

Financial results for the the first half of fiscal year ending March 31, 2009

November 7, 2008

CSK HOLDINGS CORPORATION

- **Consolidated financial results for 1H of FY2009**
 - **IT services business**
 - **Financial services related business**

- **Consolidated financial results forecasts for FY2009**

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Summary



(millions of yen)

	'07/4-9	'08/4-9	Variance	
Operating revenue	125,321	102,869	△22,451	△17.9%
Gross profit	51,589	18,629	△32,959	△63.9%
Gross profit margin	41.2%	18.1%	△23.1%	-
SG&A	32,438	34,298	1,859	5.7%
Operating income	19,150	△15,668	△34,818	-
Operating income margin	15.3%	△15.2%	△30.5%	-
Ordinary income	19,980	△14,621	△34,602	-
Net income	12,083	△15,517	△27,601	-

(yen)

	'07/4-9	'08/4-9	Variance
EPS	163.89	△210.30	△374.19
BPS	2,543.30	2,095.58	△447.72

IT Services Business: Operating income fell due to languish performance of business services and strategic investment.

Technology services: Large-scale IT projects for financial institutions acted as the driving force.
Backlog of orders for IT services rose 14% year on year.

Business services: Operating income fell in areas centering on ASP for securities industry and product verification services and technical support.

Financial Services Business: No change was observed in the funding policies of financial institutions.

A sense of market uncertainty remained.

Transaction volume remained low across real estate markets. The sales of several properties was scheduled, but the transactions were not completed.

Operations with an emphasis on liquidity continued. The assessment of asset value is conservatively done.

Securities Business: Deterioration resulting from stock market conditions.

Concrete measure such as organization changes and business strengthening is being promoted, with a new strategy focusing on the retail business.

Comprehensively cut costs to strengthen financial position. Reduce selling, general and administrative expenses by approximately ¥1,200 million from their level in the previous fiscal year.

Securities-Related Business: The function of a comprehensive securities platform is strengthened to make the securities-related business a full-fledged core pillar.

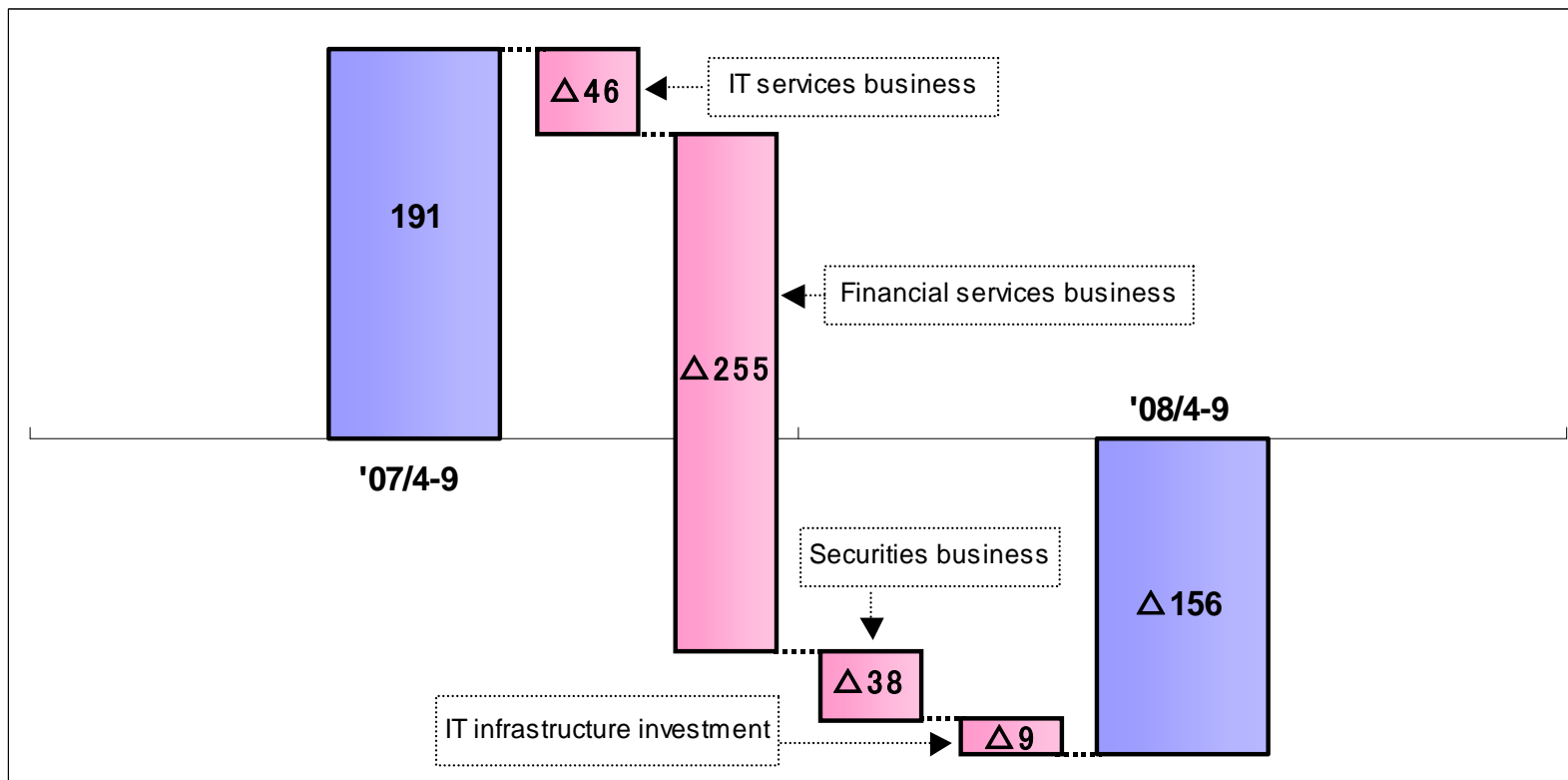
Convert Cosmo Securities into a wholly owned subsidiary and establish the “Finance & Economics Research Center” equipped with functions for supporting the management of regional financial institutions and carrying out securities research.

