Fresh Horizons for Growth

CSK HOLDINGS CORPORATION

Annual Report 2009

Contents

Reaching Out for Change

On September 30, 2009, CSK HOLDINGS CORPORATION implemented a capital increase that included the withdrawal from the real estate securitization business. As part of this effort, CSK also renewed the management team, and began life as a new CSK Group.

As we embark on this new course of growth and progress, the Group will maintain the fundamental commitment to making customers the motivation for everything that we do—this is truly the "guiding principle of service" handed down from our founder. With this principle as a compass for all CSK employees, we will further strengthen inter-company collaboration, and use the new management structure to maximize our collective strengths in order to achieve sustainable growth for the CSK Group.

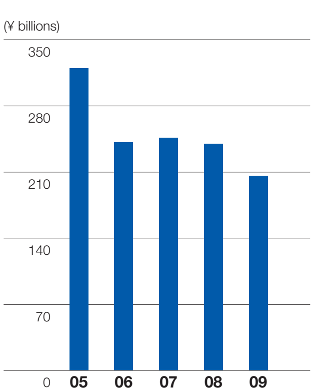
Financial Highlights

CSK HOLDINGS CORPORATION and Consolidated Subsidiaries
For the years ended March 31, 2005, 2006, 2007, 2008 and 2009

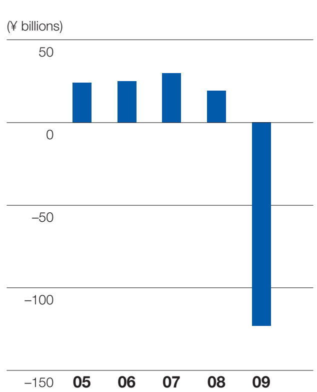
					Millions of yen	Thousands of U.S. dollars (Note 1)
	2005	2006	2007	2008	**2009**	**2009**
For the year:						
Operating revenue	¥319,994	¥241,155	¥245,982	¥239,695	**¥ 206,100**	**$ 2,098,137**
Operating income (loss)	24,046	25,138	29,905	19,256	**(123,067)**	**(1,252,843)**
Income (loss) before income taxes and minority interests	64,200	52,786	30,713	4,682	**(144,346)**	**(1,469,466)**
Net income (loss)	33,343	30,875	8,679	1,272	**(161,529)**	**(1,644,401)**
At year-end:						
Total assets	455,637	543,134	577,295	550,054	**363,932**	**3,704,893**
Net assets/Shareholders' equity (Notes 2 and 3)	156,485	179,824	208,775	185,496	**25,247**	**257,023**
Interest-bearing debt	137,047	159,424	192,665	212,069	**199,801**	**2,034,016**
Working capital	134,688	172,802	181,958	152,350	**12,024**	**122,404**
					Yen	U.S. dollars (Note 1)
Per share (Note 4)**:**						
Net income (loss)	¥ 437.31	¥ 410.52	¥ 117.35	¥ 17.34	**¥(2,097.39)**	**$(21.35)**
Diluted net income	412.04	387.98	105.60	15.46	**—**	**—**
Cash dividends	17.00	40.00	40.00	40.00	**—**	**—**
Shareholders' equity	2,072.02	2,437.08	2,479.33	2,317.18	**251.40**	**2.56**
Total outstanding shares	76,733,284	77,791,992	78,437,124	78,670,524	**80,290,414**	

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥98.23 = U.S.$1.00
2. Starting from the year ended March 31, 2007, "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan (ASBJ) Statement No. 5 issued on December 9, 2005) and Guidance on Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Guidance No. 8 issued on December 9, 2005) have been applied.
3. Following enactment of the Company Act in 2006, net assets are presented for fiscal years commencing after April 1, 2006.
Net assets comprise the sum of shareholders' equity, as previously presented, along with minority interests and bonds with detachable warrants.
4. Per share amounts are in yen and dollars, rounded to two decimal places.

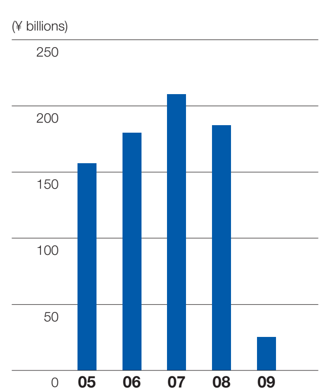
Operating Revenue



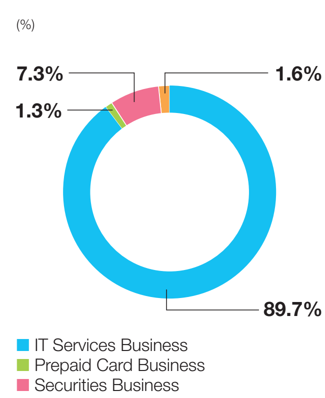
Operating Income (Loss)



Net Assets/Shareholders' Equity



Operating Revenue by Business Segment



* Sept. 2009: Sold real estate securitization business.
Oct. 2009: Sold commodity investment advisory services business.

With the fiscal year ending March 2010 as the starting year for our new growth trajectory, we will move ahead with implementing structural and management reforms.

My name is Takeshi Nakanishi, and I became Representative Director and President of CSK HOLDINGS on September 30, 2009.

I would like to begin by thanking you for your ongoing understanding of and support for the activities of the CSK Group.

During the fiscal year ended March 2009, under the shadow of the global financial crisis, CSK HOLDINGS recorded major losses and saw significant deterioration in our financial position. These losses were largely a result of major write-downs in our real estate securitization business. Now, however, thanks to the cooperation of our banks and various other parties, we have implemented recapitalization strategies, including complete withdrawal from the real estate securitization business, and succeeded in restoring financial stability.

The Company also decided to use this juncture to refresh the management structure, thereby forging a new CSK Group. Going forward, we will make maximum use of our years of technological expertise, our customer base, and our personnel to hammer out new growth strategies. By working together as a corporate information services Group, we will accelerate the development of CSK Group's business.

With advances in information technology and improvements to the information and telecommunications infrastructure, IT plays an increasingly central role in society, and corporate activities are ever more closely entwined with IT. As a result of these changes, the IT service industry has come to support the very businesses of its customers. At the CSK Group, we recognize that we have a growing role and responsibility to fulfill, and that our customers expect more than ever from us.

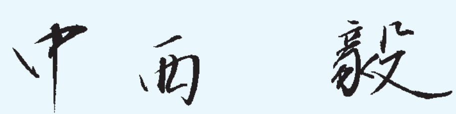
We intend to live up to these heightened expectations, and are taking action to do so by deepening our understanding of our customers' businesses and industries and pursuing every issue from the customer's perspective so that we can provide services that support not only customers' IT needs, but their entire business. Through this type of service, we want to grow alongside our customers as a trusted business partner.

The economy remains uncertain, and we predict that operating conditions for the CSK Group in the fiscal year ending March 2010 will continue to be challenging. Nevertheless, we see this year as the beginning of a new growth trajectory. Keenly aware of the weight of our responsibilities, we are taking decisive steps toward structural and management reforms.

These reforms will strengthen the CSK Group's growth potential and profitability, and raise our corporate value in a sustained manner. I believe that this course of action will allow us to meet the expectations of our shareholders and investors.

I sincerely hope that we can rely on your support and encouragement in this next chapter of CSK Group's story.

October 2009



Takeshi Nakanishi
Representative Director, President and COO
CSK HOLDINGS CORPORATION

Charting a New Course Ahead: Revitalizing the CSK Group

The CSK Group experienced a rapid and dramatic downturn in operating results and financial position during the fiscal year ended March 31, 2009, which culminated in a net loss of ¥161.5 billion. Meanwhile, uncertainty continued to plague the environment surrounding our core operation, the IT services business, as corporate clients await a recovery in operating conditions. In this climate, the CSK Group is pursuing a host of management measures designed to quickly revitalize the Group and define it once again as a company plotting its own trajectory for growth.

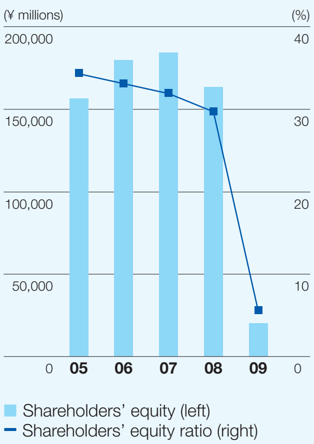
The Year in Review

We ended the March 31, 2009 fiscal year with a large operating loss of ¥123.0 billion, compared to operating income of ¥19.2 billion a year earlier. We booked an evaluation loss of roughly ¥81.0 billion stemming from investment real estate held in the real estate securitization business under our financial services business. Another major factor in this loss is the delayed recovery in performance in our securities business amid prolonged weakness in market conditions. In addition, we recorded write-offs pertaining to fixed assets owned by subsidiaries for business use and to goodwill, losses from the discontinuation of construction at our head office building, and the reversal of deferred tax assets, among other losses. The very sobering end-result was a net loss of ¥161.5 billion, compared to net income for the previous fiscal year of ¥1.2 billion.

Reflecting this substantial net loss, the shareholders' equity ratio fell to 5.5%, in contrast to 29.7% at the previous fiscal year-end. Due primarily to an increase in short-term bank loans, our debt/equity (D/E) ratio, which includes the securities business, was 9.9 times, representing a dramatic worsening in the Company's financial position.

In our core IT services business, top- and bottom-line performance was lower, with sales declining 3.9% year on year to ¥190.7 billion, and operating income down 43.0% to ¥8.78 billion. This outcome came largely from a growing tendency among companies to curtail IT investments amid a still weak Japanese economy following the collapse of Lehman Brothers in September 2008. In the Group's technology services, we have witnessed a rapid pullback in IT investments particularly in the manufacturing industry, along with project postponements and reductions in scale for all but critical IT investments in other industries as well. Sales and profits in this business field were also lower due to new business development and other business investments conducted during the year. In business services, sales declined mainly for technical support and product verification services, both of which were impacted by corporate efforts to cut costs and restrict investment in product development amid an increasingly visible economic slowdown. In ASP*[1] services for the securities business, profits dropped sharply mainly due to the added development of new functions and increased operation costs.

Shareholders' Equity/
Shareholders' Equity Ratio



Regrettably, given these exceptional circumstances, we have chosen not to declare an interim dividend or a year-end dividend for the fiscal year under review.

We have taken to heart the fact that the Company's performance and business results for this past year have raised substantial concerns among our shareholders and all other stakeholders. We also recognize that the Group's imperatives going forward must be to mount a recovery in performance as quickly as possible, and to bolster our earnings base. To this end, we have positioned the fiscal year ending March 31, 2010 as a springboard for obtaining new growth for the Group, and are moving with untiring resolve to achieve a swift recovery in performance.

*[1] ASP (Application Service Provider): Refers to a company that leases application software for business use to customers via the Internet. Using their web browsers, users access application software installed on ASP servers.

Management Measures to Revitalize the CSK Group

We are eyeing reductions in financial risks, business restructuring, and a more robust governance structure as basic policies for Group revitalization, as we pursue a variety of management measures in order to put the CSK Group back on track for growth.

Reducing Financial Risks

The real estate securitization business, where we experienced large evaluation losses connected to real estate held, was a major factor behind the rapid deterioration in our financial position during the fiscal year under review. Although we focused intently on the sale of all properties held during the second half of last year, we made no major strides amid protracted weakness in real estate market conditions. The situation was exacerbated by financial risks, which grew more acute as we continued to hold real estate, and, if unchanged, posed the direct threat of a more serious financial crisis. After considering a wide range of options, we determined that to break through this impasse it was essential to quickly exit from this business, and thereby cut off any further real estate risks, while at the same time increasing capital as a measure to enhance our financial base.

First, allow me to offer more background to our decision to exit from the real estate securitization business, after which I will present an overview of our recent capital increase measures.

Exit From Real Estate Securitization Business

The CSK Group entered the real estate securitization business in 2003 to obtain funds to invest in building a new base for growth in the IT services business, and realized a modicum of success in this area. The global financial crisis, however, sparked sudden and dramatic tightening in the lending behavior of financial institutions with respect to real estate-related businesses. The result was an extremely severe business environment characterized by a decline in real estate liquidity and plummeting prices.

In order to alleviate financial risk, we implemented solutions for comprehensively resolving two issues: the capital increase and elimination of risk in the real estate securitization business.

Faced with this environment, we pushed forward with aggressive sales efforts guided by a strategy of selling off all properties held as quickly as possible. However, as weakness in the real estate market persisted, so did conditions that made it difficult to complete efforts to promptly recoup our investment. We examined a range of options for prioritizing on collecting a return on investment by taking some time to sell of properties, but with no recovery in the real estate market in sight, we were ultimately forced to retain most of our real estate properties. As a result, we assumed capital risk stemming from deterioration in cash flow due to additional investment, as well as the risk of damage to shareholders' equity from incurring excessive debt due to any additional evaluation losses that may occur.

As a backdrop to funding risk, most of our real estate properties are under development, which raised the possibility that additional development capital would be required going forward. Similarly, worsening earnings from properties in operation presented the likelihood, based on their respective contracts, of incurring an additional funding burden. Moreover, given the sustained credit crunch in the real estate market, the inability to quickly sell properties would prevent the renewal of non-recourse loans,*[2] which potentially could have resulted in requests for loan repayment. As for risk of damage to shareholders' equity, our net assets as of June 30, 2009 amounted to ¥10.3 billion. At this level, the incurrence of any additional evaluation losses, we reasoned, could result in a worst-case scenario in which the Company would wind up in excessive debt.

We rationalized that staying this course in the real estates securitization business would not only lower the Company's creditworthiness in the capital markets, but could negatively affect transactions with client companies in our core IT services business. For this reason, we decided it was absolutely essential to promptly and explicitly block management risks associated with this business by making our exit from it.

*[2] Non-recourse loans: Loans in which cash flows stemming from specific assets (non-exempt property) of the borrower are the lone source for meeting loan obligations.

