



Financial results for the first quarter ended June 30, 2010

August 12, 2010

CSK HOLDINGS CORPORATION

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Summary



(millions of yen)

	2009/6	2010/6	Variance	
Operating revenue	41,871	32,602	Δ 9,268	Δ 22.1%
Gross profit	1,639	7,148	5,508	335.9%
Gross profit ratio(%)	3.9%	21.9%	18.0%	-
SG&A	15,038	7,080	Δ 7,957	Δ 52.9%
Operating income / loss	Δ 13,398	68	13,466	-
Operating income ratio(%) / loss ratio(Δ)(%)	Δ 32.0%	0.2%	32.2%	-
Ordinary income / loss	Δ 12,798	105	12,904	-
Net income / loss	Δ 14,041	Δ 8,331	5,709	-

(yen)

	2009/6	2010/6	Variance
EPS	Δ 174.95	Δ 66.26	108.69
BPS	69.76	307.71	Δ 377.47

Overview



■ Financial results for 1Q FY2011/3

Revenue declined due to withdrawals of businesses, including the business of Cosmo Securities, and reduced transactions for securities firms in IT services business. However, operating income became profitable, reflecting the absence of the loss on valuation related to real estate that had been posted in the corresponding quarter of a year earlier, in addition to revisions to the cost structure undertaken since the preceding year.

