



Financial results for the second quarter ended September 30, 2010

**November 12, 2010
CSK CORPORATION**

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Summary



(100millions of yen)

	2009/4-9	2010/4-9	Variance	
Operating revenue	846	681	△ 164	△ 19.4%
Gross profit	269	161	△ 108	△ 40.3%
Gross profit ratio(%)	31.9%	23.6%	△ 8.3%	-
SG&A	274	139	△ 135	△ 49.3%
Operating income / loss	△ 4	21	26	-
Operating income ratio(%) / loss ratio(△)(%)	△ 0.6%	3.2%	3.8%	-
Ordinary income / loss	△ 7	4	12	-
Net income / loss	△ 586	△ 78	508	-

	2009/4-9	2010/4-9	Variance
EPS	△ 730.37	△ 62.16	668.21
BPS	△ 442.58	△ 304.99	137.59

Overview

■ Business results for the second quarter of the fiscal year ending in March, 2011

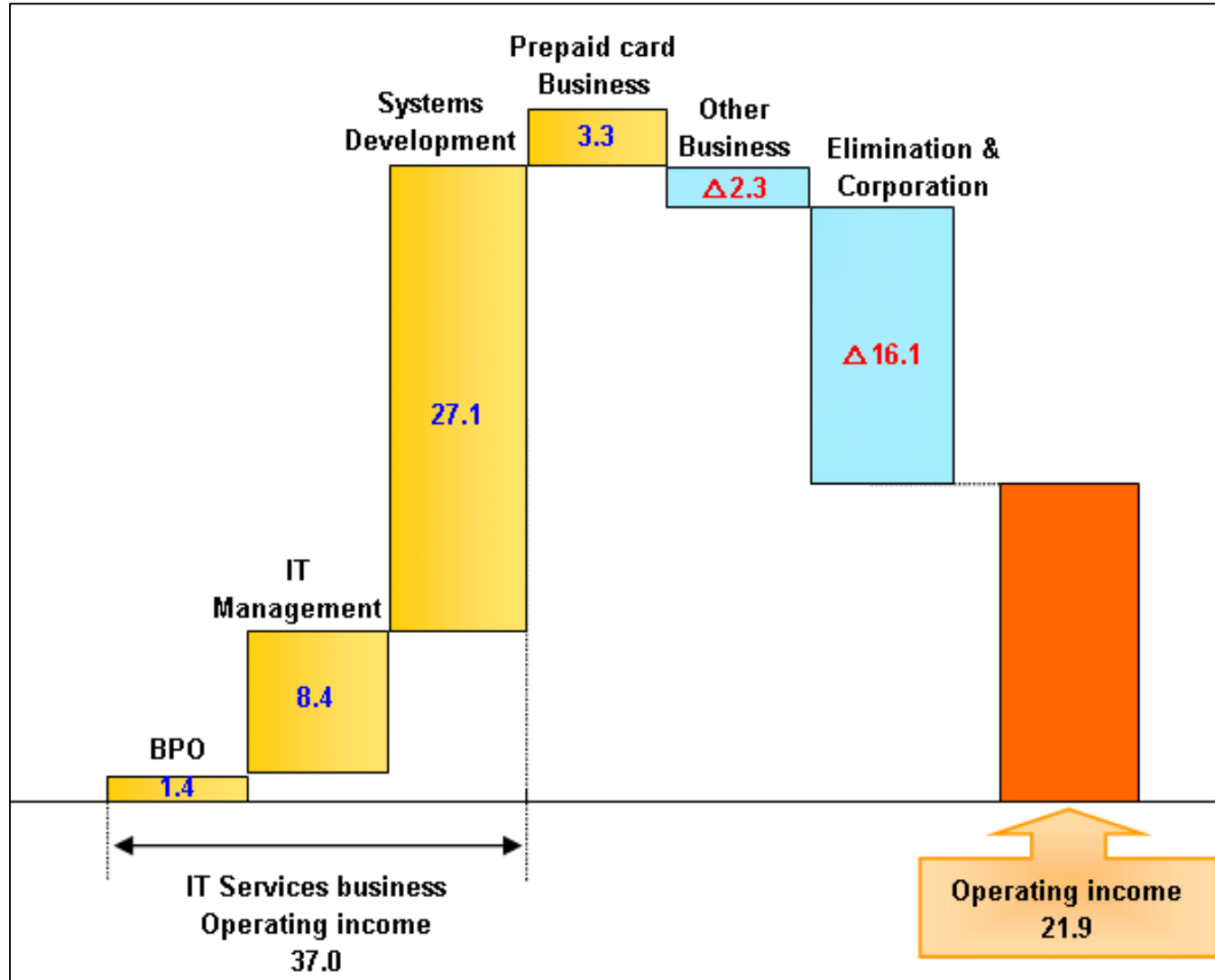
- Operating revenue were dragged down by business restructuring (the transfer of shares with the deconsolidation of Cosmo Securities etc.) in line with our selection and concentration policy of focusing on the IT services business, a lack of investment as companies postponed projects due to the murky economic outlook and a decline in services for securities companies, concomitant with the ongoing stock market malaise.
- Operating income swung into profit due to our withdrawal from the financial services business in line with revisions to cost structure reform initiatives which began last fiscal year.