Overview of Capital Increase Measures

1) Eliminate Real Estate Risk

The CSK Group will effectively eliminate real estate risk by selling to ACA Properties Investment Limited Partnership, managed and operated by ACA, Inc., all CSK-held shares in and loans receivable from CSK FINANCE CO., LTD., which conducts the real estate securitization business. While this decision will result in a loss on transfer of roughly ¥55.0 billion, it will simultaneously increase capital by ¥46.0 billion, enabling the Company to avoid excessive debt and maintain a sound financial base.

We will refrain from transferring loans receivable for those real estate assets where the possibility of additional evaluation losses is minimal and there are short-term prospects for sale. Accordingly, we plan to continue to hold and realize a return on investment from such assets.

2) Gain Bank Support

CSK will increase capital by ¥30.0 billion through a debt-equity swap involving four banks. The funds will be raised via the issue of preferred shares. At the same time, while a total of ¥50.0 billion in short-term debt due to the four banks will be refinanced as long-term debt.

3) Capital Increase from ACA

Regarding the capital increase, we will raise approximately ¥16.0 billion by issuing preferred shares subscribed to by Godo Kaisha ACA Investments, a company established by ACA, Inc. We have also issued ¥6.0 billion in stock acquisition rights to ACA Investments. In pursuing this capital increase, ACA was chosen as a sponsor on the strength of its proposed solution for comprehensively resolving two issues—the capital increase from ACA and our exit from the real estate securitization business.

Outline of Capital Increase

Sell real estate securitization business; capitalize short-term borrowings and refinance others to long-term; increase capital through third-party share allotment
—Loss of ¥55.0 billion from selling CSK FINANCE; total capital increase of ¥46.0 billion

1) Eliminate real estate risk: Sell the real estate securitization business

· Sell all shares in and loans receivable from CSK FINANCE to ACA Properties
→ **Effectively remove all real estate securitization business risk**
(Loss of approx. ¥55.0 billion will arise on transfer)

2) Gain bank support: ¥87.5 billion of debt; DES and refinance short-term loans to long-term loans

· Capitalize short-term loans through ¥30.0 billion debt-equity swap
· Refinance ¥50.0 billion from short- to long-term loans
· Pay off balance of ¥7.5 billion at time of capital increase
→ **Debt will mainly become long-term, improving liquidity ratio**
Debt repayment in line with business plan will remove capital risk

3) Capital increase from ACA: Approx. ¥16.0 billion capital increase

· Third-party share allotment to ACA Investments will underwrite a capital increase of approx. ¥16.0 billion (preferred share issue)
· A total issuance of ¥6.0 billion in stock acquisition rights

Increase in capital ¥46.0 billion

Having defined the IT services business as our core operation, we will push ahead with reviewing our business portfolio and strategy, striving for new growth by boosting competitiveness and developing a robust earnings base.

This capital increase from the issue of preferred shares and stock acquisition rights will lead to significant share dilution, a situation that we recognize is no trivial matter to our existing shareholders. With that said, eliminating real estate risk, while simultaneously enhancing our financial base, is absolutely critical to the revitalization of the CSK Group. This capital increase plan, moreover, represents the best option available, and is a decision we arrived at after examining all other viable alternatives. By improving our financial base, we intend to push ahead with a business strategy for steadily expanding profits and cash flows in the IT services business, with the goal of raising the corporate value of the CSK Group.

More than ever, your understanding and support as shareholders will be vital to our success.

Overview of ACA

Name:	ACA, Inc.
Main business:	(1) Management of investment funds investing in listed equities (2) Management of sector-specific funds, etc. (3) Investment-related business including M&A advisory business
Date established:	April 1, 2005
Address:	Chiyoda-ku, Tokyo
Representative:	Akihiro Azuma (Representative Director)
Employees:	21 (As of August 2009)
Main shareholders:	Senior management and employees of ACA, Inc., Sumitomo Corporation, Ant Capital Partners Co., Ltd. (formerly Nikko antfactory K.K.)

Business Restructuring

While working to establish a robust earnings base, the CSK Group is pursuing business restructuring, extensive cost reductions, and an improved cost structure in the push to mount a quick recovery in business performance.

Business Selectivity and Focus—Concentrating on the IT Services Business

Having defined the IT services business as our core operation, we will push ahead with reviewing our business portfolio going forward. With our future vision for the CSK Group in mind, we will strive for new growth by reassessing Group strategy, boosting competitiveness, and developing a robust earnings base. In the same business, we plan to exit from unprofitable operations, those operations lacking clear synergies, and businesses with remote prospects for expansion, as we reallocate resources.

Where the financial services business is concerned, although as discussed earlier we have exited from the real estate securitization business, we plan to streamline, minimize or withdraw from the other businesses as well. As for the securities business, while nothing definitive has been decided at this stage, we are exploring the possibility of transferring this business in line with Group business strategy.

Measures to Reduce Costs and Improve Cost Structure

In light of the harsh operating environment, we chose to discontinue head office construction in the Minato Mirai 21 development area, which was originally slated for completion in 2012. And while we have already enacted pay cuts for directors and other cost reductions, we intend to unveil more cost-reduction measures during the fiscal year ending March 31, 2010. We will trim roughly ¥6.5 billion in largely indirect costs by reviewing investments in internal system, as well as general affairs-related costs linked to personnel, office consolidation and other areas. For each item, we plan to methodically pursue cost reductions and carefully monitor progress made.

More Robust Corporate Governance

New Management Team

In step with the recent capital increase, the resignations of all former directors and auditors were approved at an extraordinary shareholders meeting held on September 29, 2009, followed by the new appointment of nine officers, including six directors and three auditors. The presence of a majority of directors from outside the company, including those from ACA, will help ensure highly transparent management as we move to revitalize the Company.

Group Management Framework

We newly established an Executive Officer Meeting composed of directors and executive officers from CSK HOLDINGS and the presidents of main Group companies. Governance will in principle continue to be through the Board of Directors. Decision-making concerning important management matters, such as Group management policies and business strategy, will occur in a context of support for swift decision-making and proper management monitoring enabled via the Executive Officer Meeting. Beyond this, we are promoting the sharing of opinions and information among Group companies through periodic meetings and other events attended by representatives from each Group company. Under this new management framework, we are strengthening ties across the entire CSK Group in ways that will maximize synergies, all with the aim of boosting corporate value.

A Fresh Start as the New CSK Group

Today, the CSK Group has made a fresh start under the guidance of a new management team. With a severe market environment projected for the fiscal year ending March 31, 2010, the Company will be a proverbial ship at sea in a turbulent storm. But by identifying new business opportunities born from this challenging environment itself, we are looking to make medium- and long-term growth a reality for the CSK Group.

In actual fact, the growing desire among companies to reduce costs is spurring increased demand for IT outsourcing and BPO*3 services. Moreover, as adversity in the business environment and corporate competition intensify, the shift to lean management is also gaining momentum in the area of IT assets. And as the trend away from IT infrastructure ownership to usage continues to accelerate, expectations around new services such as SaaS*4 and cloud computing*5 are growing.

Our goal is to strive for the Company's next stage of growth. To this end, we will boldly pursue structural and business reforms to ensure that in the future, when we look back on our new start at this critical juncture of change in today's business environment, that we view it as an opportunity that allowed the CSK Group to achieve a leap forward.

Speed is extremely vital to enacting reforms of this kind. To flexibly implement reforms, we first reviewed our organizational structure, establishing a new "Corporate Turnaround Group" within CSK HOLDINGS. This division is responsible for proposing, promoting, and managing the progress of revitalization plans for the entire Group. Within the same division, we have installed a Corporate Planning Division responsible for Group-wide corporate planning, a Business Promotion Division charged with promoting Group business base enhancement, and a Business Restructuring Promotion Division responsible for promoting cost structure improvements across the Group. Led by this Corporate Turnaround Group, we will work to turn the CSK Group around in the shortest time possible, and move assertively to put the Company back on track for growth.

The CSK Group today has inherited what we call our "guiding principle of service," which has remained unchanged since the day the Company was founded. This guiding principle embodies our approach to making customers the motivation for everything that we do. By taking the customer's perspective more than ever before, and delivering appealing and highly satisfying services, we desire to grow in tandem with customers as a trusted partner.

For this reason, it is imperative that every Group employee strives for a mindset driven by the customer's perspective, and takes action from this standpoint. Employee mindset reform and human resource development are also areas that we are targeting for special attention going forward. Accordingly, I consider it to be one of my missions as President to create an organization and culture that enables employees to further express their capabilities, and to form a company where employees can feel motivated and be proud to work.

We desire to grow along with customers as a trusted partner by taking the customer's perspective more than ever before, and delivering appealing and highly satisfying services.

Corporate Turnaround Group

On September 30, 2009 CSK HOLDINGS established a new Corporate Turnaround Group

Corporate Turnaround Group

- Corporate Planning Division
  → **Business planning functions for the CSK Group**
- Business Promotion Division
  → **Strengthening of the CSK Group's management base**
- Business Restructuring Promotion Division
  → **Promotes cost structure reforms for the CSK Group**

Under a new management team, our objective is to unite the Group in order to achieve revitalization and our next stage of growth. I am determined to transform the Company once again into an appealing corporate group from which our shareholders can expect great things to come. Your continued support is essential to this endeavor.

[*3] BPO (Business Process Outsourcing): Refers to business process management services whereby business processes are outsourced to enhance efficiency and quality.

[*4] SaaS (Software as a Service): A software distribution format whereby only the software functions that users need are distributed for use as a service.

[*5] Cloud computing: Refers to a methodology whereby software, data and other items formerly managed and used on one's computer are made available when needed in the form of a service via the Internet and other networks. The term derives from the cloud mark customarily used in the IT industry to denote the area outside of a network in systems diagrams.

Reaching Out in New Directions

As the CSK Group embarks on a new course, we are led by our "guiding principle of service," passed down from our earliest days in business. This guiding principle embodies our fundamental commitment to making customers the motivation for everything that we do.

Along with enhancing and upgrading existing services from the customer's standpoint, our goal is to realize the next stage of growth by creating and spurring the evolution of new services that contribute directly to customer businesses.

Past Initiatives and Key Issues

In today's volatile economic climate, where the business environment has become increasingly severe, companies are under pressure more than ever before to deliver both cost reductions and fast-paced management. In this context, the demand from customers for high returns on investment and shorter delivery times for IT services is growing stronger.

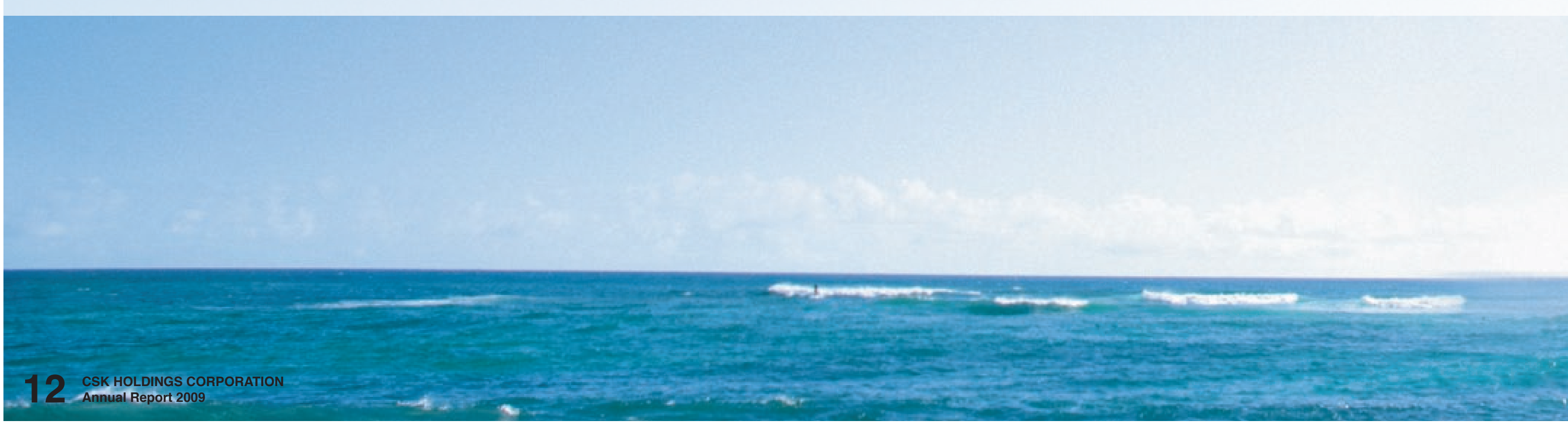
Furthermore, the transformation of IT into infrastructure has positioned the IT services industry to directly support customer businesses. Customers are looking not simply for the provision of IT systems, but have begun seeking solutions to their corporate management issues, among them operational improvements and the development of a competitive edge through IT-driven reforms. Quick to recognize these trends, the CSK Group is transitioning to a service provider business model, and is taking steps to specialize in specific industries and business processes to create standards that can be used in and across industries.

Through these initiatives, the CSK Group has begun creating and offering new types of services for specific industries and business processes, such as services for insurance businesses and e-commerce companies. These are services that we offer by taking advantage of our own IT platforms, merging them with BPO and other peripheral business processes for the types of services that only the CSK Group can deliver. In contrast to conventional IT services, which entailed the development and provision of IT systems from scratch for individual companies, our services enable customers to flexibly access existing services based on business scale and volume, thereby realizing a high rate of return on investment. The provision of these services to a broad base of customers, meanwhile, will enable the Group to realize stable revenues.

These new types of services as yet comprise only a small part of the Group's services portfolio. As the CSK Group focuses on the IT services business going forward, we intend to launch a steady stream of new services of this kind, positioning them as a robust business pillar. At the same time, answering customers' greater-than-ever need for high returns on investment demands that we structurally rethink our business approach to accelerate the pace of business innovation.

