



Financial results for the third quarter ended December 31, 2010

**February 7, 2011
CSK CORPORATION**

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Summary



(100millions of yen)

	2009/4-12	2010/4-12	Variance	
Operating revenue	1,233	1,013	△219	△17.8%
Gross profit	388	235	△153	△39.4%
Gross profit ratio(%)	31.5%	23.2%	△8.3%	—
SG&A	379	199	△179	△47.3%
Operating income	9	35	26	264.0%
Operating income ratio(%)	0.8%	3.5%	2.7%	—
Ordinary income	6	15	9	149.9%
Net income / loss	△587	△87	500	—

	2009/4-12	2010/4-12	Variance
EPS	△731.95	△69.49	662.46
BPS	△442.06	△312.56	129.50

Overview

■ Fiscal year ending March 2011 (from April 1,2010 to December 31,2010)

Operating revenue were dragged down chiefly by business restructuring (including a negative impact of ¥15.6 billion from the deconsolidation of Cosmo Securities) in line with our policy of focusing on the IT services business, the postponement of projects by customers in the first half, reflecting the uncertain economic outlook, and a decline in services for securities companies, given the stock market malaise (a negative impact of ¥6.3 billion).

Operating income increased by a factor of 3.6 from that for the previous fiscal year, mainly reflecting the withdrawal from the financial services business, and initiatives taken since the previous fiscal year to review the cost structure.

■ Fiscal year ending March 2011 (from October 1,2010 to December 31,2010)

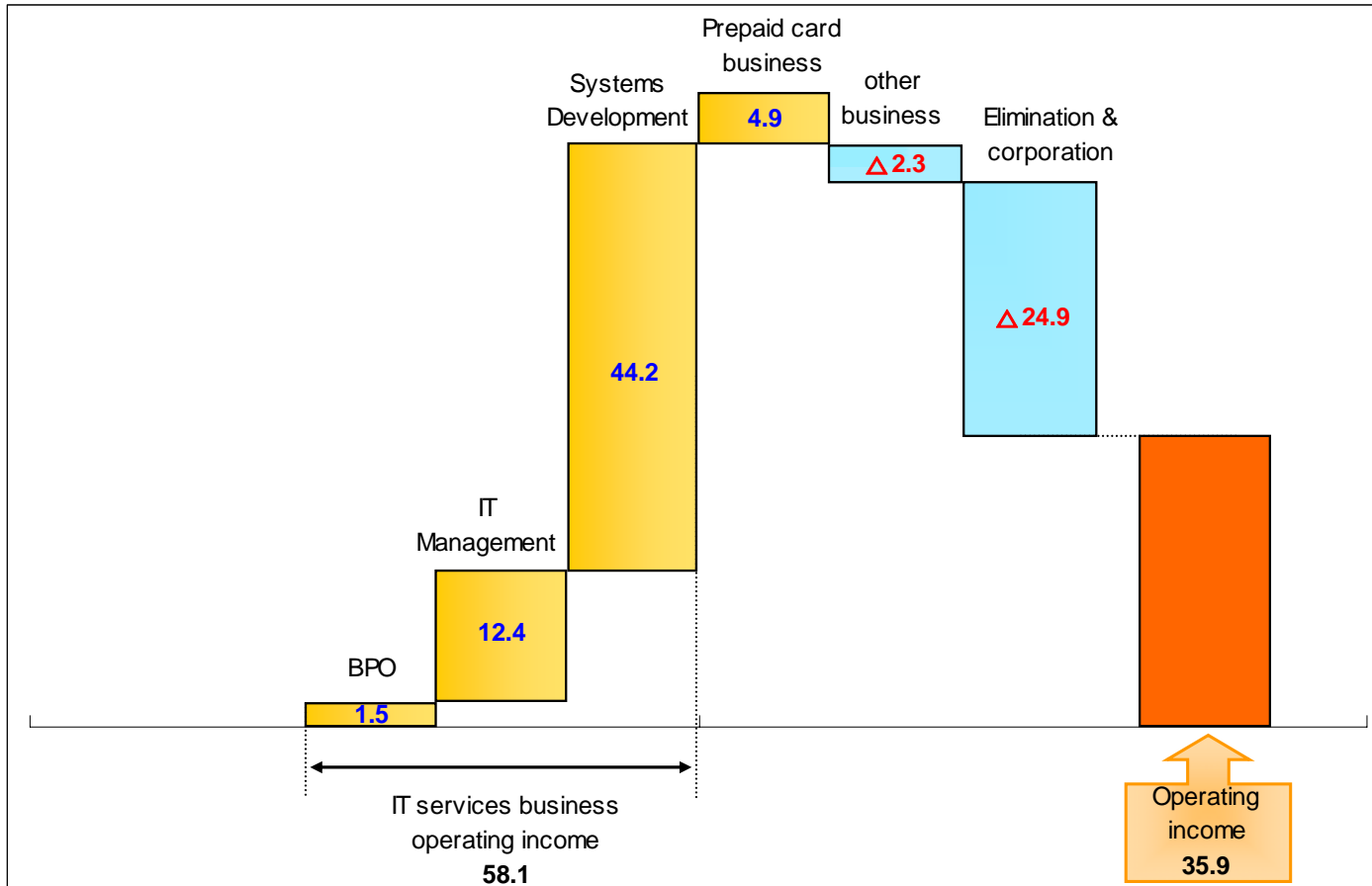
Operating revenue declined, given the postponement of new investments and existing projects, reflecting the uncertain economic outlook, and a decline in services for securities companies. Operating income also fell year on year, reflecting lower operating revenue.

