

Financial results for the fiscal year ended March 31, 2010

May 13, 2010

CSK HOLDINGS CORPORATION

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

- **Consolidated financial results forecasts for FY2011/3**

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Summary



(millions of yen)

	2009/3	2010/3	Variance	
Revenue	206,099	169,518	△ 36,581	△ 17.7%
Gross profit	△ 57,669	52,916	110,586	-
Gross profit margin	△ 28.0%	31.2%	59.2%	-
SG&A	65,397	48,740	△ 16,657	△ 25.5%
Operating income / loss	△ 123,066	4,176	127,243	-
Operating income / loss margin	△ 59.7%	2.5%	62.2%	-
Ordinary income / loss	△ 122,479	2,919	125,399	-
Net income / loss	△ 161,529	△ 59,180	102,349	-

(yen)

	2009/3	2010/3	Variance
EPS	△ 2,097.39	△ 720.62	1,376.77
BPS	251.40	△ 241.34	△ 492.74

Overview

Financial results for FY2010/3

Operating income moved into the black as a result of business restructuring, including a withdrawal from unprofitable operations as well as from the securities and financial services business, in addition to comprehensive cost reductions.
Cost structural reforms such as the consolidation/integration of offices and the review of internal IT system will be continued.

IT services business

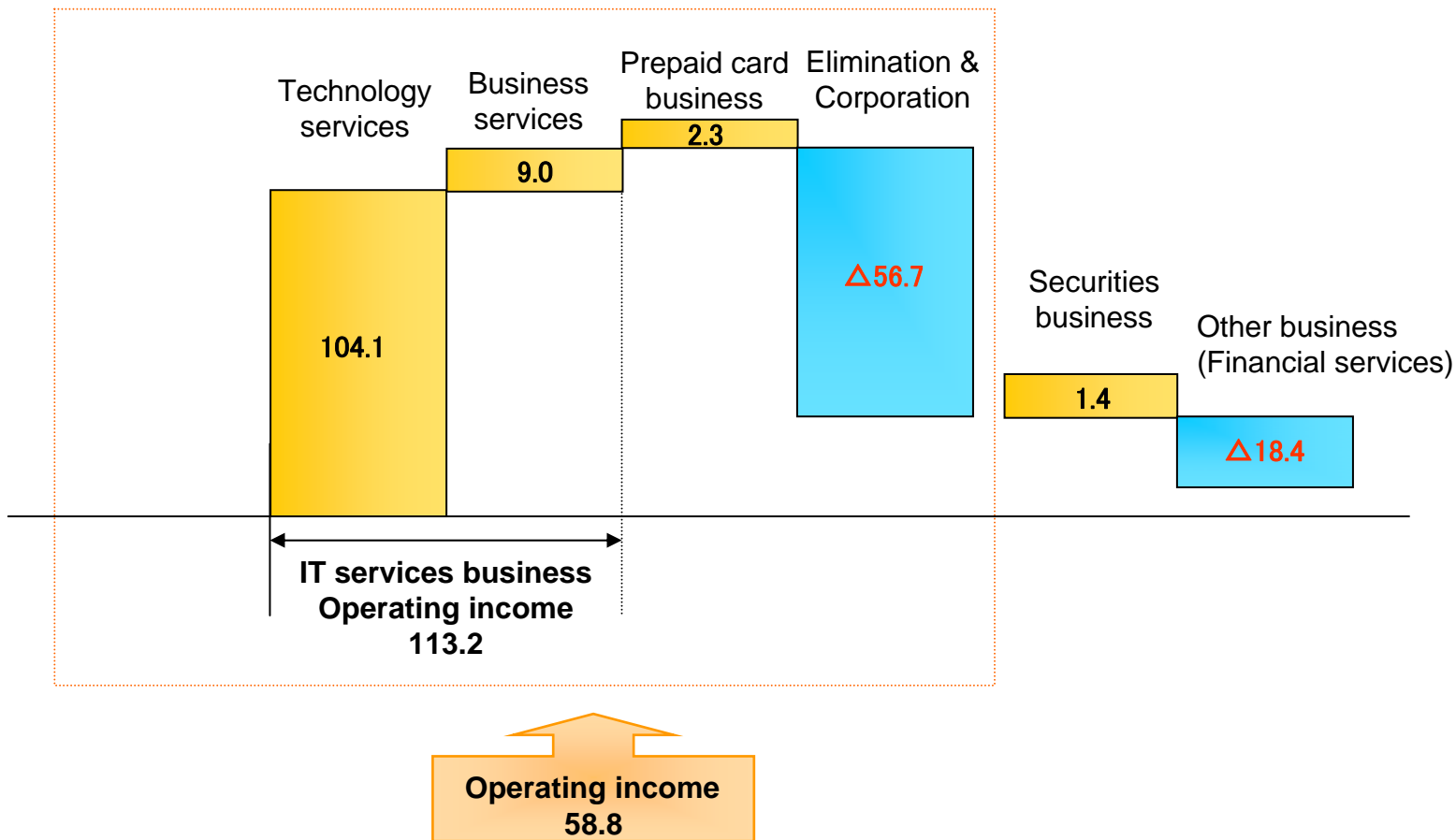
Orders received were recovering in the fourth quarter. (CSK-SW, CSK-ITM, CSK-SYS)
Projects to address institutional changes and reorganization in the financial industry are expected to increase.
We will aim to increase revenue in IT services business in FY2011/3 by steadily taking on these projects.

