7th November, 2006

Financial Report for the Six Months Period Ended 30th September, 2006 (Consolidated)

CSK HOLDINGS CORPORATION http://www.csk.com/

Listings: The First Section of the Tokyo Stock Exchange, Code 9737
Head Office : CSK Aoyama Bldg., 2-26-1, Minami-Aoyama, Minato-ku, Tokyo 107-0062
Date of the Meeting of the Board of Directors to Settle Interim Accounts: 7th November, 2006
Adoption of the U.S.GAAP: None

1. Business Results for the Interim Period of Fiscal Year 2007 (From 1st April, 2006 to 30th September, 2006)

(1) Results of operations (Figures are rounded down to the nearest million yen)

	Sales and operating revenue		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Current Interim Period	119,626	7.8	19,247	196.5	19,809	158.3
Previous Interim Period	110,985	(36.9)	6,490	(45.0)	7,669	(43.4)
Reference) Fiscal Year 2006	241,154		25,137		26,981	

	Net income		Net income per share	Diluted net income per share
	million yen	%	yen	yen
Current Interim Period	10,490	(9.6)	142.06	130.48
Previous Interim Period	11,607	(61.5)	154.56	146.11
Reference) Fiscal Year 2006	30,874		410.52	387.98

Notes: 1. Equity in net income(loss) of unconsolidated subsidiaries and affiliates
Current Interim Period: - million yen Previous Interim Period: 198 million yen Fiscal Year 2006: 198 million yen
2. Average number of shares outstanding during the period ended (consolidated)
Current Interim Period: 73,844,695 shares Previous Interim Period: 75,104,681 shares
Fiscal Year 2006: 74,386,487 shares
3. Change in accounting policies: None
4. Percentages for Sales and operating revenue, Operating income, Ordinary income and Net income indicate changes from the previous interim period.

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
As of 30th Sep, 2006	554,061	206,269	33.0	2,468.27
As of 30th Sep, 2005	467,554	163,694	35.0	2,217.85
Reference) Fiscal Year 2006	543,134	179,824	33.1	2,437.08

Note: Number of shares issued at the end of the period (consolidated)
Current Interim Period: 73,979,301 shares Previous Interim Period: 73,807,565 shares
Fiscal Year 2006: 73,648,159 shares

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, at end
	million yen	million yen	million yen	million yen
Current Interim Period	7,845	(5,100)	30,751	108,869
Previous Interim Period	(4,713)	2,140	(13,230)	61,667
Reference) Fiscal Year 2006	(25,052)	28,986	(6,620)	74,747

(4) Matters concerning the scope of consolidation and application of the equity method
Number of consolidated subsidiaries: 51
Number of non-consolidated subsidiaries accounted for under the equity method: -
Number of affiliates accounted for under the equity method: -

(5) Changes in the scope of consolidation and application of the equity method
Number of consolidated subsidiaries: Increase 16 Decrease 2
Number of affiliates accounted for under the equity method: Increase - Decrease -

2. Earnings Forecast for the Fiscal Year 2007 (From 1st April, 2006 to 31st March, 2007)

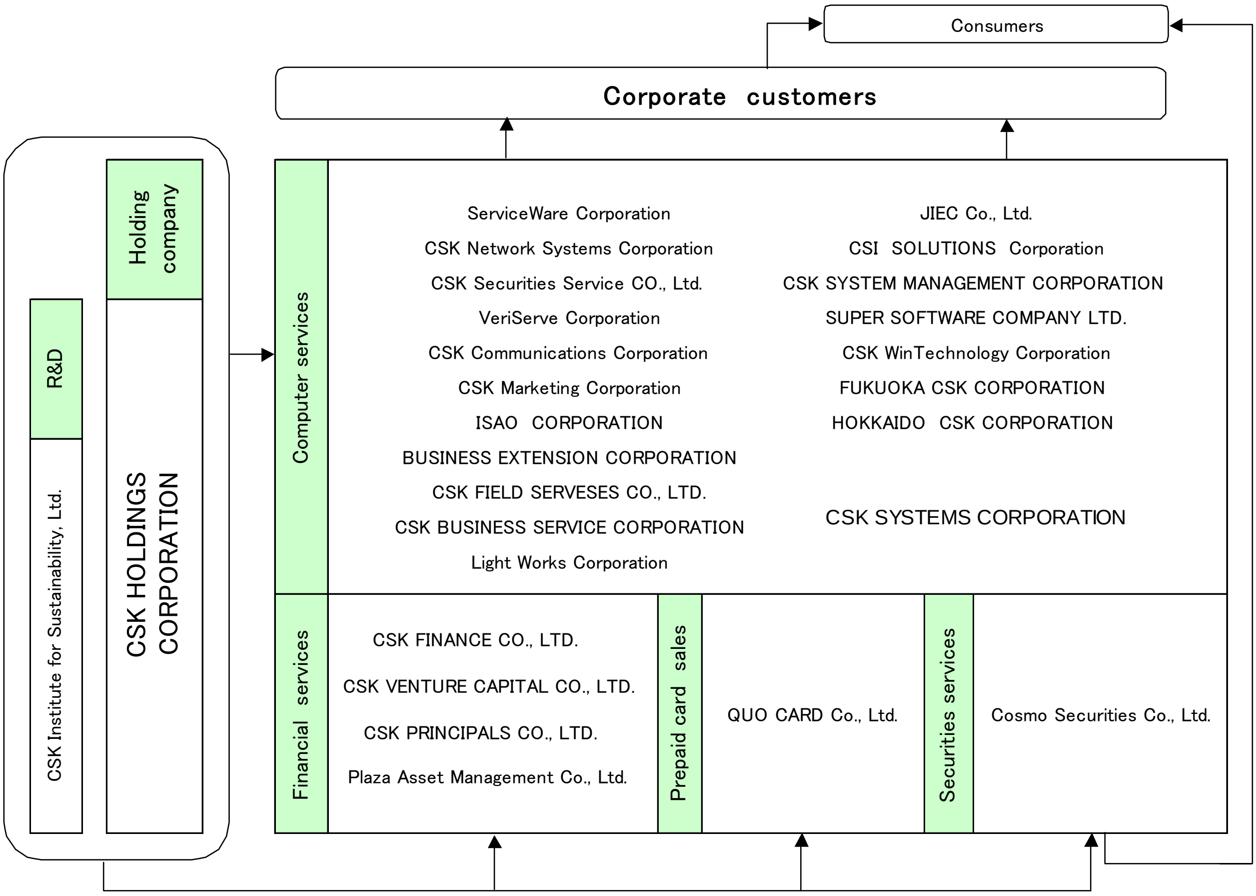
	Sales and operating revenue	Ordinary income	Net income
	million yen	million yen	million yen
Full-year	260,000	35,000	18,000

Reference) Expected net income per share (full-year basis): 243.31 yen
* Since descriptions about future events, for instance, earnings forecast for March, 2007 are estimation, results may differ from this estimation due to changes of several economic conditions.
*** This financial report has been translated from the Japanese "Kessan Tanshin (including attachments)", which has been prepared in accordance with accounting principles generally accepted in Japan, for reference purposes only.**

[Appendix]

Corporate Group

Segment categories and major group companies are as follows:



The chart shows the subsidiaries whose stocks are directly held by CSK HOLDINGS CORPORATION.

Name of listed (public offering) consolidated subsidiaries and listed stock exchange:

JIEC Co., Ltd.	: Section 2 of Tokyo Stock Exchange
VeriServe Corporation	: Mothers of Tokyo Stock Exchange
Cosmo Securities Co., Ltd.	: Section 1 of Tokyo Stock Exchange, Osaka Stock Exchange and Nagoya Stock Exchange

Management Policies

1. Fundamental Management Policy

Under the holding company structure that CSK CORPORATION ("CSK") shifted to on 1st October, 2005, CSK Group ("the Group") is endeavoring to maximize the corporate value of the entire group by achieving highly transparent and straightforward group management for customers, shareholders and other stakeholders, and through pursuing expertise and creativity in each group company.

By leveraging the unified strength of the Group via the creation of new services that benefit client companies and industry sectors and contribute to society, CSK HOLDINGS CORPORATION ("the Company") intends to lead the Group towards a new position as a comprehensive service provider that is highly valued by its clients and by society.

2. Basic Policy for Allocation of Earnings

The Group has decided to adopt a consolidated financial position-linked shareholder returns policy based on Dividends On Equity (DOE*), based on overall consideration of: consolidated performance, which reflects the results of group business activities; business investment requirements, relating to sources of future growth; interest-bearing debt, which is one measure of financial soundness; and trends in social economics.

Moreover, the Company intends to carry out share repurchases from the perspectives of increasing shareholder value by using treasury shares as part of flexible capital policies, and raising shareholders' equity per share by materially reducing the number of shares outstanding.

*DOE = Total amount of dividend paid ／ [average of shareholders' equity at start and end of fiscal year] × 100

3. Share Trading Unit

The Company recognizes that lowering the minimum share trading unit can be an effective means of strengthening market performance by increasing accessibility to investors. The Company believes that the existing minimum trading unit is appropriate in the current transaction environment, but will review the situation as necessary in response to equity market trends and other changes that may occur in the distribution and liquidity of the Company shares.

4. Management Targets

The Group believes in the necessity of both short-term management targets, based on the year-by-year securing of profit in order to provide dividends, and medium-and longer-term management targets in order to become a business group that can contribute to overall society.

From the point of view of short-term revenues for dividends, management makes use of such measurements as Operating income, Operating income ratio, and Operating cash flow. Items used for measurement of medium- and longer-term targets include sales and Operating revenue, Operating income and Shareholders' equity per share. The aim of management is to generate continuous improvement in these short- and longer-term indices.

5. Basic Medium- and Long-Term Strategy

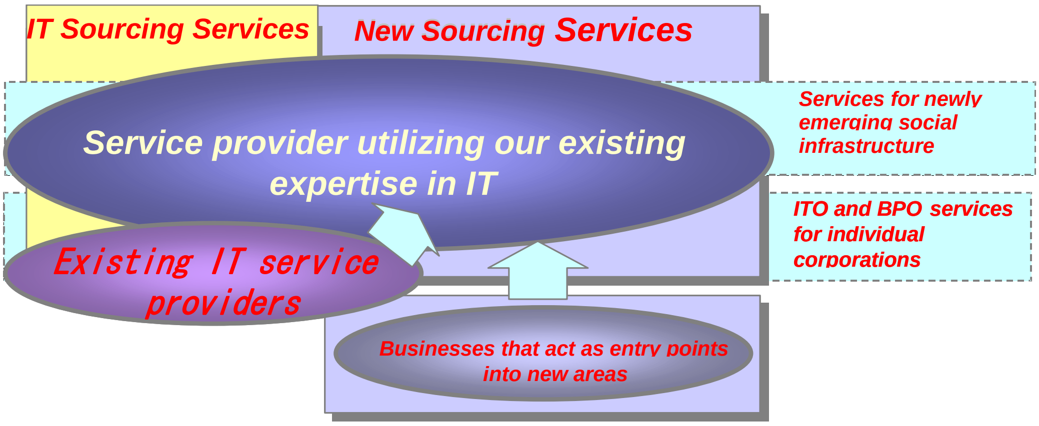
Through the explosive spread of the internet, Information Technology (IT) has transformed the information services industry from being a specialized domain for a restricted set of users to something that has become indispensable for many companies and consumers; it has now developed to a stage where it can be termed social infrastructure.

IT development has now reached the level where it impacts that social infrastructure itself. Originally, such physical infrastructure as roads, power supply, water supply and communications equipment were representative of the social infrastructure, but in the present age, so called software or services such as IT, communications functions, settlement functions and settlement data are now being considered as indispensable functions in the socio-economic set up. At the Group, we anticipate that such areas as "finance, communications, and healthcare" will form a new infrastructure that will be indispensable to future society.

In order to respond to the major changes taking place on the level of industry as a whole or in the social infrastructure, the Group aims to expand its business domain from IT sourcing services* based on the IT in the original so called "information services" and pioneer "new sourcing services" supporting the newly emerging social infrastructure.

Through such efforts as these we aim to evolve into a new comprehensive "service provider type" corporate group, and by providing services to our client companies to provide services in the broader domain, supporting the development of both industry and society as a whole.

* Sourcing services = A service providing one part of a function



6. Tasks Ahead

The Japanese economy appears set for continued steady improvement. Although the growth rate is not likely to be high, corporate performance is improving, exports are expanding, and capital expenditure is on an upward trend. The information services industry is making the shift from growth to maturity, and securing profitability is becoming an important management issue amid the changes in client awareness of IT investment.

On the social side, the Japanese Corporate Act has stimulated structural integration and enhanced information disclosure, even as corporate scandals have led people to question the very concept of listed companies, with the result that we believe this is a significant turning point for company management. The first half of the year also saw a change of domestic political leadership, and there was continued political uncertainty in some neighboring countries.

In this type of environment, the Group positions the following three aims as important management issues, and aims to focus on the optimization of shareholder value through future growth.

i) The realization of sustainability

In order to resolve global problems including conservation of the natural environment, population issues, and international conflicts, we need to approach these issues from the standpoint of sustainability, and by providing the infrastructure, structures, products and services necessary for society, we aim to make direct and indirect contributions in this area.

In order to achieve this, CSK Institute for Sustainability, Ltd. has commenced research under the theme of "What is required in the age the sustainability?".

ii) Aiming to be a comprehensive service provider

At the Group, we aim to expand our business domain from contributing to increased efficiency at individual companies to providing services that support the development of industry and society, and become a comprehensive service provider utilizing our existing expertise in IT. In order to achieve that, we aim to evolve and grow our services to individual companies, create services that support social infrastructure, and establish them as the business domain of the Group.