Orders received started to improve in the third quarter with all of the BPO, the IT Management and the Systems Development segments recording a double-digit increase from the same period last year. As a result, overall orders received of the IT Services Business increased 33.3% year on year.

With an increase in the backlog of orders in each segment, the overall backlog of orders of the IT Services Business also climbed 13.9% from the previous year. Securing large-scale projects in the BPO and the IT Management segments particularly contributed to the increases mentioned above.

■ Operating income by segment (from April 1,2010 to December 31,2010)

(100millions of yen)



SGA and non-operating income/expenses

(100millions of yen)

SG&A	2009/4-12	2010/4-12	Variance	Comment
Payroll cost	188.0	106.6	△81.4	Declined with withdrawal from securities businesses, downsizing through a voluntary early retirement program, and cost cutting.
Subcontract cost	30.8	8.5	△22.2	Declined with withdrawal from securities business and cost reduction.
Depreciation and amortization	24.3	16.8	△7.4	Declined with withdrawal from the business and loss on impairment of fixed assets.
Rent	41.9	17.1	△24.8	Declined with consolidation/integration of offices and review of rent.
Other, net	93.8	50.3	△43.4	2010/4-12:Commission fee, supplies expense, etc.
Total	379.0	199.6	△179.4	

Non-operating income	2009/4-12	2010/4-12	Variance	Comment
Interest income	0.5	0.6	0.1	—
Dividend income	1.8	0.3	△1.5	A decrease in dividends from securities holdings.
Hoard profit of prepaid card	8.7	8.7	△0.0	—
Other, net	6.1	6.7	0.6	2010/4-12:Gain on sales of investments securitie,incentives,subsidy, etc.
Total	17.2	16.6	△0.6	

Non-operating expenses	2009/4-12	2010/4-12	Variance	Comment
Interest expense	3.7	7.2	3.5	2009/4-12: Cost of capital procurement in financial services business.
Provision for allowance for doubtful accounts	—	21.5	21.5	Allowance for doubtful accounts arising from loans extended to Gen Capital Co., Ltd. (formerly CSK FINANCE Co., Ltd.). (reference: ¥1.75 billion in 1H)
Provision for accrued employees' retirement benefits	1.9	1.9	0.0	Amortization of transition loss.
Stock Issuance Costs	4.7	—	△4.7	2009/4-12: Costs according to stock issuance.
Commission fee	6.0	—	△6.0	2009/4-12: Costs according to refinance debt on longer terms.
Other, net	4.5	6.1	1.6	Loss on investments in silent partnership, loss on investments in partnership, transfer agent fee, etc.
Total	20.9	36.9	16.0	
Non-operating income and expenses Net	△3.6	△20.3	△16.7	

