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# **Financial results for the fiscal year ended March 31, 2009**

**May 18, 2009**

**CSK HOLDINGS CORPORATION**

- **Consolidated financial results for FY2009/3**
  - **IT services business**
  - **Financial services related business**
  
- **Consolidated financial forecasts for FY2010/3**

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# Summary



( millions of yen )

	2008/3	2009/3	Variance	
Operating revenue	239,695	206,099	△33,595	△14.0%
Gross profit	85,982	△57,669	△143,651	—
Gross profit margin	35.9%	—	—	—
SG&A	66,726	65,397	△1,328	△2.0%
Operating income	19,256	△123,066	△142,323	—
Operating income margin	8.0%	—	—	—
Ordinary income	20,634	△122,479	△143,114	—
Net income	1,272	△161,529	△162,801	—

( yen )

	2008/3	2009/3	Variance
EPS	17.34	△2,097.39	△2,114.73
BPS	2,317.18	251.40	△2,065.78

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

**Technology services:** Though operating revenue from manufacturing in system development declined, systems integration and outsourcing services for insurance increased steadily.

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

Aim to concentrate on the IT services business to become a service provider.

**Financial Services Business:** We conservatively assessed real estate holdings to minimize the risk of further losses in the next year and beyond.

We also reassessed properties being negotiated if decisions were taking a long time (asking price→appraised value). Also in financial services businesses besides the real estate securitization business, we downsized operations, proceeded with the disposal of assets, sold businesses, and froze investment.

**Securities Business:** We will proceed with further cost reduction and aim for a rapid return to profitability.

We will concentrate our resources on retail and take steps to strengthen our financial position.

Reduce SGA by approximately ¥3.6 billion from the level in the previous fiscal year.

We returned to profitability in April.

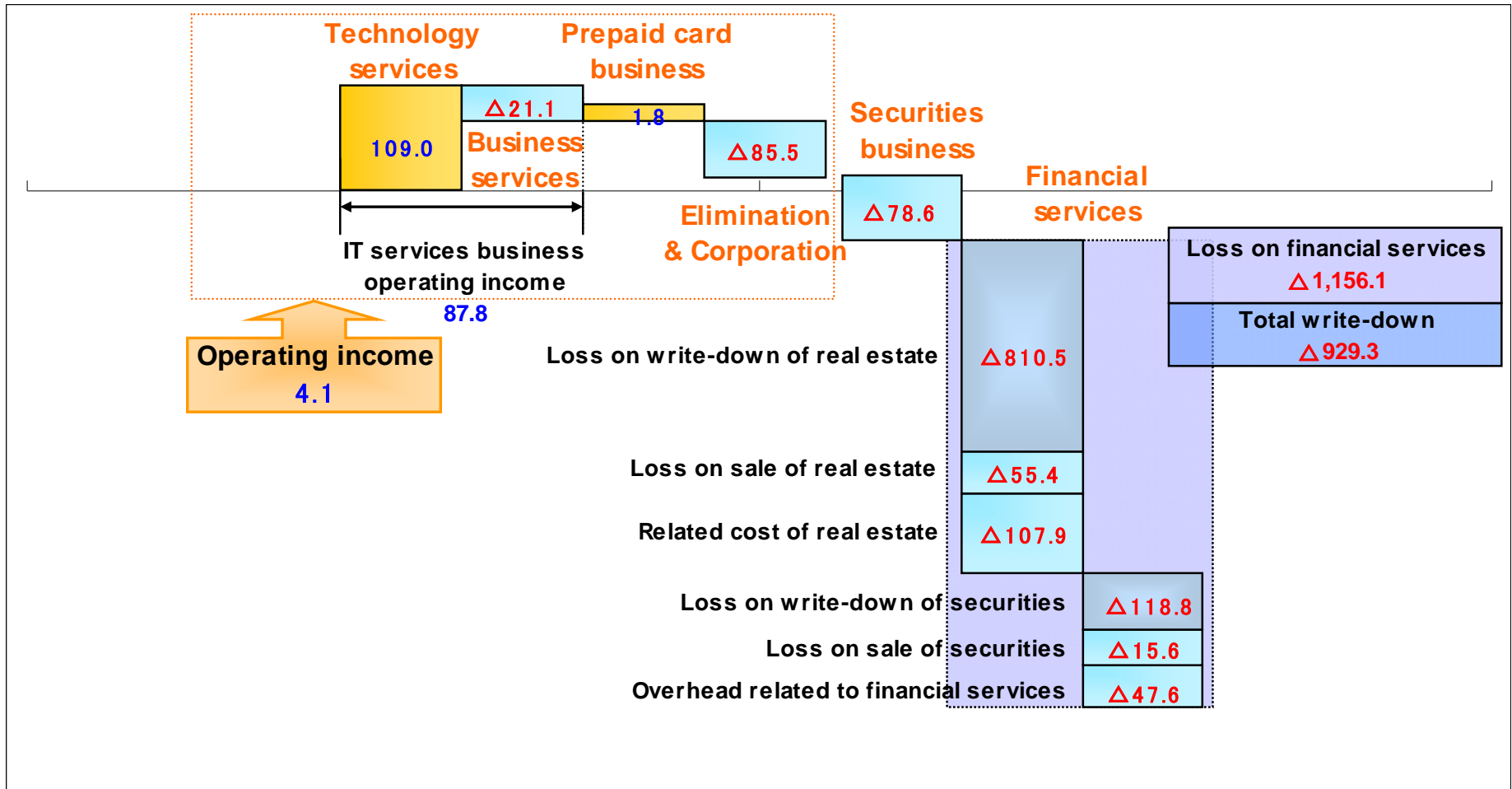
We will seek to achieve a rapid turnaround and stabilization of our financial base, and aim for the revitalization of the CSK Group.

