



Financial results for the Fiscal year ended March 31, 2011

**May 12, 2011
CSK CORPORATION**

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Summary



(100millions of yen)

	2010/3	2011/3	Variance	
Operating revenue	1,695	1,403	△291	△17.2%
Gross profit	529	328	△200	△37.9%
Gross profit ratio(%)	31.2%	23.4%	△7.8%	—
SG&A	487	258	△229	△47.0%
Operating income	41	70	28	67.7%
Operating income ratio(%)	2.5%	5.0%	2.5%	—
Ordinary income	29	32	3	12.2%
Net income / loss	△591	△77	514	—

(yen)

	2010/3	2011/3	Variance
EPS	△720.62	△61.26	659.36
BPS	△241.34	△234.13	7.21

Overview

■ Operating revenue, Operating income

-Revenue tumbled 17.2% year on year. This reflects a decline in revenue following execution of the policy to concentrate on IT services business and to withdraw from the financial services business (worth 20.3 billion yen following the handover of Cosmo Securities), the postponement of investment projects of corporate clients in view of economic uncertainty, and a decline in services for securities companies resulting from the sluggish stock market.

- Operating income soared 67.7% year on year after the withdrawal from financial services business commenced in the previous fiscal year and the revision to the cost structure. Accordingly, the operating margin was up 2.5 percentage points to 5%.