The Fundamentals of Business Innovation

From the CSK Group's earliest beginnings, our guiding principle of service, and our overarching approach, has been to think deeply about what types and levels of service must be on offer to customers. While the business era may change, this universal principle has not—this can be thought of as the "CSK value" that underscores the work ethic of CSK Group employees.



Our Guiding Principle of Service

- Provide customers with technology leveraged services that will always exceed their expectations
- Offer advanced and specialized technology leveraged services
- Work accurately, speedily and efficiently
- Consider customers' benefit first and provide them with professional advice

The key to our business innovation is ensuring that the guiding principle of service serves as the compass guiding all of our activities. That principle in turn is based on the underlying approach of all employees—to make customers the motivation for everything that we do.

A Growth Model for the IT Services Business

Among its strengths, the CSK Group counts a solid client base accumulated over the years, on-site services offering a high level of support, and a lineup of highly interrelated technology and business services. Along with these strengths, our business foundation is built on our guiding principle of service, seasoned employees, appealing services from the customer's standpoint, and speedy responsiveness to our customers.

This foundation underpins two main pillars—our core existing businesses enhanced and upgraded from the standpoint of our customers, and new businesses that respond to market needs and directly contribute to customer businesses. These pillars are linked by our intellectual property assets. Utilizing assets derived from our core existing businesses, we create new services that meet market needs and capture market share. These new services, in turn, become core existing businesses in their own right, creating a cycle that continuously strengthens CSK Group businesses. In this way, we are working to expand Group operations.

Realizing Business Innovation

In striving toward its growth model for the IT services businesses, the CSK Group is promoting distinct innovations in five areas—sales and marketing, service development, on-site services, organizational and systems, and cost structure.

With sales and marketing innovation, we will switch from a passive, order-driven style to one that is more active and market-centered. In service innovation, we intend to produce on-demand services for garnering a share of specific markets. Furthermore, we are innovating our on-site service to enable us to continuously make on-the-spot proposals and improvements to boost customer satisfaction levels. To accelerate the pace of these innovations, we will create an organization that prides itself on putting customers first, all while eliminating and rebuilding any systems that hinder business growth. Our goal with cost structure innovation, meanwhile, is to optimize costs.

* The pages that follow feature principal Group companies, with an introduction to their respective business strategies and initiatives.

CSK SYSTEMS

CSK SYSTEMS CORPORATION

Paid-in capital : ¥10,000 million (100% owned by CSK HOLDINGS)
Number of employees : 3,006 (as of April 1, 2009)
Business activities : consulting, systems integration (SI), systems management, application service provider (ASP), business process outsourcing (BPO)
URL : http://www.csk.com/systems/

Takeshi Nakanishi, President

CSK SYSTEMS helps solve customers' management issues by enhancing the quality and productivity of IT services, and by creating new services.

CSK SYSTEMS Business Environment

In the current economic climate, customers are restricting IT investment in various ways, including postponing IT investment plans and scaling back investment projects. This trend largely reflects declining corporate profitability due to the market deterioration that has emerged since last year. While system demand is present in certain financial industry sectors in line with regulatory revisions and industry realignment, severe conditions are expected to persist overall over the short term.

This situation notwithstanding, corporations today and IT are intricately intertwined. In a challenging economic climate, it is essential to leverage IT to solve management issues such as constraining costs, improving operational efficiency, and reforming business processes from the ground up. At the same time, customers expect greater returns on their IT investments than ever before. Similarly, their approach to IT is shifting away from the more conventional notion of system ownership, to the idea of SaaS and other IT services usage.

Toward the Next Stage of Growth

To respond to customers' diverse needs and establish a solid earnings base of its own, CSK SYSTEMS is strengthening the competitiveness of IT services through extensive quality and productivity enhancement. In tandem, we are creating and developing new products and services that directly resolve customers' management issues.

Where strengthening the competitiveness of IT services is concerned, CSK SYSTEMS is determined to improve not only technological capabilities honed over the years in systems development and project management skills, but also to raise the quality of all processes, from proposals and defining essential requirements to systems design, integration, maintenance and management. Additionally, we are boosting productivity further by putting a framework in place for offshore and near-shore development and reviewing utilization methodologies.

As for creating and developing new products and services, CSK SYSTEMS seeks to develop not only IT, but also high-value-added services that only the CSK Group can provide, including business process outsourcing (BPO). Customers want measures to resolve their management issues to be provided as specific solutions based on an actual track record of success. For this reason, we are focused on the development of new products and services that leverage operations know-how, an asset we have amassed through service provision over the years.

CSK SYSTEMS has already begun offering a number of services that leverage this asset. Examples include "BankSavior," a system for financial institutions that monitors unusual account activity, and "PrimeTiaas," a service that offers a highly expandable contact center infrastructure as a service encompassing all customer operations. Customers have given high marks to the degree of flexibility and the investment-benefit ratio present in both services. In turn, the broad provision of services of this kind to a host of industries and companies is leading to increased earnings stability for CSK SYSTEMS. We plan to incrementally develop the same types of services going forward. Specific examples here include services for compliance with internal control systems and International Financial Reporting Standards (IFRS), as well as service provision via mobile devices enabled by high-speed networking technology.

To press ahead with initiatives of this kind, we launched a project designed to give shape to business ideas. Here, we identify valuable assets that can help to resolve customers' management issues, then promote surveys and reviews in order to create new services that take advantage of these assets. As company president and the leader responsible for project promotion, I am determined to see successes emerge. At the same time, by strengthening our consulting functions we are developing latent markets and building business scenarios. In tandem, we are also reinforcing the required assets for creating new services, among other actions.

Our aim through these two initiatives is to embark on the next stage of growth for CSK SYSTEMS. With a track record spanning more than 40 years, we have acquired a wealth of expertise in systems development for individual companies. While this know-how is a significant advantage and a valuable asset, extending along this line of business alone holds little prospect for achieving a high trajectory for growth. The key to our growth is to lead the industry in creating new products and services by quickly assessing customers' intrinsic needs and management issues while providing IT services that are closely tailored to what customers require. By widely developing these types of services among an array of customers as services for specific industries and business processes, we aim to realize growth by creating and expanding new markets.

Key Issues to Address

Tackling advanced technology is essential to strengthening the competitiveness of IT services. Right now we are working to enhance the spread of a systems development framework called "arvicio2" that utilizes the latest technology. To raise the quality and productivity of these mechanisms even further, we are taking steps to quantitatively measure their effectiveness and make operations and processes more visible. Furthermore, we are exploring through a specialized team the upgrade and expansion of services utilizing cloud computing in a bid to reinforce competitiveness with new technology.

To make creating and developing new products and services a reality requires identifying customers' intrinsic management issues and linking that information to proposals to resolve them. This challenge demands transitioning to a more strategic marketing style. By reexamining the conventional role of sales divisions, we hope to devise a system that enables faster and more organized proposals to customers, and then make our approach. In addition, we have established new marketing support divisions responsible for companywide sales process management, through which we will work to capture strategic projects.

Promoting Creation of New Services Highlighting CSK Group Strengths

I hope to see CSK SYSTEMS spearhead both the creation of new services that highlight the strengths of the CSK Group, and the Group's response to increased globalization. In the run-up to creating new services that combine system integration (SI), systems management, BPO and other Group strengths, we intend to bolster alliances with Group companies and take the initiative in promoting the emergence of assets. By aggressively utilizing our offshore development base in China, which we pioneered some 15 years ago, we will encourage the development of CSK Group services among both local companies and Japanese firms entering the Chinese market.

"BankSavior" Account Transaction Anomaly Monitoring

This monitoring solution is designed to efficiently detect and prevent a full range of anomalous transactions targeting bank accounts, including cash card counterfeiting and theft, deposit scams, phishing scams, and money laundering. BankSavior has earned high marks for its outstanding flexibility relative to comparable products. Because combating money laundering is a common concern worldwide, CSK SYSTEMS is looking to launch sales in China and other parts of Asia in the near future.

BankSavior

"PrimeTiaas" Contact Center Voice Infrastructure Service

This ASP voice infrastructure provision service allows access to high-performance PBX via high-speed networks. This enables contact centers to be developed quickly and at low cost, in turn making it possible to flexibly respond to added infrastructure accompanying operational expansion and other demands. Moreover, the sharing of contact center and voice infrastructure with the CSK Group, with operations under development across Japan, is resulting in the provision of seamless BPO services. Furthermore, in combination with CSK Group SI services and management support, it is also possible to utilize data collected at call centers to offer a CRM application service as part of a string of related services.

PrimeTiaas®
Telephony infrastructure as a service

"arvicio2"

This refers to CSK SYSTEMS' standard systems development framework for enterprise applications. An array of infrastructure components common to virtually all industry sectors and operations is integrated with a highly expandable infrastructure. The framework aids improvement in total quality and productivity not only because of its accessibility and test efficiency during development, but the degree of safety and maintenance performance exhibited during implementation.

arvicio

CSK-IT MANAGEMENT

CSK-IT MANAGEMENT CORPORATION

Paid-in capital : ¥3,000 million (100% owned by CSK HOLDINGS)
Number of employees : 887 (as of April 1, 2009)
Business activities : consulting, IT infrastructure design and development, IT outsourcing services, systems management, hardware maintenance, data management and analysis
URL : http://www.csk.com/itm/

Tooru Tanihara, President

We will continue to provide customers with the optimal IT infrastructure for realizing assertive management by advancing the level of our own technologies and services.

CSK-IT MANAGEMENT Business Environment

Given the global economic slowdown, harsh conditions in the IT market are expected to persist for the short term, including lower motivation by companies to invest in IT. In this environment, however, outsourcing demand for systems management services is increasing as a means for companies to cut costs. Customers' interest in areas such as shared IT platform services is also on the rise, with the shift towards systems usage and away from systems ownership, including of IT infrastructure, likely to gain momentum going forward.

In an increasingly challenging business environment, companies are turning to cost reductions to maintain their edge, and pursuing business expansion concentrated on their core businesses. At the same time, companies are under pressure to meet their responsibilities with respect to society and legal compliance. Companies today must also face a mounting number of issues, including the need for tighter security, environmental measures, a Business Continuity Plan (BCP), and a system of internal controls. In this climate, companies are not only demanding quality from the IT infrastructure that underpins the various information systems in their corporate activities, but also the flexibility to respond to dramatic changes in the social and business environment. They also want a level of efficiency that yields high benefits relative to cost.

Creation of New Services for Realizing Assertive Management

IT utilization by business is growing by leaps and bounds. CSK-IT MANAGEMENT strives to minimize the IT risks that can impact the normal operation of information systems, as well as the business risks that can occur when problems arise while information systems are in operation. We consider it our mission to provide optimal IT environments that allow customers to focus on their core businesses. That is why at CSK-IT MANAGEMENT we are creating new services that will help customers to manage more assertively.

Customers expect to see benefits from their ongoing improvement efforts, whether in systems management outsourcing or usage of IT infrastructure. Similarly, they expect the shift to a usage model to bring cost benefits. CSK-IT MANAGEMENT offers a host of services for flexibly meeting these expectations.

Through outsourcing, our "HEARTIL Management Center" IT service management infrastructure makes the systems management and management processes that tend to be black-boxed more visible. It also allows for continual operational improvements of systems management that is systematized and free of idiosyncratic variations. Customers can accurately assess systems status and share evaluation benchmarks with CSK-IT MANAGEMENT, resulting in the provision of secure and safe systems management services.

"USiZE" is a pay-as-you-go service that offers access to servers, storage and other assets held by CSK-IT MANAGEMENT for a nominal fee collected based on usage volume. With this service, customers can efficiently and flexibly access IT infrastructure, tailoring their usage to changes in business scale and operation volume. "USiZE" is an IT infrastructure that utilizes virtualization technology. Consequently this service, in addition to reducing equipment space needs and electricity consumption (CO_2), can assist in resolving a variety of management issues customers face, including improving operation efficiency in terms of systems management by minimizing maintenance work.

Elsewhere, over the medium to long term we are taking steps to realize an information management service as a new service derived from technological innovation. Companies are amassing a huge volume of increasingly complex information, and the sources of those data are growing more diverse. Our goal is to create a service that efficiently collects, sorts, searches, analyzes and processes this information, transforming it into effective assets for all types of management decision-making.

Over the years, CSK-IT Management has accrued outstanding technological capabilities and expertise by providing services to over 600 client companies in a range of industry sectors for more than 40 years. Offering systems management services through an “on-site” model that is close to customers has made it possible to accurately assess the management issues and needs confronting customers, and to create and deliver services as solutions. On a related note, we own robust data centers in both eastern and western Japan. These high-security, energy-efficient facilities enable CSK-IT Management to support the systems management aspects of customers’ BCP planning. Moving ahead, while taking full advantage of our strengths, we intend to spur the evolution of our technologies and services in order to continue delivering services that contribute to value creation by customers.

Key Issues to Address

At present, CSK-IT MANAGEMENT is pursuing “hybrid systems management,” a model that combines in-house systems management onsite for customers with systems management using our data centers. To achieve this, we are pushing forward with putting a service management standard framework in place that optimally leverages know-how customers have collected in-house with the merits of utilizing our data centers. With that said, the real essence of the issues that customers face won’t be resolved simply by combining technology, expertise and various resources alone. Grasping the actual situation from management’s viewpoint and executing solutions based on accurate analysis requires a high level of awareness and business acumen. For this reason, we are working to cultivate a new generations of service managers with these traits. With these personnel at the center of our efforts, we hope to create a stream of new services to satisfy our customers.

