

Annual Report 2010

Year Ended March 31, 2010

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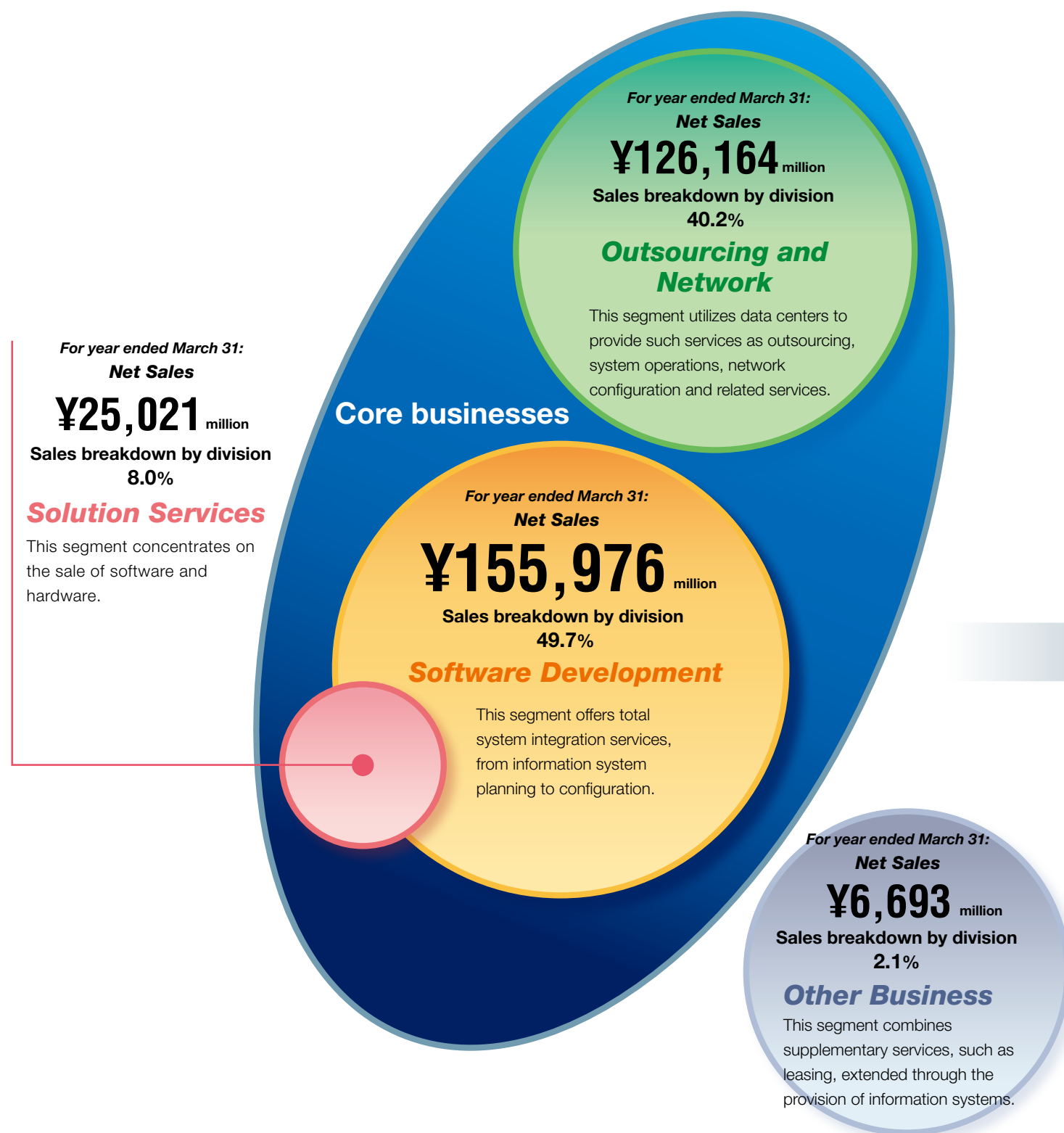
Financial Review

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What is the IT Holdings Group?

Formed in April 2008, the IT Holdings Group is the total information technology (IT) companies in Japan. At its core are seven principal operating companies, which underpin excellent responses to the needs of clients in a wide range of industry sectors. As of March 31, 2010, the Group comprised 82 companies—55 of which fell under the scope of consolidation—and net sales reached ¥313 billion.



IT Holdings Group Management Philosophy

The IT Holdings Group seeks to be a corporate citizen whose activities, namely, the provision of various services utilizing information technology (IT), match its status as a leading corporate group, and will strive to raise corporate value, supported in this effort by the high regard of all its stakeholders, including clients and shareholders as well as employees and their families.

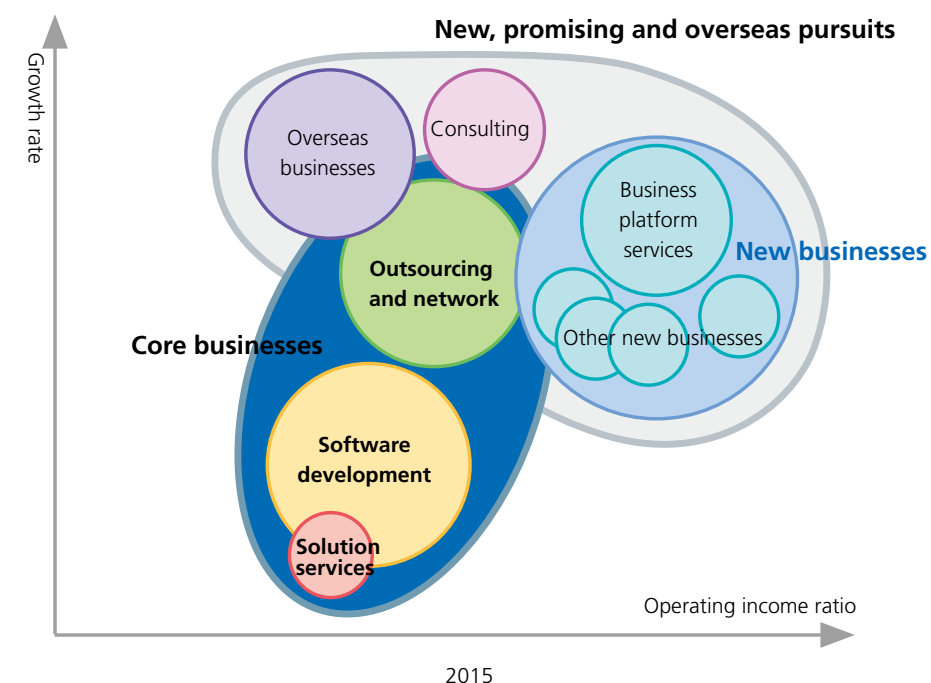
We will cultivate a vibrant corporate culture that encourages companies and individuals under the Group umbrella to work toward higher goals and embrace new challenges, and thereby ensure corporate growth.

We will always provide our very best to clients by combining Group strengths to foster higher quality and greater sophistication in our technological capabilities.

We will uphold high corporate morals and fulfill our social obligations.

Future Targets

By 2015, the IT Holdings Group will have built a business portfolio geared for higher growth and higher profit by entrenching core businesses and establishing a presence in new businesses.



Progress and Results as a Total IT Business Group

April 2008

IT Holdings is created through the management integration of major domestic information service providers TIS Inc. and INTEC Holdings, Ltd.

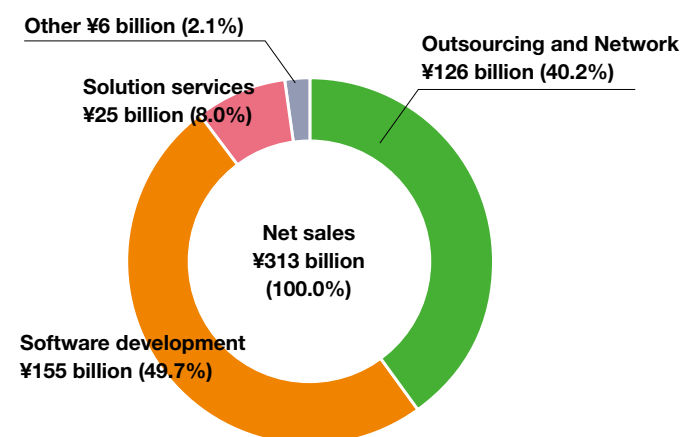
2008-2009

The Group is reorganized. Key events include splitting off companies under the old TIS Group umbrella and merging INTEC Holdings into INTEC Inc., and then putting the surviving subsidiaries under the direct control of IT Holdings.

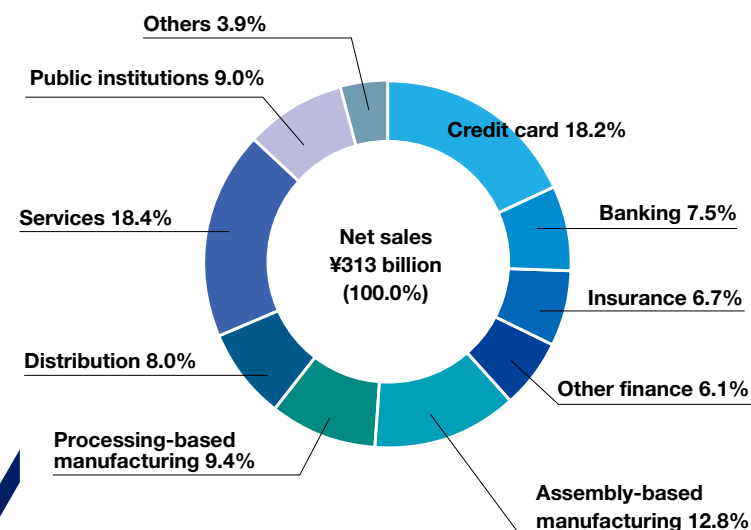
December 2009

SORUN CORPORATION joined the IT Holdings Group.

Net Sales by Business Segment (Year ended March 31, 2010)



Net Sales by Client Sector (Year ended March 31, 2010)



IT Holdings Corporation and Consolidated Subsidiaries

	2010	2009		2010
	Millions of yen	Millions of yen	Change	Thousands of U.S. dollars
For year ended March 31:				
Net sales	¥313,856	¥338,302	-7.2%	\$3,373,350
Operating income	15,996	23,787	-32.8%	171,931
Net income	7,660	9,407	-18.6%	82,328
At year-end:				
Total assets	313,077	295,327	+6.0%	3,364,972
Total net assets	155,075	146,216	+6.1%	1,666,758
Net cash provided by operating activities	31,401	34,311	-8.5%	337,495
Cash and cash equivalents at end of year	46,988	35,105	+33.8%	505,028
Per share of common stock (¥):				
Net income, basic	¥89.25	¥110.74	-19.4%	\$0.96
Net income, diluted	—	110.72	—	—
Net assets	1,602.77	1,541.17	+4.0%	17.23
Cash dividends	32.00	32.00	—	0.34
Key ratios (%):				
Return on equity	5.7%	7.4%	-1.7 points	
Equity ratio	44.2%	44.4%	-0.2 points	

Notes: 1. U.S. dollar amounts in this annual report are translated from Japanese yen, for convenience only, at the rate of ¥93.04 = US\$1, the approximate rate prevailing on March 31, 2010.
2. Return on equity = Net income/Equity capital [(equity capital at the beginning of the term + equity capital at the end of term)/2] x 100
3. Equity ratio = [Equity capital/Total assets] x 100
4. Equity capital = Net assets - [Subscription rights + Minority interests] = ¥138,401 million for the year ended March 31, 2010.

Principal Operating Companies	Consolidated Subsidiaries		Business Content	Fiscal 2010 Net Sales
	Domestic	Overseas		
TIS Inc.	1	3	Addresses IT needs of clients in many industries, including finance, manufacturing and service. Provides one-stop responses, ranging from platform system development to data center services.	¥90 billion (Consolidated)
INTEC Inc.	14	0	Boasts expertise in services for clients over a diverse industry spectrum, including finance, manufacturing, distribution, medical services and public services. Provides total solutions, from consultations and system development to outsourcing and network services.	¥93 billion (Non-consolidated)
SORUN CORPORATION	11	3	Focuses on clients in finance and manufacturing sectors but working to achieve good balance of business with orders from telecommunications and public service sectors. Also develops systems for aerospace industry.	¥46 billion (Consolidated)
UFIT Co., Ltd.	2	0	Strengths in services for clients in credit card and consumer finance sectors. Focuses on outsourcing services.	¥42 billion (Consolidated)
Agrex Inc.	6	0	Leading company in business process outsourcing in Japan. Listed on the First Section of the Tokyo Stock Exchange (4799)	¥26 billion (Consolidated)
Qualica Inc.	0	2	Maintains a high profile with services for the manufacturing, distribution and service industries.	¥13 billion (Non-consolidated)
AJS Inc.	1	0	Focuses on systems for the manufacturing and medical services industries.	¥10 billion (Non-consolidated)

Cautionary note regarding forward-looking statements

Performance estimates and other forward-looking statements in these materials are based on information available to management and certain reasonable assumptions at the time of publication. Various factors may cause actual figures to differ considerably from estimates.



Tetsuo Nakao
Chairman



Susumu Okamoto
President

On behalf of senior management and employees throughout the IT Holdings Group, we would like to take this opportunity to extend our sincere appreciation to you, our shareholders, for your invaluable support. The books for fiscal 2010, the year ended March 31, 2010, have been closed and it is time to tell you the results.

The information services industry faced an uphill battle on the profit front in fiscal 2010. The operating environment was made particularly challenging by a persistent trend among companies to limit IT investment to a select few projects while striving to reduce the costs incurred on any projects that funds have been earmarked for. This budgetary restraint stems from sluggish business conditions and reduced profitability.

The difficulties felt in the industry played out as the Bank of Japan had predicted in its short-term economic survey: investment in software would show a steep year-on-year decline in fiscal 2010.

The IT Holdings Group was not immune to the challenges that characterized fiscal 2010. Order activity dropped off significantly as clients, especially in the finance and manufacturing industries, tightened their

investment budgets and took an even more cautious approach toward spending, especially in regard to large-scale system development projects.

Against this backdrop, the Group stayed the course outlined in the medium-term management plan, emphasizing efforts to reinforce joint marketing and proposal activities among Group companies and prioritizing technology-driven strategies. A certain degree of success was achieved in reinforcing joint marketing and proposal activities, substantiated by a four-fold increase in the number of joint orders received. Technology-driven strategies hinged on efforts to turn demand for systems into broader business content. Management also emphasized the establishment of next-generation data centers and an enhanced lineup of cloud services.

An urgent task within the Group was to push costs down even further, and considerable effort was directed toward this end. But the absence of large-scale projects and clients' cautious stance in their IT investments adversely impacted results, leading to decreases in sales and profit.

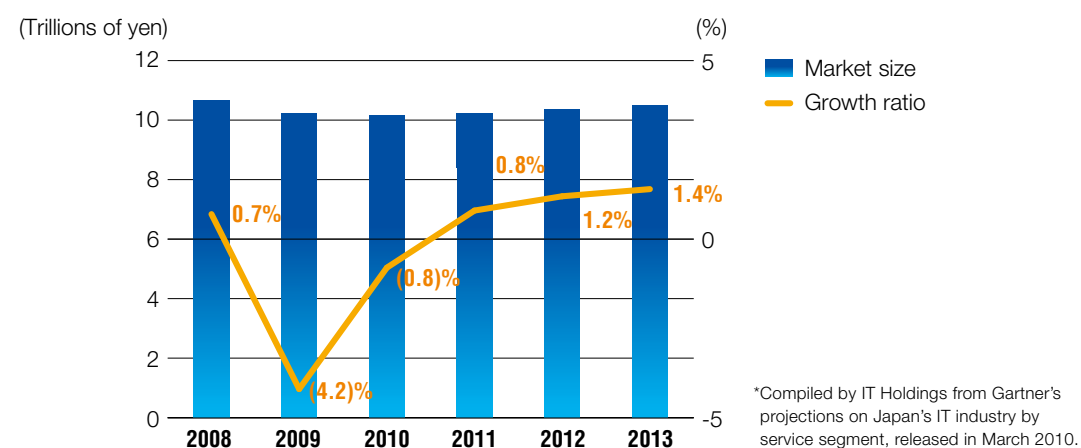
Fiscal 2011 is likely to be another tough year. But the Group now includes SORUN CORPORATION, and we, as the holding company, will strive to leverage excellent synergies in technology and know-how generated by SORUN and the rest of the Group with the merits of expanded business scale to achieve a sharper competitive edge. We will also strive to fortify the Group's management platform, promote steps to boost management efficiency, steadily tap emerging IT investment demand as the recovery takes hold—expected in the second half—and, ultimately, improve our performance.

We ask shareholders for their continued support. Your encouragement of our efforts is always instrumental to our success.