As part of that process it is necessary to pursue even greater group synergies, and we believe the basic mindset of management will take on an extremely important meaning.

And while taking on new challenges, we will place a major emphasis on "the pursuit of profitability" "the pursuit of client satisfaction" "the pursuit of originality" "the pursuit of employee satisfaction" and "the pursuit of compliance and transparency" as fundamental management concepts, and work to expand our operations.

iii) Ensuring management transparency

The service provider we at the Group are aiming to become should create services that support the healthy and sustainable growth of society as a whole, fulfill our Corporate Social Responsibility (CSR) by continuing to provide those services, and contributes to society as a whole.

In other words, it is our ideal to be able to say that the very nature of our business is fulfilling CSR, and in order to achieve that it is necessary to develop a business model based on higher ethical values than ever before. And while transforming into being a service provider, we will also make ongoing efforts to secure, maintain and improve transparency in a sustainable manner.

7. Matters pertaining to the parent company

the Company is not a subsidiary of any company.

Operating Results and Financial Position

1. Overview of operations

During the interim period under review, the Japanese economy performed strongly, continuing last year's growth. Underpinned by higher corporate profits in the domestic economy and improved profitability in the export sector due to the weakening yen, increased capital investment, a positive employment situation, fewer concerns about deflation and other factors, Japan has recorded its longest period of economic expansion in the postwar era.

However, the performance of the U.S. economy, rising oil and raw materials prices, and other factors for concern remain, and although consumer spending is improving, it remains at a low level. Compared with the improved performance in the corporate sector, the favorable conditions are not really being felt at general consumer level.

In terms of the social environment, the new Corporate Act was enforced; there were further calls to improve corporate governance and internal controls; and various accounting standards and so forth were announced and enforced, with the objective of strengthening Japanese accounting standards—which are held to have facilitated recent corporate scandals—and combining them with international accounting standards. A new administration was inaugurated, and a number of important political events took place, such as the emergence of political instability in neighboring countries.

In computer services, a wide range of industries are becoming more dependent on IT, and as a result there are increasing demands for better operational stability and strengthened security in systems. Meanwhile, in custom-developed software, price competition with other Japanese companies in the industry is becoming more intense; offshore outsourcing is increasing; and systems are becoming more advanced and complicated. Meanwhile, the shift to a new generation of IT engineers and the maturation of the industry itself are becoming acknowledged as fundamental problems.

In financial services, the investment environment is favorable, due to the improved economic environment and higher corporate profits. In the securities business related field, the equity markets rose sharply in April, but were at low levels from the end of May through to August. Investment trusts and bonds, on the other hand, performed well for the most part. In prepaid cards, cards with settlement functions and mobile phones are becoming more diversified, and use of prepaid cards as sales promotion tools, gift items and so forth is increasing.

2. Overview of consolidated results

In order to develop and grow to become a service provider group that supports the sustainable growth of society in this business environment, we have been implementing measures relating to two management policies : "Ⅰ Transforming into being a service provider group" and "Ⅱ Ensuring management transparency and shareholder returns" during the present consolidated business year.

Ⅰ Transforming into being a service provider group

1) Computer services business

i) The "New Securities Systems Project" that the Group is currently undertaking entered the full-fledged development stage in the second half of the previous fiscal year. In the current interim period, we completed back office systems, front office systems, the infrastructure and management base, and part of the detailed engineering. The work of completing the detailed engineering, implementation, testing and so forth is proceeding on schedule.

ii) In computer services we are carrying out the following joint initiatives/new service development projects.

- CSK SYSTEMS CORPORATION is serving as an integrated development base (development factory) to enable the efficient and rapid launch of enterprise resource planning package services
- JIEC Co., Ltd. has concluded sales agreements for and started sales of log data storage and analysis tools for strengthening internal control and security
- CSK WinTechnology Corporation has started joint sale of security appliance servers that are easy to set up, maintain and administer, and have filters to protect against sophisticated spam emails
- CSK FIELD SERVICES CO., LTD. has formed a business partnership for specialized mobile PC security management services, and has started to develop one-stop services through the three-company partnership
- SUPER SOFTWARE COMPANY LTD. has started sale of a total support system that has house purchase, house sale, facility administration and cost control functions

2) Financial services, securities and prepaid card business

i) In financial services, we made active investment based on appropriate management and monitoring systems, aiming to make a stable contribution to profits.

ii) In securities, we launched a new investment trust mainly targeting investment in Chinese small and medium-sized equities, aiming to established a earnings base and differentiate ourselves from other companies, and have been pursuing measures such as establishing compound investment options for existing core investment trusts, while also ensuring that information is provided to customers more proactively than before.

iii) In the prepaid card business we have introduced prepaid card systems in partnership with credit card companies and for a major bookstore chain, new developments aimed at making use of cards more widespread and improving users' convenience.

3) CSK Holdings

i) We have concluded a partnership agreement with Osaka University, with the objective of "leveraging IT in the education provided at the university, improving education results, effectively utilizing education assets, and for the Group, pursuing commercialization of services for leveraging IT in education" and so forth.

ii) With the objective of carrying out appropriate fund procurement and securing a stable financial base, in July 2006 we issued No.7 unsecured convertible-bond-type-bonds with stocks acquisition rights, with a total issuance amount of ¥35.0 billion.

II Ensuring management transparency and shareholder returns

1) Ensuring management transparency

CSK shifted to a holding company structure in October 2005, and as a result the Group's overall framework has been finalized. Nevertheless, with the objective of further improving management transparency, we are working to develop the systems of the Group as a whole, by putting in place expert organizations and other measures, aiming to build or develop the internal controls systems required by the Corporate Act and the Financial Instruments and Exchange Act (currently the Securities Exchange Law).

Furthermore, we are responding to the urgently implemented accounting standards such as those relating to the application of control criteria and influence criteria to investment associations, and giving due consideration to transparency in accounting practices.

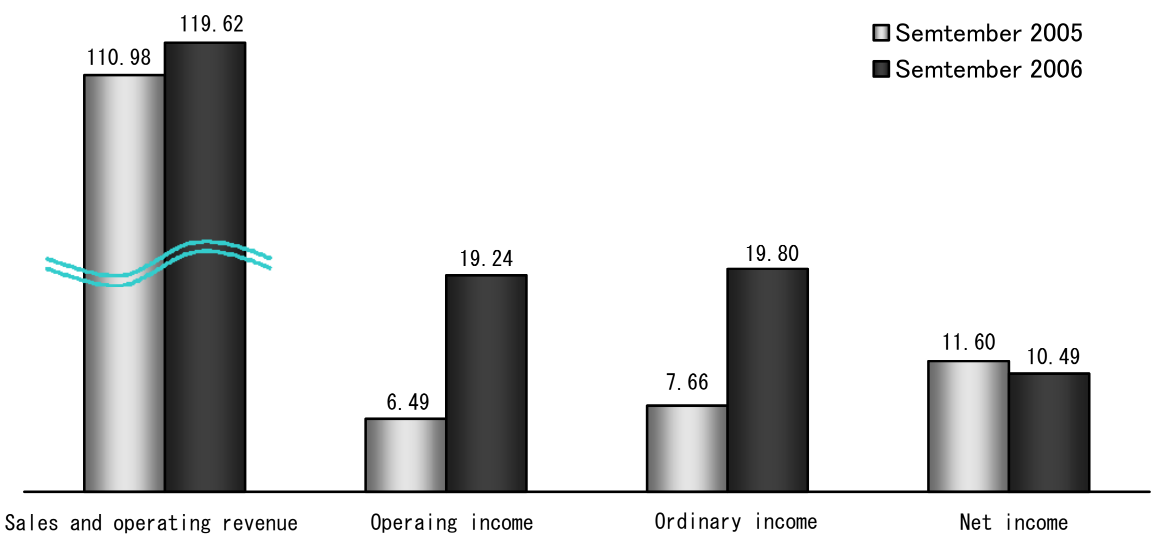
2) Shareholder returns policy

The Group's annual dividend payments up to the fiscal year are as follows. For the interim period under review, we plan to pay a dividend per share of ¥20.

	Trends in annual dividend per share
Fiscal year ended March 2006	¥40
Fiscal year ended March 2005	¥17
Fiscal year ended March 2004	¥15
Fiscal year ended March 2003	¥12

Our consolidated financial results for the first half of the fiscal year ending 31st March, 2007, which reflect the management activities outlined above, are as follows.

Two-year trends in consolidated interim financial results [billions of yen]



① Overview of business results

<u>Sales and operating revenue increased ¥8.64 billion (7.8%) to ¥119.62 billion</u>

<u>Operating income increased ¥12.75 billion (196.5%) to ¥19.24 billion</u>

Sales and operating revenue increased 7.8% to ¥119.62 billion, due to sound performance in ASP* services in Computer services, contact center-related BPO* services, systems testing and other verification services, and systems integration and other services for the finance, insurance, distribution equipment, machinery, distribution and travel industries, along with expansion of the financial services business.

Operating income increased 196.5% to ¥19.24 billion, supported by the factors noted above, along with greatly improved profitability in the computer services business arising from higher margins in systems integrations, and R&D costs decreasing as products reached commercialization. The financial services business also performed well.

*ASP (Application Service Provider) = Company or service that provides IT system services on a pay-as-you-go basis

* BPO (Business Process Outsourcing) = Consigning operations to an outside company for efficiency

<u>Ordinary income increased ¥12.14 billion (158.3%) to ¥19.80 billion</u>

Ordinary income increased 158.3% to ¥19.80 billion, due to higher operating income along with changes to non-operating income and expenses.

<u>Net income decreased ¥1.11 billion (9.6%) to ¥10.49 billion</u>

Net income decreased 9.6% to ¥10.49 billion, primarily due to the absence of a gain on sales of investments in securities that had boosted extraordinary gains in the previous interim period.

Results by business segment are as follows:

A. Computer services

- Sales and operating revenue of ¥92.53 billion, a decrease of ¥2.15 billion (2.3%) compared to the previous interim period.
- Operating income of ¥7.71 billion, an increase of ¥4.87 billion (171.7%) compared to the previous interim period.

There was positive demand for ASP services for the securities industry, and for contact center-related BPO services to the manufacturing, mail order and services industries. Demand was also positive for verification services to the mobile phone, communications and digital appliance industries and systems integration for the finance, insurance, distribution equipment, machinery, distribution and travel industries. However, demand for replacement equipment declined, and overall sales and operating revenue decreased 2.3% to ¥92.53 billion.

Operating income increased 2.7 times of that of the previous interim period, rising 171.7% to ¥7.71 billion. In addition to strong performance in all areas other than equipment sales, other factors included higher profitability in systems integration services, a reduction in R&D costs as products reached commercialization, and the absence of holding company expenses that impacted the previous comparable period.

B. Financial services

- Sales and operating revenue of ¥15.32 billion, an increase of ¥11.36 billion (287.3%) compared to the previous interim period.
- Operating income of ¥12.20 billion, an increase of ¥10.00 billion (455.2%) compared to the previous interim period.

Performance in the financial services sector benefited from further favorable returns from investments from the previous fiscal year, with substantial growth in revenues and income, as a stable and efficient source of Group revenues.

C. Securities services

- Sales and operating revenue of ¥10.99 billion, a decrease of ¥0.31 billion (2.8%) compared to the previous interim period.
- Operating income of ¥0.28 billion, a decrease of ¥1.33 billion (82.3%) compared to the previous interim period.

Sales and operating revenue in this segment decreased 2.8% to ¥10.99 billion, due to lower trading revenues recorded during the period.

Operating income decreased 82.3% to ¥0.28 billion, due to higher selling, general and administrative expenses for items such as advertising, personnel, and system integration.

D. Prepaid card sales

- Sales and operating revenue of ¥1.46 billion, an increase of ¥0.06 billion (4.7%) compared to the previous interim period.
- Operating loss of ¥0.09 billion, an improvement of ¥6 million compared to the previous interim period.

Sales and revenue recorded for this segment increased 4.7% to ¥1.46 billion, due to the addition of new sales channels and an increase in the number of customers. Supporting this revenue growth were active measures to develop sales and pursue long-term growth, which resulted in higher sales, general and administration expenses and an operating loss of ¥0.09 billion, an improvement of ¥6 million on the previous interim operating loss.

Note: The afore-mentioned segment based sales also include inter-segment sales. For details please see page 23, Segment Information.

② Financial Position

Assets increased ¥10.92 billion (2.0%) to ¥554.06 billion

Current assets increased ¥8.28 billion. Although cash increased from progress made in reducing sales receivables and the July 2006 issue of No.7 unsecured convertible-bond-type-bonds with stocks acquisition rights, current assets in the securities business decreased ¥30.62 billion. Fixed assets increased ¥2.64 billion. Although buildings and structures and land decreased from the sale of a facility in Nagayama, Tokyo in continuation of measures initiated in the previous year to optimize asset utilization, intangible fixed assets increased due to progress made in developing software for "New Securities Systems Project". As a result, total assets increased by ¥10.92 billion from 31st March, 2006 to reach ¥554.06 billion.

