9th May, 2007

Financial Report for the Fiscal Year 2007, Ended 31st March, 2007 (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 Ordinary General Meeting of Shareholders: 27th June, 2007
Date of the Securities Report: 28th June, 2007
Date of the Dividends Payment Beginning Expected: 28th June, 2007

(Figures are rounded down to the nearest million yen)

1. Business Results for the Fiscal Year 2007 (From 1st April, 2006 to 31st March, 2007)

(1) Results of operations (Percentages indicate changes from the previous term)

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year 2007	245,981	2.0	29,904	19.0	30,810	14.2	8,679	(71.9)
Fiscal Year 2006	241,154	(24.6)	25,137	4.5	26,981	(2.3)	30,874	(7.4)

	Net income per share	Diluted net income per share	Ratio of net income / Shareholders' equity	Ratio of ordinary income / Total assets	Ratio of operating income / Operating revenue
	yen	yen	%	%	%
Fiscal Year 2007	117.35	105.60	4.8	5.5	12.2
Fiscal Year 2006	410.52	387.98	18.4	5.4	10.4

Reference) Equity in net income(loss) of unconsolidated subsidiaries and affiliates
Fiscal Year 2007: - million yen Fiscal Year 2006: 198 million yen

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Fiscal Year 2007	577,294	208,775	31.9	2,479.33
Fiscal Year 2006	543,134	179,824	33.1	2,437.08

Reference) Shareholders' equity
Fiscal Year 2007: 184,186 million yen Fiscal Year 2006: - million yen

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of year
	million yen	million yen	million yen	million yen
Fiscal Year 2007	7,069	(16,546)	39,532	105,447
Fiscal Year 2006	(25,052)	28,986	(6,620)	74,747

2. Dividends

(Date of Standard)	Dividends per share: Interim	Fiscal year-end	Annual	Total dividends paid	Dividends payout Ratio (Consolidated)	Ratio of dividends / Net assets (Consolidated)
	yen	yen	yen	million yen	%	%
Fiscal Year 2006	-	40.00	40.00	2,945	9.7	1.8
Fiscal Year 2007	20.00	20.00	40.00	2,965	34.1	1.6
Fiscal Year 2008 (forecast)	20.00	20.00	40.00	-	16.5	-

3. Earnings Forecast for the Fiscal Year 2008 (From 1st April, 2007 to 31st March, 2008)

(Percentages indicate changes from the previous term)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Interim	120,000	0.3	18,000	(6.5)	18,500	(6.6)	10,000	(4.7)	134.61
Full-year	260,000	5.7	33,000	10.4	34,000	10.4	18,000	107.4	242.30

4. Others

(1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation) : None

(2) Changes on the basis of consolidated financial statements preparation

① Related to accounting standard revisions etc. : Yes

② Other changes : None

Note: For further details, refer to "Significant Accounting Policies of Consolidated Financial Statements" on page 21 and "Change in accounting policies" on page 24.

(3) Outstanding shares (Common shares)

① Number of shares outstanding at the end of fiscal year (Including treasury stock)

Fiscal Year 2007 : 78,437,124 shares Fiscal Year 2006 : 77,791,992 shares

② Number of treasury stock

Fiscal Year 2007 : 4,148,356 shares Fiscal Year 2006 : 4,143,833 shares

Note: For an explanation of the number of shares used for computing net income per share (Consolidated), please refer to "Per Share Information" on page 32.

(Reference) Non-consolidated results

1. Non-consolidated results for the Fiscal Year 2007 (From 1st April, 2006 to 31st March, 2007)

(1) Non-consolidated results of operations (Percentages indicate changes from the previous term)

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal Year 2007	15,583	(73.9)	8,367	230.9	10,785	73.8	7,625	(66.2)
Fiscal Year 2006	59,807	(56.8)	2,529	(65.8)	6,206	(46.2)	22,563	(32.6)

	Net income per share	Diluted net income per share
	yen	yen
Fiscal Year 2007	103.10	93.28
Fiscal Year 2006	302.75	286.51

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
Fiscal Year 2007	331,321	170,018	51.3	2,288.61
Fiscal Year 2006	288,996	163,862	56.7	2,224.36

Reference) Shareholders' equity

Fiscal Year 2007: 170,018 million yen Fiscal Year 2006: - million yen

※ Explanation of the appropriate use of performance forecasts and other related items

Since descriptions about future events, for instance, earnings forecast for March, 2008 are estimation, results may differ from this estimation due to changes of several economic conditions. For further details, refer to "Consolidated forecasts for the fiscal year ending 31st March, 2008" on page 6.

*** 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.**

1. Operating Results

(1) Analysis of Operating Results

① Overview of operations

During the year under review, the Japanese economy continued on a moderate recovery pathway. Underpinned by higher corporate profits, a firming trend in capital expenditure, and improved profitability in the export sector due to the weakening yen, the business environment and outlook for many industries brightened considerably. At the same time, consumer spending showed some signs of weakness, and with concerns about a slowdown in the U.S. economy the current recovery is not viewed as reflecting broad economic strength.

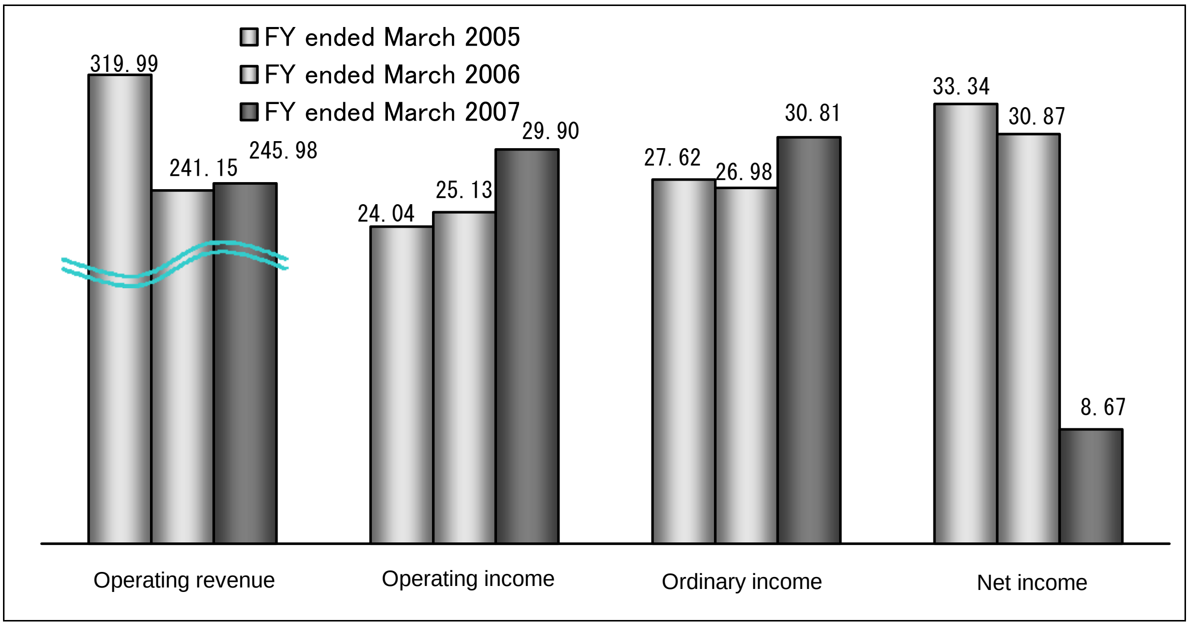
In computer services, IT-related capital spending increased steadily as corporate earnings grew, although clients are making stronger demands with regard to delivery, quality and price, in pursuit of the highest possibly productivity. Meanwhile, the maturation of the industry itself and the shift to a new generation of IT engineers are becoming acknowledged as important management issues.

In financial services, the investment environment has been favorable, due to the improved economic environment and higher corporate profits. In the securities business related field, the equity markets were at low levels from the end of May through to the end of August. Average share prices trended upwards from October, but after the end of February eased back in the approach to end of the financial year. In prepaid cards, demand grew from corporations making increased use of prepaid cards as sales promotion tools, hospitality programs for stockholders and so forth as the membership network expanded, and there was also growth in the use of such cards as gifts.

In the context of 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. Details of our activities can be found after page 5.

Operating revenue for the year ended 31st March, 2007 increased 2.0% to ¥245.98 billion. Operating income increased 19.0% to ¥29.90 billion, ordinary income increased 14.2% to ¥30.81 billion, and net income decreased 71.9% to ¥8.67 billion. These results represent record levels of operating income and ordinary income.

(Unit: billions of yen)



Operating revenue increased 2.0% to ¥245.98 billion due to sound performance in ASP* 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 in computer services, along with expansion of the financial services business, and growth in the prepaid card business.

Operating income increased 19.0% to ¥29.90 billion, supported by the factors noted above, along with greatly improved profitability in the computer services business arising from focusing on securing higher margin orders in systems integrations, along with higher efficiency and lower R&D costs 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

Ordinary income increased 14.2% to ¥30.81 billion due to higher operating income along with changes to non-operating income and expenses.

Net income decreased 71.9% to ¥8.67 billion due to the absence of a gain on sales of investments in securities that had boosted extraordinary gains in the previous year, along with the recording of a tax revision of ¥6.21 billion (for details please see page 26, Notes to Consolidated statements of income).

＜**Results by segment**＞

An outline of services provided by each business segment is shown below, followed by results for each segment.

Business segment	Services provided
Computer services	Technology services ⇒ IT services of systems integration and management, etc.
	Business services ⇒ IT operation services of ASP, BPO, verification, etc.
Financial services	Financial services in investment, venture capital, etc.
Securities services	Comprehensive securities services
Prepaid card sales	QUO Card issuance and settlement services

〔**Computer services**〕

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 Operating revenue of ¥194.28 billion was recorded, a decrease of 1.9% compared to the previous year.

Operating income of ¥14.77 billion was recorded, an increased 52.7% compared to the previous year. In addition to strong performance in all areas other than equipment sales, other factors included higher profitability in systems integration services, higher productivity in systems development, a reduction in R&D costs as new products for the securities industry reached commercialization (outlined in later section of this report), and the absence of holding company expenses that impacted the previous year.