Provision of IT Infrastructure to Invite Success for the CSK Group

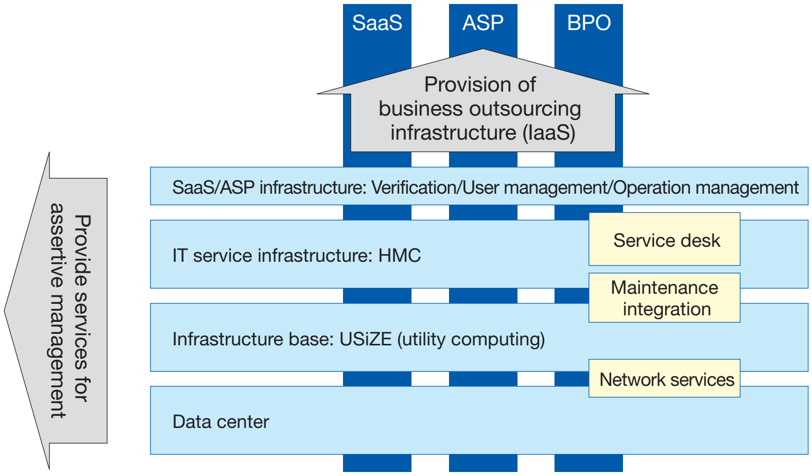
The role of CSK-IT MANAGEMENT is not only to provide our distinctive services to customers, but to serve as the IT infrastructure for a host of services offered by the CSK Group. By providing our own corporate group with optimal IT infrastructure and cutting-edge technology, we support the competitiveness and creation of new services by CSK Group companies in fields such as SI and BPO. Furthermore, we are involved in the development and provision of IT infrastructure services that meet a variety of needs. Examples here include the provision of SaaS and other new service formats planned and developed by CSK Group companies, and the provision of services in a “hybrid cloud” environment. Such environments combine the convenience and cost benefits of a public cloud*[1] environment with the high security of a private cloud*[2] environment.

CSK-IT MANAGEMENT seeks to provide optimal IT infrastructure that will usher in success for the CSK Group. As we form alliances with Group companies, we intend to promote IT infrastructure optimization more robustly than ever before, and turn to the creation of new services that capitalize on the collective capabilities of the CSK Group.

*[1] Public cloud: A format in which a company uses the systems it needs via the Internet by utilizing shared IT infrastructure services prepared by the service provider. This format minimizes initial costs and is readily accessible, since no systems infrastructure development is required of the company using the service. However, some users have concerns about the security and accessibility of this format, since data and systems are externally located and the facilities are shared by other users.

*[2] Private cloud: An approach to systems development and management that seeks to gain the merits of a cloud environment while ensuring that systems management policies, service levels and other aspects of governance remain intact. Companies using this approach strive to do so by applying the range of technologies that comprise cloud environments to the information systems that they manage. Also refers to systems developed and managed under this approach.

Business Direction of CSK-IT MANAGEMENT



CSK ServiceWare

CSK ServiceWare Corporation
Paid-in capital : ¥2,634.4 million (100% owned by CSK HOLDINGS)
Number of employees : 1,838 (as of July 31, 2009)
Business activities : BPO services (customer support services, technical support services, helpdesk operations, back-office operations)
URL : http://www.cskserviceware.com/

Shunichi Ishimura, President

We contribute to raising our customers' added value by providing outsourcing related to contact points between companies and end-users.

CSK ServiceWare Business Environment

With the corporate cost-cutting mindset now stronger following the dramatic economic deterioration that emerged last year, there has been growing pressure from users to lower the cost of BPO services. At the same time, companies are keenly aware that bolstering their core businesses is vital to securing an advantage in this volatile economic environment. For this reason, the number of new service inquiries in the BPO market is on the rise.

Until recently, there was a tendency to focus mainly on cost reduction as the sole merit that BPO services had to offer. However, in a business environment defined by intensifying competition, differences in competitiveness are expected to emerge not simply from greater efficiency in back-office operations, but also because of the extent to which those operations can deliver added value. For example, customer support utilizing contact centers is considered a vital marketing element by many companies as a point of contact close to customers. Furthermore, customers' BPO service needs, far from simply reducing the most obvious costs, are becoming more diverse and complex tools for conducting sweeping reviews of cost structure, continually enhancing business processes, and improving information security, among other tasks. Today, BPO firms like CSK ServiceWare need to do more than just perform certain operations on the customer's behalf. Customers want the BPO firm's support across a wide operational scope and in handling a bundle of related business processes. At the same time, the companies are expected to provide services that can enhance their customers' competitiveness from a medium- to long-term perspective.

Optimally Leveraging Strengths to Reinvent the BPO Business

To strengthen its hand in the BPO services field and improve profitability, the CSK Group opted to merge and consolidate the Group's BPO business, culminating in the launch* of CSK ServiceWare on July 1, 2009. Prior to this integration, the BPO business was divided into three fields: back-office support operational support, technical support, and telesales. Each field pursued its own specialization, boosting know-how in the process, but the downside was that there was little provision made for developing inter-field partnerships. Now, by organically forming alliances among the strengths that were present at each company, we can offer high value-added services that answer customers' increasingly diverse and sophisticated needs. In marking this new start for CSK ServiceWare, we are taking optimal advantage of the benefits of Group integration to pursue initiatives for achieving sales expansion and an early improvement in profitability.

As a concrete measure for achieving sales expansion, we are honing service content and enhancing our marketing capabilities. For the former, we are improving service quality by gathering and sharing knowledge of operations management methodologies, and advancing the development of new services that combine the strengths of individual services. For the latter, we are conducting crosscutting organizational marketing activities to attract new clients by utilizing databases to share client and marketing data. To promote these steps, the marketing functions once divided among each Group company have been consolidated under a single marketing organization. This organization is now largely responsible for developing and executing plans to improve service quality and for strategic promotions. With this marketing organization as the driving force, our goal is to expand sales going forward by taking steps to both improve service quality and bolster marketing capabilities.

With regard to realizing early improvement in profitability, we intend to integrate overlapping facilities and operations among Group companies and review the cost structure. Specifically, we will integrate operations centers and contact centers each company owns in the same region, and reduce selling, general and administrative (SG&A) expenses by consolidating processes related to indirect operations, among other actions. Moreover, we will withdraw from unprofitable projects as part of steps to boost profitability in the shortest possible timeframe.

CSK ServiceWare's greatest strength is the outstanding quality of our services, for which customers have given us high marks. Designing optimal business processes and continuously providing operations management of a set standard are vital to the provision of BPO services that deliver high customer satisfaction. In designing business processes, it is critical to minimize the customer's investment burden while maximizing benefit by identifying and analyzing both the unique situation facing each customer and the type of trouble they are likely to experience. Operations management, meanwhile, requires related management methods and management capacity in order to achieve a set standard of quality. This is the case regardless of any changes in operations volume or key personnel that may occur. In any case, expertise rooted in deep knowledge of operations and experience is indispensable to designing business processes and operations management, and is not easily gained. CSK ServiceWare, via a wealth of experience acquired over many years, has accumulated expertise in design methodologies for business processes, as well as in operations management methods for realizing high quality and stability. Armed with advantages in both areas, we are delivering BPO services that sharpen our customers' competitive edge by providing support across a wide operational scope and handling a bundle of related services, all from the standpoint of overall optimization.

I would also note that our ability to offer diverse, high value-added services by combining our own BPO services with the advanced and specialized IT services of CSK SYSTEMS, CSK-IT Management and other Group companies is yet another strength that other companies cannot match.

Key Issues to Address

Ensuring that customers understand that strength lies in service quality demands visibly quantifying this claim in order to prove that the offering is indeed superior to that of other companies or comparable services. At CSK ServiceWare, we focus on making service quality visible so that customers can feel secure in their decision to use our services. In making service quality more visible, we will design business processes to raise quality levels further, and look also to realize continuous improvements in operating and management methodologies. In tandem, we will strive for business expansion by reinforcing sales and marketing capabilities, and by actively presenting customers with plans and proposals that highlight CSK ServiceWare's service value.

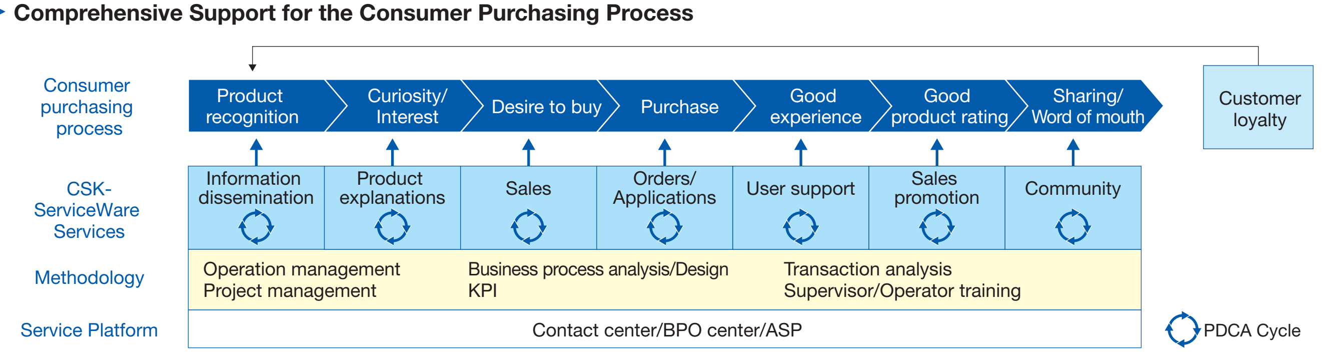
CSK ServiceWare got its official start in July following the integration of eight BPO Group companies. Making sure that every employee is united in achieving the same objective is important for optimally leveraging the respective strengths of each company. Accordingly, drawing the employee mindset together into a cohesive whole is an important management responsibility.

From "Operations" to "IT"

Because CSK ServiceWare delves deeply into customers' operations management, we are able to accurately identify the management issues that customers face. Additionally, the provision of services that handle customer support and other specific marketing functions enables us to quickly grasp new business needs that emerge from customers' future business strategies. These customer management issues and new business needs are shared within the Group, and offered as CSK Group services derived from the merger of IT and BPO services. This in turn allows us to dramatically enhance our customers' competitiveness. My desire is to see CSK ServiceWare take the lead in developing Group alliances of this kind to make the CSK Group an indispensable partner for the business growth of our customers.

* An organizational realignment of eight BPO Group companies, including ServiceWare Corporation, CSK Marketing Corporation, and CSK Communications Corporation and its subsidiaries, was conducted in July 2009.

Comprehensive Support for the Consumer Purchasing Process



CSK Group at a Glance

Business segments	Business outline	Group companies
IT Services Business	**Technology Services** ‣ Consulting ‣ Systems integration ‣ Solution services (ERP/SCM/CRM) ‣ IT infrastructure development ‣ Infrastructure management ‣ Network monitoring ‣ Operating consulting ‣ Systems management services ‣ Data center services	CSK SYSTEMS CORPORATION CSK SYSTEMS NISHINIHON CORPORATION CSK SYSTEMS CHUBU CORPORATION JIEC Co., Ltd. CSI SOLUTIONS Corporation CSK WinTechnology Corporation FUKUOKA CSK CORPORATION HOKKAIDO CSK CORPORATION SUPER SOFTWARE COMPANY LTD.
	Business Services ‣ Consulting ‣ Business process analysis/design ‣ Contact center services ‣ BPO services by industry ‣ Back office BPO ‣ Data analysis/management ‣ Product and security verification services ‣ Network services ‣ Contents services	CSK ServiceWare Corporation CSK Securities Service CO., Ltd. VeriServe Corporation ISAO CORPORATION BUSINESS EXTENSION CORPORATION CSK PRESCENDO CORPORATION CSK SYSTEMS (DALIAN) Co., LTD. CSK ADMINISTRATION SERVICE CORPORATION
Prepaid Card Business	‣ Prepaid card business	QUO CARD Co., Ltd.
Securities Business	‣ Securities business	Cosmo Securities Co., Ltd.
Financial Services Business	‣ Venture capital business ‣ Investment trust management and investment advisory services ‣ Commodity investment advisory services*[1] ‣ Real estate securitization*[2]	CSK VENTURE CAPITAL CO., LTD. Plaza Asset Management Co., Ltd. Plaza Capital Management Co., Ltd.*[1] CSK FINANCE CO., LTD.*[2]

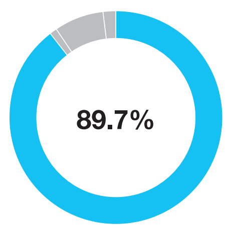
*[1] Sold in October 2009.
*[2] Sold in September 2009.

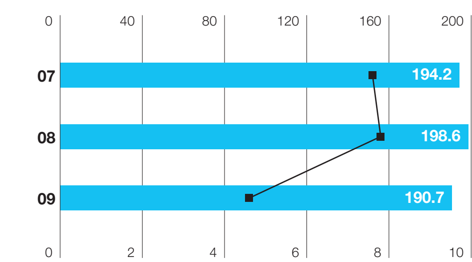
Sales by business segment

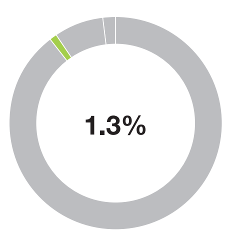
Sales/Operating income (loss) margin

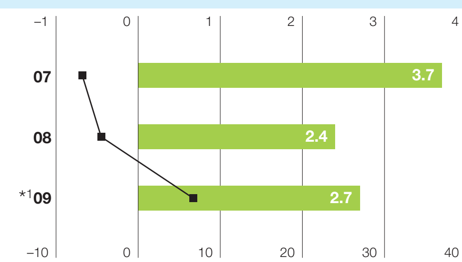
CSK Nearshore Systems Corporation
CSK SYSTEMS (SHANGHAI) CO., LTD.
CSK-IT MANAGEMENT CORPORATION
CSK SYSTEM MANAGEMENT CORPORATION

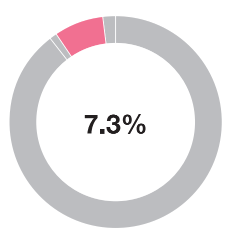
☐ Sales (¥ billions) (top)
━ Operating income (loss) margin (%) (bottom)

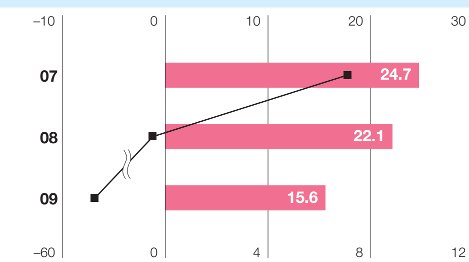


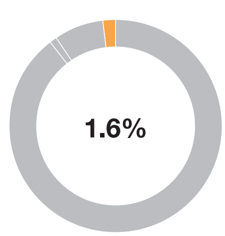


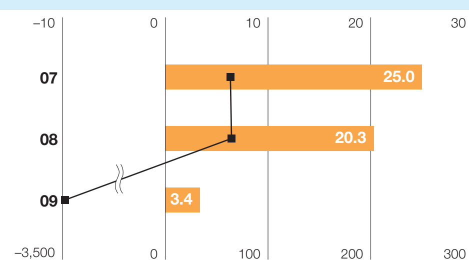












*1 Accounting method change.
In the past, investment income on card deposits was recorded as non-operating income.
Starting in the year ended March 2009 it is recorded as part of sales.