Liabilities increased ¥8.08 billion (2.4%) to ¥347.79 billion

In current liabilities, liabilities decreased in the securities business, but the announcement and adoption during the interim period of PITF No. 20, Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations, resulted in the inclusion in the consolidated results of part of an investment made in a company in the financial services business. Accompanying this, Liabilities related to financial services increased ¥13.33 billion. Long-term liabilities increased ¥34.33 billion because of the July 2006 issue of No.7 unsecured convertible-bond-type-bonds with stocks acquisition rights. As a result of these factors, total liabilities increased ¥8.08 billion compared to the end of the previous fiscal year.

Net assets increased ¥2.83 billion (1.4%) to ¥206.26 billion

Factors that increased the figure included net income recorded for the interim period, along with an increase in capital and capital reserves arising from the exercise of stock options. Factors that decreased this figure included a decrease in retained earnings from the distribution of dividends at the end of the previous period, and a reduction in investments in securities arising from the winding-up of an investment association that had been recorded on an equity basis. As a result, net assets as of 30th September, 2006 had increased ¥2.83 billion.

③ Cash flow

Cash flows from operating activities
¥7.84 billion (increase of ¥12.55 billion)

Although income tax payments were made, investment returns on investments in the financial services business reduced the increase in Investments related to financial services, part of an investment in a company was included in consolidation with financial services liabilities increasing accordingly, and operating income increased. As a result, cash flows from operating activities increased ¥12.55 billion.

Cash flow from investing activities
Minus ¥5.10 billion (decrease of ¥7.24 billion)

Although cash was generated from the sale of a facility at Nagayama, Tokyo as part of measures to optimize asset utilization and investments in securities decreased, progress in the development of new securities systems software resulted in the recording of intangible fixed assets, and there was a decline in the figure for cash generated from the sale of investment securities that had contributed to results in the previous interim period. Accordingly, cash flow from investing activities was ¥7.24 billion lower than in the previous interim period.

Cash flow from financing activities
¥30.75 billion (increase of ¥43.98 billion)

In addition to procuring funds of ¥35.0 billion from the July 2006 issue of No.7 unsecured convertible-bond-type-bonds with stocks acquisition rights, the figure for the period under review reflects the absence of treasury share acquisitions that impacted the previous interim period. As a result, cash flow from financing activities increased ¥43.98 billion.

Cash and cash equivalents
¥108.86 billion (increase of ¥47.20 billion or 76.5%)

As a result of the factors listed above, cash and cash equivalents as of 30th September, 2006 amounted to ¥108.86 billion, an increase of ¥47.20 billion compared to 30th September, 2005.

Recent trends in cash flow-related indices are as follows:

	31st Mar, 2005	31st Mar, 2006	30th Sep, 2005	30th Sep, 2006
Equity ratio (%)	34.3	33.1	35.0	33.0
Equity ratio based on market price (%)	73.8	79.3	78.9	66.0
Debt service coverage (years)	126.4	–	–	–
Interest coverage ratio (times)	1.7	–	–	13.4

Notes: A) Equity ratio = (Total shareholders' equity ＋ Total valuation and translation adjustments)／total assets
B) Equity ratio based on market price = Market capitalization／total assets
C) Debt service coverage = Interest-bearing debt／operating cash flow
D) Interest coverage ratio = Operating cash flow／interest paid

* All indices are calculated from consolidated financial results figures.
* Cash flow is Net cash provided by operating activities from the consolidated statements of cash flows. Interest-bearing debt is the interest-bearing portion of liabilities recorded on the consolidated balance sheet.
* Market capitalization = Market price on last trading day of specified period × total shares outstanding at end of period (excluding treasury stock).
* Debt service coverage and interest coverage ratio for the fiscal year ended 31st Mar, 2006 is not recorded because operating cash flow for that period was negative.
* Debt service coverage is not recorded for the interim periods of the fiscal year ended 31st Mar, 2006 and the fiscal year ending 31st Mar, 2007, as operating cash flow is a half-year period. Interest coverage ratio for the interim period of the fiscal year ended 31st Mar, 2006 is not recorded because operating cash flow for that period was negative.

④ Business and operational risks

The Group has in place a range of measures to reduce foreseeable risks to the management of a company. Nevertheless, a range of factors, including could business or related risks and the economic and social environment, could impact negatively on the Group’s business performance or financial position.

The risk items recognized and outlined below comprise those risks that as of the compiling of this risk are perceived to be the most significant risks in each business segment.

A. Computer services: Risk of unprofitable projects, defects or systems failure

The Group’s systems integration operations face the risk of unprofitable projects and the requirement for defect correction measures due to miscalculations at the start of projects regarding the scale, specifications or others matters related to projects.

In systems management, systems may fail or be damaged by computer viruses or other unforeseen causes, with the associated risk that contract-related claims or damages could materially impact the Group financial performance.

In BPO, the Group faces the risk of being materially disadvantaged by insufficiently formed contracts.

The Group takes the utmost care in its handling of confidential and personal information, but nevertheless faces the risk that if security issues arise they could have a significant impact on the management of and trust held in the Group.

B. Financial services

In selecting investment targets for venture companies, investing in real-estate-related projects through anonymous associations, and selecting investment targets for share or other acquisitions, the Group makes use of a specialist structure to assess investment risk. However, factors such as unforeseen changes to the investment environment, mean that there is a risk that return on investments could be delayed, investment returns could be lower than planned or fail to be realized, and the materialization of such risk could have a negative impact on the Group’s business performance or financial position.

C. Securities services

Risks in this area are classified into quantifiable risks, such as credit risk, market risk and liquidity risk, and risks that are difficult to quantify, such as risks arising from rapid changes in the market environment, settlement risk, operational risk, systems risk, and information-related risk. The Group takes a range of measures to minimize such risks, but should such risks materialize on a scale larger than foreseen, or if unforeseen risks should materialize, such events could have a negative impact on the Group's business performance or financial position.

D. Prepaid card sales

In prepaid cards, risks include fraudulent use of cards, competitive activity from banks, credit and other card companies, or a decline in card usage. The materialization of such risks could have a negative impact on the Group's business performance or financial position.

E. CSK Group

In August 2005, the Tokyo Regional Taxation Bureau notified the Company and a consolidated subsidiary of a corporate tax adjustment relating to the fiscal year ended 31st March, 2004. In the same month, the Company and the subsidiary lodged an objection with the Tokyo Regional Taxation Bureau, seeking to have the entire ruling struck out. However, should this application not receive approval, or should the situation escalate to the point where a court of law determines not to uphold the Company's point of view, such outcome could have a negative impact on the Group's business performance or financial position.

⑤ Consolidated forecasts for the fiscal year ending 31st March, 2007

The economic environment until 31st March, 2007 is expected to continue to be robust as in the period under review, and while there is the possibility that it will be impacted by overseas economic trends, we anticipate that no special factors will arise that would cause a fall in capital expenditure, corporate performance or personal consumption. Based on this view, our consolidated performance forecast for the fiscal year ending 31st March, 2007 is as follows.

For sales and operating revenue, given that active IT investment at our client companies is expected to continue, we forecast increased revenue in the computer services business.

We envisage that operating income and ordinary income in the information services business will see major increases on increased revenues, improvements in development business profitability, and as progress is made on improving project management functions. In the financial services and the security business, which continues to make steady contributions to income, we forecast that operating income will rise 35.3% and ordinary income 29.7%.

Net income for the fiscal year ending 31st March, 2007 is expected to show a year-on-year decline, principally because results are not expected to include the significant extraordinary gains, derived from liquidizing certain asset holdings, that contributed to net income in the previous year.

(millions of yen)

	Sales and operating revenue	Ordinary income	Net income
Full year	260,000	35,000	18,000
Reference: Actual results for fiscal year ended 31st Mar, 2006	241,154	26,981	30,874

Note: The above forecasts are forward-looking statements based on management assumptions, estimates and plans current as of the publication date of this material. As these assumptions, estimates and plans are subject to a number of risks relating to the economy, the operating environment and other factors, actual results may be materially different.

3. Non-consolidated performance

Because the Group shifted to a holding company structure from 1st October, 2005, non-consolidated figures for the previous fiscal year are derived from the individual performance of the former CSK.

Operating revenue for the holding company primarily comprises dividends received from subsidiaries and affiliates and the Group operating revenue.

(millions of yen)

	Sales and operating revenue	Operating income	Ordinary income	Net income
Interim period of FY ended 31st Mar, 2006	55,847	2,162	5,067	14,929
Interim period of FY ending 31st Mar, 2007	11,511	7,923	9,326	8,957
Increase (decrease)	(44,336)	5,760	4,259	(5,972)

Consolidated Balance Sheets

(millions of yen)

Period / Account	Fiscal year 2006 1st half (As of 30th Sep, 2005)		Fiscal year 2007 1st half (As of 30th Sep, 2006)		Fiscal year 2006 (As of 31st Mar, 2006)		Increase (Decrease) compared to fiscal year 2006	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Change
Assets		%		%		%		%
I Current assets								
1 Cash and time deposits	64,131		111,997		77,444		34,552	
2 Notes and accounts receivable	30,902		27,813		36,079		(8,266)	
3 Marketable securities	2,757		4,153		3,910		242	
4 Venture capital investments	3,419		3,172		3,176		(3)	
5 Inventories	7,235		9,149		8,111		1,037	
6 Investments related to financial services	78,060		100,381		94,123		6,258	
7 Cash segregated as deposits related to securities business	51,789		46,265		57,696		(11,430)	
8 Trading assets related to securities business	9,833		12,342		10,863		1,479	
9 Receivables related to margin transactions	73,559		91,446		112,120		(20,674)	
10 Other current assets	24,244		41,765		36,800		4,964	
Allowance for doubtful accounts	(178)		(39)		(162)		122	
Total current assets	345,754	73.9	448,447	80.9	440,165	81.0	8,282	1.9
II Fixed assets								
1 Tangible fixed assets								
(1) Buildings and structures	17,697		7,399		10,391		(2,991)	
(2) Land	10,597		10,001		11,684		(1,682)	
(3) Other tangible fixed assets	5,949		5,894		4,910		983	
Total tangible fixed assets	34,244	7.3	23,295	4.2	26,986	5.0	(3,691)	(13.7)
2 Intangible fixed assets								
(1) Goodwill	796		352		607		(254)	
(2) Other intangible fixed assets	15,299		8,879		3,826		5,053	
Total intangible fixed assets	16,095	3.5	9,232	1.7	4,434	0.8	4,798	108.2
3 Investments and other assets								
(1) Investments in securities	49,297		59,097		58,679		417	
(2) Prepaid pension costs	4,066		3,313		3,269		44	
(3) Deferred income taxes	4,780		1,511		969		541	
(4) Others	15,497		11,073		10,750		322	
Allowance for doubtful accounts	(2,182)		(1,909)		(2,120)		211	
Total investments and other assets	71,459	15.3	73,086	13.2	71,548	13.2	1,537	2.1
Total fixed assets	121,799	26.1	105,614	19.1	102,969	19.0	2,644	2.6
Total assets	467,554	100.0	554,061	100.0	543,134	100.0	10,927	2.0

(millions of yen)

Period / Account	Fiscal year 2006 1st half (As of 30th Sep, 2005)		Fiscal year 2007 1st half (As of 30th Sep, 2006)		Fiscal year 2006 (As of 31st Mar, 2006)		Increase (Decrease) compared to fiscal year 2006	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Change
Liabilities		%		%		%		%
I Current liabilities								
1 Accounts payable	12,132		10,863		14,015		(3,152)	
2 Short-term bank loans payable	18,535		21,955		23,853		(1,897)	
3 Current portion of corporate bonds payable	1,500		-		-		-	
4 Accrued income taxes	1,649		6,055		10,868		(4,812)	
5 Deposits received of prepaid cards	35,962		40,376		38,977		1,399	
6 Accrued bonuses to employees	5,980		5,648		6,288		(640)	
7 Allowance for anticipated losses on contracts	173		2,097		3,173		(1,076)	
8 Allowance for relocation loss	95		-		-		-	
9 Liabilities related to financial services	-		13,336		-		13,336	
10 Trading liabilities related to securities business	902		6,460		4,756		1,704	
11 Payable related to margin transactions	57,107		54,618		77,341		(22,723)	
12 Deposits received and guarantee deposits received from customers related to securities business	60,303		58,938		65,984		(7,045)	
13 Other current liabilities	19,804		20,642		22,102		(1,459)	
Total current liabilities	214,147	45.8	240,995	43.5	267,362	49.2	(26,367)	(9.9)
II Long-term liabilities								
1 Corporate bonds payable	40,000		40,000		40,000		-	
2 Convertible bonds payable	23,000		58,000		23,000		35,000	
3 Long-term bank loans payable	1,200		5,000		5,000		-	
4 Accrued employees' retirement benefits	766		738		787		(49)	
5 Accrued directors' retirement benefits	239		186		239		(52)	
6 Other long-term liabilities	2,009		1,670		2,235		(565)	
Total long-term liabilities	67,215	14.4	105,595	19.1	71,262	13.1	34,332	48.2
III Statutory reserve								
1 Reserve for securities trading liabilities	857		1,201		1,078		122	
2 Reserve for financial futures trading liabilities	0		1		0		0	
Total statutory reserve	857	0.2	1,202	0.2	1,079	0.2	122	11.3
Total liabilities	282,220	60.4	347,792	62.8	339,703	62.5	8,088	2.4

(millions of yen)

