

# **Financial results for the nine-month period ended December 31,2009**

**February 10, 2010**

**CSK HOLDINGS CORPORATION**

- **Consolidated financial results for nine-month of FY2010/3**
  - **IT services business**
  - **Prepaid Card Business, Securities Business, Other business**
  
- **Consolidated financial results forecasts for FY2010**

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# Summary



( millions of yen )

	'08/4-12	'09/4-12	Variance	
Revenue	151,288	123,370	△ 27,918	△ 18.5%
Gross profit	△ 46,916	38,893	85,810	-
Gross profit margin	△ 31.0%	31.5%	62.5%	-
SG&A	49,565	37,906	△ 11,658	△ 23.5%
Operating income / loss	△ 96,481	986	97,468	-
Operating income / loss margin	△ 63.8%	0.8%	64.6%	-
Ordinary income / loss	△ 95,364	621	95,986	-
Net income / loss	△ 99,327	△ 58,743	40,583	-

(yen)

	'08/4-12	'09/4-12	Variance
EPS	△ 1,307.75	△ 731.95	575.80
BPS	1,049.41	△ 442.06	△ 1,491.47

# Overview

## IT services business

### ● Operating results for the first three quarters were almost in line with projections.

- Revenue declined year on year because of a decrease in the number of system development projects for manufacturers, a delay in the commencement of large IT projects scheduled in the financial industry, and the effect of hardware sales in the previous year, generally reflecting a continued reduction in IT spending.
- Moving into the next fiscal year, revenue should gradually recover, as a number of large IT projects for the financial industry are anticipated to begin as clients respond to system reforms for regulatory revisions and the industry realignment.

