

# Financial Report for the Nine Months Period Ended December 31, 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 Nine Months Period of Fiscal Year 2010 (From April 1, 2009 to December 31, 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	%
Nine months ended Dec. 31, 2009	123,370	(18.5)	986	—	621	—	(58,743)	—
Nine months ended Dec. 31, 2008	151,288	—	(96,481)	—	(95,364)	—	(99,327)	—

	Net income per share	Diluted net income per share
	yen	yen
Nine months ended Dec. 31, 2009	(731.95)	—
Nine months ended Dec. 31, 2008	(1,307.75)	—

### (2) Financial position

	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	Yen
As of Dec. 31, 2009	264,793	15,592	4.0	(442.06)
Fiscal year 2009	363,931	25,247	5.5	251.40

Reference) Shareholders' equity

The 3rd quarter of fiscal year 2010: 10,522 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	—	0.00	—		
Fiscal year 2010(forecast)				0.00	0.00

Note) Review of dividends prospect of Dec. 31, 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 Dec. 31, 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)  
Dec. 31, 2009 80,290,414 shares Mar.31, 2009 80,290,414 shares
- ② Number of treasury stock  
Dec. 31, 2009 34,454 shares Mar.31, 2009 32,494 shares
- ③ Average number of shares outstanding during term  
Dec. 31, 2009 80,257,041 shares Dec. 31, 2008 75,952,903 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 3rd quarter (As of Dec. 31, 2009)	Fiscal year 2009 (As of Mar.31, 2009)
Assets		
Current assets		
Cash and time deposits	38,528	36,309
Notes and accounts receivable	18,141	27,680
Marketable securities	9,577	11,159
Venture capital investments	4,020	2,144
Inventories	5,002	4,146
Income taxes receivable	1,858	2,905
Investments related to financial services	—	101,940
Cash segregated as deposits related to securities business	25,376	26,810
Trading assets related to securities business	7,527	6,859
Receivables related to margin transactions	23,992	20,503
Other current assets	62,849	28,606
Allowance for losses on investment securities	—	(46)
Allowance for doubtful accounts	(8,689)	(419)
Total current assets	<u>188,186</u>	<u>268,599</u>
Fixed assets		
Tangible fixed assets	27,118	40,009
Intangible fixed assets	5,699	6,626
Investments and other assets		
Investments in securities	32,516	34,925
Other assets	11,707	14,353
Allowance for doubtful accounts	(435)	(583)
Total investments and other assets	<u>43,789</u>	<u>48,695</u>
Total fixed assets	<u>76,606</u>	<u>95,331</u>
Total assets	<u>264,793</u>	<u>363,931</u>

(millions of yen)

	Fiscal year 2010 3rd quarter (As of Dec. 31, 2009)	Fiscal year 2009 (As of Mar.31, 2009)
<b>Liabilities</b>		
Current liabilities		
Accounts payable	5,504	8,678
Short-term bank loans payable	10,167	78,423
Accrued income taxes	609	1,347
Deposits received of prepaid cards	52,469	50,761
Accrued bonuses to employees	1,853	5,763
Allowance for anticipated losses on contracts	972	1,836
Allowance for loss on cancellation penalty	—	1,811
Liabilities related to financial services	—	41,016
Trading liabilities related to securities business	2,123	542
Payable related to margin transactions	17,551	13,865
Deposits received and guarantee deposits received from customers related to securities business	34,212	33,121
Other current liabilities	16,678	19,407
Total current liabilities	142,143	256,575
Long-term liabilities		
Corporate bonds payable	—	20,000
Convertible bonds payable	56,792	56,792
Long-term bank loans payable	46,328	—
Accrued employees' retirement benefits	230	274
Accrued directors' retirement benefits	22	114
Other long-term liabilities	3,003	4,056
Total long-term liabilities	106,378	81,237
Statutory reserve		
Reserve for financial products transaction liabilities	680	870
Total statutory reserve	680	870
Total liabilities	249,201	338,684
<b>Net assets</b>		
Shareholders' equity		
Common stock	96,225	73,225
Capital surplus	53,763	30,763
Retained earnings	(139,057)	(80,313)
Treasury stock, at cost	(68)	(68)
Total shareholders' equity	10,863	23,607
Valuation, translation adjustments and other		
Net unrealized losses on securities	(340)	(990)
Foreign currency translation adjustments	—	(2,440)
Total valuation, translation adjustments and other	(340)	(3,430)
Subscription rights to shares	467	—
Minority interests	4,602	5,070
Total net assets	15,592	25,247
Total liabilities and net assets	264,793	363,931