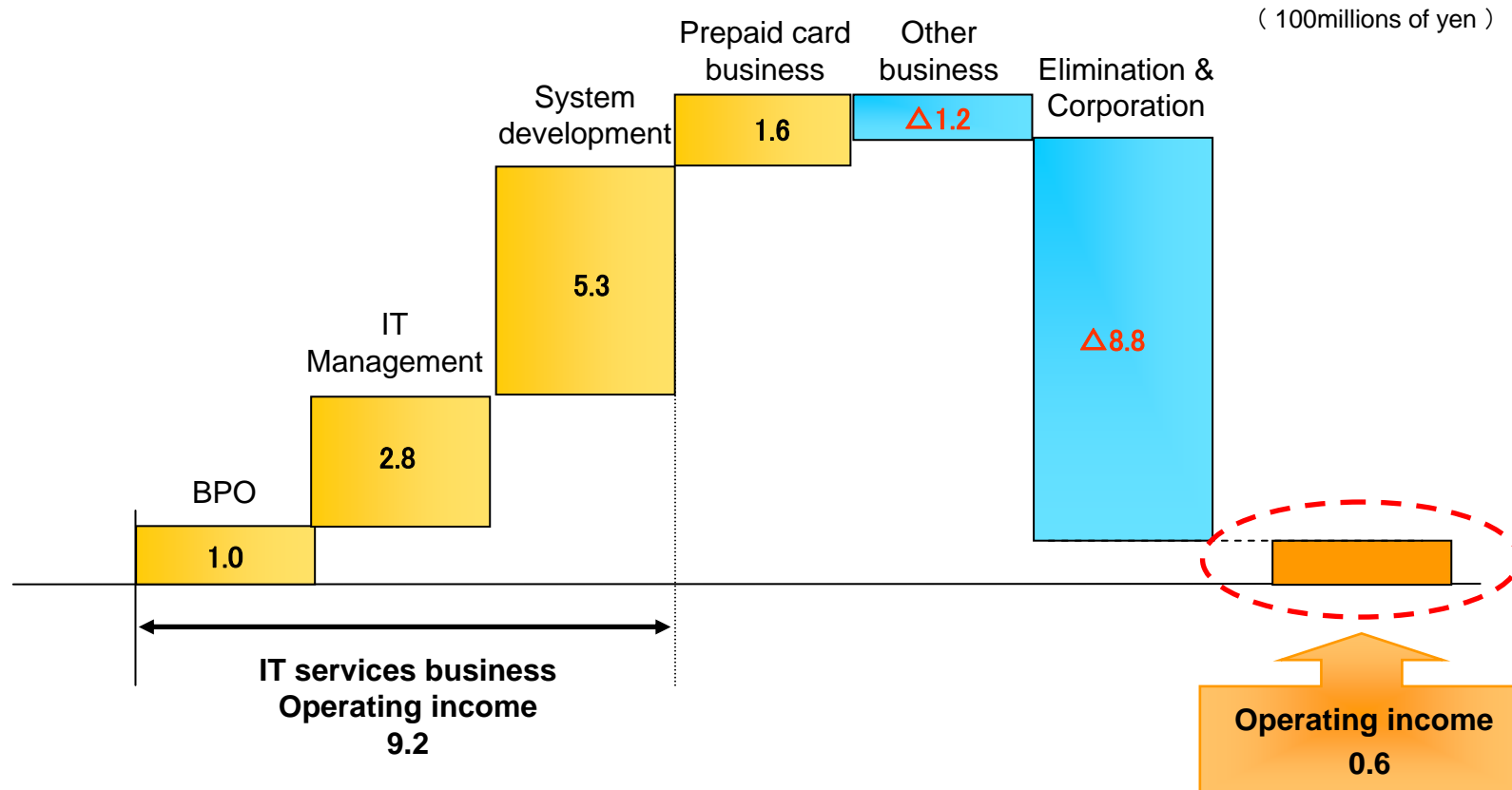
■ IT services business

Major factors in the year-on-year fall in revenue were attributed to the decline in ASP services and systems development projects for securities firms. However, operating income increased, reflecting withdrawals from unprofitable BPO business and the effects of cost cutting.

■ Initiatives for the future

We will revise our Group management system and business promotion system as of October 1, 2010. To bolster competitiveness, we will link and integrate three mainstay businesses, namely BPO, IT management, and System development, so that the CSK Group can offer unique services and help its customers achieve business innovation.

Operating income/loss by segment (1Q FY2011/3)





SGA and non-operating income/expenses

(100millions of yen)

SG&A	2009/6	2010/6	Variance	Comment
Payroll cost	72.5	39.4	△33.1	Declined with withdrawals from businesses, downsizing through a voluntary early retirement program, and cost cutting.
Subcontract cost	13.9	0.0	△13.8	Principally, withdrawal from securities business and cost reduction.
Depreciation and amortization	8.2	5.5	△2.7	Decrease in withdrawal from the business and loss on impairment of fixed assets.
Rent	16.0	6.4	△9.6	Consolidation/intergration of offices and review of rent.
Other, net	39.5	19.2	△20.3	Rental fee, commission fee, supplies expense, etc.
Total	150.3	70.8	△79.5	

Non-operating income	2009/6	2010/6	Variance	Comment
Interest income	0.1	0.3	0.2	—
Dividend income	1.5	0.3	△1.2	Decrease in dividends from securities holdings.
Hoard profit of prepaid card	2.9	2.8	△0.0	—
Other, net	3.8	1.8	△2.0	Principally, incentives and subsidy etc.
Total	8.5	5.4	△3.1	

