

# Consolidated Financial Results for the First Quarter Ended June 30, 2010



MEMBERSHIP  
August 12, 2010

Company name: CSK Holdings Co., Ltd. < Tokyo Stock Exchange in Japan >  
 Code number: 9737 (URL <http://www.csk.com>)  
 Representative: Takeshi Nakanishi, President (Tel 03 – 6438 – 3030)  
 Contact person: Yasuhiko Oka, General Manager – Accounting Department  
 Schedule date of filing Quarterly securities reports: August 13, 2010 Schedule date of payment of cash dividends: –  
 The additional materials of the Financial Results for the First Quarter: Yes  
 The briefing session of the Financial Results for the First Quarter: None

(Amounts of less than one million are rounded down.)

## 1. Consolidated Financial Results for the First Quarter Ended June 30, 2010 (April 1, 2010 through June 30, 2010)

(1) Consolidated operating results (% represents 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 | % |
| Three months ended June 30, 2010 | 32,602            | (22.1) | 68               | - | 105             | - | (8,331)     | - |
| Three months ended June 30, 2009 | 41,871            | (18.1) | (13,398)         | - | (12,798)        | - | (14,041)    | - |

|                                  | Net income per share | Diluted net income per share |
|----------------------------------|----------------------|------------------------------|
|                                  | yen                  | yen                          |
| Three months ended June 30, 2010 | (66.26)              | -                            |
| Three months ended June 30, 2009 | (174.95)             | -                            |

(2) Consolidated financial position

|                      | Total assets | Net assets  | Shareholders' equity ratio | Shareholders' equity per share |
|----------------------|--------------|-------------|----------------------------|--------------------------------|
|                      | million yen  | million yen | %                          | Yen                            |
| As of June 30, 2010  | 177,289      | 7,465       | 1.3                        | △307.71                        |
| As of March 31, 2010 | 267,749      | 15,807      | 4.0                        | △241.34                        |

Reference) Shareholders' equity

As of June 30, 2010: 2,310 million yen

As of March 31, 2010: 10,660 million yen

## 2. Dividends

|  | Dividends per share |                 |                 |          |       |
|--|---------------------|-----------------|-----------------|----------|-------|
|  | 1st quarter-end     | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
|  | yen                 | yen             | yen             | yen      | yen   |
| Fiscal year ended March 31, 2010             | -                   | 0.00            | -               | 0.00     | 0.00  |
| Fiscal year ending March 31, 2011            | -                   |                 |                 |          |       |
| Fiscal year ending March 31, 2011 (forecast) |                     | 0.00            | -               | 0.00     | 0.00  |

Note) Changes in dividends forecast for fiscal year 2011 as of June 30, 2010: None

## 3. Forecast of consolidated operating results for FY 2011 (April 1, 2010 through March 31, 2011)

|           | Operating revenue |        | Operating income |       | Ordinary income |       | Net income  |   | Net income per share |
|-----------|-------------------|--------|------------------|-------|-----------------|-------|-------------|---|----------------------|
|           | million yen       | %      | million yen      | %     | million yen     | %     | million yen | % | yen                  |
| Interim   | 72,000            | (14.9) | 2,500            | -     | 2,200           | -     | (6,800)     | - | (54.09)              |
| Full-year | 160,000           | (5.6)  | 10,000           | 139.4 | 9,300           | 218.5 | 500         | - | 3.98                 |

Note) Changes in forecast of consolidated operating results for FY2011 as of June 30, 2010: None

#### 4. Others

(1) Significant changes in scope of consolidation: Yes

Newly added - ( - ) Excluded 1 ( Cosmo Securities Co., Ltd. )

Note: This section shows whether or not there is a change in Specified Subsidiaries that led to the change of the consolidated scope during the current quarter.

(2) Adoption of simplified method or specific method to quarterly financial statement in accounting procedure : None

Note: This section shows the use of any simplified accounting methods, or the use of any particular accounting methods for quarterly consolidated financial statements.

(3) Change in accounting policies, procedures, presentation rules, etc.