Initiatives for the future

We aim to make a shift to an operating structure of generating consistent revenue by bolstering BPO, IT management and systems integration – the three mainstay businesses of the Group – increasing links among them and developing new growth areas with these three businesses as the foundations.

Operating income/loss by segment (2010/3)

(100millions of yen)



SGA and non-operating income/expenses

(100millions of yen)

SG&A	2009/3	2010/3	Variance	Comment
Payroll cost	298.0	242.5	△ 55.5	Reduce officer compensation, restrict bonuses for managers and general employees, reduce overtime, etc.
Subcontract cost	66.4	36.3	△ 30.1	Cost reduction
Depreciation and amortization	42.4	32.2	△ 10.2	Loss on impairment of fixed assets
Rent	58.0	47.0	△ 11.0	Consolidation/integration of offices
Other, net	188.8	129.2	△ 59.6	Rental fee, commission fee, communication fee, etc.
Selling, general and administrative expenses	653.9	487.4	△ 166.5	

Non-operating income	2009/3	2010/3	Variance	Comment
Interest income	1.1	0.7	△ 0.4	—
Dividend income	4.0	1.9	△ 2.1	Decrease in dividends from securities holdings
Hoard profit of prepaid card	9.8	10.8	0.9	Increase in estimated unused part of prepaid cards
Other, net	11.8	7.2	△ 4.5	Gain on sales of investment securities, incentives, etc.
Non-operating income	26.9	20.8	△ 6.1	

Non-operating expenses	2009/3	2010/3	Variance	Comment
Interest expense	0.1	6.9	6.7	—
Loss on sales of investment in securities	6.6	-	△ 6.6	Sale of securities holdings
Provision for accrued employees' retirement benefits	2.6	2.6	0.0	Business expenses etc.
Loss on investment in partnership	3.7	-	△ 3.7	Loss on investment in partnership
Stock issuance cost	-	4.8	4.8	Stock issuance cost
Commission fee	-	6.0	6.0	Expenses from the extension of the term of loan
Loss on investments in silent partnership	-	5.2	5.2	Loss on investments in silent partnership
Other, net	7.8	7.6	△ 0.2	Loss on investment in partnership, loss on sales of investment in securities, commission rebates on securities transactions, etc.
Non-operating expenses	21.0	33.3	12.3	
Non-operating income and expenses Net	5.8	△ 12.5	△ 18.4	