**Business restructuring:** Concentrate on IT services business, thorough cost reduction.

**Reduce business risk:** Reduce risk in financial services business, explore plans to increase capital to strengthen financial position.

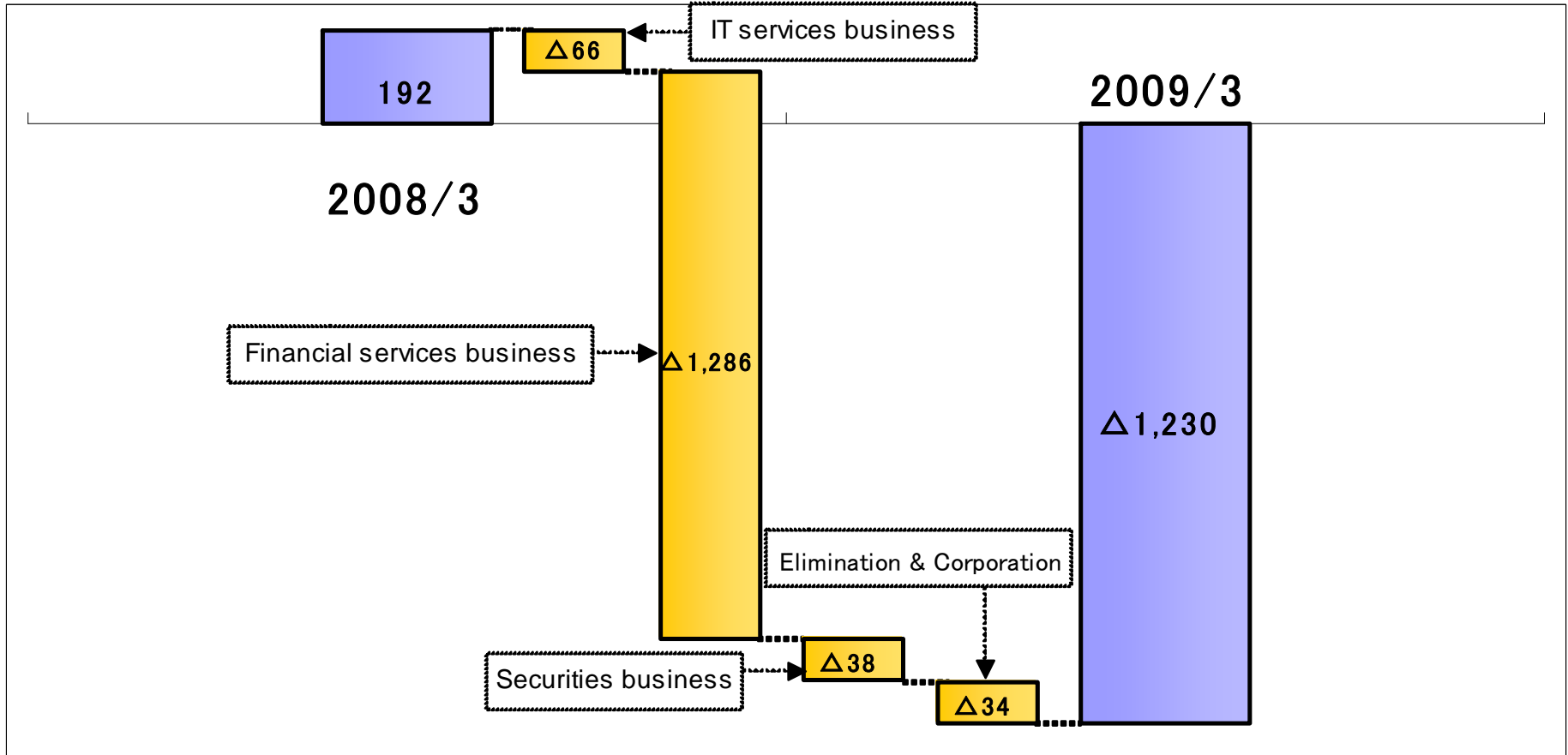
# Operating income/loss by segment (2009/3)