The corporate value improvement is promoted by integrating the CSK Group’s know-how and resource.

Attribution analysis



(100millions of yen)



SGA and non-operating income/expenses

(100millions of yen)

SG&A	'07/4-9	'08/4-9	Variance	Comment
Payroll cost	152.6	160.2	7.5	Increase in employees
Subcontract cost	40.2	33.9	△6.3	Cost reduction in Cosmo Securities, etc.
Depreciation and amortization	12.3	20.3	8.0	Increase in capex at CSK Holdings and Cosmo Securities
Rent	25.9	28.6	2.7	Increase in office space. Rise in unit prices, etc.
Other, net	93.3	99.8	6.5	Rental fee, R&D, communication cost, etc.
Selling, general and administrative expenses	324.3	342.9	18.5	

Non-operating income	'07/4-9	'08/4-9	Variance	Comment
Interest income	2.2	0.6	△1.6	Added sales according to accounting change of QUO CARD
Dividend income	2.6	2.8	0.2	Increase in dividends from holdings of marketable securities
Hoard profit of prepaid card	5.2	4.6	△0.6	Decrease in hoard profit on prepaid card
Other, net	5.7	7.3	1.6	House rent income. Subsidy income, etc.
Non-operating income	15.8	15.5	△0.3	

Non-operating expenses	'07/4-9	'08/4-9	Variance	Comment
Interest expense	0.5	0.0	△0.4	
Loss on sales of investments in securities	2.8	-	△2.8	Sales of holdings of marketable securities
Provision for accrued employees' retirement benefits	1.3	1.3	0.0	Amortization of difference at time of change of accounting standards
Transfer of one's domicile's adjustment cost	0.8	-	△0.8	Amount of wage adjustment accompanying transfer of domicile
Other, net	2.0	3.7	1.6	Transfer agent commission, losses at anonymous associations, etc.
Non-operating expenses	7.5	5.1	△2.4	
Non-operating income and expenses Net	8.3	10.4	2.1	

Extraordinary gains & losses

(100millions of yen)

Extraordinary gains	'07/4-9	'08/4-9	Variance	Comment
Gain from reversal of allowance for doubtful accounts	0.3	–	△0.3	Income relating to loans deemed doubtful in past years that could be collected
Gain from transfer of business	–	4.9	4.9	Income relating to transfer of business in Group companies
Gain from reversal of financial instruments trading liabilities	–	7.1	7.1	
Compensation income	0.9	–	△0.9	
Other, net	0.1	2.7	2.6	Gain on sales of investments in securities, etc
Extraordinary gains	1.4	14.9	13.4	

Extraordinary losses	'07/4-9	'08/4-9	Variance	Comment
Loss on impairment of fixed assets	1.8	19.2	17.4	Impairment loss on the operating assets
Loss on write-down of investments in securities	10.9	–	△10.9	Appraisal loss on investments in securities
Provision for reserve for securities trading liabilities	1.2	–	△1.2	
Provision for reserve for financial futures trading liabilities	0.0	–	△0.0	Loss on disposal of fixed assets, bad debt loss, etc.
Loss on business restructuring	–	13.3	13.3	Cosmo Securities
Other, net	1.3	11.8	10.4	
Extraordinary losses	15.3	44.4	29.0	

Extraordinary gains and losses Net	△13.8	△29.4	△15.6	
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Comparison to forecasts

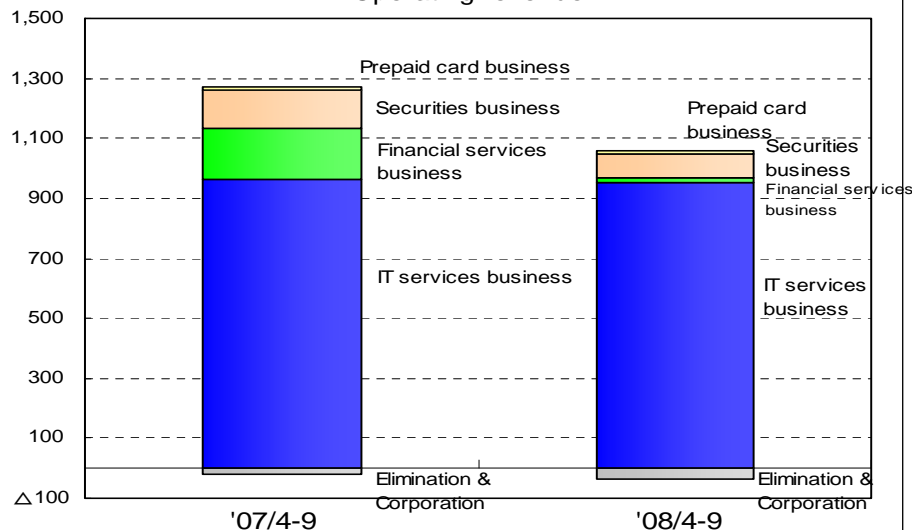


(millions of yen)