〔**Financial services**〕

Performance in the financial services sector benefited from further favorable returns from the previous fiscal year from investments in real estate and equities via anonymous associations. Along with computer services, this segment is making a stable contribution as a stable and efficient source of Group revenues. Operating revenue of ¥25.08 billion was recorded, an increased 65.1% compared to the previous year, and Operating income of ¥15.84 billion was recorded, an increased 48.1% compared to the previous year.

〔**Securities services**〕

Operating revenue of ¥24.70 billion in this segment was recorded, a decreased 7.3% compared to the previous year, due to lower fees received for securities intermediary services during the period along with lower trading revenues, despite a favorable trend in handling fees for share offerings and sales.

Operating income of ¥1.75 billion was recorded, a decreased 69.3% compared to the previous year, due to the decline in operating income along with higher selling, general and administrative expenses for items such as advertising and systems integration.

〔**Prepaid card sales**〕

Operating revenue in this segment was recorded ¥3.76 billion, an increased 32.3% compared to the previous year, due to an increase of sales of terminals for prepaid cards in addition to 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. An operating loss of ¥0.25 billion was recorded for the year, compared to an operating loss of ¥0.21 billion in the previous year. Ordinary income of ¥0.99 billion was recorded in this segment, 5.5% higher than in the previous year.

The afore-mentioned segment based sales also include inter-segment sales. For details please see page 28, Segmentt Information.

② Management initiatives implemented during this fiscal year

Specific initiatives undertaken during this fisical year in relation to the management policies outlined on page 3 include the following.

I Transforming into being a service provider group

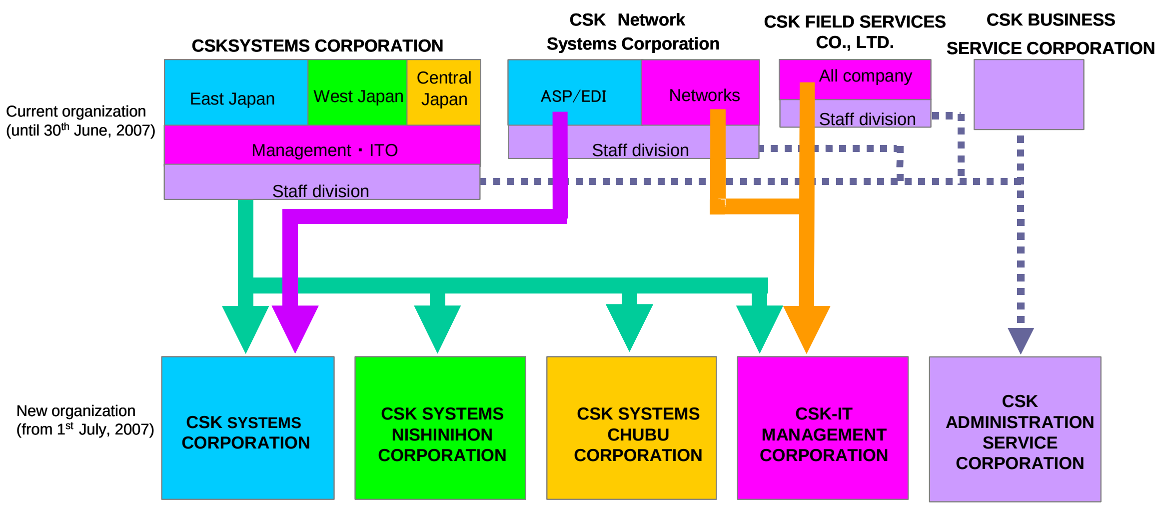
1) Computer services business

i) The "New Securities Systems Project" that CSK Group ("the Group") is currently undertaking entered the full-fledged development stage in the second half of the previous fiscal year. In the current year, we completed back office systems, front office systems, the infrastructure and management base largely in line with plans, and development and testing is now taking place in working toward the planned system activation in the fourth quarter of the year ending March 2008.

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

- As part of measures to strengthen computer services operations, we are realizing a sophisticated IT services foundation by installing new facilities in a data center in Sanda City, Hyougo Prefecture, linked with our e-service data center currently operating in Chiba Prefecture, to provide next-generation data center services.
- In order to unify systems and services in e-commerce, we formed an alliance with Xavel, Inc., which manages some of Japan's largest mobile commerce sites and fashion commerce sites, and from April 2007 began operations through a joint venture company, CSK PRESCENDO CORPORATION.
- At each group company we have introduced an integrated main operating package to meet the needs of sophisticated customers. This efficiently introduced package covers internal controls and the development of security-compatible services that can be used jointly with other companies.

iii) From July 2007 we are reorganizing our computer service group companies in order to promote more timely and accurate decision-making, pursue specialization, and promote better collaboration throughout the Group.



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 established CSK-RB SECURITIES CORPORATION with the objective of contributing to the expansion of regional banks' securities business. The new company will provide support for regional banks in establishment of subsidiaries, product planning, product provision, sales and training support, along with operational support and investment information in a unified and comprehensive manner.

iii) In the securities business operations of our consolidated subsidiary Cosmo Securities Co., Ltd., we launched a new investment trust mainly targeting investment in Chinese small and medium-sized equities, aiming to established an 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.

iv) 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) As part of the Group's contribution to sustainability (the continuous development of society) we have developed the Tama Center, a new facility in Tama City, Tokyo, as a base for research and social contribution activities. This center will serve as an information source and a place to develop new corporate culture and values, and is scheduled to commence operations in June 2007.

ii) 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.

iii) 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

The Group aims to provide services to support the sound and continuous development of companies, industries and society itself, and by continuing to provide such services contribute to society. Achieving this requires a business model based on even higher standards of ethics, and as part of current measures to shift to becoming a service provider the Group will endeavor to secure, maintain and improved standards of management transparency.

Specific measures undertaken include the shift to a holding company structure in October 2005, as a result of which 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 Law and the Financial Instruments and Exchange Law (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

CSK HOLDINGS CORPORATION ("the Company") has aimed to reward the understanding and support of shareholders by paying a stable, continuous dividend. Taking into account the shift to a holding company structure in October 2005 and recent trends in social economics, however, the Company has adopted a consolidated financial position-linked shareholder returns policy based on Dividends On Equity (DOE*), and has been allocating dividends based on this policy.

	Trends in annual dividend per share
Fiscal year ended March 2007	¥40 (planned)
Fiscal year ended March 2006	¥40
Fiscal year ended March 2005	¥17
Fiscal year ended March 2004	¥15
Fiscal year ended March 2003	¥12

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

③ Consolidated forecasts for the fiscal year ending 31st March, 2008

We forecast that operating revenue will rise 5.7%, taking into account steady IT investment demand based on provision of systems integration in technology service field and on BPO and ASP in business service field.

At the operating income and ordinary income level, improved earnings in the technology services field are expected to contribute to performance, and these earnings should absorb costs for establishing a new company in the business services field along with upfront expenses for business expansion, with the result that earnings in the computer services business are forecast to increase considerably. The financial service, securities, and prepaid card businesses are forecast to continue their stable contribution to earnings. As a result of the above factors, operating income is forecast to increase 10.4% and ordinary income is forecast to increase 10.4% with it. These increases would represent the second consecutive year of record operating and ordinary income levels.

Net income is forecast to increase 107.4%, supported by the factors increasing ordinary income, along with the absence of the tax revision of ¥6.21 billion that negatively impacted results in the year under review.

(Millions of yen)

	Operating revenue	Operating income	Ordinary income	Net income
Full year ending 31st March, 2007	260,000	33,000	34,000	18,000
Reference: Actual results for fiscal year ended 31st March, 2007	245,981	29,904	30,810	8,679

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.

(2) Analysis of Financial position and cash flows

① Assets, liabilities and net assets

Assets increased ¥34.16 billion (6.3%) to ¥577.29 billion

Current assets increased ¥21.86 billion. Although cash increased from progress made in reducing sales receivables, the July 2006 issue of No.7 unsecured convertible-bond-type-bonds with stocks acquisition rights and higher assets under management in the financial services business, current assets in the securities business decreased ¥27.50 billion. Fixed assets increased ¥12.29 billion. Although buildings and structures and land decreased from the sale of a facility in Nagayama, Tokyo as part of measures to optimize asset utilization, intangible fixed assets increased due to progress made in developing software for the "New Securities Systems Project".

Liabilities increased ¥28.81 billion (8.5%) to ¥368.51 billion

In current liabilities, liabilities decreased ¥27.05 billion in the securities business, and increased by ¥20.00 billion from the transfer from fixed liabilities of Current portion of corporate bonds payable. In addition, the announcement and adoption in September 2006 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 ¥15.13 billion. Long-term liabilities decreased ¥20.00 billion from the transfer of bonds to current liabilities, but increased ¥15.83 billion because of the July 2006 issue of No.7 unsecured convertible-bond-type-bonds with stocks acquisition rights.

Net assets increased ¥5.34 billion (2.6%) to ¥208.77 billion (compared to the total of minority interests and total assets at the end of the previous year)

Factors that increased net assets included net income recorded for the period, along with an increase in capital and capital reserves arising from the exercise of stock options. Factors that decreased this figure included the payment of year-end and interim dividends, 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 31st March, 2007 was ¥208.77 billion. (Please see page 18 for details of changes in net assets.)

② Cash flows

Cash flows from operating activities
¥7.06 billion (increase of ¥32.12 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 ¥32.12 billion.

Cash flow from investing activities
Minus ¥16.54 billion (decrease of ¥45.53 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 software for the "New Securities Systems " 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 year. Accordingly, cash flow from investing activities was ¥45.53 billion lower than in the previous year.

Cash flow from financing activities
¥39.53 billion (increase of ¥46.15 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 year. As a result, cash flow from financing activities increased ¥46.15 billion.

Cash and cash equivalents

¥105.44 billion (increase of ¥30.70 billion or 41.1%)

As a result of effect of exchange rate changes listed above, cash and cash equivalents as of 31st March, 2007 amounted to ¥105.44 billion, an increase of ¥30.70 billion compared to 31st March, 2006.