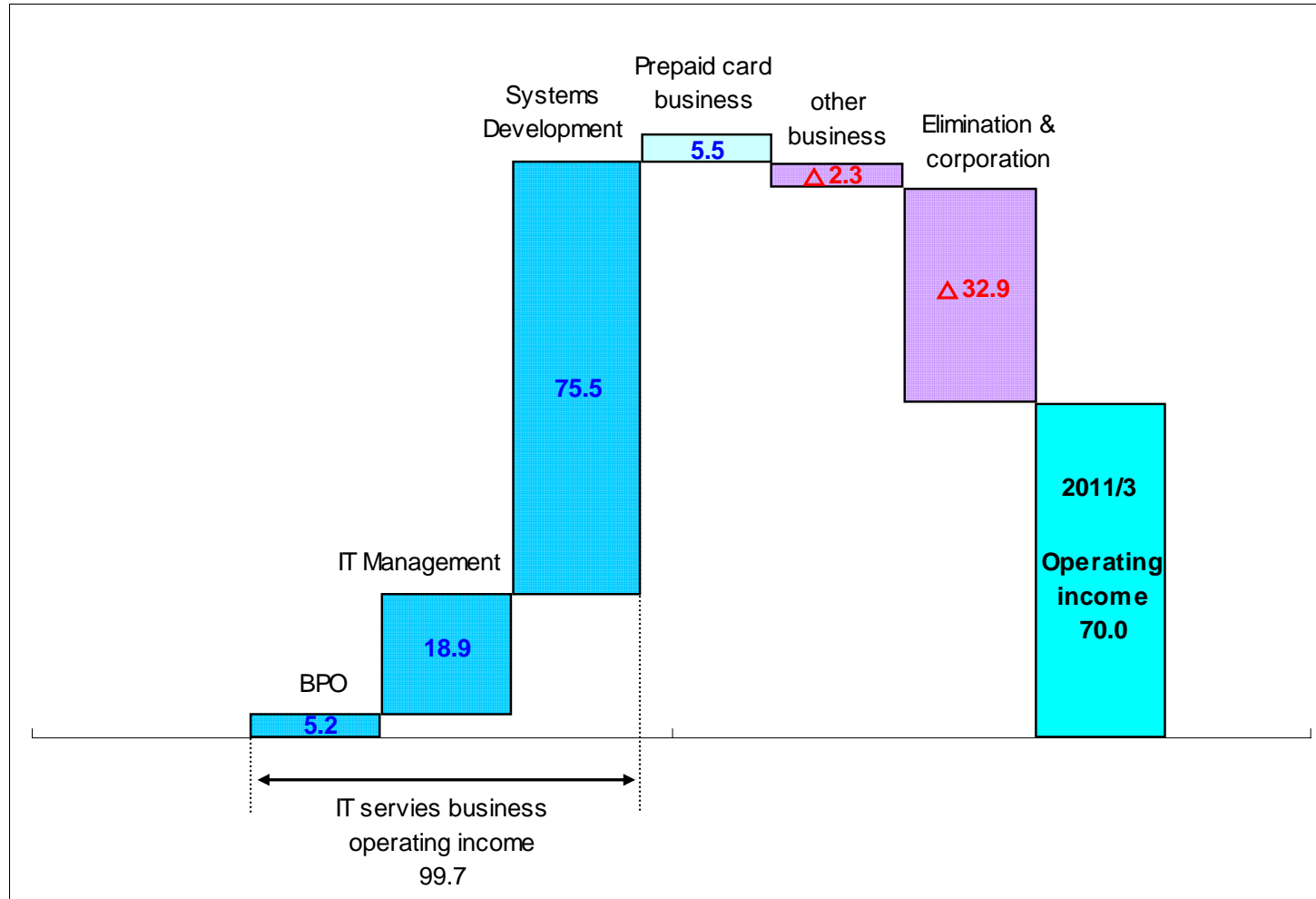
■ Orders received, Backlog of orders

- Orders for the overall information service business fell slightly, dipping 1.3% from the previous year as a result of a weak first half, despite a rebound in the second half.

- In contrast, the order backlog increased 8.8% year on year in the information service business. Specifically, a 26.3% year-on-year rise was observed for BPO, an increase of 10.3% for IT management, with 2.2% growth for systems development. Mainly in the second half, a rallying trend was observed in orders from the commercial, chemicals, pharmaceuticals, and financial sectors.

■ Operating income by segment (2011/3)

(100millions of yen)



SGA and non-operating income/expenses

(100millions of yen)

SG&A	2010/3	2011/3	Variance	Comment
Payroll cost	242.5	137.4	△105.1	Declined with withdrawal from securities businesses, downsizing through a voluntary early retirement program, and cost cutting.
Subcontract cost	36.3	10.2	△26.1	Declined with withdrawal from securities business and cost reduction.
Depreciation and amortization	32.2	18.2	△13.9	Declined with withdrawal from the business and loss on impairment of fixed assets.
Rent	47.0	22.4	△24.5	Declined with consolidation/integration of offices and review of rent.
Other, net	129.2	69.9	△59.2	Commission fee, Supplies expense, etc.
Total	487.4	258.2	△229.1	

Non-operating income	2010/3	2011/3	Variance	Comment
Interest income	0.7	0.8	0.0	—
Dividend income	1.9	0.4	△1.5	A decrease in dividends from securities holdings.
Hoard profit of prepaid card	10.8	11.6	0.8	—
Gain on sales of investment securities	—	6.4	6.4	Sales of investment securities as part of the action to streamline assets
Other, net	7.2	5.4	△1.8	Subsidy,Rents,Incentives, etc.
Total	20.8	24.8	3.9	

Non-operating expenses	2010/3	2011/3	Variance	Comment
Interest expense	6.9	9.4	2.4	2010/3: Cost of capital procurement in financial services business.
Provision for accrued employees' retirement benefits	2.6	2.6	△0.0	Amortization of transition loss.
Stock Issuance Costs	4.8	—	△4.8	2010/3: Costs according to stock issuance.
Commission fee	6.0	—	△6.0	2010/3: Costs according to refinance debt on longer terms.
Loss on investments in silent partnership	5.2	—	△5.2	Loss relating to investment in an anonymous association
Provision of allowance for doubtful accounts	—	24.9	24.9	Allowance for doubtful accounts arising from loans extended to Gen Capital Co., Ltd. (formerly CSK FINANCE Co., Ltd.). (reference:3Q ¥2.15 billion)
Loss on sales of investment securities	—	10.9	10.9	Sale of investment securities as part of action to streamline assets
Other, net	7.6	14.0	6.3	Loss on write-down of investments in securities, Loss on investments in partnership, Loss on investments in silent partnership,transfer agent fee, etc.
Total	33.3	62.1	28.7	
Non-operating income and expenses Net	△12.5	△37.2	△24.7	