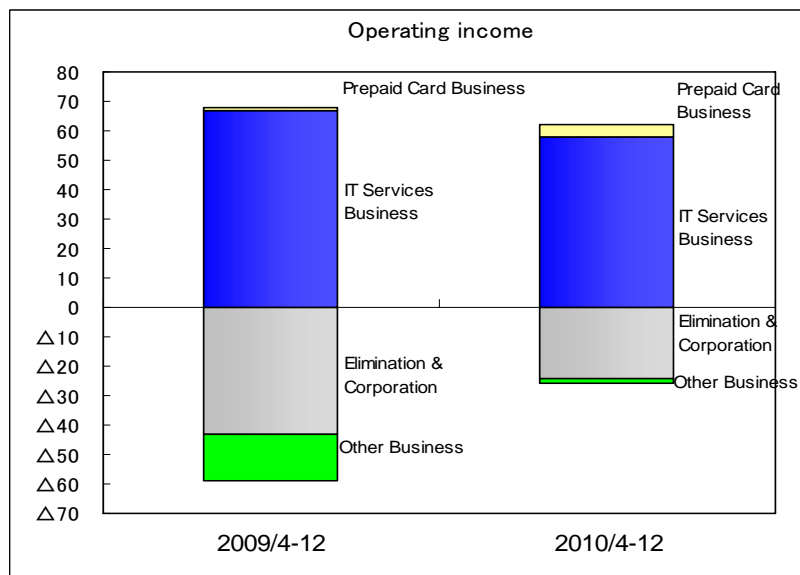
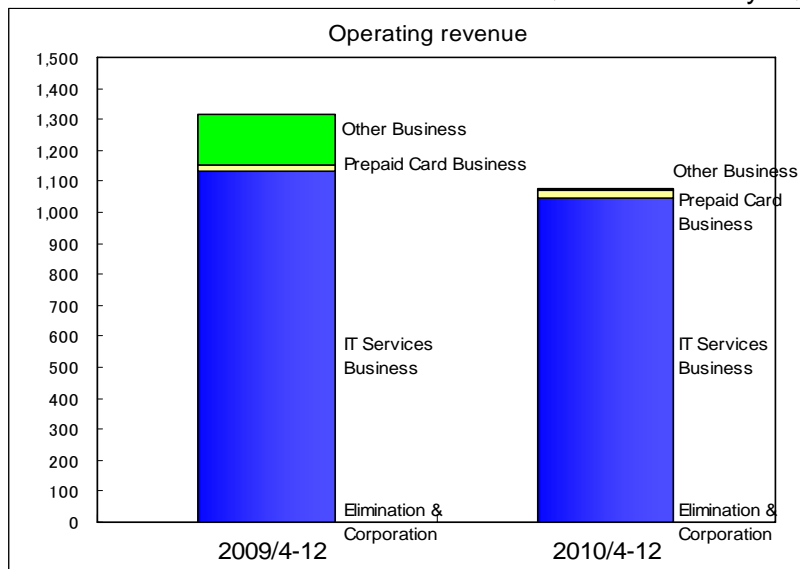
Extraordinary gains & losses

(100millions of yen)

Extraordinary gains		2009/4-12	2010/4-12	Variance	Comment
Gain on sales of investment securities		7.7	–	△ 7.7	2009/4-12: Sales of investment securities.
Reversal of allowance for doubtful accounts		–	0.6	0.6	Reversal of allowance for doubtful accounts.
Reversal of reserve for financial products transaction liabilities		1.8	–	△ 1.8	2009/4-12: 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	2009/4-12: Gain from transfer of business, reversal of taxes, etc.
Total		15.3	0.8	△ 14.5	
Extraordinary losses		2009/4-12	2010/4-12	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	2009/4-12: Loss on withdrawal from real estate securitization business.
Other, net		35.4	18.4	△ 16.9	Loss on sales of investment securities, special severance payments for voluntary early retirement program, loss on adjustment for changes of accounting standard for asset retirement obligations, loss on impairment of fixed assets etc.
Total		594.8	107.5	△ 487.3	
Extraordinary gains and losses Net		△ 579.4	△ 106.6	472.7	

Operating result by segments

(100millions of yen)



(100millions of yen)