■ IT Services

- Due to the murky economic outlook, operating revenue deteriorated as projects were postponed or reduced in scale, hardware sales fell and services for securities companies declined concomitant with the ongoing stock market malaise. On the other hand, business results improved as orders and operating revenue both grew in the second quarter compared to the first.
- Although operating revenue fell compared to last first half, operating income grew by 10.2% year-on-year due to revisions to cost structure reform initiatives which began last fiscal year. The operating income ratio also increased by 0.9% year-on-year.

Operating income by segment (1H FY2011/3)

(100millions of yen)



SGA and non-operating income/expenses

(100millions of yen)

SG&A	2009/4-9	2010/4-9	Variance	Comment
Payroll cost	133.9	73.7	△ 60.1	Declined with withdrawal from securities businesses, downsizing through a voluntary early retirement program, and cost cutting.
Subcontract cost	26.7	5.2	△ 21.5	Declined with withdrawal from securities business and cost reduction.
Depreciation and amortization	16.3	11.2	△ 5.0	Declined with withdrawal from the business and loss on impairment of fixed assets.
Rent	31.6	12.0	△ 19.6	Declined with Consolidation/integration of offices and review of rent.
Other, net	65.9	36.7	△ 29.1	Commission fee, supplies expense, etc.
Total	274.6	139.0	△ 135.5	

Non-operating income	2009/4-9	2010/4-9	Variance	Comment
Interest income	0.2	0.5	0.3	—
Dividend income	1.6	0.3	△ 1.3	A decrease in dividends from securities holdings.
Hoard profit of prepaid card	5.1	5.7	0.5	—
Other, net	5.4	4.4	△ 0.9	Incentives and subsidy, etc.
Total	12.5	11.1	△ 1.4	

Non-operating expenses	2009/4-9	2010/4-9	Variance	Comment
Interest expense	0.1	4.9	4.8	2009/4-9: Cost of capital procurement in financial services business.
Provision for allowance for doubtful accounts	-	17.5	17.5	Allowance for doubtful accounts arising from loans extended to Gen Capital Co., Ltd. (formerly CSK FINANCE Co. Ltd.).
Provision for accrued employees' retirement benefits	1.3	1.3	0.0	Amortization of transition loss.
Stock Issuance Costs	4.6	-	△ 4.6	2009/4-9: Costs according to stock issuance.
Commission fee	5.9	-	△ 5.9	2009/4-9: Costs according to refinance debt on longer terms.
Other, net	3.1	4.6	1.4	Loss on investments in silent partnership, loss on investments in partnership, transfer agent fee, etc.
Total	15.2	28.4	13.1	
Non-operating income and expenses Net	△ 2.7	△ 17.3	△ 14.5	

Extraordinary gains & losses

(100millions of yen)

Extraordinary gains		2009/4-9	2010/4-9	Variance	Comment
Gain on sales of investment securities		4.6	-	△ 4.6	2009/4-9: Sales of investment securities.
Reversal of allowance for doubtful accounts		-	0.5	0.5	Reversal of allowance for doubtful accounts.
Reversal of reserve for financial products transaction liabilities		1.8	-	△ 1.8	2009/4-9: Reversal of financial instruments transaction liability reserve associated with the enforcement of the Financial Instruments and Exchange Act.
Other, net		5.7	0.1	△ 5.5	2009/4-9: Gain from transfer of business, reversal of taxes, etc.
	Total	12.2	0.6	△ 11.5	
Extraordinary losses		2009/4-9	2010/4-9	Variance	Comment
Loss on withdrawal from securities business		-	89.0	89.0	Loss on withdrawal from securities business.
Loss on withdrawal from real estate securitization business		559.4	-	△ 559.4	2009/4-9: Loss on withdrawal from real estate securitization business.
Other, net		28.5	10.5	△ 18.0	Loss on adjustment for changes of accounting standard for asset retirement obligations, special severance payments for voluntary early retirement program, etc.
	Total	587.9	99.5	△ 488.4	
Extraordinary gains and losses	Net	△ 575.7	△ 98.8	476.8	