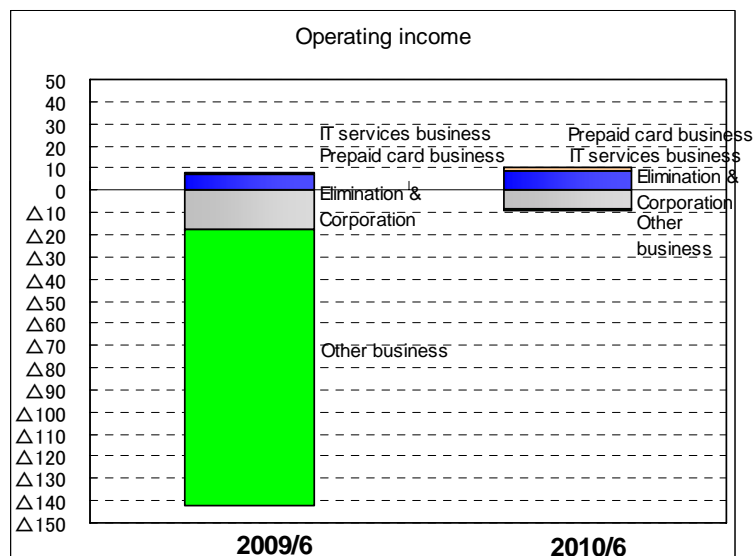
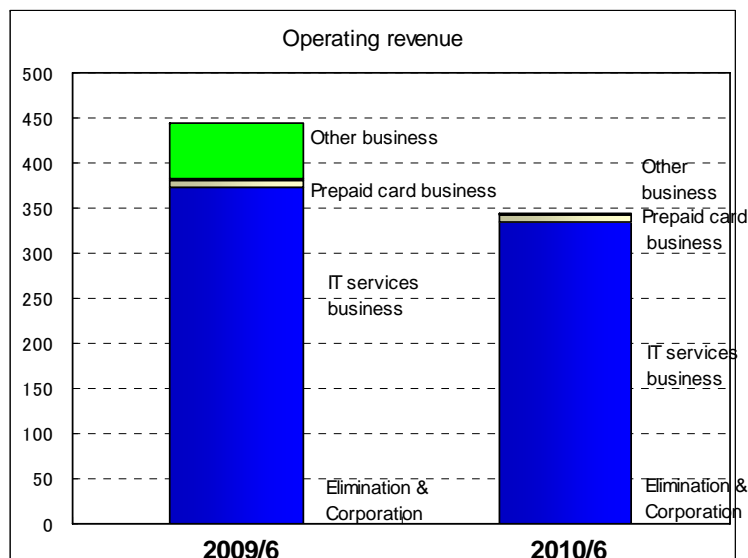
Non-operating expenses	2009/6	2010/6	Variance	Comment
Interest expense	0.0	2.5	2.5	—
Foreign exchange losses	0.7	-	△0.7	Decrease in withdrawal from financial services business.
Provision for accrued employees' retirement benefits	0.6	0.6	0.0	Amortization of transition loss.
Other, net	1.0	1.7	0.7	Loss on investments in silent partnership, Transfer agent fee, Loss on investments in partnership.
Total	2.5	5.0	2.5	
Non-operating income and expenses Net	5.9	0.3	△5.6	

Extraordinary gains & losses

(100millions of yen)

Extraordinary gains		2009/6	2010/6	Variance	Comment
Reversal of allowance for doubtful accounts	-	0.2	0.2	-	
Gain from transfer of business	1.8	-	△1.8	Gain from transfer of business of subsidiary company.	
Reversal of reserve for financial products transaction liabilities	1.8	-	△1.8	Reversal of financial instruments transaction liability reserve associated with the enforcement of the Financial Instruments and Exchange Act.	
Other, net	4.4	0.0	△4.3	Gain on sales of fixed assets etc.	
Total	8.1	0.3	△7.7		
Extraordinary losses		2009/6	2010/6	Variance	Comment
Loss on impairment of fixed assets	4.8	-	△4.8	Impairment of information bases common to the entire Group.	
Loss on sales of investments in securities	6.5	-	△6.5	Loss on sales of investments securities.	
Loss on withdrawal from securities business	-	89.0	89.0	Loss on withdrawal from securities business.	
Other, net	5.9	5.0	△0.9	Loss on adjustment for changes of accounting standard for asset retirement obligations, special severance payments for voluntary early retirement program, etc.	
Total	17.4	94.0	76.6		
Extraordinary gains and losses Net	△9.2	△93.7	△84.4		

Operating result by segments



(100millions of yen)

		2009/6	2010/6	Variance	
IT services business					
Operating revenue		374	334	Δ 40	Δ 10.7%
Operating income		7	9	1	17.3%
Prepaid card business					
Operating revenue		7	9	2	32.5%
Operating income		0	1	0	149.7%
Other business[※]					
Operating revenue		63	2	Δ 60	Δ 95.9%
Operating loss		Δ 124	Δ 1	123	-
Elimination & Corporation					
Operating revenue		Δ 26	Δ 21	5	-
Operating loss		Δ 18	Δ 8	9	-
Total					
Operating revenue		418	326	Δ 92	Δ 22.1%
Operating income / loss		Δ 133	0	134	-

※"Other business" represents categories that are not included in reportable segments, and includes investments in venture companies and investment trust managements.

Starting this quarter, the Company has adopted the "Accounting Standards on Disclosure of Segment Information" and the "Application Guidance of Accounting Standards on Disclosure of Segment Information." Accordingly, numeric values for past years were reclassified into segments after the application of the new accounting standards.

