

# Financial Report for the Three Months Period Ended June 30, 2008 (Consolidated)

## CSK HOLDINGS CORPORATION <http://www.csk.com/>

Listings: The First Section of the Tokyo Stock Exchange, Code 9737

Head Office: CSK Aoyama Bldg., 2-26-1, Minami-Aoyama, Minato-ku, Tokyo 107-0062

(Figures are rounded down to the nearest million yen)

### 1. Business Results for the Three Months Period of Fiscal Year 2009 (From April 1, 2008 to June 30, 2008)

## (1) Results of operations

(Percentages indicate changes from the previous term)

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2008	51,128	-	(3,753)	-	(3,001)	-	(3,232)	-
Three months ended June 30, 2007	68,099	16.4	17,586	68.0	18,364	71.0	13,183	134.2

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2008	(45.82)	-
Three months ended June 30, 2007	178.29	157.08

## (2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
As of June 30, 2008	551,078	179,855	28.7	2,241.23
Fiscal year 2008	550,054	185,495	29.7	2,317.18

Reference) Shareholders' equity

The 1st quarter of fiscal year 2009: 158,114 million yen Fiscal year 2008: 163,473 million yen

### 2. Dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year 2008	-	20.00	-	20.00	40.00
Fiscal year 2009	-	-	-	-	-
Fiscal year 2009(forecast)	-	20.00	-	20.00	40.00

Note) Review of dividends prospect of June 30, 2008: None

### 3. Earnings Forecast for the Fiscal Year 2009 (From April 1, 2008 to March 31, 2009)

(Percentages indicate changes from the previous term)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	118,000	-	7,300	-	8,100	-	3,700	-	50.14
Full-year	255,000	6.4	23000	19.4	24,500	18.7	12,000	843.3	155.78

Note) Review of Earnings Forecast as of June 30, 2008: None

### 4. Other

- (1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation) : None
- (2) Adoption of simplified method or specific method to quarterly financial statement in accounting procedure : None
- (3) Change in accounting policies and others
  - ① Related to accounting standard revisions etc. : Yes
  - ② Other changes : None
- (4) Outstanding shares (Common shares)
  - ① Number of shares outstanding at the end of fiscal year (Including treasury stock)
 

June 30, 2008	78,670,524 shares	Mar.31, 2008	78,670,524 shares
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  - ② Number of treasury stock
 

June 30, 2008	8,122,205 shares	Mar.31, 2008	8,121,892 shares
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  - ③ Average number of shares outstanding during term
 

June 30, 2008	70,548,500 shares	June 30, 2007	73,945,870 shares
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#### ※ Explanation of the appropriate use of performance forecasts and other related items

Since descriptions about future events, for instance, earnings forecast for March 2009 are estimation, results may differ from this estimation due to changes of several economic conditions.

## Consolidated Balance Sheets

(Millions of yen)

	Fiscal year 2009 1st quarter (As of June 30, 2008)	Fiscal year 2008 (As of Mar. 31, 2008)
<b>Assets</b>		
Current assets		
Cash and time deposits	48,406	64,012
Notes and accounts receivable	24,418	31,025
Marketable securities	12,236	11,701
Venture capital investments	5,009	4,166
Inventories	7,491	4,888
Income taxes refundable	6,508	4,999
Investments related to financial services	206,274	198,427
Cash segregated as deposits related to securities business	35,978	32,891
Trading assets related to securities business	7,230	6,824
Receivables related to margin transactions	44,991	46,105
Other current assets	38,545	31,666
Allowance for losses on investment securities	(234)	(234)
Allowance for doubtful accounts	(67)	(92)
<b>Total current assets</b>	<b>436,789</b>	<b>436,383</b>
Fixed assets		
Tangible fixed assets	35,434	34,345
Intangible fixed assets	8,896	8,877
Investments and other assets		
Investments in securities	48,357	49,327
Other	22,206	22,190
Allowance for doubtful accounts	(605)	(1,070)
<b>Total investments and other assets</b>	<b>69,958</b>	<b>70,447</b>
<b>Total fixed assets</b>	<b>114,289</b>	<b>113,670</b>
<b>Total assets</b>	<b>551,078</b>	<b>550,054</b>