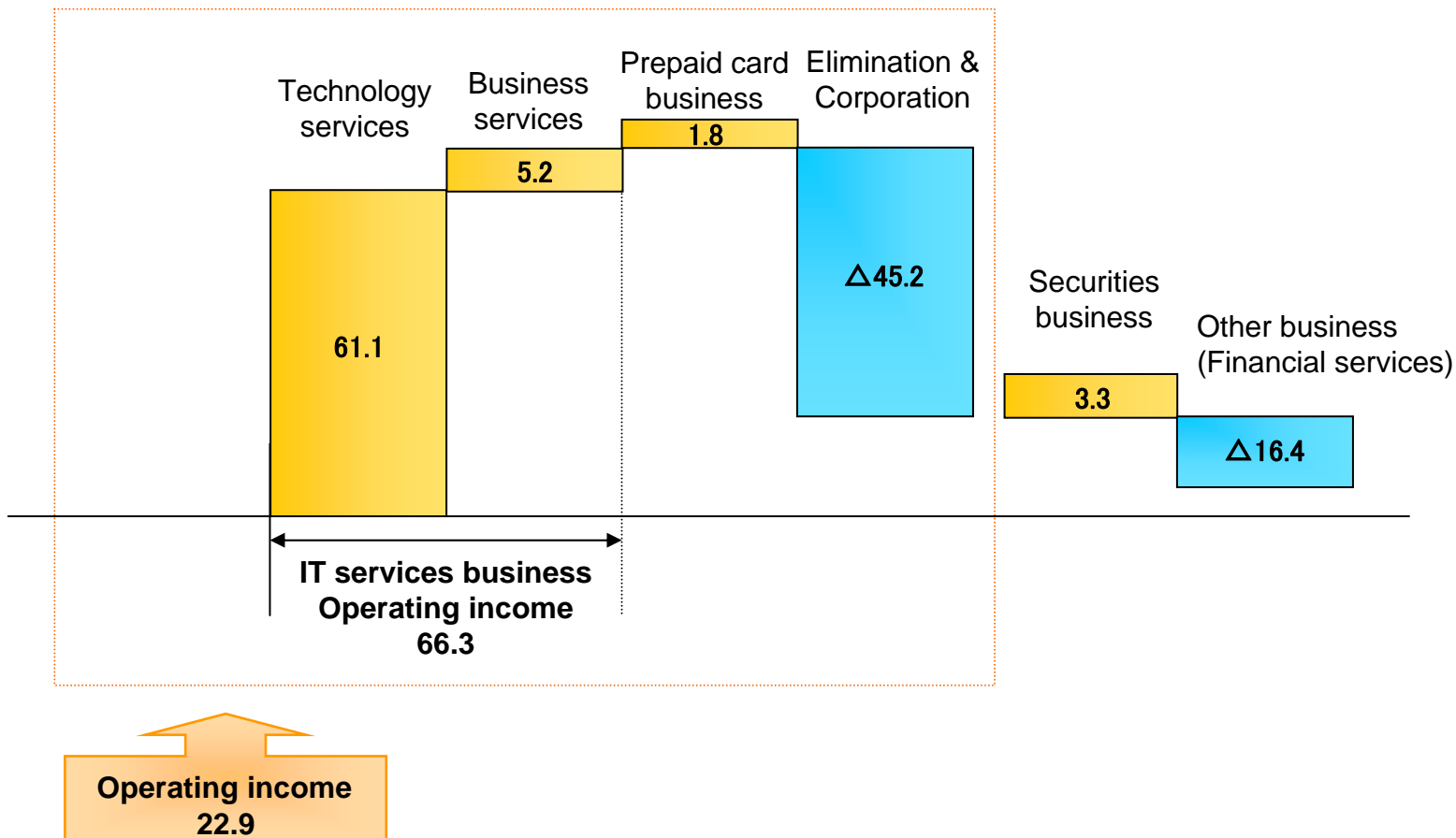
## Revitalization initiatives

### ● Reforms to cost structure and business restructuring make steady progress.

- Profitability improved markedly following fundamental measures. The income margin improved, although revenue declined year on year (thanks to measures such as controlling outsourcing costs, strengthening the organizational structure and personnel, and consolidating offices)
- Major initiatives to strengthen our organization, the precondition for bolstering our competitiveness and promoting differentiation, were completed.  
After the next fiscal year, we will enter the stage of restoring growth. We seek to realize our high growth potential with the creation of new services by bolstering our businesses and promoting the alliance within the Group.

# Operating income/loss by segment ( '09/4-12 )

( 100millions of yen )



# SGA and non-operating income/expenses

( 100millions of yen )

SG&A	'08/4-12	'09/4-12	Variance	Comment
Payroll cost	228.3	188.0	△40.2	
Subcontract cost	51.1	30.8	△20.2	
Depreciation and amortization	30.7	24.3	△6.4	
Rent	43.1	41.9	△1.1	
Other, net	142.2	93.8	△48.4	
Selling, general and administrative expenses	495.6	379.0	△116.5	

Non-operating income	'08/4-12	'09/4-12	Variance	Comment
Interest income	0.8	0.5	△0.3	
Dividend income	3.9	1.8	△2.1	
Hoard profit of prepaid card	7.3	8.7	1.4	
Other, net	8.4	6.1	△2.2	
Non-operating income	20.5	17.2	△3.2	

Non-operating expenses	'08/4-12	'09/4-12	Variance	Comment
Interest expense	0.1	3.7	3.6	
Foreign exchange loss	2.6	-	△2.6	
Provision for accrued employees' retirement benefits	1.9	1.9	-	
Stock issuance cost	-	4.7	4.7	
Commission fee	-	6.0	6.0	
Other, net	4.6	4.5	△0.1	
Non-operating expenses	9.4	20.9	11.5	
Non-operating income and expenses Net	11.1	△3.6	△14.8	