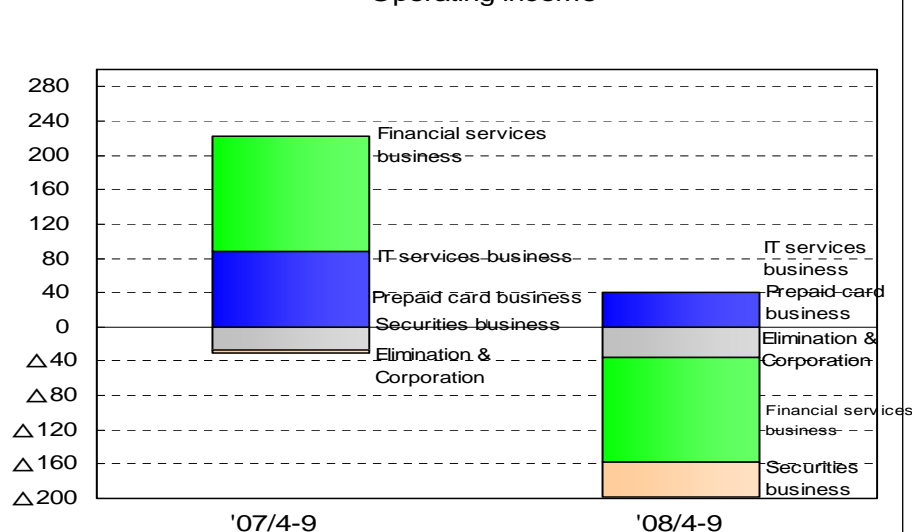
	'08/4-9 Forecasts	'08/4-9 Results	Variance	
Operating revenue	104,000	102,869	△ 1,130	△ 1.1%
Operating income	△ 14,000	△ 15,668	△ 1,668	-
Operating income margin	△ 13.5%	△ 15.2%	△ 1.8%	-
Ordinary income	△ 13,500	△ 14,621	△ 1,121	-
Net income	△ 12,000	△ 15,517	△ 3,517	-

Operating result by segments

Operating revenue



Operating income

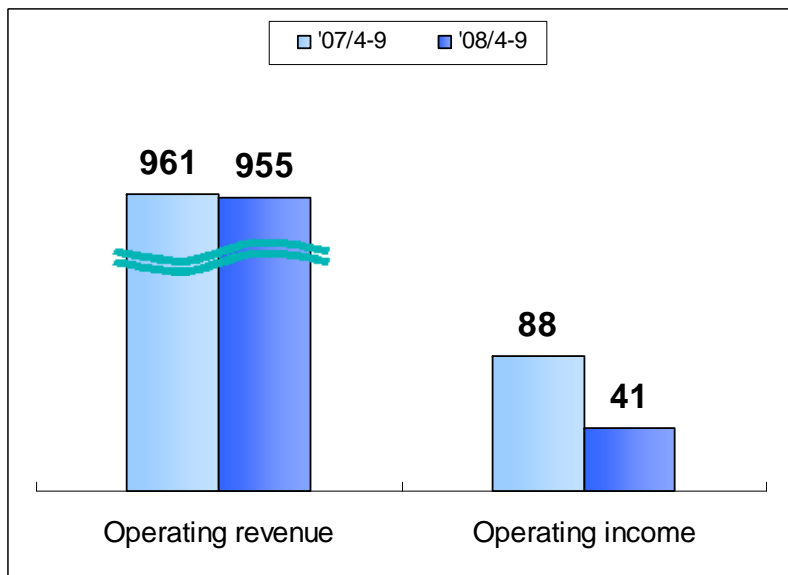


(100millions of yen)

	'07/4-9	'08/4-9	Variance	
IT services business				
Operating revenue	961	955	△ 6	△ 0.7%
Operating income	88	41	△ 46	△ 53.0%
Financial services business				
Operating revenue	171	12	△ 158	△ 92.5%
Operating income	134	△ 121	△ 255	-
Securities business				
Operating revenue	127	81	△ 46	△ 36.1%
Operating income	△ 3	△ 42	△ 38	-
Prepaid card business				
Operating revenue	12	13	1	9.1%
Operating income	△ 0	1	1	-
Elimination & Corporation				
Operating revenue	△ 19	△ 34	△ 14	-
Operating income	△ 27	△ 36	△ 9	-
Total				
Operating revenue	1,253	1,028	△ 224	△ 17.9%
Operating income	191	△ 156	△ 348	-

IT services business (1)

(100millions of yen)



IT Services Business

Operating revenue : $\Delta 0.7\%$

Operating income : $\Delta 53.0\%$

Operating income fell year on year, as a result of new data center-related depreciation and cost overrun projects, strategic investment for becoming a service provider in addition to deterioration in earnings of business services.