Review of Operations

IT Services Business

Technology Services

IT systems have long been seen as a way of improving business efficiency and reducing costs, but they are now an indispensable tool for achieving business reform and implementing business strategies. A company's future prospects can depend on the effectiveness with which it utilizes IT, making the selection of IT partners an increasingly important issue. The CSK Group has a long history of providing services to flagship companies in many industries. Thanks to our advanced technological capabilities and expertise, backed by this track record, we are able to provide our customers with comprehensive IT services, from consulting to systems integrations and management.

Review of Operating Results for the Year Ended March 2009

In the year ended March 2009 technology services generated sales of ¥136.5 billion, down 5.8% from a year earlier, and operating income of ¥10.9 billion, down 14.8% . Work for the financial industry, particularly systems integrations and outsourcing for the credit finance and life insurance industries, continued to grow steadily. However, systems integrations and hardware sales to the manufacturing sector declined, as companies reduced and delayed investment in IT due to the economic downturn. Consequently, overall sales shrank.

Despite measures to reduce both the cost of sales and selling, general and administrative expenses (SG&A), operating income declined due to increased strategic investments aimed at expanding the business and increased data center depreciation charges.

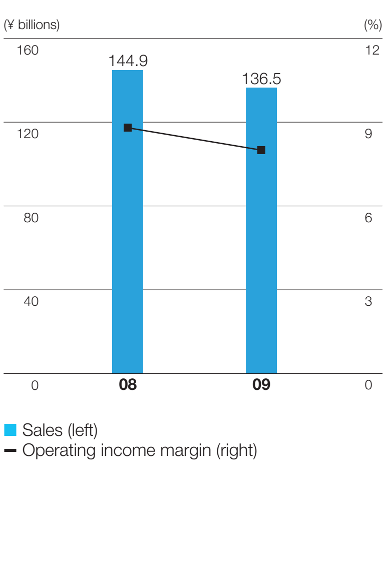
Outlook/Initiatives for the Year Ending March 2010

The economy is expected to remain weak for now, so we expect that the challenging situation will persist due to postponement of new projects by clients and other factors. Nevertheless, we expect demand from the financial industry for systems work to be resilient due to frequent legal system reforms and regulatory changes. Furthermore, with some institutions expected to place orders to rebuild their systems, we are also proceeding with initiatives aimed at winning major contracts by reinforcing our Group-wide strategic sales effort and our process management systems.

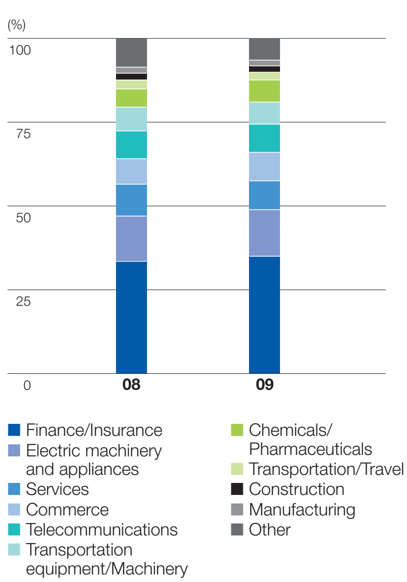
Finally, by integrating the systems development operations of regional subsidiaries, we will be able to strengthen our capability for remote development and maintenance. Going forward, we will strive to improve productivity and strengthen cost-competitiveness by establishing a system development framework that spans the Group inside and outside of Japan, and by encouraging a shift from placing orders outside the Group to making use of the Group's own off-shore and near-shore resources.

Furthermore, CSK has already begun providing services such as support services for educational operations (cross-industry) and insurance business services (cross-process), part of the industry- and business process-specific standard IT service platforms built up over the years by utilizing the assets and expertise of the CSK Group.

Sales/Operating Income Margin



Breakdown of Sales by Industry



Business Services

CSK Group's business services encompass BPO services that utilize contact centers, such as sales support and technical support, system verification services for digital consumer electronics, e-commerce fulfillment service operations, and a number of other services.

All of these are based on platforms that actively take advantage of IT, allowing us to provide comprehensive outsourcing services for complex business processes with both a high level of service quality and productivity, making it possible for us to provide a variety of high value-added services.

Review of Operating Results for the Year Ended March 2009

In the year ended March 2009, business services posted sales of ¥54.2 billion, an increase of 1.1% from the previous fiscal year. Although sales from technical support and product verification services declined as business customers cut costs and curtailed product development because of the economic downturn and the Company saw delays in winning new customers for our contact center operations, sales from e-commerce fulfillment service steadily increased.

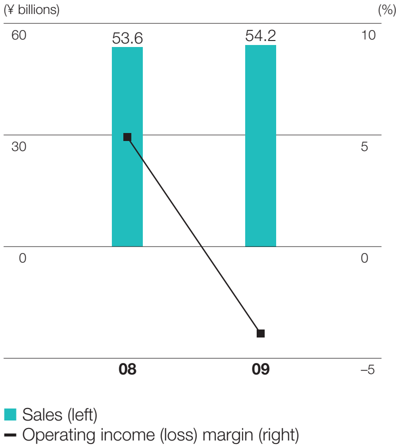
The category saw an operating loss of ¥2.1 billion, compared with the year-earlier operating income of ¥2.6 billion. Sales from technical support services declined as package vendors—our customers—embarked on all-out cost reduction efforts. Furthermore, sales from product verification services declined while the cost of hiring and training the engineers increased, resulting in lower profits. Profits from ASP services for the securities industry decreased due to additional development and increased operating costs.

Outlook/Initiatives for the Year Ending March 2010

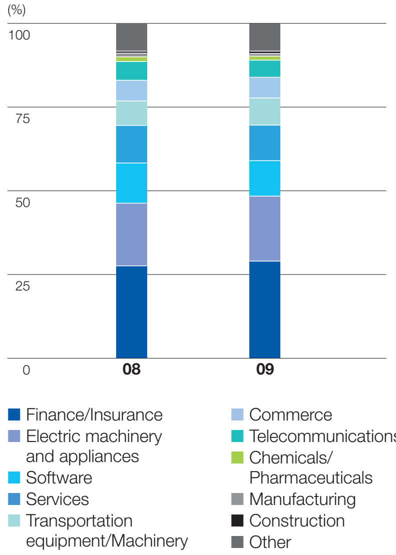
We aim to further expand the e-commerce fulfillment service business through aggressive sales initiatives. Although we expect the business environment for the product verification services business to remain challenging, we are taking a medium- to long-term view in focusing our efforts on fostering engineering talent so that we can expand the business to take advantage of the larger trend represented by the transition to a digital society.

On July 1, 2009 ServiceWare Corporation, CSK Marketing Corporation, CSK Communications Corporation, and the BPO services operations of a number of regional subsidiaries of CSK Communications were brought together as CSK ServiceWare. Realigning these operations will accelerate and improve decision-making in each functional and business area. Along with establishing a framework that will facilitate specialization, we are seeking to improve productivity through integration and to strengthen cost-competitiveness by taking advantages of economies of scale. Through this integration we aim to quickly improve the profitability of the business services segment by reducing costs and strengthening sales capabilities.

Sales/Operating Income (loss) Margin



Breakdown of Sales by Industry



Review of Operations

Prepaid Card Business

The prepaid card business segment encompasses the QUO Card, which can be used at approximately 36,500 stores and businesses throughout Japan, as well as the development and sale of card systems.

In the year ended March 2009 the number of cards issued for in-store sales and gift purposes rose steadily. Due to this increase and to changes in accounting methods,* investment income on card deposits also grew, resulting in sales of ¥2.7 billion, up 12.4% year on year. Operating profit swung up to ¥100 million, compared to a loss of ¥100 million in the previous year thanks to investment income on card deposits and firm performance in highly profitable gift usage. After recording gains on unused cards as non-operating income, ordinary income totaled ¥1.2 billion, down 6.0% from a year earlier.

Going forward we will continue working to create new products and services, with the aim of expanding the number of participating stores and businesses and improving user convenience to make customers more familiar with QUO Cards.

* Accounting method change
In the past, investment income on card deposits was recorded as non-operating income. Starting in the year ended March 2009 it is recorded as part of sales.

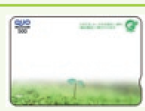
Letter of Appreciation From the Green Fund

As part of its social responsibility activities, since fiscal 2007 QUO CARD Co., Ltd. has been collecting money for the Green Fund by issuing the *Omoiyari* (consideration) Card, which helps promote tree planting efforts by donating a portion of the QUO Card issue amount to the Green Fund. Thanks to the support of our customers, we received a letter of appreciation from the National Land Afforestation Promotion Organization.

Individual customers

Companies/ Corporate customers

Purchase a Green Fund "*Omoiyari*" QUO Card



QUO
株式会社 クオカード

Add up the issue amount

Make donation based on value of cards sold

National Land Afforestation Promotion Organization "Green Fund"

Review of Operations

Securities Business

The securities business segment consists of Cosmo Securities Co., Ltd., a brokerage with a solid customer base in the Kansai region. Amid the prolonged slump in share prices, commission income declined ¥5.9 billion from the prior year and finance income declined ¥700 million, and as a result overall sales totaled ¥15.6 billion, down 29.6% from a year earlier. The segment posted an operating loss of ¥7.8 billion compared to the loss of ¥4.0 billion in the previous year. Selling, general and administrative expenses (SG&A) such as transaction costs, personnel costs, and administrative costs were sharply reduced, but results were ultimately affected by lower income and increased goodwill charges.

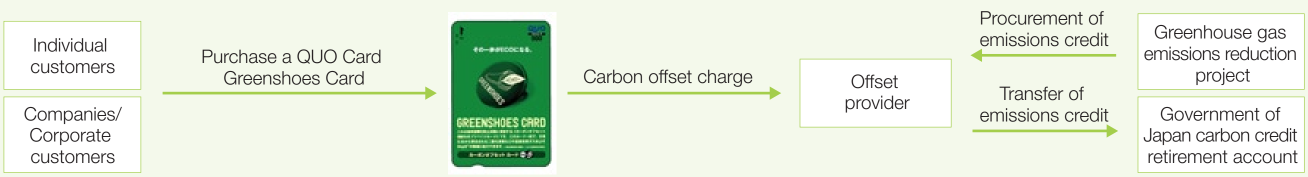
As a brokerage that has traditionally focused on the retail side, Cosmo Securities is pursuing strategies to expand income and to continue reducing costs. To expand income we are working to provide products and enhance services to meet our customers' needs and to suit the market environment. To reduce costs, we are transitioning to a framework that is focused on retail operations and we are optimizing back-office operations through business improvement initiatives. Through these initiatives, we will work to secure stable revenues and achieve a recovery in performance at an early date.

Joint Development and Sale of the Greenshoes Card

QUO CARD Co., Ltd., JCB Co., Ltd., and JTB Corp teamed up to develop and market the Quo Card Greenshoes Card, the first card in Japan with a carbon offset mechanism. A carbon offset charge of ¥50 is added to the regular purchase price, enough to help reduce emissions of greenhouse gases such as CO_2 by about 6kg, thus, users can easily offset their carbon use while going about their daily activities.

* Carbon offset: New greenhouse gas reductions achieved by offsetting CO_2 emissions by investing in and contributing to clean energy businesses and other areas.

Carbon Offset With the Quo Card Greenshoes Card



Eco-Points Exchanged for QUO Cards

The Japanese government's Eco-Point program for promoting green appliances now allows consumers to trade their points for a QUO Card.

Review of Operations

Financial Services Business

Concentrating mainly on real estate securitization, the financial services business segment encompasses investment activities, such as venture capital for the IT and biotechnology fields, and asset management activities for investment trust funds and others.

In the year ended March 2009 the financial services business segment generated sales of ¥3.4 billion, down 83.0% from the previous year, resulting in an operating loss of ¥115.6 billion compared to an operating profit of ¥13.0 billion a year earlier. The business environment for real estate securitization activities became challenging due to the turmoil in global financial markets. Financial institutions applied stricter lending standards and property market liquidity diminished and prices fell. While last fiscal year we liquidated a major project in this business segment, in the year ended March 2009 we recorded an ¥81.0 billion inventory write-down on investment properties and a ¥5.5 billion loss on properties sold. In the investment management area we also wrote down the value of securities holdings by ¥11.8 billion. With respect to property valuation, as a general rule we are valuing properties at the net realizable value or at the assessed value, but in recording such sizeable write-downs we are adopting conservative valuations with the aim of reducing the risk associated with these business activities.

Note:
Sept. 2009: Sold real estate securitization business.
Oct. 2009: Sold commodity investment advisory services business.

Corporate Governance

Basic Approach to Corporate Governance

The CSK Group considers it necessary to fulfill its tangible and intangible social responsibilities and obligations to all stakeholders. In order to accomplish this, we have created the corporate governance and management structures described below.