( 100millions of yen )



# Operating income/loss bridge 2008/3 to 2009/3

( 100millions of yen )



# SGA and non-operating income/expenses

( 100millions of yen )

SG&A	2008/3	2009/3	Variance	Comment
Payroll cost	298.5	298.0	△0.4	
Subcontract cost	83.7	66.4	△17.2	
Depreciation and amortization	30.8	42.4	11.6	
Rent	54.5	58.0	3.5	
Other, net	199.6	188.8	△10.7	
Selling, general and administrative expenses	667.2	653.9	△13.2	

Non-operating income	2008/3	2009/3	Variance	Comment
Interest income	4.6	1.1	△3.4	
Dividend income	4.5	4.0	△0.5	
Hoard profit of prepaid card	10.3	9.8	△0.4	
Other, net	12.6	11.8	△0.7	
Non-operating income	32.0	26.9	△5.1	

Non-operating expenses	2008/3	2009/3	Variance	Comment
Interest expense	0.6	0.1	△0.4	
Loss on sales of investments in securities	2.8	6.6	3.7	
Foreign exchange loss	7.1	-	△7.1	
Provision for accrued employees' retirement benefits	2.6	2.6	△0.0	
Loss on investment in partnership	-	3.7	3.7	
Other, net	4.9	7.8	2.8	
Non-operating expenses	18.3	21.0	2.7	
Non-operating income and expenses Net	13.7	5.8	△7.9	

# Extraordinary gains & losses

( 100millions of yen )

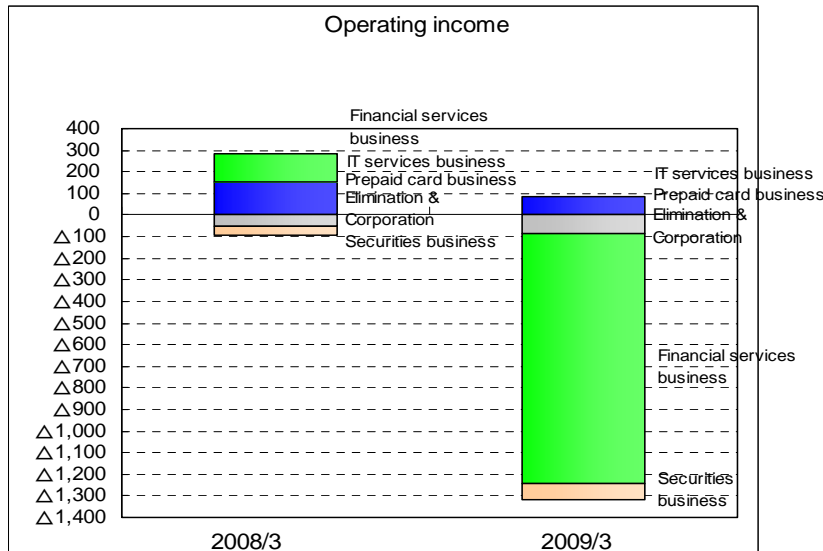
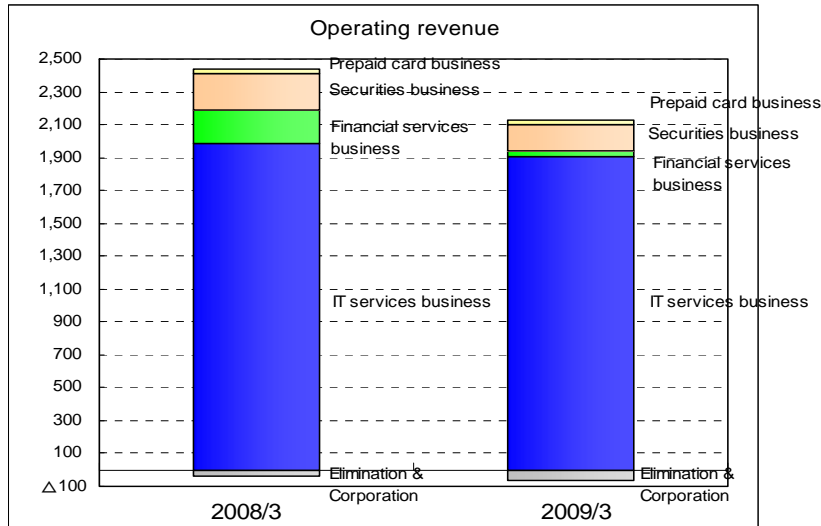
Extraordinary gains	2008/3	2008/3	Variance	Comment
Gain on sales of investments in securities	2.7	2.2	△0.5	
Gain from transfer of business	–	9.8	9.8	
Dilution gain	3.6	–	△3.6	
Gain from reversal of financial instruments trading liabilities	–	7.1	7.1	
Compensation received for relocation	9.5	–	△9.5	
Other, net	1.7	1.0	△0.6	
Extraordinary gains	17.7	20.3	2.6	