		2009/4-12	2010/4-12	Variance	
IT Services Business					
Operating revenue		1,133	1,046	Δ87	Δ7.8%
Operating income		67	58	Δ9	Δ14.2%
Prepaid Card Business					
Operating revenue		21	26	4	21.6%
Operating income		1	4	3	165.6%
Other Business					
Operating revenue		164	4	Δ159	Δ97.2%
Operating income/loss		Δ16	Δ2	14	-
Elimination & Corporation					
Operating revenue		Δ86	Δ63	23	-
Operating income/loss		Δ43	Δ24	18	-
Total					
Operating revenue		1,233	1,013	Δ219	Δ17.8%
Operating income		9	35	26	264.0%

- ※ Starting this period, 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 December 2009 includes securities business.

■ IT Services Business

(100millions of yen)

		2009/4-12	2010/4-12	Variance	
BPO	Operating revenue	226	229	3	1.4%
	Operating income	1	1	Δ0	Δ16.6%
	Operating income ratio(%)	0.8%	0.7%	Δ0.1%	-
IT Management	Operating revenue	265	228	Δ36	Δ13.8%
	Operating income	19	12	Δ6	Δ35.0%
	Operating income ratio(%)	7.2%	5.4%	Δ1.8%	-
Systems Development	Operating revenue	642	588	Δ54	Δ8.5%
	Operating income	46	44	Δ2	Δ5.6%
	Operating income ratio(%)	7.3%	7.5%	0.2%	-
IT Services Business	Operating revenue	1,133	1,046	Δ87	Δ7.8%
	Operating income	67	58	Δ9	Δ14.2%
	Operating income ratio(%)	6.0%	5.6%	Δ0.4%	-

IT Services Business - Operating revenue: Δ 7.8%; Operating income: Δ 14.2%

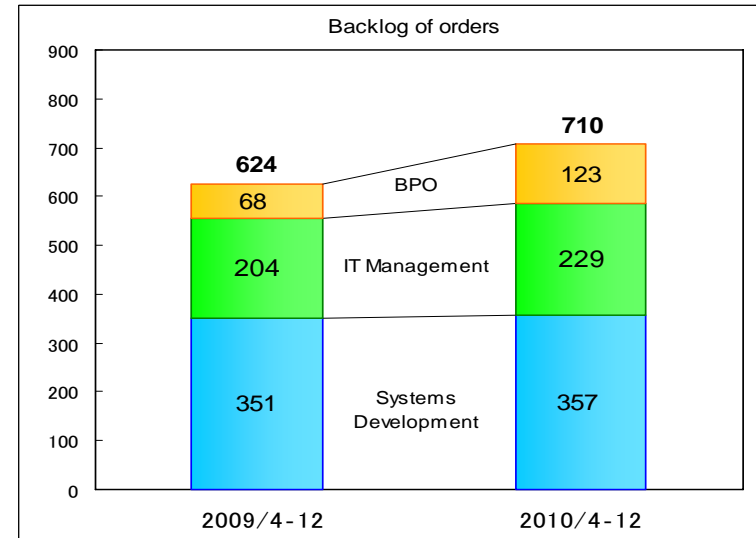
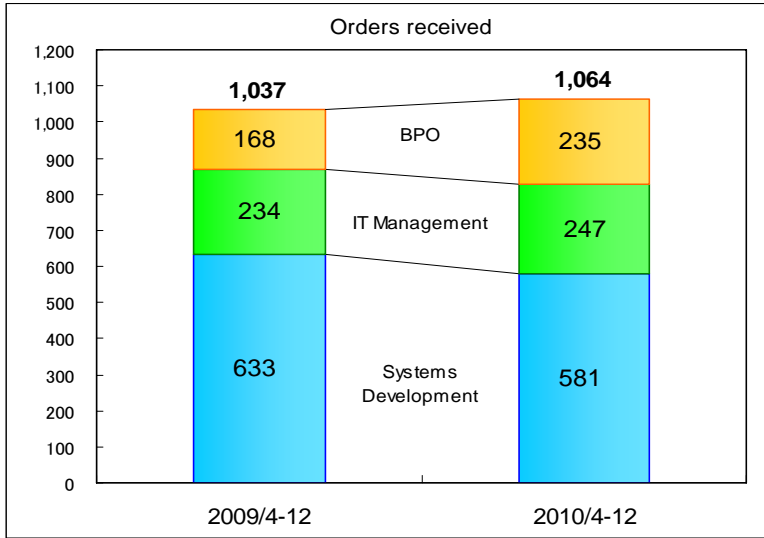
Both operating revenues and income fell year on year, chiefly reflecting a deterioration in results from financial and insurance companies, which offset a partial improvement in the chemical and pharmaceutical and the equipment industry for transportation.