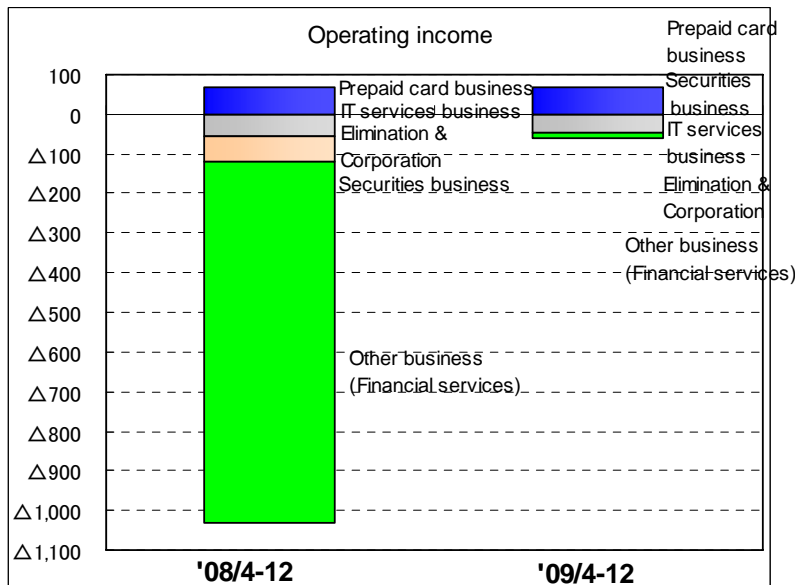
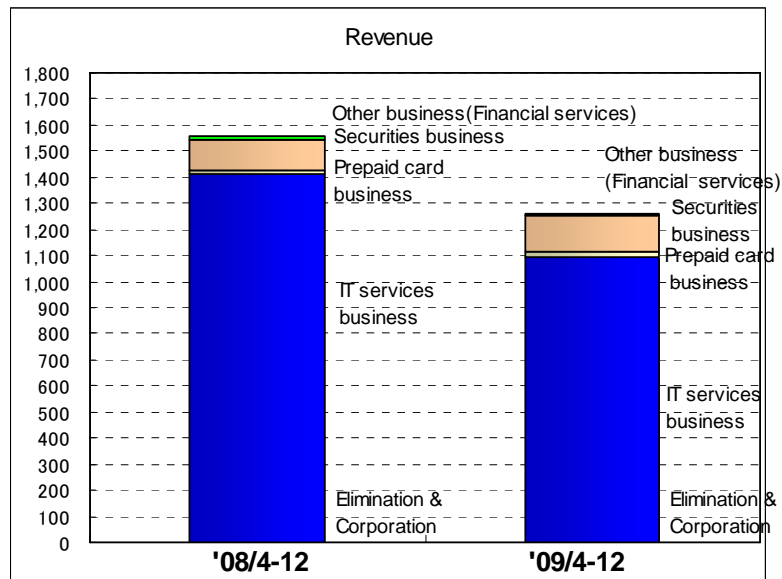
# Extraordinary gains & losses

( 100millions of yen )

Extraordinary gains		2008/4-12	2009/4-12	Variance	Comment
Gain on sales of investments securities	-	7.7	7.7		
Gain from transfer of business	4.9	-	△ 4.9		
Gain from reversal of financial instruments trading liabilities	7.1	1.8	△ 5.3		
Other, net	3.1	5.7	2.6		
Extraordinary gains	15.3	15.3	0.0		
Extraordinary losses		2008/4-12	2009/4-12	Variance	Comment
Loss on impairment of fixed assets	27.5	-	△ 27.5		
Loss on business restructuring	13.6	-	△ 13.6		
Loss on discontinuing construction of head office	24.9	-	△ 24.9		
Loss on withdrawal from real estate securitization business	-	559.4	559.4		
Other, net	17.9	35.4	17.5		
Extraordinary losses	84.0	594.8	510.8		
Extraordinary gains and losses Net	△ 68.7	△ 579.4	△ 510.7		

# Operating result by segments

( 100millions of yen )



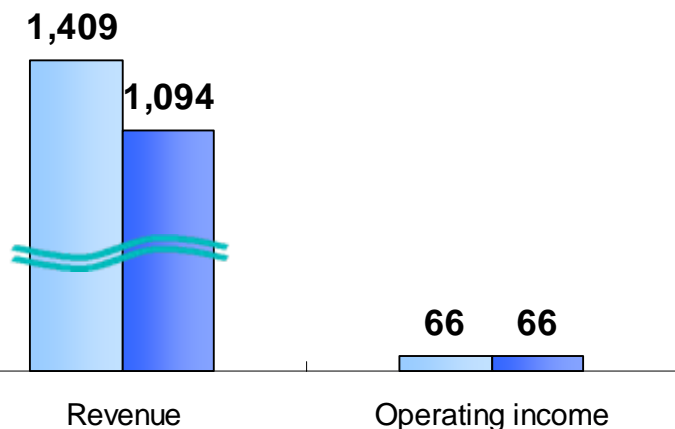
	'08/4-12	'09/4-12	Variance	
<b>IT services business</b>				
Revenue	1,409	1,094	△315	△22.4%
Operating income	66	66	△0	△0.7%
<b>Prepaid card business</b>				
Revenue	20	21	1	5.8%
Operating income	1	1	0	18.6%
<b>Securities business</b>				
Revenue	113	135	21	18.8%
Operating income / loss	△66	3	70	-
<b>Other business(Financial services)<sup>※1</sup></b>				
Revenue	18	8	△9	△53.8%
Operating loss	△909	△16	893	-
<b>Elimination &amp; Corporation</b>				
Revenue	△49	△26	23	-
Operating income	△56	△45	11	-
<b>Total</b>				
Revenue	1,512	1,233	△279	△18.5%
Operating income / loss	△964	9	974	-

※1 The CSK Group has substantially withdrawn from real estate securitization business and changed Financial services segment to Other business segment for the nine months ended Dec. 31, 2009.