## Consolidated Statements of Operations

(millions of yen)

	Fiscal year 2009 From Apr. 1, 2008 To Dec. 31, 2008	Fiscal year 2010 From Apr. 1, 2009 To Dec. 31, 2009
Operating revenue	151,288	123,370
Operating costs	198,204	84,476
Gross profits(loss)	(46,916)	38,893
Selling, general and administrative expenses	49,565	37,906
Operating income(loss)	(96,481)	986
Non-operating income		
Interest income	86	52
Dividend income	399	186
Hoard profit of prepaid card	732	878
Others	840	612
Total non-operating income	2,058	1,729
Non-operating expenses		
Interest expenses	12	373
Foreign exchange loss	267	—
Provision for accrued employees' retirement benefits	195	195
Stock issuance cost	—	470
Commission fee	—	602
Others	464	452
Total non-operating expenses	940	2,094
Ordinary income(loss)	(95,364)	621
Extraordinary gains		
Gain on sales of investment securities	—	776
Gain from transfer of business	499	—
Reversal of reserve for financial products transaction liabilities	714	184
Others	316	577
Total extraordinary gains	1,530	1,537
Extraordinary losses		
Loss on impairment of fixed assets	2,750	—
Loss on business restructuring	1,365	—
Loss on discontinuing construction of head office	2,495	—
Loss on withdrawal from real estate securitization business	—	55,940
Others	1,791	3,544
Total extraordinary losses	8,402	59,484
Loss before income taxes and minority interests	(102,236)	(57,324)
Income taxes : Current	1,820	1,164
Income taxes : Refund	(717)	—
Income taxes : Deferred	(4,048)	159
Total income taxes	(2,945)	1,323
Minority interests	36	95
Net loss	(99,327)	(58,743)

## Consolidated Statements of Cash Flows

(millions of yen)

	For the nine months ended Dec. 31, 2008	For the nine months ended Dec. 31, 2009
Cash flows from operating activities		
Loss before income taxes and minority interests	(102,236)	(57,324)
Depreciation	5,063	4,186
Loss on impairment of fixed assets	3,050	758
Amortization of goodwill	992	128
Increase (decrease) in allowances and decrease (increase) in prepaid pension costs	(907)	(3,394)
Increase (decrease) in reserve for financial products transaction liabilities	(714)	(184)
Interest and dividend income	(1,635)	(1,023)
Interest expenses	1,368	2,593
Loss on withdrawal from real estate securitization business	—	46,733
Decrease (increase) in accounts receivable	7,328	9,467
Decrease (increase) in inventories	(3,188)	(862)
Increase (decrease) in accounts payable	(3,702)	(3,329)
Increase (decrease) in deposits received of prepaid cards	4,163	1,708
Decrease (increase) in venture capital investments	(500)	130
Decrease (increase) in investments related to financial services	64,658	1,085
Increase (decrease) in liabilities related to financial services	2,797	—
Decrease (increase) in cash segregated as deposits related to securities business	4,928	634
Decrease (increase) in trading assets related to securities business	(5,300)	(667)
Decrease (increase) in trade date accrual (asset) related to securities business	—	2,957
Decrease (increase) in receivables related to margin transaction	25,118	(3,489)
Decrease (increase) in loans secured by securities	(3,070)	(2,141)
Increase (decrease) in trading liabilities related to securities business	3,361	1,580
Increase (decrease) in payables related to margin transactions	(6,489)	3,686
Increase (decrease) in deposits received and guarantee deposits received from customers related to securities business	(9,224)	1,091
Other, net	2,955	(1,066)
Subtotal	(11,181)	3,256
Interest and dividends income received	1,693	1,067
Interest expenses paid	(1,231)	(2,655)
Income taxes paid	(1,568)	(210)
Net cash provided by (used in) operating activities	(12,287)	1,458
Cash flows from investing activities		
Decrease (increase) in time deposit, net	587	(470)
Net proceeds from sales and purchases of marketable securities	4,552	—
Purchases of property and equipment	(12,413)	(1,699)
Purchases of intangible assets	(5,560)	(1,397)
Purchases of investments in securities	(9,282)	(6,086)
Proceeds from sales of investments in securities	5,900	7,005
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	366
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	(691)
Other, net	135	571
Net cash used in investing activities	(16,080)	(2,401)