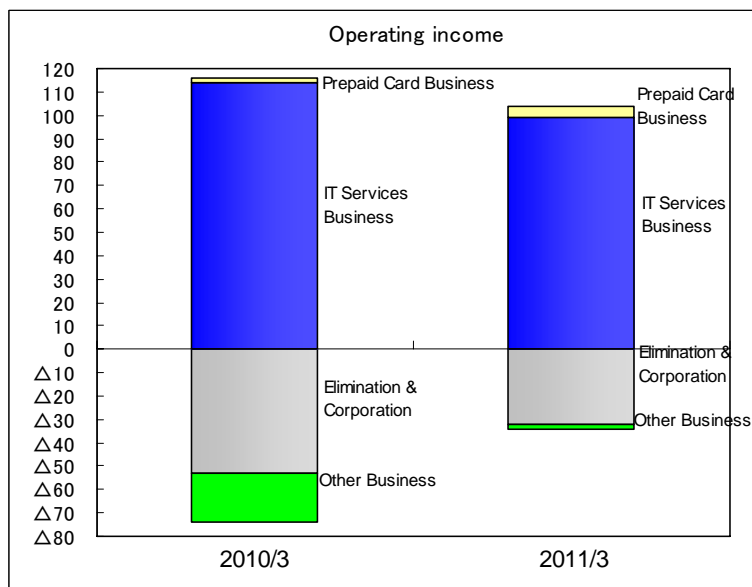
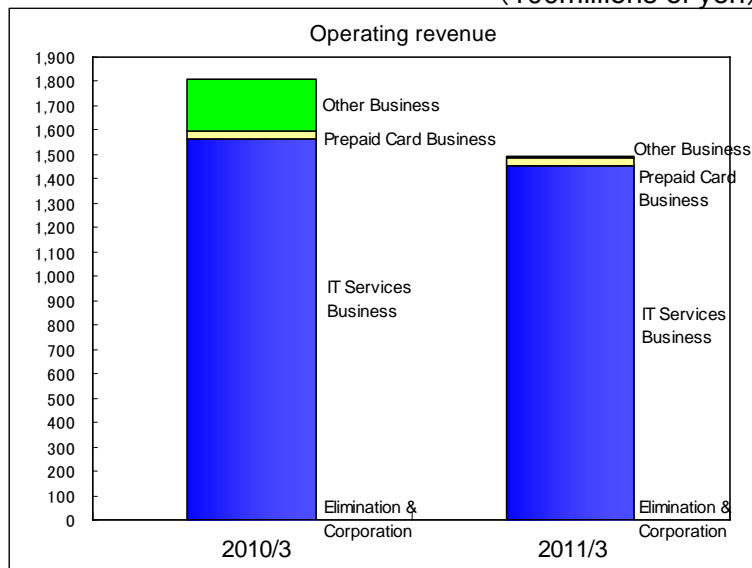
Extraordinary gains & losses

(100millions of yen)

Extraordinary gains		2010/3	2011/3	Variance	Comment
Gain on sales of investment securities		8.3	2.1	△ 6.2	Sales of investment securities.
Reversal of allowance for doubtful accounts		–	0.8	0.8	Reversal of allowance for doubtful accounts.
Gain on transfer of business		1.8	–	△ 1.8	2010/3; Gain from transfer of business of subsidiary
Reversal of reserve for financial products transaction liabilities		1.8	–	△ 1.8	2010/3; Reversal of financial instruments transaction liability reserve associated with the enforcement of the Financial Instruments and Exchange Act.
Other, net		4.6	0.7	△ 3.8	2010/3; Reversal of taxes, etc.
	Total	16.6	3.7	△ 12.8	
Extraordinary losses		2010/3	2011/3	Variance	Comment
Impairment losses		–	30.0	30.0	Impairment loss on operating assets and on goodwill at subsidiary company resulting from the streamlining of assets
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	2010/3; 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		53.5	29.0	△ 24.5	Loss on sales of investment securities, charges, special severance payments for voluntary early retirement program, Loss relating to business withdrawal, Loss on adjustment for changes of accounting standard for asset retirement obligations etc.
	Total	640.9	148.1	△ 492.8	
Extraordinary gains and losses	Net	△ 624.3	△ 144.3	480.0	