- BPO** : Operating revenues from the contact center business rose, reflecting the larger existing customer base and an increase in verification services.
Operating income remained unchanged, given the increase in investment for expanding operations.
- IT Management** : Both operating revenues and income fell, as a decline in systems management and hardware sales offset an improvement in orders from the data center-related services.
- Systems Development** : Both operating revenue and income declined, mainly reflecting a fall in services for securities companies, and the postponement of new investment projects.
The operating income ratio improved, given the effects of the review of the cost structure.

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

(100millions of yen)

(100millions of yen)



Order received: + ¥2.6 billion, + 2.6% (+ ¥8.9 billion or + 33.3% on a third quarter on third quarter basis)

BPO : + ¥6.6 billion, + 39.2%
 (+ ¥3.5 billion or + 73.2% on a third quarter on third quarter basis)
 Orders received for both the first three quarters and the third quarter from the existing and new projects, such as software vendors and electronics equipment manufacturers, increased.

IT Management : + ¥1.2 billion, + 5.4%
 (+ ¥1.4 billion or +21.8% on a third quarter on third quarter basis)
 Orders received for both the first three quarters and the third quarter increased, reflecting an increase in outsourcing orders.

Systems Development : △ ¥5.1 billion, △8.2%
 (+ ¥3.8 billion or +25.5% on a third quarter on third quarter basis)
 Orders mainly for services for securities companies declined in the first three quarters.
 Orders mainly for services for card companies increased in the third quarter.

Backlog of orders: + ¥8.6 billion, + 13.9%

BPO : + ¥5.5 billion, + 81.0%

The backlog of orders for technical support for PC manufactures and software vendors rose.

IT Management : + ¥2.4 billion, + 12.2%

The backlog of orders increased, reflecting the acquisition of large-scale outsourcing projects in the third quarter.

Systems Development : + ¥0.6 billion, + 1.9%

The backlog of orders increased, reflecting an increase in orders for services for financial and insurance companies, particularly for card and non-life insurance companies.

■ IT Services Business -Operating revenue by industry-

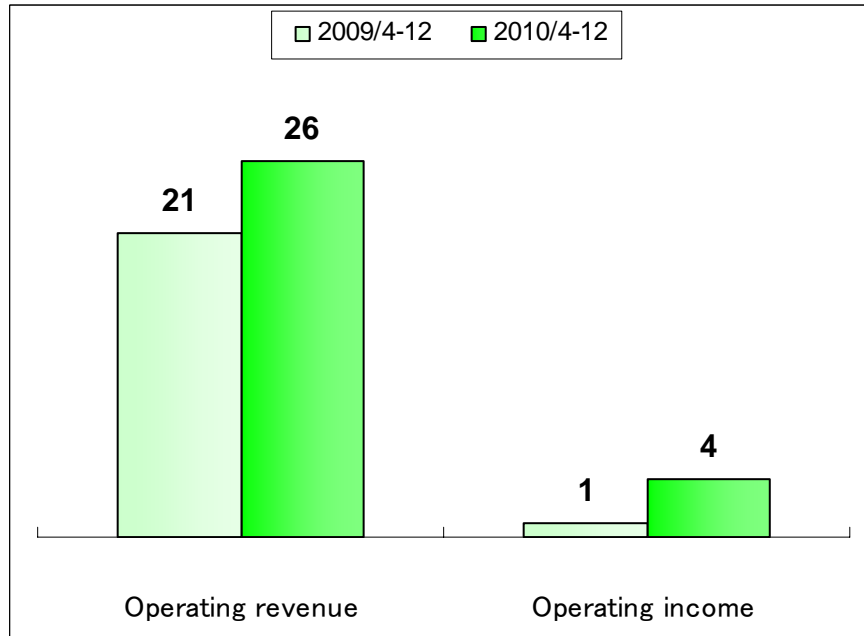
(100millions of yen)