Extraordinary losses	2008/3	2009/3	Variance	Comment
Loss on disposal of fixed assets	7.4	5.2	△2.1	
Loss on impairment of fixed assets	133.4	147.2	13.7	
Loss on write-down of investments in securities	16.5	20.3	3.7	
Provision for reserve for securities trading liabilities	2.3	–	△2.3	
Provision for reserve for financial futures trading liabilities	0.0	–	△0.0	
Loss on business restructuring	–	12.1	12.1	
Loss on discontinuing construction of head office	–	25.4	25.4	
Other, net	17.4	28.6	11.2	
Extraordinary losses	177.2	239.0	61.7	
Extraordinary gains and losses Net	△159.5	△218.6	△59.1	



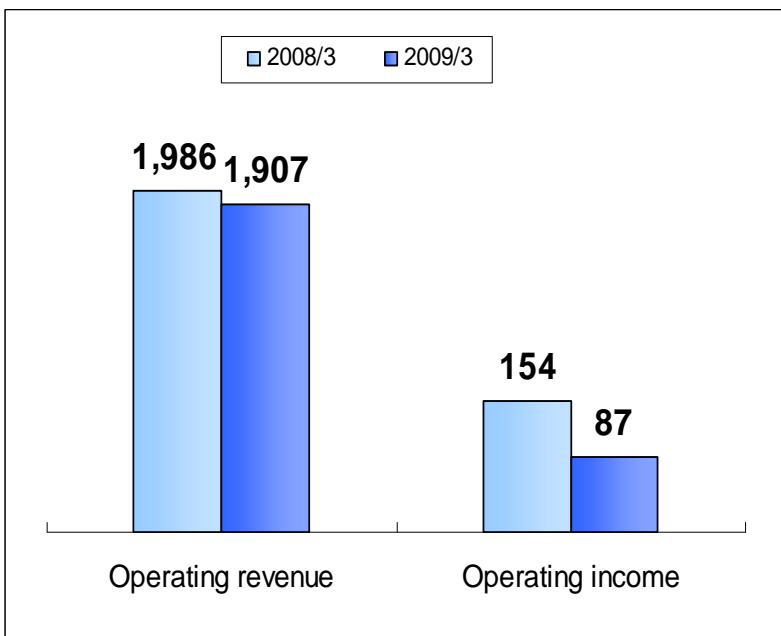
# Operating result by segments



( 100millions of yen )

		2008/3	2009/3	Variance	
<b>IT services business</b>					
Operating revenue		1,986	1,907	△ 78	△ 3.9%
Operating income		154	87	△ 66	△ 43.0%
<b>Financial services business</b>					
Operating revenue		203	34	△ 169	△ 83.0%
Operating income		130	△ 1,156	△ 1,286	-
<b>Securities business</b>					
Operating revenue		221	156	△ 65	△ 29.6%
Operating income		△ 40	△ 78	△ 38	-
<b>Prepaid card business</b>					
Operating revenue		24	27	3	12.4%
Operating income		△ 1	1	2	-
<b>Elimination &amp; Corporation</b>					
Operating revenue		△ 39	△ 65	△ 25	-
Operating income		△ 50	△ 85	△ 34	-
<b>Total</b>					
Operating revenue		2,396	2,060	△ 335	△ 14.0%
Operating income		192	△ 1,230	△ 1,423	-