Comparison to forecast

(100millions of yen)

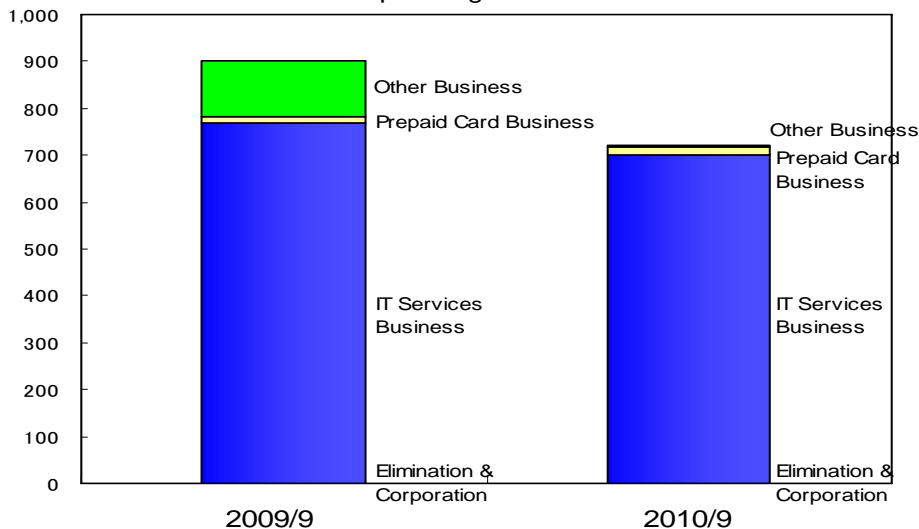
	2010/4-9 Forecast	2010/4-9 Results	Variance	
Operating revenue	720	681	△ 38	△ 5.3%
Operating income	25	21	△ 3	△ 12.3%
Operating income ratio(%)	3.5%	3.2%	△0.3%	-
Ordinary income	22	4	△ 17	△ 79.1%
Net income / loss	△ 68	△ 78	△ 10	-

Operating result by segments

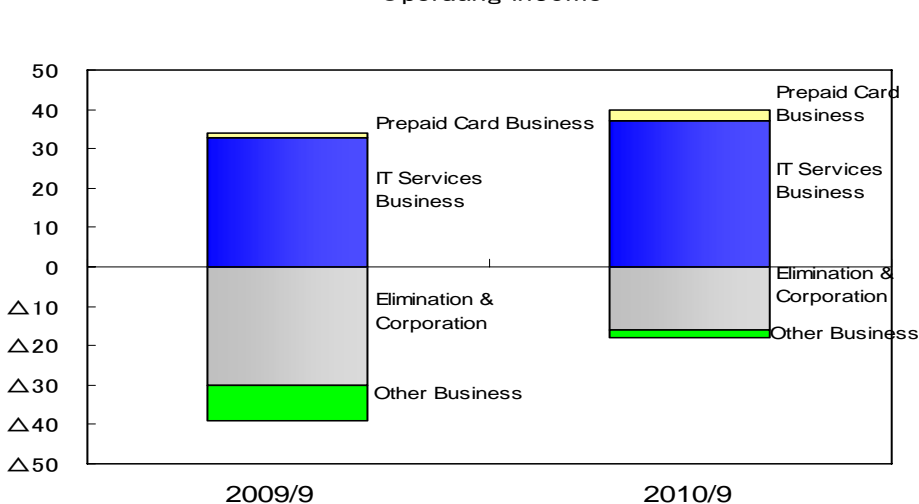
(100millions of yen)

(100millions of yen)

Operating revenue



Operating income



		2009/4-9	2010/4-9	Variance	
IT Services Business					
Operating revenue		769	701	Δ68	Δ8.9%
Operating income		33	37	3	10.2%
Prepaid Card Business					
Operating revenue		14	17	3	24.6%
Operating income		1	3	2	149.2%
Other Business					
Operating revenue		119	4	Δ115	Δ96.2%
Operating income/loss		Δ9	Δ2	6	-
Elimination & Corporation					
Operating revenue		Δ58	Δ42	16	-
Operating income/loss		Δ30	Δ16	14	-
Total					
Operating revenue		846	681	Δ164	Δ19.4%
Operating income/loss		Δ4	21	26	-

※ 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.