		'07/4-9	'08/4-9	Variance	
CSK-SYS Grp ※1	Operating revenue	592	591	$\Delta 1$	$\Delta 0.3\%$
	Operating income	58	42	$\Delta 16$	$\Delta 27.5\%$
JIEC	Operating revenue	73	71	$\Delta 2$	$\Delta 3.5\%$
	Operating income	7	7	$\Delta 0$	$\Delta 1.0\%$
VERISERVE	Operating revenue	43	39	$\Delta 3$	$\Delta 7.8\%$
	Operating income	6	2	$\Delta 4$	$\Delta 58.9\%$
SWC、CCO-Grp total※2	Operating revenue	130	124	$\Delta 6$	$\Delta 4.8\%$
	Operating income	9	3	$\Delta 6$	$\Delta 64.6\%$
CSK-SS	Operating revenue	63	54	$\Delta 8$	$\Delta 13.2\%$
	Operating income	10	$\Delta 0$	$\Delta 11$	-
Others, Elimination ※3	Operating revenue	57	73	16	28.1%
	Operating income	$\Delta 4$	$\Delta 13$	$\Delta 9$	-
IT services business	Operating revenue	961	955	$\Delta 6$	$\Delta 0.7\%$
	Operating income	88	41	$\Delta 46$	$\Delta 53.0\%$
Operating income margin		9.2%	4.3%	$\Delta 4.8\%$	

*1 Total figures due to the group reorganization

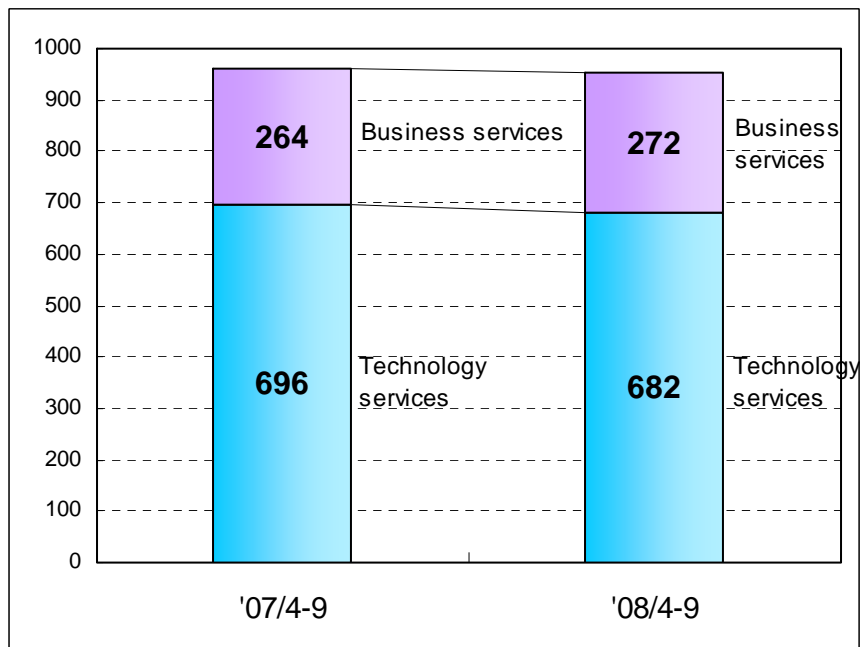
*2 Total figures of SWC and CCO due to the group reorganization

*3 Total of earnings at other companies and consolidated eliminations

IT services business (2)

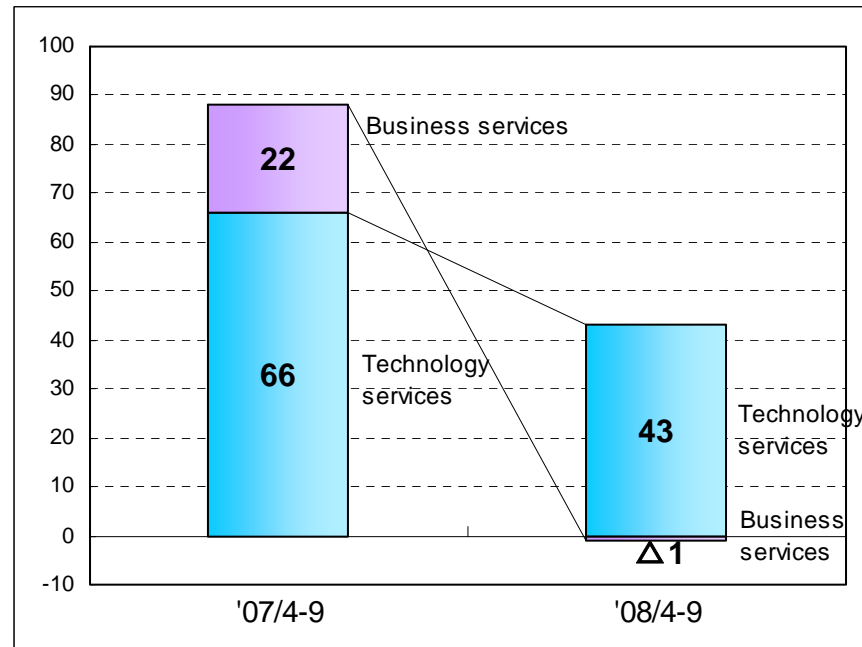
IT services business : Operating revenue

(100millions of yen)



IT services business : Operating income

(100millions of yen)



○ Technology services

Operating revenue: Systems development services for finance and insurance expanded steadily. However, operating revenue from manufacturing and telecommunication system development declined.