Period / Account	Fiscal year 2006 1st half (As of 30th Sep, 2005)		Fiscal year 2007 1st half (As of 30th Sep, 2006)		Fiscal year 2006 (As of 31st Mar, 2006)		Increase (Decrease) compared to fiscal year 2006	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Change
Minority interests		%		%		%		%
Minority interests	21,639	4.6	-	-	23,606	4.4	(23,606)	-
Shareholders' equity								
I Common stock	69,852	14.9	-	-	71,523	13.2	(71,523)	-
II Capital surplus	34,477	7.4	-	-	36,137	6.6	(36,137)	-
III Retained earnings	61,391	13.1	-	-	80,719	14.9	(80,719)	-
IV Unrealized gains on securities	11,947	2.6	-	-	11,069	2.0	(11,069)	-
V Foreign currency translation adjustments	(61)	(0.0)	-	-	-	-	-	-
VI Treasury stock, at cost	(13,912)	(3.0)	-	-	(19,625)	(3.6)	19,625	-
Total shareholders' equity	163,694	35.0	-	-	179,824	33.1	(179,824)	-
Total liabilities, minority interests and shareholders' equity	467,554	100.0	-	-	543,134	100.0	(543,134)	-
Net assets								
I Shareholders' equity								
1 Common stock	-	-	72,195	13.0	-	-	72,195	-
2 Capital surplus	-	-	36,809	6.6	-	-	36,809	-
3 Retained earnings	-	-	87,982	15.9	-	-	87,982	-
4 Treasury stock, at cost	-	-	(19,642)	(3.5)	-	-	(19,642)	-
Total shareholders' equity	-	-	177,344	32.0	-	-	177,344	-
II Valuation and translation adjustments								
1 Unrealized gains on securities	-	-	5,255	0.9	-	-	5,255	-
2 Gains on deferred hedge	-	-	0	0.0	-	-	0	-
Total valuation and translation adjustments	-	-	5,256	0.9	-	-	5,256	-
III Minority interests	-	-	23,668	4.3	-	-	23,668	-
Total net assets	-	-	206,269	37.2	-	-	206,269	-
Total liabilities and net assets	-	-	554,061	100.0	-	-	554,061	-

Consolidated Statements of Income

(millions of yen)

Account / Period	Fiscal year 2006 For the six months ended 30th Sep, 2005 Amount	Ratio to Sales and operating revenue	Fiscal year 2007 For the six months ended 30th Sep, 2006 Amount	Ratio to Sales and operating revenue	Increase (Decrease) Amount	Change	Fiscal year 2006 For the year ended 31st Mar, 2006 Amount	Ratio to Sales and operating revenue
		%		%		%		%
I Sales and operating revenue	110,985	100.0	119,626	100.0	8,640	7.8	241,154	100.0
II Operating costs	75,848	68.3	72,282	60.4	(3,565)	(4.7)	156,581	64.9
Gross profit	35,137	31.7	47,344	39.6	12,206	34.7	84,572	35.1
III Selling, general and administrative expenses	28,647	25.9	28,096	23.5	(550)	(1.9)	59,435	24.7
Operating income	6,490	5.8	19,247	16.1	12,756	196.5	25,137	10.4
IV Non-operating income	1,563	1.4	1,175	1.0	(387)	(24.8)	2,807	1.2
1 Interest income	71		91		20		124	
2 Dividend income	-		233		233		-	
3 Equity in net gains of affiliates	198		-		(198)		198	
4 Hoard profit of prepaid card	432		448		15		909	
5 Insurance dividend income	-		120		120		-	
6 Others, net	860		281		(579)		1,575	
V Non-operating expenses	384	0.3	612	0.5	228	59.4	963	0.4
1 Interest expenses	132		46		(86)		174	
2 Provision for accrued employees' retirement benefits	130		130		0		260	
3 Transfer agent commission	81		88		6		187	
4 Employment transfer cost	-		111		111		105	
5 Others, net	39		236		196		235	
Ordinary income	7,669	6.9	19,809	16.6	12,140	158.3	26,981	11.2
VI Extraordinary gains	16,129	14.5	722	0.5	(15,406)	(95.5)	37,568	15.6
1 Gain on sales of fixed assets	-		208		208		15,897	
2 Gain on sales of investments in securities	15,964		-		(15,964)		21,418	
3 Gain from reversal of allowance for doubtful accounts	-		89		89		-	
4 Gain from transfer of buisiness	-		277		277		-	
5 Others, net	164		147		(16)		251	
VII Extraordinary losses	2,785	2.5	410	0.3	(2,374)	(85.3)	11,763	4.9
1 Loss on disposal of fixed assets	382		48		(334)		1,153	
2 Loss on impairment of fixed assets	-		-		-		3,379	
3 Compensation for damages	-		104		104		-	
4 Loss on relocation of datacenter	740		-		(740)		1,568	
5 Loss on cancellation of system development	807		-		(807)		2,945	
6 Bad debt loss	-		75		75		-	
7 Provision for reserve for securities trading liabilities	199		122		(77)		421	
8 Provision for reserve for financial futures trading liabilities	0		0		0		0	
9 Others, net	654		59		(595)		2,295	
Income before income taxes and minority interests	21,013	18.9	20,122	16.8	(891)	(4.2)	52,785	21.9
Income taxes : Current	1,253	1.1	7,583	6.3	6,330	505.0	12,557	5.2
Income taxes : Deferred	7,291	6.5	1,732	1.4	(5,559)	(76.2)	6,475	2.7
Minority interests in subsidiaries	859	0.8	315	0.3	(543)	(63.3)	2,877	1.2
Net income	11,607	10.5	10,490	8.8	(1,117)	(9.6)	30,874	12.8

Consolidated Statements of Capital Surplus and Retained Earnings

(millions of yen)

Account / Period	Fiscal year 2006 For the six months ended 30th Sep, 2005 Amount	Fiscal year 2006 For the year ended 31st Mar, 2006 Amount
Capital surplus:		
I Opening balance	34,114	34,114
II Increase	362	2,033
1 Exercise of stock options	362	2,033
2 Net gains on disposition of treasury stock	0	-
III Decrease	-	10
Loss on disposition of treasury stock	-	10
IV Ending balance	34,477	36,137
Retained earnings:		
I Opening balance	51,261	51,261
II Increase	11,607	30,936
1 Net income for the period	11,607	30,874
2 Increase due to exclusion in consolidation of subsidiaries	-	61
III Decrease	1,478	1,478
1 Cash dividends	1,282	1,282
2 Directors' and standing corporate auditors' bonuses	196	196
IV Ending balance	61,391	80,719

Consolidated Statement of Changes in Net Assets

Fiscal year 2007 for the six months ended 30th Sep, 2006

(millions of yen)

	Shareholders' equity					Valuation and translation adjustments		Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Unrealized gains on securities	Gains on deferred hedge		
Balance as of 31st Mar, 2006	71,523	36,137	80,719	(19,625)	168,754	11,069	-	23,606	203,430
Change in the six months									
Exercise of stock option	671	671	-	-	1,343	-	-	-	1,343
Cash dividends	-	-	(2,945)	-	(2,945)	-	-	-	(2,945)
Directors' and standing corporate auditors' bonuses	-	-	(281)	-	(281)	-	-	-	(281)
Net income	-	-	10,490	-	10,490	-	-	-	10,490
Repurchase of treasury stock	-	-	-	(17)	(17)	-	-	-	(17)
Disposal of treasury stock	-	(0)	-	0	0	-	-	-	0
Net change in the items other than shareholders' equity in the six months	-	-	-	-	-	(5,813)	0	62	(5,750)
Total of change in the six months	671	671	7,262	(16)	8,589	(5,813)	0	62	2,838
Balance as of 30th Sep, 2006	72,195	36,809	87,982	(19,642)	177,344	5,255	0	23,668	206,269

Consolidated Statements of Cash Flows

(millions of yen)

Account / Period	Fiscal year 2006 For the six months ended 30th Sep, 2005	Fiscal year 2007 For the six months ended 30th Sep, 2006	Increase (Decrease)	Fiscal year 2006 For the year ended 31st Mar, 2006
	Amount	Amount	Amount	Amount
I Cash flows from operating activities				
1 Income before income taxes and minority interests	21,013	20,122	(891)	52,785
2 Depreciation	2,876	2,162	(714)	5,870
3 Loss on impairment of fixed assets	-	-	-	3,379
4 Amortization of goodwill	200	270	70	373
5 Increase (Decrease) in allowances and decrease (increase) in prepaid pension costs	(1,318)	(1,980)	(662)	2,191
6 Interest and dividend income	(1,213)	(1,469)	(256)	(2,459)
7 Interest expenses	520	584	63	863
8 Equity in net losses (gains) of unconsolidated subsidiaries and affiliates	(198)	-	198	(198)
9 Loss (Gain) on sales of investments in securities	(15,975)	(53)	15,922	(21,442)
10 Decrease (Increase) in accounts receivable	4,990	8,266	3,276	(211)
11 Decrease (Increase) in inventories	(889)	(3,299)	(2,409)	(1,766)
12 Increase (Decrease) in accounts payable	(1,924)	(3,152)	(1,227)	(41)
13 Increase (Decrease) in deposits received of prepaid cards	2,148	1,399	(749)	5,163
14 Decrease (Increase) in investments related to financial services	(12,542)	(9,671)	2,871	(38,700)
15 Decrease (Increase) in liabilities related to financial services	-	10,256	10,256	-
16 Decrease (Increase) in cash segregated as deposits related to securities business	(9,325)	11,430	20,756	(15,232)
17 Decrease (Increase) in receivables related to margin transactions	(1,024)	20,674	21,698	(39,585)
18 Increase (Decrease) in payables related to margin transactions	(2,964)	(22,723)	(19,759)	17,270
19 Increase (Decrease) in deposits received and guarantee deposits received from customers related to securities business	14,959	(7,045)	(22,004)	25,268
20 Others, net	(1,986)	(7,052)	(5,065)	(15,483)
Subtotal	(2,655)	18,718	21,373	(21,954)
21 Interest and dividends income received	1,116	1,435	319	2,351
22 Interest expenses paid	(504)	(516)	(12)	(928)
23 Income taxes paid	(2,671)	(11,792)	(9,121)	(4,521)
Net cash provided (used) by operating activities	(4,713)	7,845	12,559	(25,052)
II Cash flows from investing activities				
1 Increase (Decrease) in time deposit, net	(1,725)	(349)	1,375	(1,725)
2 Net proceeds from sales and purchases of marketable securities	5,288	1,367	(3,920)	5,373
3 Purchase of property and equipment	(2,065)	(2,250)	(184)	(5,994)
4 Proceeds from sales of property and equipment	-	4,890	4,890	22,442
5 Purchase of intangible assets	(720)	(3,776)	(3,056)	(1,664)
6 Purchase of investments in securities	(20,303)	(5,921)	14,381	(27,077)
7 Proceeds from sales of investments in securities	21,531	649	(20,881)	28,199
8 Others, net	135	290	155	9,432
Net cash provided (used) by investing activities	2,140	(5,100)	(7,240)	28,986

(millions of yen)

Account / Period	Fiscal year 2006 For the six months ended 30th Sep, 2005	Fiscal year 2007 For the six months ended 30th Sep, 2006	Increase (Decrease)	Fiscal year 2006 For the year ended 31st Mar, 2006
	Amount	Amount	Amount	Amount
III Cash flows from financing activities				
1 Increase (Decrease) in short-term bank loans, net	2,212	1,402	(810)	9,333
2 Repayment of long-term debt	(3,000)	(3,300)	(300)	(6,000)
3 Proceeds from issuance of bonds	-	35,000	35,000	-
4 Redemption of corporate bonds	(1,700)	-	1,700	(3,200)
5 Issuance of common stock	-	1,343	1,343	4,066
6 Purchase of treasury stock	(8,315)	(23)	8,292	(14,080)
7 Cash dividends paid	(1,277)	(2,935)	(1,657)	(1,283)
8 Cash dividends paid to minority shareholders	(663)	(676)	(13)	(673)
9 Others, net	(486)	(57)	428	5,216
Net cash provided (used) by financing activities	(13,230)	30,751	43,982	(6,620)
IV Effect of exchange rate changes on cash and cash equivalents	17	31	13	28
V Net increase (decrease) in cash and cash equivalents	(15,786)	33,529	49,315	(2,658)
VI Cash and cash equivalents, at beginning	77,357	74,747	(2,610)	77,357
VII Cash and cash equivalents of initially consolidated subsidiaries, at beginning	96	593	497	96
VIII Decrease in cash and cash equivalents of subsidiaries removed from consolidation	-	-	-	(48)
IX Cash and cash equivalents, at end	61,667	108,869	47,202	74,747

Significant Accounting Policies of Consolidated Financial Statements

1. Range of consolidation

(1) Consolidated subsidiaries: 51

JIEC Co., Ltd., VeriServe Corporation, Cosmo Securities Co., Ltd. and other 48 companies

15 anonymous associations and other 1 company are newly consolidated from this fiscal year.

2 anonymous associations excluded from consolidation this fiscal year.

(Change in accounting policy)

From the interim period under review, "Control Criteria and Influence Criteria to Investment Associations" (practical solutions No.20 of 8th September, 2006), has been applied.

This made the 15 consolidated subsidiaries above to subsidiary companies from the interim period under review.

(2) Major non-consolidated subsidiaries: Tokyo Green Systems Corporation

Non-consolidated subsidiaries were excluded from consolidation, because they were all small-sized companies, and their total assets, sales, net income and retained earnings are immaterial to the consolidated financial statements.

2. Application of equity method

Affiliate accounted for under the equity method: None

Non-consolidated subsidiaries (such as Tokyo Green Systems Corporation) and affiliates (such as M&C Business Systems Corporation) to which the equity method was not applied were excluded from application of equity method because their net income and retained earnings are immaterial to the consolidated financial statements as a whole.