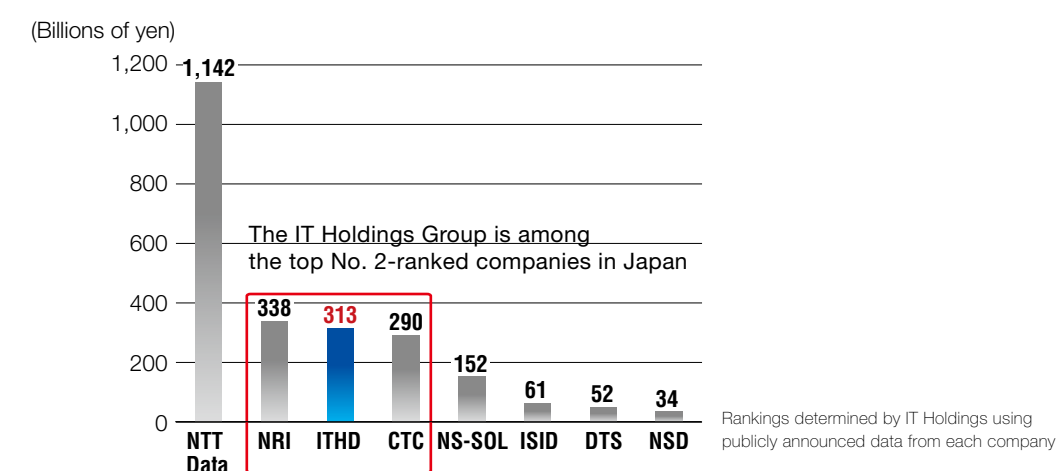
June 2010

Market Data in Japan

Anticipated Scale of Japan's IT Services Market



Fiscal 2010 Net Sales Industry Ranking



In April 2009, the IT Holdings Group embarked on IT Evolution 2011, its first medium-term management plan. This three-year blueprint is designed to quickly generate results from the April 2008 management integration that created IT Holdings. It also addresses the paradigm shift that characterizes the IT industry and prioritizes business model reform, from outsourced development (creation) to service (use), through progress in cloud services over the medium term.

We would like to describe the progress we have made on key strategies in our second year of operations and outline the activities we will tackle next.



Efforts to Expand Business

Seeking to raise corporate value through synergies generated in technology and know-how, IT Holdings brought SORUN under its umbrella in December 2009. The newly consolidated subsidiary was delisted from the First Section of the Tokyo Stock Exchange on March 29, 2010.

Extending the Range of Existing Businesses

Joint ordering activities, through which Group companies work together to cultivate client opportunities, yielded terrific results. The number of joint orders soared to 121 in fiscal 2010, with a value of ¥5.4 billion, compared with 29 orders worth ¥2.4 billion in fiscal 2009.

To acquire a larger share of orders within client industries, we constantly explored new approaches to existing and potential clients through industry-specific study sessions for Group companies to gain greater insight into client needs. We also established the Group Solutions Forum, an internal structure that supports information exchange and provides Group companies with an opportunity to showcase respective corporate resources. Reciprocal knowledge of company strengths can be a valuable tool for securing joint orders.

Building the Next-Generation Data Center Business

Past efforts to build and expand data centers ready to meet growing demand for services such as cloud computing have already been rewarded with the April 2010 opening of a data center in Tianjin, China, Tianjin Binhai high-tech Internet Data Center. This was followed by the July 2010 opening of a data center, INTEC Manyo Square, in Japan, in Takaoka, Toyama Prefecture. The data center network will expand further in fiscal 2012 with the anticipated opening of GDC Gotenyama, a data center in the Shinagawa district of Tokyo, and a facility under Power and IT Company, which was jointly established by Hokuriku Electric Power Company and INTEC.

Progress through the Medium-term Management Plan 1 Efforts to Expand Business

				Fiscal 2009	Fiscal 2010	Fiscal 2011 (Planned)	Fiscal 2012 and Beyond	Remarks
Business Development	Existing Businesses	Expand activities through synergy fusion	Flagship account strategy	Investigation	Pursuit (3 companies)	Expansion (9 companies)		
			Review meetings for cooperative approach by client and solution theme	Manufacturing	Finance			
			Solution Forum	Preliminary discussion (35 projects)	Announcement of results	Preliminary discussion (38 projects)		
			(Joint order results)	(29 projects/ ¥2.4 billion)	(121 projects/ ¥5.4 billion)			
			Build and expand next-generation data centers (DC)	Shinsaibashi gDC		Tianjin Binhai high-tech Internet Data Center (April) INTEC Manyo Square (July)	GDC Gotenyama Power and IT Company	<ul style="list-style-type: none"> Alliances and shared use of data centers by Group companies Shift to service-format business
	Overseas Businesses	Expand business presence, especially in the rest of Asia			Opened representative office in Vietnam	Dominant position strategy in China, specifically, Tianjin and Beijing, through SORUN connection		
		Support clients in their globalization efforts			Business alliance with BT	IT support for clients' overseas bases		
	New Businesses	Solution business			Combine the know-how and technologies of TIS and INTEC into marketable solutions	<ul style="list-style-type: none"> Start cloud telephony business Add to service menu with solutions aimed at such targets as the environment business Establish department to address IFRS 		Anticipate solution- and service-format business trends and hone ability to capitalize on such trends
		Create business platform business			Real Cloud Solution (IUK/ INTEC Systems Institute)	Business platform business (cloud business) Start with three layers of services: SaaS, PaaS, IaaS		

Developing New Businesses

Cloud services from the IT Holdings Group utilize results achieved through outsourcing and system development for clients in various industries, including finance, manufacturing and distribution. The Group has about 30 types of original cloud services in its business arsenal, including industry- and business-specific formats and shared service formats. Moving forward, the Group will use environment-friendly next-generation data centers featuring energy-saving technologies—a network of facilities that IT Holdings is steadily expanding—to promote wider interest in cloud services.

Promoting Business Overseas

In fiscal 2010, TIS opened a representative office in Vietnam. From fiscal 2011, IT Holdings Group plans to enhance its presence in China, with SORUN, a new addition to the Group with bases in Beijing and Tianjin. In addition, the Group aims to pursue full-scale joint marketing activities made possible through preparations for joint projects with U.K.-based BT, following the business alliance signed in June 2009.

Efforts to Enhance Management Efficiency

On the management efficiency front, IT Holdings introduced a cash management system to make procurement and application of funds within the Group more effective.

In April 2010, the Company set up a groupwide health insurance plan as the groundwork for an employee health and welfare benefits platform. To create a groupwide communication platform, the Company embraced social networking services*. About 2,500 employees had signed up as of June 2010, and use the system to exchange work-related information.

Group companies continue to promote measures, such as shared back-office operations, integrated planning on information systems and optimized group formation, initiated in fiscal 2009, and direct energy into building a stronger, more efficient group management platform.

*Social networking services (SNS): Community-based web service used within the IT Holdings Group as a tool to facilitate communication among employees.

Progress through the Medium-term Management Plan 2 Efforts to Enhance Management Efficiency

			Fiscal 2009	Fiscal 2010	Fiscal 2011 (Planned)	Fiscal 2012 and Beyond	Remarks
Management Efficiency	Operations, Assets, Capital and Finances		Plan Preparation	First Medium-term Management Plan			
		Visualization	Group presidents committee, executive committee and information exchange committee	Introduced hierarchical management method	Introduce Cash Management System (CMS)	Establish groupwide information system	
		Concentration of Group's headquarter operations		Established shared company (IT Service Force Inc.)			
		(Number of companies and business activities targeted)		(10 companies/35 operations)	(15 companies/60 operations)		
		Cost reduction through centralized purchasing		Implemented Group purchasing for indirect materials	Expand scope of products under Group purchasing structure as well as the number of companies involved		
		(Reduction)		(¥20 million)	(¥60 million)		
		Effective use of capital			Introduce CMS		
		(Number of companies targeted)			(4 companies)	(18 companies)	
	Personnel, Corporate Culture	Set up employee health and welfare benefits program		Made preparations for groupwide health insurance plan	Establish groupwide health insurance plan		Consider integrating SORUN health insurance plan into Group plan
		Enhance Group communication		Introduced groupwide social networking system	Boost number of registered users to about 2,300 in five months into system activation		

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What's SORUN all about?

SORUN CORPORATION traces its roots back to 1970, when the company was established as Matsumoto Keisan Center Co., Ltd., in Matsumoto, Nagano Prefecture. Tapping mergers and acquisitions as the strategic route toward growth as an independent software developer, the company merged with Stat Corporation in 1997. This was followed by a number of equity investments and mergers with such targets as Nippon Timeshare Co., Ltd., and LTBC Systems Co., Ltd., which underpinned the creation of today's SORUN Group.

SORUN has clients in many industries, including finance, manufacturing, communications and the public sector. A unique component of the company's business is its involvement in the development of satellite monitoring and control systems.

Location
Tokyo

Consolidated net sales
¥46,985 million (as of March 31, 2010)

Number of employees (Group basis)
4,318 (as of March 31, 2010)

President and Representative Director
Masaki Chitose



FY2010 : net sales total **¥313,856** million

Outsourcing and Network

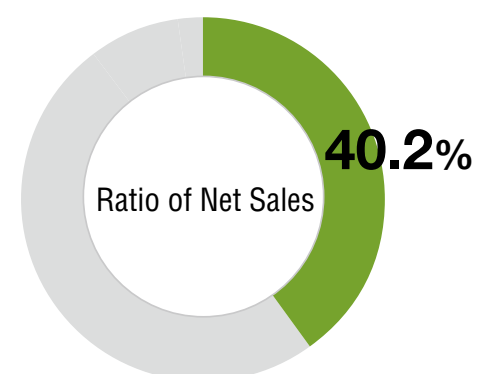
This segment utilizes data centers to provide such services as outsourcing, and system operations and network configuration.

Despite sales-limiting factors, particularly requests from major clients to lower prices, contributions from NEXWAY and SORUN nudged outsourcing and network sales to ¥126,164 million (\$1,356 million), up 0.4% from fiscal 2009.

The main Outsourcing and Network results

- Undertake banking system operation
- Undertake insurance business operation
- Configure networks linking offices and branches in the securities, credit card and nonbank sectors
- Provide electronic data interchange (EDI) services and SaaS center for distribution and service sectors
- Operate next-generation data centers

FY2010 : net sales total	¥126,164 million
FY2009 : net sales total	¥125,721 million
% change	+0.4 %



Software Development

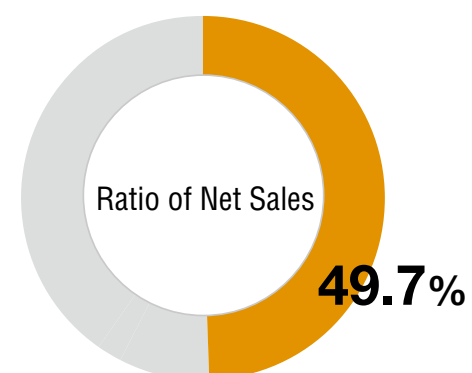
This segment offers total system integration services, from information system planning to configuration.

It was a challenge to secure new software development orders, given the trend toward reduced IT investment among clients. This situation was compounded by the absence of new large projects to replace completed projects. Therefore, even with the inclusion of sales by SORUN from the fourth quarter, sales in the software development segment dropped 11.3%, to ¥155,976 million (\$1,676 million).

The main Software Development results

- Respond to system integration requirements prompted by mergers in the banking, life insurance and non-life insurance sectors
- Configure large-scale information-based systems for securities firms
- Configure nonbank main systems for credit card companies
- Build customer relationship management systems
- Support configuration of basic service systems, including enterprise resource planning systems

FY2010 : net sales total	¥155,976 million
FY2009 : net sales total	¥175,847 million
% change	-11.3 %



Solution Services

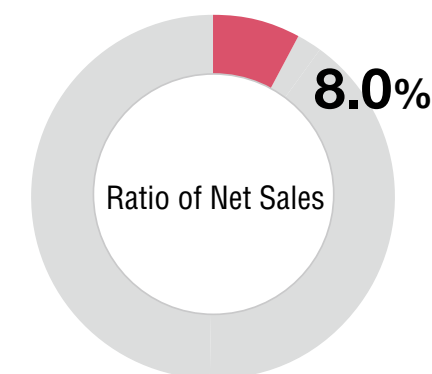
This segment concentrates on the sale of software and hardware.

Demand for hardware remained sluggish, reflecting poor economic conditions, and sales in the solution services segment decreased 14.9%, to ¥25,021 million (\$268 million).

The main Solution Services results

- Sell hardware, including cloud storage devices
- Sector-specific solutions, for anti-money laundering, chemical substance information management (Chemikarte), identity management (Yuito, Sokuto) and food traceability (i-TRE)

FY2010 : net sales total	¥25,021 million
FY2009 : net sales total	¥29,409 million
% change	-14.9 %



Other Business

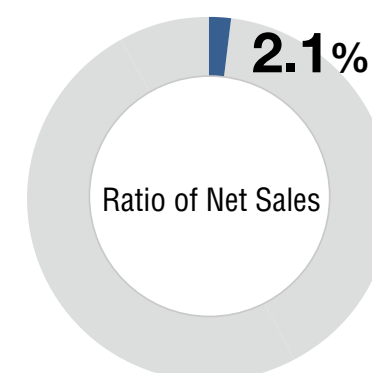
This segment combines supplementary services, such as leasing, extended through the provision of information systems.

The other business segment showed an 8.6% decline in sales, to ¥6,693 million (\$71 million).

The main Other Business results

- Services associated with general affairs, bookkeeping and accounting, procurement and purchasing, human resource management and labor management
- Total leasing, including computers and peripheral equipment, industrial equipment and office equipment

FY2010 : net sales total	¥6,693 million
FY2009 : net sales total	¥7,325 million
% change	-8.6 %



TIS SAP System Upgrade and Migration for Mitsui Chemicals, Inc.

TIS has extensive knowledge and experience with enterprise resource planning (ERP) software packages and a solid history in the operation of large-scale systems. The company utilizes these strengths to underpin ERP implementation and support, including SAP applications.

In fiscal 2010, TIS undertook a system upgrade and migration project for Mitsui Chemical, a major integrated chemicals company headquartered in Japan. The system is used to handle core administrative tasks throughout the client company, namely financial accounting, administrative accounting, production control, quality control, sales management, purchasing control and distribution management.

The system went on line in 2001, and seeing that the software and hardware were both due for maintenance, TIS suggested an upgrade in hardware to raise system reliability and stability and reduce operating costs, along with a newer version of software as well as migration to a Windows environment, which has gained rapid popularity in the last few years.

The large-scale mission-critical system required some modification to allow for limited time and budget. Toward this end, TIS executed a detailed analysis of administrative processes and utilized its wealth of accumulated SAP-related experience and product knowledge to efficiently perform a suitable level of tests to ensure that the system meets client needs. This commitment to client satisfaction ensured a smooth transition from the old environment to the new one.



UFIT SaaS-Based School Fee Account Transfer Service Begins

Rakuraku Shukin, a Software as a Service, or SaaS, for transferring school fees developed by UFIT, was introduced by the city of Kiyosu, Aichi Prefecture, and supports the collection of fees, such as those for school lunches and educational materials, needed to finance the operation of schools.

This service solves various problems associated with the collection of school fees: eliminates concerns over the loss or theft of cash; lightens the growing administrative workload involved in invoicing and deposits; and ensures school lunch fees are paid.

In its SaaS format, Rakuraku Shukin facilitates changes to amounts and makes administration of transfers more efficient by placing management applications on the Internet. This covers invoice management for transferring collected fees, such as those for school lunch and educational materials, to accounts as well as deposit management for tracking account transfers and the recipients of cash.

In 2005, the city of Kiyosu introduced a stand-alone version* of Rakuraku Shukin to link all elementary and junior high schools in its jurisdiction to facilitate school fee collection activities and improved related administrative processes. The switch to a SaaS-based service will boost operating efficiency by realizing additional improvements in invoice-related administration and reducing concerns about the loss of data.

*A service in which specialized software is installed in computers independent of any network and not reliant upon any other equipment to operate.

INTEC Next-Generation Store Operation System

Yoshinoya is a restaurant chain specializing in a dish called "gyudon," a bowl of rice topped with beef and vegetables. INTEC built a next-generation store operation system that went on line in February 2009 throughout the Yoshinoya network, which had 1,174 locations as of July 2010. Yoshinoya needed a new system to support store restructuring efforts, and INTEC provided comprehensive support, from system planning through activation at all stores.