① Changes due to the revision of accounting standards. : Yes

② Changes due to reasons other than ① : None

Note: The section shows the changes to accounting policies, procedures rules, etc. that are described in Japanese regulations as "Alterations on significant issues that are the basis of the presentation for quarterly financial accounting statements.

(4) Number of shares issued (common stock)

① Number of shares issued (including treasury stock)

② Number of treasury stock

③ Average number of shares issued (during 1st quarter)

| Accounting period  | Shares      | Accounting period  | Shares      |
|--------------------|-------------|--------------------|-------------|
| FY2011 1st Quarter | 125,747,714 | FY2010             | 125,747,714 |
| FY2011 1st Quarter | 12,633      | FY2010             | 35,499      |
| FY2011 1st Quarter | 125,735,528 | FY2010 1st Quarter | 80,257,586  |

#### ※Implementation status of Quarterly review

This Financial Results report for the First Quarter was exempt from quarterly review which was based on Financial Instruments and Exchange Law of Japan. As of the First Quarter disclosing, quarterly review for the quarterly financial statements has been completed.

#### ※Explanation regarding the appropriate use of forecasts of business results

The financial forecasts of business results are based on judgments and estimates that have been made using of currently available information. By nature, such financial forecasts are subject to uncertainty and risk. Therefore, you are advised that the final results might be significantly different from the aforementioned forecast due to changes in economic environments related to our business, market trends and exchange rate, etc.

**Consolidated Financial Statements and Others**  
**(1) Consolidated Balance Sheets**

(millions of yen)

|  | Fiscal year 2011<br>1st quarter<br>(As of June 30, 2010) | Fiscal year 2010<br>(As of Mar 31, 2010) |
|--|--|--|
| <b>Assets</b>  |  |  |
| <b>Current assets</b>                                      |  |  |
| Cash and time deposits                                     | 36,847   | 45,250                                   |
| Notes and accounts receivable                              | 17,845   | 23,300                                   |
| Short term loans receivable                                | 21,869   | 22,261                                   |
| Marketable securities                                      | 7,806  | 8,485                                    |
| Venture capital investments                                | 3,840  | 3,970                                    |
| Inventories  | 3,343  | 2,180                                    |
| Income taxes receivable                                    | 3,677  | 3,261                                    |
| Cash segregated as deposits related to securities business | -  | 26,593                                   |
| Trading assets related to securities business              | -  | 10,232                                   |
| Receivables related to margin transactions                 | -  | 24,551                                   |
| Other current assets                                       | 13,441   | 31,630                                   |
| Allowance for doubtful accounts                            | (8,292)  | (8,724)                                  |
| <b>Total current assets</b>                                | <b>100,379</b>   | <b>192,993</b>                           |
| <b>Fixed assets</b>  |  |  |
| Tangible fixed assets                                      | 24,972   | 26,482                                   |
| Intangible fixed assets                                    | 4,256  | 5,427                                    |
| <b>Investments and other assets</b>                        |  |  |
| Investments in securities                                  | 38,177   | 31,065                                   |
| Other assets   | 10,080   | 12,096                                   |
| Allowance for doubtful accounts                            | (576)  | (315)                                    |
| <b>Total investments and other assets</b>                  | <b>47,680</b>  | <b>42,847</b>                            |
| <b>Total fixed assets</b>                                  | <b>76,909</b>  | <b>74,756</b>                            |
| <b>Total assets</b>  | <b>177,289</b>   | <b>267,749</b>                           |

(millions of yen)