Operating result by segments

(100millions of yen)



(100millions of yen)

		2010/3	2011/3	Variance	
IT Services Business					
Operating revenue		1,564	1,451	△ 112	△ 7.2%
Operating income		114	99	△ 14	△ 12.8%
Prepaid Card Business					
Operating revenue		31	35	4	12.6%
Operating income		2	5	3	139.9%
Other Business					
Operating revenue		213	4	△ 208	△ 97.8%
Operating income/loss		△ 21	△ 2	19	-
Elimination & Corporation					
Operating revenue		△ 114	△ 88	26	-
Operating income/loss		△ 53	△ 32	20	-
Total					
Operating revenue		1,695	1,403	△ 291	△ 17.2%
Operating income		41	70	28	67.7%

- ※ 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.
- ※ The figure for the IT services business reflects the total of results in BPO, IT Management and systems development among reportable segments.
- ※ “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)

		2010/3	2011/3	Variance	
BPO	Operating revenue	304	311	7	2.4%
	Operating income	4	5	0	6.9%
	Operating income ratio(%)	1.6%	1.7%	0.1%	-
IT Management	Operating revenue	359	310	△49	△13.8%
	Operating income	24	18	△5	△22.6%
	Operating income ratio(%)	6.8%	6.1%	△0.7%	-
Systems Development	Operating revenue	900	829	△70	△7.8%
	Operating income	85	75	△9	△11.2%
	Operating income ratio(%)	9.4%	9.1%	△0.3%	-
IT Services Business	Operating revenue	1,564	1,451	△112	△7.2%
	Operating income	114	99	△14	△12.8%
	Operating income ratio(%)	7.3%	6.9%	△0.4%	-

IT Services Business - Operating revenue: △ 7.2%; Operating income: △ 12.8%

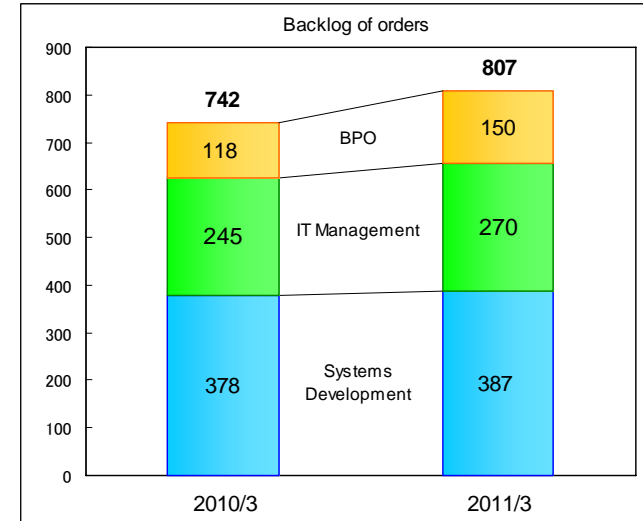
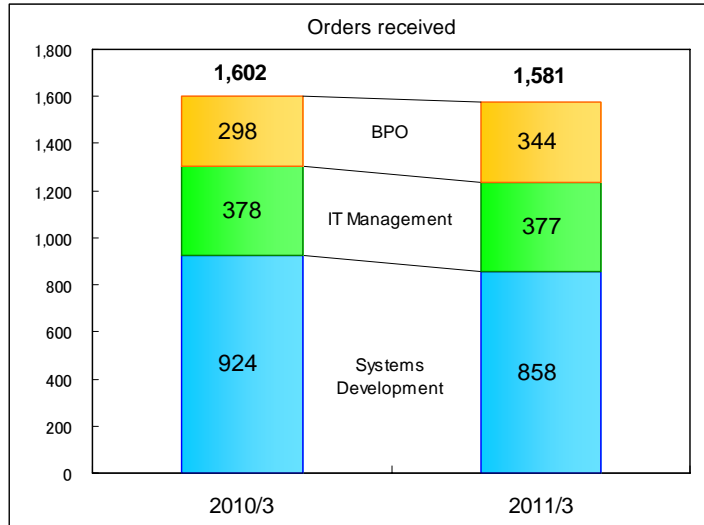
Both operating revenues and income fell year on year, chiefly reflecting a deterioration in results from financial and insurance companies, which offset a partial improvement in the Electric appliance and the equipment industry for transportation.