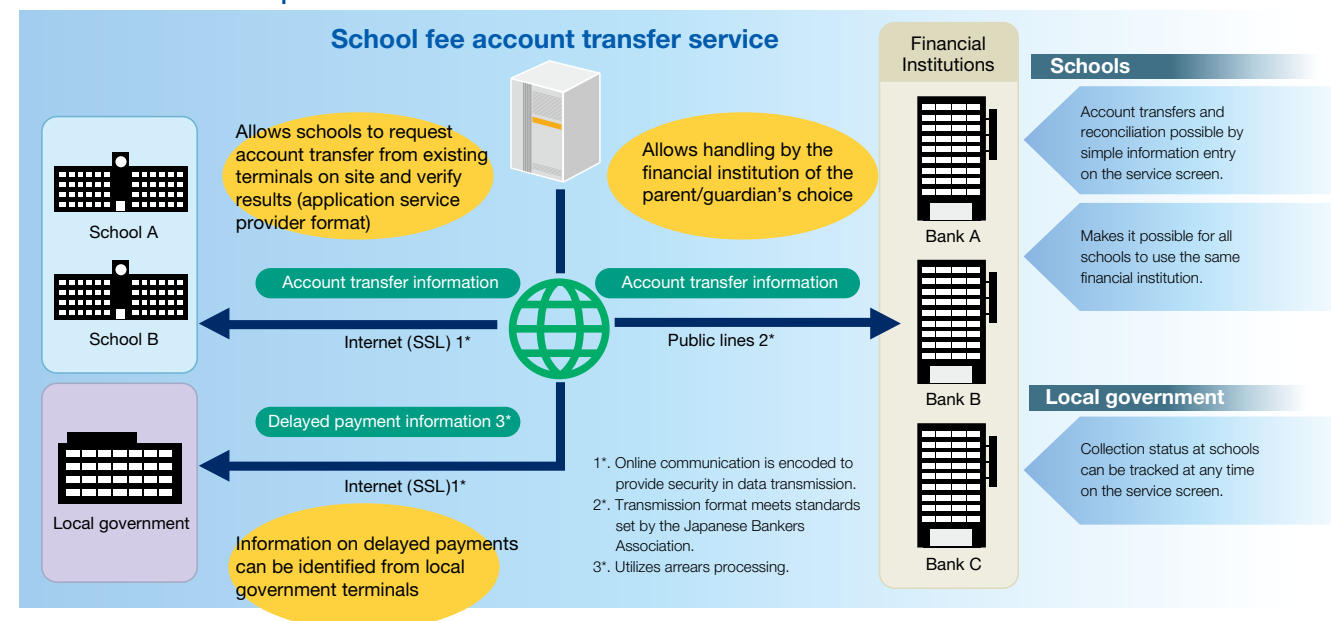
The system has two main functions. One is a store function, which supports integrated business activities related to the operation of stores. An example would be automated estimates on order volume, based on sales data, to enhance efficiency and accuracy in the ordering process. The other is a business function, with an analytical capability, to support sales predictions and staffing plans, based on sales and personnel expense data collected from stores. In addition, groupware was installed to expedite the information transfer between the head office and stores. This effort has successfully reduced back office procedures, such as order adjustments and sales reports.

The new system utilizes INTEC's considerable expertise in electronic data interchange and value-added networks and enables stable processing of hundreds of millions of monthly transactions. Looking to the future, INTEC created a highly scalable system suitable for up to 1,500 stores.

INTEC will continue to aggressively develop system configuration support services for companies with large store networks.



Service in Use Conceptual Scheme



TIS, INTEC, Intec Systems Institute and Intec NetCore form the core of the Group's efforts in leading-edge R&D in the domains described below. In the fourth quarter of fiscal 2010, SORUN joined the Group and expanded the scope of R&D activities.

(1) Software development technology

Software development technology is a vital R&D theme for the IT Holdings Group, which approaches the genre from two angles: high quality and high productivity. Each companies in the Group maintain a steady and aggressive approach to the realization of valuable R&D results.

A concrete example of this commitment is Virtual Project Room, a type of Platform as a Service, or PaaS, for software developers. This project was a joint effort by INTEC, Intec Systems Institute and TIS, and the results are being put to practical use. For TIS, Virtual Project Room has greatly enhanced productivity in offshore development operations and successfully reduced in-house main system maintenance costs by half.

On its own, INTEC undertook research on knowledge-support systems to make its system integration business more efficient. Results gained through this research have been implemented.

Meanwhile, TIS developed framework prototypes and application infrastructures using leading-edge technologies such as continuous integration and automated testing. In specific domains, the company used domain-specific language development methods that dramatically boost development productivity and achieved high-productivity product management with agile software development methods.

(2) Service platform technology

Platform technology R&D enables the Group to anticipate the market changes that accompany technological innovation and underpins the development of new products and new services.

INTEC emphasized platform R&D to facilitate use of existing web-based application Software as a Service, or SaaS, and supported the service and planning proposals of operating divisions.

On the local WiMAX (worldwide interoperability for microwave access) technology front, INTEC continued to offer assistance to a project established jointly with the Keio Research Institute at the Shonan-Fujisawa Campus of Keio University and undertook R&D on a local signage platform application.

TIS investigated several non-relational databases, including Hadoop, and began applied research on the use of such frameworks in its services. The company also evaluated next-generation Android and iPhone smartphones and initiated a pilot project using smartphones as a component of mobile enterprise platforms.

(3) Next-generation IT constituent technology (industry-specific emphasis)

The Group is keen to tailor next-generation IT constituent technology to the needs of client industries. Therefore, engineers assigned to this genre of R&D consider available technologies and explore possible applications in each client industry.

A concrete example is the Asbestos Automated Measurement System, which delivers instantaneous, on-site measurement of asbestos. In fiscal 2010, engineers ran tests on a number of samples, collected data, and then moved into R&D aimed at realizing a marketable system.

The Group also operates a netizen site—an e-learning environment for ordinary citizens to promote lifelong study—and performed verification tests in collaboration with the University of Toyama on Web Portfolio, which has potential as a next-generation e-learning system.

Another area of interest is research into the creation of a customized health care services market. The Group was assigned to investigate an application platform for lifetime health information collected by local governments, while INTEC and TIS jointly tackled verification tests on business-oriented health support services.

(4) Next-generation IT constituent technology (advanced constituent technology)

A topic of major interest these days is the fast-approaching end of available IPv4 (Internet Protocol version four) addresses and the inevitable migration toward IPv6 (Internet Protocol version six). The pool of unallocated IPv4 addresses is expected to dry up sometime between 2011 and 2012. An industry group—Task Force on IPv4

Address Exhaustion, Japan—was established by telecommunications and Internet-related associations in Japan, to promote smooth transition to IPv6 and to encourage wider deployment of IPv6-oriented hardware, software and support services.

Intec NetCore is tapping into several of the latest trends, but the spotlight is on IPv4/IPv6 coexistence technology, which has become a key topic in an industry characterized by increased migration toward IPv6. In addition, the company offers consultations based on expertise gained in the delivery of network management systems to three major communication carriers in Japan.

Intec NetCore is also pursuing R&D on a multihoming technique that will enable users to easily create highly dependable online networks. Multihoming is a technology that uses several IP addresses to connect a host to the Internet, and it is essential to the realization of highly reliable communication networks. Two Requests for Comments—that is, proposals—submitted to the Internet Engineering Task Force on techniques that utilize multihoming were adopted by the Internet standards organization, in April and October 2009.

Having developed a measurement technique that pinpoints the quality of each Internet connection in an IP network, Intec NetCore continues to analyze and store Internet measurement quality data from Japan and overseas. The company is currently working to commercialize services utilizing this technique as well as its IPv4/IPv6 coexistence technology while exploring methods to optimize network resources.

SORUN prototyped a solution for implementing remote environment tests on applications built into devices using Android technology. The company achieved a format whereby log data generated during the tests was temporarily transferred to a cloud environment and then transmitted as necessary to a remote environment for analysis.

Meanwhile, Intec NetCore and Intec Systems Institute utilized cloud computing technology in developing a method that allows companies, primarily, to activate private clouds within their own corporate structures. Companies can use this method when building in-house systems to configure reliable, scalable application platforms fine-tuned to respective organizational capabilities. Such high-level, decentralized computing technology has the potential to dramatically cut the cost of building private clouds, and preparations are under way to create a full-fledged business out of this new method.

(5) Bioinformatics-related systems

In life science R&D, progress in testing methods and equipment makes it easier to amass vast amounts of data in a short period of time. Paralleling this, bioinformatics and information sciences have become increasingly important to support computer analysis of all the data and underpin new biological discoveries.

In joint research with non-Group partners, Intec System Institute and the Institute of Physical and Chemical Research, known as RIKEN, achieved results that led to patents on a bioinformation analyzer, analysis method and analysis program. The objective was to search the genetic switch responsible for life phenomena, and the structural principle that controls the circadian clock in mammals was successfully identified. The next step is to create a technique that cracks the biomechanisms of diseases and drug side-effects at the genetic level for application in innovative drug development.

Intec Systems Institute is also participating in the Functional RNA Project—a five-year, strategic R&D effort launched by the Ministry of Economy, Trade and Industry in 2005—as a member of the Japan Biological Informatics consortium. The company is responsible for bioinformatic R&D aimed at finding and analyzing functional RNA. A notable result achieved so far is the expanded scope of a patent for a microRNA analyzer, analysis method and analysis program overseas. The company will now move forward on research that will turn developments to practical results, such as the capacity to discover biomarkers.

(6) Other R&D pursuits

Intec Systems Institute applied for five new patents in fiscal 2010, including the ones described above. For R&D in progress, the company provides updates through scientific papers, outside lectures and articles in the INTEC Technical Journal. The company also takes an active role in cultivating the skills of tomorrow's software and system engineers with support for a program at the University of Toyama and special lectures at Toyama Prefectural University.

TIS inaugurated an in-house venture system with the debut of Sonic Garden and launched an in-house social networking system called Skip that connects all employees horizontally and promotes communication throughout the organization.

Total R&D expenses reached ¥912 million in fiscal 2010.

I. Basic Policy

To maintain the trust of all stakeholders, including clients and shareholders, and to be a corporate citizen who meets the expectations of society, the Company will strive to reinforce corporate governance, not only by raising the transparency and soundness of management practices but also by paying constant attention to the actions taken in the pursuit of business to ensure suitable levels of corporate ethics and legal compliance.

The Company's governance structure relies on the holding company's board of directors to achieve flexible and efficient management of the Group while respecting the individuality and independence of each Group company.

1. Board of Directors, and Executive Officer System

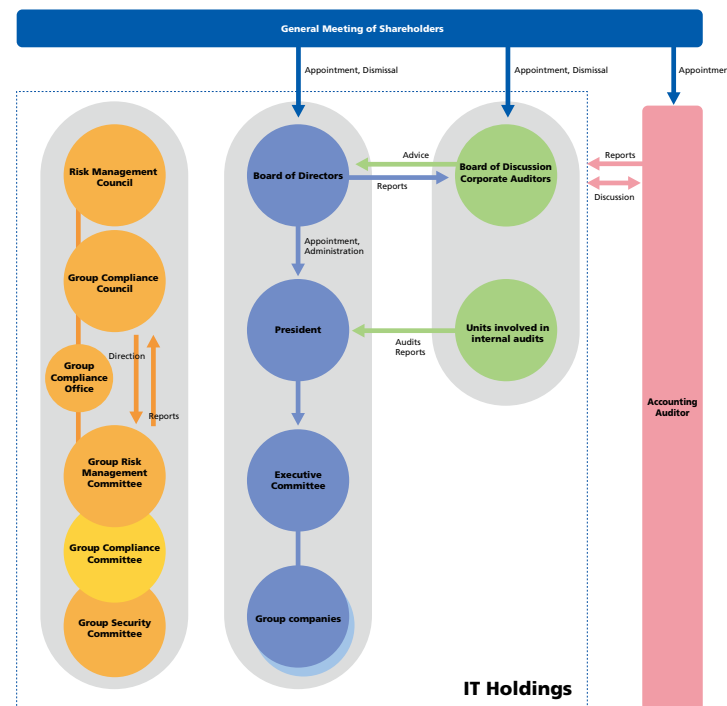
The Company's Board of Directors comprises no more than 15 members, as set forth in the Articles of Incorporation. The Board meets monthly but will also convene whenever necessary to discuss and finalize decisions regarding important business activities and legal matters pertaining to the execution of operations.

To strengthen the supervisory function of the Board of Directors, two of the 10 directors on the Company's Board of Directors are from outside the Company. The responsibilities of individual directors are clearly defined, and the term of office is limited to one year to create the best possible management structure to respond flexibly to changes in the operating environment.

The Company introduced a groupwide executive officer system and established an Executive Committee to support and expedite decision-making efforts relating to the execution of duties by representative directors.

The Executive Committee meets as situations require to monitor progress of the business and affairs of the Group. This committee also discusses important issues related to the execution of operations, shares information and generally underpins enhanced governance of the Group.

The Company's corporate structure and internal control systems are illustrated.



2. Corporate Auditors, Internal Auditing Departments and the Accounting Firm

The Company maintains a corporate auditor system. The Board of Corporate Auditors comprises four auditors, three of whom are outside auditors. Corporate auditors attend Board of Directors' meetings, examine important documents, perform audits of subsidiaries and, when necessary, seek the opinion of others, including the Company's accounting firm, the Group Compliance Office and other units involved in internal audits. They also keep close watch over the execution of duties by directors pertaining to business and all operating activities.

The Group Internal Audit Office, with a staff of four, is an internal auditing unit under the Compliance Division. This office exchanges information, as necessary, with units involved in internal audits at Group companies, including corporate auditors and accounting firms, and strives to ensure effective, high-caliber internal audits on a groupwide basis. In addition, the office exchanges information with the Group Finance and Accounting Department and the Group Compliance Office, verify explanations based on the results of implemented audits and any problem points discovered.

3. Executive Compensation

Compensation for the Company's directors (excluding outside directors) comprises two portions: a base salary and an amount linked to performance. Compensation is reviewed annually for each director.

Base salary is a fixed monthly amount reflecting the individual rank of the director. The performance-linked portion is also a monthly amount specific to rank but tied to performance and must not exceed a fixed upper limit.

Guidelines have also been established that peg contributions into the executive shareholding association according to base salary and limit the purchase of stock to a fixed amount.

Category	Total base salary	Number of executives
Directors (outside directors' portion)	¥247 million (¥12 million)	6 (2)
Corporate auditors (outside corporate auditors' portion)	¥50 million (¥29 million)	5 (3)
Total (outside executives' portion)	¥298 million (¥41 million)	11 (5)

Notes:

- The Company has not introduced a retirement benefits system nor does it pay out bonuses.
- In fiscal 2010, no employee salary portions were paid to employees who concurrently hold positions as directors.
- As of March 31, 2010, the Company had eight directors, two of whom were outside directors, and four corporate auditors, three of whom were outside corporate auditors. The number of directors and the number of corporate auditors differs from those presented in the accompanying table because two directors did not receive compensation and one corporate auditor retired at the end of the 1st General Meeting of Shareholders on June 25, 2009, but was included in the total.
- Total compensation paid to directors and corporate auditors was within ¥400 million per year for directors (within ¥50 million for outside directors) and within ¥85 million for corporate auditors, as approved by shareholders at the 1st General Meeting of Shareholders on June 25, 2009.
- Total Amount of Compensation, Consolidated Basis, to Individual Executives Receiving Compensation Packages Exceeding ¥100 million: Not applicable.

Board of Directors and Auditors (As of June 24, 2010)

Chairman	Tetsuo Nakao	Director and Senior Advisor	Junji Kitagawa
President	Susumu Okamoto	Directors	Hiroaki Fujimiya Shingo Oda *
		* External Director	Katsuki Kanaoka Yoshinobu Ishigaki *
			Masaki Chitose
Executive Vice Presidents	Norio Maenishi Koju Takizawa	Corporate Auditors	Tamaki Tsuchiya (standing auditor) **
		** External Corporate Auditor	Tadamasa Hayashi (standing auditor)
			Jun Ito **
			Shigekazu Takeuchi **

4. Accounting Audits

The Company has engaged Ernst & Young ShinNihon LLC as independent auditor responsible for accounting audits.

The certified public accountants who conduct audits of the Company's books are as follows.

Certified public accountant	Osamu Oyama (two years of auditing IT Holdings)
Certified public accountant	Keizo Omura (one year of auditing IT Holdings)
Certified public accountant	Masato Saito (two years of auditing IT Holdings)
Number of assistants involved in accounting operations	
	Certified public accountants 6
	Other assistants 10

5. Compensation to Certified Public Accountants

During the fiscal year ended March 31, 2010, the Company pays the accounting firm to provide the following services, in addition to the services covered in Article 2, Paragraph 1 of the Certified Public Accountants Law.

To verify the implementation and utilization status of the internal control system, based on Auditing Standards Committee Report No. 18 issued by the Japanese Institute of Certified Public Accountants.

The Company has not established a policy regarding compensation for audits executed by certified public accountants. The Company maintains an appropriate amount in line with the audit plan formed by certified public accountants and determines compensation for audits with the approval of the Board of Corporate Auditors.

(Millions of yen)

	Year ended March 31, 2009		Year ended March 31, 2010	
	Compensation for audit certification	Compensation other than for audit certification	Compensation for audit certification	Compensation other than for audit certification
The filing company	35	14	52	1
Consolidated subsidiaries	223	88	228	53
Total	258	103	280	55

Notes:

(1) Approval Criteria for Election of Directors
In its Articles of Incorporation, the Company sets forth a clause stating that the appointment of a candidate to the Board of Directors must be approved by a majority vote of shareholders in attendance whose combined shareholdings represent more than one-third of total voting rights held by shareholders with the ability to exercise such rights. The Articles of Incorporation include a clause preventing cumulative voting in obtaining approval of appointment for director candidates.

(2) Approval Criteria for Special Resolutions at the General Meeting of Shareholders
Special resolutions described under Article 309, Paragraph 2 of the Company Law that are put before the general meeting of shareholders must, in accordance with a clause provided by the Company in its Articles of Incorporation, be passed with a number of votes corresponding to more than two-thirds of voting rights held by shareholders in attendance whose combined shareholdings represent no less than one-third of total voting rights held by shareholders with the power to exercise such rights. Management believes that this reduced quorum for special resolutions facilitates the execution of the general meeting of shareholders.