IT services business

(100millions of yen)

		2009/6	2010/6	variance	
BPO	Operating revenue	74	74	Δ0	Δ0.4%
	Operating income/loss	Δ3	1	4	-
	Operating income ratio(%)/loss ratio(Δ)(%)	Δ5.2%	1.4%	6.7%	-
IT management	Operating revenue	86	74	Δ12	Δ14.3%
	Operating income	3	2	Δ0	Δ9.2%
	Operating income ratio(%)	3.6%	3.8%	0.2%	-
System development	Operating revenue	213	185	Δ27	Δ12.9%
	Operating income	8	5	Δ3	Δ38.6%
	Operating income ratio(%)	4.1%	2.9%	Δ1.2%	-
IT services business	Operating revenue	374	334	Δ40	Δ10.7%
	Operating income	7	9	1	17.3%
	Operating income ratio(%)	2.1%	2.8%	0.7%	-

IT Services Business

Operating revenue : Δ 10.7%, Operating income : +17.3%

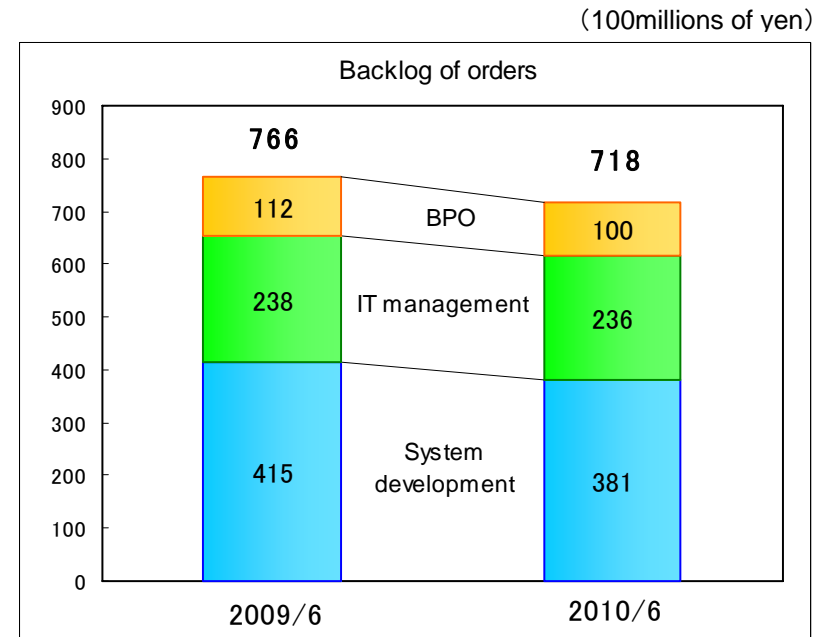
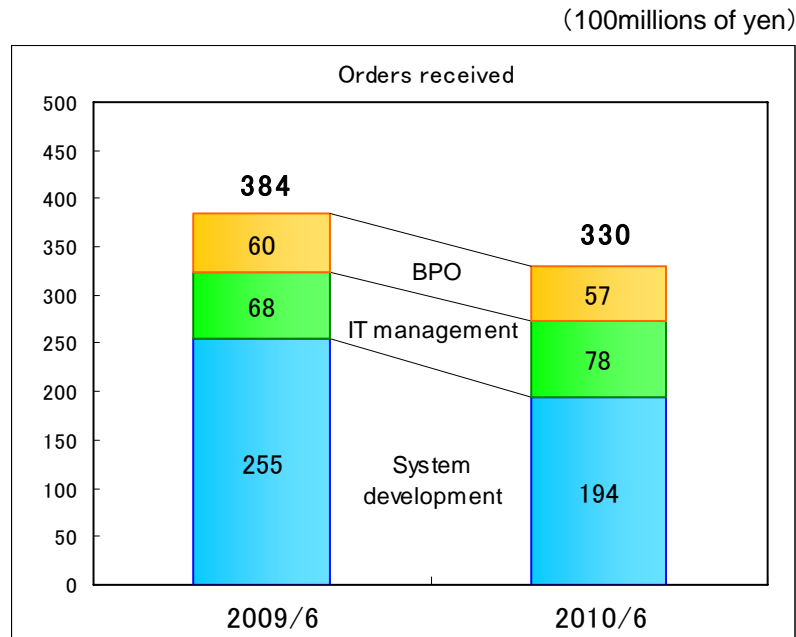
Revenue declined, reflecting a slower recovery in the overall IT market and other reasons, although operating income increased with cost cutting stemming from the revised cost structure.