- 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** : Revenue and income both dropped, reflecting a decline in systems operation and device sales despite strength shown in data center-related services.
- Systems Development** : Revenue and income both dropped after the contraction of services for securities companies and postponed investment projects in the finance and insurance sectors.

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

(100millions of yen)

(100millions of yen)



Order received: △ ¥2.0billion, △1.3%(1H: △ ¥6.2 billion ,△8.1%
2H: + ¥4.1 billion ,+5.0%)

BPO : + ¥4.6 billion, + 15.5%
(1H: + ¥3.0 billion,+ 25.2% 2H: + ¥ 1.6 billion,+9.0%)

Orders received from software vendors and electronic device manufacturers rose throughout the year.

IT Management : △ ¥0.08 billion, △0.2%
(1H: △ ¥0.2 billion ,△1.2% 2H: + ¥0.1,+0.6%)

Orders remained nearly unchanged from the previous year as the growth of outsourcing projects in the second half compensated for the poor performance in the first half.

Systems Development : △ ¥6.6 billion, △7.2%
(1H: △ ¥9.0 billion , △18.8% 2H: +2.4 billion,+5.5%)

Orders fell on a 12-month basis as a result of massive impacts of the project for a securities firm in the first half. However, orders received in the second half increased to secure a higher level than a year earlier.

Backlog of orders: + ¥6.5 billion, + 8.8%

BPO : + ¥3.1 billion, + 26.3%

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

IT Management : + ¥2.5 billion, + 10.3%

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

Systems Development : + ¥0.8billion, + 2.2%

The backlog of orders increased, reflecting an increase in orders for services for financial and insurance companies.

■ IT Services Business -Operating revenue by industry-

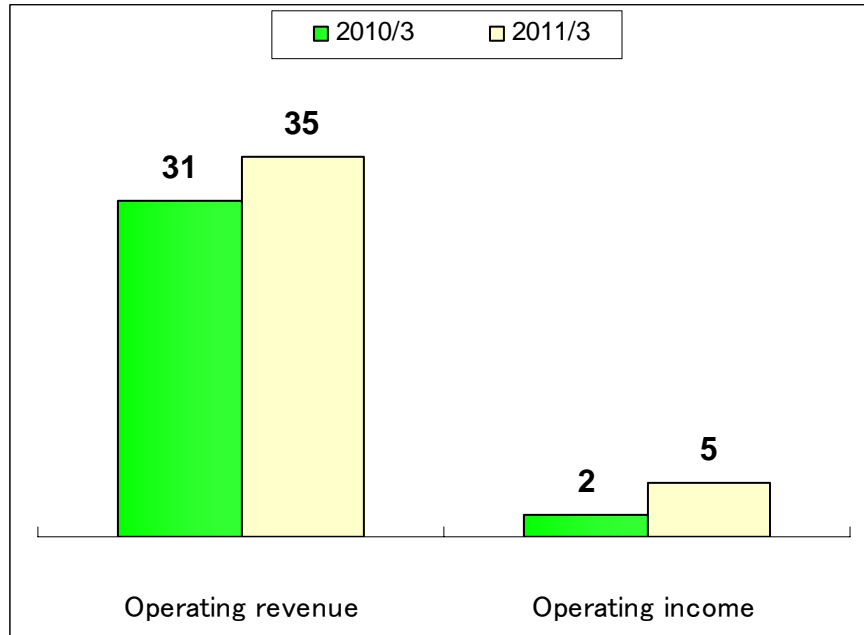
(100millions of yen)