# IT services business (1)

□ 2008/4-12 □ 2009/4-12



## IT Services Business

Revenue : YoY  $\Delta$  22.4%, Operating income : YoY  $\Delta$  0.7%

Revenue declined, reflecting smaller revenues for business services such as the contact center and product verification services, in addition to large settlements in hardware sales in the first three quarters of the previous year, and the freezing or delay of projects because of reduced customer IT spending.

Operating income fell only slightly thanks to fundamental reforms to the cost structure, despite the significant impact of lower revenue.

( Operating income margin improved: 4.7%  $\Rightarrow$  6.1% )

( 100millions of yen )

		'08/4-12	'09/4-12	Variance	
CSK-SYS Grp	Revenue	867	685	$\Delta$ 182	$\Delta$ 21.0%
	Operating income	65	64	$\Delta$ 0	$\Delta$ 1.0%
JIEC	Revenue	105	75	$\Delta$ 29	$\Delta$ 28.1%
	Operating income	10	3	$\Delta$ 6	$\Delta$ 63.2%
VERISERVE	Revenue	57	37	$\Delta$ 20	$\Delta$ 35.7%
	Operating income	4	0	$\Delta$ 3	$\Delta$ 79.7%
csk-sw、other (SWC、CCO-Grp、 CSK-MK)total <sup>※1</sup>	Revenue	208	170	$\Delta$ 37	$\Delta$ 18.0%
	Operating income /loss	0	$\Delta$ 0	$\Delta$ 0	-
CSK-SS	Revenue	82	73	$\Delta$ 9	$\Delta$ 11.4%
	Operating income /loss	$\Delta$ 2	2	4	-
Others, Elimination <sup>※2</sup>	Revenue	87	52	$\Delta$ 35	$\Delta$ 40.7%
	Operating income	$\Delta$ 10	$\Delta$ 5	5	-
IT services business	Revenue	1,409	1,094	$\Delta$ 315	$\Delta$ 22.4%
	Operating income	66	66	$\Delta$ 0	$\Delta$ 0.7%
Operating income margin		4.7%	6.1%	1.3%	

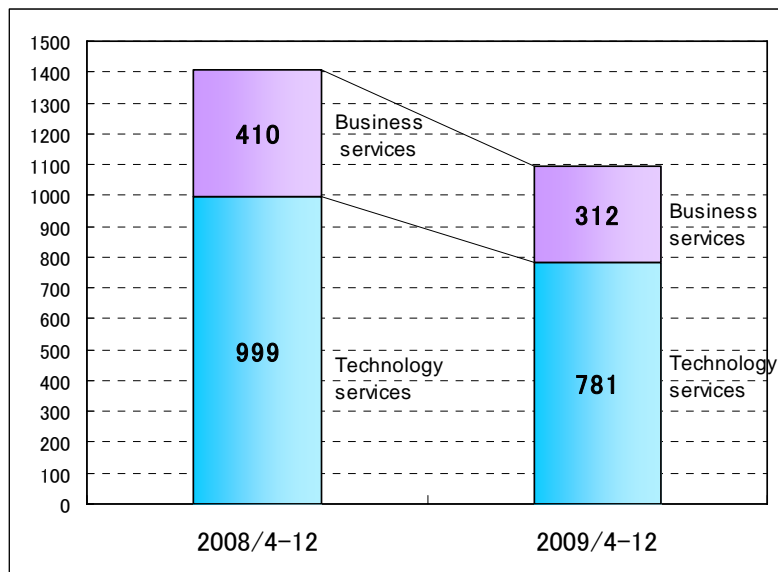
※1 Total figures due to the group reorganization