Operating income: Operating income fell due to strategic business investment and increased depreciation that accompanied data center establishment and cost overrun projects.

○ Business services

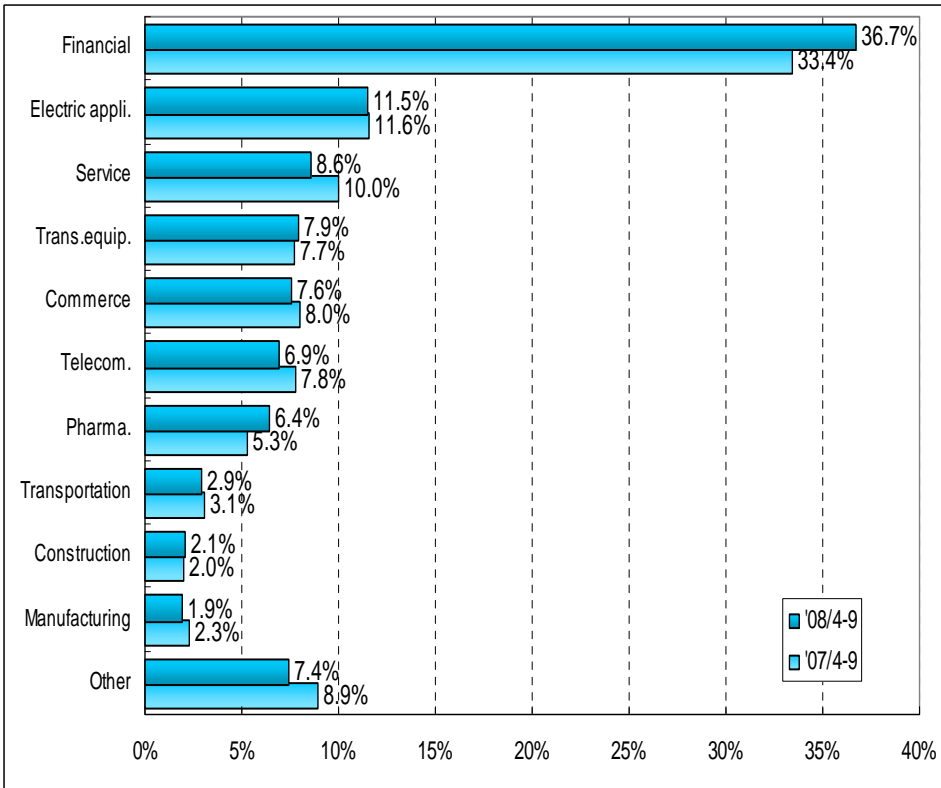
Operating revenue: Operating revenue declined for ASP for securities industry and contact center services and the product and security verification services.

Operating loss: Operating income fell due to strategic business investment and increase of employees and strengthening of sales function.

IT services business (3)

Sales distribution by industry

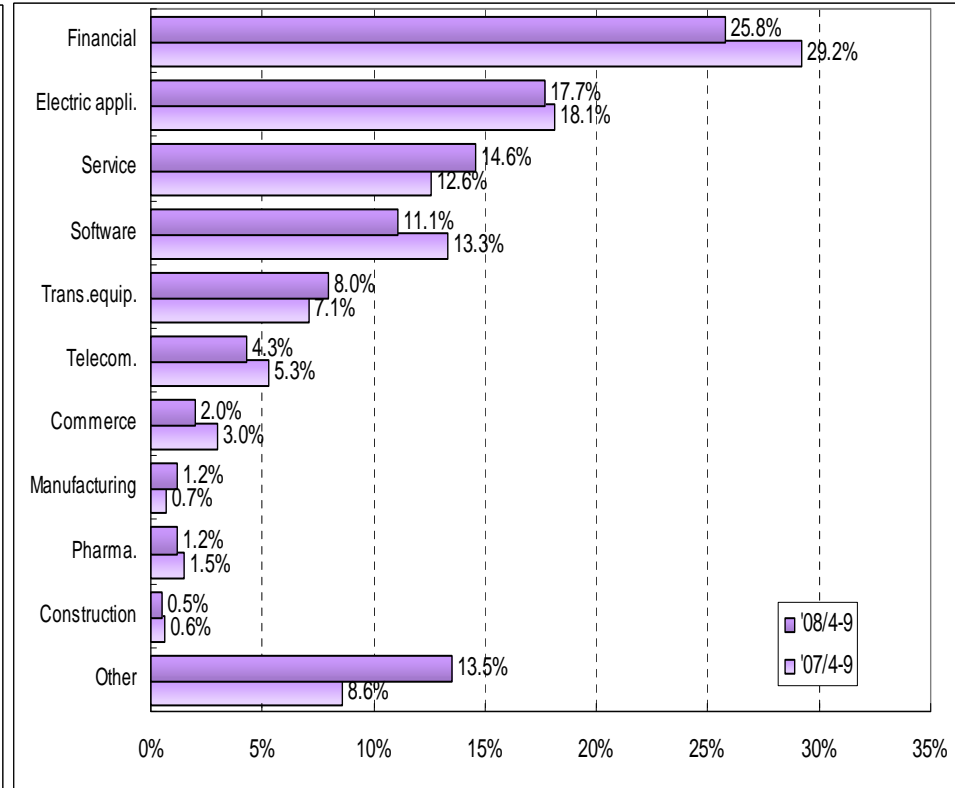
<Technology services>



<Technology services>

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

<Business services>



<Business services>

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

Overview of group companies

(millions of yen)