	2009/4-12	Share	2010/4-12	Share	Variance	
Financial	360	34.4%	308	31.4%	△51	△14.3%
Electric appli.	122	11.7%	121	12.3%	△1	△1.1%
Commerce	104	10.0%	99	10.2%	△4	△4.4%
Telecom.	93	9.0%	87	8.9%	△6	△6.8%
Service	89	8.6%	89	9.1%	△1	△1.0%
Pharma.	55	5.3%	60	6.2%	4	8.7%
Software	24	2.3%	26	2.7%	1	7.5%
Trans.equip.	51	4.9%	55	5.6%	4	8.1%
Manufacturing	31	3.0%	29	3.0%	△2	△7.8%
Construction	19	1.9%	17	1.8%	△1	△9.1%
Transpotation	11	1.1%	12	1.3%	1	10.6%
Other	83	7.9%	74	7.6%	△8	△9.9%
Total	1,048	100.0%	983	100.0%	△65	△6.2%

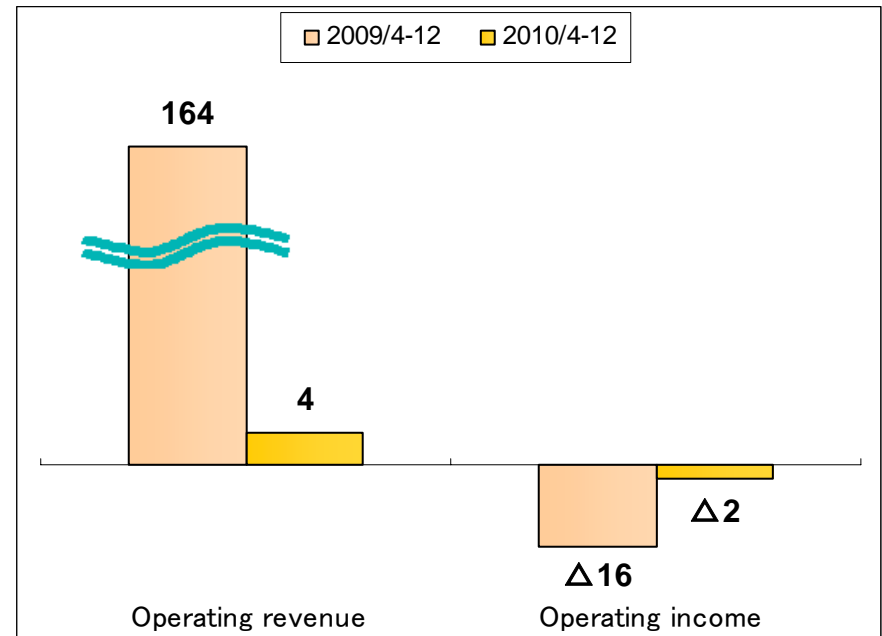
※ Operating revenue by industry is the sum of “BPO”, “IT Management” and “Systems Development.”

■ 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 December 2009 includes securities business.

Prepaid Card Business

Operating revenue: +21.6%, Operating income: + 165.6%

Operating revenue rose, given an increase in the number of cards issued, reflecting a rise in the number of participating stores and the number of gift cards issued, and higher demand for cards that were used for saving eco-points.

Operating income was buoyed by increased revenue and an improved revenue structure.