Holding Company Structure

We aim to achieve highly transparent Group management by separating supervisory and auditing functions from business execution functions. At the same time, we are endeavoring to speed up decision-making on matters related to business strategy, and further strengthen our supervisory and auditing functions and our execution functions.

Group Management System

- Executive Officer Meetings are held with the participation of the directors and executive officers of CSK HOLDINGS and the presidents of major Group companies. At these meetings, participants deliberate on management policies and business strategies, and exchanges of opinion and information among Group companies take place.
- Regularly scheduled meetings for the presidents of each Group company are held to increase communication and strengthen business linkage between CSK HOLDINGS and the Group companies, and also among Group companies themselves.
- The CSK Group has established a flexible and dynamic management structure that strives to promote permeation of management policies and collection and sharing of information. This is achieved through sessions at which the representatives of Group companies report on results, meetings that bring together executive employees, and liaison meetings with the participation of staff members in charge of practical business.

Internal Control Systems

Three internal control systems are run in parallel in the operation of the Group. Firstly, there is the internal control system required by the Company Act; secondly, an internal control system for financial reporting based on the Financial Instruments and Exchange Law; and thirdly, an internal control system for timely disclosure, based on the regulations of the Tokyo Stock Exchange. We aim to achieve a higher degree of transparency in Group operations through the proper maintenance and operation of these three internal control systems.

Board of Directors

- Of the six directors, two are appointed from outside the Company, with the aim of strengthening management oversight and enabling the presentation of diverse and objective viewpoints during the decision-making process.
- In addition to regular monthly meetings, the Board of Directors holds extraordinary meetings as necessary in order to implement flexible management.

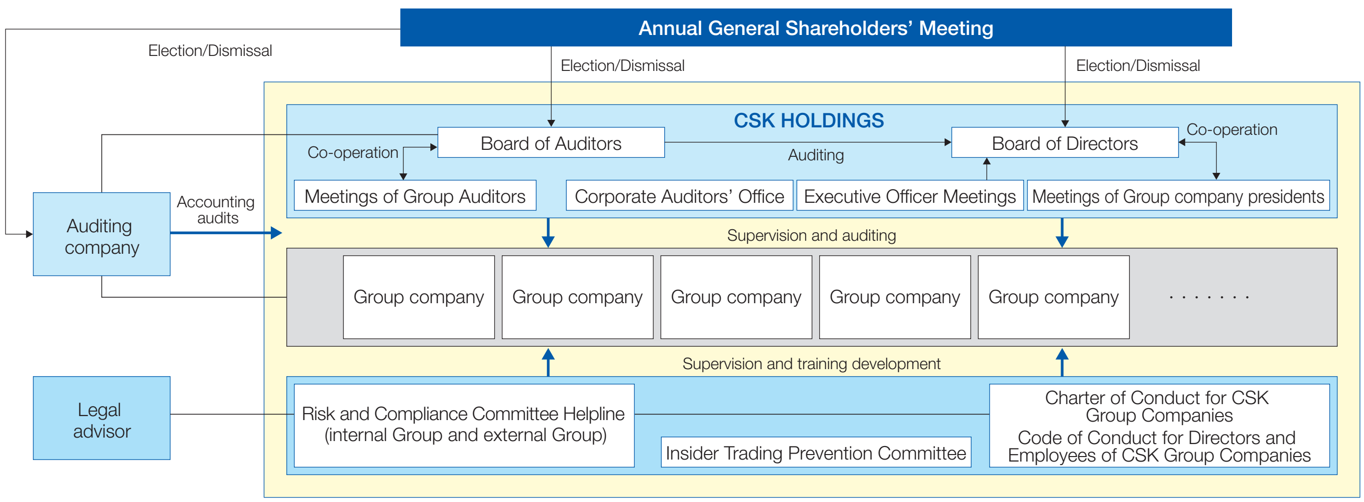
Board of Corporate Auditors

- Two of the three members of this board are external auditors, appointed to enhance management transparency and auditing and monitoring of management activities.
- Regular Group auditors' meetings are held to enhance Group auditing functions.

Disclosure Policies

CSK is striving to achieve highly transparent Group management. We have formulated disclosure policies so that shareholders, investors and other stakeholders can receive important information in a fair, timely and appropriate manner.

Corporate Governance Structure

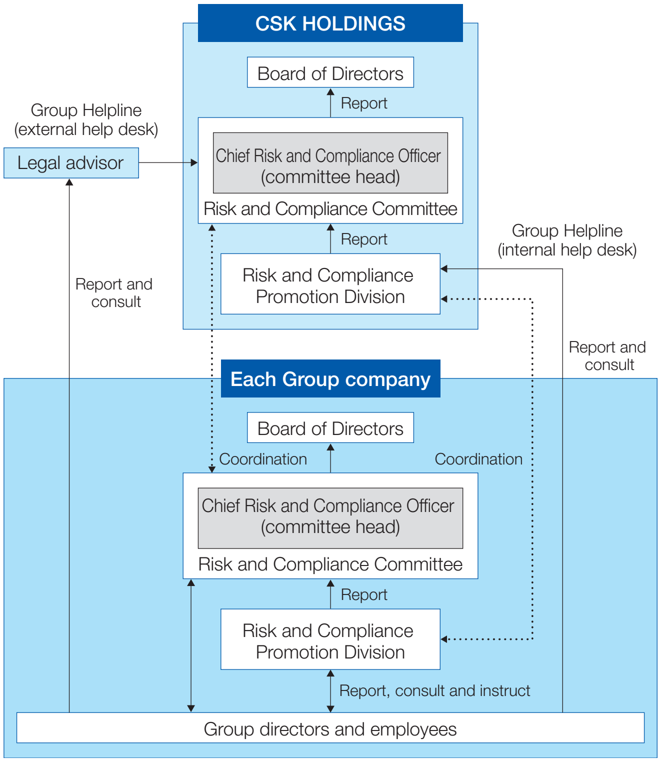


Compliance

CSK seeks to ensure that all elected officers and employees in the Group not only respect the law, but also conduct business in line with high ethical standards and a strong sense of responsibility. We have established risk and compliance committees as a framework for promoting risk management at each Group company. We have also formulated a Charter of Conduct for CSK Group Companies and a Risk and Compliance Policy for the Group as a whole. Each business year we assess risk at each Group company, enacting measures to address any risks identified, as well as holding Group-wide training courses.

In addition, every year we conduct a compliance awareness survey among all Group employees, and continue to work on improvements to achieve an even higher level of compliance.

- **Charter of Conduct for CSK Group Companies/ Code of Conduct for Directors and Employees of CSK Group Companies**
- **Organizational structure**
  - Establishment of Risk and Compliance committees
  - Appointment of Risk and Compliance Officers and establishment of Compliance Promotion Departments
- **Compliance regulations**
  - CSK Group Information Security Policy, CSK Group Information Security Standards
  - CSK Group Regulations for Prevention of Insider Trading
  - Compliance regulations, etc.
- **Group helpline system (internal reporting system)**
  - Establishment of an internal Group help desk within CSK HOLDINGS
  - Establishment of an external Group help desk operated by a legal advisor
- **Initiatives to achieve higher levels of compliance**
  - Establishment of Group compliance policies
  - Holding of regular Group-wide compliance training courses
  - Implementation of Group-wide employee compliance awareness surveys



CSK Group's Approach to Human Resources Management

The CSK Group continues to focus on addressing the important management theme of personnel training and development. We promote an organization that can accurately grasp changes in the environment, create new value and transform itself from within. At the same time, we believe that enabling individual employees to grow through their work and supporting their self-fulfillment will lead to the CSK Group's medium- to long-term growth.

Based on these beliefs, we work actively toward three specific goals: putting the right person in the right job so that employees will feel motivated in their work and be able to perform to their maximum ability; creating a fair and objective human resources system that responds to employees' contributions and growth; and providing employee education and training that supports individual growth.

Putting the Right Person in the Right Job

To successfully continue to raise corporate value, it is essential to place employees in the jobs to which they are best suited. This also leads to enhanced employee job motivation. We believe that it is necessary to systematically manage human resources to ensure optimal utilization of personnel, and we are striving to make our human resource situation more 'visible' to management across the Group through such initiatives as a review of personnel databases. We are creating a database that contains more than just an employee's qualifications and work records, but also includes actual work experience and achievements, and records their personal strengths, weaknesses and career goals. By making it possible for management to 'visualize' an employee's performance and skills, we seek to overcome the barriers between individual companies within the CSK Group and make the best use of our personnel resources.

Employee Review System

The CSK Group employee review system emphasizes current value (the degree to which employees fulfill their capabilities). Firstly, the review system rates an employee's knowledge, technical skills, and specializations, assessing the degree to which he or she has improved in these areas. Next, the system assesses how much value the employee has created for their company through these abilities.

To increase employee satisfaction with the review process and link the review with further employee achievement and development, it is important to have face-to-face communication between staff members and their supervisors.

CSK is currently working to create new services, and as such expects to see diversification in employees' job-related values. We will ensure that no matter what the circumstances, the review system will be fair and even-handed, and that our employees feel satisfied with the way in which they are reviewed.

Employee Education and Training

In Group-wide training and education, the CSK Group strives to realize an organization that can accurately grasp changes in the environment, create new value and transform itself from within. To this end, the Group is working toward strengthening management capabilities so that managers can bring out the full potential of their staff and maximize organizational capabilities. The Group also works to cultivate "independent human resources" who will engage proactively in both their work and in self-development.

Through these initiatives, the Group aims to transform its business and organization, and foster a corporate culture in which employees can grow. Each Group company also holds the training courses needed to assist in professional development in highly specialized areas.

Key Future Initiatives

- **Utilizing Group-wide personnel databases to put the right person in the right job**
  Through integrated management of personnel databases, the CSK Group is striving to cross intra-Group boundaries and make optimal use of human resources.
- **Deploying a Group-wide employee review system emphasizing current value**
  By introducing a new employee review system that emphasizes current value (each employee's role and the degree to which they fulfill their capabilities), CSK operates an insightful evaluation system. This system was created as a framework for the entire Group, and is being deployed at each Group company.
- **Group-wide training programs**
  Through joint training and discussions transcending Group company boundaries that promote communication between those who perform different professional roles, we work to vitalize the organization and cultivate the power to transform from within.

CAMP

CAMP (Children's Art Museum & Park) is a CSK Group social contribution initiative that nurtures children's ability to create together through a new style of workshop-based learning. The initiative started in 2001 based on a proposal from CSK founder Isao Okawa. Centering on the Okawa Center in Kansai Science City, the initiative has expanded to help children throughout Japan cultivate their creativity and ability to express themselves by developing and implementing a wide variety of workshops. CAMP Kuusou-Shokubutsu-Zukan Workshop and CAMP Degikamishibai Workshop won the Kids Design Awards (Communication Design Division) in 2008.

Working With Persons With Disabilities

Tokyo Green Systems was established in 1992 as a third-sector enterprise following a joint capital investment by the Tokyo Metropolitan Government, Tama City and CSK HOLDINGS. Tokyo Green Systems is a model company for the employment of persons with severe disabilities, and upholds the principles of participation, independence and co-existence to promote the concept of normalization, whereby persons with disabilities can live within and interact with society.

Okawa Foundation for Information and Telecommunications

Established in 1986, the Okawa Foundation for Information and Telecommunications is a public interest corporation managed by the Ministry of Internal Affairs and Communications and recognized by the Japanese government as an approved specific public benefit corporation. Among its objectives are supporting new research in the telecommunications field and administering awards. With research support and awards covering not only Japan but also countries overseas (United States, China and South Korea), the Okawa Foundation engages in public interest activities for the global development and advancement of the information and telecommunications fields.

Support for the Global Compact

CSK Group aims to help create a sustainable society by providing services society needs. This is why we support the Global Compact advocated by the United Nations.

The Ten Principles of the Global Compact

▶ **Human Rights**

· Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
· Principle 2: make sure that they are not complicit in human rights abuses.

▶ **Labor Standards**

· Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
· Principle 4: the elimination of all forms of forced and compulsory labor;
· Principle 5: the effective abolition of child labor; and
· Principle 6: the elimination of discrimination in respect of employment and occupation.

▶ **Environment**

· Principle 7: Businesses should support a precautionary approach to environmental challenges;
· Principle 8: undertake initiatives to promote greater environmental responsibility; and
· Principle 9: encourage the development and diffusion of environmentally friendly technologies.

▶ **Anti-Corruption**

· Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

THE GLOBAL COMPACT
WE SUPPORT

MS-SRI (Morningstar Inc. Socially Responsible Investment Index)

Run by Morningstar Inc., this is Japan's first SRI, featuring 150 Japanese listed companies with an outstanding record in social performance.

CSK HOLDINGS has been included in the MS-SRI since September 2008.

MS-SRI モーニングスター社会的責任投資株価指数 Morningstar Socially Responsible Investment Index

Directors, Corporate Auditors and Executive Officers
(As of September 30, 2009)

Directors

Akihiro Azuma[*1]
Chairman & Chief Executive Officer (CEO)

Takeshi Nakanishi[*1]
President & Chief Operating Officer (COO)

Tatsuyasu Kumazaki
Director & Chief Financial Officer (CFO)

Toshiyasu Horie
Director

Hiroyuki Yamazaki[*2]
Director

Counselor, Media/Life Style Management Department, Sumitomo Corporation

Katsushige Kondo[*2]
Director

Executive Director, Japan Association for CFOs

Corporate Auditors

Standing Corporate Auditor
Akihiko Harima

Corporate Auditors
Iwao Ishikawa[*3]

Masanobu Shitanii[*3]

*1 Representative Director
*2 Outside Director
*3 Outside Auditor

Executive Officers

Managing Executive Officer
Tatsuyasu Kumazaki

Executive Officers
Shunichi Ishimura

Masahiko Suzuki

Tooru Tanihara

Hideki Tazai

Yasushi Shimizu

1. Analysis of operating results

(1) Overview of operations

During the fiscal year under review, the global financial crisis stemming from the subprime loan issue in the U.S. spilt over into the real economy in Japan, corporate earnings sharply deteriorated and the recession was brought into stark relief. An extremely severe economic climate continues, amid the deteriorating employment situation, and a cooling in personal consumption sentiment has given rise to concerns for the future of the economy.