(Millions of yen)

	Fiscal year 2009 1st quarter (As of June 30, 2008)	Fiscal year 2008 (As of Mar. 31, 2008)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	9,303	11,584
Short-term bank loans payable	69,037	69,511
Accrued income taxes	687	3,112
Deposits received of prepaid cards	47,543	46,564
Accrued bonuses to employees	3,484	7,026
Allowance for anticipated losses on contracts	855	369
Liabilities related to financial services	44,113	44,370
Trading liabilities related to securities business	1,536	2,602
Payable related to margin transactions	23,740	19,323
Deposits received and guarantee deposits received from customers related to securities business	46,688	44,128
Other current liabilities	44,098	35,439
<b>Total current liabilities</b>	<b>291,088</b>	<b>284,033</b>
<b>Long-term liabilities</b>		
Corporate bonds payable	20,000	20,000
Convertible bonds payable	56,792	56,792
Long-term bank loans payable	110	84
Accrued employees' retirement benefits	375	341
Accrued directors' retirement benefits	113	158
Other long-term liabilities	1,875	1,565
<b>Total long-term liabilities</b>	<b>79,267</b>	<b>78,940</b>
<b>Statutory reserve</b>		
Reserve for contingent liabilities from financial instruments transactions	867	-
Reserve for securities trading liabilities	-	1,579
Reserve for financial futures trading liabilities	-	4
<b>Total statutory reserve</b>	<b>867</b>	<b>1,584</b>
<b>Total liabilities</b>	<b>371,223</b>	<b>364,558</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	73,225	73,225
Capital surplus	37,791	37,791
Retained earnings	78,364	83,007
Treasury stock, at cost	(31,615)	(31,614)
<b>Total shareholders' equity</b>	<b>157,766</b>	<b>162,410</b>
<b>Valuation, translation adjustments and other</b>		
Net unrealized gains on securities	1,662	1,696
Net unrealized losses on hedging derivatives	(5)	(7)
Foreign currency translation adjustments	(1,309)	(625)
<b>Total valuation, translation adjustments and other</b>	<b>348</b>	<b>1,063</b>
Minority interests	21,740	22,021
<b>Total net assets</b>	<b>179,855</b>	<b>185,495</b>
<b>Total liabilities and net assets</b>	<b>551,078</b>	<b>550,054</b>

## Consolidated Statements of Income

(Millions of yen)

	For the three months ended June 30, 2008
Operating revenue	51,128
Operating costs	37,258
Gross profit	13,869
Selling, general and administrative expenses	17,623
Operating income	(3,753)
Non-operating income	
Interest income	13
Dividend income	256
Foreign exchange gains	148
Hoard profit of prepaid card	232
Others	299
Total non-Operating expenses	951
Non-operating expenses	
Interest expenses	1
Loss on sales of investment in securities	57
Provision for accrued employees' retirement benefits	65
Others	74
Total non-operating expenses	199
Ordinary income	(3,001)
Extraordinary gains	
Gain from reversal for contingent liabilities from financial instruments transactions	716
Others	31
Total extraordinary gains	747
Extraordinary losses	
Loss on impairment of fixed assets	923
Others	337
Total extraordinary losses	1,261
Income before income taxes and minority interests	(3,515)
Income taxes : Current	301
Income taxes : Deferred	(399)
Total income taxes	(98)
Minority interests	(184)
Net income	(3,232)

## **Consolidated Statements of Cash Flows**

(Millions of yen)