(3) General Meeting of Shareholders' Agenda Items that Can Be Resolved by the Board of Directors
(i) Seeking to achieve a flexible capital policy geared to the operating environment, the Company provides in its Articles of Incorporation a clause allowing the Board of Directors to approve the purchase of treasury stock from the market, in accordance with Article 165, Paragraph 2 of the Company Law.
(ii) The Company's Articles of Incorporation includes a clause that grants the Board of Directors the authority to approve the distribution of retained earnings to registered shareholders as of September 30 each year, as described in Article 454, Paragraph 5 of the Company Law, to promote the flexible return of profits to shareholders.

(4) Limited Liability Agreements with Outside Directors and Outside Corporate Auditors
In accordance with Article 427, Paragraph 1 of the Company Law, the Company enters into agreements with its outside directors and outside corporate auditors that limit their liability for compensation under Article 423, Paragraph 1 of the Company Law. The liability amount pursuant to such agreements shall be limited to the minimum stated in Article 425, Paragraph 1 of the Company Law.

II. Risk Management System

Management formulated a basic policy on corporate social responsibility, and the president continually conveys the spirit of this policy to executives to ensure that the corporate activities are conditioned by compliance with laws and regulations and underpinned by respect for social morals. The Company has the following structures in place to reinforce compliance and risk management practices.

1. Group Compliance Department and Group Compliance Committee

The Group Compliance Department underpins the laterally extending compliance structure groupwide and identifies trouble spots. The Group Compliance Committee, chaired by the president, discusses compliance-oriented issues of importance on a groupwide basis and promotes widespread efforts to address areas in need of improvement.

2. Status of Risk Management System

In the execution of its business activities, the Company is always aware of the various risks that accompany such activities. The risks of greatest weight for the Company, as an organization that handles information, are natural disasters, such as earthquakes, which could damage data centers, and information leaks, particularly unauthorized disclosure of personal information.

Risk management is practiced at all Group companies, and the Risk Management Committee plays a key role in directing and supporting the activities undertaken by risk management committees at each Group company. In addition, the Company is ready to act quickly with various response teams, if a vulnerability is discovered. This is part of an internal structure to minimize the impact of a risk situation on operations by ensuring sufficient communication within the Group.

The Group Compliance Committee is a component of the Company's risk management strategy to reinforce compliance practices groupwide and thereby enhance risk management.

These groupwide structures will be reviewed as necessary to keep responses current to the changing risks that mirror the evolution of the Group's business activities and market conditions.

* Please refer to "Business Risks" on page 24.

IT Holdings Group
Basic Direction on CSR

The management philosophy that permeates the IT Holdings Group stresses the Group's development into a corporate citizen whose activities, hinging on the provision of various services utilizing IT, match its status as a leading corporate group. This philosophy also underpins the Group's efforts to raise corporate value, supported in this effort by the high regard of all its stakeholders, including clients and shareholders as well as employees and their families. The Group's stand on corporate social responsibility is evident in its commitment to cultivate a vibrant corporate culture that encourages the companies and individuals under the Group umbrella to work toward higher goals and embrace new challenges, to be honest and fair in business pursuits based on respect of the law, of course, as well as high moral standards, and to fulfill social obligations. This is the Group's basic direction on CSR.

Ensure sound, transparent management practices	Acknowledge responsibilities as a leading corporate group in the IT services industry and undertake sound corporate activities with integrity and clarity of purpose. In addition, be sincere and fair in dealings with all stakeholders.
Provide optimum services	Always provide the very best to clients and strive to raise customer satisfaction levels through excellent quality and technology built on the composite strengths of the Group.
Develop talent	Cultivate an environment in which employees always look ahead, striving to achieve higher goals and embracing new challenges. Provide opportunities to grow and realize personal goals, create a safe and productive work environment, and give everyone the freedom to reach their potential.
Respect the law	Maintain high corporate morals, obey the law and uphold parameters of socially acceptable conduct. Have absolutely nothing to do with antisocial forces.
Maintain fair business practices	Ensure an appropriate perspective on business transactions, based on fair and open competition.
Protect the environment	Recognize that environmental problems warrant universal attention and promote efforts to save resources and energy in the execution of corporate activities. Also, through IT services, support clients' efforts to enhance operating efficiency and reduce energy consumption, thereby contributing to lower environmental impact.
Contribute to society	Actively participate in community events as a corporate citizen whose social standing matches its leading industry status.
Be a part of the international community	Naturally, obey internationally recognized rules and local laws in the execution of cross-border projects, but also contribute to social and economic development in the countries where the Group maintains a presence by recognizing local culture and customs.

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Corporate Data

As of March 31, 2010, the IT Holdings Group comprised parent company IT Holdings Corporation (“IT Holdings” or “the Company”) and 55 consolidated subsidiaries, including principal subsidiaries TIS Inc., INTEC Inc., SORUN CORPORATION, UFIT Co., Ltd., Agrex Inc., Qualica Inc. and AJS Inc.

New to the IT Holdings Group in fiscal 2010, ended March 31, 2010, were IT Service Force Inc., through establishment, and SORUN, through equity acquisition.

Several subsidiaries have been excluded from the scope of consolidation, effective from fiscal 2010. On July 1, 2009, TIS Solution Business Co., Ltd., was merged into System Engineering Laboratory Co., Ltd., which then underwent a name change, to NEOAXIS Co., Ltd., and TIS Solution Business was removed from the scope of consolidation. On October 2009, INTEC Holdings, Ltd., was absorbed by INTEC, and on February 2, 2010, Bit Cruise, Inc., was absorbed by es Crew, Inc., with the two non-surviving companies effectively removed from the scope of consolidation. In December 2009, all shares in LANSA Japan Ltd. were sold, and the company was removed from the scope of consolidation.

Performance Summary

Net Sales

Net sales benefited from the inclusion of business results posted by newly consolidated SORUN from the fourth quarter. However, this was not enough to offset the impact of fewer large projects to replace those completed in fiscal 2009 and tighter investment budgets among clients. Consequently, net sales fell 7.2%, to ¥313,856 million (\$3,373 million). A breakdown of performance according to business segment is provided below.

Outsourcing and Network

Despite sales-limiting factors, particularly requests from major clients to lower prices, contributions from NEXWAY and SORUN nudged outsourcing and network sales to ¥126,164 million (\$1,356 million), up 0.4% from fiscal 2009.

Software Development

It was a challenge to secure new software development orders, given the trend toward reduced IT investment among clients. This situation was compounded by the absence of new large projects to replace completed projects. Therefore, even with the inclusion of sales by SORUN from the fourth quarter, sales in the software development segment dropped 11.3%, to ¥155,976 million (\$1,676 million).

Solution Services

Demand for hardware remained sluggish, reflecting poor economic conditions, and sales in the solution services segment decreased 14.9%, to ¥25,021 million (\$268 million)

Other Business

The other business segment showed an 8.6% decline in sales, to ¥6,693 million (\$71 million).

Millions of yen			
	2010	2009	% change
Net sales	313,856	338,302	-7.2
Outsourcing and network	126,164	125,721	+0.4
Software development	155,976	175,847	-11.3
Solution services	25,021	29,409	-14.9
Other	6,693	7,325	-8.6

Costs, Expenses and Earnings

Cost of sales decreased 6.6% from fiscal 2009, to ¥254,827 million (\$2,738 million), but the cost of sales ratio rose, albeit 0.5 percentage point, to 81.2%, because the drop in cost of sales was smaller than the drop in net sales. Gross profit retreated 9.7%, to ¥59,029 million (\$634 million), and the gross profit ratio dipped 0.5 percentage point, to 18.8%.

Selling, general and administrative expenses edged up 3.5% from a year earlier, to ¥43,033 million (\$462 million). As a percentage of net sales, SGA expenses grew 1.4 percentage points, to 13.7%.

At results, operating income was ¥15,996 million (\$171 million), down 32.8% over fiscal 2009, and net income amounted ¥7,660 million (\$82 million), down 18.6% year-on-year.

Millions of yen			
	2010	2009	% change
Cost of sales	254,827	272,945	-6.6%
Cost of sales ratio	81.2%	80.7%	+0.5 points
Gross profit	59,029	65,357	-9.7%
Gross profit ratio	18.8%	19.3%	-0.5 points
Selling, general and administrative expenses	43,033	41,570	+3.5%
Selling, general and administrative expenses ratio	13.7%	12.3%	+1.4 points
Operating income	15,996	23,787	-32.8%
Operating income ratio	5.1%	7.0%	-1.9 points
Net income	7,660	9,407	-18.6%
Rate of return	2.4%	2.7%	-0.3 points

Financial Position

Assets

At March 31, 2010, total assets stood at ¥313,077 million (\$3,364 million), up 6.0% from a year earlier. Of this amount, total property and equipment accounted for ¥91,999 million (\$988 million), up 3.3%, and current assets, ¥141,968 million (\$1,525 million), down 0.8%. Total liabilities reached ¥158,002 million (\$1,698 million), up 6.0%, and net assets settled at ¥155,075 million (\$1,666 million), up 6.1%. Equity capital, calculated by subtracting ¥16,655 million (\$179 million) in minority interest in consolidated subsidiaries and ¥19 million (\$201 thousand) in subscription rights from net assets, increased 5.6%, to ¥138,401 million, and equity ratio slipped 0.2 percentage point, to 44.2%.

Millions of yen			
	2010	2009	% change
Total assets	313,077	295,327	+6.0%
Total liabilities	158,002	149,111	+6.0
Total net assets	155,075	146,216	+6.1
Minority interests	16,655	15,154	+9.9
Subscription rights	19	8	+137.5
Equity capital	138,401	131,054	+5.6
Key ratios: %			
Equity ratio (*1)	44.2%	44.4%	-0.2 points
Return on equity (*2)	5.7	7.4	-1.7 points

Notes: 1. Equity ratio = (Equity capital / Total assets) x 100

2. Return on equity = Net income /Equity capital [(equity capital at the beginning of the term + equity capital at the end of term)/2] x 100

Cash Flow

Cash and cash equivalents at the end of fiscal 2010 amounted to ¥46,988 million (\$505 million), up 33.8% from the end of fiscal 2009.

Net cash provided by operating activities slipped 8.5%, to ¥31,401 million (\$337 million). Major components of this change on the assets side were income before income taxes and minority interests, at ¥13,992 million (\$150 million), as well as depreciation, at ¥11,978 million (\$128 million), impairment loss, at ¥2,083 million (\$22 million), and a ¥5,908

million (\$63 million) decrease in notes and accounts receivable. On the liabilities side, the major components were a ¥5,949 million (\$63 million) decrease in notes and accounts payable and ¥4,127 million (\$44 million) in income tax paid.

Net cash used in investing activities jumped 28.1%, to ¥25,727 million (\$276 million). This change is primarily the result of ¥1,333 million (\$14 million) in proceeds from the sale and redemption of investments in securities on the assets side and ¥9,843 million (\$105 million) in acquisitions of property and equipment, ¥5,003 million (\$53 million) in acquisitions of intangible assets, and ¥10,917 million (\$117 million) in payments on newly consolidated subsidiaries on the liabilities side.

Cash flows from financing activities shifted from a net cash used position in fiscal 2009, at ¥6,878 million, to a net cash provided by position, at ¥6,139 million (\$65 million) in fiscal 2010. The reversal in position is mainly due to ¥15,800 million (\$169 million) in proceeds from long-term bank loans and a ¥15,505 million (\$166 million) increase in short-term bank loans, net, on the assets side. On the liabilities side, the major components of change were ¥15,942 million (\$171 million) in repayment of long-term bank loans and ¥5,100 million (\$54 million) for redemption of bonds.

	Millions of yen		
	2010	2009	% change
Cash and cash equivalents at end of year	46,988	35,105	+33.8%
Net cash provided by operating activities	31,401	34,311	-8.5
Net cash used in investing activities	(25,727)	(20,080)	+28.1
Net cash provided by (used in) financing activities	6,139	(6,878)	—

Dividend Policy

IT Holdings has made the long-term, comprehensive return of profits to shareholders a management priority and seeks to maintain stable dividends while taking into account performance trends, financial status, and the need to enrich retained earnings to support business growth.

In fiscal 2010, the interim dividend was at ¥12 per share and the year-end dividend was ¥20 per share. Management expects to maintain this dividend schedule in fiscal 2011, with an annual dividend of ¥32 per share, with the interim component at ¥12 per share.

Per share data:	Yen		
	2010	2009	% change
Net income per share	89.25	110.74	-19.4%
Net assets per share	1,602.77	1,541.17	+4.0%
Dividends per share	32.00	32.00	-

Business Risks

Risks specific to each business segment may arise. In software development, for example, projects could turn unprofitable, while outsourcing, system malfunctions could interrupt services. The Group applies various measures to prevent the manifestation of such risks.

Management recognizes that natural disasters or major changes in the operating environment having a similarly destructive force could also adversely affect the Group and its activities. Measures have been drawn up as a precaution to minimize damage to or loss of business assets in the event a serious situation develops and to ensure that operations will not be critically disrupted.

Two scenarios that could significantly influence the decisions of investors are presented below. Please note that these scenarios are possible—not certain—events that may take place in the future and are based on management’s assumptions as of June 25, 2010.

(1) Large-Scale Natural Disasters

Outsourcing services continue around the clock every day of the year at data centers in Japan, in metropolitan Tokyo and Osaka as well as locations in Kanagawa Prefecture, Tochigi Prefecture, Toyama Prefecture and Aichi Prefecture, as well as overseas, in Tianjin, China. Every conceivable safeguard has been taken to establish a secure environment. The structures were designed to withstand earthquakes and feature on-site generators that kick in to run equipment in the event of a power failure as well as systems that thwart unauthorized entry.

However, if situations, particularly large-scale natural disasters, health crises such as highly virulent strains of influenza, international disputes, terrorism and serious criminal activity, manifest with repercussions more pervasive than expected, the operating efficiency of data centers might deteriorate. The inability to provide uninterrupted services could influence the fiscal performance and financial standing of Group companies involved in outsourcing services and by extension the Company as well.

(2) Operating Environment

In the IT services industry, competition among providers is fierce, and the potential for intense price wars grows higher with the entry of new players from other industries and the rising profile of foreign companies in Japan. In addition, the possibility exists for discontinuous business models and technologies could be superseded and made obsolete by innovative developments within the industry.

Therefore, IT Holdings considers new business models and pursues various leading-edge information technologies, and formulates a variety of strategies to ensure that the products and services offered by the Group meet evolving market needs. However, if technology progresses more rapidly or in a different direction than anticipated and the Group is unable to respond quickly and precisely to emerging demand, the delay could erode business results and financial standing.

The industry’s business model is undergoing a major transformation, fueled by the market’s embrace of cloud computing. Anticipating wider demand for services, IT Holdings has emphasized expansion of its network of next-generation data centers as key points in the provision of high-value-added services. This emphasis led to the construction of data centers overseas, in Tianjin, China, and in Japan, in Takaoka, Toyama Prefecture. These facilities, which went into operation in April and July 2010, respectively, will be joined by the opening of data centers in the Gotenyama area of Tokyo and in the city of Toyama, Toyama Prefecture, in fiscal 2012.

In addition, the Company aims to reinforce its cloud service platform by utilizing the specialized capabilities of Group companies and accumulated know-how to expand the service lineup. This will give the Group a sharp competitive edge over its competition.

Report of Independent Auditors

The Board of Directors
IT Holdings Corporation.