CSK SYSTEMS

<Company profile>

Core company for the promotion of CSK Group IT services business.
Provides hybrid services combining ASP, BPO, ITO, and etc.

<Results for 1H of FY2009>

·Large IT projects for the financial industry led performance, particularly for banks, life and non-life insurance companies, card companies and consumer credit companies.

·Operating income fell due to greater personnel expenses from an employement increase, in addition to a rise in new business investments aimed at expanding the service provider business.

·Inquiries into business process outsourcing from financial industry increased.

Aim to obtain orders in cooperation with other Group companies.

<Forecasts for FY2009/03>

·Prospects for 2H are getting unclear due to the economic downturn. Large projects are scheduled in the financial industry, including system changes and system reconstructions in response to revisions to laws and regulations. Aim to obtain orders with a bolstered marketing organization.

·Continue new business investments for becoming a service provider. Develop new services for specific industries/processes, and launch them as new businesses.

·Work on raising productivity and improving profitability by expanding the scale of off-shore/near-shore operations and making use of system development centers and development expertise.

	'07/4-9	'08/4-9	Variance	'08/4-'09/3 Forecast
Operating revenue	32,769	33,304	1.6%	70,322
Operating income	3,482	2,823	△18.9%	7,018
Operating income margin	10.6%	8.5%	-	10.0%
Ordinary income	3,490	2,849	△18.4%	7,117
Net income	1,449	1,919	32.4%	4,785

JIEC

<Company Profile> Listed on the Second Section of the TSE (Securities Code 4291) July 2001

JIEC has accumulated substantial experience constructing large, highly complex systems, and is putting this technical expertise and know-how to use in the development of stable, easy-to-use information systems.

<Results for 1H of FY2009>

Orders for system development rose 3.2%.

·The scale of system development remained unchanged in the fields of finance, transportation and travel. Results for other fields fell year on year, causing operating revenue to decline slightly.

·Selling, general and administrative expenses grew following a rise in the number of employees and personnel training costs, but productivity increased as a result of initiatives for bolstering project management capabilities. Operating income margin stayed at the level of the previous year's 1H.

<Forecasts for FY2009/03>

Backlog of orders for system development rose 18.9%.

·System development for insurance companies is anticipated to achieve strong results. Manage resources more strictly by allocating engineers adequately in preparation for the decline of IT investment.

·Expand projects for existing customers in the fields of finance, transportation and travel, by taking advantage of the basic technologies that comprise its strength.

·Continue to invest in personnel training, including technological education and marketing capability enhancement.

	'07/4-9	'08/4-9	Variance	'08/4-'09/3 Forecast
Operating revenue	7,395	7,135	△3.5%	16,000
Operating income	718	711	△1.0%	1,600
Operating income margin	9.7%	10.0%	-	10.0%
Ordinary income	726	734	1.0%	1,600
Net income	424	422	△0.4%	920

Log Shelter, a log integration and management in a SaaS form

JIEC are organizing seminars on the use of "SaaS," a means for using logs that contributes to corporate value enhancement and on corporate case studies of introduction.

IT services business (4)

Overview of group companies

(millions of yen)

VeriServe

<Company Profile > Promoted to the First Section of the TSE (Securities Code 3742) December 2007

Specializes in system verification services, which involves testing and assessing embedded software in IT products and systems from a third-party perspective.

<Results for 1H of FY2009>

·Operating revenue declined under the effects of manufacturers reducing development costs due to being hit by aggravated market conditions. Operating income also fell due to increased expenses for hiring employees, training personnel and bolstering internal control systems.

ITS···Verification services for the ECU field achieved strong results.

Growth in operating revenue slowed due to production plan reviews being carried out by manufacturers.

Audio visual products···Investment in product development, which had been ongoing heading up to the Beijing Olympics, passed its peak.

Mobile phones···The period until replacement grew longer among mobile phone users. This is the transitional phase before the development of next-generation mobile phones.

<Forecasts for FY2009/03>

·Manufacturers will continue to reduce costs while the future of the economy remains uncertain. Tough conditions, including product development cycle reviews, are anticipated for the current fiscal year. Accordingly, VeriServe has revised our full-year forecasts.

·Service volume will fall temporarily, but strong demand for quality control remain among manufacturers. Strengthen ties with existing customers and gain new ones with advanced verification technologies.

·Continue to invest in technological innovations and personnel training in order to increase our competitiveness.

