanded strongly, including the tax-exempt individual savings account system-related part of the business.

2) Financial IT Services

Sales in the first half increased 6.0% from the same period a year ago to ¥52,406 million and operating income rose 31.4% compared with the same period of the previous fiscal year to ¥3,391 million. Sales in this segment grew year on year and profit levels improved, as major customer credit card companies, banks and insurance companies gradually expanded their IT-related investments.

3) Industrial IT Services

Sales declined 2.4% year on year to ¥103,184 million, and the segment posted an operating loss of ¥687 million compared with an operating income of ¥507 million in 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 exceeded the previous year's levels if we exclude this impact. Profit levels declined compared with a year earlier mainly due to the impact of recording additional expenses of some development projects and higher selling expenses to reinforce the sales structure.

4) Other

Sales in this segment increased 0.5% year on year to ¥12,344 million, and operating income declined 1.0% to ¥1,583 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.

Furthermore, to promote development of a structure in which the Group is able to focus on the core businesses and growth fields, it made a decision that TIS Leasing Co., Ltd. would withdraw from the leasing business.

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 achieve the targets by taking advantage of the impact of the gradual improvement in the business environment and through efforts 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 Dec. 31, 2013
	millions of yen	millions of yen
Assets		
Current assets		
Cash and deposits	28,633	30,245
Notes and accounts receivable	68,249	42,803
Lease receivables and lease investment assets	9,322	8,643
Marketable securities	5,401	326
Merchandise and finished goods	3,035	5,116
Work in process	7,091	15,362
Raw materials and supplies	200	205
Deferred tax assets	8,523	6,131
Other current assets	7,846	9,891
Allowance for doubtful accounts	(85)	(64)
Total current assets	138,219	118,661
Fixed assets		
Property and equipment		
Buildings and structures, net	58,133	57,707
Machinery and equipment, net	4,231	4,353
Land	21,135	21,041
Leased assets, net	3,615	3,382
Other property and equipment, net	6,475	5,854
Total property and equipment	93,592	92,340
Intangible assets		
Goodwill	1,784	1,003
Other intangible assets	13,487	14,456
Total intangible assets	15,272	15,459
Investments and other assets		
Investment securities	32,633	42,981
Deferred tax assets	6,823	5,825
Other assets	17,577	16,470
Allowance for doubtful accounts	(1,816)	(540)
Total investments and other assets	55,218	64,736
Total fixed assets	164,083	172,536
Total assets	302,302	291,198

Items	As of March 31, 2013	As of Dec. 31, 2013
	millions of yen	millions of yen
Liabilities		
Current liabilities		
Notes and accounts payable	17,692	14,321
Short-term borrowings	32,881	19,240
Income taxes payable	3,112	379
Accrued bonuses to directors and employees	11,074	5,282
Other allowances	551	1,191
Other current liabilities	25,750	25,562
Total current liabilities	91,063	65,978
Non-current liabilities		
Long-term debt	27,668	34,636
Lease obligations	5,501	5,076
Accrued retirement benefits to employees	12,762	14,147
Accrued retirement benefits to directors	108	87
Deferred tax liabilities	492	1,178
Deferred tax liabilities from revaluation of land	732	732
Other non-current liabilities	5,813	5,400
Total non-current liabilities	53,079	61,258
Total liabilities	144,143	127,237
Net assets		
Shareholders' equity		
Common stock	10,001	10,001
Additional paid-in capital	86,787	86,786
Retained earnings	51,596	52,877
Less treasury stock, at cost	(27)	(4)
Total shareholders' equity	148,357	149,660
Accumulated other comprehensive income		
Net unrealized gains on other securities	4,271	8,411
Revaluation of land	(1,967)	(1,967)
Foreign currency translation adjustments	(147)	(41)
Total accumulated other comprehensive income	2,157	6,402
Stock acquisition rights	42	45
Minority interests	7,602	7,852
Total net assets	158,159	163,961
Total liabilities and net assets	302,302	291,198

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

Items	First Three Qtrs., FY2013 (Apr. 1 – Dec. 31, 2012)	First Three Qtrs., FY2014 (Apr. 1 – Dec. 31, 2013)
	millions of yen	millions of yen
Net sales	236,112	238,447
Cost of sales	196,774	197,901
Gross profit	39,337	40,545
Selling, general and administrative expenses	31,596	32,157
Operating income	7,741	8,388
Non-operating income		
Interest income	10	35
Dividend income	540	630
Other	589	823
Total non-operating income	1,140	1,489
Non-operating expense		
Interest expenses	587	469
Equity in losses of non-consolidated subsidiaries and affiliates	180	332
Provision for allowance for doubtful accounts	536	70
Other	581	754
Total non-operating expenses	1,885	1,626
Recurring profit	6,995	8,251
Extraordinary income		
Gain on sale of investment securities	83	233
Gain on transfer of business	-	69
Other	22	4
Total extraordinary income	106	308
Extraordinary loss		
Impairment loss	658	100
Loss on business liquidation	-	367
Special retirement benefits	-	278
Other	807	325
Total extraordinary loss	1,466	1,071
Income before income taxes and minority interests	5,635	7,487
Income taxes: current	1,873	1,576
Income taxes: deferred	794	2,151
Total income taxes	2,668	3,727
Income before minority interests	2,967	3,760
Minority interests in earnings of consolidated subsidiaries	296	548
Net income	2,671	3,211

Consolidated Statements of Comprehensive Income

Items	First Three Qtrs., FY2013 (Apr. 1 – Dec. 31, 2012)	First Three Qtrs., FY2014 (Apr. 1 – Dec. 31, 2013)
	millions of yen	millions of yen
Income before minority interests	2,967	3,760
Other comprehensive income		
Net unrealized gains on other securities	545	4,151
Difference in revaluation of land	(248)	—
Foreign currency translation adjustments	2	139
Share of other comprehensive income of associates accounted for using the equity method	(1)	15
Total other comprehensive income	297	4,306
Comprehensive income	3,265	8,066
(Composition)		
Comprehensive income attributable to owners of the parent	2,955	7,457
Comprehensive income attributable to minority interests	309	609

(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