BPO: Revenue remained flat, reflecting withdrawals from unprofitable operations, although revenue from the contact center increased.

IT Management: Decrease in System operation and hardware sales.

System development: Principally, decrease in ASP services and systems development project for securities firms.

IT services business -Orders received, backlog of orders-



【Orders received】 $\Delta 5.4$ billion, $\Delta 14.1\%$

IT management: Orders received rose, driven by growing customer needs for cost savings.

System development: Decrease in ASP services and systems development project for securities firms.

BPO : $\Delta 0.3$ billion, $\Delta 5.3\%$

IT Management : 0.9 billion, $+14.2\%$

System development : 6.0 billion, $+23.8\%$

※FY2009/6:

•Not including orders received relating to businesses withdrawn by the preceding consolidated fiscal year (March 31, 2010)

【Backlog of orders】 $\Delta 4.8$ billion, $\Delta 6.3\%$

BPO: Decrease in withdrawal from unprofitable projects.

System development: Decrease in orders received in first quarter.

BPO : $\Delta 1.1$ billion, $\Delta 10.3\%$

IT management : $\Delta 0.2$ billion, $\Delta 0.8\%$

System development : $\Delta 3.4$ billion, $\Delta 8.4\%$

※ FY2009/6:

•Total figure due to BPO group reorganization

•Not including order backlogs relating to businesses withdrawn by the preceding consolidated fiscal year (March 31, 2010)

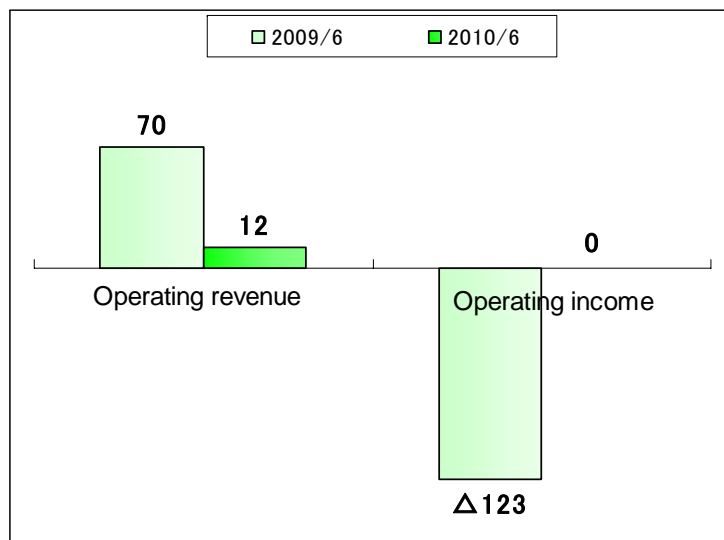
IT services business -Operating revenue by industry-

(100 millions of yen)

		2009/6	Share	2010/6	Share	Variance	
Total	Financial	119	34.4%	97	31.0%	△23	△18.8%
	Electric appli.	41	12.0%	38	12.0%	△4	△9.7%
	Commerce	33	9.6%	32	10.3%	△1	△2.9%
	Telecom.	30	8.6%	29	9.2%	△1	△3.7%
	Service	29	8.5%	29	9.3%	△1	△2.1%
	Pharma.	18	5.2%	20	6.4%	2	10.0%
	Software	8	2.3%	9	3.0%	1	15.6%
	Trans.equip.	17	5.1%	17	5.6%	△0	△2.2%
	Manufacturing	12	3.6%	10	3.1%	△3	△24.0%
	Construction	7	2.1%	5	1.7%	△2	△26.1%
	Transportation	3	1.1%	4	1.3%	0	3.5%
	Other	25	7.2%	22	7.1%	△3	△12.1%
Total		348	100.0%	314	100.0%	△34	△9.9%

※Revenue by industry is the sum of “BPO”, “IT management” and “System development.”

Prepaid Card Business, Other business



(100millions of yen)

		2009/6	2010/6	Variance	
Prepaid card business	Operating revenue	7	9	2	32.5%
	Operating income	0	1	0	149.7%
Other business [※]	Operating revenue	63	2	Δ60	Δ95.9%
	Operating loss	Δ124	Δ1	123	-
Total	Operating revenue	70	12	Δ58	Δ82.7%
	Operating income/loss	Δ123	0	124	-

※“Other business” represents categories that are not included in reportable segments, and includes investments in venture companies and investment trust managements.