# IT services business (1)



## IT Services Business

Operating revenue :  $\Delta 3.9\%$

Operating income :  $\Delta 43.0\%$

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

( 100millions of yen )

		2008/3	2009/3	Variance	
CSK-SYS Grp ※1	Operating revenue	1,249	1,197	$\Delta 52$	$\Delta 4.2\%$
	Operating income	122	109	$\Delta 13$	$\Delta 10.7\%$
JIEC	Operating revenue	151	140	$\Delta 11$	$\Delta 7.5\%$
	Operating income	15	13	$\Delta 2$	$\Delta 13.6\%$
VERISERVE	Operating revenue	88	74	$\Delta 14$	$\Delta 16.1\%$
	Operating income	14	5	$\Delta 8$	$\Delta 59.5\%$
SWC、CCO-Grp total※2	Operating revenue	261	245	$\Delta 15$	$\Delta 6.0\%$
	Operating income	19	6	$\Delta 12$	$\Delta 65.8\%$
CSK-SS	Operating revenue	119	116	$\Delta 3$	$\Delta 2.7\%$
	Operating income	5	$\Delta 22$	$\Delta 27$	-
Others, Elimination ※3	Operating revenue	115	133	18	15.7%
	Operating income	$\Delta 22$	$\Delta 25$	$\Delta 2$	-
IT services business	Operating revenue	1,986	1,907	$\Delta 78$	$\Delta 3.9\%$
	Operating income	154	87	$\Delta 66$	$\Delta 43.0\%$
Operating income margin		7.8%	4.6%	$\Delta 3.2\%$	

\*1 Total figures due to the group reorganization

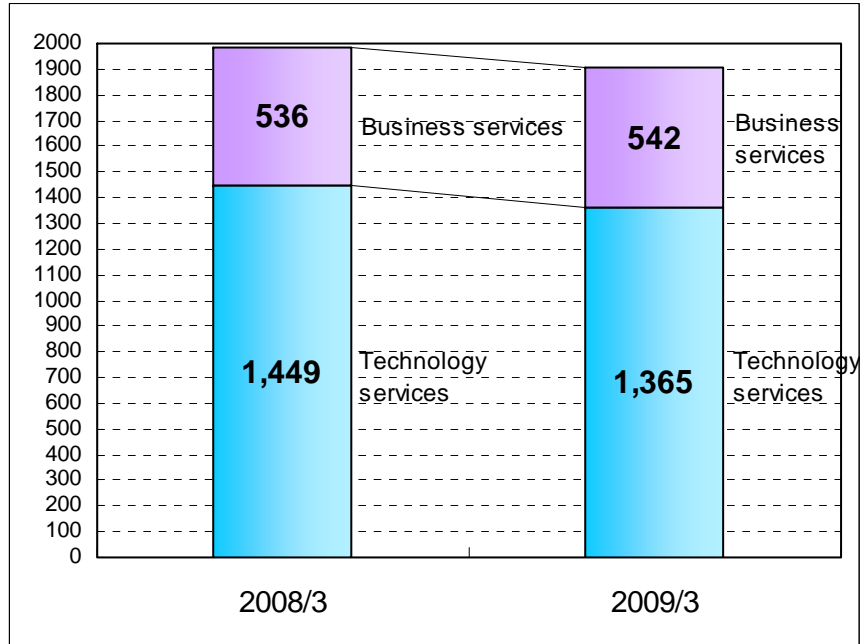
\*2 Total figures of SWC and CCO due to the group reorganization

\*3 Total of earnings at other companies and consolidated eliminations

# IT services business (2)

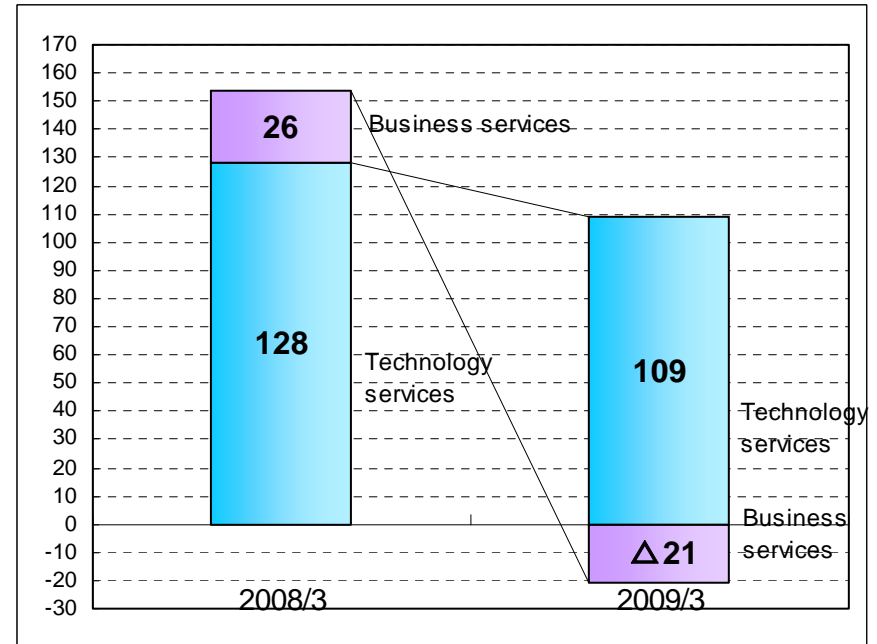
## IT services business : Operating revenue

