

# Financial Report for the Six Months Period Ended September 30, 2009 (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

(Figures are rounded down to the nearest million yen)

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

(1) Results of operations (Percentages represent the change from the same period in the previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended Sept. 30, 2009	84,603	(17.8)	(477)	—	(751)	—	(58,617)	—
Six months ended Sept. 30, 2008	102,869	—	(15,668)	—	(14,621)	—	(15,517)	—

	Net income per share	Diluted net income per share
	yen	yen
Six months ended Sept. 30, 2009	(730.37)	—
Six months ended Sept. 30, 2008	(210.30)	—

(2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	Yen
As of Sept. 30, 2009	271,586	15,475	3.9	(442.58)
Fiscal year 2009	363,931	25,247	5.5	251.40

Reference) Shareholders' equity

The 2nd quarter of fiscal year 2010: 10,480 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 Sept. 30, 2009: None

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

(Percentages represent the change from the same period in the previous fiscal year)

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full-year	173,000	(16.1)	3,600	—	3,100	—	(54,000)	—	(672.84)

Note) Review of Earnings Forecast as of Sept. 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) : Yes

Newly added -  
Excluded 10

(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)  
Sept. 30, 2009 80,290,414 shares Mar.31, 2009 80,290,414 shares
- ② Number of treasury stock  
Sept. 30, 2009 33,316 shares Mar.31, 2009 32,494 shares
- ③ Average number of shares outstanding during term  
Sept. 30, 2009 80,257,364 shares Sept. 30, 2008 73,787,620 shares

#### ※ 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 2nd quarter (As of Sept. 30, 2009)	Fiscal year 2009 (As of Mar.31, 2009)
Assets		
Current assets		
Cash and time deposits	39,713	36,309
Notes and accounts receivable	19,870	27,680
Marketable securities	9,166	11,159
Venture capital investments	3,971	2,144
Inventories	4,113	4,146
Deferred income taxes	951	2,905
Investments related to financial services	—	101,940
Cash segregated as deposits related to securities business	27,770	26,810
Trading assets related to securities business	5,824	6,859
Receivables related to margin transactions	29,089	20,503
Other current assets	52,465	28,606
Allowance for losses on investment securities	—	(46)
Allowance for doubtful accounts	(8,659)	(419)
Total current assets	<u>184,278</u>	<u>268,599</u>
Fixed assets		
Tangible fixed assets	37,018	40,009
Intangible fixed assets	5,763	6,626
Investments and other assets		
Investments in securities	32,258	34,925
Other assets	12,656	14,353
Allowance for doubtful accounts	(389)	(583)
Total investments and other assets	<u>44,525</u>	<u>48,695</u>
Total fixed assets	<u>87,307</u>	<u>95,331</u>
Total assets	<u>271,586</u>	<u>363,931</u>

(millions of yen)

	Fiscal year 2010 2nd quarter (As of Sept. 30, 2009)	Fiscal year 2009 (As of Mar.31, 2009)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	5,465	8,678
Short-term bank loans payable	10,020	78,423
Accrued income taxes	1,204	1,347
Deposits received of prepaid cards	50,332	50,761
Accrued bonuses to employees	4,175	5,763
Allowance for anticipated losses on contracts	1,162	1,836
Allowance for loss on cancellation penalty	1,811	1,811
Liabilities related to financial services	—	41,016
Trading liabilities related to securities business	336	542
Payable related to margin transactions	20,414	13,865
Deposits received and guarantee deposits received from customers related to securities business	36,740	33,121
Other current liabilities	16,039	19,407
<b>Total current liabilities</b>	<b>147,703</b>	<b>256,575</b>
<b>Long-term liabilities</b>		
Corporate bonds payable	—	20,000
Convertible bonds payable	56,792	56,792
Long-term bank loans payable	47,500	—
Accrued employees' retirement benefits	207	274
Accrued directors' retirement benefits	22	114
Other long-term liabilities	3,205	4,056
<b>Total long-term liabilities</b>	<b>107,727</b>	<b>81,237</b>
<b>Statutory reserve</b>		
Reserve for financial products transaction liabilities	679	870
<b>Total statutory reserve</b>	<b>679</b>	<b>870</b>
<b>Total liabilities</b>	<b>256,110</b>	<b>338,684</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	96,225	73,225
Capital surplus	53,763	30,763
Retained earnings	(138,931)	(80,313)
Treasury stock, at cost	(68)	(68)
<b>Total shareholders' equity</b>	<b>10,989</b>	<b>23,607</b>
<b>Valuation, translation adjustments and other</b>		
Net unrealized losses on securities	(509)	(990)
Foreign currency translation adjustments	—	(2,440)
<b>Total valuation, translation adjustments and other</b>	<b>(509)</b>	<b>(3,430)</b>
Subscription rights to shares	467	—
Minority interests	4,528	5,070
<b>Total net assets</b>	<b>15,475</b>	<b>25,247</b>
<b>Total liabilities and net assets</b>	<b>271,586</b>	<b>363,931</b>