	2010/3	Share	2011/3	Share	Variance	
Financial	493	34.0%	435	31.9%	△58	△11.8%
Electric appli.	168	11.6%	167	12.3%	△1	△0.6%
Commerce	134	9.3%	129	9.5%	△4	△3.5%
Telecom.	133	9.2%	118	8.7%	△15	△11.5%
Service	126	8.7%	127	9.3%	1	0.6%
Pharma.	79	5.5%	82	6.1%	3	4.0%
Software	33	2.3%	34	2.5%	1	3.5%
Trans.equip.	70	4.8%	76	5.6%	6	9.2%
Manufacturing	43	3.0%	41	3.0%	△1	△3.5%
Construction	29	2.0%	25	1.9%	△4	△14.0%
Transpotation	17	1.2%	18	1.4%	1	11.0%
Other	123	8.5%	107	7.9%	△15	△12.7%
Total	1,451	100.0%	1,364	100.0%	△87	△6.0%

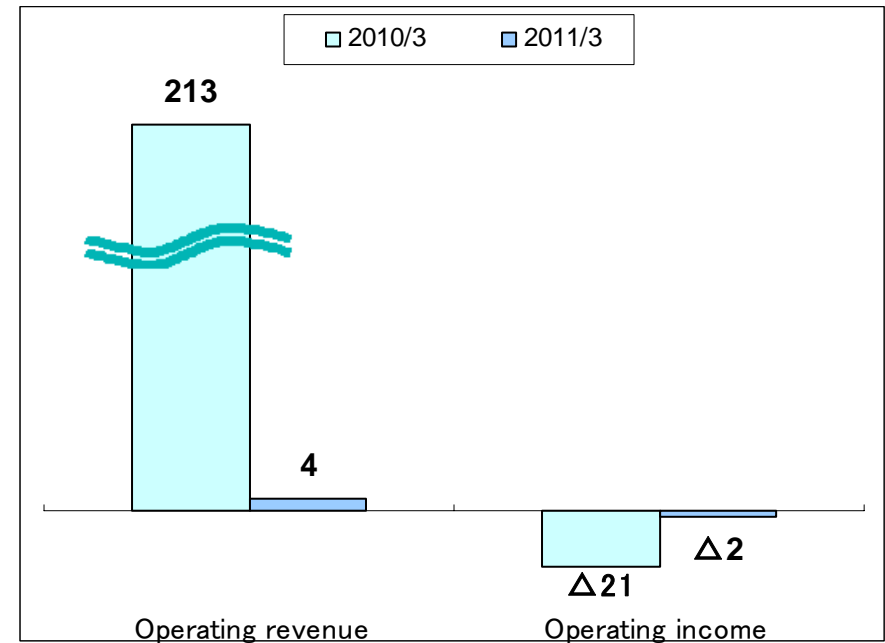
※ Operating revenue by industry is the sum of “BPO”, “IT Management” and “Systems Development.”

■ 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: +12.6%, Operating income: + 140.0%

Revenue and income hiked. Efforts to increase participating stores that accept Quo Card, a rise in card issuance and demand for exchange with Eco Points had upward effects on card issuance sales, device sales, and gains from the management of deposited funds.