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

	31st Mar, 2005	31st Mar, 2006	31st Mar, 2007
Equity ratio (%)	34.3	33.1	31.9
Equity ratio based on market price (%)	73.8	79.3	63.6
Debt service coverage (years)	126.4	—	27.3
Interest coverage ratio (times)	1.7	—	4.9

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.

(3) Shareholder returns and dividends

The Company has adopted 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. Treasury stock acquisitions were undertaken in the year under review, from the perspectives of increasing shareholder value by using treasury stocks as part of flexible capital policies, and raising shareholders' equity per share by materially reducing the number of shares outstanding.

Based on this policy, the planned full-year dividend for the years ended 31st March, 2007 and the year ending 31st March, 2008 is ¥40 per share.

(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 business or related risks and the economic and social environment, could impact negatively on the Group's business performance or financial position despite the adoption of risk management measures.

The risk items recognized and outlined below comprise those risks that as of the compiling of this report 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, where a considerable number of new types of services are being offered, the Group faces the risk of being materially disadvantaged by insufficiently formed contracts, misunderstandings with regard to the scope of services, or other such factors.

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.

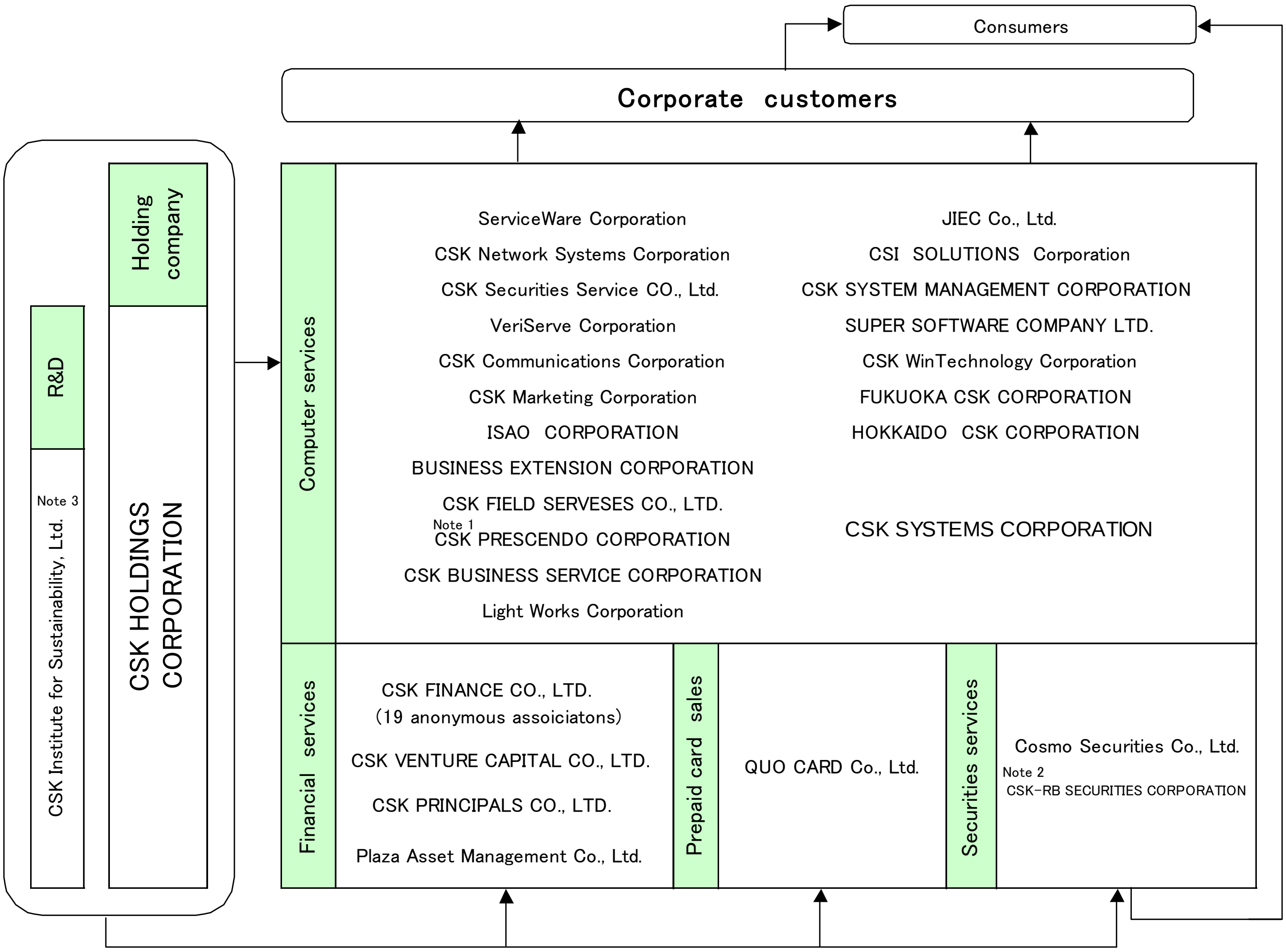
E. CSK Group

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, a considerable period of time has passed since the filing of this application, and in light of the amendment to "Accounting Practices, Disclosure and Audit Treatment for Various Taxes" published by the Japanese Institute of Certified Public Accountants (JICPA) in March 2007, we concluded that a more conservative accounting treatment was advisable with respect to this matter, and decided to incorporate it in our consolidated statements of income at the end of this financial year, from the perspective of further improving the soundness of our financial position and ensuring management transparency.

At this stage there is no change to policy of requesting that the order be revoked. We will continue our negotiations with the Tokyo Regional Taxation Bureau and are considering initiating procedures for requesting a review of the case and other options.

2. 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

Note 1 CSK PRESCENDO CORPORATION was newly consolidated from this fisical year,due to acquisition of stock on 16th March, 2007.
Note 2 CSK-RB SECURITIES CORPORATION was established on 17th January, 2007 and it was newly condolidated from this fiscal year.
Note 3 CSK Institute for Sustainability, Ltd. is carriying on financial services in addition to R&D.

3. 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. 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 the development of society.

From the point of view of short-term revenues for dividends, management makes use of such measurements that represent earning power of business and productivity as Operating income, Operating income ratio, and Operating cash flow. Items used for measurement of medium- and longer-term targets include 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.

3. Basic Medium- and Long-Term Strategy

The Group is operating under close consideration and active implementation of the following three medium-term strategic policies.

i) Becoming a comprehensive service provider
ii) Ensuring management transparency
iii) Realizing sustainability (the continuous development of society)

It is as follows of a concrete content.

i) Becoming a comprehensive service provider

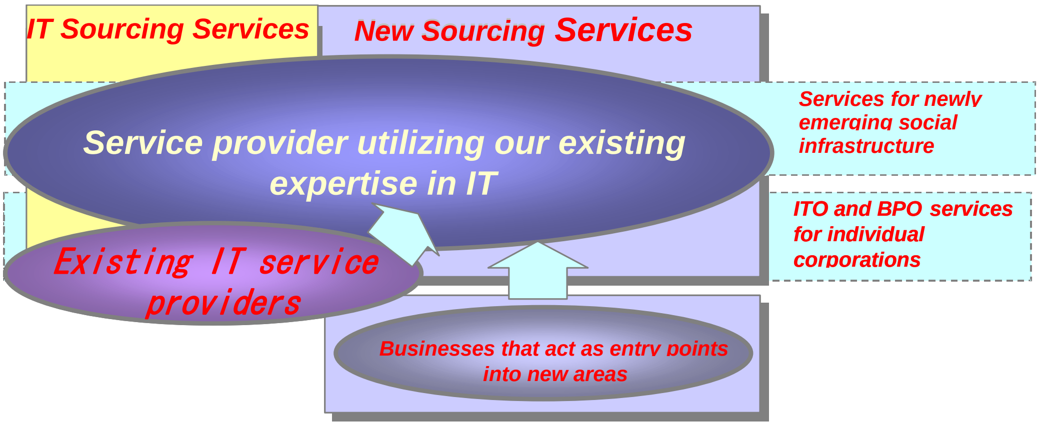
Through the explosive spread of the internet, Information Technology (IT) has transformed the information services industry from being a specialized domain for a restricted set of users to something that has become indispensable for many companies and consumers; it has now developed to a stage where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



ii) Ensuring management transparency

The Group aims to operate in a way that contributes to society, by continuing to develop and provide services that support the sound, sustainable growth of companies, industries and society overall. Achieving the aim requires a business model based on even higher standards of ethics, and as part of current measures to shift to becoming a service provider the Group will endeavor to secure, maintain and improved standards of management transparency.

iii) Realizing sustainability (the continuous development of society)

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 (the continuous development of society), and by providing the infrastructure, structures, products and services necessary for society, we aim to make contributions positively 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? "

Our aim is to progress as a group that can develop with the earth, with the world, with society and with people, ensuring that our business operations, research and implementation programs, social contribution activities and environmental activities are linked to sustainability.

＜Overview of the Group's approach to Sustainability＞

In working towards sustainability, the group operates under the following governance and management structure, and is developing Group business operations and a range of other CSR initiatives.

CSK Group and Sustainability (the continuous development of society)

To realize a sustainable society, it is necessary to reconsider the way individuals and corporations act, along with other aspects such as social systems and infrastructure. For this reason, we are conducting IT research that goes beyond the business sphere to encompass broader fields such as government, economics and culture.

By engaging in these research activities, we can propose ideas to society and use our results to create new services that reflect new environments and values.

Governance and management structure

Management philosophy
Manage the Group in a way that:
meets the challenges of a changing environment
fulfills a social mission
unifies the goals of individuals and the company.

★Charter of Conduct for CSK Group Companies

★Code of Conduct for Directors and Employees of CSK Group Companies

★Corporate Governance
- Holding company structure
- Group management system
- Internal controls system
- Board of directors
- Board of auditors

★Compliance
- Compliance organizational structure
- Compliance regulations
- Group helpline system
- Compliance training and development

Compliance

★Group business activities
- CSK Group aims to make use of its core IT strengths as a service provider, providing services to support the sound and continuous development of companies, industries and society itself.

★Research and implementation programs
- Various research and implementation activities at the CSK Tama Project center.
- Support for the development of the Go (boardgame) culture.
- Awards and research support by the Okawa Foundation for Information and Telecommunications.