## Consolidated Statements of Operations

(millions of yen)

	Fiscal year 2009 From Apr. 1, 2008 To Sept. 30, 2008	Fiscal year 2010 From Apr. 1, 2009 To Sept. 30, 2009
Operating revenue	102,869	84,603
Operating costs	84,240	57,619
Gross profits	18,629	26,983
Selling, general and administrative expenses	34,298	27,460
Operating loss	(15,668)	(477)
Non-operating income		
Interest income	62	21
Dividend income	287	168
Hoard profit of prepaid card	468	519
Others	738	544
Total non-operating income	1,557	1,254
Non-operating expenses		
Interest expenses	9	16
Provision for accrued employees' retirement benefits	130	130
Stock issuance cost	—	465
Commission fee	—	599
Others	370	316
Total non-operating expenses	510	1,528
Ordinary loss	(14,621)	(751)
Extraordinary gains		
Gain on sales of investment securities	—	467
Gain from transfer of business	499	—
Reversal of reserve for financial products transaction liabilities	715	185
Others	276	570
Total extraordinary gains	1,490	1,223
Extraordinary losses		
Loss on impairment of fixed assets	1,922	—
Loss on business restructuring	1,336	—
Loss on withdrawal from real estate securitization business	—	55,940
Others	1,180	2,858
Total extraordinary losses	4,440	58,798
Loss before income taxes and minority interests	(17,571)	(58,326)
Income taxes : Current	1,469	778
Income taxes : Refund	(421)	—
Income taxes : Deferred	(3,024)	(466)
Total income taxes	(1,976)	311
Minority interests in net loss	(77)	(20)
Net loss	(15,517)	(58,617)

## Consolidated Statements of Cash Flows

(millions of yen)

	For the six months ended Sept. 30, 2008	For the six months ended Sept. 30, 2009
Cash flows from operating activities		
Loss before income taxes and minority interests	(17,571)	(58,326)
Depreciation	3,282	2,785
Loss on impairment of fixed assets	2,079	481
Amortization of goodwill	550	88
Increase (decrease) in allowances and decrease (increase) in prepaid pension costs	552	(1,027)
Increase (decrease) in reserve for financial products transaction liabilities	(715)	(185)
Interest and dividend income	(1,219)	(733)
Interest expenses	842	2,145
Loss on withdrawal from real estate securitization business	—	46,733
Decrease (increase) in accounts receivable	4,734	7,805
Decrease (increase) in inventories	(2,024)	32
Increase (decrease) in accounts payable	(2,523)	(3,212)
Increase (decrease) in deposits received of prepaid cards	1,386	(429)
Decrease (increase) in venture capital investments	(617)	130
Decrease (increase) in investments related to financial services	(738)	1,085
Increase (decrease) in liabilities related to financial services	(12,611)	—
Decrease (increase) in cash segregated as deposits related to securities business	1,734	(1,759)
Decrease (increase) in trading assets related to securities business	(4,834)	1,035
Decrease (increase) in trade date accrual (asset) related to securities business	—	1,293
Decrease (increase) in receivables related to margin transaction	10,142	(8,585)
Decrease (increase) in loans secured by securities	(2,806)	200
Increase (decrease) in trading liabilities related to securities business	2,845	(205)
Increase (decrease) in payables related to margin transactions	(1,813)	6,548
Increase (decrease) in deposits received and guarantee deposits received from customers related to securities business	(2,504)	3,619
Other, net	(5,131)	(1,918)
Subtotal	(26,962)	(2,400)
Interest and dividends income received	1,264	777
Interest expenses paid	(725)	(2,209)
Income taxes refund	1,185	1,747
Net cash used in operating activities	(25,237)	(2,084)
Cash flows from investing activities		
Decrease (increase) in time deposit, net	488	(470)
Net proceeds from sales and purchases of marketable securities	1,870	—
Purchases of property and equipment	(3,034)	(1,363)
Purchases of intangible assets	(3,706)	(942)
Purchases of investments in securities	(6,925)	(2,110)
Proceeds from sales of investments in securities	5,718	6,031
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	314
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(543)
Other, net	73	249
Net cash provided by (used in) investing activities	(5,515)	1,163