We have audited the accompanying consolidated balance sheets of IT Holdings Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of IT Holdings Corporation and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Ernst & Young Shin Nihon LLC

June 21, 2010

IT Holdings Corporation and Consolidated Subsidiaries

Consolidated Balance Sheets

As of March 31, 2010 and 2009

	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Assets			
Current assets:			
Cash and deposits (Notes 4 and 24)	¥ 47,193	¥ 37,524	\$ 507,231
Notes and accounts receivable (Notes 4 and 7)	62,620	62,862	673,040
Lease receivable and investments in finance leases (Notes 4 and 22)	7,591	7,275	81,586
Marketable securities (Notes 3, 4 and 24)	322	1,502	3,456
Inventories (Note 15)	9,263	14,613	99,565
Deferred tax assets (Note 9)	8,528	11,076	91,658
Prepaid expenses and other current assets	6,649	6,203	71,464
Allowance for doubtful accounts	(198)	(255)	(2,126)
Total current assets	141,968	140,800	1,525,874
Property and equipment:			
Buildings and structures (Note 7)	52,332	53,279	562,467
Machinery and vehicles (Note 7)	4,851	5,799	52,142
Leased assets (Note 22)	2,476	1,236	26,614
Land (Notes 6 and 7)	22,631	21,925	243,234
Construction in progress	4,106	–	44,135
Others	5,603	6,810	60,221
Total property and equipment (Note 12)	91,999	89,049	988,813
Intangible assets:			
Goodwill (Note 5)	6,741	4,839	72,456
Others	12,389	10,162	133,156
Total intangible assets	19,130	15,001	205,612
Investments and other assets:			
Investments in securities (Notes 3 and 4)	34,594	26,904	371,816
Deferred tax assets (Note 9)	6,995	6,762	75,181
Others	21,171	19,489	227,550
Allowance for doubtful accounts	(2,780)	(2,678)	(29,874)
Total investments and other assets	59,980	50,477	644,673
Total assets	¥313,077	¥295,327	\$3,364,972

IT Holdings Corporation and Consolidated Subsidiaries

Consolidated Statements of Income

For the years ended March 31, 2010 and 2009

	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Notes 4 and 7)	¥ 21,589	¥ 7,734	\$ 232,045
Current portion of long-term bank loans(Notes 4 and 7)	13,306	15,186	143,011
Current portion of bonds (Notes 4 and 8)	4,000	5,100	42,992
Notes and accounts payable (Note 4)	14,954	18,627	160,722
Income taxes payable	2,115	3,391	22,732
Accrued bonuses to employees	10,820	9,831	116,297
Other allowances	374	71	4,024
Others (Note 9)	19,098	22,112	205,257
Total current liabilities	86,256	82,052	927,080
Non-current liabilities:			
Bonds (Notes 4 and 8)	7,600	11,500	81,686
Long-term bank loans (Notes 4 and 7)	45,151	41,014	485,287
Lease obligations	3,915	2,549	42,075
Deferred tax liabilities (Note 9)	694	682	7,459
Deferred tax liabilities for land revaluation (Note 6)	993	993	10,674
Accrued retirement benefits to employees (Note 10)	10,673	8,114	114,713
Accrued retirement benefits to directors	470	249	5,053
Others	2,250	1,958	24,187
Total non-current liabilities	71,746	67,059	771,134
Total liabilities	158,002	149,111	1,698,214
Net assets:			
Shareholders' equity (Notes 20, 21 and 23):			
Common stock, without par value:	10,001	10,000	107,493
Additional paid-in capital	85,208	86,321	915,817
Retained earnings	44,088	40,186	473,865
Less treasury stock, at cost	(58)	(2,354)	(620)
Total shareholders' equity	139,239	134,153	1,496,555
Revaluation and translation adjustments:			
Net unrealized gains (losses) on available-for-sale securities	1,183	(1,118)	12,710
Revaluation of land (Note 6)	(1,842)	(1,842)	(19,795)
Foreign currency translation adjustments	(179)	(139)	(1,921)
Total revaluation and translation adjustments	(838)	(3,099)	(9,006)
Subscription rights	19	8	201
Minority interests	16,655	15,154	179,008
Total net assets	155,075	146,216	1,666,758
Total liabilities and net assets	¥313,077	¥295,327	\$3,364,972

See accompanying notes to the consolidated financial statements.

	Year ended March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Net sales	¥313,856	¥338,302	\$3,373,350
Cost of sales (Note 16)	254,827	272,945	2,738,899
Gross profit	59,029	65,357	634,451
Selling, general and administrative expenses (Note 16)	43,033	41,570	462,520
Operating income	15,996	23,787	171,931
Other income (expenses):			
Interest and dividends income	609	608	6,540
Interest expenses	(1,057)	(1,131)	(11,369)
Amortization of negative goodwill	88	958	946
Real estate rental income	302	297	3,248
Gain on sales of investments in securities	1,116	–	11,999
Loss on disposal and sales of fixed assets (Notes 17 and 18)	(634)	(855)	(6,812)
Impairment loss (Note 19)	(2,083)	(897)	(22,388)
Valuation loss on investments in securities	(175)	(2,199)	(1,887)
Others, net	(170)	(1,284)	(1,826)
	(2,004)	(4,503)	(21,549)
Income before income taxes and minority interests	13,992	19,284	150,382
Income taxes (Note 9):			
Current	2,774	4,911	29,820
Deferred	2,977	3,380	31,992
	5,751	8,291	61,812
Income before minority interests	8,241	10,993	88,570
Minority interests in earnings of consolidated subsidiaries	(581)	(1,586)	(6,242)
Net income	¥ 7,660	¥ 9,407	\$ 82,328

See accompanying notes to the consolidated financial statements.

IT Holdings Corporation and Consolidated Subsidiaries
Consolidated Statements of Changes in Net Assets
For the years ended March 31, 2010 and 2009

For the year ended March 31, 2010												
Shareholders' equity					Revaluation and translation adjustments							
Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Revaluation of land	Foreign currency translation adjustments	Total revaluation and translation adjustments	Subscription rights	Minority interests	Total net assets	
(Millions of yen)												
Balance as of March 31, 2009	¥10,000	¥86,321	¥40,186	¥(2,354)	¥134,153	¥(1,118)	¥(1,842)	¥(139)	¥(3,099)	¥ 8	¥15,154	¥146,216
New stock issue	1	1			2							2
Dividends from surplus			(3,758)		(3,758)							(3,758)
Net income			7,660		7,660							7,660
Acquisition of treasury stock				(4)	(4)							(4)
Sales of treasury stock		(1,114)		2,300	1,186							1,186
Items other than changes in shareholders' equity						2,301		(40)	2,261	11	1,501	3,773
Total change for the year	1	(1,113)	3,902	2,296	5,086	2,301		(40)	2,261	11	1,501	8,859
Balance as of March 31, 2010	¥10,001	¥85,208	¥44,088	¥ (58)	¥139,239	¥ 1,183	¥(1,842)	¥(179)	¥ (838)	¥19	¥16,655	¥155,075

For the year ended March 31, 2009												
Shareholders' equity					Revaluation and translation adjustments							
Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Revaluation of land	Foreign currency translation adjustments	Total revaluation and translation adjustments	Subscription rights	Minority interests	Total net assets	
(Thousands of U.S. dollars) (Note 2)												
Balance as of March 31, 2009	\$107,481	\$927,786	\$431,922	\$(25,303)	\$1,441,886	\$(12,018)	\$(19,795)	\$(1,495)	\$(33,308)	\$ 88	\$162,878	\$1,571,544
New stock issue	12	13			25							25
Dividends from surplus			(40,385)		(40,385)							(40,385)
Net income			82,328		82,328							82,328
Acquisition of treasury stock				(44)	(44)							(44)
Sales of treasury stock		(11,982)		24,727	12,745							12,745
Items other than changes in shareholders' equity						24,728		(426)	24,302	113	16,130	40,545
Total change for the year	12	(11,969)	41,943	24,683	54,669	24,728		(426)	24,302	113	16,130	95,214
Balance as of March 31, 2010	¥107,493	¥915,817	¥473,865	¥ (620)	¥1,496,555	¥12,710	¥(19,795)	¥(1,921)	¥ (9,006)	¥201	¥179,008	¥1,666,758

For the year ended March 31, 2009												
Shareholders' equity					Revaluation and translation adjustments							
Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on other securities	Revaluation of land	Foreign currency translation adjustments	Total revaluation and translation adjustments	Subscription rights	Minority interests	Total net assets	
(Millions of yen)												
Balance as of March 31, 2008	¥10,000	¥86,332	¥33,082	¥(2,827)	¥126,587	¥ 1,151	¥(2,923)	¥ (19)	¥(1,791)	¥0	¥14,165	¥138,961
Dividends from surplus			(1,220)		(1,220)							(1,220)
Net income			9,407		9,407							9,407
Acquisition of treasury stock				(20)	(20)							(20)
Sales of treasury stock		(11)		493	482							482
Exclusion from equity method application			(2)		(2)							(2)
Reversal of revaluation of land			(1,081)		(1,081)							(1,081)
Items other than changes in shareholders' equity						(2,269)	1,081	(120)	(1,308)	8	989	(311)
Total change for the year	0	(11)	7,104	473	7,566	(2,269)	1,081	(120)	(1,308)	8	989	7,255
Balance as of March 31, 2009	¥10,000	¥86,321	¥40,186	¥(2,354)	¥134,153	¥(1,118)	¥(1,842)	¥(139)	¥(3,099)	¥8	¥15,154	¥146,216

See accompanying notes to the consolidated financial statements.

IT Holdings Corporation and Consolidated Subsidiaries
Consolidated Statements of Cash Flows
For the years ended March 31, 2010 and 2009

	Year ended March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars) (Note 2)
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 13,992	¥ 19,284	\$ 150,382
Depreciation	11,978	10,996	128,747
Impairment loss	2,083	897	22,388
Loss on disposal of fixed assets	622	433	6,682
Valuation loss on investments in securities	175	2,229	1,887
Amortization of goodwill	1,390	1,149	14,937
Increase in accrued bonuses to employees	535	2,643	5,749
Increase (decrease) in allowance for doubtful accounts	(74)	449	(799)
Increase in accrued retirement benefits to employees	852	636	9,156
Interest and dividends income	(609)	(608)	(6,540)
Interest expenses	1,058	1,131	11,369
Decrease in notes and accounts receivable	5,908	2,294	63,503
Decrease in inventories	8,174	1,222	87,854
Decrease in notes and accounts payable	(5,949)	(3,070)	(63,942)
Others, net	(4,138)	2,369	(44,480)
Subtotal	35,997	42,054	386,893
Interest and dividends income received	606	616	6,509
Interest expenses paid	(1,075)	(1,132)	(11,553)
Income taxes paid	(4,127)	(7,227)	(44,354)
Net cash provided by operating activities	31,401	34,311	337,495
Cash flows from investing activities:			
Deposit of time deposits	(1,553)	(2,433)	(16,694)
Repayment of time deposits	4,374	—	47,017
Acquisitions of property and equipment	(9,843)	(9,974)	(105,797)
Acquisition of intangible assets	(5,003)	(3,489)	(53,768)
Acquisitions of investments in securities	(4,225)	(1,193)	(45,416)
Proceeds from sale of investments in securities	1,333	1,191	14,332
Payments on newly consolidated subsidiary (Note 24)	(10,917)	(3,147)	(117,341)
Proceeds from newly consolidated subsidiary (Note 24)	—	458	—
Other, net	107	(1,493)	1,153
Net cash used in investing activities	(25,727)	(20,080)	(276,514)
Cash flows from financing activities:			
Increase (decrease) in short-term bank loans, net	15,505	(3,990)	166,656
Proceeds from long-term bank loans	15,800	21,788	169,820
Repayments of long-term bank loans	(15,942)	(17,018)	(171,342)
Redemptions of bonds	(5,100)	(7,050)	(54,815)
Acquisitions of treasury stock	(4)	(20)	(44)
Sales of treasury stock	1,186	483	12,742
Dividends paid	(3,757)	(1,220)	(40,384)
Dividends paid to minority interests	(970)	(335)	(10,424)
Other, net	(579)	484	(6,222)
Net cash provided by (used in) financing activities	6,139	(6,878)	65,987
Effect of exchange rate changes on cash and cash equivalents	11	(243)	120
Net increase in cash and cash equivalents	11,824	7,110	127,088
Cash and cash equivalents at beginning of year	35,105	27,995	377,308
Increase due to merger	59	—	632
Cash and cash equivalents at end of year (Note 24)	¥ 46,988	¥ 35,105	\$ 505,028

See accompanying notes to the consolidated financial statements.

IT Holdings Corporation and Consolidated Subsidiaries
Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of Presenting the Consolidated Financial Statements

IT Holdings Corporation (the “Company”) and its domestic subsidiaries maintain their books of account in conformity with the financial accounting standards of Japan; its foreign subsidiaries maintain their books of account in conformity with those of their countries of domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements prepared by the Company as required under the Financial Instruments and Exchange Act of Japan, and have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

(b) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly or majority-owned subsidiaries (together, the “Group”). The number of consolidated subsidiaries as of March 31, 2010 and 2009, is 55 and 43, respectively.

Overseas subsidiaries are consolidated using their financial statements as of December 31, their fiscal year-end, and necessary adjustments have been made for any material transactions during the period from January 1 to March 31.

All significant intercompany balances and transactions among the Group have been eliminated in consolidation.

All assets and liabilities of consolidated subsidiaries are stated at fair market value on the date of acquisition of control.

Investments in two non-consolidated subsidiaries (two in 2009) and eleven affiliated companies (six in 2009) are accounted for by the equity method.

(c) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except for assets and liabilities hedged by forward foreign exchange contracts.

All revenues and expenses in foreign currencies are translated at the rate of exchange when such transactions were made, and differences arising from the translation are credited or charged to income.

1. Summary of Significant Accounting Policies (continued)

(c) Foreign currency translation (continued)

Assets and liabilities of the foreign consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, and differences arising from the translation are included in foreign currency translation adjustments or in minority interests of net assets.

(d) Cash equivalents

The Group considers all highly liquid investments with a maturity of three months or less, when purchased, as cash equivalents on the consolidated statements of cash flows.

(e) Securities

Securities held by the Group are classified into two categories: held-to-maturity or available-for-sale securities. Held-to-maturity securities are carried at amortized cost. Available-for-sale securities with a determinable market value are stated at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Available-for-sale securities without a determinable market value are stated at cost. Cost of securities sold is determined by the moving-average method.

(Accounting change)

Effective from the year ended March 31, 2010, the Group adopted “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, March 10, 2008) as well as the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments”(ASBJ Guidance No. 19, March 10, 2008).

The effect of these changes was immaterial to the consolidated financial statements for the year ended March 31, 2010.

(f) Derivatives

Derivative instruments are stated at market value as assets or liabilities.

(g) Inventories

Merchandise and finished goods are stated at cost, determined mainly by the first-in, first-out method. Work in process is stated at cost, determined by the specific-cost method. Raw materials and supplies are stated at cost, mainly determined by last purchase cost method.

However, the Group provides inventory write-downs determined primarily by their future collectability.

1. Summary of Significant Accounting Policies (continued)

(h) Property and equipment

Buildings and structures are depreciated principally by the straight-line method; machinery and equipment are depreciated principally by the declining-balance method; and both methods are based on the estimated useful lives of the assets.

(i) Intangible assets

Intangible assets are amortized using the straight-line method over their estimated useful lives, except for computer software.

Expenses related to development activities of computer software, which are included in intangible assets, are amortized as follows:

i) Computer software for sale

Capitalized costs are amortized at the higher of the amount based on the ratio of the current year sales quantity to the total of estimated sales quantity over the estimated sales period (three years) or the amount calculated by the straight-line method over the remaining economic life.

ii) Computer software for internal use

Capitalized costs are amortized by the straight-line method over the estimated useful life of the software, generally two to five years (three to five years in 2009).

(J) Leased assets (as lessee)

Leased assets on finance lease transactions that do not transfer ownership are depreciated over the useful life of assets, which equals the lease term, by the straight-line method. Finance lease transactions which were contracted before April 1, 2008, are accounted for as operating leases.

(k) Accounting for leases (as lessee and lessor)

Finance lease transactions other than those in which ownership is fully transferred to the lessee are accounted for in a similar manner to ordinary sales and purchase transactions.

(l) Impairment losses of long-lived assets

The Group reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Any decrease in the book value of long-lived assets is recorded under other expenses as an impairment loss.

The Group bases its grouping for assessing impairment losses on long-lived assets on their business segments, area and service descriptions. However, lease properties and assets for specified projects are grouped separately.

1. Summary of Significant Accounting Policies (continued)

(m) Allowance for doubtful accounts

An allowance for doubtful accounts reflects the appropriate estimate of probable losses inherent in the accounts receivable balance.

The allowance is determined based on known troubled accounts, historical experience, and other currently available evidence.

(n) Accrued bonuses to employees

Accrued bonuses to employees are recognized at the estimated amount to be paid for services rendered prior to the fiscal year-end.

(o) Accrued retirement benefits to employees

Accrued retirement benefits for employees are recorded at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date.

Actuarial gain or loss is amortized from the year following recognition by the straight-line method within the average remaining service period (mainly 5 to 18 years) of employees. Prior service costs are mainly charged to income when incurred.

(Accounting change)

Effective from the year ended March 31, 2010, the Group adopted “Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19, July 31, 2008). The effect of this change was immaterial to the consolidated financial statements for the year ended March 31, 2010.

(p) Accrued retirement benefits to directors

Certain domestic consolidated subsidiaries set aside a provision to cover payment of directors’ retirement benefits. The estimated amount to be paid is recorded based on internal regulations.

(q) Income taxes

Deferred income taxes are recognized for the temporary differences between financial reporting and tax bases of assets and liabilities. These deferred taxes are measured by applying the enacted tax rates and laws, which will be in effect when the differences are expected to reverse.

(r) Distribution of retained earnings

Dividends and other distributions of retained earnings are resolved by the General Shareholders’ Meeting held subsequent to the end of the fiscal year. Distributions are reflected in the consolidated financial statements for the following fiscal year.

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1. Summary of Significant Accounting Policies (continued)

(s) Hedge accounting

The Group utilizes hedge accounting primarily to manage interest rate risk. Generally, under deferral hedging, unrealized gains or losses are deferred as a component of net assets. The Group also utilizes exceptional methods, as permitted when fulfilling certain conditions for interest rate swaps.

A formal assessment is made periodically on an ongoing basis to determine whether the derivative used in hedging activities is effective by comparing cumulative cash flow fluctuations of both the hedge method and target, except for interest rate swaps accounted for by exceptional methods.

(t) Amortization of goodwill and negative goodwill

Goodwill and negative goodwill are amortized by the straight-line method over periods not exceeding 20 years. However, immaterial goodwill or negative goodwill are charged or credited to income when incurred.