★Social contribution activities
- Working with the disabled (Tokyo Green Systems, CSK Green Service).
- Nurturing future leaders for the 21st century through CAMP (Children's Art Museum & Park).

★Environmental activities
- Promotion of paperless systems through computerization
- Promoting networks systems to reduce power usage
- Reducing environmental loads through services provided by the Group.

4. Tasks Ahead

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.

Moreover, on the social side, companies are being expected to enhance corporate governance and provide greater levels of information disclosure, backed by the implementation of related regulations under the Japanese Corporate Act, 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.

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) 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 this process it is necessary to pursue even greater synergies from within the Group. Accordingly, from July 2007 we are reorganizing our computer service group companies in order to promote more timely and accurate decision-making, pursue specialization, and promote better collaboration throughout the Group. (See page 5 for further information.)

ii) 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, and contribute to society by continuing to provide such services. Achieving this aim requires a business model based on even higher standards of ethics, and as part of current measures to shift to becoming a service provider the Group will endeavor to secure, maintain and improved standards of management transparency.

In the next year we will establish a specialist function to manage the Group's efforts in this regard, in order to establish or adapt internal control systems as required under the Corporate Act and the Financial Instruments and Exchange Act (currently the Securities Exchange Law) and achieve a new level of management transparency.

iii) Realizing 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 contributions positively in this area.

Consolidated Balance Sheets

(millions of yen)

Account / Period	Fiscal year 2006 (As of 31st Mar, 2006) Amount	% of total	Fiscal year 2007 (As of 31st Mar, 2007) Amount	% of total	Increase (Decrease) Amount	Change
Assets		%		%		%
I Current assets						
1 Cash and time deposits	77,444		108,405		30,960	
2 Notes and accounts receivable	36,079		33,688		(2,390)	
3 Marketable securities	3,910		7,207		3,296	
4 Venture capital investments	3,176		2,137		(1,038)	
5 Inventories	8,111		4,819		(3,291)	
6 Deferred income taxes	7,346		12,317		4,971	
7 Investments related to financial services	94,123		110,842		16,718	
8 Cash segregated as deposits related to securities business	57,696		46,394		(11,301)	
9 Trading assets related to securities business	10,863		15,679		4,815	
10 Receivables related to margin transactions	112,120		91,105		(21,015)	
11 Other current assets	29,454		33,566		4,111	
Allowance for losses on investment securities	-		(3,868)		(3,868)	
Allowance for doubtful accounts	(162)		(265)		(103)	
Total current assets	440,165	81.0	462,029	80.0	21,864	5.0
II Fixed assets						
1 Tangible fixed assets						
(1) Buildings and structures	10,391		8,712		(1,679)	
(2) Land	11,684		10,831		(853)	
(3) Other tangible fixed assets	4,910		7,423		2,512	
Total tangible fixed assets	26,986	5.0	26,966	4.7	(19)	(0.1)
2 Intangible fixed assets						
(1) Goodwill	607		848		240	
(2) Other intangible fixed assets	3,826		13,191		9,365	
Total intangible fixed assets	4,434	0.8	14,039	2.4	9,605	216.6
3 Investments and other assets						
(1) Investments in securities	58,679		60,040		1,360	
(2) Prepaid pension costs	3,269		3,324		55	
(3) Deferred income taxes	969		1,967		997	
(4) Others	10,750		10,778		27	
Allowance for doubtful accounts	(2,120)		(1,852)		268	
Total investments and other assets	71,548	13.2	74,258	12.9	2,710	3.8
Total fixed assets	102,969	19.0	115,265	20.0	12,296	11.9
Total assets	543,134	100.0	577,294	100.0	34,160	6.3

(millions of yen)

Period / Account	Fiscal year 2006 (As of 31st Mar, 2006)		Fiscal year 2007 (As of 31st Mar, 2007)		Increase (Decrease)	
	Amount	% of total	Amount	% of total	Amount	Change
Liabilities		%		%		%
I Current liabilities						
1 Accounts payable	14,015		11,292		(2,723)	
2 Short-term bank loans payable	23,853		28,052		4,198	
3 Current portion of corporate bonds payable	-		20,000		20,000	
4 Accrued income taxes	10,868		8,624		(2,244)	
5 Deposits received of prepaid cards	38,977		42,859		3,882	
6 Accrued bonuses to employees	6,288		6,419		131	
7 Accrued bonuses to directors and statutory auditors	-		62		62	
8 Allowance for anticipated losses on contracts	3,173		898		(2,275)	
9 Liabilities related to financial services	-		15,137		15,137	
10 Trading liabilities related to securities business	4,756		9,180		4,423	
11 Payable related to margin transactions	77,341		55,841		(21,500)	
12 Deposits received and guarantee deposits received from customers related to securities business	65,984		56,002		(9,981)	
13 Other current liabilities	22,102		25,700		3,598	
Total current liabilities	267,362	49.2	280,070	48.5	12,707	4.8
II Long-term liabilities						
1 Corporate bonds payable	40,000		20,000		(20,000)	
2 Convertible bonds payable	23,000		58,000		35,000	
3 Long-term bank loans payable	5,000		5,000		-	
4 Accrued employees' retirement benefits	787		586		(200)	
5 Accrued directors' retirement benefits	239		205		(34)	
6 Other long-term liabilities	2,235		3,307		1,072	
Total long-term liabilities	71,262	13.1	87,099	15.1	15,837	22.2
III Statutory reserve						
1 Reserve for securities trading liabilities	1,078		1,347		268	
2 Reserve for financial futures trading liabilities	0		2		1	
Total statutory reserve	1,079	0.2	1,349	0.2	270	25.0
Total liabilities	339,703	62.5	368,519	63.8	28,815	8.5

(millions of yen)

Account \ Period	Fiscal year 2006 (As of 31st Mar, 2006)		Fiscal year 2007 (As of 31st Mar, 2007)		Increase (Decrease)	
	Amount	% of total	Amount	% of total	Amount	Change
Minority interests		%		%		%
Minority interests	23,606	4.4	-	-	(23,606)	-
Shareholders' equity						
I Common stock	71,523	13.2	-	-	(71,523)	-
II Capital surplus	36,137	6.6	-	-	(36,137)	-
III Retained earnings	80,719	14.9	-	-	(80,719)	-
IV Net unrealized gains on securities	11,069	2.0	-	-	(11,069)	-
V Treasury stock, at cost	(19,625)	(3.6)	-	-	19,625	-
Total shareholders' equity	179,824	33.1	-	-	(179,824)	-
Total liabilities, minority interests and shareholders' equity	543,134	100.0	-	-	(543,134)	-
Net assets						
I Shareholders' equity						
1 Common stock	-	-	72,790	12.6	72,790	-
2 Capital surplus	-	-	37,404	6.5	37,404	-
3 Retained earnings	-	-	84,691	14.7	84,691	-
4 Treasury stock, at cost	-	-	(19,649)	(3.4)	(19,649)	-
Total shareholders' equity	-	-	175,236	30.4	175,236	-
II Valuation and translation adjustments						
1 Net unrealized gains on securities	-	-	8,949	1.5	8,949	-
2 Net unrealized gains on hedging derivatives	-	-	0	0.0	0	-
Total valuation and translation adjustments	-	-	8,949	1.5	8,949	-
III Minority interests	-	-	24,589	4.3	24,589	-
Total net assets	-	-	208,775	36.2	208,775	-
Total liabilities and net assets	-	-	577,294	100.0	577,294	-

Consolidated Statements of Income

(millions of yen)

Account / Period	Fiscal year 2006 From 1st Apr,2005 To 31st Mar, 2006		Fiscal year 2007 From 1st Apr,2006 To 31st Mar, 2007		Increase (Decrease)	
	Amount	Ratio to Sales and operating revenue	Amount	Ratio to Sales and operating revenue	Amount	Change
		%		%		%
I Operating revenue	241,154	100.0	245,981	100.0	4,827	2.0
II Operating costs	156,581	64.9	157,620	64.1	1,038	0.7
Gross profit	84,572	35.1	88,361	35.9	3,788	4.5
III Selling, general and administrative expenses	59,435	24.7	58,456	23.7	(978)	(1.6)
Operating income	25,137	10.4	29,904	12.2	4,767	19.0
IV Non-operating income	2,807	1.2	2,277	0.9	(530)	(18.9)
1 Interest income	124		290		165	
2 Dividend income	-		353		353	
3 Equity in gains of unconsolidated subsidiaries and affiliates-net	198		-		(198)	
4 Hoard profit of prepaid card	909		964		55	
5 Subsidy income	462		-		(462)	
6 Others, net	1,112		668		(443)	
V Non-operating expenses	963	0.4	1,371	0.6	407	42.3
1 Interest expenses	174		97		(76)	
2 Provision for accrued employees' retirement benefits	260		260		-	
3 Transfer of agent's commission	187		152		(34)	
4 Loss on cancellation of leases	-		265		265	
5 Insurance loss	98		-		(98)	
6 Transfer of one's domicile's adjustment costs	105		195		89	
7 Others, net	137		398		261	
Ordinary income	26,981	11.2	30,810	12.5	3,829	14.2
VI Extraordinary gains	37,568	15.6	1,254	0.5	(36,314)	(96.7)
1 Gain on sales of fixed assets	15,897		208		(15,689)	
2 Gain on sales of investments in securities	21,418		-		(21,418)	
3 Gain from transfer of business	-		277		277	
4 Gain from reversal of allowance for anticipated losses on contracts	-		484		484	
5 Others, net	251		285		33	
VII Extraordinary losses	11,763	4.9	1,351	0.5	(10,411)	(88.5)
1 Loss on disposal of fixed assets	1,153		160		(992)	
2 Loss on impairment of fixed assets	3,379		-		(3,379)	
3 Loss on write-down of investments in securities	-		546		546	
4 Loss on relocation of datacenter	1,568		-		(1,568)	
5 Loss on cancellation of system development	2,945		-		(2,945)	
6 Provision for reserve for securities trading liabilities	421		268		(152)	
7 Provision for reserve for financial futures trading liabilities	0		1		1	
8 Loss on cancellation of system service	1,239		-		(1,239)	
9 Others, net	1,056		373		(682)	
Income before income taxes and minority interests	52,785	21.9	30,712	12.5	(22,073)	(41.8)
Income taxes : Current	12,557	5.2	18,985	7.7	6,428	51.2
Income taxes : Deferred	6,475	2.7	(4,532)	(1.8)	(11,008)	(170.0)
Reversal of the prior year's income taxes and prior year's corporate income tax	-	-	6,210	2.5	6,210	-
Minority interests in subsidiaries	2,877	1.2	1,370	0.6	(1,507)	(52.4)
Net income	30,874	12.8	8,679	3.5	(22,195)	(71.9)