(millions of yen)

	For the six months ended Sept 30, 2008	For the six months ended Sept 30, 2009
Cash flows from financing activities		
Increase (decrease) in short-term bank loans and commercial papers, net	19,030	(40,853)
Proceeds from long-term loans payable	—	50,000
Redemption of bonds	—	(20,000)
Proceeds from issuance of common stock	—	16,000
Cash dividends paid	(1,409)	—
Proceeds from issuance of subscription right to shares	—	467
Other, net	243	(806)
Net cash provided by financing activities	17,864	4,807
Effect of exchange rate changes on cash and cash equivalents	(24)	(175)
Net increase (decrease) in cash and cash equivalents	(12,912)	3,711
Cash and cash equivalents, at beginning	59,200	33,882
Cash and cash equivalents, at end	46,288	37,594

## Segment Information (Consolidated)

### Information by business segment

(millions of yen)

	For the six months period ended Sept. 30, 2008						
	IT services business	Financial services business	Securities business	Prepaid card business	Total	Elimination and corporate	Consolidated Total
Operating revenue:							
Outside customers	92,155	1,273	8,141	1,300	102,869	—	102,869
Inter-segment sales/transfers	3,361	1	4	76	3,443	(3,443)	—
Total	95,517	1,274	8,145	1,376	106,313	(3,443)	102,869
Costs and expenses	91,368	13,380	12,363	1,249	118,361	176	118,538
Operating income(loss)	4,148	(12,105)	(4,217)	126	(12,047)	(3,620)	(15,668)

Notes: 1. The CSK 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 six months ended Sept. 30, 2008 was the expenses of ¥6,997 million. The cost was management expenses for group companies incurred at CSK HOLDINGS CORPORATION.

(millions of yen)

	For the six months period ended Sept. 30, 2009						
	IT services business	Prepaid card business	Securities business	Other business	Total	Elimination and corporate	Consolidated Total
Operating revenue:							
Outside customers	72,684	1,363	9,860	694	84,603	—	84,603
Inter-segment sales/transfers	1,837	74	7	0	1,920	(1,920)	—
Total	74,522	1,438	9,867	695	86,523	(1,920)	84,603
Costs and expenses	71,343	1,302	8,969	2,207	83,823	1,256	85,080
Operating income(loss)	3,178	135	897	(1,512)	2,699	(3,177)	(477)

Notes: 1. The CSK Group operates principally in four segments: IT services business, Prepaid card, Securities business, Other 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
Prepaid card business:	Issuance and settlement of prepaid cards, development and sales of card systems
Securities business:	Securities business and other related services
Other business:	Investment in venture companies, investment in equity securities and others, management of investment trust

2. Among costs and expenses, unallocated operating expenses in "Elimination and corporate" for the six months ended Sept. 30, 2009 was the expenses of ¥5,230 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 ¥ 514 million, and operating income increased by ¥ 118 million respectively.

4. The CSK Group has substantially withdrawn from real estate securitization business and changed Financial services segment to Other business segment for the six months ended Sept. 30, 2009. As a result, operating revenue increased by ¥ 695 million, and operating loss increased by ¥ 1,512 million in Other business segment for the six months ended Sept. 30, 2009 and CSK HOLDINGS CORPORATION has changed the segment range as follows : "IT service business", "Prepaid card business", "Securities business", "Other business" in order.

5. CSK FINANCE CO.,LTD. (current name GEN CAPITAL CO.,LTD.), its consolidated subsidiary CVC Business Co., Ltd., GENASSET CO., LTD, and other 4 companies, and its 43 anonymous associations were excluded from consolidated subsidiaries of CSK HOLDINGS CORPORATION for the six months ended Sept. 30, 2009. As a result, assets in Financial service business decreased by ¥103,664 million from the fiscal year ended in 2008.

### **Segment Information for geographic locations**

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

Segment information for geographic locations is omitted for the six months period ended Sept. 30, 2009, because total sales for "Japan" segment exceeded 90% of total sales in the period

### **Overseas Sales**

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

Information regarding overseas sales was omitted for the six months period ended Sept. 30, 2009, because total overseas sales were less than 10% of consolidated total sales in the period.