(u) Revenues and costs recognition of producing ordered software

Until the year ended March 31, 2009, revenues and costs of construction contracts were recognized by the completed-contract method. Effective April 1, 2009, the Group has applied the new accounting standard and related implementation guidance for construction contracts.

Under the new accounting standard and guidance, revenues and costs of construction contracts that commenced on or after April 1, 2009, of which the percentage of completion can be reliably estimated, are recognized by the percentage-of-completion method. The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost. The completed-contract method continues to be applied for contracts for which the percentage of completion cannot be reliably estimated.

The effect of this change was immaterial to the consolidated financial statements for the year ended March 31, 2010.

2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the non-Japanese readers. A rate of ¥93.04 = US\$1, the approximate rate of exchange prevailing on March 31, 2010, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at that or at any other rate.

3. Marketable Securities and Investments in Securities

(a) The amount on the consolidated balance sheet, fair market value and difference for held-to-maturity debt securities with fair value as of March 31, 2009, were as follows:

	Type	Amount on consolidated balance sheet	Fair market value	Difference
(Millions of yen)				
With fair market value exceeding the amount on consolidated balance sheet	Government bonds	¥ 300	¥ 300	¥ 0
With fair market value not exceeding the amount on consolidated balance sheet	Government bonds	1,001	1,001	(0)
Total		¥1,301	¥1,301	¥(0)

The Group held no held-to maturity debt securities as of March 31, 2010.

(b) Acquisition cost, book value and unrealized gains or losses of available-for-sale securities with fair value as of March 31, 2010 and 2009, were as follows:

Description	March 31, 2010			March 31, 2009		
	Acquisition cost	Book value (Fair market value)	Unrealized gains (losses)	Acquisition cost	Book value (Fair market value)	Unrealized gains (losses)
(Millions of yen)						
Market exceeding cost:						
Shares	¥10,127	¥4,830	¥5,297	¥1,641	¥3,218	¥ 1,577
Corporate bonds	457	450	7	—	—	—
	10,584	5,280	5,304	1,641	3,218	1,577
Market not exceeding cost:						
Shares	2,443	3,117	(674)	5,748	4,664	(1,084)
Bonds	210	228	(18)	305	304	(1)
Other	321	391	(70)	401	306	(95)
	2,974	3,736	(762)	6,454	5,274	(1,180)
Total	¥13,558	¥9,016	¥4,542	¥8,095	¥8,492	¥ 397

Description	March 31, 2010		
	Acquisition cost	Book value (Fair market value)	Unrealized gains (losses)
(Thousands of U.S. dollars)			
Market exceeding cost:			
Shares	\$108,850	\$51,919	\$56,931
Corporate bonds	4,913	4,836	77
	113,763	56,755	57,008
Market not exceeding cost:			
Shares	26,264	33,506	(7,242)
Bonds	2,256	2,446	(190)
Other	3,449	4,199	(750)
	31,969	40,151	(8,182)
Total	\$145,732	\$96,906	\$48,826

3. Marketable Securities and Investments in Securities (continued)

(c) Available-for-sale securities sold during this fiscal year

Year Ended March 31,	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Proceeds from sales of available-for-sale securities	¥2,377	¥2,401	\$25,557
Realized gain	1,108	8	11,909
Realized loss	(4)	(46)	(44)

Impairment loss on available-for-sale securities amounted to ¥134 million (\$1,442 thousand) for the year ended March 31, 2010.

4. Financial Instruments

(a) Overview of utilization of financial instruments

(i) Management policies

The Group procures necessary funds, principally from banks, under its capital investment plans. The Group invests excess funds mainly in secure financial assets. Further, the Group raises short-term capital through bank borrowings. Derivatives are utilized for hedging interest rate fluctuation risks, not for trading or speculative purposes.

(ii) Contents of financial instruments and related risks

Notes and accounts receivable are exposed to credit risks in relation to the Group's customers. Investments in securities are exposed to market risk. Those securities are mainly equity shares issued by companies with which the Group has business relationships.

Notes and accounts payable are mainly due within one year. Short-term bank loans are procured mainly for operations. Long-term bank loans are procured mainly for capital investments and to secure a stable fund position. A portion of long-term bank loans, bearing interest at variable rates, is exposed to interest rate fluctuation risk. However, to reduce such risk, certain subsidiaries utilize interest rate swap transactions as a hedging instrument. Details of interest rate swaps are described in Note 1(r) above.

4. Financial Instruments (continued)

(a) Overview of utilization of financial instruments (continued)

(iii) Risk management for financial instruments

1. Credit risk (customer default risk) control

In accordance with the internal policies of the Group for managing credit risk arising from receivables, the Group monitors the creditworthiness of customers periodically, tracking due dates and outstanding balances in order to recognize and reduce doubtful accounts in a timely manner.

The Group also believes that the credit risk of derivatives is insignificant as it enters into derivative transactions only with financial institutions that have a sound credit profile.

2. Market risk (interest fluctuation risk) control

Certain consolidated subsidiaries utilize interest rate swap transactions to hedge interest fluctuation risks on long-term bank loans.

Market prices of investments in securities and the financial position of issuers are reviewed periodically. In addition, the Group continuously evaluates the adequacy of withholding those securities, considering the relationship with the issuers.

Controls and execution of derivative transactions are carried under the authorization of the boards of directors and in conformity with the internal rules of each company of the Group. The performance of transactions is reported semiannually to the boards of directors.

3. Liquidity risk on fund procurement (nonfulfillment risk on due date)

Based on the report from each division, the Group prepares and updates its cash flow plans on a timely basis to manage liquidity risk.

(iv) Explanation of market fair values

The fair value of financial instruments is based on their quoted market price, if available. If there is no market price, fair value is estimated reasonably.

In addition, the notional amounts of derivatives in the following “fair market values” of derivative transactions are not necessarily indicative of the actual market risk involved in derivative transactions.

4. Financial Instruments (continued)

(b) Fair market value of financial instruments

The carrying value of financial instruments on the consolidated balance sheet, fair market values, and differences as of March 31, 2010, are shown below. Securities for which it is extremely difficult to determine the fair value are excluded from the table.

	Balance sheet	Fair market	Difference	Balance sheet	Fair market	Difference
	(Millions of yen)			(Thousands of U.S. dollars)		
Cash and deposits	¥ 47,193	¥ 47,193	¥ –	\$ 507,231	\$ 507,231	\$ –
Notes and accounts receivable	62,620			673,040		
Allowance for doubtful accounts *	(25)			(267)		
Net amount	62,595	62,592	(3)	672,773	672,743	(30)
Lease receivable and investments in finance leases	7,591			81,586		
Allowance for doubtful accounts *	(17)			(177)		
Net amount	7,574	7,548	(26)	81,409	81,122	(287)
Marketable securities and investments in securities	14,273	14,304	31	153,407	153,746	339
Total assets	¥131,635	¥131,637	¥ 2	\$1,414,820	\$1,414,842	\$ 22
Notes and accounts payable	¥ 14,954	¥ 14,954	¥ –	\$ 160,722	\$ 160,722	\$ –
Short-term bank loans	21,590	21,590	–	232,045	232,045	–
Bonds **	11,600	11,601	1	124,678	124,686	8
Long-term bank loans **	58,457	58,577	120	628,298	629,594	1,296
Total liabilities	¥106,600	¥106,721	¥121	\$1,145,743	\$1,147,047	\$1,304
Derivative transactions	¥ –	¥ –	¥ –	\$ –	\$ –	\$ –

* The amounts do not include the allowance provided for the individual receivables.

** The amounts include a current portion of bonds or long-term bank loans.

(i) Computation of fair market values of financial instruments, securities and derivative transactions

Assets:

Book values of cash and deposits approximates fair market values as they are settled in a short period of time.

Fair market values of notes and accounts receivable, investments in finance leases and leased assets are recorded as present values based on the sum of face values that have been categorized according to length of term, discounted by an interest rate determined taking into account the length of maturity and credit risk.

As for marketable securities and investments in securities, fair market values of equity shares are based on quoted market prices. The fair values of debt securities are based on either quoted market prices or prices provided by the financial institutions. The details of securities by holding purpose are described in Note 3 above.

4. Financial Instruments (continued)

(b) Fair market value of financial instruments (continued)

Liabilities:

Book values of notes and accounts payable and short-term bank loans approximate fair market values as they are settled in a short period of time.

Book values of bonds with variable interest approximate fair market values since the market interest rate is reflected on a timely basis and the credit rating of the Group has not changed significantly since issuing the bonds.

Fair market values of bonds with fixed interest are recorded as present values based on the aggregate of principal and interest discounted by an interest rate determined taking into account the length of maturity of each bond and credit risk.

Book values of long-term bank loans with variable interest rates approximate fair market values since the market interest rate is reflected on a timely basis and the credit rating of the Group has not changed significantly since borrowing the loans.

Fair market values of long-term bank loans with fixed interest rates are based on the present values of the total of principal and interest discounted by an interest rate to be applied if similar new borrowings were to be made. A part of long-term bank loans, bearing interest at variable rates, is accounted for by interest swap exceptional treatment. Its fair market values are based on the aggregate of principal and interest in conjunction with the exceptional treatment as a package, discounted by an interest rate to be applied if similar new borrowings were to be made.

Derivative transactions:

Fair market values of derivatives accounted for by interest swap exceptional treatments are included in fair market values of long-term bank loans, as those are accounted for inclusively in long-term bank loans. Interest-related derivative transactions accounted for by hedge accounting as of March 31, 2010 were as follows:

Hedge accounting	Interest swap exceptional treatments
Transaction type	Interest rate swaps: variable receipt/fixed payment
Hedged item	Long-term bank loans
Contract amount *	¥6,690 million (\$71,899 thousand)
Contract over 1 year	¥3,306 million (\$35,537 thousand)

Fair market values of derivatives are included in long-term bank loans as described above.

4. Financial Instruments (continued)

(b) Fair market value of financial instruments (continued)

(ii) Financial instruments without fair market values

The table below does not include financial instruments for which it is extremely difficult to determine the fair value. Their book values as of March 31, 2010, is as follows:

Description	(Millions of yen)	(Thousands of U.S. dollars)
Unlisted shares	¥19,603	\$210,695
Equity in investment partnership	893	9,596
Money Market Fund & other	147	1,575

(c) Expected maturities of monetary receivables and marketable securities and investments in securities with maturities as of March 31, 2010

	within one year	2 to 5 years	6 to 10 years **	in 1 year	2 to 5 years	6 to 10 years **
	(Millions of yen)			(Thousands of U.S. dollars)		
Cash and deposits	¥ 47,177	¥ –	¥ –	\$ 507,056	\$ –	\$ –
Notes & accounts receivable	62,526	93	–	672,038	1,002	–
Investments in finance leases & leased assets	2,312	5,207	72	24,850	55,958	778
Marketable securities and investments in securities *:						
Corporate bonds	215	25	250	2,314	269	2,687
Other	5	83	–	53	893	–
Total	¥112,235	¥5,408	¥322	\$1,206,311	\$58,122	\$3,465

* These securities are available-for-sale securities with maturity dates.

** There were no amounts to be matured after 10 years.

5. Goodwill and Negative Goodwill

The amount of goodwill in intangible assets is indicated after offsetting goodwill and negative goodwill. The gross amounts as of March 31, 2010 and 2009, were as follows:

	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Goodwill	¥6,863	¥5,054	\$73,767
Negative goodwill	(122)	(215)	(1,311)
Net amount	¥6,741	¥4,839	\$72,456

6. Revaluation of Land

Pursuant to the “Law Concerning the Revaluation of Land” (the “Law”), land used for the Group’s business operations was revalued on March 31, 2002. The income tax effect of the difference between the book value and the revalued amount has been presented under liabilities as “deferred tax liabilities for land revaluation” and the remaining balance presented under net assets as “revaluation of land” in the accompanying consolidated balance sheet.

Revaluation of land was determined based on the official prices published by the Commissioner of the National Tax Authorities in accordance with Paragraph 4, Article 2 of the “Enforcement Ordinance Concerning Land Revaluation,” with certain necessary adjustments.

7. Short-Term Bank Loans and Long-Term Bank Loans

Short-term bank loans and long-term banks loans as of March 31, 2010 and 2009 consisted of the following:

	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Short-term bank loans:			
Short-term bank loans, with an average interest rate of 0.78% for 2010	¥ 21,589	¥ 7,734	\$ 232,045
Long-term bank loans:			
Loans principally from banks and other financial institutions, with an average interest rate of 1.31% for 2010	¥ 58,457	¥ 56,200	\$ 628,298
Less: current portion of long-term debt	(13,306)	(15,186)	(143,011)
	¥ 45,151	¥ 41,014	\$ 485,287

The aggregate annual maturities of long-term bank loans due within five years subsequent to March 31, 2010 and 2009 were as follows:

	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Year ending March 31,			
2010	¥ –	¥15,186	\$ –
2011	13,306	12,157	143,011
2012	16,035	8,851	172,345
2013	15,161	10,102	162,950
2014	10,841	8,502	116,519
2015	3,114	–	33,473

7. Short-Term Bank Loans and Long-Term Bank Loans (continued)

The assets pledged as collateral for short-term bank loans and long-term bank loans, amounting to ¥45 million (\$484 thousand) and ¥1,738 million (\$18,675 thousand), respectively, as of March 31, 2010, and ¥70 million and ¥2,252 million, respectively, as of March 31, 2009 were as follows:

	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Accounts receivable	¥ –	¥ 15	\$ –
Buildings and structures	14,234	15,920	152,984
Machinery and equipment	39	47	424
Land	3,331	3,339	35,803
	<u>¥17,604</u>	<u>¥19,321</u>	<u>\$189,211</u>

8. Bonds

Bonds as of March 31, 2010 and 2009, consisted of the following:

	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
0.78% Unsecured bonds, due 2012	¥ 7,500	¥ 7,500	\$ 80,611
1.17% Unsecured bonds, due 2009	–	1,000	–
1.50% Unsecured bonds, due 2010	–	4,000	–
1.26% Unsecured bonds, due 2010	4,000	4,000	42,992
0.79% Unsecured bonds, due 2009	–	100	–
0.84% Unsecured bonds, due 2012	100	–	1,075
	<u>11,600</u>	<u>16,600</u>	<u>124,678</u>
Less: current portion of long-term debt	<u>(4,000)</u>	<u>(5,100)</u>	<u>(42,992)</u>
	<u>¥ 7,600</u>	<u>¥11,500</u>	<u>\$ 81,686</u>

The aggregate future maturities of bonds for the next five years subsequent to March 31, 2010 and 2009 were as follows:

Year ending March 31,	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
2010	¥ –	¥5,100	\$ –
2011	4,000	4,000	42,992
2012	7,500	7,500	80,611
2013	100	–	1,075
2014	–	–	–
2015	–	–	–

9. Income Taxes

Income taxes applicable to the Group comprised corporation tax, inhabitants' taxes, and enterprise tax which, in the aggregate, resulted in a statutory tax rate of 40.7 percent for 2010 and 2009. Income taxes of the foreign subsidiaries are based generally on the tax rates applicable in their countries.

- (a) The reconciliation between the statutory tax rate and the Group's effective tax rate as of March 31, 2009, were as follows:

	2009
Statutory tax rate	40.7%
Non-deductible expenses (such as entertainment expenses)	1.3
Non-taxable income (such as dividend income)	(0.6)
Inhabitants' taxes per capita	0.8
Unrealized gains and losses	0.4
Amortization of goodwill (negative goodwill)	0.4
Others, net	(0.0)
Effective tax rates	<u>43.0%</u>

- * The reconciliation for the year ended March 31, 2010, is not presented herein because the difference between the statutory tax rate and effective tax rate was immaterial.

- (b) The significant components of deferred tax assets and liabilities as of March 31, 2010 and 2009 were as follows:

	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Deferred tax assets:			
Accrued enterprise tax	¥ 271	¥ 373	\$ 2,917
Non-deductible portion of allowance for doubtful accounts	662	706	7,114
Non-deductible portion of accrued bonuses to employees	4,361	4,027	46,871
Non-deductible portion of depreciation	1,241	545	13,339
Impairment losses	460	572	4,943
Tax loss carried forward	6,476	7,049	69,607
Accrued retirement benefits to employees	5,082	3,573	54,622
Write down of investments in shares	1,630	1,995	17,516
Write down of inventories	550	2,934	5,906
Unrealized gains	1,305	1,392	14,029
Others, net	2,219	2,974	23,854
	<u>24,257</u>	<u>26,140</u>	<u>260,718</u>
Less – Valuation allowance	<u>(5,255)</u>	<u>(6,130)</u>	<u>(56,482)</u>
Total deferred tax assets	<u>19,002</u>	<u>20,010</u>	<u>204,236</u>
Deferred tax liabilities:			
Gain on contribution of securities to pension fund	1,072	306	11,520
Prepaid pension expenses	514	1,419	5,521
Unrealized gain on available-for-sale securities	2,482	1,125	26,677
Others, net	130	30	1,399
Total deferred tax liabilities	<u>4,198</u>	<u>2,880</u>	<u>45,117</u>
Net deferred tax assets	<u>¥14,804</u>	<u>¥17,130</u>	<u>\$159,119</u>

9. Income Taxes (continued)

Deferred income taxes as of March 31, 2010 and 2009 are reflected in the consolidated balance sheet under the following line items:

	March 31,		
	2010	2009	2010
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Current assets – Deferred tax assets	¥ 8,528	¥11,076	\$ 91,658
Investments and other assets –			
Deferred tax assets	6,995	6,762	75,181
Current liabilities – Other	(25)	(26)	(268)
Non-current liabilities – Deferred tax liabilities	(694)	(682)	(7,459)
Net deferred tax assets	<u>¥14,804</u>	<u>¥17,130</u>	<u>\$159,112</u>

10. Retirement Benefits**(a) Outline of retirement benefit plans**

The Company and certain of its consolidated subsidiaries have pension plans, including a corporation pension plan based on the defined benefit pension law, a defined contribution pension plan, a tax-qualified pension plan, and an unfunded defined benefit plan with lump-sum payment.