	'07/4-9	'08/4-9	Variance	'08/4-'09/3 Forecast
Operating revenue	4,323	3,986	△7.8%	7,700
Operating income	695	285	△58.9%	500
Operating income margin	16.1%	7.2%	-	6.5%
Ordinary income	702	292	△58.4%	510
Net income	415	150	△63.9%	250

Sponsorship of system verification seminars
System verification seminars are organized for promoting the importance of verification in software development and increasing the visibility of the Company. Approximately 500 people have attended the seminars.

ServiceWare & CSK Communications

<Company profile> ServiceWare Corporation

Provides business process outsourcing solutions that continuously improve and optimize processes such as contact center operations and backyard business processes in line with environmental changes.

<Results for 1H of FY2009>

ServiceWare Corporation

·Expected results were achieved for existing customers, but no new projects were acquired. Both operating revenue and operating income fell owing to greater investment for bolstering marketing capabilities and larger expenses for establishing the Yokohama BPO Center.

CSK Communications

·Hardware vendors and package vendors introduced cost reductions to cope with the aggravated market conditions. As a result, expenditure related to technical support shrank, and a portion of orders was transferred to competitors offering lower prices.

·Business-related helpdesk services for life and non-life insurance companies and distributors achieved strong results.

<Company profile> CSK Communications

Provides services to create competitive advantage for clients through the pursuit of expertise in technical support business and cooperation with group companies.

<Forecasts for FY2009/03>

ServiceWare Corporation

·SWC will continue to expand existing back-office services, and work to acquire new projects for business expansion in the future. SWC acquired several new projects in 1H. SWC will bolster its marketing capabilities, and offer new BPO services related to customers' sales and marketing operations in 2H.

CSK Communications

·Hardware vendors and package vendors introduced cost reductions to cope with the aggravated market conditions. Operating revenue from customers currently receiving our services is predicted to decline.

·Expand business-related help desk services, and capture demand for more complex technical support services for digital consumer electronics and other products.

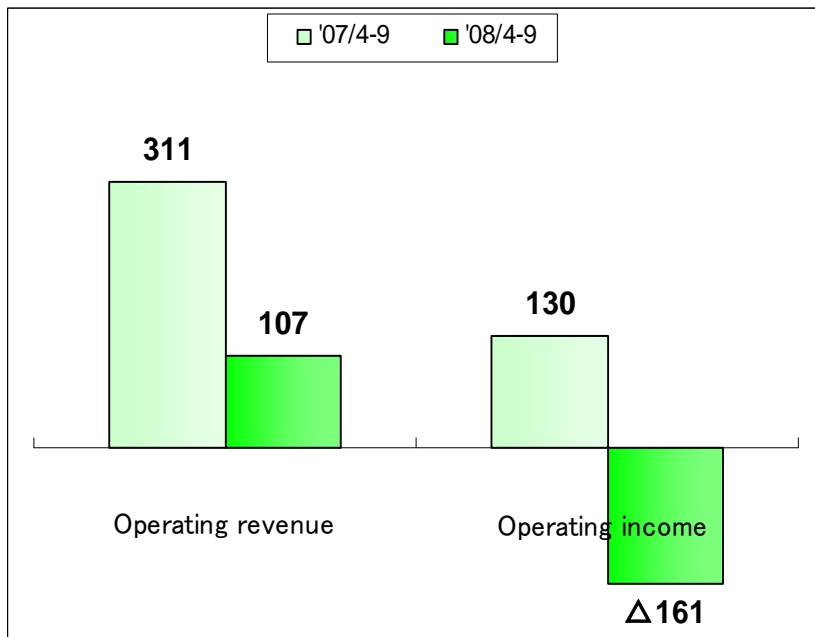
	'07/4-9	'08/4-9	Variance	'08/4-'09/3 Forecast
Operating revenue	13,077	12,451	△4.8%	26,242
Operating income	952	337	△64.6%	1,172
Operating income margin	7.3%	2.7%	-	4.5%
Ordinary income	1,006	419	△58.3%	1,263
Net income	590	345	△41.5%	720

※ Because of group reorganization, figures are combined totals for SWC and CCO.

Restructure SWC and CSK-MKT, and further improve their expertise
Transfer CSK-MKT's CRM-related operations (other than those for the financial field) to SWC for business integration. SWC will work to expand its services with bolstered outbound functions. Meanwhile, CSK-MKT will specialize in operations for the financial field.

Financial services related business (1)

(100millions of yen)



		'07/4-9	'08/4-9	Variance	
Financial services business	Operating revenue	171	12	△158	△92.5%
	Operating income	134	△121	△255	-
Securities business	Operating revenue	127	81	△46	△36.1%
	Operating income	△3	△42	△38	-
Prepaid card business	Operating revenue	12	13	1	9.1%
	Operating income	△0	1	1	-
Financial services related business	Operating revenue	311	107	△203	△65.3%
	Operating income	130	△161	△292	-

※ Financial services related business:
Financial services business, Securities business, Prepaid card business

<Financial Services-Related Business>

Operating revenue : △65.3%

Operating loss : 16.1 billions yen

-Financial Services Business

Both operating revenue fell, owing to a concentration of the sale of properties occurred in 1Q of FY2008/03.

Operating income fell due to the appraisal loss of securities and the real estate because of the deterioration resulting from market conditions.