Other Business

Operating revenue: △97.2%、 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

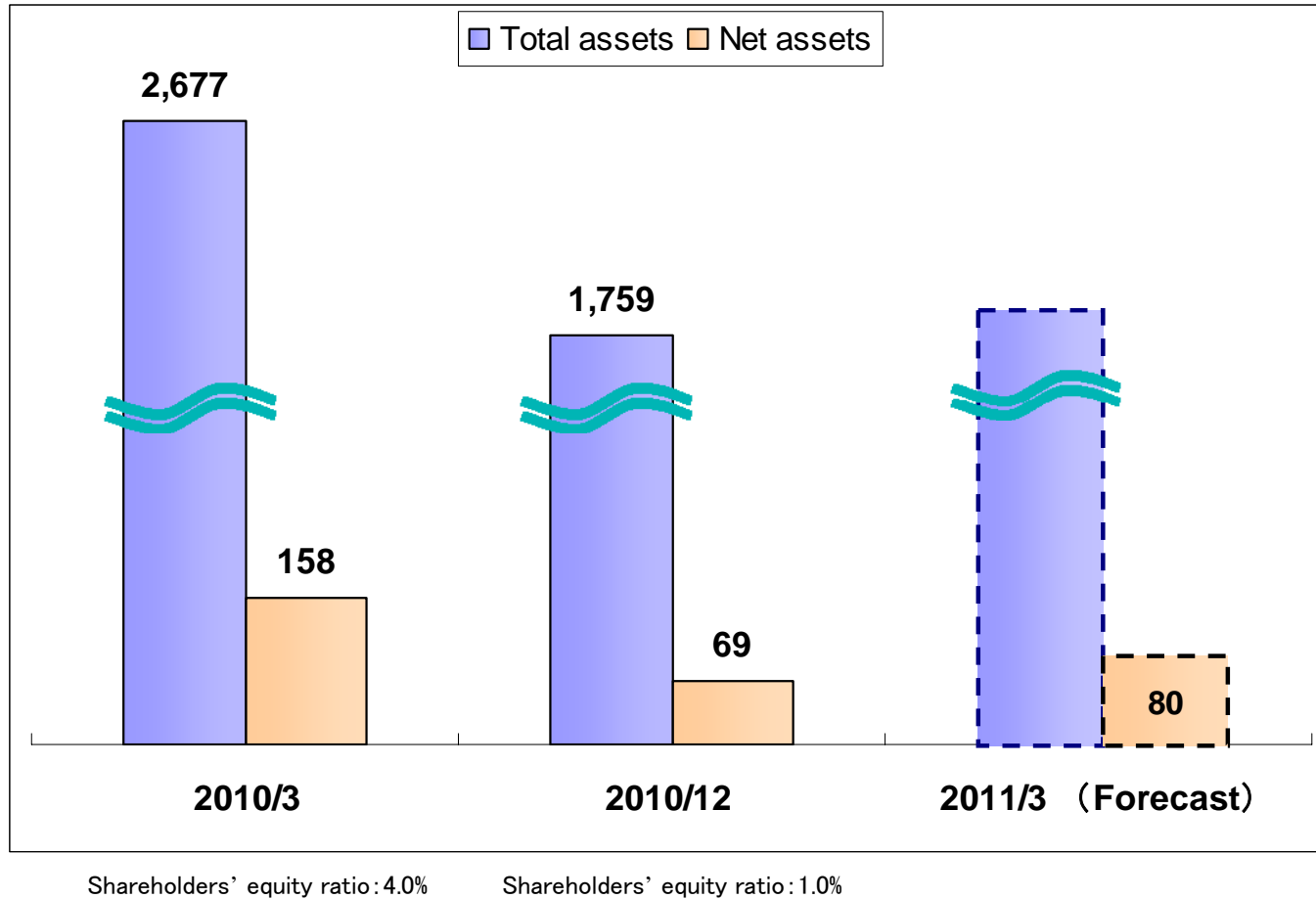
2010/4 Sold shares of Cosmo Securities

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)



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

Cash flows

(100millions of yen)

	2009/4-12	2010/4-12	Variance	Comment
Operating cash flows	14	92	78	Positive factors resulted from increase of card deposits received of prepaid card and decrease of interest expense. In addition, operating income was improved by cost reduction and withdrawal from unprofitable business.
Investing cash flows	△24	63	87	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	36	△130	△167	Negative, chiefly because of the repayment of long-term bank loans payable.
Total cash flows	25	26	0	Including effect of exchange rate change.
Cash & cash equivalents, at end	364	446	81	

Interest-bearing debt

(100millions of yen)