Certain consolidated subsidiaries that participate in a mutual aid contract for retirement allowances are excluded from the calculation of the projected benefit obligation.

In addition, certain consolidated subsidiaries that participate in a welfare pension fund plan involving other affiliates are excluded from the calculation of the projected obligation because it is extremely difficult to make a reasonable estimate.

(b) The following tables set forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheet as of March 31, 2010 and 2009, for the Group's retirement benefit plans:

	March 31,		
	2010	2009	2010
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Projected benefit obligation	¥(43,513)	¥(35,015)	\$(467,679)
Plan assets	26,144	18,642	280,994
Unfunded retirement benefits	(17,369)	(16,373)	(186,685)
Unrecognized net actuarial differences	10,917	11,987	117,333
Unrecognized net prior service costs	(2,177)	(909)	(23,397)
Net amount	(8,629)	(5,295)	(92,749)
Prepaid pension costs	(2,044)	(2,819)	(21,964)
Accrued retirement benefits to employees	<u>¥(10,673)</u>	<u>¥ (8,114)</u>	<u>\$(114,713)</u>

10. Retirement Benefits (continued)**(c) The components of retirement benefit expenses for the year ended March 31, 2010 and 2009 were as follows:**

Year ended March 31,	2010	2009	2010
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Service costs	¥2,261	¥2,094	\$24,301
Interest costs	846	765	9,099
Expected investment return	(385)	(575)	(4,138)
Recognition of actuarial differences	1,450	805	15,586
Recognition of prior service costs	(190)	(170)	(2,047)
Contribution to defined contribution pension plan	998	723	10,725
Contribution to welfare pension fund plan	443	366	4,762
Contribution to smaller enterprise retirement allowance mutual aid	4	5	45
Net periodic pension expense	<u>¥5,427</u>	<u>¥4,013</u>	<u>\$58,333</u>

(d) Major assumptions used in calculating retirement benefits

Year Ended March 31,	2010	2009
Discount rates	1.8 % to 2.5%	1.8 % to 2.5%
Rate of expected return on plan assets	0.0% to 3.5%	2.5% to 3.5 %
Method of attributing the projected benefits to periods of service	Straight-line basis	Straight-line basis

11. Items Related to Unconsolidated Subsidiaries and Affiliates

Amounts related to unconsolidated subsidiaries and affiliates as of March 31, 2010 and 2009, were as follows:

	March 31,		
	2010	2009	2010
	<i>(Millions of yen)</i>		<i>(Thousands of U.S. dollars)</i>
Investments in securities – stocks	¥2,887	¥1,097	\$31,030
Investments in securities – other	246	178	2,644
Investments	169	172	1,819

12. Depreciation of Property and Equipment

Accumulated depreciation of property and equipment totaled ¥68,858 million (\$740,086 thousand) and ¥63,432 million as of March 31, 2010 and 2009, respectively.

13. Contingent Liability for Guarantee

The Company was committed to provide guarantees for bank loans to a non-consolidated subsidiary as follows:

	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Imizu Cable Network, Co., Ltd.	¥80	¥88	\$860
	¥80	¥88	\$860

14. Advanced Depreciation

Accumulated advanced depreciation including national subsidy deducted from acquired amount of buildings and structures totaled ¥78 million (\$840 thousand) and ¥76 million as of March 31, 2010 and 2009, respectively.

15. Provision for Losses on Contracts

A provision for expected operating losses on contract orders amounting to ¥1,011 million (\$10,868 thousand) was set off from work in process inventories as of March 31, 2010.

16. Selling, General and Administrative Expenses

The main component of sales and selling, general and administrative expenses for the years ended March 31, 2010 and 2009, respectively, were as follows:

Year ended March 31,	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Employees' salary	¥15,089	¥13,311	\$162,173
Accrual of bonuses to employees	1,166	1,114	12,529
Accrual of allowance for doubtful accounts	156	547	1,681
Retirement benefits to employees	936	354	10,062
Accrual of retirement benefits to directors	35	67	374

Research and development costs, which are included in cost of sales and selling, general and administrative expenses, totaled ¥913 million (\$9,811 thousand) and ¥947 million for the years ended March 31, 2010 and 2009, respectively.

17. Loss on Sales of Property and Equipment

The composition of loss on sales of property and equipment for the years ended March 31, 2010 and 2009, respectively, was as follows:

Year ended March 31,	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥12	¥ 25	\$127
Machinery and equipment	—	31	—
Land	—	351	—
Other	0	15	3
	¥12	¥422	\$130

18. Loss on Disposal of Property and Equipment

The composition of loss on disposal of property and equipment for the years ended March 31, 2010 and 2009, respectively, was as follows:

Year ended March 31,	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Buildings and structures	¥440	¥200	\$4,728
Machinery and equipment	67	66	719
Software	31	49	334
Long-term prepaid expenses	—	80	—
Other	84	39	901
	¥622	¥434	\$6,682

19. Impairment Loss

Impairment losses of long-lived assets for the years ended March 31, 2010 and 2009, respectively, were as follows:

For the year ended 2010

Purpose	Location	Category	Amounts	
			(Millions of yen)	(Thousands of U.S. dollars)
Business property	Keyport Solutions, Inc. (Chiyoda-ku, Tokyo)	Development facilities including software and goodwill	¥ 364	\$ 3,914
Property for sale	NEOAXIS Co., Ltd. (Koto-ku, Tokyo)	Software	55	585
Company condominium	Chiba	Buildings and land	199	2,142
Dormitory	Chiba	Buildings and land	176	1,892
Recreation facilities	Shizuoka	Buildings and land	11	121
Business property	NEXWAY Co., Ltd. (Chiyoda-ku, Tokyo)	Machinery, equipment and software	99	1,065
Other	IT Holdings Corporation	Goodwill	1,139	12,239
Other		Land, buildings and telephone rights and other	40	430
Total			¥2,083	\$22,388

For the year ended 2009

Purpose	Location	Category	Amounts (Millions of yen)
Company condominium	TIS condominium (Yachiyo-shi, Chiba)	Land, buildings and equipment	¥121
Dormitory	TIS dormitory (Chiba-shi, Chiba)	Land, buildings and equipment	224
Dormitory	TIS dormitory (Yokohama-shi, Kanagawa)	Buildings, and equipment	182
Business property	TIS Tokyo Head Office (Minato-ku, Tokyo)	Machinery, software and equipment	34
Business property	TIS Osaka Head Office (Suita-shi, Osaka)	Buildings and structures, machinery and equipment	239
Business property	Qualica Head Office (Koto-ku, Tokyo)	Leased assets	33
In-house system	TIS Tokyo Head Office (Minato-ku, Tokyo)	Software	43
Medical system	AJS Head Office (Sumida-ku, Tokyo)	Leased assets	4
Business property			
Unutilized line	TIS Solution Business Head Office (Koto-ku, Tokyo)	Telephone subscription right	2
Unutilized line	AJS Head Office (Sumida-ku, Tokyo)	Telephone subscription right	6
Unutilized line	Ufit Head Office (Naka-ku, Nagoya-shi)	Telephone subscription right	6
Unutilized line	Systems Engineering Laboratory Head Office (Koto-ku, Tokyo)	Telephone subscription right	2
Total			¥896

20. Shareholders' Equity

The Company realizes the importance of sustaining a comprehensive and solid distribution of earnings to our shareholders through earnings growth, capital efficiency and financial soundness.

The Company's basic policy is to distribute dividends twice a year. Resolutions are made at the general shareholders' meeting for the annual dividend, and the Board of Directors' meeting for the interim dividend.

(a) Types of Stock and Number of Shares

The Company issues only common stocks. Number of issued shares and treasury stock were changed during the two years ended March 31, 2010 as follows:

(Number of shares)

	Shares at March 31, 2008	Increase in the Year	Decrease in the Year	Shares at March 31, 2009	Increase in the Year	Decrease in the Year	Shares at March 31, 2010
Issued shares (Note 1)	86,372,339	–	–	86,372,339	1,580	–	86,373,919
Treasury stock (Notes 2 to 4)	1,608,662	10,456	282,105	1,337,013	3,097	1,317,297	22,813

Notes

1. Increase in issued stock due to exercise of stock option.
2. Increase in treasury stock by 10,456 and 3,097 shares due to purchase of shares of less than one standard unit.
3. Decrease of 282,105 in treasury stock for the year ended March 31, 2009, was due to the sale of 280,836 shares held by a consolidated subsidiary, and 1,269 shares through the sale of shares of less than one standard unit.
4. Decrease of 1,317,297 in treasury stock for the year ended March 31, 2010, was due to the sale of 1,316,941 shares held by a consolidated subsidiary, and 356 shares through the sale of shares of less than one standard unit.

(b) Dividends

(1) Dividend paid

Resolution	Type of stock	Total Dividends	Dividend per Share	Record Date	Effective Date
General shareholders' meeting on June 20, 2008	Common stock	¥770 million	¥17	March 31, 2008	June 23, 2008
Director's meeting on June 25, 2008	Common stock	¥449 million	¥ 9	March 31, 2008	June 26, 2008
General shareholders' meeting on June 25, 2009	Common stock	¥2,763 million	¥32	March 31, 2009	June 26, 2009
Director's meeting on November 10, 2009	Common stock	¥1,036 million	¥12	September 30, 2009	December 10, 2009

Note: The Company was established on April 1, 2008, as a joint holding company through transfer of shares. Total dividends indicate figures based on the resolution at the general shareholders meeting of TIS Inc. on June 20, 2008, and at the general shareholders meeting of INTEC Holdings, Ltd. on June 25, 2008.

20. Shareholders’ Equity (continued)

(b) Dividends (continued)

- (2) The effective date for dividends with a record date of March 31, 2010, shall be a date after the close of books for the said consolidated period.

Resolution	Type of Stock	Total Dividends	Source of Dividends	Dividend per share	Record Date	Effective Date
General shareholders’ meeting on June 24, 2010	Common stock	¥1,727 million	Earned surplus	¥20	March 31, 2010	June 25, 2010

21. Amounts per Share

Year ended March 31,	2010	2009	2010
	(Yen)		(U.S. dollars)
Net income:			
Basic	¥ 89.25	¥ 110.74	\$ 0.96
Diluted	–	110.72	–
Net assets	1,602.77	1,541.17	17.23
Cash dividends applicable to the year	32.00	32.00	0.34

Basic net income per share is computed based on the net income available for distribution to shareholders of common stock and the weighted-average number of shares of common stock outstanding during each year.

Diluted net income per share is computed based on the net income available for distribution to shareholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds and the exercise of stock options. Since no dilutive potential of shares existed, the figure for the year ended March 31, 2010, is not represented.

Amounts per share of net assets are computed based on shareholders’ equity and the number of shares of common stock outstanding at the year-end.

Cash dividends per share represent the cash dividends resolved by the general shareholders’ meeting as applicable to that year, together with any interim cash dividends paid.

22. Leases

(a) As Lessee

As described in Note 1 (i) finance lease transactions that were contracted before April 1, 2008, were accounted for as operating leases. The following summarizes information concerning such finance leases if capitalized:

- (i) Equivalents of acquisition cost, accumulated depreciation and net balance as of March 31, 2010 and 2009

March 31, 2010			
Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Balance
(Millions of yen)			
Machinery and vehicles	¥2,932	¥2,217	¥ –
Equipment	4,553	3,187	36
Other	1,211	732	–
	¥8,696	¥6,136	¥36

March 31, 2009			
Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Balance
(Millions of yen)			
Machinery and vehicles	¥ 3,897	¥2,505	¥ –
Equipment	5,905	3,286	36
Other	1,865	1,121	–
	¥11,667	¥6,912	¥36

March 31, 2010			
Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Balance
(Thousands of U.S. dollars)			
Machinery and vehicles	\$31,510	\$23,830	\$ –
Equipment	48,933	34,257	382
Other	13,018	7,865	–
	\$93,461	\$65,952	\$382

- (ii) Amount of future lease payments outstanding as of March 31, 2010 and 2009, including the interest portion, categorized by contractual maturity

March 31,		
2010	2009	2010
(Millions of yen)		(Thousands of U.S. dollars)
Within one year	¥2,878	¥3,960
Over one year	2,351	5,242
Total	¥5,229	¥9,202
Account balance of impairment loss on leased assets	¥ 15	¥ 29
		\$ 164

22. Leases (continued)

(a) As Lessee (continued)

(iii) Lease expenses, reversal of impairment loss on lease assets, depreciation, interest expenses and impairment loss for the years ended March 31, 2010 and 2009

Year ended March 31,	March 31,		2010 (Thousands of U.S. dollars)
	2010 (Millions of yen)	2009	
Lease expenses	¥2,986	¥3,815	\$32,097
Reversal of impairment loss on lease assets	14	7	146
Depreciation	2,772	3,513	29,796
Interest expenses	154	251	1,651
Impairment loss	–	33	–

Depreciation is calculated by the straight-line method under the condition that the useful life equals the lease term with no residual value.

(iv) The amounts of future lease payments outstanding on noncancelable operating leases as of March 31, 2010 and 2009, are summarized as follows:

	March 31,		2010 (Thousands of U.S. dollars)
	2010 (Millions of yen)	2009	
Within one year	¥1,219	¥ 83	\$13,105
Over one year	1,379	89	14,816
Total	¥2,598	¥172	\$27,921

(b) As Lessor

(i) Investments in finance leases as of March 31, 2010 and 2009 consisted of the following:

	March 31,		2010 (Thousands of U.S. dollars)
	2010 (Millions of yen)	2009	
Lease receivables	¥7,766	¥8,081	\$83,469
Estimated residual value	2	–	23
Interest portion	(597)	(806)	(6,420)
Investments in finance leases	¥7,171	¥7,275	\$77,072

22. Leases (continued)

(b) As Lessor (continued)

(ii) Expected collections of investments in finance leases as of March 31, 2010 and 2009, are as follows:

	March 31,		2010 (Thousands of U.S. dollars)
	2010 (Millions of yen)	2009	
Within one year	¥2,601	¥2,754	\$27,949
One to two years	2,053	1,999	22,069
Two to three years	1,609	1,528	17,294
Three to four years	930	1,080	9,997
Four to five years	329	413	3,536
Over five years	244	163	2,624
Total	¥7,766	¥7,937	\$83,469

(iii) The amount of future lease payments receivable on operating leases outstanding as of March 31, 2010 and 2009, are categorized by contractual maturity.

	March 31,		2010 (Thousands of U.S. dollars)
	2010 (Millions of yen)	2009	
Within one year	¥24	¥32	\$261
Over one year	62	13	663
Total	¥86	¥45	\$924

23. Stock Options

Costs related to stock options that are included in selling, general and administrative expenses totaled ¥11 million (\$115 thousand) and ¥7 million for the years ended March 31, 2010 and 2009, respectively.

The following table summarizes activities regarding stock option plans that the Company has granted to its directors, officers and employees as of March 31, 2010.