- Securities Business

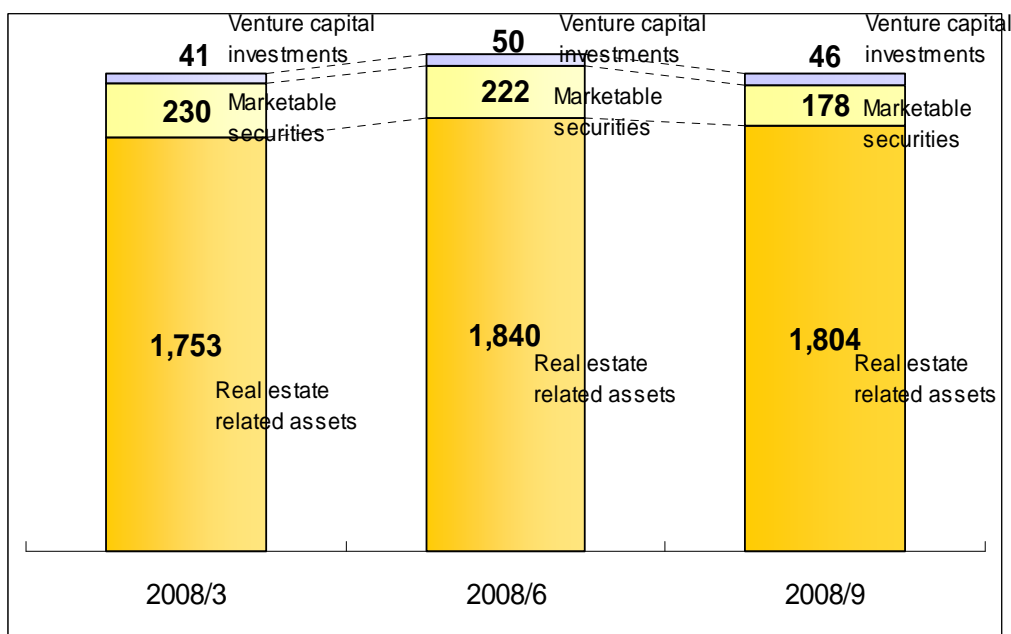
Both operating revenue and operating income declined, owing to factors such as smaller stock brokerage commissions and reduced trading profits attributable to flagging stock markets.

-Prepaid Card Business

Operating revenue increased with the effects of accounting policy changes, in addition to expanded demand for prepaid cards used as giveaways, including sales promotion tools and benefit for shareholders.

Financial services related business (2)

Investment balance



(100millions of yen)

	2008/3	2008/6	2008/9	Ratio
Venture capital investments	41	50	46	-
Investments related to financial services	1,984	2,062	1,983	100%
Marketable securities	230	222	178	9.0%
Real estate related assets	1,753	1,840	1,804	91.0%
Liabilities related to financial services	443	441	317	

Cash flows

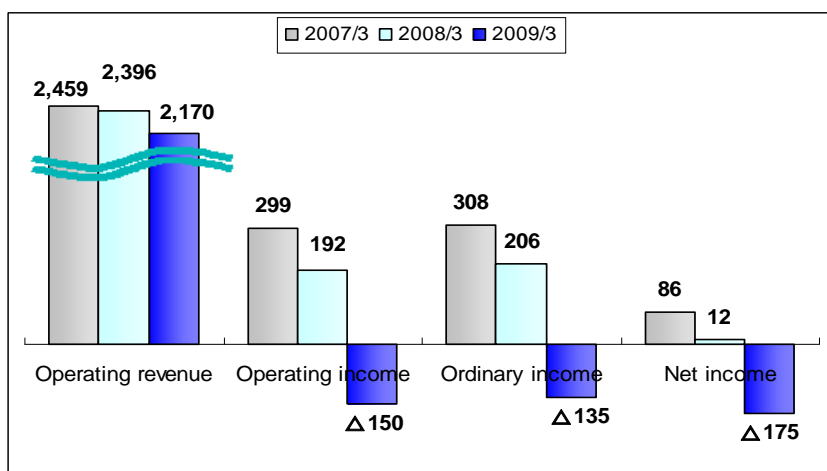


(100millions of yen)

	'07/4-9	'08/4-9	Variance	Comment
Operating cash flows	△ 69	△ 252	△ 183	· Operating loss · Decrease in liabilities related to financial services
Investing cash flows	△ 174	△ 55	119	2007/9 : Acquisition of office equipment and CSK Tama Center facility, etc.
Financial cash flows	△ 15	178	194	Increase in borrowings, etc.
Total cash flows ※	△ 259	△ 129	130	
Cash & cash equivalents, at end	794	462	△ 331	

※ : Including effect of exchange rate change.

Forecast for FY2009/3



(100millions of yen)

	2007/3	2008/3	2009/3 Forecast	Variance	
Operating revenue	2,459	2,396	2,170	Δ 226	Δ 9.4%
Operating income	299	192	Δ 150	Δ 342	-
Operating income margin	12.2%	8.0%	Δ 6.9%	Δ 14.9%	-
Ordinary income	308	206	Δ 135	Δ 341	-
Net income	86	12	Δ 175	Δ 187	-

(yen)

	2007/3	2008/3	2009/3 Forecast	Variance
EPS	117.35	17.34	Δ 227.18	Δ 244.52