※ “Other business” represents categories that are not included in reportable segments, and includes investments in venture companies and investment trust managements. Operating revenue as of end September 2009 includes securities business.

■ IT Services Business

(100millions of yen)

		2009/4-9	2010/4-9	Variance	
BPO	Operating revenue	150	150	0	0.3%
	Operating income/loss	△3	1	4	-
	Operating income ratio(%)/loss ratio(△)(%)	△2.2%	0.9%	3.1%	-
IT Management	Operating revenue	177	151	△25	△14.5%
	Operating income	11	8	△3	△27.3%
	Operating income ratio(%)/loss ratio(△)(%)	6.5%	5.6%	△1.0%	-
Systems Development	Operating revenue	442	399	△43	△9.8%
	Operating income	25	27	1	7.6%
	Operating income ratio(%)/loss ratio(△)(%)	5.7%	6.8%	1.1%	-
IT Services Business	Operating revenue	769	701	△68	△8.9%
	Operating income	33	37	3	10.2%
	Operating income ratio(%)/loss ratio(△)(%)	4.4%	5.3%	0.9%	-

IT Services Business

: Operating revenue: △8.9%、 Operating income: +10.2%、 Operating income ratio: +0.9%

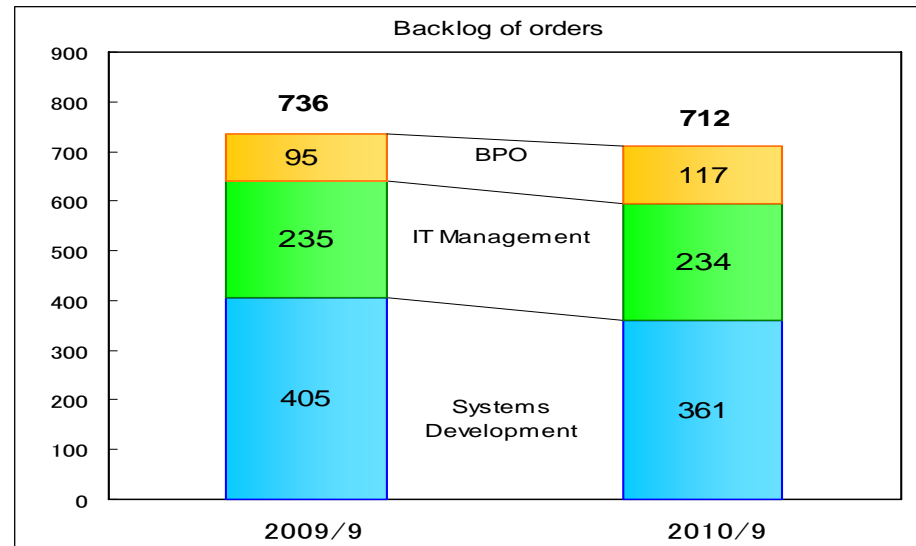
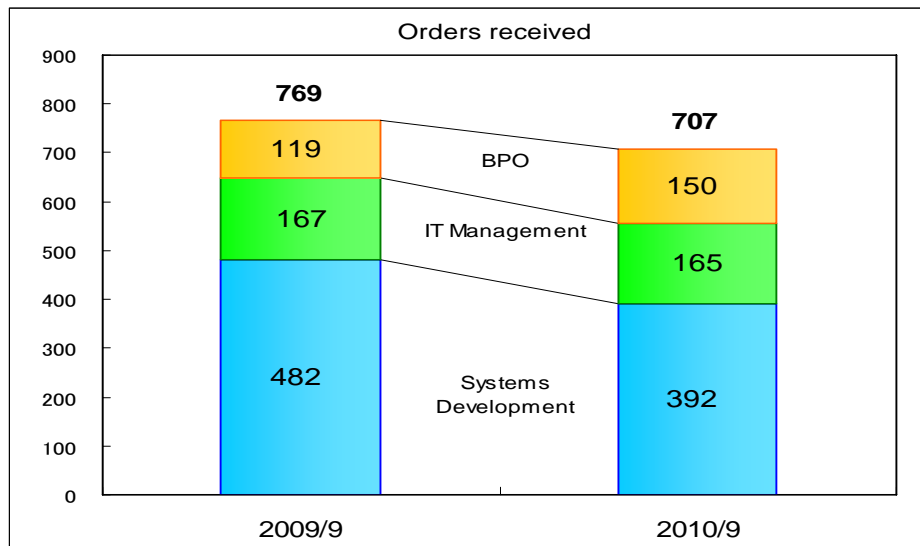
- Even though an improving trend was evident in the results of some companies, operating revenue fell as our business customers postponed projects or downwardly revised orders for existing projects due to the murky economic outlook.
- Operating income and the operating income ratio both increased by 10.2% and 0.9%, respectively.