Other Business

Operating revenue: Δ97.8%, 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

Cash flows

(100millions of yen)

	2010/3	2011/3	Variance	Comment
Operating cash flows	55	142	87	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	65	39	△25	A positive cash flow resulted from a gain from sales of securities and the recovery of short-term loans, despite expenses on the acquisition of investment securities.
Financial cash flows	△19	△114	△95	The negative result was due to expenses for the repayment of long-term loans, despite gains from share issuance.
Total cash flows	95	67	△27	Including effect of exchange rate change.
Cash & cash equivalents, at end	433	487	53	

Interest-bearing debt

(100millions of yen)

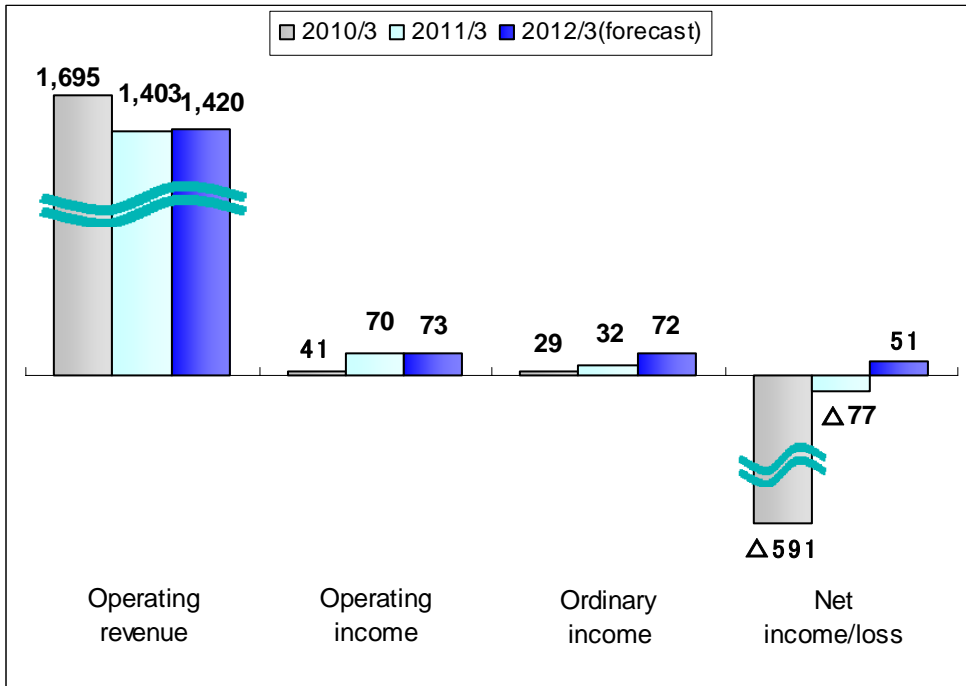
	Balance		Variance
	2010/3	2011/3	
Debts payable	450	298	△151
Euro CB	217	217	—
Domestic CB	350	350	—
Repayment plan			
Interest-bearing debt	1,017	866	△151

Repayment plan		
2012/3	2013/3	2014/3
100	100	98
217	—	—
—	—	350
317	100	450
548	448	—

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

Forecast for FY2011/3

(100millions of yen)



(100millions of yen)

	2010/3	2011/3	2012/3 Forecast	Variance	
Operating revenue	1,695	1,403	1,420	16	1.1%
Operating income	41	70	73	2	2.9%
Operating income ratio(%)	2.5%	5.0%	5.1%	0.2%	-
Ordinary income	29	32	72	39	121.9%
Net income / loss	Δ591	Δ77	51	128	-

(yen)

	2010/3	2011/3	2012/3 Forecast	Variance
EPS	Δ720.62	Δ61.26	34.39	95.65

Forecast Consolidated Results

- Revenue and operating income

Amid concern about the impacts of the Great East Japan Earthquake on clients' IT investment, it is anticipated that business continuity planning (BCP) will attract growing interest and that the Group's IT management services will be in increasing demand. Revenue and operating income are forecast as shown above, in additional consideration of the revision to business and cost structures and steady progress in the rightsizing of SG&A expenses.

- Ordinary income and net income

Ordinary income and net income are expected to improve sharply after streamlining assets in the preceding year and business withdrawal, in addition to factors concerning operating income.