

# Financial Report for the Three Months Period Ended June 30, 2009 (Consolidated)

## CSK HOLDINGS CORPORATION <http://www.csk.com/>

Listings: The First Section of the Tokyo Stock Exchange, Code 9737

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(Figures are rounded down to the nearest million yen)

### 1. Business Results for the Three Months Period of Fiscal Year 2010 (From April 1, 2009 to June 30, 2009)

## (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	%
Three months ended June 30, 2009	41,871	(18.1)	(13,398)	-	(12,798)	-	(14,041)	-
Three months ended June 30, 2008	51,128	-	(3,753)	-	(3,001)	-	(3,232)	-

	Net income per share	Diluted net income per share
	yen	yen
Three months ended June 30, 2009	(174.95)	-
Three months ended June 30, 2008	(45.82)	-

## (2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	Yen
As of June 30, 2009	353,393	10,331	1.6	69.76
Fiscal year 2009	363,931	25,247	5.5	251.40

Reference) Shareholders' equity

The 1st quarter of fiscal year 2010: 5,598 million yen

Fiscal year 2009: 20,176 million yen

### 2. Dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Annual
	yen	yen	yen	yen	yen
Fiscal year 2009	-	0.00	-	0.00	0.00
Fiscal year 2010	-				
Fiscal year 2010 (forecast)		0.00	-	0.00	0.00

Note) Review of dividends prospect of June 30, 2009: None

### 3. Earnings Forecast for the Fiscal Year 2010 (From April 1, 2009 to March 31, 2010)

(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	95,000	(7.7)	(3,900)	-	(2,800)	-	(2,000)	-	(24.92)
Full-year	195,000	(5.4)	1,600	-	3,100	-	1,100	-	13.71

Note) Review of Earnings Forecast as of June 30, 2009: None

### 4. Other

- (1) Changes in the state of material subsidiaries during the period (Changes regarding specific companies accompanying changes in the scope of consolidation) : None
- (2) Adoption of simplified method or specific method to quarterly financial statement in accounting procedure : None
- (3) Change in accounting policies and others
  - ① Related to accounting standard revisions etc. : Yes
  - ② Other changes : None
- (4) Outstanding shares (Common shares)
  - ① Number of shares outstanding at the end of fiscal year (Including treasury stock)
 

June 30, 2009	80,290,414 shares	Mar.31, 2009	80,290,414 shares
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  - ② Number of treasury stock
 

June 30, 2009	33,316 shares	Mar.31, 2009	32,494 shares
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  - ③ Average number of shares outstanding during term
 

June 30, 2009	80,257,586 shares	June 30, 2008	70,548,500 shares
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#### ※ Explanation of the appropriate use of performance forecasts and other related items

Since descriptions about future events, for instance, earnings forecast for March 2010 are estimation, results may differ from this estimation due to changes of several economic conditions.

## **Consolidated Balance Sheets**

(millions of yen)

	Fiscal year 2010 1st quarter (As of June 30, 2009)	Fiscal year 2009 (As of Mar.31, 2009)
<b>Assets</b>		
<b>Current assets</b>		
Cash and time deposits	28,549	36,309
Notes and accounts receivable	17,274	27,680
Marketable securities	11,819	11,159
Venture capital investments	2,612	2,144
Inventories	5,483	4,146
Deferred income taxes	3,850	2,905
Investments related to financial services	95,198	101,940
Cash segregated as deposits related to securities business	28,537	26,810
Trading assets related to securities business	14,896	6,859
Receivables related to margin transactions	28,097	20,503
Other current assets	29,022	28,606
Allowance for losses on investment securities	-	(46)
Allowance for doubtful accounts	(476)	(419)
<b>Total current assets</b>	<b>264,866</b>	<b>268,599</b>
<b>Fixed assets</b>		
Tangible fixed assets	39,854	40,009
Intangible fixed assets	5,868	6,626
<b>Investments and other assets</b>		
Investments in securities	29,788	34,925
Other assets	13,567	14,353
Allowance for doubtful accounts	(552)	(583)
<b>Total investments and other assets</b>	<b>42,803</b>	<b>48,695</b>
<b>Total fixed assets</b>	<b>88,527</b>	<b>95,331</b>
<b>Total assets</b>	<b>353,393</b>	<b>363,931</b>

(millions of yen)