- BPO** : The expansion in newly acquired and existing projects offset the revenue-reducing factors associated with our withdrawal from unprofitable projects. We swung into profit as a result of withdrawing from unprofitable projects and revising our cost structure.
- IT Management** : Although there was an expansion trend in the area of data center-related services, the decline in systems management and hardware sales drove down operating income and operating revenue. Nevertheless, compared to the first quarter, operating income doubled.
- Systems Development** : Operating revenue was driven down by the decline in services for securities companies. The deleterious impacts of reduced revenue were offset by the effects of cost-cutting and productivity enhancements, and this buoyed operating income and the operating income ratio, which grew by 7.6% and 1.1%, respectively.

■ IT Services Business -Orders received, backlog of orders-

(100millions of yen)

(100millions of yen)



Orders received : △6.2billion、△8.1%

BPO : +¥3billion、+25.2%
Expand existing orders of software.

IT Management : △¥0.2billion、△1.2%
Systems management decreased though outsourcing orders increased.
It received a new order in this third quarter.

Systems Development : △¥9billion、△18.8%
Decreased in service for securities companies. After the third quarter, it concentrates on the expansion of finance, communication, and manufacturing, etc.

Backlog of orders : △¥2.4billion、△3.3%

BPO : +¥2.1billion、+22.8%
Grew due to increased orders received in the first half of the year.

IT Management : △¥0.1billion、△0.7%
Posted a mild year-on-year decline; however, the backlog of orders expanded due to orders received for new projects in the third quarter.

Systems Development : △¥4.4billion、△10.9%
Declined, impacted by the deterioration in orders received in the first half of the year.

■ IT Services Business -Operating revenue by industry-

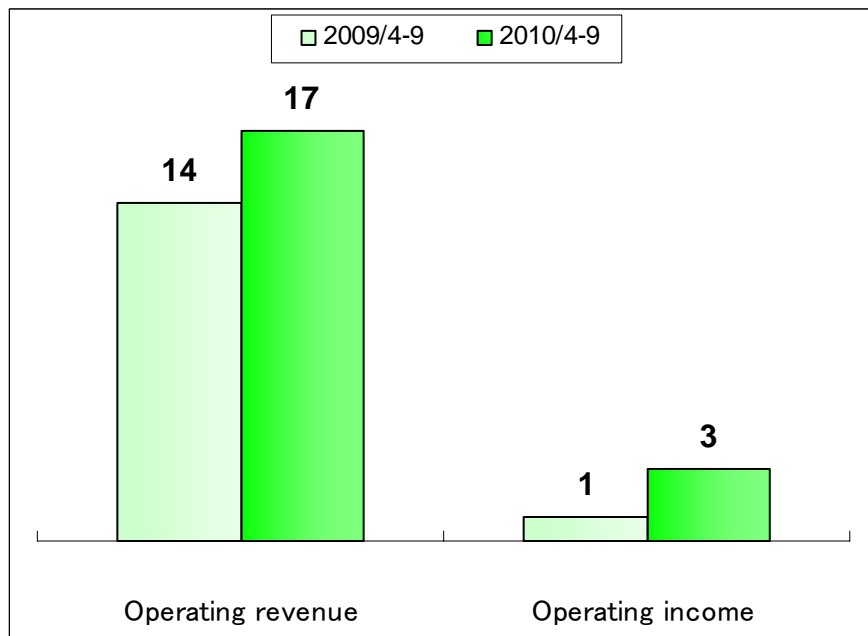
(100millions of yen)