(100millions of yen)



## IT services business : Operating income

(100millions of yen)



### ○ Technology services

**Operating revenue:** Systems integrations and outsourcing services for credit finance and life and non-life insurance increased steadily. However, operating revenue from manufacturing in systems integrations and hardware sales 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

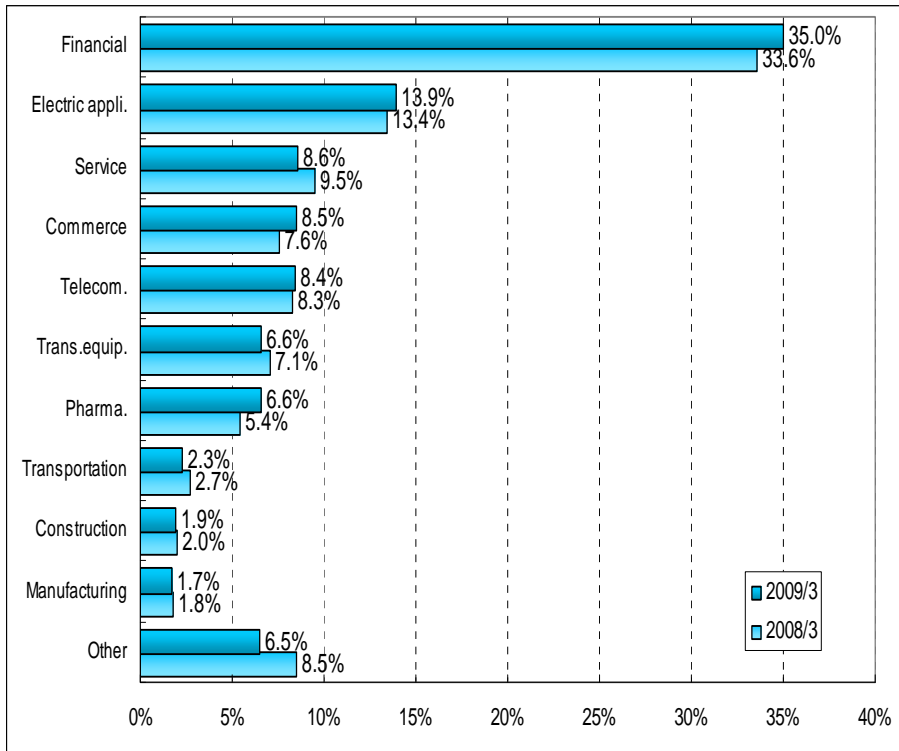
**Operating revenue:** Operating revenue of the fulfillment services increased. However, operating revenue declined for ASP services for securities industry, contact center services, and the product verification services.

**Operating loss:** Operating income fell sharply on decreased operating revenue and increased cost associated with a change in the accounting treatment of new ASP development expenses (Impact: ▲¥1.7bn)