|   | Fiscal year 2011<br>1st quarter<br>(As of June 30, 2010) | Fiscal year 2010<br>(As of Mar 31, 2010) |
|---|--|--|
| <b>Liabilities</b>  |  |  |
| Current liabilities   |  |  |
| Accounts payable  | 4,137  | 6,602                                    |
| Short-term bank loans payable   | 6,313  | 10,933                                   |
| Accrued income taxes  | 526  | 1,156                                    |
| Deposits received of prepaid cards  | 53,876   | 53,183                                   |
| Accrued bonuses to employees  | 2,088  | 3,783                                    |
| Allowance for anticipated losses on contracts   | 93   | 57                                       |
| Accrued bonuses to directors  | 13   | -  |
| Trading liabilities related to securities business  | -  | 1,008                                    |
| Payable related to margin transactions  | -  | 19,121                                   |
| Deposits received and guarantee deposits received from customers related to securities business | -  | 35,994                                   |
| Other current liabilities   | 15,011   | 18,800                                   |
| Total current liabilities   | <u>82,060</u>  | <u>150,641</u>                           |
| Long-term liabilities   |  |  |
| Convertible bonds payable   | 56,792   | 56,792                                   |
| Long-term bank loans payable  | 27,547   | 40,063                                   |
| Accrued employees' retirement benefits  | 175  | 197                                      |
| Accrued directors' retirement benefits  | 19   | 22                                       |
| Other long-term liabilities   | 3,228  | 3,543                                    |
| Total long-term liabilities   | <u>87,763</u>  | <u>100,618</u>                           |
| Statutory reserve   |  |  |
| Reserve for financial products transaction liabilities  | -  | 681                                      |
| Total statutory reserve   | <u>-</u>   | <u>681</u>                               |
| Total liabilities   | <u>169,823</u>   | <u>251,942</u>                           |
| <b>Net assets</b>   |  |  |
| Shareholders' equity  |  |  |
| Capital stock   | 96,225   | 96,225                                   |
| Capital surplus   | 53,763   | 53,763                                   |
| Retained earnings   | (147,826)  | (139,494)                                |
| Treasury stock, at cost   | (10)   | (68)                                     |
| Total shareholders' equity  | <u>2,152</u>   | <u>10,426</u>                            |
| Valuation, translation adjustments and other  |  |  |
| Net unrealized gains (losses) on securities   | 157  | 234                                      |
| Total valuation, translation adjustments and other  | <u>157</u>   | <u>234</u>                               |
| Subscription rights to shares   | 467  | 467                                      |
| Minority interests  | 4,688  | 4,680                                    |
| Total net assets  | <u>7,465</u>   | <u>15,807</u>                            |
| Total liabilities and net assets  | <u>177,289</u>   | <u>267,749</u>                           |

## (2) Consolidated Statements of Operations

(millions of yen)

|  | Fiscal year 2010<br>From Apr. 1, 2009<br>To June 30, 2009 | Fiscal year 2011<br>From Apr. 1, 2010<br>To June 30, 2010 |
|--|---|---|
| Operating revenue  | 41,871  | 32,602  |
| Operating costs  | 40,231  | 25,453  |
| Gross profits  | 1,639   | 7,148   |
| Selling, general and administrative expenses                       | 15,038  | 7,080   |
| Operating income(loss)   | (13,398)  | 68  |
| Non-operating income   |   |   |
| Interest income  | 11  | 36  |
| Dividend income  | 159   | 33  |
| Hoard profit of prepaid card                                       | 290   | 287   |
| Others   | 388   | 183   |
| Total non-operating income   | 850   | 540   |
| Non-operating expenses   |   |   |
| Interest expenses  | 6   | 259   |
| Foreign exchange losses  | 76  | -   |
| Provision for accrued employees' retirement benefits               | 65  | 66  |
| Others   | 102   | 178   |
| Total non-operating expenses                                       | 251   | 503   |
| Ordinary income(loss)  | (12,798)  | 105   |
| Extraordinary gains  |   |   |
| Reversal of allowance for doubtful accounts                        | -   | 25  |
| Gain from transfer of business                                     | 180   | -   |
| Reversal of reserve for financial products transaction liabilities | 186   | -   |
| Others   | 446   | 9   |
| Total extraordinary gains  | 813   | 34  |
| Extraordinary losses   |   |   |
| Loss on impairment of fixed assets                                 | 489   | -   |
| Loss on sales of investments in securities                         | 653   | -   |
| Loss on withdrawal from securities business                        | -   | 8,904   |
| Others   | 598   | 503   |
| Total extraordinary losses   | 1,741   | 9,408   |
| Loss before income taxes and minority interests                    | (13,727)  | (9,268)   |
| Income taxes : Current   | 280   | 175   |
| Income taxes : Deferred  | 56  | (1,117)   |
| Total income taxes   | 336   | (942)   |
| Loss before minority interests                                     | -   | (8,326)   |
| Minority interests in income (loss)                                | (22)  | 5   |
| Net loss   | (14,041)  | (8,331)   |