	2009/4-9	Share	2010/4-9	Share	Variance	
Financial	247	34.7%	213	32.4%	△33	△13.7%
Electric appli.	86	12.2%	78	11.9%	△8	△9.7%
Commerce	72	10.1%	65	9.9%	△6	△9.2%
Telecom.	66	9.4%	57	8.7%	△9	△13.7%
Service	58	8.3%	61	9.3%	2	3.8%
Pharma.	34	4.9%	38	5.8%	3	9.7%
Software	13	1.9%	17	2.7%	4	34.1%
Trans.equip.	34	4.9%	37	5.6%	2	6.9%
Manufacturing	22	3.1%	19	3.0%	△2	△10.0%
Construction	13	1.9%	11	1.8%	△1	△11.9%
Transpotation	8	1.1%	8	1.3%	0	5.9%
Other	53	7.6%	50	7.6%	△3	△7.3%
Total	712	100.0%	659	100.0%	△52	△7.4%

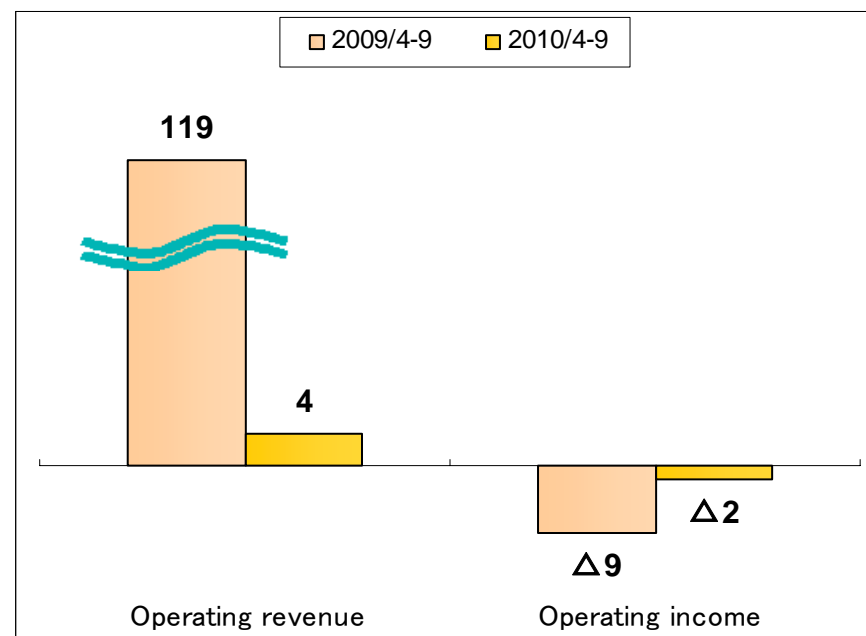
※ Operating revenue by industry is the sum of “BPO”, “IT Management” and “Systems Development.”

■ Prepaid Card Business, Other Business

Prepaid Card Business (100millions of yen)



Other Business (100millions of yen)



※“Other business” represents categories that are not included in reportable segments, and includes investments in venture companies and investment trust managements. Operating revenue as of end September 2009 includes securities business.

Prepaid Card Business

Operating revenue: +24.6%, Operating income: +149.2%

As the number of participating stores expanded and the number of cards issued grew, hardware sales and issued card-related sales increased, causing operating revenue to rise. Operating income was buoyed by increased operating revenue and an improved revenue structure.

Other Business

Operating revenue: Δ 96.2%, Operating loss: ¥0.2 billion

Revenue declined on the deconsolidation of Cosmo Securities. The deficit contracted with our withdrawal from the financial services business.