3. Fiscal year ends of consolidated subsidiaries

Of the consolidated subsidiaries of the Group, 1 anonymous association has an interim settlement date of 31st August.

Furthermore, 10 anonymous associations have interim settlement dates of 30th June, and 2 anonymous associations have interim settlement date of 30th November. Consequently, these subsidiaries conduct trial settlement date of 30th September, for the purpose of preparing the consolidated interim financial statements. The remaining consolidated subsidiaries have interim settlement date of 30th September, the consolidated interim settlement date. The required adjustment for consolidated accounting purposes is carried out for important transactions that occur in the period between the consolidated interim settlement date and the interim settlement date of a subsidiary.

4. Accounting standards

(1) Valuation basis and valuation method for significant assets

1) Marketable securities and investments in securities

・Valuation of trading securities by securities business :

Securities, asset or liabilities in trading account are recorded at fair value.

・Held-to-maturity bonds: Amortized cost method

・Investments in unconsolidated subsidiaries and affiliates :

Cost method based on moving-average method

・Available-for-sale securities(includes Investments related to financial services and Venture capital investments):

With market value: Market value method

(Unrealized gains and losses are reported in the net assets section of the consolidated balance sheets. Sales cost is mainly calculated using the moving-average method.)

Without market value: Mainly cost method based on the moving-average method

2) Derivative instruments

Market value method is adopted.

3) Inventories

Mainly, cost method based on the specific identification method or moving-average method is adopted.

(2) Depreciation method for fixed assets

For the depreciation of tangible fixed assets, the declining balance method is adopted by the Company and its subsidiaries, but for the depreciation of buildings (excluding structures), which have been acquired since 1st April, 1998, the straight-line method is adopted.

Main useful life is as follows:

Buildings and structures: 2-50 years

For the amortization of Intangible fixed assets and deferred charges, the straight-line method is adopted. Capitalized costs for software for internal use are amortized using the straight-line method over the estimated useful life of the software in the Company.

Capitalized costs for software for sale are amortized using the straight-line method over the estimated sales period in which the software can be sold. Term land leasehold is amortized using the straight-line method over the estimated base on contract period.

(3) Deferred assets

"Equity costs" and "Corporate bond issue costs" are expensed as incurred.

(Change in accounting policy)

From the interim period under review, "Tentative Solution on Accounting for Deferred Assets" (practical solutions No.19 of 11th August, 2006), has been applied.

"New share issuing expense", which has been included in "Others, net" under "Non-operating expenses" in previous interim period is changed to be treated as "Equity costs".

(4) Allowances

1) Allowance for doubtful accounts

Allowance for doubtful accounts is maintained for the amounts deemed uncollectible based on solvency analyses and for estimated delinquency based on collection rates projected from historical credit loss experiences, and for the amounts to cover specific accounts that are estimated to be uncollectible.

2) Accrued bonuses to employees

Accrued bonuses to employees represents bonuses to employees expected to be paid for their services rendered prior to the balance sheets date.

3) Allowance for anticipated losses on contracts

Allowance for anticipated losses on contracts represents anticipated entire losses to be incurred related to software development and facilities management when the contract revenue and cost indicate a loss.

4) Accrued employees' retirement benefits

Accrued employees' retirement benefits are calculated based on the estimated retirement obligations less estimated plan assets at the balance sheets date.

At the Company and some of its consolidated subsidiaries, when "Plan assets" exceed an amount of "Projected benefit obligations" minus both "Unrecognized net translation" and "Unrecognized actuarial net loss", the amount in excess is accounted for as "Prepaid pension costs" included in "Investments and other assets".

Net transition amount at adoption of new accounting standard for the retirement benefits is amortized mainly over 15 years using the straight-line method.

Unrecognized actuarial net loss will be amortized using the straight-line method over the average remaining service period and amortization will be started from the next fiscal year.

Unrecognized prior service cost is amortized using the straight-line method over the average remaining service period and amortization is started from this fiscal year when it occurs.

5) Accrued directors' retirement benefits

The Company and some of its consolidated subsidiaries recognize "Accrued directors' retirement benefits" in amounts equivalent to the liability the companies would have been required to pay upon directors' retirement at the balance sheets date in accordance with internal rules.

However the Company is not increasing the required amounts after the general meeting of shareholders of 26th June, 2003 holding, due to revise internal rules.

(5) Translation of foreign currency balances and transactions

Foreign currency transactions are translated using foreign exchange rates prevailing at the transaction dates. Short-term and long-term receivables and payables denominated in foreign currencies were translated at the current rates at the balance sheets date. The differences of the prevailing rate between the transaction date and balance sheets date are involved in or charged to income accordingly.

(6) Lease transactions

Finance leases, other than those which involve transferring of ownership of the leased assets to the lessee, are accounted for in a manner similar to operating leases.

(7) Hedge accounting

1) Accounting method for hedge transaction

Deferred hedge accounting is adopted. Monetary liabilities denominated in foreign currencies with forward exchange contracts are translated at the contract rates to the extent contracts cover. To those interest rate swaps that meet the requirements for exceptional treatment, exceptional treatment is applied.

2) Hedge method and hedged transaction

Derivatives are used in hedging operations, including forward exchange contracts, interest swap transactions.

Monetary liabilities denominated in foreign currencies, scheduled transactions, and bank loans are hedged transactions.

3) Hedging policy

The risk in fluctuations in interest rates for regular business is hedged based on the company regulations. The Company however, does not actively engage in derivative transactions for speculative purposes or for obtaining short-term capital gains.

4) Evaluation of effectiveness of hedge accounting

The Company verifies the correlation by mainly comparing means for hedging with fluctuation of rates. To those interest rate swaps that meet the requirements for exceptional treatment, efficacy assessment is omitted.

(8) Accounting for financial services business

1) Investments related to financial services

Investments in anonymous associations

With regard to transactions resulting from investment in anonymous associations, allocations received from the anonymous association are recorded under sales.

Shares

With regard to transactions in shares, any profit or loss from the sales of shares is recorded under sales or cost of sales respectively.

Investment in partnerships or similar

With regard to transactions resulting from investment in partnerships or similar, any profit or loss from such partnerships is recorded net as sales or cost of sales respectively on an equity basis, based on the most recent appraisal of financial assets and profit and loss of the partnerships. In the event that a partnership holds other investment securities and appraisal differences are recorded in its financial statements, appraisal difference is recorded on an equity basis under "Unrealized gains on securities" —other available-for-sale securities.

2) Venture capital investments

With regard to investment partnerships in which our group is an executive member, the assets, liabilities, income and expenses of the partnership are recorded on an equity basis, based on the most recent appraisal of assets and profit and loss of the partnership.

(9) Accounting for prepaid card business

The face value of cards when issued is recorded as "Deposits received of prepaid cards", with subsequent deductions from that amount as cards are used.

Also any remaining card value, based on the actual usage of cards, that is considered unlikely to be used will be recorded as "Hoard profit of prepaid card" under "Non-operating income" with subsequent deductions from "Deposits received of prepaid cards" in conforming with Japanese Tax Law requiring to take into consideration the year in which cards are sold.

(10) Other accounting standards

1) Consumption tax accounting

Consumption taxes are not included in the amounts in the consolidated statements of operations, but recorded in other current liabilities as offset amounts.

2) Consolidated tax system

Consolidated tax system is adopted.

3) Goodwill

The consolidated adjustment accounts, which are recognized as goodwill, are amortized over 5 years by the straight-line method. Small amount is amortized in a lump.

(Change in accounting standard)

From the interim period under review, "Accounting Standard for Business Combinations" (31st October, 2003), and "Accounting Standard for Business Divestitures and the related Implementation Guidance” (ASBJ Guidance No.7 of 27th December, 2005), and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" have been applied.

The adoption of the new accounting standard had no impact on net income.

5. Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, "Cash and cash equivalent" consists of cash on hands, demand deposits, and certain investments with original maturity of three months or less with virtually no risk of loss of values.

Change in accounting policies

Accounting Standard for Presentation of Net Assets in the Balance Sheet, etc.

Partial revision of Accounting Standard for Treasury Stock and Appropriation of Legal Reserve, etc.

From the interim period under review, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan (ASBJ) Statement No. 5 of 9th December, 2005) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8 of 9th December, 2005), as well as the revised "Accounting Standard for Treasury Stock and Appropriation of Legal Reserve" (ASBJ Statement No. 1; final revision on 11th August, 2006) and "Guidance on Accounting Standard for Treasury Stock and Appropriation of Legal Reserve" (ASBJ Guidance No. 2; final revision on 11th August, 2006) have been applied.

The adoption of the new accounting standard had no impact on net income.

Shareholder’s equity under the previous presentation method amounted to ¥182,600 million.

The interim financial statements for the period under review have been prepared in accordance with the revised "Regulation for Interim Consolidated Financial Statements".

Changes in Method of Presentation

Consolidated statements of income

1. "Dividend income", which has been included in "Others" under "Non-operating income", ¥142 million, in previous interim period is expressed independently because it is material to the consolidated statements of income as a whole.
2. "Insurance dividend income", which has been included in "Others" under "Non-operating income", ¥73 million, in previous interim period is expressed independently because it is material to the consolidated statements of income as a whole.
3. "Gain on sales of fixed assets", which has been included in "Others" under "Extraordinary gains", ¥47 million, in previous interim period is expressed independently because it is material to the consolidated statements of income as a whole.
4. "Gain on sales of investments in securities", ¥65 million, which has been expressed independently under "Extraordinary gains" in previous interim period is included in "Others" under "Extraordinary gains" because it is immaterial to the consolidated statements of income as a whole.

Consolidated statements of cash flows

1. "Proceeds from sales of property and equipment" which has been included in "Others" under "Cash flows from investing activities", ¥937 million, in previous interim period is expressed independently because it is material to the consolidated statements of cash flows as a whole.
2. "Issuance of common stock" which has been included in "Others" under "Cash flows from financing activities", ¥724 million, in previous interim period is expressed independently because it is material to the consolidated statements of cash flows as a whole.

Additional Information

Subsequent event: Tax adjustment

On 1st August, 2005, the Tokyo Regional Taxation Bureau notified the Company and its consolidated subsidiary CSK FINANCE CO., LTD of a corporate tax adjustment relating to the appraisal value of subsidiary companies involved in Group reorganization for the fiscal year ended 31st March, 2004.

The Company and its consolidated subsidiary do not accept the basis for this adjustment, and on 9th August, 2005 lodged an objection with the Tokyo Regional Taxation Bureau. At this stage the companies are not in receipt of any reply from the Tokyo Regional Taxation Bureau to our written statement of opposition.

If all the elements of the tax adjustment notification were reflected in the consolidated financial results for the fiscal year ended 31st March, 2006, the impact would be to reverse the Company's deferred tax assets by approximately ¥2.1 billion, and require tax payment by the consolidated subsidiary of approximately ¥4.0 billion. The consolidated subsidiary paid approximately ¥4.0 billion of its corporate tax liabilities at the fiscal year, and this amount has been included in the "Others" of "Current assets" on the consolidated balance sheets for the interim period under review.

Notes to Consolidated Financial Statements

1. Consolidated balance sheets

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(1) Accumulated depreciation of tangible fixed assets (millions of yen)

	As of 30th Sep		As of 31st Mar
	2005	2006	2006
	23,495	13,706	20,851

(2) Investments related to financial services

For the year ended 30th Sep, 2005

"Investments related to financial services" mainly consists of investments in anonymous associations, ¥41,122 million and shares, ¥28,969 million.

For the year ended 30th Sep, 2006

"Investments related to financial services" mainly consists of investments in anonymous associations, ¥25,602 million and shares, ¥26,499 million.

Liabilities related to financial services is the liability of anonymous associations that are consolidated subsidiaries, and mainly consist of non-recourse loans.

For the year ended 31st Mar, 2006

"Investments related to financial services" mainly consists of investments in anonymous associations, ¥57,078 million and shares, ¥23,635 million.

(3) Loan commitment agreements

Lender

The Group adopts the CSK Group Cash Management System (CMS) to ensure agile and efficient cash arrangements for group companies. The Company concluded master agreements for CMS that have set out the availability granted among 30 companies.

The remaining portion of credit line which has not been loaned to the group companies under these agreements are as follows:

(millions of yen)

	As of 30th Sep		As of 31st Mar
	2005	2006	2006
Total availability granted by CMS	40	40	40
Used portion of credit line	-	-	-
Remaining portion of credit line	40	40	40

(4) Statutory reserve

As of 30th Sep, 2005

The law that declines to account for "Reserve for securities trading liabilities" under "Statutory reserve" is "Securities Exchange Law No. 51" and the law that declines to account for "Reserve for financial futures trading liabilities" under "Statutory reserve" is "Financial Futures Trading Law No. 81".

Statutory reserve is omitted as of 30th Sep, 2006, and as of 31st Mar, 2006 because it is the same contents of 30th Sep, 2005.

(5) Investments related to financial services

As of 30th Sep, 2005

"Venture capital investments" at the beginning of fiscal interim period, ¥12,898 million, is changed to "Investments related to financial services" with adjustment in business purpose of consolidated subsidiaries.

As of 31st Mar, 2006

"Venture capital investments" at the beginning of fiscal period, ¥12,898 million, is changed to "Investments related to financial services" with adjustment in business purpose of consolidated subsidiaries

2. Consolidated statements of income

For the six months ended 30th Sep, 2005

(1) "Gain on sales of investments in securities" which is included in extraordinary gains is mainly due to the sale of shares in NextCom K.K. which the Company held.