※2 Total of earnings at other companies and consolidated eliminations

# IT services business (2)

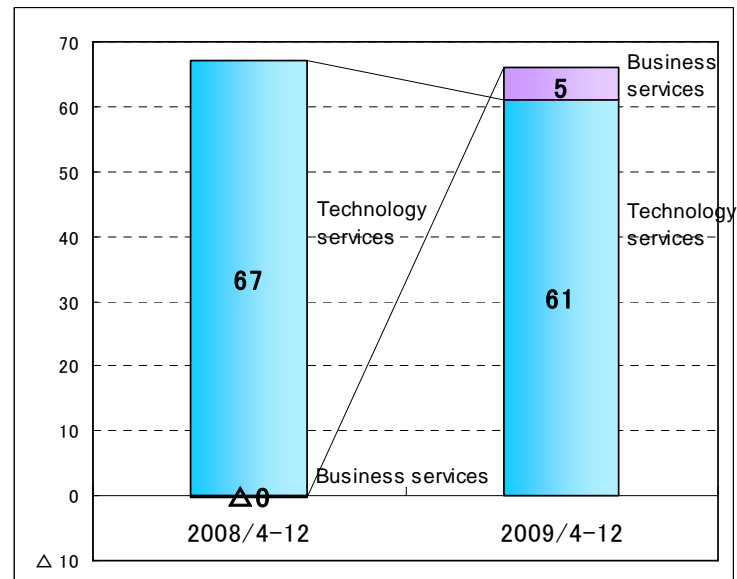
## IT services business : Revenue

(100millions of yen)



## IT services business : Operating income

(100millions of yen)



### ○ Technology services

Revenue : YoY $\Delta$  21.8%, Operating income : YoY $\Delta$ 9.4%

#### Revenue:

Revenue declined, reflecting delays in the commencement of large projects expected for the financial industry and a fall in system development for manufacturers such as electronics, precision machinery and transportation equipment manufacturers.

Revenue is expected to recover gradually moving into the next fiscal year, given the anticipated commencement of postponed projects for the financing industry and an expected increase in demand for systems in association with responses to system reforms for regulatory revisions and the industry realignment.

#### Operating income:

The operating margin improved as a result of active reforms of the cost structure, such as reductions in expenses and outsourcing costs, offsetting the large fall in revenue. ( 6.7%  $\Rightarrow$  7.8% )

### ○ Business services

Revenue : YoY $\Delta$  23.7%, Operating income : ¥0.5 billion

#### Revenue:

Revenue for the fulfillment services related increased. However, revenue declined in technical support and product verification services in particular, reflecting cost cutting and the reduction of product development investments due to worsening market conditions.

#### Operating income:

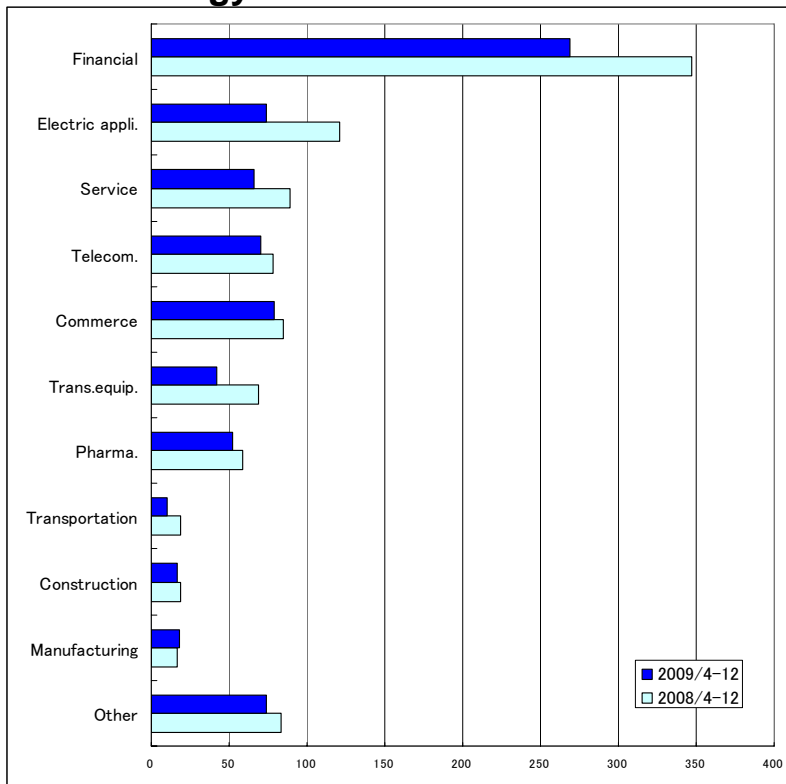
Although technical and sales support were affected by falls in support spending by software and hardware vendors in association with their worsening performance, the Company cut costs and improved efficiency through the optimization of resources. As a result, operating income increased.