■ Progress of our withdrawal from the securities business and the financial services business

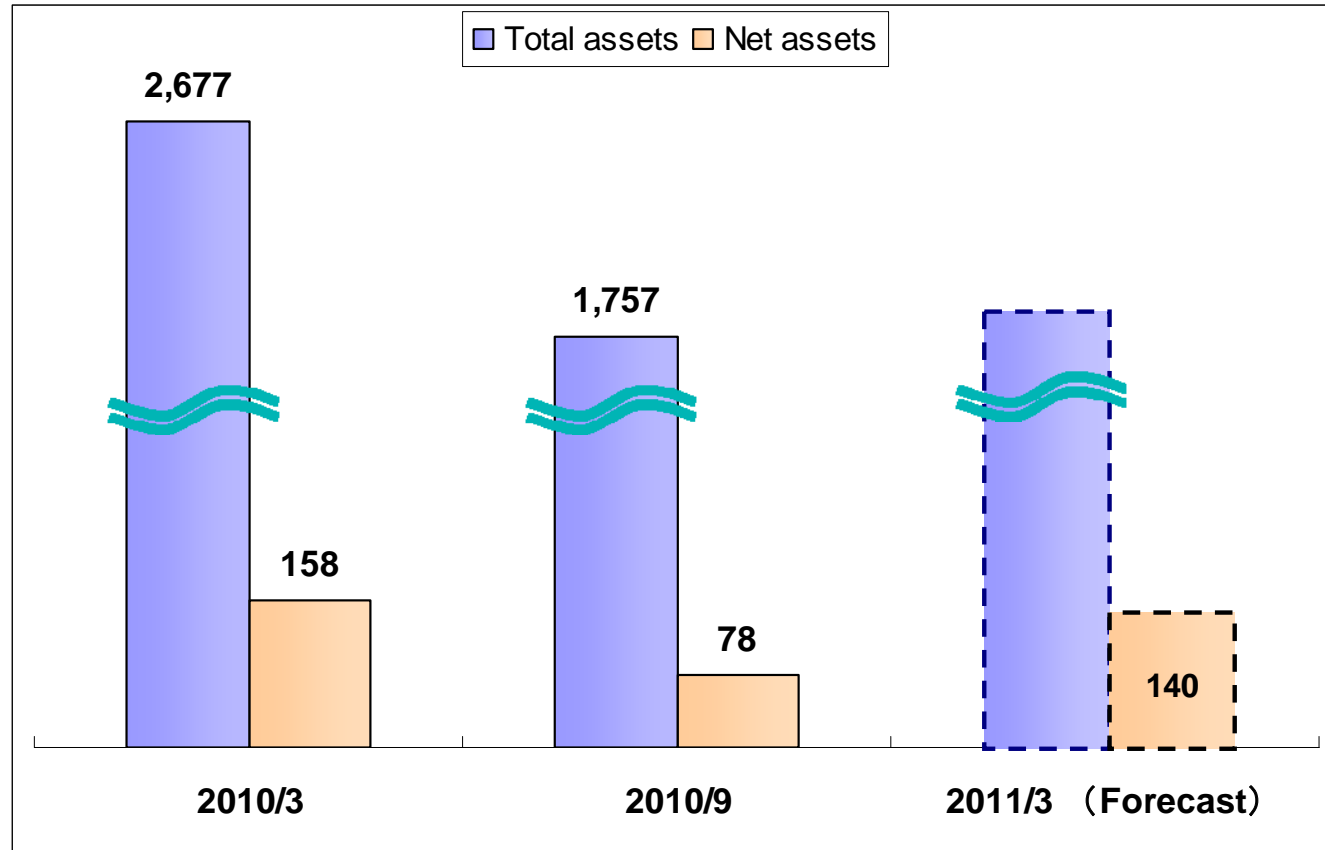
2010/4 Sold shares of Cosmo Securities

2010/9 CSK VENTURE CAPITAL became an equity method affiliate

2010/10 Sold shares of Plaza Asset Management

Total assets / Net assets

(100millions of yen)



Shareholders' equity ratio: 4.0%

Shareholders' equity ratio: 1.5%

※Net assets as of end March 2011, excluding ACA Stock Acquisition Right.

Cash flows

(100millions of yen)

	2009/9	2010/9	Variance	Comment
Operating cash flows	△ 20	63	84	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	11	34	22	Positive factors resulted from gains on the sale of marketable securities and recovery of short term loans receivable, although negative factors resulted from expenses for the acquisition of investment securities, etc.
Financial cash flows	48	△ 114	△ 162	Negative, chiefly because of the repayment of long-term bank loans payable.
Total cash flows	37	△ 16	△ 53	Including effect of exchange rate change.
Cash & cash equivalents, at end	375	403	27	

Interest-bearing debt : balance and repayment plan

(100millions of yen)