For the year ended 31st Mar, 2006

(1) "Gain on sales of fixed assets" which is included in "Extraordinary gains" is mainly due to the sale of CSK Aoyama Building.

(2) "Gain on sales of investments in securities" which is included in "Extraordinary gains" is mainly due to the sale of shares in Nextcom K.K. which the Company held. And sales profit of investments related to financial service (securities), ¥11,827 million, in this fiscal

year contains movable exchange profit, ¥5,454 million, for policy investment objectives.

(3) A breakdown of impairment losses in special losses is as follows.

① The company declares the following impairment losses.

Location	Use	Classification
CSK Information Education Center (Tama city, Tokyo)	Administrative facilities Educational facilities	Land and buildings
Shinjuku center (Shinjuku-ku, Tokyo) Osaka Umeda center (Kita-ku, Osaka)	Call center	Buildings and annexed facilities Equipment and fixtures Software

② Asset grouping method.

Idle assets and assets scheduled for sale are on an individual case unit, and business assets are handled as a managerial accounting classification.

③ Background to recognition as impairment losses and calculation methods.

As book value was far less than the price after deduction of fees relating to the sale from the scheduled sales price mainly in the case of assets scheduled for sale, and where considerations of recoverable future cash flow were included in non profitable businesses in cases of business assets, book values reduced to recoverable values were recognized as impairment losses. The said reductions reported as impairment losses amounted to ¥3,379 million.

The breakdown was as follows:

Buildings and structures : ¥1,198 million

Land : ¥642 million

Others(mainly software) : ¥1,539 million

3. Consolidated statements of changes in net assets

(1)Types and numbers of outstanding shares and treasury stock

(shares)

	As of 31st Mar, 2006	The six months Increase	The six months Decrease	As of 30th Sep, 2006
Outstanding shares				
Common stock	77,791,992	334,420	-	78,126,412
Total	77,791,992	334,420	-	78,126,412
Treasury stock				
Common stock	4,143,833	3,372	94	4,147,111
Total	4,143,833	3,372	94	4,147,111

Notes: 1. Increase of 334,420 common stocks of issued stock was due to the exercise of stock options.

2. Increase of 3,372 common stocks of treasury stock was due to purchase of stocks less than a trading unit.

3. Decrease of 94 common stocks of treasury stock was due to disposal of stocks less than a trading unit.

(2) Items concerning new share warrants, etc.

There were no such items.

Note that in July 2006 the Company issued No.7 unsecured convertible-bond-type-bonds with stocks acquisition rights.

(3) Dividends

1. Dividends payments

Approvals	Type of shares	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
General shareholders' meeting on 28th Jun, 2006	Common stock	2,945	40	31st Mar, 2006	29th Jun, 2006

2. Dividends whose record date is attributable to the current semi-annual period but to be effective after the current semi-annual period

Approvals	Type of shares	Funds for dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
Board meeting on 7th Nov, 2006	Common stock	Retained earnings	1,479	20	30th Sep, 2006	11th Dec, 2006

4. Consolidated statements of cash flows

(1) "Cash and time deposits" on the consolidated balance sheet and "Cash and cash equivalents" on the consolidated statement of cash flows are reconciled as follows:

(millions of yen)

	As of 30th Sep		As of 31st Mar
	2005	2006	2006
Cash and time deposits	64,131	111,997	77,444
Marketable securities	2,757	4,153	3,910
Total	66,889	116,150	81,355
Less: Time deposits with original maturities of more than three months or those submitted as collateral for loans	(2,655)	(3,239)	(2,889)
Less: Equity securities and other marketable securities with original maturities of more than three months	(2,566)	(4,041)	(3,718)
Cash and cash equivalents	61,667	108,869	74,747

(2) Expenditure for acquisition of treasury stock by consolidated subsidiaries is included in "Purchase of treasury stock".

Segment Information (Consolidated)

1. Information by business segment

(millions of yen)

	Computer services	Financial services	Securities services	Prepaid card sales	Total	Elimination and corporate	Consolidated Total
	For the six months ended 30th Sep, 2005						
Sales and operating revenue:							
Outside customers	94,348	3,955	11,307	1,374	110,985	-	110,985
Inter-segment sales/transfers	333	-	0	26	359	(359)	-
Total	94,681	3,955	11,307	1,400	111,345	(359)	110,985
Costs and expenses	91,842	1,756	9,680	1,506	104,786	(290)	104,495
Operating income (loss)	2,839	2,198	1,626	(105)	6,559	(68)	6,490
	For the six months ended 30th Sep, 2006						
	Computer services	Financial services	Securities services	Prepaid card sales	Total	Elimination and corporate	Consolidated Total
Sales and operating revenue:							
Outside customers	91,985	15,184	10,991	1,464	119,626	-	119,626
Inter-segment sales/transfers	545	135	1	1	684	(684)	-
Total	92,530	15,320	10,993	1,466	120,310	(684)	119,626
Costs and expenses	84,816	3,111	10,705	1,564	100,198	180	100,379
Operating income (loss)	7,714	12,208	287	(98)	20,111	(864)	19,247
	For the year ended 31st Mar, 2006						
	Computer services	Financial services	Securities services	Prepaid card sales	Total	Elimination and corporate	Consolidated Total
Sales and operating revenue:							
Outside customers	197,467	14,207	26,636	2,843	241,154	-	241,154
Inter-segment sales/transfers	647	990	14	5	1,657	(1,657)	-
Total	198,115	15,198	26,650	2,848	242,812	(1,657)	241,154
Costs and expenses	188,437	4,503	20,933	3,059	216,934	(917)	216,016
Operating income (loss)	9,677	10,695	5,716	(211)	25,877	(740)	25,137

Notes: 1. The Group operates principally in four segments: Computer services, Financial services, Securities services, Prepaid card sales.

Segment	Major products and services
Computer services:	Software development, systems integration, facilities management, business process outsourcing and other related services
	Computer and other product sales, engineering of intelligent buildings, intelligent buildings lease
Financial services:	Investment in venture companies, investment in anonymous associations, real estate, equity securities and others, management of investment trust
Securities services:	Securities business and other related services
Prepaid card sales:	Issuance and settlement of prepaid cards, development and sales of card systems

2. Among costs and expenses, unallocated operating expenses in "Eliminations and corporate" for the six months ended 30th Sep, 2005 were expenses of ¥68 million pertaining to the Company's administration departments and others, and for the six months ended 30th Sep, 2006 were expenses of ¥3,385 million incurred at the Company. For the six months ended 30th Sep, 2005, the main expenses corresponding to these were included in the Computer Services. Furthermore, for the year ended 31st Mar, 2006, expenses of ¥68 million were incurred pertaining to the Company's administration departments and others before corporate separation on 1st October, 2005, and expenses of ¥3,433 million were incurred by the Company after corporate separation.

2. Segment information for geographic locations

Segment information for geographic locations is omitted for the six months ended 30th Sep, 2005, 2006, and in the period ended 31st Mar, 2006, because total sales for "Japan" segment exceeded 90% of total sales in each of such period.

3. Overseas sales

Information regarding overseas sales is omitted for the six months ended 30th Sep, 2005, 2006, and in the period ended 31st Mar, 2006, because total overseas sales were less than 10% of consolidated total sales in each of such period.

Marketable Securities and Investments in Securities

1. As of and for the six-month period ended 30th Sep, 2005

Ⅰ. Trading securities (Trading securities with market values)

(millions of yen)

	As of 30th Sep, 2005		
	Assets	Liabilities	Unrealized gains (losses)
Equity securities	962	-	52
Bonds	8,783	872	19
Beneficiary securities	0	-	(0)
Total	9,746	872	72

Ⅱ. Held-to-maturity Bonds with market values

(millions of yen)

	As of 30th Sep, 2005		
	Carrying amount	Fair market value	Unrealized gains
Government bonds and municipal bonds	19,605	19,565	(40)
Corporate bonds	-	-	-
Other bonds	-	-	-
Total	19,605	19,565	(40)

Ⅲ. Available-for-sale securities with market values

(millions of yen)

	As of 30th Sep, 2005		
	Acquisition cost	Fair market value	Unrealized gains (losses)
Equity securities	17,099	32,688	15,589
Bonds:			
Government bonds and municipal bonds	10	9	(0)
Corporate bonds	98	89	(9)
Others	-	-	-
Others	22,552	27,823	5,270
Total	39,760	60,611	20,850

Note: Investment fund and Investment in partnerships are included in “Others”.

Ⅳ. Major components of debt and equity securities without market values

(millions of yen)

	As of 30th Sep, 2005
	Carrying amount
Held-to-maturity Bonds	-
Available-for-sale securities:	
Money management funds	191
Unlisted stock	7,778
Unlisted bonds	224
Investment in partnerships	1,879
Investment in anonymous associations	41,122
Investments in unconsolidated subsidiaries and affiliates	882

2. As of and for the six-month period ended 30th Sep, 2006

Ⅰ. Trading securities (Trading securities with market values)

(millions of yen)

	As of 30th Sep, 2006		
	Assets	Liabilities	Unrealized gains (losses)
Equity securities	2,649	701	21
Bonds	9,607	5,706	84
Beneficiary securities	37	1	(0)
Total	12,294	6,409	105

Ⅱ. Held-to-maturity Bonds with market values

(millions of yen)

	As of 30th Sep, 2006		
	Carrying amount	Fair market value	Unrealized gains (losses)
Government bonds and municipal bonds	23,148	23,086	(62)
Corporate bonds	-	-	-
Other bonds	-	-	-
Total	23,148	23,086	(62)

Ⅲ. Available-for-sale securities with market values

(millions of yen)

	As of 30th Sep, 2006		
	Acquisition cost	Fair market value	Unrealized gains (losses)
Equity securities	24,691	32,084	7,392
Bonds:			
Government bonds and municipal bonds	10	9	(0)
Corporate bonds	198	192	(6)
Others	-	-	-
Others	22,304	24,543	2,238
Total	47,204	56,829	9,624

Note: Investment fund and Investment in partnerships are included in “Others”.

Ⅳ. Major components of debt and equity securities without market values

(millions of yen)

	As of 30th Sep, 2006
	Carrying amount
Held-to-maturity Bonds	-
Available-for-sale securities:	
Money management funds	111
Unlisted stock	14,328
Unlisted bonds	80
Investment in partnerships	2,153
Investment in anonymous associations	25,602
Investments in unconsolidated subsidiaries and affiliates	1,080

3. As of and for the year ended 31st Mar, 2006

Ⅰ. Trading securities (Trading securities with market values)

(millions of yen)

	As of 31st Mar, 2006		
	Assets	Liabilities	Unrealized gains (losses)
Equity securities	1,417	50	38
Bonds	9,350	4,670	(40)
Total	10,768	4,720	(2)

Ⅱ. Held-to-maturity Bonds with market values

(millions of yen)

	As of 31st Mar, 2006		
	Carrying amount	Fair market value	Unrealized gains
Government bonds and municipal bonds	20,539	20,307	(231)
Corporate bonds	-	-	-
Other bonds	-	-	-
Total	20,539	20,307	(231)

Ⅲ. Available-for-sale securities with market values

(millions of yen)

	As of 31st Mar, 2006		
	Acquisition cost	Fair market value	Unrealized gains (losses)
Equity securities	23,484	34,864	11,379
Bonds:			
Government bonds and municipal bonds	10	9	(0)
Corporate bonds	98	92	(6)
Others	-	-	-
Others	22,692	31,015	8,323
Total	46,286	65,983	19,696

Note: Investment fund and Investment in partnerships are included in “Others”.

Ⅳ. Major components of debt and equity securities without market values

(millions of yen)

	As of 31st Mar, 2006
	Carrying amount
Held-to-maturity Bonds	-
Available-for-sale securities:	
Money management funds	191
Unlisted stock	10,093
Unlisted bonds	181
Investment in partnerships	1,932
Investment in anonymous associations	57,078
Investments in unconsolidated subsidiaries and affiliates	1,080

Production, Order Receipts, and Sales

1. Results of production

Results of production by business segment for the six months ended 30th Sep, 2006 are as follows:

(millions of yen)

Segment	Production	Change
Computer services	101,700	12.2%

"Computer and other products sales" that laid in stock is not included in "Computer services".

2. Orders received

Orders received by business segment for the six months ended 30th Sep, 2006 are as follows:

(millions of yen)

Segment	Order received		Backlog	
		Change		Change
Computer services	103,905	(3.2%)	81,590	(3.4%)

3. Results of sales

Sales by business segment for the six months ended 30th Sep, 2006 are as follows:

(millions of yen)

Segment	Sales	Change
Computer services	91,983	(2.5%)
Financial services	15,184	283.9%
Securities services	10,991	(2.8%)
Prepaid card sales	1,464	6.6%
Total	119,626	7.8%

Notes:

1. The amount described above does not include consumption tax.
2. The amount of "1. Results of production" descends according to the sales price.
3. "1. Results of production" and "2. Order received" represent the total amount of CSK HOLDINGS CORPORATION and Its consolidated subsidiaries.