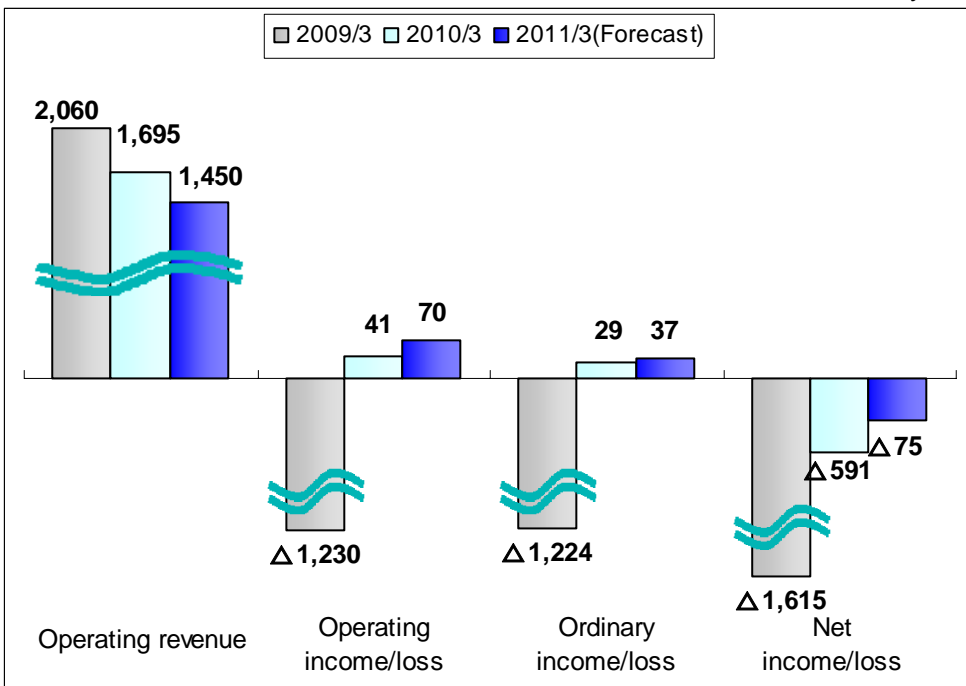
	Balance		Repayment plan			
	2010/3	2011/3	2011/3	2012/3	2013/3	2014/3
Debts payable	450	311	150	100	100	100
Euro CB	218	218	-	218	-	-
Domestic CB	350	350	-	-	-	350
Repayment plan			150	318	100	450
Interest-bearing debt	1,018	879	868	550	450	-

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

Forecast for FY2011/3



(100millions of yen)



(100millions of yen)

	2009/3	2010/3	2011/3 Forecast	Variance	
Operating revenue	2,060	1,695	1,450	Δ 245	Δ 14.5%
Operating income / loss	Δ 1,230	41	70	28	67.6%
Operating income ratio(%) / loss ratio(Δ)(%)	Δ 59.7%	2.5%	4.8%	2.4%	-
Ordinary income / loss	Δ 1,224	29	37	7	26.7%
Net income / loss	Δ 1,615	Δ 591	Δ 75	516	-

(yen)

	2009/3	2010/3	2011/3 Forecast	Variance
EPS	Δ 2,097.39	Δ 720.62	Δ 59.65	660.97

Forecast Consolidated Results

- During the third-quarter period under review, orders received by each of CSK Group's business segments—BPO, IT management, and Systems Development—generally trended higher than during the comparable period of the previous year. However, in considering the previous forecasts, a number of factors are expected to have an impact on operating revenue and operating income for the full year. These factors include delays or a reduction in the size of large-scale projects that were expected to contribute to results for the current fiscal year, along with a greater-than-expected shift to in-house work by existing customers and continued pressure on pricing.
- In addition, non-operating expenses and extraordinary losses are expected to be recorded in the fourth quarter of the current fiscal year, arising from further measures being taken to streamline assets, concentrate resources and strengthen profitability from the next period in core IT services business.
- Revised forecast for the full year (as of February 7, 2011)

		Before		After
Operating revenue	:	¥ 160billion	⇒	¥ 145billion
Operating income	:	¥ 10billion	⇒	¥ 7billion
Ordinary income	:	¥ 7.8billion	⇒	¥ 3.7billion
Net income/loss	:	Δ ¥ 1.5billion	⇒	Δ ¥ 7.5billion