### (3) Consolidated Statements of Cash Flows

(millions of yen)

|  | For the three months<br>ended June 30, 2009 | For the three months<br>ended June 30, 2010 |
|--|---|---|
| Cash flows from operating activities   |   |   |
| Loss before income taxes and minority interests  | (13,727)                                    | (9,268)                                     |
| Depreciation   | 1,391                                       | 1,081                                       |
| Loss on impairment of fixed assets   | 489   | -   |
| Amortization of goodwill   | 44  | 34  |
| Increase (decrease) in allowances and decrease (increase) in prepaid pension costs                                     | (2,975)                                     | (1,347)                                     |
| Increase (decrease) in reserve for financial products transaction liabilities  | (186)                                       | -   |
| Interest and dividend income   | (450)                                       | (70)  |
| Interest expenses  | 925   | 262   |
| Loss on withdrawal from securities business  | -   | 8,904                                       |
| Decrease (increase) in accounts receivable   | 10,405                                      | 7,089                                       |
| Decrease (increase) in inventories   | (1,337)                                     | (1,199)                                     |
| Increase (decrease) in accounts payable  | (3,044)                                     | (2,464)                                     |
| Increase (decrease) in deposits received of prepaid cards  | (342)                                       | 693   |
| Decrease (increase) in venture capital investments   | (465)                                       | 125   |
| Decrease (increase) in investments related to financial services   | 7,741                                       | -   |
| Increase (decrease) in liabilities related to financial services   | (2,809)                                     | -   |
| Decrease (increase) in cash segregated as deposits related to securities business                                      | (2,527)                                     | -   |
| Decrease (increase) in trading assets related to securities business   | (8,036)                                     | -   |
| Decrease (increase) in trade date accrual (asset) related to securities business                                       | 3,001                                       | -   |
| Decrease (increase) in receivables related to margin transaction   | (7,848)                                     | -   |
| Decrease (increase) in loans secured by securities   | (1,817)                                     | -   |
| Increase (decrease) in trading liabilities related to securities business  | 814   | -   |
| Increase(decrease) in trade date accrual (liability) related to securities business                                    | 2,799                                       | -   |
| Increase (decrease) in payables related to margin transactions   | 3,418                                       | -   |
| Increase (decrease) in deposits received and guarantee deposits received from customers related to securities business | 3,205                                       | -   |
| Other net  | 275   | (1,830)                                     |
| Subtotal   | (11,054)                                    | 2,010                                       |
| Interest and dividends income received   | 467   | 44  |
| Interest expenses paid   | (954)                                       | (236)                                       |
| Income taxes paid  | (1,626)                                     | (1,595)                                     |
| Net cash used in operating activities  | (13,168)                                    | 223   |
| Cash flows from investing activities   |   |   |
| Decrease (increase) in time deposit, net   | (470)                                       | -   |
| Net proceeds from sales and purchases of marketable securities   | (99)  | 9,521                                       |
| Purchases of property and equipment  | (734)                                       | (69)  |
| Purchases of intangible assets   | (465)                                       | (170)                                       |
| Purchases of investments in securities   | (2,099)                                     | (12,104)                                    |
| Proceeds from sales of investments in securities   | 4,874                                       | 245   |
| Net decrease (increase) in short-term loans receivable   | -   | 3,269                                       |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation                       | 113   | 3,006                                       |
| Other net  | 173   | (1)   |
| Net cash provided by (used in) investing activities  | 1,291                                       | 3,696                                       |