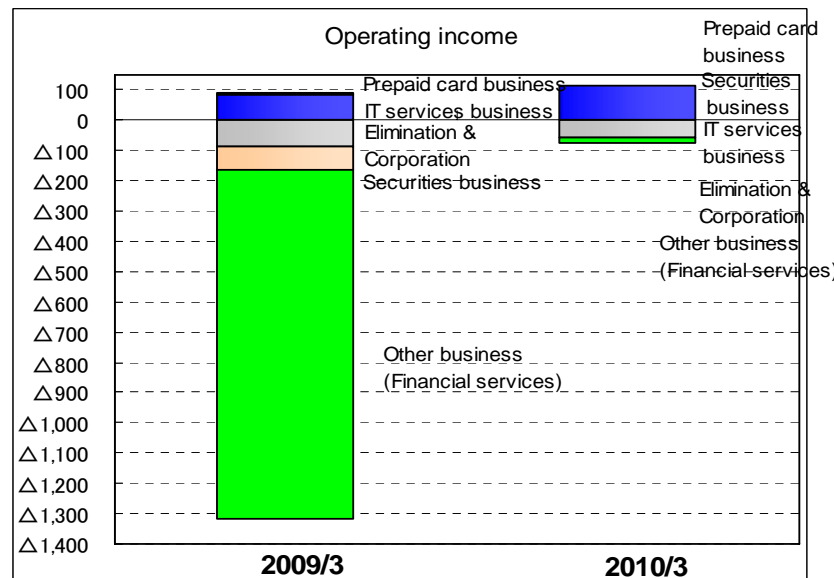
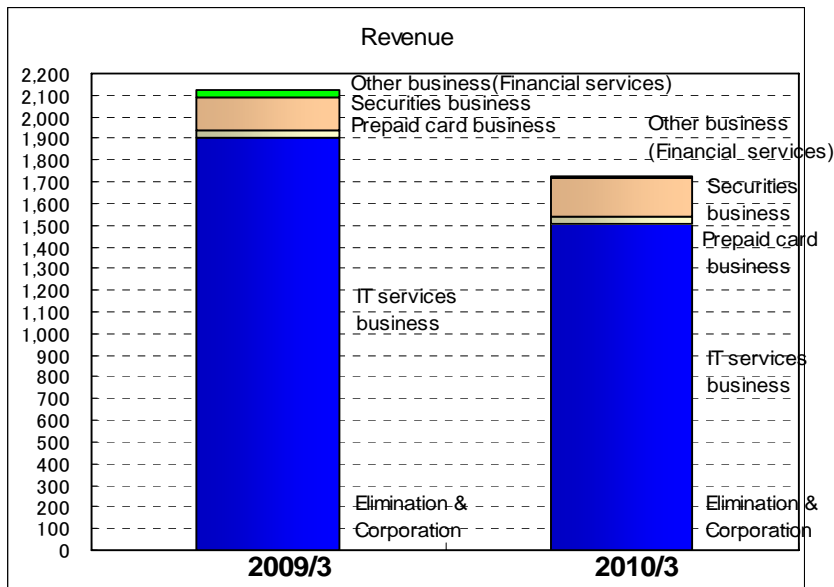
Extraordinary gains & losses



(100millions of yen)

Extraordinary gains	2009/3	2010/3	Variance	Comment
Gain on sales of investments securities	2.2	8.3	6.0	Gain on sales of investments securities
Gain from transfer of business	9.8	1.8	△8.0	Gain from transfer of business of subsidiary company
Reversal of reserve for financial products transaction liabilities	7.1	1.8	△5.3	Reversal of financial instruments transaction liability reserve associated with the enforcement of the Financial Instruments and Exchange Act
Other, net	1.0	4.6	3.6	Gain on reversal of provision of accrued employees' retirement benefits
Extraordinary gains	20.3	16.6	△3.7	
Extraordinary losses	2009/3	2010/3	Variance	Comment
Loss on disposal fixed assets	5.2	-	△5.2	Business asset retirement of subsidiaries
Loss on impairment of fixed assets	147.2	-	△147.2	Business asset impairment of subsidiaries and goodwill impairment, etc.
Loss on write-down of investments in securities	20.3	-	△20.3	Loss on write-down of investments in securities
Loss on business restructuring	12.1	-	△12.1	Loss on business restructuring (Cosmo Securities)
Loss on discontinuing construction of head office	25.4	-	△25.4	Loss on discontinuing construction of head office
Loss on withdrawal from real estate securitization business	-	559.4	559.4	Loss on withdrawal from real estate securitization business
Special retirement expenses	-	28.0	28.0	Outplacement support expenses and premium retirement allowance for preferential early retirement system
Other, net	28.6	53.5	24.8	Loss on sales of investments in securities, loss on impairment, loss on write-down of investments in securities, etc.
Extraordinary losses	239.0	640.9	401.9	
Extraordinary gains and losses Net	△218.6	△624.3	△405.6	