# IT services business (3)

## Sales distribution by industry

### <Technology services>

(100 millions of yen)

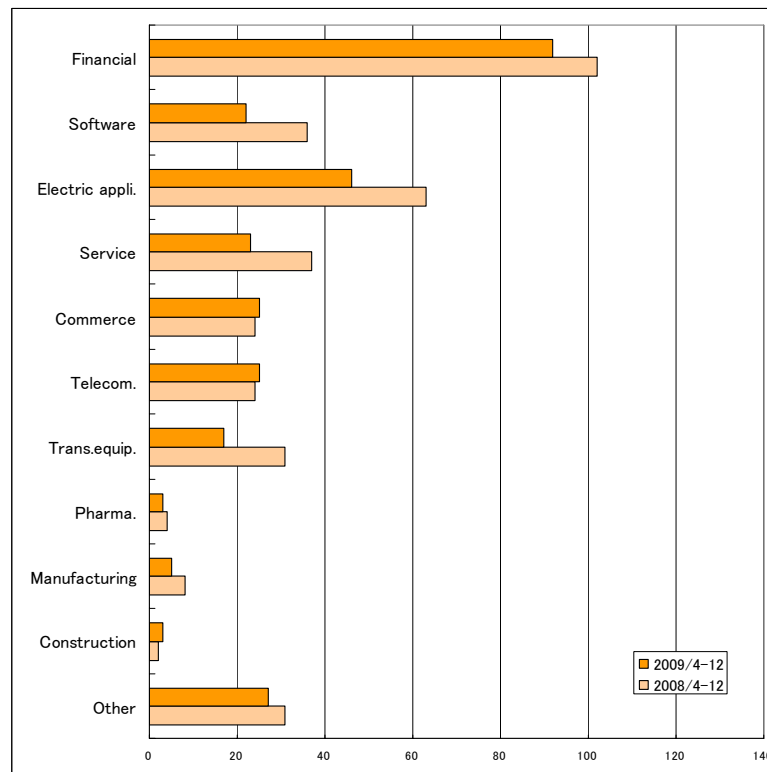


### <Technology services>

Systems integration and management, IT outsourcing and other technology-related services

### <Business services>

(100 millions of yen)

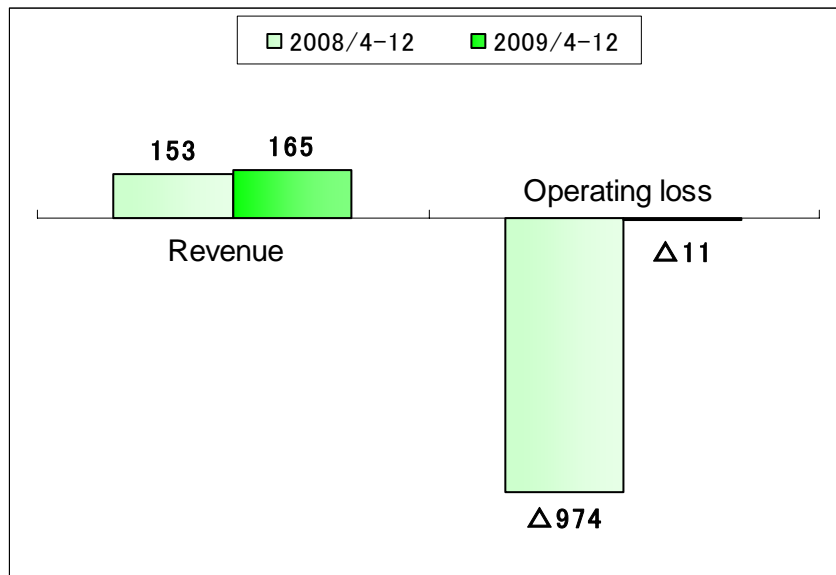


### <Business services>

Contact center business including customer and technical support, and back-office and other BPO services

# Prepaid Card Business, Securities Business, Other business

( 100millions of yen )



	'08/4-12	'09/4-12	Variance		
Prepaid card business	Revenue	20	21	1	5.8%
	Operating income	1	1	0	18.6%
Securities business	Revenue	113	135	21	18.8%
	Operating income / loss	△66	3	70	-
Other business (Financial services) <sup>※1</sup>	Revenue	18	8	△9	△53.8%
	Operating loss	△909	△16	893	-
合計	Revenue	153	165	12	8.3%
	Operating loss	△974	△11	963	-

※1 The CSK Group has substantially withdrawn from real estate securitization business and changed Financial services segment to Other business segment for the nine months ended Dec. 31, 2009.