Consolidated Statements of Capital Surplus and Retained Earnings

(millions of yen)

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

Consolidated Statement of Changes in Net Assets

Fiscal year 2007 for the year ended 31st Mar, 2007

(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	Net unrealized gains on securities	Net unrealized gains on hedging derivatives		
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 fiscal year									
Exercise of stock option	1,266	1,266	-	-	2,533	-	-	-	2,533
Cash dividends *	-	-	(2,945)	-	(2,945)	-	-	-	(2,945)
Cash dividends	-	-	(1,479)	-	(1,479)	-	-	-	(1,479)
Directors' and statutory auditors' bonuses *	-	-	(281)	-	(281)	-	-	-	(281)
Net income	-	-	8,679	-	8,679	-	-	-	8,679
Repurchase of treasury stock	-	-	-	(24)	(24)	-	-	-	(24)
Disposal of treasury stock	-	0	-	0	1	-	-	-	1
Net change in the items other than shareholders' equity in the fiscal year	-	-	-	-	-	(2,120)	0	982	(1,136)
Total of change in the fiscal year	1,266	1,266	3,972	(23)	6,482	(2,120)	0	982	5,345
Balance as of 31st Mar, 2007	72,790	37,404	84,691	(19,649)	175,236	8,949	0	24,589	208,775

Note: * It is appropriation of retained earnings item decided in the ordinary general meeting of shareholders' on 28th June, 2006.

Consolidated Statements of Cash Flows

(millions of yen)

Account / Period	Fiscal year 2006 From 1st Apr, 2005 To 31st Mar, 2006 Amount	Fiscal year 2007 From 1st Apr, 2006 To 31st Mar, 2007 Amount	Increase (Decrease) Amount
I Cash flows from operating activities			
1 Income before income taxes and minority interests	52,785	30,712	(22,073)
2 Depreciation	5,870	4,108	(1,761)
3 Loss on impairment of fixed assets	3,379	-	(3,379)
4 Amortization of goodwill	373	417	43
5 Increase (Decrease) in allowances and decrease (increase) in prepaid pension costs	2,191	1,608	(583)
6 Interest and dividend income	(2,459)	(2,940)	(480)
7 Interest expenses	863	1,295	432
8 Equity in net losses (gains) of unconsolidated subsidiaries and affiliates	(198)	-	198
9 Loss on disposal of fixed assets and gain (loss) on sales of fixed assets	(13,667)	-	13,667
10 Loss (Gain) on sales of investments in securities	(21,442)	-	21,442
11 Decrease (Increase) in accounts receivable	(211)	2,459	2,670
12 Decrease (Increase) in inventories	(1,766)	1,030	2,796
13 Decrease (Increase) in fixed leasehold deposits	3,579	-	(3,579)
14 Increase (Decrease) in accounts payable	(41)	(2,723)	(2,682)
15 Increase (Decrease) in deposits received of prepaid cards	5,163	3,882	(1,280)
16 Decrease (Increase) in investments related to financial services	(38,700)	(16,959)	21,740
17 Decrease (Increase) in liabilities related to financial services	-	12,057	12,057
18 Decrease (Increase) in cash segregated as deposits related to securities business	(15,232)	11,301	26,533
19 Decrease (Increase) in trading assets related to securities business	-	(4,815)	(4,815)
20 Decrease (Increase) in receivables related to margin transactions	(39,585)	21,015	60,601
21 Decrease (Increase) in loan secured by securities	-	(3,173)	(3,173)
22 Increase (Decrease) in trading liabilities related to securities business	-	4,423	4,423
23 Increase (Decrease) in payables related to margin transactions	17,270	(21,500)	(38,770)
24 Increase (Decrease) in deposits received and guarantee deposits received from customers related to securities business	25,268	(9,981)	(35,250)
25 Others, net	(5,395)	(5,876)	(481)
Subtotal	(21,954)	26,339	48,294
26 Interest and dividends income received	2,351	3,046	694
27 Interest expenses paid	(928)	(1,152)	(223)
28 Income taxes paid	(4,521)	(21,164)	(16,643)
Net cash provided (used) by operating activities	(25,052)	7,069	32,121
II Cash flows from investing activities			
1 Increase (Decrease) in time deposit, net	(1,725)	(465)	1,259
2 Net proceeds from sales and purchases of marketable securities	5,373	3,717	(1,655)
3 Purchase of property and equipment	(5,994)	(7,195)	(1,200)
4 Proceeds from sales of property and equipment	22,442	4,956	(17,485)
5 Purchase of intangible assets	(1,664)	(8,396)	(6,731)
6 Proceeds from sales of intangible assets	10,070	-	(10,070)
7 Purchase of investments in securities	(27,077)	(9,746)	17,330
8 Proceeds from sales of investments in securities	28,199	1,863	(26,335)
9 Expenditure for acquisition of subsidiaries' stocks	-	(997)	(997)
10 Others, net	(637)	(283)	353
Net cash provided (used) by investing activities	28,986	(16,546)	(45,532)

(millions of yen)

Account / Period	Fiscal year 2006 From 1st Apr, 2005 To 31st Mar, 2006	Fiscal year 2007 From 1st Apr, 2006 To 31st Mar, 2007	Increase (Decrease)
	Amount	Amount	Amount
III Cash flows from financing activities			
1 Increase (Decrease) in short-term bank loans, net	9,333	11,698	2,365
2 Proceeds from long-term debt	5,000	-	(5,000)
3 Repayment of long-term debt	(6,000)	(4,500)	1,500
4 Proceeds from issuance of corporate bonds	-	35,000	35,000
5 Redemption of corporate bonds	(3,200)	-	3,200
6 Issuance of common stock	4,066	2,533	(1,533)
7 Purchase of treasury stock	(14,080)	(37)	14,042
8 Cash dividends paid	(1,283)	(4,414)	(3,130)
9 Others, net	(457)	(747)	(290)
Net cash provided (used) by financing activities	(6,620)	39,532	46,153
IV Effect of exchange rate changes on cash and cash equivalents	28	50	22
V Net increase (decrease) in cash and cash equivalents	(2,658)	30,106	32,765
VI Cash and cash equivalents, at beginning	77,357	74,747	(2,610)
VII Cash and cash equivalents of initially consolidated subsidiaries, at beginning	96	593	497
VIII Decrease in cash and cash equivalents of subsidiaries removed from consolidation	(48)	-	48
IX Cash and cash equivalents, at end	74,747	105,447	30,700

Significant Accounting Policies of Consolidated Financial Statements

1. Range of consolidation

(1) Consolidated subsidiaries: 59

JIEC Co., Ltd., VeriServe Corporation, Cosmo Securities Co., Ltd. and other 56 companies

23 anonymous associations and other 3 companies are newly consolidated from this fiscal year.

4 anonymous associations are excluded from consolidation this fiscal year.

(Change in accounting policy)

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

This made the 23 consolidated subsidiaries above to subsidiary companies from the fiscal year under review.

4 consolidated subsidiaries were excluded from subsidiary companies because their anonymous association contract had finished.

As a result, total net assets increased ¥15,289 million. This change had a little impact on net income.

(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 fiscal year-ends of 28th February, 2 anonymous associations have fiscal year-ends of 31st January, 15 anonymous associations have fiscal year-ends of 31st December.

Furthermore, 1 anonymous association has fiscal year-ends of 30th November. Consequently, these subsidiaries conduct trial settlement date of 28th February, for the purpose of preparing the consolidated interim financial statements. The remaining consolidated subsidiaries have fiscal year-ends of 28th February, the consolidated fiscal year-ends. The required adjustment for consolidated accounting purposes is carried out for important transactions that occur in the period between the consolidated fiscal year-ends and the fiscal year-ends 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 the 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

3) Inventories

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

(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 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 fiscal year 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 bonuses to directors and statutory auditors

In order to provide for payments of bonuses to directors and statutory auditors, a forecast payment amount is recorded in consolidated results for the end of the year under review in respect of certain consolidated subsidiaries.

(Changes in accounting policy)

From the fiscal year under review, "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan (ASBJ) Statement No. 4 of 29th November, 2005) have been applied.

As a result, operating income, ordinary income and net income before tax have each decreased by ¥62 million.

4) 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.

5) Allowance for losses on investment securities

In order to make provisions for losses forecast to arise from investments, an allowance is calculated and recorded based on the nature of the relevant assets and related factors.

6) 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.

7) 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 and estate

With regard to transactions in shares and estate, any profit or loss from the sales of shares is recorded under sales or cost of sales respectively. And shares are included in securities with market values.

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 final accounts 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 final accounts of the partnership. Venture capital investments are recorded securities on an equity basis.

(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.

5. Valuation of Assets and Liabilities of Consolidated Subsidiaries

The assets and liabilities of a newly consolidated subsidiary are marked to fair value at the time the Company is deemed to have gained control.

6. Amortization of Goodwill

Goodwill is amortized over 5 years by the straight-line method. Small amount is amortized in a lump.

(Change in accounting policy)

From the 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.

7. 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 ¥184,186 million.