Operating result by segments

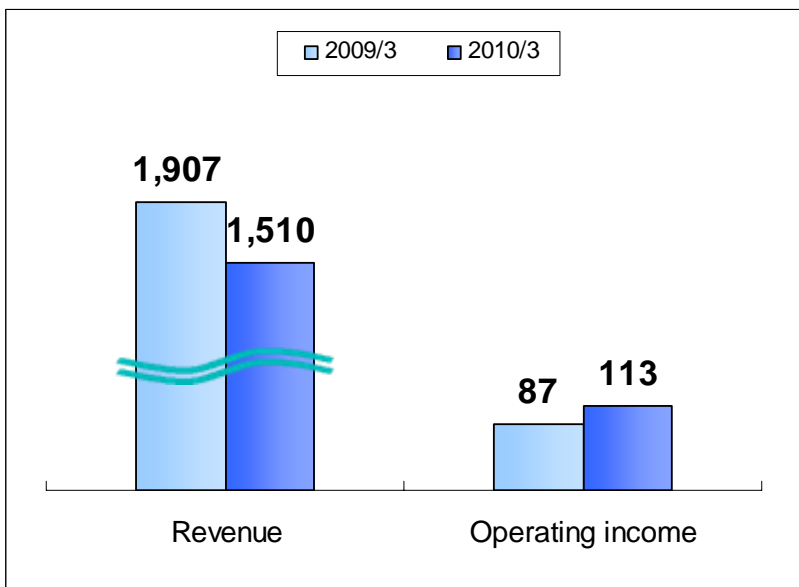


(100millions of yen)

	2009/3	2010/3	Variance	
IT services business				
Revenue	1,907	1,510	Δ 397	Δ 20.8%
Operating income	87	113	25	28.9%
Prepaid card business				
Revenue	27	31	4	16.4%
Operating income	1	2	0	26.0%
Securities business				
Revenue	156	176	20	12.9%
Operating income / loss	Δ 78	1	80	-
Other business (Financial services)^{※1}				
Revenue	34	10	Δ 24	Δ 69.1%
Operating loss	Δ 1,156	Δ 18	1,137	-
Elimination & Corporation				
Revenue	Δ 65	Δ 34	31	-
Operating income	Δ 85	Δ 56	28	-
Total				
Revenue	2,060	1,695	Δ 365	Δ 17.7%
Operating income / loss	Δ 1,230	41	1,272	-

※1 The CSK Group has substantially withdrawn from real estate securitization business and changed Financial services segment to Other business segment for the fiscal year ended March 31, 2010.

IT services business (1)



IT Services Business

Revenue : YoY Δ 20.8%, Operating income : YoY +28.9%

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 previous year, and the freezing or delay of projects because of reduced customer IT spending.

Although the effect of lower revenue was large, operating income increased through aggressive cuts in the cost of sales and SG&A expenses.

(Operating income margin improved: 4.6% \Rightarrow 7.5%)

(100millions of yen)

		2009/3	2010/3	Variance	
CSK-SYS Grp ^{※1}	Revenue	1,197	957	Δ 239	Δ 20.0%
	Operating income	109	95	Δ 13	Δ 12.6%
JIEC	Revenue	140	104	Δ 35	Δ 25.6%
	Operating income	13	6	Δ 6	Δ 50.6%
VERISERVE	Revenue	74	51	Δ 22	Δ 30.3%
	Operating income	5	1	Δ 3	Δ 65.4%
csk-sw、 other (SWC、CCO-Grp、 CSK-MK、BEC)total ^{※2}	Revenue	296	244	Δ 51	Δ 17.3%
	Operating income	0	2	2	-
CSK-SS	Revenue	116	92	Δ 24	Δ 21.0%
	Operating income / loss	Δ 22	1	23	-
Others, Elimination ^{※3}	Revenue	83	59	Δ 23	Δ 28.3%
	Operating income / loss	Δ 18	5	24	-
IT services business	Revenue	1,907	1,510	Δ 397	Δ 20.8%
	Operating income	87	113	25	28.9%