In the IT services business, while investment for new projects had been comparatively robust, underpinned by corporate capital investment demand up until the previous consolidated fiscal year, a decline in corporate IT-related investment drive was observed through the impact of a sharp deterioration in corporate revenues, and CSK HOLDINGS CORPORATION ("the Company") has been placed in a severe business environment.

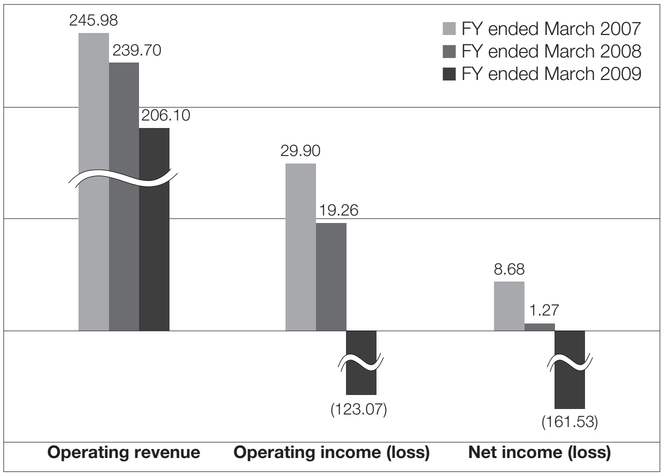
In the financial services business, the credit crunch stemming from the subprime loan issue in the U.S. began to impact on Japan, and the investment environment remained severe as in the previous year. In the securities business, the slump in the equity markets continued, due to similar factors, and on the back of sliding share prices as a result of the sharp economic deterioration in both Japan and overseas.

In the prepaid card business, the competitive environment expanded with the sharp proliferation in non-contact IC Card type electronic money, such as shared IC Cards for transportation systems, amid declining corporate demand stemming from the sharp deterioration in the economic environment. New demand also increased due to an increase in stores where prepaid cards may be used, and an expansion in the gift card market.

In the context of this business environment, our activities during the year under review were primarily related to three management policies: "I. Transforming into being a service provider group," "II. Ensuring management transparency and shareholder returns," and "III. Measures to strengthen management and improve profitability." Our consolidated results for the year were impacted by factors such as: writing down a large loss in the financial services business, including the real estate securitization business, which we engaged in with the objective of securing funds to switch our existing business structure; the impact of the sharp economic deterioration; and slow progress in improving performance in the securities business, due to the falling equity market and general market stagnation.

Consolidated operating revenue for the year ended March 31, 2009 decreased 14.0% to ¥206.10 billion. An operating loss of ¥123.07 billion was recorded, compared to an operating income of ¥19.26 billion in the previous year, and a net loss of ¥161.53 billion compared to net income of ¥1.27 billion in the previous year.

(Billions of yen)



Operating revenue decreased 14.0% to ¥206.10 billion. In the IT services business, although systems integration projects and outsourcing related to credit finance and insurers industries in technology services were robust, in the business services domain there was a decrease in demand for ASP* for securities, contact centers and product verification services, and the financial services and the securities business felt the impact of the deteriorating business environment.

An operating loss of ¥123.07 billion was recorded. In addition to appraisal losses on existing real estate investments in our financial services business, the overall financial services business and securities business were hit by the impact of the deteriorating economic environment, and the Group's information infrastructure development costs increased for the Company as a whole.

A net loss of ¥161.53 billion was recorded for the period, on write-downs for impairment losses of ¥8.14 billion for fixed assets in the IT services business, securities business and for the Company as a whole, and ¥6.59 billion for goodwill in the securities business, and also on losses of ¥2.54 billion related to discontinuing of construction of the planned head office building in the Minato Mirai 21 development area in Yokohama City, as well as tax adjustments of ¥14.88 billion arising from the reversal of deferred tax assets.

* ASP (Application Service Provider) = Providing customers with applications for business use through a network

< 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
IT services business	Technology services → IT services for systems integration and management, etc.
	Business services → IT operation services for contact center, BPO*, verification, etc.
Financial services business	Investment business (anonymous associations, real estates, shares, etc.), venture capital business, etc.
Securities business	Comprehensive securities services
Prepaid card business	QUO Card issuance and settlement services

* BPO (Business Process Outsourcing) = Consigning operations to an outside company to improve efficiency and quality and promote differentiation

[IT services business]

Operating revenue decreased 3.9% to ¥190.79 billion, while operating income decreased 43.0% to ¥8.79 billion.

While systems integration projects and outsourcing related to credit finance and insurers industries in technology services were robust, system development projects for the manufacturing and communications industries, and equipment sales and packaged sales to the housing industry decreased. Business services saw firm increases in Fulfillment service* sales, but expansions in orders from new clients at contact centers lagged, and sales also decreased for product verification services and ASP for securities.

Operating income declined even as we implemented reductions in selling, general and administrative expenses, with causative factors including costs in technology services, due to decreased operating profit on reduced gross profit given the increase in strategic investment costs designed to expand business, and lower sales. Business services also saw increased ASP development and operation costs due to the impact of lower sales, and increases in engineer hiring and education costs.

* Fulfillment service = Back-office business from order to delivery of merchandise

[Financial services business]

Operating revenue decreased 83.0% to ¥3.47 billion, and an operating loss of ¥115.61 billion was recorded.

Results in the previous year included the liquidation of a large-scale real estate securitization investment project, while in the year under review the Company wrote down ¥81.05 billion in inventory assets for investment real estate, and recorded a ¥5.54 billion sales loss, along with evaluation losses of ¥11.88 billion on securities.

[Securities business]

Operating revenue decreased 29.6% to ¥15.62 billion, and an operating loss of ¥7.87 billion was recorded.

Operating revenue in this segment decreased due to the ¥5.93 billion decline in commissions received and a ¥0.79 billion decrease in finance income compared to the previous period, due to the protracted slump in the equity markets.

An operating loss of ¥7.87 billion was recorded, compared to a loss of ¥4.06 billion in the previous year. Major reductions were made to transaction related costs, personnel costs and administrative costs as a part of selling, general and administrative expenses, but this did not fully offset the impact of the aforementioned slump in income and increased write-off costs for goodwill.

[Prepaid card business]

Operating revenue increased 12.4% to ¥2.74 billion, and operating income of ¥0.18 billion was recorded, compared to an operating loss of ¥0.11 billion in the previous year.

The improvement in operating income arose due to increases in investment income from cash held against card obligations. Profitable gift cards usage was also robust.

The aforementioned segment-based sales also include inter-segment sales.

(2) Management initiatives implemented during the fiscal year

Specific initiatives undertaken during the current fiscal year in relation to three management policies are as follows:

I. Transforming into being a service provider group

1) *IT services business*

i) In the context of frequent reforms to finance-related legal systems and a variety of regulations being strengthened, large-scale and compound projects have developed in line with these regulations, and the Company has forged ahead with efforts targeting large-scale orders, based on Group-wide strategic sales efforts and enhanced sales review systems.

ii) In technology services the Company implemented the following measures in order to ensure high performance and quality and strengthen competitive capabilities in IT.

- We strengthened remote development and maintenance systems from external orders, in order to promote the switch to off-shore and near-shore usage, which is a CSK strong point.
- We expanded efforts such as “software production plants,” known as framework factories, realizing high quality and short lead time development.
- In addition to bringing the CSK Sanda Center fully online from June 2008, we also promoted center-based service delivery including establishing structures to monitor the dynamic data of all data center users.
- In the BPO service area, in addition to developing a system capable of pursuing expertise, we discussed the existence of organizations capable of improving productivity through intensification, and decided upon a Group reorganization plan effective July 1, 2009.

iii) In the education, finance and distribution areas, we made further progress with asset (platform) configuration and recycling efforts.

- Education: Operational support services aimed at educational institutions
- Finance: Finance-based criminal transaction monitoring services, operational services for recording new contracts aimed at the non-life insurance industry, legal system responses in the financial area, loan operations systems, credit membership operations, and credit screening services
- Distribution: Next-generation EDI, outsourcing of fulfillment operations

iv) In addition to the fully-fledged operation of mission critical systems for the delivery of systems and services related to our e-commerce business promoted by CSK PRESCENDO CORPORATION as a joint business service, the Company also started to expand to other business areas.

2) *Securities, prepaid card and financial services business*

i) In the securities business, Cosmo Securities Co., Ltd. was made into a wholly-owned subsidiary in August 2008 in order to fuse the know-how and resources of the CSK Group (“the Group”), following which, Cosmo Securities Co., Ltd. (the surviving company) and CSK-RB SECURITIES CORPORATION (the expired company) merged in December of the same year. Also, in order to concentrate the sales resources of Cosmo Securities Co., Ltd. into the retail sector from the wholesale area, the Company withdrew from unprofitable businesses or downsized them, and implemented revisions to our organizational, personnel and sales systems, thereby strengthening our management culture.

ii) In the prepaid card business, the Company made efforts to include carbon offset* structures in the QUO Card, increasing the brand value of the QUO Card itself, as an enhanced value-added product. We also launched the sale of “BEER CARD” to replace the beer coupons which was out of use in February 2009, expanding card-usage scope and user convenience.

iii) In the financial services business, the Company froze new investment projects, and made progress with sales, targeting returns as the foremost priority.

* Carbon offset = The latest effort for reducing greenhouse gases that focuses on investing in and contributing to things such as clean energy businesses in order to offset emitted carbon dioxide (CO_2)

II. Ensuring management transparency and shareholder returns

1) Ensuring management transparency

As a result of the shift to a holding company structure in October 2005, the Group's overall framework has been finalized, which will serve as the foundation for ensuring management transparency. 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 Companies Law and the Financial Instruments and Exchange Law.

2) Shareholder returns policy

In April 2005, the Company announced a consolidated financial position-linked shareholder returns policy based on Dividends on Equity (DOE*), and has been allocating dividends based on this policy. During the fiscal year under review, our consolidated results recorded a significant loss. Under such a circumstance, the Company has declared no interim dividends and does not expect to pay dividends for the fiscal year 2009.

	Trends in annual dividend per share
Fiscal year ended March 2009	¥ 0
Fiscal year ended March 2008	¥40
Fiscal year ended March 2007	¥40
Fiscal year ended March 2006	¥40
Fiscal year ended March 2005	¥17

* DOE = Total amount of dividends paid / [average of shareholders' equity at beginning and end of fiscal year] x 100

III. Measures to strengthen management and improve profitability

1) Selection and concentration of operations (reviewing scope of businesses)

As a group, we have reconfirmed our strategy of shifting to become a service provider, and in focusing on the IT services business, and we have undertaken the following measures:

i) In the financial services business, where in the current economic environment it is difficult to foresee a recovery in performance in the short term, we have frozen new investment and adopted a policy of moving to achieve an early sale of real estate and other held assets.

ii) In the securities business, we have reformed organizational, personnel and management systems and are shifting our focus from wholesale to retail, while at the same time prioritizing an early recovery in earnings through further cost cutting measures.

2) Improving the Company's financial status

In working to improve the Company's financial condition, we have been pursuing rigorous cost control measures, covering office and facility-related costs, personnel expenses, suspension of investment in constructing shared group information systems, and control of R&D. As part of these measures, on September 11, 2008 we announced the cancellation of the planned construction of the head office building in the Minato Mirai 21 development area.

2. Analysis of financial position and cash flows

(1) Assets, liabilities and net assets

Assets decreased ¥186.12 billion (33.8%) to ¥363.93 billion

Current assets decreased ¥167.78 billion to ¥268.60 billion. "Investments related to financial services" decreased ¥96.49 billion due to sales or write-downs, "Current assets" in the securities business decreased ¥31.65 billion, "Deferred income taxes" decreased by ¥5.12 billion, and "Cash" decreased by ¥27.70 billion.

Fixed assets decreased ¥18.34 billion to ¥95.33 billion. Although an increase of ¥7.97 billion was recorded from the acquisition of land for construction of the head office building in the Minato Mirai 21 development area, decreases were recorded as a result of impairment of assets in the securities business and other areas of the Group, along with loss on sales or write-downs of “Investments in securities.”

Liabilities decreased ¥25.87 billion (7.1%) to ¥338.68 billion
Current liabilities amounted to ¥256.58 billion. Although “Short-term bank loans payable” increased ¥8.91 billion, liabilities in the securities business decreased ¥18.52 billion, liabilities in the financial services business decreased ¥3.35 billion, and “Other current liabilities” decreased ¥16.03 billion.

Long-term liabilities amounted to ¥81.24 billion, with an increase of ¥2.49 billion in “Other long-term liabilities.”

Net assets decreased ¥160.25 billion (86.4%) to ¥25.25 billion
Factors that increased “Net assets” included a reduction in treasury shares concomitant with making Cosmo Securities Co., Ltd. a wholly-owned subsidiary. Factors that decreased “Net assets” included a significant decrease in “Retained earnings” arising from the net loss recorded for the period and the payment of dividends.

(2) Cash flows
Cash flows from operating activities minus ¥5.72 billion (increase of ¥24.65 billion)
Although changes to current assets and liabilities in the securities business increased cash flow by ¥13.08 billion, changes in working capital and liabilities, particularly in the financial services business, along with the impact of an operating loss recorded in the financial services business, resulted in net cash used in operating activities of ¥5.72 billion.

Cash flows from investing activities minus ¥12.40 billion (increase of ¥15.56 billion)
Although cash amounting to ¥4.48 billion was received from the sale and maturity of investment securities, an outflow of ¥13.79 billion was recorded for the acquisition of fixed assets in land for construction of the Group head office in the Minato Mirai 21 development area in Yokohama City, and outflows of ¥5.94 billion were recorded for the purchase of intangible fixed assets associated with business activities. As a result, net cash used in investing activities was ¥12.40 billion.