- Prepaid Card Business

Operating revenue : +32.5% Operating income : +149.7%

Revenue rose on higher equipment sales and card issuance-related sales. Operating income was higher, reflecting the effect of increased revenue and cost reduction.

- Other business

Operating revenue : Δ95.9% Operating loss : Δ0.1 billion

Revenue declined on the deconsolidation of Cosmo Securities. Year on year, the operating loss was attributable mainly to a loss on valuation related to real estate.

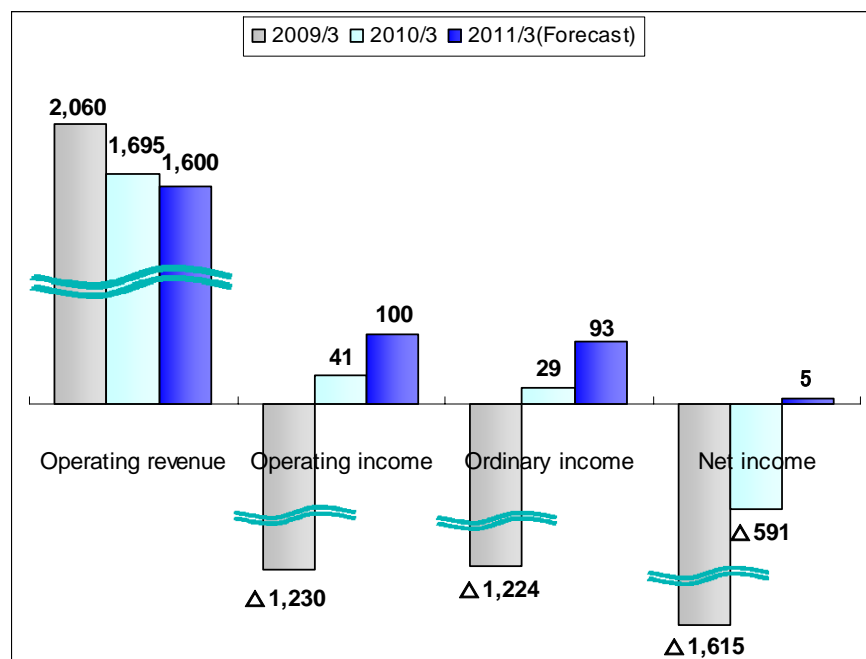
Cash flows

(100millions of yen)

	2009/6	2010/6	Variance	Comment
Operating cash flows	Δ 131	2	133	Positive factors resulted chiefly from a loss on withdrawal from the securities business and changes in accounts receivable, although negative factors resulted from the net loss before tax adjustment and changes in trade accounts payable.
Investing cash flows	12	36	24	Positive factors resulted from gains on the sale of marketable securities and on the transfer of all shares of Cosmo Securities Co., although negative factors resulted from expenses for the acquisition of investment securities, etc.
Financial cash flows	45	Δ 113	Δ 159	Considerably negative, chiefly because of the repayment of long-term bank loans payable.
Total cash flows	Δ 74	Δ 74	Δ 0	Including effect of exchange rate change.
Cash & cash equivalents, at end	264	358	94	

Forecast for FY2011/3

(100millions of yen)



	2009/3	2010/3	2011/3 Forecast	Variance	
Operating revenue	2,060	1,695	1,600	△95	△5.6%
Operating income / loss	△1,230	41	100	58	139.4%
Operating income / loss margin	△59.7%	2.5%	6.3%	3.8%	-
Ordinary income / loss	△1,224	29	93	63	218.5%
Net income / loss	△1,615	△591	5	596	-

(yen)

	2009/3	2010/3	2011/3 Forecast	Variance
EPS	△2,097.39	△720.62	3.98	724.60

Consolidated results forecast

The operating environment remained severe amid the continuing trend for IT investment restraint, the result of a difficult economic environment. To bolster its competitiveness, the CSK Group plans to change the Group management and business promotion systems from October 1, 2010. The change aims to create a Group system that can offer the optimal services customers need, by better linking and integrating the "BPO," "IT management," and "System development" operations. In connection with this, forecast figures remain unchanged at this time. Effects on performance from the institutional change will be disclosed without delay when settled.