7 th November, 2006

Financial Report for the Six Months Period Ended 30th September, 2006 (Non-Consolidated)

CSK HOLDINGS CORPORATION http://www.csk.com/

Listings: The First Section of the Tokyo Stock Exchange, Code 9737
Head Office : CSK Aoyama Bldg., 2-26-1, Minami-Aoyama, Minato-ku, Tokyo 107-0062
Date of the Meeting of the Board of Directors to Settle Interim Accounts: 7th November, 2006
Date of the Dividends Payment Beginning Expected: 11th December, 2006
Unit Share Method: Yes (1 unit = 100shares)

1. Business Results for the Interim Period of Fiscal Year 2007 (From 1st April, 2006 to 30th September, 2006)

(1) Results of operations (Figures are rounded down to the nearest million yen)

	Sales and operating revenue		Operating income		Ordinary income	
	million yen	%	million yen	%	million yen	%
Current Interim Period	11,511	(79.4)	7,923	266.4	9,326	84.0
Previous Interim Period	55,847	(24.6)	2,162	(53.1)	5,067	(27.2)
Reference) Fiscal Year 2006	59,807		2,529		6,206	

	Net income		Net income per share
	million yen	%	yen
Current Interim Period	8,957	(40.0)	121.31
Previous Interim Period	14,929	(56.7)	198.79
Reference) Fiscal Year 2006	22,563		302.75

Notes: 1. Average number of shares outstanding during the period ended.
Current Interim Period: 73,844,695 shares Previous Interim Period: 75,104,793 shares
Fiscal Year 2006: 74,386,543 shares
2. Change in accounting policies: None
3. Percentages for Sales and operating revenue, Operating income, Ordinary income and Net income indicate changes from the previous interim period

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
As of 30th Sep, 2006	315,750	169,628	53.7	2,292.91
As of 30th Sep, 2005	272,172	155,930	57.3	2,112.67
Reference) Fiscal Year 2006	288,996	163,862	56.7	2,224.36

Notes: 1. Number of shares issued at the end of the period
Current Interim Period: 73,979,301 shares Previous Interim Period: 73,807,565 shares
Fiscal Year 2006: 73,648,159 shares
2. Number of shares of treasury stock at the end of the period
Current Interim Period: 4,147,111 shares Previous Interim Period: 3,121,667 shares
Fiscal Year 2006: 4,143,833 shares

2. Earnings Forecast for the Fiscal Year 2007 (From 1st April, 2006 to 31st March, 2007)

	Operating revenue	Ordinary income	Net income
	million yen	million yen	million yen
Full-year	15,500	10,200	10,000

Reference) Expected net income per share (full-year basis): 135.17 yen

3. Dividends

	Interim dividends per share	Fiscal year-end dividends per share	Annual dividends per share
	yen	yen	yen
Fiscal Year 2006	-	40.00	40.00
Fiscal Year 2007(result)	20.00	-	40.00
Fiscal Year 2007(forecast)	-	20.00	

* On 1st October, 2005, CSK CORPORATION shifted to a holding company structure. Accordingly, operating result and financial position of this fiscal year differ from the previous year. Since descriptions about future events, for instance, earnings forecast for March, 2007 are estimation, results may differ from this estimation due to changes of several economic conditions.

*** This financial report has been translated from the Japanese "Kessan Tanshin (including attachments)", which has been prepared in accordance with accounting principles generally accepted in Japan, for reference purposes only.**

Non-Consolidated Balance Sheets

(millions of yen)

Period / Account	Fiscal year 2006 1st half (As of 30th Sep, 2005)		Fiscal year 2007 1st half (As of 30th Sep, 2006)		Fiscal year 2006 (As of 31st Mar, 2006)		Increase (Decrease) compared to fiscal year 2006	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Change
Assets		%		%		%		%
I Current assets								
1 Cash and time deposits	37,407		85,320		54,280		31,039	
2 Notes receivable	14		-		-		-	
3 Accounts receivable	19,619		27		66		(38)	
4 Operating account receivable	-		710		756		(45)	
5 Inventories	4,922		31		31		0	
6 Short-term loans receivable	81		-		-		-	
7 Short-term loans to subsidiaries and affiliates	35,927		37,457		40,382		(2,925)	
8 Other current assets	10,749		7,843		13,476		(5,632)	
Allowance for doubtful accounts	(22)		-		(35)		35	
Total current assets	108,700	39.9	131,390	41.6	108,958	37.7	22,432	20.6
II Fixed assets								
1 Tangible fixed assets								
(1) Buildings	15,343		4,693		7,450		(2,757)	
(2) Computer and other equipment	1,748		735		853		(118)	
(3) Land	7,694		7,105		8,788		(1,682)	
(4) Other tangible fixed assets	170		1,391		123		1,268	
Total tangible fixed assets	24,956	9.2	13,926	4.4	17,216	6.0	(3,289)	(19.1)
2 Intangible fixed assets								
(1) Land leasehold	10,156		-		-		-	
(2) Other intangible fixed assets	531		550		85		464	
Total intangible fixed assets	10,687	3.9	550	0.2	85	0.0	464	543.9
3 Investments and other assets								
(1) Investments in securities	23,370		30,385		31,742		(1,357)	
(2) Investments in subsidiaries and affiliates	71,167		106,550		106,033		517	
(3) Long-term loans to subsidiaries and affiliates	17,358		28,328		25,005		3,323	
(4) Prepaid pension costs	3,788		-		-		-	
(5) Deferred income taxes	2,552		-		-		-	
(6) Fixed leasehold deposits	8,391		4,220		3,000		1,220	
(7) Others	1,948		1,136		1,193		(57)	
Allowance for doubtful accounts	(749)		(739)		(4,240)		3,500	
Total investments and other assets	127,828	47.0	169,882	53.8	162,735	56.3	7,146	4.4
Total fixed assets	163,472	60.1	184,359	58.4	180,037	62.3	4,321	2.4
Total assets	272,172	100.0	315,750	100.0	288,996	100.0	26,753	9.3

(millions of yen)

Account / Period	Fiscal year 2006 1st half (As of 30th Sep, 2005) Amount	% of total	Fiscal year 2007 1st half (As of 30th Sep, 2006) Amount	% of total	Fiscal year 2006 (As of 31st Mar, 2006) Amount	% of total	Increase (Decrease) compared to fiscal year 2006 Amount	Change
Liabilities		%		%		%		%
I Current liabilities								
1 Accounts payable	8,488		15		16		(0)	
2 Short-term bank loans payable	7,300		1,200		5,500		(4,300)	
3 Accrued expenses	2,664		-		1,383		(1,383)	
4 Accrued income taxes	327		1,846		6,474		(4,628)	
5 Consumption taxes payable	174		-		-		-	
6 Deposits received	25,520		39,057		41,715		(2,657)	
7 Accrued bonuses to employees	3,080		97		98		(1)	
8 Allowance for anticipated losses on contracts	173		-		-		-	
9 Allowance for relocation loss	95		-		-		-	
10 Other current liabilities	2,849		990		2,095		(1,104)	
Total current liabilities	50,674	18.6	43,207	13.7	57,283	19.8	(14,075)	(24.6)
II Long-term liabilities								
1 Corporate bonds payable	40,000		40,000		40,000		-	
2 Convertible bonds payable	23,000		58,000		23,000		35,000	
3 Long-term bank loans payable	1,200		-		-		-	
4 Accrued directors’ retirement benefits	113		113		113		-	
5 Other long-term liabilities	1,254		4,801		4,737		64	
Total long-term liabilities	65,567	24.1	102,914	32.6	67,850	23.5	35,064	51.7
Total liabilities	116,242	42.7	146,121	46.3	125,133	43.3	20,988	16.8
Shareholders' equity								
I Common stock	69,852	25.6	-	-	71,523	24.7	(71,523)	-
II Capital surplus								
1 Additional paid-in capital	25,498		-		27,169		(27,169)	
2 Other capital retained earnings	7,086		-		7,075		(7,075)	
Total capital surplus	32,585	12.0	-	-	34,245	11.9	(34,245)	-
III Retained earnings								
1 Legal reserve	62		-		62		(62)	
2 Voluntary reserve	48,821		-		48,821		(48,821)	
3 Unappropriated retained earnings	16,871		-		24,505		(24,505)	
Total retained earnings	65,755	24.2	-	-	73,389	25.4	(73,389)	-
IV Unrealized gains on securities	1,649	0.6	-	-	4,330	1.5	(4,330)	-
V Treasury stock, at cost	(13,912)	(5.1)	-	-	(19,625)	(6.8)	19,625	-
Total shareholders' equity	155,930	57.3	-	-	163,862	56.7	(163,862)	-
Total liabilities and shareholders' equity	272,172	100.0	-	-	288,996	100.0	(288,996)	-
Net assets								
I Shareholders' equity								
1 Common stock	-	-	72,195	22.9	-	-	72,195	-
2 Capital surplus								
(1) Additional paid-in capital	-		27,841		-		27,841	
(2) Other capital retained earnings	-		7,075		-		7,075	
Total capital surplus	-	-	34,916	11.0	-	-	34,916	-
3 Retained earnings								
(1) Legal reserve	-		62		-		62	
(2) Other retained earnings								
General reserve	-		67,321		-		67,321	
Carrying forward earned surpluses	-		11,974		-		11,974	
Total retained earnings	-	-	79,358	25.1	-	-	79,358	-
4 Treasury stock, at cost	-	-	(19,642)	(6.2)	-	-	(19,642)	-
Total shareholders' equity	-	-	166,828	52.8	-	-	166,828	-
II Valuation and translation adjustments								
1 Unrealized gains on securities	-	-	2,799	0.9	-	-	2,799	-
2 Gains on deferred hedge	-	-	0	0.0	-	-	0	-
Total valuation and translation adjustments	-	-	2,800	0.9	-	-	2,800	-
Total net assets	-	-	169,628	53.7	-	-	169,628	-
Total liabilities and net assets	-	-	315,750	100.0	-	-	315,750	-

Non-Consolidated Statements of Income

(millions of yen)

Period / Account	Fiscal year 2006 For the six months ended 30th Sep 2005		Fiscal year 2007 For the six months ended 30th Sep 2006		Increase (Decrease)		Fiscal year 2006 For the year ended 31st Mar, 2006	
	Amount	Ratio to Sales and operating revenue	Amount	Ratio to Sales and operating revenue	Amount	Change	Amount	Ratio to Sales and operating revenue
		%		%		%		%
I Sales and operating revenue	55,847	100.0	-	-	(55,847)	-	55,847	93.4
II Operating costs	44,923	80.4	-	-	(44,923)	-	44,923	75.1
Gross profit	10,923	19.6	-	-	(10,923)	-	10,923	18.3
III Selling, general and administrative expenses	8,761	15.7	-	-	(8,761)	-	8,761	14.7
IV Operating revenue	-	-	11,511	100.0	11,511	-	3,959	6.6
V Operating expenses	-	-	3,588	31.2	3,588	-	3,592	6.0
Operating income	2,162	3.9	7,923	68.8	5,760	266.4	2,529	4.2
VI Non-operating income	3,405	6.1	1,889	16.4	(1,516)	(44.5)	4,681	7.8
1 Interest income	590		1,138		548		1,467	
2 Dividend income	2,319		140		(2,179)		2,369	
3 Facilities rent income	-		449		449		-	
4 Others, net	496		161		(334)		844	
VII Non-operating expenses	500	0.9	485	4.2	(14)	(3.0)	1,004	1.7
1 Interest expenses	92		99		6		187	
2 Interest on corporate bonds	177		192		15		352	
3 Corporate bond issue costs	-		54		54		-	
4 Provision for accrued employees' retirement benefits	126		-		(126)		126	
5 Transfer agent commission	78		83		5		179	
6 Others, net	25		54		29		157	
Ordinary income	5,067	9.1	9,326	81.0	4,259	84.0	6,206	10.3
VIII Extraordinary gains	19,434	34.8	99	0.9	(19,334)	(99.5)	34,958	58.5
1 Gain on sales of fixed assets	-		59		59		15,455	
2 Gain on sales of investments in subsidiaries and affiliates	19,288		-		(19,288)		19,288	
3 Gain from reversal of allowance for doubtful accounts	-		35		35		-	
4 Others, net	145		4		(141)		215	
IX Extraordinary losses	1,816	3.3	36	0.3	(1,780)	(98.0)	7,166	12.0
1 Loss on disposal of fixed assets	149		8		(140)		209	
2 Loss on impairment of fixed assets	-		-		-		1,578	
3 Loss on write-down of investments in securities	-		27		27		-	
4 Loss on relocation of datacenter	740		-		(740)		740	
5 Loss on cancellation of system development	807		-		(807)		807	
6 Provision for allowance for doubtful accounts	-		-		-		3,535	
7 Others, net	119		0		(119)		295	
Income before income taxes	22,684	40.6	9,389	81.6	(13,295)	(58.6)	33,998	56.8
Income taxes : Current	(1,059)	(1.9)	(558)	(4.8)	501	-	(410)	(0.7)
Income taxes : Deferred	8,814	15.8	989	8.6	(7,824)	(88.8)	11,845	19.8
Net income	14,929	26.7	8,957	77.8	(5,972)	(40.0)	22,563	37.7
Retained earnings at the beginning	1,942		-		(1,942)		1,942	
Unappropriated retained earnings	16,871		-		(16,871)		24,505	

Non-consolidated Statement of Changes in Net Assets

Fiscal year 2007 for the six months ended 30th Sep, 2006

(millions of yen)