The financial statements for the period under review have been prepared in accordance with the revised "Regulation for 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", ¥207 million, in previous fiscal year is expressed independently because it is material to the consolidated statements of income as a whole.
2. "Subsidy income", ¥144 million, which has been expressed independently under "Non-operating income" in previous fiscal year is included in "Others" under "Non-operating income" because it is immaterial to the consolidated statements of income as a whole.
3. "Loss on cancellation of leases", which has been included in "Others" under "Non-operating expenses", ¥3 million, in previous fiscal year is expressed independently because it is material to the consolidated statements of income as a whole.
4. "Gain on sales of investments in securities", ¥69 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.
5. "Loss on impairment of fixed assets", ¥0 million, which has been expressed independently under "Extraordinary losses" in previous fiscal year is included in "Others" under "Extraordinary losses" because it is immaterial to the consolidated statements of income as a whole.
6. "Loss on write-down of investments in securities", which has been included in "Others" under " Extraordinary losses", ¥295 million, in previous fiscal year is expressed independently because it is material to the consolidated statements of income as a whole.

Consolidated statements of cash flows

1. "Loss on impairment of fixed assets", which has been accounted independently as an item of "Cash flows from operating activities" in previous fiscal year, is ¥0 million and included in "Others" of "Cash flows from operating activities" in this fiscal year because it is immaterial to the consolidated statements of cash flows as a whole.
2. "Loss on disposal of fixed assets and gain (loss) on sales of fixed assets", which has been accounted independently as an item of "Cash flows from operating activities" in previous fiscal year, is ¥12 million and included in "Others" of "Cash flows from operating activities" in this fiscal year because it is immaterial to the consolidated statements of cash flows as a whole.
3. "Loss (Gain) on sales of investments in securities", which has been accounted independently as an item of "Cash flows from operating activities" in previous fiscal year, is ¥(60) million and included in "Others" of "Cash flows from operating activities" in this fiscal year because it is immaterial to the consolidated statements of cash flows as a whole.
4. "Decrease (Increase) in fixed leasehold deposits", which has been accounted independently as an item of "Cash flows from operating activities" in previous fiscal year, is ¥(523) million and included in "Others" of "Cash flows from operating activities" in this fiscal year because it is immaterial to the consolidated statements of cash flows as a whole.
5. "Decrease (Increase) in trading assets related to securities business", which has been included in "Others" under "Cash flows from operating activities", ¥797 million, in previous fiscal year is expressed independently because it is material to the consolidated statements of cash flows as a whole.
6. "Decrease (Increase) in loan secured by securities", which has been included in "Others" under "Cash flows from operating activities", ¥(429) million, in previous fiscal year is expressed independently because it is material to the consolidated statements of cash flows as a whole.
7. "Increase (Decrease) in trading liabilities related to securities business", which has been included in "Others" under "Cash flows from operating activities", ¥(133) million, in previous fiscal year is expressed independently because it is material to the consolidated statements of cash flows as a whole.
8. "Proceeds from sales of intangible assets", which has been accounted independently as an item of "Cash flows from investing activities" in previous fiscal year, is ¥76 million and included in "Others" of "Cash flows from investing activities" in this fiscal year, because it is immaterial to the consolidated statements of cash flows as a whole.

Notes to Consolidated Financial Statements

1. Consolidated balance sheets

(millions of yen)

	As of 31st March	
	2006	2007
(1) Accumulated depreciation of tangible fixed assets	20,851	14,475

(2) Investments related to financial services

For the year ended 31st Mar, 2006

"Investments related to financial services" mainly consists of investments in anonymous associations, ¥57,078 million and shares, ¥23,685 million.

For the year ended 31st Mar, 2007

"Investments related to financial services" mainly consists of investments in anonymous associations, ¥30,163 million , shares, ¥26,980 million and estates, ¥30,726 million.

In shares, shares with the current price, ¥11,986 million, are involved.

Main of Liabilities related to financial services is non-recourse loans ¥11,132 million.

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

(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 31st March	
	2006	2007
Total availability granted by CMS	40	240
Used portion of credit line	-	90
Remaining portion of credit line	40	150

(4) Statutory reserve

As of 31st March 2006

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 31st March 2007 because it is the same contents of 31st March 2006.

(5) Investments related to financial services

As of 31st March 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 year ended 31st March, 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

For the year ended 31st March, 2007

Reversal of the prior year's income taxes and prior year's corporate income tax has been recorded for the following reasons.

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.

At this stage there is no change to our policy of requesting that the order be revoked. The Company will continue our negotiations with the Tokyo Regional Taxation Bureau and are considering initiating procedures for requesting a review of the case, along with other options.

However, a considerable period of time has passed since the filing of this application, and in light of the amendment to "Accounting Practices, Disclosure and Audit Treatment for Various Taxes" published by the Japanese Institute of Certified Public Accountants (JICPA) in March 2007, we concluded that a more conservative accounting treatment was advisable with respect to this matter, and decided to incorporate it in our consolidated statements of income at the end of this financial year, from the perspective of further improving the soundness of our financial position and ensuring management transparency.

3. Consolidated statements of capital surplus and retained earnings

(1) "Loss on disposition of treasury stock" under "Capital surplus" is conducted in order to make ANT, Inc. became a wholly owned subsidiary of the Company.

(2) " Increase due to exclusion in consolidation of subsidiaries " under "Retained earnings" is related to excluding Kibo Gruop, Inc.

4. Consolidated statements of changes in net assets

(1)Types and numbers of outstanding shares

(shares)

	As of 31st Mar, 2006	Increase	Decrease	As of 31st Mar, 2007
Common stock	77,791,992	645,132	-	78,437,124

Notes: 1. Increase of 645,132 common stocks was due to the exercise of stock options.

(2)Types and numbers of treasury stock

(shares)

	As of 31st Mar, 2006	Increase	Decrease	As of 31st Mar, 2007
Common stock	4,143,833	4,730	207	4,148,356

Notes: 1. Increase of 4,730 common stocks was due to purchase of stocks less than a trading unit.

2. Decrease of 207 common stocks stock was due to disposal of stocks less than a trading unit.

(3) 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.

No.7 unsecured convertible-bond-type-bonds with stocks acquisition rights

Issue resolution's day	11th July, 2006
Issue date	27th July, 2006
Number of new share warrants	35,000 individuals
Types and numbers of new share warrants	5,940,257 common stocks
Conversion price per share	¥5,892
Exercise period of new share warrants	1st September, 2006 - 27th September, 2013
Balance of new share warrants	35,000 million yen

(4) 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
Board meeting on 7th Nov, 2006	Common stock	1,479	20	30th Sep, 2006	11th Dec, 2006

2. Of the dividends with record date during this period, those with effective date after this period

Approvals	Type of shares	Funds for dividends	Total amount of dividends (million yen)	Dividends per share (yen)	Record date	Effective date
General shareholders' meeting on 27th Jun, 2007	Common stock	Retained earnings	1,485	20	31st Mar, 2007	28th Jun, 2007

5. 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 31st March	
	2006	2007
Cash and time deposits	77,444	108,405
Marketable securities	3,910	7,207
Total	81,355	115,612
Less: Time deposits with original maturities of more than three months or those submitted as collateral for loans	(2,889)	(3,354)
Less: Equity securities and other marketable securities with original maturities of more than three months	(3,718)	(6,810)
Cash and cash equivalents	74,747	105,447

(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)

	For the year ended 31st March, 2006						
	Computer services	Financial services	Securities services	Prepaid card sales	Total	Elimination and corporate	Consolidated Total
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
Assets	88,974	114,019	218,011	29,645	450,651	92,482	543,134
Depreciation	4,457	39	674	181	5,353	517	5,870
Loss on impairment of fixed assets	2,327	-	83	22	2,433	946	3,379
Capital expenditure	3,099	79	848	122	4,149	3,803	7,953
	For the year ended 31st March, 2007						
	Computer services	Financial services	Securities services	Prepaid card sales	Total	Elimination and corporate	Consolidated Total
Operating revenue:							
Outside customers	192,561	24,953	24,702	3,763	245,981	-	245,981
Inter-segment sales/transfers	1,719	135	2	4	1,862	(1,862)	-
Total	194,281	25,089	24,705	3,768	247,843	(1,862)	245,981
Costs and expenses	179,503	9,247	22,948	4,020	215,720	356	216,076
Operating income(loss)	14,777	15,841	1,757	(252)	32,123	(2,218)	29,904
Assets	88,919	129,335	204,553	34,104	456,913	120,381	577,294
Depreciation	2,667	31	682	157	3,539	569	4,108
Capital expenditure	9,487	12	1,563	52	11,116	4,822	15,939

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. "Elimination and corporate" column mainly consist of the Company's working funds (cash and marketable securities), long-term investment funds (investment in securities) and other assets. Among costs and expenses, unallocated operating expenses in "Eliminations and corporate" for the year ended 31st March, 2006 were expenses of ¥68 million were incurred pertaining to the Company's administration departments and others before corporate separation on 1st October, 2005, and management expenses for group companies of ¥3,433 million were incurred by the Company after corporate separation, and for the year ended 31st March, 2006 were management expenses for group companies of ¥7,002 million incurred at the Company. In the previous fiscal year, the main expenses corresponding to the first half of this fiscal year were included in the Computer Services.

2. Segment Information for geographic locations

Segment information for geographic locations is omitted for the year ended 31st March, 2006 and 2007 because total sales for "Japan" segment exceeded 90% of total sales in each of such period.