**- Prepaid Card Business:** Revenue : YoY+5.8%, Operating income : YoY+18.6%

Revenue increased, thanks to sales of equipment, although the quantity of cards issued over the counter or as gifts fell slightly year on year. Hoard profit of prepaid cards was posted under non-operating income. (Hoard profit of prepaid card: ¥0.87 billion)

**- Securities Business:** Revenue : YoY+18.8%, Operating income : ¥0.33 billion.

Revenue rose, attributable to increases in commissions received, due to rises in the Nikkei Stock Average against a backdrop of an expected recovery in the domestic economy. Operating income remained in the black thanks to substantial cuts in SG&A. ( SG&A: YoY △¥4.6 billion)

It will take more time for the performance to recover fully, given uncertainty over the economic prospects for the second half.

**- Other business (Financial services business)**

Revenue : YoY△53.8% Operating loss : △¥1.64 billion.

We posted an operating loss of ¥1.64 billion, reflecting a loss on valuation of securities and other factors.

We posted a business withdrawal loss of ¥55.9 billion under extraordinary losses, the result of our withdrawal from the real estate securitization business.

# Cash flows

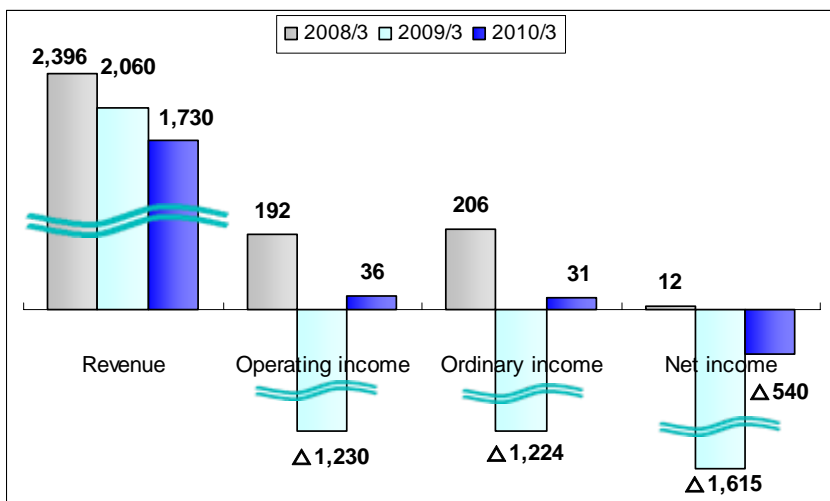


( 100millions of yen )

	'08/4-12	'09/4-12	Variance	Comment
Operating cash flows	<b>△ 122</b>	<b>14</b>	<b>137</b>	
Investing cash flows	<b>△ 160</b>	<b>△ 24</b>	<b>136</b>	
Financial cash flows	<b>17</b>	<b>36</b>	<b>19</b>	
Total cash flows ※	<b>△ 270</b>	<b>25</b>	<b>295</b>	
Cash & cash equivalents, at end	<b>321</b>	<b>364</b>	<b>42</b>	

※ : Including effect of exchange rate change.

# Forecast for FY2010



( 100millions of yen )

	2008/3	2009/3	2010/3 Forecast	Variance	
Revenue	2,396	2,060	1,730	Δ330	Δ16.1%
Operating income / loss	192	Δ1,230	36	1,266	-
Operating income margin	8.0%	-	2.1%	-	-
Ordinary income / loss	206	Δ1,224	31	1,255	-
Net income / loss	12	Δ1,615	Δ540	1,075	-

( yen )

	2008/3	2009/3	2010/3 Forecast	Variance
EPS	17.34	Δ2,097.39	Δ672.84	1,424.55

## Consolidated results forecast

There is no change to our full-year earnings forecasts for the fiscal year ending March 31, 2010 announced on November 11, 2009.

Net income remains unchanged from the figure announced on November 11, 2009, as we anticipate the posting of deferred tax assets in response to taxable income expected for the next fiscal year, although we expect an extraordinary loss of approximately 2.9 billion to arise with the introduction of an early retirement program.