	2nd	3rd	4th
Title and number of recipients	<i>The Company:</i> Directors 2 <i>Subsidiaries:</i> Directors 7 Officers 16 Employees 492	<i>The Company:</i> Directors 2 <i>Subsidiaries:</i> Directors 7 Officers 16 Employees 535	<i>The Company:</i> Officer 1 <i>Subsidiaries:</i> Directors 2 Officers 3 Employees 67
Remaining number of stock options (common stock)	– shares	343,400 shares	52,930 shares
Stock issue price	¥4,750	¥4,014	¥1,489
Date of receipt	April 1, 2008	April 1, 2008	April 1, 2008
Requisite service period	In principle, the period beginning April 1, 2008, through December 31, 2009	In principle, the period beginning April 1, 2008, through December 31, 2010	In principle, the period beginning April 1, 2008, through March 31, 2011
Exercise period	April 1, 2008 through December 31, 2009	April 1, 2008 through December 31, 2010	April 1, 2008 through March 31, 2011

24. Statement of Cash Flows

(a) Cash and cash equivalents

The components of cash and cash equivalents at March 31, 2010 and 2009, were as follows:

	March 31,		
	2010	2009	2010
	(Millions of yen)		(Thousands of U.S. dollars)
Cash and deposits	¥47,193	¥37,524	\$507,231
Marketable securities	321	1,502	3,456
Total	47,514	39,026	510,687
Time deposits with original maturity over three months	(306)	(2,520)	(3,291)
Securities with original maturity over three months	(220)	(1,401)	(2,368)
Cash and cash equivalents	¥46,988	¥35,105	\$505,028

24. Statement of Cash Flows (continued)

(b) Assets and liabilities of new consolidated subsidiaries

The composition of assets and liabilities, acquisition cost, and net profits and losses due to the acquisition of newly consolidated companies for the year ended March 31, 2010 and 2009 were as follows:

SORUN CORPORATION and its 14 subsidiaries (As of December 31, 2009)

	(Millions of yen)	(Thousands of U.S. dollars)
Current assets	¥ 19,058	\$ 204,837
Fixed assets	7,764	83,454
Goodwill	4,408	47,381
Current liabilities	(6,450)	(69,325)
Non-current liabilities	(3,886)	(41,770)
Minority interests	(1,713)	(18,413)
Acquisition cost of SORUN CORPORATION shares	19,181	206,164
Cash and cash equivalents of SORUN CORPORATION and its 14 subsidiaries	(8,264)	(88,823)
Net payment for acquisition	¥10,917	\$117,341

NEXWAY Co., Ltd. (As of June 30, 2008)

	(Millions of yen)
Current assets	¥ 1,673
Fixed assets	3,376
Goodwill	2,896
Current liabilities	(4,525)
Non-current liabilities	(214)
Acquisition cost of NEXWAY shares	3,206
Cash and cash equivalents of NEXWAY	(59)
Net payment for acquisition	¥ 3,147

CRONOVA Co., Ltd. (As of September 30, 2008)

	(Millions of yen)
Current assets	¥1,073
Fixed assets	182
Goodwill	99
Current liabilities	(520)
Non-current liabilities	(34)
Minority interests	(305)
Acquired shares before consolidation	(206)
Acquisition cost of CRONOVA shares	289
Cash and cash equivalents of CRONOVA	(747)
Net receipt from acquisition	¥ (458)

24. Statement of Cash Flows (continued)

(c) Significant noncash activities

The Group acquired assets and obligations on finance lease transactions amounting to ¥1,380 (\$14,829 thousand) and ¥1,528 million during the years ended March 31, 2010 and 2009, respectively.

25. Segment Information

(a) Industry segment information

The Group responds to customer needs through the supply of a comprehensive extent of information services ranging from information system planning through software development, hardware selection, and system operations. As the Group’s marketing policies do not separate these operations into industry segment classifications, industry segment information is not disclosed.

(b) Geographic segment information

Since both the domestic share of net income and total assets for all segments exceed 90%, geographic segment information is not disclosed separately.

(c) Overseas sales

Since the overseas share of consolidated net sales was less than 10%, overseas sales information is not disclosed separately.

26. Business Combination

The Group carried out the following business combinations during the years ended March 31, 2010 and 2009.

For the year ended March 31, 2009:

(a) Business Combination through Establishment of Joint Holding Company

Seeking to fulfill corporate social responsibility issues and contribute to the realization of a better IT society, while improving group corporate value as leading companies in the information services industry, TIS Inc.(TIS) and INTEC Holdings, Ltd.,(INTEC) established the joint holding company, IT Holdings Corporation, on April 1, 2008, through stock transfer. Consequently, TIS Inc. and INTEC Holdings became wholly owned subsidiaries of IT Holdings Corporation.

(i) Outline of holding company

- i Company name: IT Holdings Corporation
- ii Location of Head Office: Toyama Prefecture
- iii Representatives of company: Tetsuo Nakao, Chairman
Susumu Okamoto, President
- iv Capital stock: ¥10 billion
- v Business activities: Administrative control over its subsidiaries and the affiliated groups and execution of related business activities.

(ii) Transfer ratio for stock with voting rights and ratio determination

i) Transfer ratio for stock with voting rights

One share of common stock in the holding company was allotted and delivered for each share of common stock in TIS Inc., while 0.79 share of common stock in the holding company was allotted and delivered for each share of common stock in INTEC Holdings, Ltd.

ii) Ratio determination

In the interest of each company’s shareholders, a third-party opinion was requested to ascertain the fairness of the stock transfer ratio. TIS Inc. named Nomura Securities Co., Ltd., as its financial advisor, and INTEC Holdings, Ltd. named Mitsubishi UFJ Securities Co., Ltd., as its financial advisor. The two companies deliberated the respective third-party opinions and agreed that the ratio was appropriate.

iii) Voting rights after business combination

TIS Inc.	53.8%
INTEC Holdings, Ltd.	46.2%

The ratios represent the equities in IT Holdings Corporation held by shareholders of each company.

26. Business Combination (continued)

(a) Business Combination through Establishment of Joint Holding Company (continued)

iv) Accounting for business combination

Judging from considerations given to shareholders, voting rights ratio and nonexistence of controlling relationship other than voting rights, the business combination was accounted for as a pooling of interests not as an acquisition, in conformity with Japanese Accounting Standards for Business Combinations.

v) Assets and liabilities succeeded from both companies

	TIS	INTEC
	<i>(Millions of yen)</i>	
Current assets	¥ 48,337	¥ 2,351
Non-current assets	75,768	62,320
Total assets	¥124,105	¥64,671
Current liabilities	¥ 27,165	¥ 8,585
Non-current liabilities	21,807	10
Total liabilities	¥ 48,972	¥ 8,595
Net assets	¥ 75,133	¥56,076

(b) Application of Purchase Method

Acquisition of stock in NEXWAY Co., Ltd.

(i) Name and business line of acquired entity, main reason for business combination, date of combination, legal form of combination, and acquired ratio of voting rights

i) Name and business line of acquired entity

Name: Nexway Co., Ltd. (same after combination)
Business: Services to distribute information

ii) Main reason for business combination

To expand scale and reinforce services in the outsourcing and network segment.

iii) Date of combination

July 11, 2008

iv) Legal form of combination

Stock acquisition

v) acquired ratio of voting rights

100%

26. Business Combination (continued)

(b) Application of Purchase Method (continued)

(ii) Term of business performance, included in consolidated financial statements, for the acquired entity

July 1, 2008 to March 31, 2009

(iii) Cost of acquisition and components thereof

Stock acquisition expense: ¥3,120 million

Expenses, including advisory services, directly related to stock acquisition: ¥86 million

Total cost of acquisition: ¥3,206 million

All expenses were paid in cash.

(iv) Conversion rate by type of stock and calculation method used as well as number of allotted shares and assessed value

Not applicable.

(v) Amount of goodwill incurred, cause, amortization method and period of amortization

i) Amount of goodwill incurred

¥2,896 million

ii) Cause

Active return expected, primarily through effective application of funds, as Nexway expands its information distribution services.

iii) Amortization method and period of amortization

Average amortization over five years.

(vi) Amount of assets and liabilities assumed on the date of combination and key components thereof

(Assets)	
Current assets	¥1,672 million
Fixed assets	¥3,376 million
Total	¥5,049 million
(Liabilities)	
Current liabilities	¥4,524 million
Fixed liabilities	¥ 214 million
Total	¥4,738 million

26. Business Combination (continued)

(b) Application of Purchase Method (continued)

(vii) Estimated impact on the consolidated statement of income for the consolidated fiscal year under review if the business combination had been completed at the beginning of the consolidated fiscal year.

Net sales	¥2,304 million
Operating income	¥ 471 million
Recurring profit	¥ 378 million
Net income	¥ 390 million

(Calculation method for estimates)

The estimated impact would be the difference between sales and profit information calculated as if the business combination had been completed at the beginning of the consolidated year and sales and profit information recorded on the consolidated statement of income of the acquired entity.

This note is unaudited.

(c) Transaction under Joint Control

Absorption-type split with TIS

(i) Name and business line of the spinoff combining entity, legal form of combination, and summary of transaction, including purpose

i) Name and business line of the spinoff combining entity

Name: TIS, a consolidated subsidiary of IT Holdings

Business that was split from TIS and absorbed by IT Holdings: Subsidiary management operations

ii) Legal form of combination

Absorption-type split, wherein TIS is the splitting company and IT Holdings is the successor company.

iii) Summary of transaction, including purpose

Seeking to make business practices within the IT Holdings Group stronger and more efficient, management redefined the Group structure and decided to shift control of nine subsidiaries in the TIS Group under the direct control of IT Holdings.

In this transaction, an absorption-type split was agreed upon between TIS and IT Holdings, wherein all shares in the nine subsidiaries held by TIS would be transferred to IT Holdings.

(ii) Summary of applied accounting treatment

IT Holdings treated the spinoff event as a transaction under joint control, in accordance with “Accounting Standards for Business Combinations,” issued by the Business Accounting Council on October 31, 2003, and ASBJ Guidance No.10 “Guidance on Accounting Standards for Business Combinations and Accounting Standards for Business Divestitures,” issued by the Accounting Standards Board of Japan on November 11, 2007.

26. Business Combination (continued)

For the year ended March 31, 2010:

(a) Application of Purchase Method

Acquisition of stock in SORUN CORPORATION

(i) Name and business line of acquired entity, main reason for business combination, date of combination, legal form of combination, and acquired ratio of voting rights

i) Name and business line of acquired entity

Name: SORUN CORPORATION (both before and after combination)

Business: Systems consulting, engineering services, outsourcing services, e-business support, information security services and package sales

ii) Main reason for business combination

To expand scale and reinforce services, to develop overseas and innovative operations and to enhance efficiency of operations

iii) Date of combination: December 22, 2009

iv) Legal form of combination: Stock acquisition by tender offer

v) Acquired ratio of voting rights: 91.55%

(ii) Term of business performance, included in consolidated financial statements, for the acquired entity

January 1, 2010 to March 31, 2010

(iii) Cost of acquisition and components thereof

Common stock acquisition expense: ¥18,852 million (\$202,623 thousand)

Expenses, including advisory services, directly related to stock acquisition: ¥329 million (\$3,541 thousand)

Total cost of acquisition: ¥19,181 million (\$206,164 thousand)

(iv) Amount of goodwill incurred, cause, amortization method and period of amortization

i) Amount of goodwill incurred: ¥4,408 million (\$47,381 thousand)

ii) Cause

Principally, expected excess profitability generated by business development of SORUN CORPORATION.

iii) Amortization method and period of amortization

Average amortization over five years.

26. Business Combination (continued)

(a) Application of Purchase Method (continued)

(v) Amount of assets and liabilities assumed on the date of combination and key components thereof

(Assets)	
Current assets	¥19,058 million (\$204,837 thousand)
Fixed assets	¥ 7,765 million (\$ 83,454 thousand)
Total	¥26,823 million (\$288,291 thousand)
(Liabilities)	
Current liabilities	¥ 6,450 million (\$ 69,325 thousand)
Non-current liabilities	¥ 3,886 million (\$ 41,770 thousand)
Total	¥10,336 million (\$111,095 thousand)

(vi) Estimated impact on the consolidated statement of income for the year ended March 31, 2010, under the assumption that the business combination had been completed at the beginning of the year.

Net sales	¥32,951 million (\$354,158 thousand)
Operating loss	¥ 574 million (\$ 6,173 thousand)
Recurring loss	¥ 727 million (\$ 7,811 thousand)
Net loss	¥ 891 million (\$ 9,579 thousand)

(Calculation method for estimates)

The estimated impact is the difference between sales and income summary calculated under the assumption that the business combination had been completed at the beginning of the consolidated year to the sales and income summary of the consolidated statement of income of the acquired entity.

This note is unaudited.

27. Subsequent Events

(a) Effective on April 1, 2010, the Company made SORUN CORPORATION (“SORUN”) into a wholly-owned subsidiary through share exchange.

(i) Purpose of making SORUN into a wholly-owned subsidiary through share exchange

As mentioned in Note 26(a):for the year ended March 31, 2010, the Company conducted the tender offer targeting shares of SORUN (excluding treasury shares owned by SORUN) from November 13, 2009 to December 15, 2009, with an objective to make SORUN into a wholly-owned subsidiary. As a result, the Company acquired 23,863,314 shares of SORUN stocks. However, the Company and SORUN decided to conduct the share exchange for the purpose of completing the process of making SORUN into a wholly-owned subsidiary of ITHD, as had been originally planned.

27. Subsequent Events (continued)

(ii) Manner and detail of the share exchange

As for the Company, the share exchange was conducted according to the simplified share exchange procedure under Article 796 (3) of the Companies Act. As for SORUN, according to the summary share exchange procedure under Article 784 (1) of the Companies Act.

In conformity with the share change contract concluded on January 12, 2010, the Company issued 0.74 shares of common stock of the Company for every one share of SORUN's stock, to shareholders listed on the shareholders' record (except for the Company itself), immediately before acquiring SORUN shares, effective April 1, 2010.

(b) The following appropriations of retained earnings of the Company, which have not been reflected in the consolidated financial statements for the year ended March 31, 2010, were approved at a shareholders’ meeting held on June 24, 2010.

	(Millions of yen)	(Thousands of U.S. dollars)
Cash dividends (¥20.00 = \$0.21 per share)	¥1,727	\$18,564

IT Holdings Group (As of October 1, 2010)

Principal Companies

TIS Inc.
INTEC Inc.
SORUN CORPORATION
UFIT Co., Ltd.
Agrex Inc.
Qualica Inc.
AJS Inc.

Marketing Solution Services

NEXWAY CO., LTD.

Solution Services and Sales

IUK Inc.
ASAHI KASEI AGMS CORPORATION
Cloud Scope Technologies, Inc.
NEOAXIS Co., Ltd.

Financial IT Services

Oartech, Inc.
Keyport Solutions, Inc.
FIRST MANAGE CORPORATION

System Development, and Management and Operations

aidec Corporation
Agrex Fine Techno Inc.
INTEC Solution Power Inc.
AJS Software Co., Ltd.
CST Co., Ltd.
System Support Co., Ltd.
Chuo System Corporation
TIS System Service Inc.
NIPPON SYSTEM GIJUTSU Co.

Consulting Services and Research

INTEC Systems Institute, Inc.
BM Consultants Inc.

Contract Research Organization (CRO)

AC MEDICAL INC.
UPSHE Co., Ltd.
ALMEC Co., Ltd.
Medical Toukei Co., Ltd.

Regional Companies in Japan

KOUSHI INTEC Inc.
SORUN HOKURIKU CORPORATION
SORUN WEST JAPAN CORPORATION
SORUN HOKKAIDO CORPORATION
SORUN TOUHOKU CORPORATION
Hokkoku INTEC Service Inc.

Overseas Business

BEIJING SORUN COMPUTER CO., LTD.
INTEC Information Technology (Wuhan) Co., Ltd.
Qualica (Shanghai) Inc.
TISI (Shanghai) Co., Ltd.
TIS R&D Center, Inc.
TIANJIN LARGE INFORMATION TECHNOLOGY CO., LTD.
TIANJIN SORUN DIGITAL SOFTWARE CORPORATION
Tianjin TIS Hi-tech Information System Service Co., Ltd.
SORUN CHINA CORPORATION
TKSOFT SINGAPORE PTE. Ltd.

Other Specific Business

ITI, Inc.
IT Service Force Inc.
CAREER SERVICE CORPORATION
INTEC Amenity Inc.
SKY INTEC Inc.
Registration Network, Ltd.
IT Partners, Inc.
WEB OFFICE CORPORATION
TIS Total Service Co., Ltd.
SORUN ESTATE CORPORATION
SORUN PURE CORPORATION
MITEC Inc.
INTEC IT Capital, Inc.
Huma(n) Corporation
WITH INTEC Inc.
TIS Leasing Co., Ltd.

Corporate Data (As of March 31, 2010)

Corporate data:	IT Holdings Corporation
Established:	April 1, 2008
Main business:	Management and business execution of group companies which carry on information and communication business
Tokyo Headquarters:	Hibiya Daibiru, 1-2-2 Uchisaiwai-cho, Chiyoda-ku, Tokyo 100-0011 Japan Tel. +81-3-6738-8100 Fax. +81-3-3503-2551
Toyama Headquarters:	5-5 Ushijima-shinmachi, Toyama 930-0856 Japan Tel. +81-76-444-8011 Fax. +81-76-444-8012
Paid-in capital:	¥ 10 billion
Number of shares	
Authorized:	280,000,000 shares
Issued*	86,373,919 shares
Number of shareholders	17,038
Stock listing:	Tokyo Stock Exchange, First Section (Securities code: 3626)

Notes: * Number of issued shares increased 1,415,179 shares, to 87,789,098 shares as of April 1, 2010, due to the share transfer with SORUN CORPORATION.

Major shareholders (As of March 31, 2010)

Name	Number of shares (Thousands)	Shareholding ratio (%)
Japan Trustee Services Bank, Limited (Trust Account)	8,812	10.2
The Master Trust Bank of Japan, Limited (Trust Account)	5,621	6.5
Nippon Life Insurance Company	2,591	3.0
Trust and Custody Services Bank, Ltd.	1,811	2.1
Japan Trustee Service Bank, Ltd. (Trust Account 4)	1,666	1.9
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,654	1.9
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, Mitsubishi Electric Corporation Account)	1,598	1.9
Employees' shareholding association of IT Holding Corporation	1,573	1.8
Japan Trustee Service Bank, Ltd. (Trust Account 9)	1,549	1.8
Obayashi Corporation	1,161	1.3
JCB Co., Ltd.	1,161	1.3



IT Holdings