Operating income margin	2009/3	2010/3	Variance
	4.6%	7.5%	2.9%

※1 Total figures of the former CSK-SYS, former CSK-NISHINIHON, former CSK-CHUBU and ITM, for comparison

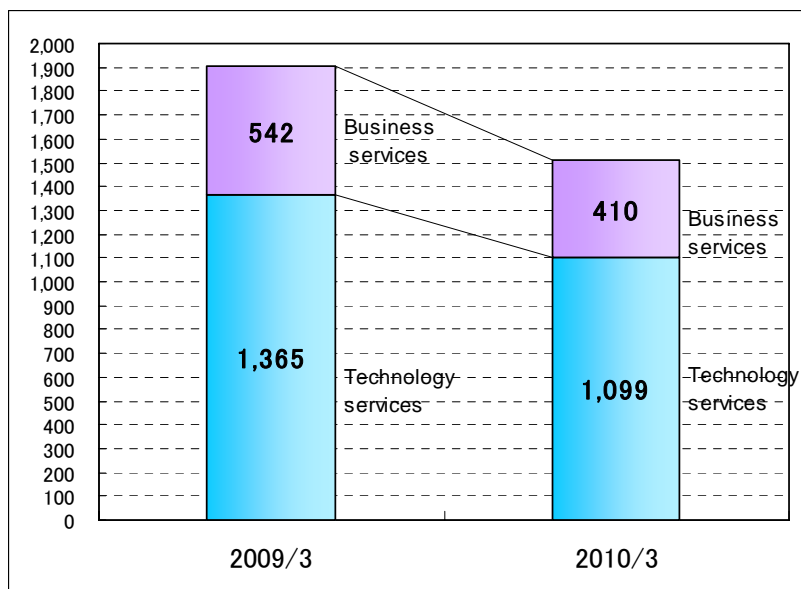
※2 Total figures due to the group reorganization, for comparison

※3 Total of earnings at other companies and consolidated eliminations

IT services business (2)

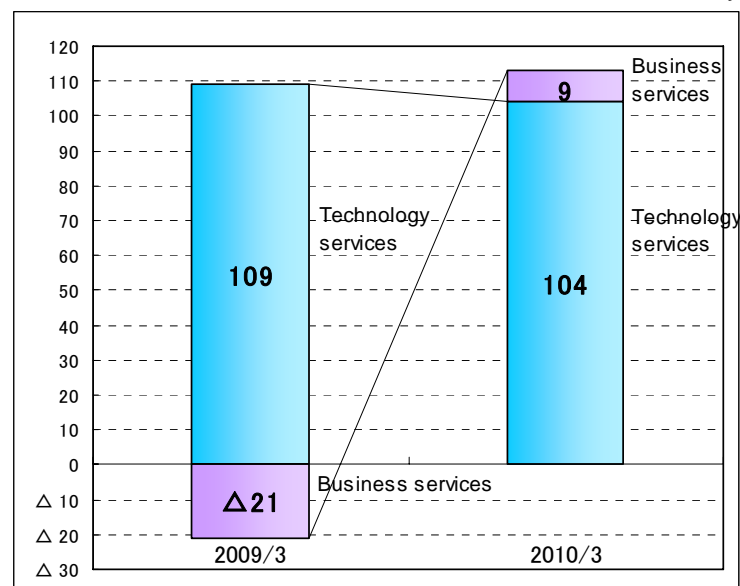
IT services business : Revenue

(100millions of yen)



IT services business : Operating income

(100millions of yen)



○ Technology services

Revenue : YoYΔ 19.5%, Operating income : YoYΔ 4.4%

Revenue:

Revenue declined because of a delay in the commencement of projects scheduled for the financial industry and a fall in system development projects for manufacturing industry, particularly electronic appliances and transportation equipment. Revenue is likely to recover going forward, given that demand for systems to respond to institutional changes and reorganization in the financial industry is increasing.