	Shareholders' equity								Valuation and translation adjustments		Total net assets
	Common stock	Capital surplus		Retained earnings			Treasury stock, at cost	Total shareholders' equity	Unrealized gains on securities	Gain on deferred hedge	
		Additional paid-in capital	Other capital retained earnings	Legal reserve	Other retained earnings						
					General reserve	Carrying forward earned surpluses					
Balance as of 31st Mar, 2006	71,523	27,169	7,075	62	48,821	24,505	(19,625)	159,532	4,330	-	163,862
Change in the six months											
Exercise of stock option	671	671	-	-	-	-	-	1,343	-	-	1,343
General reserve	-	-	-	-	18,500	(18,500)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(2,945)	-	(2,945)	-	-	(2,945)
Directors' and standing corporate auditors' bonuses	-	-	-	-	-	(42)	-	(42)	-	-	(42)
Net income	-	-	-	-	-	8,957	-	8,957	-	-	8,957
Repurchase of treasury stock	-	-	-	-	-	-	(17)	(17)	-	-	(17)
Disporsal of treasury stock	-	-	(0)	-	-	-	0	0	-	-	0
Net change in the items other than shareholders' equity in the six months	-	-	-	-	-	-	-	-	(1,530)	0	(1,530)
Total of change in the six months	671	671	(0)	-	18,500	(12,530)	(16)	7,295	(1,530)	0	5,765
Balance as of 30th Sep, 2006	72,195	27,841	7,075	62	67,321	11,974	(19,642)	166,828	2,799	0	169,628

Significant Accounting Policies of Non-Consolidated Financial Statements

1. Valuation basis and valuation method for assets

(1) Marketable securities and investments in securities

Held-to-maturity bonds:	Amortized cost method
Shares of subsidiaries and affiliates:	Cost method based on the moving-average method
Available-for-sale securities	
With market value:	Market value method (Unrealized gains and losses are reported in the net assets section of the non-consolidated balance sheets. Sales cost is calculated using the moving-average method.)
Without market value:	Cost method based on the moving-average method
(2) Derivative instruments:	Market value method is adopted.
(3) Inventories:	Cost method based on the specific identification method

2. Depreciation method for Fixed assets

(1) Tangible fixed assets:	Declining balance method Buildings: 2-50 years Computer and other equipment: 2-20 years For the depreciation of buildings (excluding structures), which have been acquired since 1st April, 1998, the straight-line method is adopted.
(2) Intangible fixed assets	
Internal use software:	Straight-line method based on the period available (within 5 years) in the company
Others:	Straight-line method

3. Deferred assets	Equity costs and Corporate bond issue costs are expensed as incurred. (Change in accounting policies) From the interim period under review, "Tentative Solution on Accounting for Deferred Assets" (practical solutions No.19 of 11th August, 2006) has been applied. "New share issuing expense", which has been included in "Others, net" under "Non-operating expenses" in previous interim period is changed to be treated as "Equity costs".

4. Allowances

(1) Allowance for doubtful accounts:	Allowance for doubtful accounts is maintained for the amounts deemed uncollectible based on solvency analyses and for estimated delinquency based on collection rates projected from historical credit loss experiences, and for the amounts to cover specific accounts that are estimated to be uncollectible.
(2) Accrued bonuses to employees:	Accrued bonuses to employees represents bonuses to employees expected to be paid for their services rendered prior to the balance sheets date.
(3) Accrued employees’ retirement benefits:	Accrued employees’ retirement benefits are calculated based on the estimated retirement obligations less estimated plan assets at the balance sheets date. When "Plan assets" exceeds an amount of "Projected benefit obligations" minus both "Unrecognized net translation" the amount in excess is accounted for as "Others" included in "Investments and other assets". Unrecognized actuarial net loss will be amortized using the straight-line method over the average remaining service period (12 years) and amortization will be started from the next fiscal year.
(4) Accrued directors’ retirement benefits:	Accrued directors' retirement benefits in amounts is equivalent to the liability the Company would have been required to pay upon directors’ retirement at the balance sheets date in accordance with internal rules. However the Company is not increasing the required amounts after the general meeting of shareholders of 26th June, 2003 holding, due to revise internal rules.

5. Lease transactions	Finance leases, other than those which involve transferring of ownership of the leased assets to the lessee, are accounted for in a manner similar to operating leases.

6. Hedge accounting

(1) Accounting method for hedge transaction:	Deferred hedge accounting is adopted. Monetary liabilities denominated in foreign currencies with forward exchange contracts are translated at the contract rates to the extent contracts cover.
(2) Hedge method and hedged transaction:	Derivatives are used in hedging operations, including forward exchange contracts, currency option transactions, foreign currency securities, foreign currency time deposits, interest swap transactions and interest rate caps, etc. Monetary liabilities denominated in foreign currencies are hedged transactions.
(3) Hedging policy:	The risk in fluctuations in interest rates for regular business is hedged based on the company regulations. The Company, however, does not actively engage in derivative transactions for speculative purposes or for obtaining short-term capital gains.
(4) Evaluation of effectiveness of hedge accounting:	The Company verifies the correlation by mainly comparing means for hedging with fluctuation of rates.

7. Others

(1) Consumption tax accounting:	Consumption taxes are not included in the amounts in the non-consolidated statements of operations, but recorded in other current liabilities as offset amounts.
(2) Consolidated tax system:	Consolidated tax system is adopted.

Change in accounting policies

Accounting Standard for Presentation of Net Assets in the Balance Sheet, etc.

Partial revision of Accounting Standard for Treasury Stock and Appropriation of Legal Reserve, etc.

From the interim period under review, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan (ASBJ) Statement No. 5 of 9th December, 2005) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8 of 9th December, 2005), as well as the revised "Accounting Standard for Treasury Stock and Appropriation of Legal Reserve" (ASBJ Statement No. 1; final revision on 11th August, 2006) and "Guidance on Accounting Standard for Treasury Stock and Appropriation of Legal Reserve" (ASBJ Guidance No. 2; final revision on 11th August, 2006) have been applied.

The adoption of the new accounting standard had no impact on net income.

Shareholder's equity under the previous presentation method amounted to ¥169,627 million

The interim financial statements for the period under review have been prepared in accordance with the revised "Regulation for Interim Financial Statements".

Change in Method of Presentation

Non-consolidated balance sheets

1. "Short-term loans receivable", ¥1 million, which has been expressed independently under "Current assets" in previous interim period is included in "Others" under "Current assets", because it is immaterial to the non-consolidated balance sheets as a whole.
2. "Prepaid pension costs", ¥2 million, which has been expressed independently under "Investments and other assets" in previous interim period is included in "Others" under "Investments and other assets", because it is immaterial to the non-consolidated balance sheets as a whole.
3. "Accrued expenses", ¥368 million, which has been expressed independently under "Current liabilities" in previous interim period is included in "Others" under "Current liabilities", because it is immaterial to the non-consolidated balance sheets as a whole.

Non-consolidated statements of income

1. "Facilities rent income", which has been included in "Others, net" under "Non-operating income", ¥117 million, in previous interim period is expressed independently because it is material to the non-consolidated statements of income as a whole.
2. "Gain on sales of fixed assets", which has been included in "Others, net" under "Extraordinary gains", ¥47 million, in previous interim period is expressed independently because it is material to the non-consolidated statements of income as a whole.
3. "Gain from reversal of allowance for doubtful accounts", which has been included in "Others, net" under "Extraordinary gains", ¥23 million, in previous interim period is expressed independently because it is material to the non-consolidated statements of income as a whole.
4. "Loss on write-down of investments in securities", which has been included in "Others, net" under "Extraordinary losses", ¥5 million, in previous interim period is expressed independently because it is material to the non-consolidated statements of income as a whole.

Additional Information

Subsequent event: Tax adjustment

On 1st August, 2005, the Tokyo Regional Taxation Bureau notified the Company of a corporate tax adjustment relating to the appraisal value of subsidiary companies involved in Group reorganization for the fiscal year ended 31st March, 2004.

The Company do not accept the basis for this adjustment, and on 9th August, 2005 lodged an objection with the Tokyo Regional Taxation Bureau. At this stage the Company are not in receipt of any reply from the Tokyo Regional Taxation Bureau to our written statement of opposition.

If all the elements of the tax adjustment notification were reflected in the consolidated financial results for the interim period ending 30th September, 2006, the impact would be to reverse the Company 's deferred tax assets by approximately ¥2.1 billion.

Shift of operating result and financial position

On 1st October, 2005, CSK CORPORATION shifted to a holding company structure. Accordingly, operating result and financial position of this fiscal year differ from previous year and previous interim period.

Notes to Non-Consolidated Financial Statements

Non-consolidated balance sheets

1. Accumulated depreciation of tangible fixed assets

(millions of yen)

	As of 30th Sep		As of 31st Mar
	2005	2006	2006
	17,445	4,010	11,472

2. Pledged assets

(millions of yen)

	As of 30th Sep		As of 31st Mar
	2005	2006	2006
Other current assets (Marketable securities)	10	-	10

Note: Based on Article 25 of Building Lots and Buildings Transaction Business Law, "Investments in securities" and "Other current assets (Marketable securities)" above have been pledged as collateral to secure dealings.

3. Deposits received

(millions of yen)

	As of 30th Sep		As of 31st Mar
	2005	2006	2006
CSK Group Cash Management System(CMS)	25,222	39,034	41,616

4. Loan commitment agreements

Lender

The Company concluded master agreements for CMS that have set out the availability granted among companies.
The remaining portion of credit line which has not been loaned to the Company under these agreements are as follows.

(millions of yen)

	As of 30th Sep		As of 31st Mar
	2005	2006	2006
Total availability granted by CMS	7,435	57,005	27,270
Used portion of credit line	-	14,441	-
Remaining portion of credit line	7,435	42,564	27,270
Number of target corporation	29 companies	30 companies	29 companies

5. Increase in the number of shares

	As of 30th Sep		As of 31st Mar
	2005	2006	2006
Stock option	195,948 shares	334,420 shares	1,058,708 shares

6. Consumption taxes

As of 30th Sep, 2005

"Provisional payment of consumption taxes" and "Provisional receipt of consumption taxes" are offset and included in "Consumption taxes payable" under "Current assets".

As of 30th Sep, 2006

"Provisional payment of consumption taxes" and "Provisional receipt of consumption taxes" are offset and included in "Others, net" under "Current assets".

Non-consolidated statements of income

1. "Sales and operating revenue", "Operating costs", "Selling, general and administrative expenses", "Operating revenue", and "Operating expenses"

For the six months ended 30th Sep, 2006

"IV Operating revenue" for the holding company for the six months ended 30th September, 2006 and beyond is based on dividends received from subsidiaries and affiliates and Group operating revenue.

For the year ended 31st Mar, 2006

On 1st October, 2005, CSK CORPORATION shifted to a holding company structure.

"I Sales and operating revenue", "II Operating costs", and "III Selling, general and administrative expenses" are revenue and expenses of ex-CSK CORPORATION for the six months ended 30th September, 2005. "IV Operating revenue" and "V Operating expenses" are revenue and expenses of the CSK HOLDINGS CORPORATION, a holding company, for the year ended 31st March, 2006.

"IV Operating revenue" for the holding company for the year ended 31st March, 2006 and beyond is based on dividends received from subsidiaries and affiliates and Group operating revenue.

2. Depreciation expenses (millions of yen)

	For the six months ended 30th Sep		For the year ended 31st Mar
	2005	2006	2006
Tangible fixed assets	916	416	1,623
Intangible fixed assets	194	16	292
Total	1,110	433	19,915

3. Gain on sales of investment in subsidiaries and affiliates (millions of yen)

	For the six months ended 30th Sep		For the year ended 31st Mar
	2005	2006	2006
Nextcom.KK.	19,288	-	19,288

4. Loss on impairment of fixed assets

For the year ended 31st Mar, 2006

(1) The company declares the following impairment losses

Location	Use	Classification
CSK Information Education Center (Tama city, Tokyo)	Administrative facilities Educational facilities	Land and buildings

(2) Asset grouping method

As regards the computer services business, the company uses the division as the smallest grouping unit. Also, in the case of assets scheduled for sale, each asset is treated as the smallest grouping unit. As the headquarters does not generate independent cash flow it is treated as a commonly held asset.

(3) Background to recognition as impairment losses and calculation methods

As book value was far less than the price left when fees relating to the sale were deducted from the scheduled sales price in the case of assets scheduled for sale, these were recognized as impairment losses. The said reduction was reported in special losses as impairment losses amounting to ¥1,578 million.

The breakdown was as follows:

Land: ¥613 million

Buildings and structures: ¥924 million

Others: ¥39 million

At the level of the divisions, which form the basic grouping units, there was no indication of impairment.

Non-consolidated statements of changes in net assets

Fiscal year 2007 for the six months ended 30th Sep, 2006

Types and numbers of treasury stock

(shares)

	As of 31st Mar, 2006	The six months Increase	The six months Decrease	As of 30th Sep, 2006
Common stock	4,143,833	3,372	94	4,147,111
Total	4,143,833	3,372	94	4,147,111

Notes: 1. Increase of 3,372 common stocks of treasury stock was due to purchase of stocks less than a trading unit.
2. Decrease of 94 common stocks of treasury stock was due to disposal of stocks less than a trading unit.

Marketable Securities and Investments in Securities

1. As of 30th Sep, 2005

Investments in subsidiaries and affiliates with market value

(millions of yen)

Item	Carrying amount	Fair market value	Difference
Share of subsidiaries	32,459	69,981	37,522
Share of affiliates	-	-	-

2. As of 30th Sep, 2006

Investments in subsidiaries and affiliates with market value

(millions of yen)

Item	Carrying amount	Fair market value	Difference
Share of subsidiaries	32,459	53,640	21,180
Share of affiliates	-	-	-

3. As of 31st Mar, 2006

Investments in subsidiaries and affiliates with market value

(millions of yen)

Item	Carrying amount	Fair market value	Difference
Share of subsidiaries	32,459	80,349	47,890
Share of affiliates	-	-	-