	Balance		Repayment plan			
	2010/3	2010/9	2011/3	2012/3	2013/3	2014/3
Debts payable	450	325	150	100	100	100
Euro CB	218	218	-	218	-	-
Domestic CB	350	350	-	-	-	350
Repayment plan			150	318	100	450
Interest-bearing debt	1,018	893	868	550	450	-

※ Interest-bearing debt of CSK (non-consolidated)

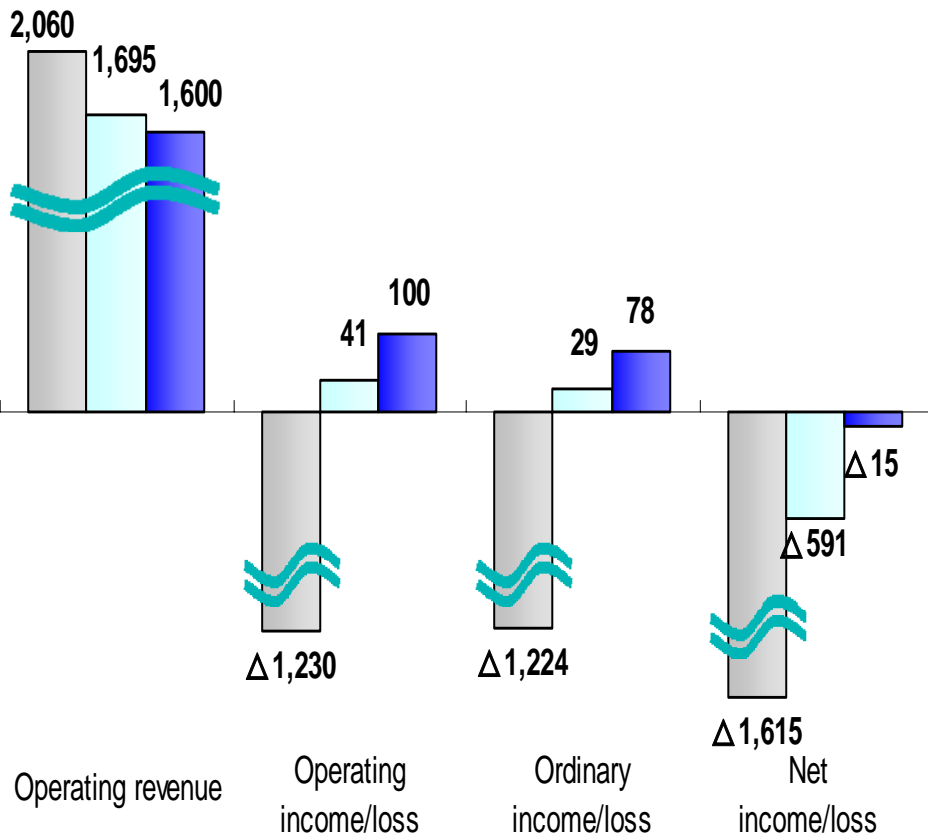
Forecast for FY2011/3



(100millions of yen)

(100millions of yen)

■ 2009/3 ■ 2010/3 ■ 2011/3(Forecast)



	2009/3	2010/3	2011/3 Forecast	Variance	
Operating revenue	2,060	1,695	1,600	Δ95	Δ5.6%
Operating income / loss	Δ1,230	41	100	58	139.4%
Operating income ratio(%) / loss ratio(Δ)(%)	Δ59.7%	2.5%	6.3%	3.8%	-
Ordinary income / loss	Δ1,224	29	78	48	167.2%
Net income / loss	Δ1,615	Δ591	Δ15	576	-

(yen)

	2009/3	2010/3	2011/3 Forecast	Variance
EPS	Δ2,097.39	Δ720.62	Δ11.93	708.69

Forecast Consolidated Results

- As we anticipate receiving orders which we were due to receive in the second quarter and orders which we expected to receive in the second half of the year, forecast operating revenue and operating income results have not changed from those period.
- Due to the allowance for doubtful accounts that was posted in the first half of the year, forecast ordinary income and net income/loss were downwardly revised owing to the impact of losses incurred on the transfer of shares in the consolidated subsidiary Plaza Asset Management to Plaza Group.
- Revised forecast for the full year (as of November 4, 2010)

	Before	After
Ordinary income	: ¥9.3billion	⇒ ¥7.8billion
Net income/loss	: ¥0.5billion	⇒ Δ¥1.5billion