Operating income:

Although the decline in revenue was large, the operating margin improved, thanks to active implementation of cost structural reforms. (Operating income margin improves: 8.0% ⇒ 9.5%)

○ Business services

Revenue : YoYΔ 24.2%, Operating income : ¥0.9 billion

Revenue:

Revenue declined in technical support, sales support, and product verification services in particular, reflecting cost cutting and the reduction of product development investments due to worsening market conditions.

Operating income:

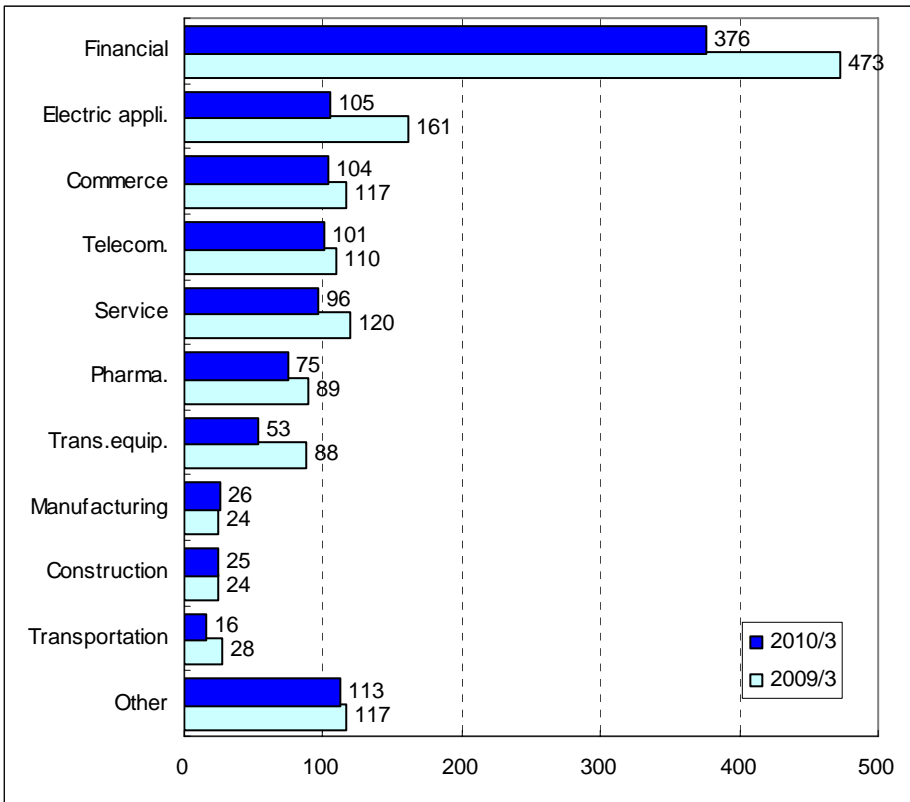
Although revenue fell substantially, operating income returned to profitability thanks to measures such as the optimization of resources through the consolidation of centers, improvements in business efficiency and the elimination of unprofitable projects.

IT services business (3)

Sales distribution by industry

<Technology services>

(100 millions of yen)