	For the three months ended June 30, 2008
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Cash flows from operating activities	
Income before income taxes and minority interests	(3,515)
Depreciation	1,552
Loss on impairment of fixed assets	923
Amortization of goodwill	99
Increase (decrease) in allowances and decrease (increase) in prepaid pension costs	(3,068)
Increase (decrease) in reserve for contingent financial products trading	(716)
Interest and dividend income	(685)
Interest expenses	396
Decrease (increase) in accounts receivable	6,606
Decrease (increase) in inventories	(2,603)
Increase (decrease) in accounts payable	(2,281)
Increase (decrease) in deposits received of prepaid cards	978
Decrease (increase) in venture capital investments	(1,077)
Decrease (increase) in investments related to financial services	(9,481)
Decrease (increase) in liabilities related to financial services	(257)
Decrease (increase) in cash segregated as deposits related to securities business	(3,086)
Decrease (increase) in trading assets related to securities business	(405)
Decrease (increase) in unsettled trade receivables related to securities business	(2,618)
Decrease (Increase) in receivables related to margin transaction	1,114
Increase (decrease) in trading liabilities related to securities business	(1,065)
Increase (decrease) in payables related to margin transactions	4,416
Increase (decrease) in deposits received and guarantee deposits received from customers related to securities business	2,560
Others, net	(2,486)
Subtotal	(14,701)
Interest and dividends income received	736
Interest expenses paid	(302)
Income taxes paid	(3,745)
Net cash provided by (used in) operating activities	(18,013)
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Cash flows from investing activities	
Increase (decrease) in time deposit, net	461
Net proceeds from sales and purchases of marketable securities	977
Purchase of property and equipment	(1,571)
Purchases of intangible assets	(2,041)
Purchases of investments in securities	(4,596)

Proceeds from sales of investments in securities	4,953
Others, net	(9)
Net cash provided by (used in) investing activities	<u>(1,827)</u>
Cash flows from financing activities	
Increase (decrease) in short-term bank loans, net	5,500
Cash dividends paid	(1,261)
Others, net	208
Net cash provided by (used in) financing activities	<u>4,447</u>
Effect of exchange rate changes on cash and cash equivalents	<u>93</u>
Net increase (decrease) in cash and cash equivalents	<u>(15,300)</u>
Cash and cash equivalents, at beginning	<u>59,200</u>
Cash and cash equivalents, at end	<u>43,900</u>

## **Segment Information (Consolidated)**

### **1. Information by business segment**

(Millions of yen)

	For the three months period ended June 30, 2008						
	IT services business	Financial services business	Securities business	Prepaid card business	Total	Elimination and corporate	Consolidated Total
Operating revenue:							
Outside customers	44,806	865	4,791	664	51,128	—	51,128
Inter-segment sales/transfers	1,545	0	1	38	1,586	(1,586)	—
<b>Total</b>	<b>46,352</b>	<b>865</b>	<b>4,792</b>	<b>703</b>	<b>52,714</b>	<b>(1,586)</b>	<b>51,128</b>
Costs and expenses	44,633	3,144	6,194	635	54,608	272	54,881
Operating income(loss)	1,718	(2,278)	(1,402)	67	(1,894)	(1,859)	(3,753)

Notes: 1. The Group operates principally in four segments: IT services business, Financial services business, Securities business, Prepaid card business.

Segment	Major products and services
IT services business:	Software development, systems integration, facilities management, business process outsourcing and other related services Computer and other product sales, engineering of intelligent buildings, intelligent buildings lease
Financial services business:	Investment in venture companies, investment in anonymous associations, real estate, equity securities and others, management of investment trust
Securities business:	Securities business and other related services
Prepaid card business:	Issuance and settlement of prepaid cards, development and sales of card systems

2. Among costs and expenses, unallocated operating expenses in "Elimination and corporate" for the three months ended June 30, 2008 was the expenses of ¥3,366 million. The cost was management expenses for group companies incurred at CSK HOLDINGS CORPORATION.

(Change in accounting policies)

CSK HOLDINGS CORPORATION has changed the accounting policy in Prepaid card business since this quarter. As a result, compared to the previous method, Operating revenue and Operating income in the prepaid card business increased by ¥92 million.

### **2. Segment Information for geographic locations**

Segment information for geographic locations is omitted for the three months period ended June 30, 2008, because total sales for "Japan" segment exceeded 90% of total sales in the period

### **3. Overseas Sales**

Information regarding overseas sales was omitted for the three months period ended June 30, 2008, because total overseas sales were less than 10% of consolidated total sales in the period.