	Fiscal year 2010 1st quarter (As of June 30, 2009)	Fiscal year 2009 (As of Mar.31, 2009)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	5,634	8,678
Short-term bank loans payable	83,110	78,423
Accrued income taxes	660	1,347
Deposits received of prepaid cards	50,419	50,761
Accrued bonuses to employees	2,923	5,763
Allowance for anticipated losses on contracts	1,436	1,836
Allowance for loss on cancellation penalty	1,811	1,811
Liabilities related to financial services	40,219	41,016
Trading liabilities related to securities business	1,357	542
Payable related to margin transactions	17,029	13,865
Deposits received and guarantee deposits received from customers related to securities business	36,326	33,121
Other current liabilities	20,443	19,407
<b>Total current liabilities</b>	<b>261,372</b>	<b>256,575</b>
<b>Long-term liabilities</b>		
Corporate bonds payable	20,000	20,000
Convertible bonds payable	56,792	56,792
Accrued employees' retirement benefits	277	274
Accrued directors' retirement benefits	66	114
Other long-term liabilities	3,875	4,056
<b>Total long-term liabilities</b>	<b>81,011</b>	<b>81,237</b>
<b>Statutory reserve</b>		
Reserve for financial products transaction liabilities	678	870
<b>Total statutory reserve</b>	<b>678</b>	<b>870</b>
<b>Total liabilities</b>	<b>343,062</b>	<b>338,684</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	73,225	73,225
Capital surplus	30,763	30,763
Retained earnings	(94,354)	(80,313)
Treasury stock, at cost	(68)	(68)
<b>Total shareholders' equity</b>	<b>9,566</b>	<b>23,607</b>
<b>Valuation, translation adjustments and other</b>		
Net unrealized losses on securities	(765)	(990)
Foreign currency translation adjustments	(3,201)	(2,440)
<b>Total valuation, translation adjustments and other</b>	<b>(3,967)</b>	<b>(3,430)</b>
Minority interests	4,733	5,070
<b>Total net assets</b>	<b>10,331</b>	<b>25,247</b>
<b>Total liabilities and net assets</b>	<b>353,393</b>	<b>363,931</b>

## Consolidated Statements of Operations

(millions of yen)

	Fiscal year 2009 From Apr. 1, 2008 To June 30, 2008	Fiscal year 2010 From Apr. 1, 2009 To June 30, 2009
Operating revenue	51,128	41,871
Operating costs	37,258	40,231
Gross profits	13,869	1,639
Selling, general and administrative expenses	17,623	15,038
Operating loss	(3,753)	(13,398)
Non-operating income		
Interest income	13	11
Dividend income	256	159
Foreign exchange gains	148	-
Hoard profit of prepaid card	232	290
Others	299	388
Total non-operating income	951	850
Non-operating expenses		
Interest expenses	1	6
Loss on sales of investment in securities	57	-
Foreign exchange losses	-	76
Provision for accrued employees' retirement benefits	65	65
Others	74	102
Total non-operating expenses	199	251
Ordinary loss	(3,001)	(12,798)
Extraordinary gains		
Gain from transfer of business	-	180
Reversal of reserve for financial products transaction liabilities	716	186
Others	31	446
Total extraordinary gains	747	813
Extraordinary losses		
Loss on impairment of fixed assets	923	489
Loss on sales of investments in securities	-	653
Others	337	598
Total extraordinary losses	1,261	1,741
Loss before income taxes and minority interests	(3,515)	(13,727)
Income taxes : Current	301	280
Income taxes : Deferred	(399)	56
Total income taxes	(98)	336
Minority interests in net loss	(184)	(22)
Net loss	(3,232)	(14,041)

## Consolidated Statements of Cash Flows

(millions of yen)

	For the three months ended June 30, 2008	For the three months ended June 30, 2009
Cash flows from operating activities		
Loss before income taxes and minority interests	(3,515)	(13,727)
Depreciation	1,552	1,391
Loss on impairment of fixed assets	923	489
Amortization of goodwill	99	44
Increase (decrease) in allowances and decrease (increase) in prepaid pension costs	(3,068)	(2,975)
Increase (decrease) in reserve for financial products transaction liabilities	(716)	(186)
Interest and dividend income	(685)	(450)
Interest expenses	396	925
Decrease (increase) in accounts receivable	6,606	10,405
Decrease (increase) in inventories	(2,603)	(1,337)
Increase (decrease) in accounts payable	(2,281)	(3,044)
Increase (decrease) in deposits received of prepaid cards	978	(342)
Decrease (increase) in venture capital investments	(1,077)	(465)
Decrease (increase) in investments related to financial services	(9,481)	7,741
Increase (decrease) in liabilities related to financial services	(257)	(2,809)
Decrease (increase) in cash segregated as deposits related to securities business	(3,086)	(2,527)
Decrease (increase) in trading assets related to securities business	(405)	(8,036)
Decrease (increase) in trade date accrual (asset) related to securities business	(2,618)	3,001
Decrease (increase) in receivables related to margin transaction	1,114	(7,848)
Decrease (increase) in loans secured by securities	-	(1,817)
Increase (decrease) in trading liabilities related to securities business	(1,065)	814
Increase(decrease) in trade date accrual (liability) related to securities business	-	2,799
Increase (decrease) in payables related to margin transactions	4,416	3,418
Increase (decrease) in deposits received and guarantee deposits received from customers related to securities business	2,560	3,205
Other net	(2,486)	275
Subtotal	(14,701)	(11,054)
Interest and dividends income received	736	467
Interest expenses paid	(302)	(954)
Income taxes paid	(3,745)	(1,626)
Net cash used in operating activities	(18,013)	(13,168)
Cash flows from investing activities		
Decrease (increase) in time deposit, net	461	(470)
Net proceeds from sales and purchases of marketable securities	977	(99)
Purchases of property and equipment	(1,571)	(734)
Purchases of intangible assets	(2,041)	(465)
Purchases of investments in securities	(4,596)	(2,099)
Proceeds from sales of investments in securities	4,953	4,874
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	113
Other net	(9)	173
Net cash provided by (used in) investing activities	(1,827)	1,291