3. Overseas Sales

Information regarding overseas sales was omitted for the year ended 31st March, 2006 and 2007 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 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	Difference
Fair market value exceeds carrying amount	Government bonds and municipal bonds	2,730	2,731	1
	Corporate bonds	-	-	-
	Other bonds	-	-	-
	Subtotal	2,730	2,731	1
Fair market value do not exceed carrying amount	Government bonds and municipal bonds	17,809	17,575	(233)
	Corporate bonds	-	-	-
	Other bonds	-	-	-
	Subtotal	17,809	17,575	(233)
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	Difference
Fair market value exceeds acquisition cost	Equity securities	22,334	33,858	11,524
	Bonds:			
	Government bonds and municipal bonds	-	-	-
	Corporate bonds	-	-	-
	Other bonds	-	-	-
	Others	5,202	13,736	8,533
	Subtotal	27,537	47,594	20,057
Fair market value do not exceed acquisition cost	Equity securities	1,150	1,005	(144)
	Bonds:			
	Government bonds and municipal bonds	10	9	(0)
	Corporate bonds	98	92	(6)
	Other bonds	-	-	-
	Others	17,489	17,279	(209)
	Subtotal	18,748	18,388	(360)
Total		46,286	65,983	19,696

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

Ⅳ Available-for-sale securities which were sold for the year ended 31st Mar, 2006

(millions of yen)

For the year ended 31st Mar, 2006		
Proceeds from sales	Gross gains related to sales	Gross losses related to sales
14,689	12,749	15

Ⅴ 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 fund	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

Ⅵ Redemption schedule for held-to-maturity bonds and available-for-sale securities with maturity, as of 31st Mar, 2006 is as follows:

(millions of yen)

	Within 1 year	Over 1 year and up to 5 years	Over 5 years and up to 10 years	Over 10 years
Debt securities:				
Government bonds and municipal bonds	3,636	16,904	8	-
Corporate bonds	92	-	-	-
Other bonds	-	-	-	-
Others	-	50	17,101	-
Total	3,728	16,954	17,110	-

2. As of and for the year ended 31st Mar, 2007

Ⅰ Trading securities (Trading securities with market values)

(millions of yen)

	As of 31st Mar, 2007		
	Assets	Liabilities	Unrealized gains (losses)
Equity securities	5,561	2,645	(23)
Bonds	9,953	6,483	32
Beneficiary securities	121	-	6
Total	15,636	9,128	14

Ⅱ Held-to-maturity bonds with market values

(millions of yen)

		As of 31st Mar, 2007		
		Carrying amount	Fair market value	Difference
Fair market value exceeds carrying amount	Government bonds and municipal bonds	7,080	7,128	47
	Corporate bonds	-	-	-
	Other bonds	-	-	-
	Subtotal	7,080	7,128	47
Fair market value do not exceed carrying amount	Government bonds and municipal bonds	16,079	15,967	(112)
	Corporate bonds	-	-	-
	Other bonds	-	-	-
	Subtotal	16,079	15,967	(112)
Total		23,160	23,095	(64)

Ⅲ Available-for-sale securities with market values

(millions of yen)

		As of 31st Mar, 2007		
		Acquisition Cost	Fair market value	Difference
Fair market value exceeds acquisition cost	Equity securities	15,262	30,239	14,976
	Bonds:			
	Government bonds and municipal bonds	-	-	-
	Corporate bonds	-	-	-
	Other bonds	-	-	-
	Others	15,563	17,610	2,047
	Subtotal	30,825	47,850	17,024
Fair market value do not exceed acquisition cost	Equity securities	2,648	2,170	(478)
	Bonds:			
	Government bonds and municipal bonds	15	14	(0)
	Corporate bonds	100	99	(0)
	Other bonds	-	-	-
	Others	6,369	6,029	(340)
	Subtotal	9,133	8,314	(819)
Total		39,959	56,164	16,204

Note:Investment fund and Investment in partnerships are included in "Others".

Ⅳ Available-for-sale securities which were sold for the year ended 31st Mar, 2007

(millions of yen)

For the year ended 31st Mar, 2007		
Proceeds from sales	Gross gains related to sales	Gross losses related to sales
11,624	2,372	28

Ⅴ Major components of debt and equity securities without market values

(millions of yen)

	As of 31st Mar, 2007
	Carrying amount
Held-to-maturity Bonds	-
Available-for-sale securities:	
Money management fund	397
Unlisted stock	18,418
Unlisted bonds	180
Investment in partnerships	2,154
Investment in anonymous associations	30,163
Investments in unconsolidated subsidiaries and affiliates	917

Ⅵ Redemption schedule for held-to-maturity bonds and available-for-sale securities with maturity, as of 31st Mar, 2007 is as follows:

(millions of yen)

	Within 1 year	Over 1 year and up to 5 years	Over 5 years and up to 10 years	Over 10 years
Debt securities:				
Government bonds and municipal bonds	6,810	15,436	928	-
Corporate bonds	-	-	99	-
Other bonds	-	-	-	-
Others	-	-	17,271	-
Total	6,810	15,436	18,299	-

Per Share Information

Fiscal Year 2006 (As of 31st Mar, 2006)		Fiscal Year 2007 (As of 31st Mar, 2007)	
Net assets per share	¥ 2,437.08	Shareholders' equity per share	¥ 2,479.33
Net income per share	410.52	Net income per share	117.35
Diluted earnings per share	387.98	Diluted earnings per share	105.60

(Notes) The basic facts underlying the calculation of "Net assets per share", "Basic earnings per share" and "Diluted earnings per share" are as follows:

1. Net assets per share

	Fiscal Year 2006 (As of 31st Mar, 2006)	Fiscal Year 2007 (As of 31st Mar, 2007)
Net assets (millions of yen)	-	208,775
Net assets related to common stock (millions of yen)	-	184,186
Principal factors underlying difference (millions of yen) Minority interests	-	24,589
Number of shares outstanding at the end of fiscal year (thousands of shares)	-	78,437
Number of treasury stock at the end of fiscal year (thousands of shares)	-	4,148
Common stock figure used for calculating net assets per share (thousands of shares)	-	74,288

2. Basic earnings per share

	Fiscal Year 2006 (As of 31st Mar, 2006)	Fiscal Year 2007 (As of 31st Mar, 2007)
Net income (millions of yen)	30,874	8,679
Net income related to common stock (millions of yen)	30,536	8,679
Amount not attributable to common shareholders (millions of yen)	337	-
(Of which, amount paid out as bonuses to directors pursuant to Statement of appropriation of Net income (millions of yen))	337	-
Average number of shares outstanding during term (thousands of shares)	74,386	73,957

3. Diluted earnings per share*

	Fiscal Year 2006 (As of 31st Mar, 2006)	Fiscal Year 2007 (As of 31st Mar, 2007)
Net income adjustment (millions of yen)	(39)	(3)
(Of which, effect from dilution of affiliated company stock (millions of yen))	(39)	(41)
(Of which, Interest expenses (after deducting tax) (millions of yen))	-	38
Increase in common stock (thousands of shares)	4,217	8,198
(Of which, warrant rights)	162	86
(Of which, share warrants)	240	261
(Of which, convertible bonds payable)	3,813	7,849

* Outline of residual stock not included in diluted earnings per share due to lack of diluted effect at 31st Mar, 2006:

Company name	Diluted earnings per share	Number of shares
CSK HOLDINGS CORPORATION	Bonds with detachable warrants (Approved on 25th Jun, 2004)	10,017
	Bonds with detachable warrants (Approved on 28th Jun, 2005)	11,230
	Bonds with detachable warrants (Succession of contractual obligation from ServiceWare Corporation because of the share exchange)	720
	Bonds with detachable warrants (Succession of contractual obligation from Japan Future Information Technology & Systems Co., Ltd. because of the share exchange)	486
VeriServe Corporation	Bonds with detachable warrants	561
Cosmo Securities Co., Ltd.	Bonds with detachable warrants	1,642

* Outline of residual stock not included in diluted earnings per share due to lack of diluted effect at 31st Mar, 2007:

Company name	Diluted earnings per share	Number of shares
CSK HOLDINGS CORPORATION	Bonds with detachable warrants (Succession of contractual obligation from ServiceWare Corporation because of the share exchange)	The share right exercise period is ended in this fiscal year.
VeriServe Corporation	Bonds with detachable warrants	561
Cosmo Securities Co., Ltd.	Bonds with detachable warrants	1,642

Related Party Transactions

There is no relevant matters.

Footnotes that are omitted.

The following footnotes are omitted from the timely disclosure of the consolidated financial results since the Campany judges the needs to include these footnotes in the timely disclosure to be less significant.

- Lease transaction
- Related party transactions
- Income taxes
- Derivative
- Retirement benefits
- Stock options
- Corporate marriage

Non-Consolidated Balance Sheets

(millions of yen)

Account / Period	Fiscal year 2006 (As of 31st Mar, 2006) Amount	% of total	Fiscal year 2007 (As of 31st Mar, 2007) Amount	% of total	Increase (Decrease) Amount	Change
Assets		%		%		%
I Current assets						
1 Cash and time deposits	54,280		75,534		21,253	
2 Accounts receivable	66		1		(64)	
3 Operating account receivable	756		742		(13)	
4 Prepaid expense	334		531		197	
5 Deferred income taxes	2,457		59		(2,397)	
6 Short-term loans to subsidiaries and affiliates	40,382		42,101		1,718	
7 Other accounts receivable	9,596		11,645		2,049	
8 Other current assets	1,119		1,477		358	
Allowance for doubtful accounts	(35)		-		35	
Total current assets	108,958	37.7	132,094	39.9	23,136	21.2
II Fixed assets						
1 Tangible fixed assets						
(1) Buildings	7,450		5,868		(1,581)	
(2) Structures	120		112		(8)	
(3) Vehicle	0		0		-	
(4) Computer and other equipment	853		791		(62)	
(5) Land	8,788		7,935		(853)	
(6) Construction in progress	2		2,645		2,643	
Total tangible fixed assets	17,216	6.0	17,353	5.2	137	0.8
2 Intangible fixed assets						
(1) Trademark rights	5		5		(0)	
(2) Software	79		629		549	
(3) Other intangible fixed assets	0		378		378	
Total intangible fixed assets	85	0.0	1,013	0.3	927	-
3 Investments and other assets						
(1) Investments in securities	31,742		34,072		2,330	
(2) Investments in subsidiaries and affiliates	106,033		106,833		799	
(3) Long-term loans receivable	14		14		-	
(4) Long-term loans to employees	15		30		14	
(5) Long-term loans to subsidiaries and affiliates	25,005		34,820		9,814	
(6) Fixed leasehold deposits	3,000		4,054		1,054	
(7) Others	1,163		1,775		611	
Allowance for doubtful accounts	(4,240)		(739)		3,500	
Total investments and other assets	162,735	56.3	180,859	54.6	18,124	11.1
Total fixed assets	180,037	62.3	199,226	60.1	19,189	10.7
Total assets	288,996	100.0	331,321	100.0	42,325	14.6

(millions of yen)