# IT services business (3)

## Sales distribution by industry

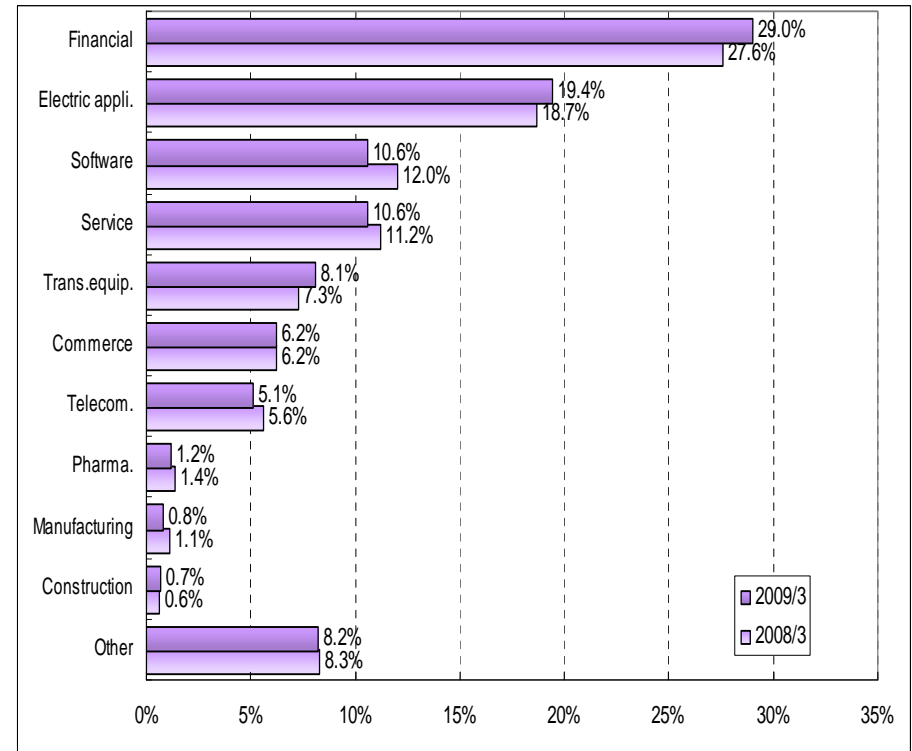
### <Technology services>



### <Technology services>

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

### <Business services>

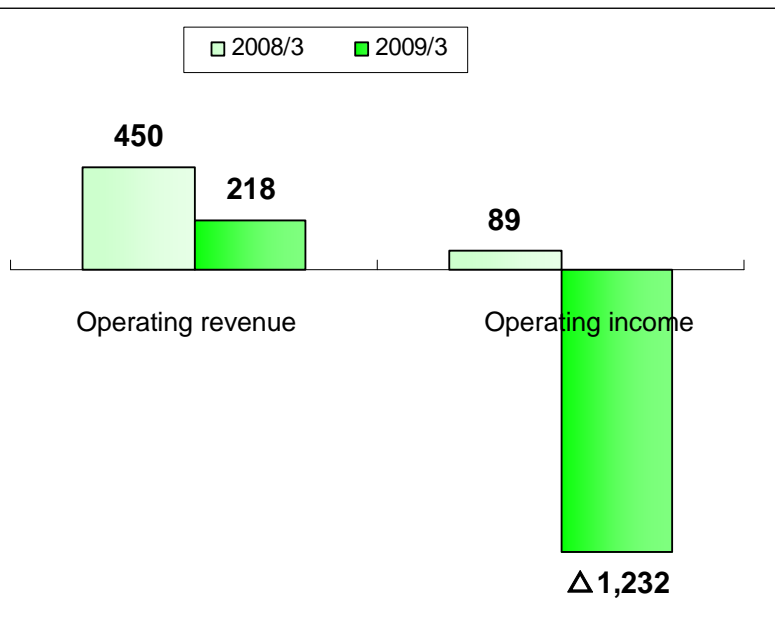


### <Business services>

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

# Financial services related business (1)

( 100millions of yen )



		2008/3	2009/3	Variance	
Financial services business	Operating revenue	203	34	△ 169	△ 83.0%
	Operating income	130	△ 1,156	△ 1,286	-
Securities business	Operating revenue	221	156	△ 65	△ 29.6%
	Operating income	△ 40	△ 78	△ 38	-
Prepaid card business	Operating revenue	24	27	3	12.4%
	Operating income	△ 1	1	2	-
Financial services related business	Operating revenue	450	218	△ 231	△ 51.5%
	Operating income	89	△ 1,232	△ 1,322	-

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

## <Financial Services-Related Business>

Operating revenue : △51.5%

Operating loss : 123.2 billions yen

### - Financial Services Business

Both operating revenue and operating income fell year on year, as a result of losses on write-down based on a conservative assessment of real estate investment holdings and losses on sale, as well as losses on the write-down of marketable securities, to minimize destabilizing factors for the next fiscal year and beyond.

### - Securities Business

Operating revenue fell due to a decline in commissions received, reflecting falling stock prices.