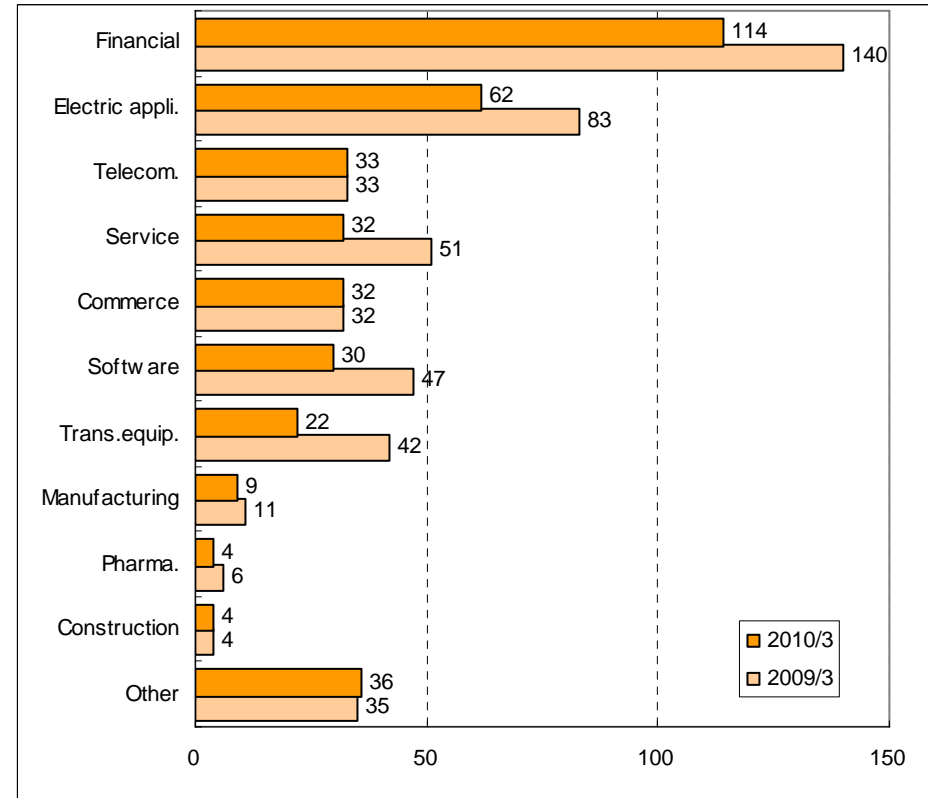


<Technology services>

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

<Business services>

(100 millions of yen)

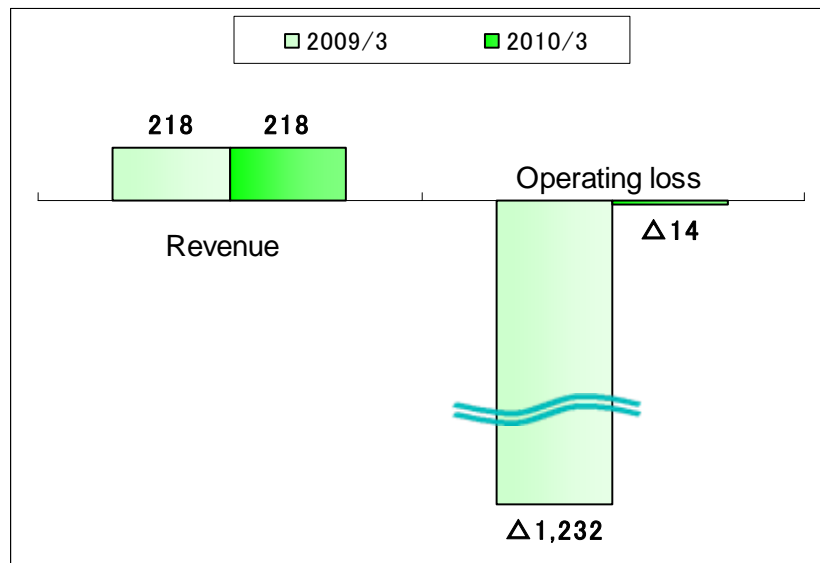


<Business services>

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)



		2009/3	2010/3	Variance	
Prepaid card business	Revenue	27	31	4	16.4%
	Operating income	1	2	0	26.0%
Securities business	Revenue	156	176	20	12.9%
	Operating income / loss	Δ78	1	80	-
Other business (Financial services) ^{※1}	Revenue	34	10	Δ24	Δ69.1%
	Operating loss	Δ1,156	Δ18	1,137	-
合計	Revenue	218	218	0	0.3%
	Operating loss	Δ1,232	Δ14	1,218	-

※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 +16.4%, Operating income : YoY +26.0%

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: ¥1.08 billion)

- Securities Business: Revenue : YoY +12.9%, Operating income : ¥0.1 billion.