(millions of yen)

|  | For the three months<br>ended June 30, 2009 | For the three months<br>ended June 30, 2010 |
|--|---|---|
| Cash flows from financing activities   |   |   |
| Increase (decrease) in short-term bank loans, net  | 4,737                                       | -   |
| Cash dividends paid  | -   | (11,265)                                    |
| Other net  | (159)                                       | (128)                                       |
| Net cash provided by financing activities  | 4,577                                       | (11,394)                                    |
| Effect of exchange rate changes on cash and cash equivalents   | (101)                                       | (3)   |
| Net increase (decrease) in cash and cash equivalents   | (7,400)                                     | (7,478)                                     |
| Cash and cash equivalents, at beginning  | 33,882                                      | 43,394                                      |
| Decrease in cash and cash equivalents resulting from exclusion of<br>subsidiaries from consolidation | -   | (32)  |
| Cash and cash equivalents, at end  | 26,482                                      | 35,883                                      |

#### (4) Note for Assumption of Going Concern

Not applicable

#### (5) Segment Information (Consolidated)

##### Information by business segment

(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 (the Company).

##### 3. Change in accounting policies

With regards to the recording basis for earnings related to contract works, the Company 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, 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 three months period ended June 30, 2009, because total overseas sales were less than 10% of consolidated total sales in the period.

##### Information by Reportable segments

###### 1 Overview of Reportable Segments

Reportable segments of the Company are components of an entity about which separate financial information is available and such information is evaluated regularly by the board of directors in deciding how to allocate resources and in assessing performance.

The Group is based on main three segments of the primary businesses of the subsidiaries affiliated with a pure holding company,

“BPO”, “IT-Management”, and “System-Integration”, and the Group performs business activities through business reinforcement and cooperation of the core three segments and “Prepaid Card” business that issues and settles the prepaid cards.

Accordingly, the Group’s segments are separated based on the products and services provided by the core operating companies and the reportable segments are as follows.

BPO :Business consulting, Contact center, Back-office BPO, Business process analysis and design, Business BPO services, Data analysis and management, Inspection services

IT Management :IT base construction, Operation consulting, Infrastructure management, System operation services, Network operation surveillance, Data center services

System-Integration :Consulting, Solution services, System integration

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

## 2 Net sales and segment income or loss of reportable segments

(millions of yen)

|                                  | For the three months period ended June 30, 2010 |                   |                        |                  |        |                 |        |   |                        |
|----------------------------------|---|-------------------|------------------------|------------------|--------|-----------------|--------|---|------------------------|
|                                  | Reportable Segments                             |                   |                        |                  |        | Other<br>Note 1 | Total  | Elimination<br>and<br>corporation<br>Note 2 | Consolidated<br>Note 4 |
|                                  | BPO   | IT-<br>Management | System-<br>Integration | Prepaid-<br>Card | Total  |                 |        |   |                        |
| Operating revenue:               |   |                   |                        |                  |        |                 |        |   |                        |
| Outside customers                | 6,661   | 6,527             | 18,226                 | 925              | 32,340 | 261             | 32,602 | -   | 32,602                 |
| Inter-segment<br>sales/transfers | 801   | 910               | 356                    | 34               | 2,102  | -               | 2,102  | (2,102)                                     | -                      |
| Total                            | 7,463   | 7,438             | 18,582                 | 959              | 34,443 | 261             | 34,705 | (2,102)                                     | 32,602                 |
| Operating income(loss)           | 108   | 281               | 531                    | 165              | 1,086  | (129)           | 956    | (888)                                       | 68                     |

Notes: 1 “Other” represents categories of businesses that are not included in reportable segments, and includes investments in venture companies and investment trust managements

2 Amounts in the column “Elimination and corporation of Operating income (loss)” of ¥(888) million represents Group’s management revenue of ¥426 million, and corporate expense of ¥(1,467) that was not allocated to reportable segments. The expense was management expenses for group companies incurred at the Company.

3 The Group has withdrawn from Securities business due to the fact that the Company sold all the shares of Cosmo Securities Co., Ltd. during the first quarter of fiscal year 2010.

4 Segment income (loss) is adjusted with operating income in the consolidated statements of income.

(Additional Information)

Effective from the first quarter of fiscal year 2010, the Group adapted “Accounting Standard for Disclosure about Segments of an Enterprise and Related Information”(Accounting Standard Board of Japan No.17 issued on March 27, 2009) and “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information”(Accounting Standards Board of Japan Guidance No.20 issued on March 21, 2008).

## (6) Note for material changes in Shareholder’s Equity

Not applicable