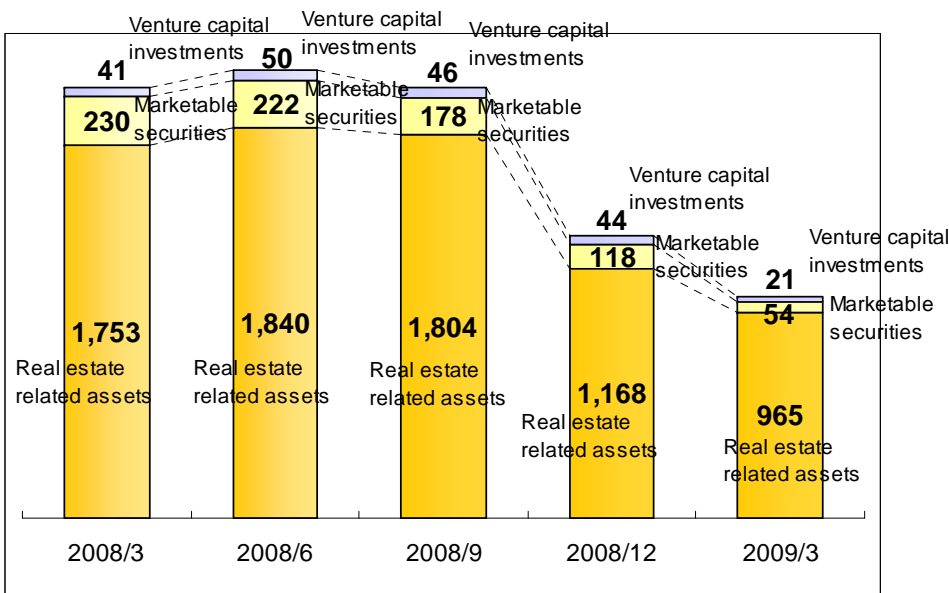
Operating income decreased with a decline in revenue, despite significant reductions in SG&A expenses including payroll cost and office expenses. We will continue lowering costs to strengthen our financial position.

### - 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 at stores and promotion tools steadily.

# Financial services related business (2)

## Investment balance



( 100millions of yen )

	2008/3	2008/6	2008/9	2008/12	2009/3	Ratio
Venture capital investments	41	50	46	44	21	-
Investments related to financial services	1,984	2,062	1,983	1,286	1,019	100%
Marketable securities	230	222	178	118	54	5.3%
Real estate related assets	1,753	1,840	1,804	1,168	965	94.7%
Liabilities related to financial services	443	441	317	427	410	

# Cash flows



( 100millions of yen )

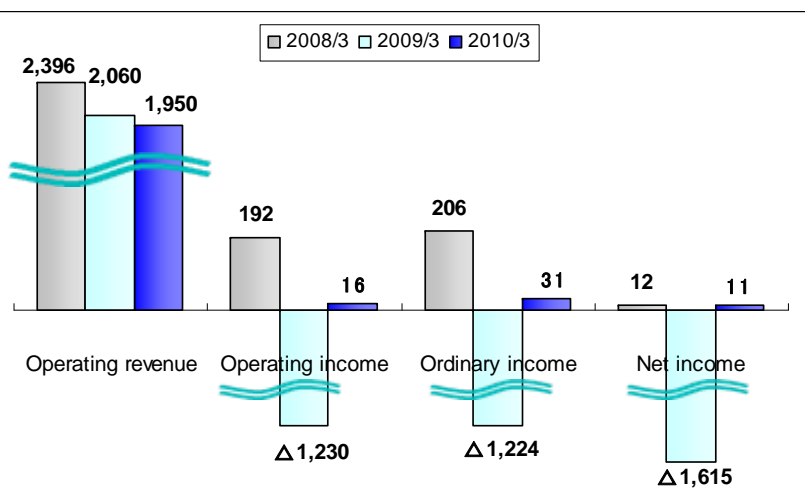
	2008/3	2009/3	Variance	Comment
Operating cash flows	△303	△57	246	
Investing cash flows	△279	△123	155	
Financial cash flows	122	△66	△188	
Total cash flows ※	△462	△250	212	
Cash & cash equivalents, at end	592	338	△253	

※ : Including effect of exchange rate change.

# Forecast for FY2010/3



( 100millions of yen )



	2008/3	2009/3	2010/3 Forecast	Variance	
Operating revenue	2,396	2,060	1,950	Δ 110	Δ 5.4%
Operating income	192	Δ 1,230	16	1,246	-
Operating income margin	8.0%	-	0.8%	-	-
Ordinary income	206	Δ 1,224	31	1,255	-
Net income	12	Δ 1,615	11	1,626	-

( yen )

	2008/3	2009/3	2010/3 Forecast	Variance
EPS	17.34	Δ 2,097.39	13.71	2,111.10