Account \ Period	Fiscal year 2006 (As of 31st Mar, 2006) Amount	% of total	Fiscal year 2007 (As of 31st Mar, 2007) Amount	% of total	Increase (Decrease) Amount	Change
Liabilities		%		%		%
I Current liabilities						
1 Accounts payable	16		-		(16)	
2 Short-term bank loans payable	1,000		-		(1,000)	
3 Current portion of long-term bank loans payable	4,500		-		(4,500)	
4 Current portion of corporate bonds payable	-		20,000		20,000	
5 Accounts payable-other	1,654		2,147		493	
6 Accrued expenses	1,383		598		(785)	
7 Accrued income taxes	6,474		3,720		(2,754)	
8 Customer advances	440		21		(418)	
9 Deposits received	41,715		50,517		8,802	
10 Accrued bonuses to employees	98		121		23	
Total current liabilities	57,283	19.8	77,127	23.3	19,843	34.6
II Long-term liabilities						
1 Corporate bonds payable	40,000		20,000		(20,000)	
2 Convertible bonds payable	23,000		58,000		35,000	
3 Deferred tax liabilities	1,947		3,138		1,190	
4 Accrued employees' retirement benefits	0		-		(0)	
5 Accrued directors' retirement benefits	113		113		-	
6 Guarantee deposits received	2,788		2,924		136	
Total long-term liabilities	67,850	23.5	84,176	25.4	16,326	24.1
Total liabilities	125,133	43.3	161,303	48.7	36,169	28.9
Shareholders' equity						
I Common stock	71,523	24.7	-	-	(71,523)	-
II Capital surplus						
1 Additional paid-in capital	27,169		-		(27,169)	
2 Other capital retained earnings	7,075		-		(7,075)	
Total capital surplus	34,245	11.9	-	-	(34,245)	-
III Retained earnings						
1 Legal reserve	62		-		(62)	
2 Voluntary reserve	48,821		-		(48,821)	
3 Unappropriated retained earnings	24,505		-		(24,505)	
Total retained earnings	73,389	25.4	-	-	(73,389)	-
IV Net unrealized gains on securities	4,330	1.5	-	-	(4,330)	-
V Treasury stock, at cost	(19,625)	(6.8)	-	-	19,625	-
Total shareholders' equity	163,862	56.7	-	-	(163,862)	-
Total liabilities and shareholders' equity	288,996	100.0	-	-	(288,996)	-
Net assets						
I Shareholders' equity						
1 Common stock	-	-	72,790	22.0	72,790	-
2 Capital surplus						
(1) Additional paid-in capital	-		28,436		28,436	
(2) Other capital retained earnings	-		7,075		7,075	
Total capital surplus	-	-	35,511	10.7	35,511	-
3 Retained earnings						
(1) Legal reserve	-		62		62	
(2) Other retained earnings						
General reserve	-		67,321		67,321	
Carrying forward earned surpluses	-		9,162		9,162	
Total retained earnings	-	-	76,546	23.1	76,546	-
4 Treasury stock, at cost	-	-	(19,649)	(5.9)	(19,649)	-
Total shareholders' equity	-	-	165,199	49.9	165,199	-
II Valuation and translation adjustments						
1 Net unrealized gains on securities	-	-	4,818	1.4	4,818	-
2 Net unrealized gains on hedging derivatives	-	-	0	0.0	0	-
Total valuation and translation adjustments	-	-	4,818	1.4	4,818	-
Total net assets	-	-	170,018	51.3	170,018	-
Total liabilities and net assets	-	-	331,321	100.0	331,321	-

Non-Consolidated Statements of Income

(millions of yen)

Period / Account	Fiscal year 2006 From 1st Apr, 2005 To 31st Mar, 2006		Fiscal year 2007 From 1st Apr, 2006 To 31st Mar, 2007		Increase (Decrease)	
	Amount	Ratio to Sales and operating revenue	Amount	Ratio to Sales and operating revenue	Amount	Change
		%		%		%
I Sales and operating revenue	55,847	93.4	-	-	(55,847)	-
II Operating costs	44,923	75.1	-	-	(44,923)	-
Gross profit	10,923	18.3	-	-	(10,923)	-
III Selling, general and administrative expenses	8,761	14.7	-	-	(8,761)	-
IV Operating revenue	3,959	6.6	15,583	100.0	11,623	293.5
V Operating expenses	3,592	6.0	7,215	46.3	3,622	100.8
Operating income	2,529	4.2	8,367	53.7	5,838	230.9
VI Non-operating income	4,681	7.8	3,391	21.7	(1,290)	(27.6)
1 Interest income	1,467		2,058		590	
2 Dividend income	2,369		223		(2,145)	
3 Facilities rent income	-		909		909	
4 Others, net	844		200		(644)	
VII Non-operating expenses	1,004	1.7	973	6.2	(31)	(3.1)
1 Interest expenses	187		240		52	
2 Interest on corporate bonds	352		412		59	
3 Provision for accrued employees' retirement benefits	126		-		(126)	
4 Transfer agent's commission	179		143		(35)	
5 Others, net	157		176		19	
Ordinary income	6,206	10.3	10,785	69.2	4,579	73.8
VIII Extraordinary gains	34,958	58.5	133	0.9	(34,825)	(99.6)
1 Gain on sales of fixed assets	15,455		59		(15,396)	
2 Gain on sales of investments in subsidiaries and affiliates	19,288		-		(19,288)	
3 Gain from reversal of allowance for doubtful accounts	-		35		35	
4 Gain from collection of written-off claims	-		31		31	
5 Others, net	215		7		(207)	
IX Extraordinary losses	7,166	12.0	1,061	6.8	(6,105)	(85.2)
1 Loss on disposal of fixed assets	209		-		(209)	
2 Loss on impairment of fixed assets	1,578		-		(1,578)	
3 Loss on write-down of investments in subsidiaries and affiliates	-		986		986	
4 Loss on relocation of datacenter	740		-		(740)	
5 Loss on cancellation of system development	807		-		(807)	
6 Provision for allowance for doubtful accounts	3,535		-		(3,535)	
7 Others, net	295		75		(220)	
Income before income taxes	33,998	56.8	9,857	63.3	(24,141)	(71.0)
Income taxes : Current	(410)	(0.7)	(1,022)	(6.5)	(611)	-
Income taxes : Deferred	11,845	19.8	1,136	7.3	(10,709)	(90.4)
Prior year's corporate income tax	-	-	2,117	13.6	2,117	-
Net income	22,563	37.7	7,625	48.9	(14,937)	(66.2)
Retained earnings at the beginning	1,942		-		(1,942)	
Unappropriated retained earnings	24,505		-		(24,505)	

Note : 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 six months ended 31st March, 2006.

Proposal for Appropriation of Retained Earnings and Non-consolidated Statement of Changes in Net Assets

Proposal for Appropriation of Retained Earnings

(millions of yen)

Account	Fiscal year 2006 For the year ended 31st Mar, 2006 (Resolution on 28th June, 2006) Amount	
Unappropriated retained earnings		
Ⅰ Unappropriated retained earnings at the beginning of the year		24,505
Ⅱ Profit appropriation		
1 Cash dividends	2,945	
2 Directors' and statutory auditors' bonuses	42	
Directors	40	
Auditors	2	
3 General reserve	18,500	21,488
Ⅲ Retained earnings to be carried forward		3,016

Notes: 1. Cash dividends are summed up excluding the treasury stocks 4,143,833 shares.
2. Other capital retained earnings of 7,075,601,008 yen are carried forward.

Non-consolidated Statement of Changes in Net Assets

Fiscal year 2007 for the year ended 31st Mar, 2007

(millions of yen)

	Shareholders' equity								Valuation and Translation adjustments		
		Capital surplus		Retained earnings							
					Other retained earnings						
	Common stock	Additional paid-in capital	Other capital retained earnings	Legal reserve	General reserve	Carrying forward earned surpluses	Treasury stock, at cost	Total shareholders' equity	Net unrealized gains on securities	Net unrealized gains on hedging derivatives	Total net assets
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 fiscal year											
Exercise of stock option	1,266	1,266	-	-	-	-	-	2,533	-	-	2,533
General reserve *	-	-	-	-	18,500	(18,500)	-	-	-	-	-
Cash dividends *	-	-	-	-	-	(2,945)	-	(2,945)	-	-	(2,945)
Cash dividends	-	-	-	-	-	(1,479)	-	(1,479)	-	-	(1,479)
Directors' and statutory auditors' bonuses *	-	-	-	-	-	(42)	-	(42)	-	-	(42)
Net income	-	-	-	-	-	7,625	-	7,625	-	-	7,625
Repurchase of treasury stock	-	-	-	-	-	-	(24)	(24)	-	-	(24)
Disposal of treasury stock	-	-	0	-	-	-	0	1	-	-	1
Net change in the items other than shareholders' equity in the fiscal year	-	-	-	-	-	-	-	-	488	0	488
Total of change in the fiscal year	1,266	1,266	0	-	18,500	(15,342)	(23)	5,667	488	0	6,155
Balance as of 31st Mar, 2007	72,790	28,436	7,075	62	67,321	9,162	(19,649)	165,199	4,818	0	170,018

Note: * It is appropriation of retained earnings item decided in the ordinary general meeting of shareholders' on 28th June, 2006.

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

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 fiscal year 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 fiscal year 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 Directors' Bonus

From the fiscal year under review, "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan (ASBJ) Statement No. 4 of 29th November, 2005) have been applied.

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

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 fiscal year 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 ¥170,017 million

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

Change in Method of Presentation

Non-consolidated statements of income

1. "Facilities rent income", which has been included in "Others, net" under "Non-operating income", ¥445 million, in previous fiscal year is expressed independently because it is material to the non-consolidated statements of income as a whole.
2. "Gain from collection of written-off claims", which has been included in "Others, net" under "Extraordinary gains", ¥18 million, in previous fiscal year is expressed independently because it is material to the non-consolidated statements of income as a whole.
3. "Loss on write-down of investments in subsidiaries and affiliates", which has been included in "Others, net" under "Extraordinary losses", ¥167 million, in previous fiscal year is expressed independently because it is material to the non-consolidated statements of income as a whole.
4. "Loss on disposal of fixed assets" which has been expressed independently under "Extraordinary losses", in previous fiscal year, is included in "Others, net" under "Extraordinary losses", ¥19 million, because it is immaterial to the non-consolidated statements of income as a whole.

Additional information

Shift of operating result

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