	(millions of yen)	
	For the nine months ended Dec. 31, 2008	For the nine months ended Dec. 31, 2009
Cash flows from financing activities		
Increase (decrease) in short-term bank loans and commercial papers, net	3,200	(41,853)
Proceeds from long-term loans payable	—	50,000
Redemption of bonds	—	(20,000)
Proceeds from issuance of common stock	—	16,000
Cash dividends paid	(1,412)	—
Proceeds from issuance of subscription right to shares	—	467
Other, net	(80)	(935)
Net cash provided by financing activities	1,707	3,679
Effect of exchange rate changes on cash and cash equivalents	(399)	(211)
Net increase (decrease) in cash and cash equivalents	(27,060)	2,525
Cash and cash equivalents, at beginning	59,200	33,882
Cash and cash equivalents, at end	32,139	36,408

## Segment Information (Consolidated)

### Information by business segment

(millions of yen)

	For the nine months period ended Dec. 31, 2008						
	IT services business	Financial services business	Securities business	Prepaid card business	Total	Elimination and corporate	Consolidated Total
Operating revenue:							
Outside customers	136,093	1,849	11,382	1,963	151,288	—	151,288
Inter-segment sales/transfers	4,870	1	10	114	4,997	(4,997)	—
Total	140,963	1,850	11,393	2,078	156,285	(4,997)	151,288
Costs and expenses	134,279	92,814	18,059	1,920	247,073	697	247,770
Operating income(loss)	6,683	(90,963)	(6,665)	158	(90,787)	(5,694)	(96,481)

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 nine months ended Dec. 31, 2008 was the expenses of ¥10,713 million. The cost was management expenses for group companies incurred at CSK HOLDINGS CORPORATION.

(millions of yen)

	For the nine months period ended Dec. 31, 2009						
	IT services business	Prepaid card business	Securities business	Other business	Total	Elimination and corporate	Consolidated Total
Operating revenue:							
Outside customers	106,896	2,088	13,530	855	123,370	—	123,370
Inter-segment sales/transfers	2,561	111	9	0	2,681	(2,681)	—
Total	109,457	2,199	13,539	885	126,051	(2,681)	123,370
Costs and expenses	102,823	2,012	13,203	2,502	120,541	1,842	122,383
Operating income(loss)	6,634	187	335	(1,647)	5,510	(4,523)	986

Notes: 1. The CSK Group operates principally in four segments: IT services business, Prepaid card business, 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 nine months ended Dec. 31, 2009 was the expenses of ¥7,388 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 ¥ 1,166 million, and operating income increased by ¥ 255 million respectively.

4. The CSK Group has substantially withdrawn from real estate securitization business and changed "Financial services business" segment to "Other business" segment for the nine months ended Dec. 31, 2009. As a result, operating revenue increased by ¥ 855 million, and operating loss increased by ¥ 1,647 million in Other business segment for the nine months ended Dec. 31, 2009 and CSK HOLDINGS CORPORATION has changed the segment range as follows : "IT services 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 nine months ended Dec. 31, 2009. As a result, assets in Financial service business decreased by ¥103,664 million from the fiscal year ended in 2009.

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

Segment information for geographic locations is omitted for the nine months period ended Dec. 31, 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 nine months period ended Dec. 31, 2008, because total overseas sales were less than 10% of consolidated total sales in the period.

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