Revenue increased as trading income rose with moderate gains in the Nikkei Stock Average backed by expectations of an economic recovery.

Operating income moved into the black thanks to significant cuts in SG&A expenses, in addition to an increase in sales.

(SG&A: YoY Δ¥5.7 billion)

- Other business (Financial services business)

Revenue : YoY Δ69.1% Operating loss : Δ¥1.8 billion.

We posted an operating loss of ¥1.8 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)

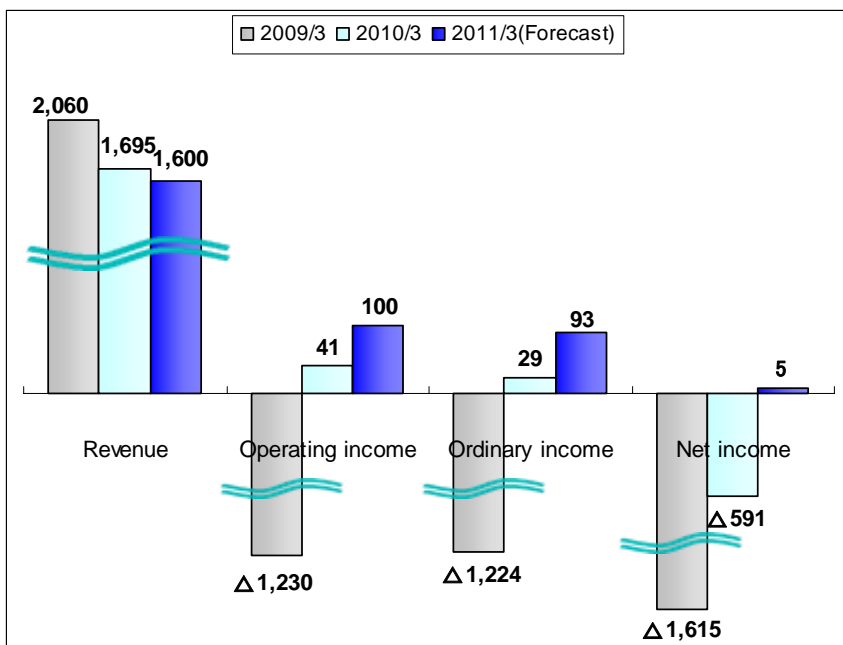
	2009/3	2010/3	Variance	Comment
Operating cash flows	△ 122	14	137	Generated a net loss before tax adjustment, but positive cash flows resulted, with principal factors including depreciation, loss on withdrawal from the real estate securitization business, and changes in sales credits
Investing cash flows	△ 160	△ 24	136	Despite expenses for the acquisition of investment securities etc., a positive result from the sale of investment securities, sale of a tangible fixed asset, and other factors
Financial cash flows	17	36	19	Despite an increase associated with the issuing of shares and long-term bank loans payable, a positive result from the redemption of corporate bonds payable, short-term bank loans payable, etc.
Total cash flows ※	△ 270	25	295	
Cash & cash equivalents, at end	321	364	42	

※ : Including effect of exchange rate change.

Forecast for FY2011/3



(100millions of yen)



	2009/3	2010/3	2011/3 Forecast	Variance	
Revenue	2,060	1,695	1,600	△95	△5.6%
Operating income / loss	△1,230	41	100	59	139.4%
Operating income margin	△59.7%	2.5%	6.3%	3.8%	-
Ordinary income / loss	△1,224	29	93	64	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	724.59

Consolidated results forecast

【Revenue】

Revenue is likely to decline with the withdrawal and sale of ISAO and Cosmo Securities, although demand for systems should increase in the financial industry, reflecting the need to respond to institutional changes and the industry reorganization.

【Operating income】

Operating income is expected to increase substantially, thanks to the effects of cost structural reforms, the voluntary early retirement program implemented in the previous year and the withdrawal from unprofitable business.

Net income is expected to be ¥500 million yen, given the posting of an extraordinary loss of approximately ¥8.8 billion on the transfer of shares in Cosmo Securities as announced on April 15.