(millions of yen)

	For the three months ended June 30, 2008	For the three months ended June 30, 2009
Cash flows from financing activities		
Increase (decrease) in short-term bank loans, net	5,500	4,737
Cash dividends paid	(1,261)	-
Other net	208	(159)
Net cash provided by financing activities	4,447	4,577
Effect of exchange rate changes on cash and cash equivalents	93	(101)
Net increase (decrease) in cash and cash equivalents	(15,300)	(7,400)
Cash and cash equivalents, at beginning	59,200	33,882
Cash and cash equivalents, at end	43,900	26,482

## Segment Information (Consolidated)

### Information by business segment

(millions of yen)

	For the three months period ended June 30, 2008						
	IT services business	Financial services business	Securities business	Prepaid card business	Total	Elimination and corporate	Consolidated Total
Operating revenue:							
Outside customers	44,806	865	4,791	664	51,128	—	51,128
Inter-segment sales/transfers	1,545	0	1	38	1,586	(1,586)	—
Total	46,352	865	4,792	703	52,714	(1,586)	51,128
Costs and expenses	44,633	3,144	6,194	635	54,608	272	54,881
Operating income(loss)	1,718	(2,278)	(1,402)	67	(1,894)	(1,859)	(3,753)

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

Segment	Major products and services
IT services business:	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 business:	Investment in venture companies, investment in anonymous associations, real estate, equity securities and others, management of investment trust
Securities business:	Securities business and other related services
Prepaid card business:	Issuance and settlement of prepaid cards, development and sales of card systems

2. Among costs and expenses, unallocated operating expenses in "Elimination and corporate" for the three months ended June 30, 2008 was the expenses of ¥3,366 million. The cost was management expenses for group companies incurred at CSK HOLDINGS CORPORATION.

(millions of yen)

	For the three months period ended June 30, 2009						
	IT services business	Financial services business	Securities business	Prepaid card business	Total	Elimination and corporate	Consolidated Total
Operating revenue:							
Outside customers	35,553	538	5,092	686	41,871	-	41,871
Inter-segment sales/transfers	1,021	0	3	37	1,063	(1,063)	-
Total	36,574	539	5,096	723	42,934	(1,063)	41,871
Costs and expenses	35,890	13,366	4,528	657	54,443	826	55,269
Operating income(loss)	684	(12,826)	568	66	(11,508)	(1,890)	(13,398)

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

Segment	Major products and services
IT services business:	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 business:	Investment in venture companies, investment in anonymous associations, real estate, equity securities and others, management of investment trust
Securities business:	Securities business and other related services

Prepaid card business: Issuance and settlement of prepaid cards, development and sales of card systems

2. Among costs and expenses, unallocated operating expenses in "Elimination and corporate" for the three months ended June 30, 2009 was the expenses of ¥2,924 million. The cost was management expenses for group companies incurred at CSK HOLDINGS CORPORATION.

3. Change in accounting policies

With regards to the recording basis for earnings related to contract works, CSK HOLDINGS CORPORATION had been applying the completed-contract method to contract works, but as of the period under review the company is applying the Accounting Standard for Construction Contracts (Accounting Standards Board of Japan (ASBJ) Statement No. 15; December 27, 2007) and the Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No. 18; December 27, 2007). In consequence, with regard to contract works for commissioned software development commencing in the said period, those works for which the outcome of the progress made by the end of the period is deemed certain are subject to the percentage-of-completion method (with the percentage of completion estimated on a cost-to-cost basis), and other works are subject to the completed-contract method. As a result, operating revenue increased by ¥ 168 million, and operating income increased by ¥ 35 million respectively.

**Segment Information for geographic locations**

Segment information for geographic locations is omitted for the three months period ended June 30, 2008, because total sales for "Japan" segment exceeded 90% of total sales in the period

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**Overseas Sales**

Information regarding overseas sales was omitted for the three months period ended June 30, 2008, because total overseas sales were less than 10% of consolidated total sales in the period.

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