Cash flows from financing activities minus ¥6.68 billion (decrease of ¥18.88 billion)
During the fiscal year under review, outflows of ¥5.16 billion were recorded mainly for the repayment of “Repayment of long-term debt” along with ¥1.41 billion in dividend payments for the fiscal year under view. As a result, net cash used in financing activities was ¥6.68 billion.

Cash and cash equivalents ¥33.88 billion (decrease of ¥25.32 billion or 42.8%)
Reflecting the cash flows described above, cash and cash equivalents as of March 31, 2009 amounted to ¥33.88 billion, a decrease of ¥25.32 billion compared to March 31, 2008.

Consolidated Balance Sheets

CSK HOLDINGS CORPORATION and Consolidated Subsidiaries
As of March 31, 2007, 2008 and 2009

	Millions of yen			Thousands of U.S. dollars (Note 1)
ASSETS	2007	2008	**2009**	**2009**
Current assets:				
Cash (Notes 2 (3), 3 and 9)	¥108,405	¥ 64,013	**¥ 36,309**	**$ 369,635**
Notes and accounts receivable (Note 2 (26))	33,689	31,026	**27,680**	**281,788**
Marketable securities (Notes 2 (4), 3, 4 and 9)	7,207	11,702	**11,159**	**113,603**
Venture capital investments (Notes 2 (4), 2 (5) and 4)	2,138	4,166	**2,145**	**21,833**
Inventories (Notes 2 (9) and 5)	4,820	4,888	**4,146**	**42,208**
Income taxes refundable	6	5,000	**2,906**	**29,580**
Deferred income taxes (Notes 2 (23) and 16)	12,318	6,508	**1,385**	**14,102**
Investments related to financial services (Notes 2 (4), 2 (5), 2 (9), 4, 6 and 9)	110,842	198,428	**101,941**	**1,037,775**
Cash segregated as deposits related to securities business	46,395	32,892	**26,810**	**272,932**
Trading assets related to securities business (Note 9)	15,679	6,825	**6,860**	**69,836**
Receivables related to margin transactions	91,105	46,105	**20,504**	**208,732**
Other current assets (Note 9)	33,560	25,158	**27,221**	**277,120**
Allowance for losses on investment securities (Note 2 (8))	(3,869)	(235)	**(47)**	**(478)**
Allowance for doubtful accounts (Note 2 (7))	(266)	(92)	**(419)**	**(4,270)**
Total current assets	462,029	436,384	**268,600**	**2,734,396**
Property and equipment, net of accumulated depreciation (Notes 2 (10), 2 (12) and 7)	26,967	34,346	**40,009**	**407,304**
Deferred charges and intangible assets (Notes 2 (11) and 26)	14,040	8,877	**6,627**	**67,463**
Investments and other assets:				
Investments in securities (Notes 2 (4), 4 and 9)	60,041	49,327	**34,926**	**355,548**
Prepaid pension costs (Notes 2 (17) and 12)	3,325	3,219	**2,984**	**30,376**
Deferred income taxes (Notes 2 (23) and 16)	1,968	8,415	**1,478**	**15,049**
Other assets (Note 9)	10,778	10,557	**9,892**	**100,698**
Allowance for doubtful accounts (Note 2 (7))	(1,853)	(1,071)	**(584)**	**(5,941)**
Total investments and other assets	74,259	70,447	**48,696**	**495,730**
Total assets (Notes 2 (1) and 33)	¥577,295	¥550,054	**¥363,932**	**$3,704,893**

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS (Shareholders' equity)	Millions of yen 2007	2008	2009	Thousands of U.S. dollars (Note 1) 2009
Current liabilities:				
Accounts payable (Note 2 (26))	¥ 11,293	¥ 11,585	**¥ 8,679**	**$ 88,351**
Short-term bank loans payable (Notes 8 and 9)	28,052	69,511	**78,423**	**798,361**
Current portion of corporate bonds payable (Note 8)	20,000	—	**—**	**—**
Accrued income taxes	8,624	3,113	**1,348**	**13,720**
Deposits received on prepaid cards (Notes 2 (26) and 9)	42,860	46,564	**50,762**	**516,766**
Accrued bonuses to employees (Note 2 (13))	6,420	7,026	**5,763**	**58,668**
Accrued bonuses to directors and statutory auditors (Note 2 (14))	62	5	**—**	**—**
Allowance for anticipated losses on contracts (Note 2 (15))	898	369	**1,837**	**18,701**
Accrued for loss on cancellation penalty (Note 2 (16))	—	—	**1,812**	**18,443**
Liabilities related to financial services (Notes 6, 8 and 9)	15,137	44,371	**41,017**	**417,557**
Trading liabilities related to securities business	9,180	2,602	**543**	**5,523**
Payables related to margin transactions (Notes 8 and 9)	55,842	19,324	**13,865**	**141,152**
Deposits received and guarantee deposits received from customers related to securities business	56,002	44,128	**33,121**	**337,180**
Other current liabilities (Notes 2 (24), 2 (26), 8 and 9)	25,701	35,435	**19,407**	**197,569**
Total current liabilities	280,071	284,033	**256,577**	**2,611,991**
Long-term liabilities:				
Corporate bonds payable (Note 8)	20,000	20,000	**20,000**	**203,604**
Convertible bonds payable (Note 8)	58,000	56,792	**56,792**	**578,153**
Long-term bank loans payable (Note 8)	5,000	84	**—**	**—**
Accrued employees' retirement benefits (Notes 2 (17) and 12)	587	341	**275**	**2,796**
Accrued directors' retirement benefits (Note 2 (18))	206	159	**115**	**1,169**
Other long-term liabilities	3,307	1,565	**4,056**	**41,295**
Total long-term liabilities	87,100	78,941	**81,238**	**827,017**
Statutory reserve:				
Reserve for financial products transaction liabilities (Note 2 (21))	—	—	**870**	**8,862**
Reserve for securities trading liabilities (Note 2 (19))	1,347	1,580	**—**	**—**
Reserve for financial futures trading liabilities (Note 2 (20))	2	4	**—**	**—**
Total statutory reserve	1,349	1,584	**870**	**8,862**
Commitments and contingencies (Notes 2 (12), 9, 10, 15, 29 and 30)				
Net assets (Note 2 (28))				
Shareholders' equity (Note 13)**:**				
Common stock Authorized: 298,000,000 shares Issued: 78,437,124 shares in 2007 78,670,524 shares in 2008 80,290,414 shares in 2009	72,790	73,225	**73,225**	**745,448**
Capital surplus	37,404	37,792	**30,764**	**313,179**
Retained earnings	84,692	83,007	**(80,313)**	**(817,602)**
Treasury stock, at cost (Note 14)	(19,649)	(31,614)	**(68)**	**(695)**
Total shareholders' equity	175,237	162,410	**23,608**	**240,330**
Valuation, translation adjustments and other:				
Net unrealized gains (losses) on securities (Notes 2 (4), 2 (5) and 4)	8,949	1,697	**(990)**	**(10,080)**
Net unrealized gains (losses) on hedging derivatives (Note 2 (6))	0	(7)	**—**	**—**
Foreign currency translation adjustments (Note 2 (2))	—	(626)	**(2,441)**	**(24,845)**
Total valuation, translation adjustments and other	184,186	163,474	**(3,431)**	**(34,925)**
Minority interests	24,589	22,022	**5,070**	**51,618**
Total net assets	208,775	185,496	**25,247**	**257,023**
Total liabilities and net assets	¥577,295	¥550,054	**¥363,932**	**$3,704,893**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Operations

CSK HOLDINGS CORPORATION and Consolidated Subsidiaries
For each of the three years in the period ended March 31, 2009

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Operating revenue (Notes 2 (24), 2 (26) and 33)	¥245,982	¥239,695	**¥ 206,100**	**$ 2,098,137**
Costs and expenses:				
Operating costs (Notes 2 (22), 2 (26), 4, 17 and 18)	157,621	153,713	**263,769**	**2,685,220**
Selling, general and administrative expenses (Notes 2 (22), 17 and 26)	58,456	66,726	**65,398**	**665,760**
Operating income (loss) (Notes 2 (9), 2 (10), 2 (26) and 33)	29,905	19,256	**(123,067)**	**(1,252,843)**
Other income (expenses):				
Interest and dividends income	643	918	**523**	**5,319**
Interest expenses	(98)	(66)	**(20)**	**(203)**
Gain on sales of investments in securities (Note 20)	89	281	**426**	**4,339**
Loss on sales of investments in securities	(28)	(288)	**(830)**	**(8,451)**
Foreign exchange loss	—	(717)	**(143)**	**(1,459)**
Loss on write-downs of investments in securities (Note 4)	(556)	(1,659)	**(2,033)**	**(20,691)**
Gain (loss) on change in interest in consolidated subsidiary (Note 21)	(30)	367	**(6)**	**(63)**
Loss on investment in partnerships	(26)	(44)	**(375)**	**(3,810)**
Hoard profit of prepaid card (Note 2 (26))	965	1,032	**990**	**10,076**
Provision for accrued employees' retirement benefits (Note 2 (17))	(261)	(261)	**(261)**	**(2,654)**
Gain on transfer of business (Note 19)	277	11	**989**	**10,070**
Gain from reversal of allowance for anticipated losses on contracts (Note 2 (15))	484	—	**—**	**—**
Loss on disposal of fixed assets	(161)	(740)	**(520)**	**(5,297)**
Loss on impairment of fixed assets (Note 23)	(0)	(13,345)	**(14,722)**	**(149,871)**
Loss on business restructuring (Note 24)	—	—	**(1,218)**	**(12,402)**
Loss on discontinuing construction of head office (Note 25)	—	—	**(2,543)**	**(25,887)**
Compensation received for relocation (Note 22)	—	950	**—**	**—**
Provision for reserve for securities trading liabilities (Note 2 (19))	(268)	(232)	**—**	**—**
Provision for reserve for financial futures trading liabilities (Note 2 (20))	(2)	(2)	**—**	**—**
Reversal of reserve for financial products transaction liabilities (Note 2 (21))	—	—	**714**	**7,265**
Other, net	(220)	(779)	**(2,250)**	**(22,904)**
	808	(14,574)	**(21,279)**	**(216,623)**
Income (loss) before income taxes and minority interests (Notes 2 (9), 2 (10), 2 (14), 2 (21) and 2 (26))	30,713	4,682	**(144,346)**	**(1,469,466)**
Income taxes (Notes 2 (23) and 16)**:**				
Current	18,986	5,864	**2,900**	**29,518**
Deferred	(4,533)	2,276	**14,882**	**151,500**
Refund (Note 28)	—	(2,763)	**(702)**	**(7,132)**
Reversal of prior-year's income taxes and prior-year's income taxes—deferred (Note 27)	6,210	—	**—**	**—**
	20,663	5,377	**17,080**	**173,886**
Income (loss) before minority interests	10,050	(695)	**(161,426)**	**(1,643,352)**
Minority interests in subsidiaries	(1,371)	1,967	**103**	**1,049**
Net income (loss)	¥ 8,679	¥ 1,272	**¥(161,529)**	**$(1,644,401)**
			Yen	U.S. dollars (Note 1)
Per share information:				
Net income (loss) per share (Notes 2 (27) and 32)	¥117.35	¥17.34	**¥(2,097.39)**	**$(21.35)**
Diluted net income per share (Notes 2 (27) and 32)	105.60	15.46	**—**	**—**
Cash dividends (Note 2 (27))	40.00	40.00	**—**	**—**

The accompanying notes are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

CSK HOLDINGS CORPORATION and Consolidated Subsidiaries
For each of the three years in the period ended March 31, 2009

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Foreign currency translation adjustments	Minority interests	Total
Balance as of March 31, 2006	¥71,524	¥ 36,138	¥ 80,719	¥(19,626)	¥11,069	¥—	¥ —	¥ —	¥ 179,824
Reclassified Balance as of March 31, 2006 (Note 2 (28))								23,606	23,606
Exercise of stock options	1,266	1,266							2,532
Cash dividends*1			(2,945)						(2,945)
Cash dividends			(1,480)						(1,480)
Directors' and statutory auditors' bonuses*1			(281)						(281)
Net income			8,679						8,679
Repurchases of treasury stock				(24)					(24)
Disposal of treasury stock				1					1
Net changes in items other than shareholders' equity					(2,120)	0		983	(1,137)
Balance as of March 31, 2007	¥72,790	¥ 37,404	¥ 84,692	¥(19,649)	¥ 8,949	¥ 0	¥ —	¥ 24,589	¥ 208,775
Exercise of stock options	435	435							870
Cash dividends*1			(1,486)						(1,486)
Cash dividends			(1,471)						(1,471)
Net income			1,272						1,272
Repurchases of treasury stock				(12,100)					(12,100)
Disposal of treasury stock		(47)		135					88
Net changes in items other than shareholders' equity					(7,252)	(7)	(626)	(2,567)	(10,452)
Balance as of March 31, 2008	¥73,225	¥ 37,792	¥ 83,007	¥(31,614)	¥ 1,697	¥ (7)	¥ (626)	¥ 22,022	¥ 185,496
Issuance of new stock*2		4,025							4,025
Cash dividends*1			(1,411)						(1,411)
Net loss			(161,529)						(161,529)
Repurchases of treasury stock				(77)					(77)
Disposal of treasury stock		(2)		7					5
Disposal of treasury stock by share exchange*2		(11,051)	(380)	31,616					20,185
Net changes in items other than shareholders' equity					(2,687)	7	(1,815)	(16,952)	(21,447)
Balance as of March 31, 2009	**¥73,225**	**¥ 30,764**	**¥ (80,313)**	**¥ (68)**	**¥ (990)**	**¥—**	**¥(2,441)**	**¥ 5,070**	**¥ 25,247**

*1 Relates to a distribution of cash dividends approved in a shareholders' meeting in June 2006, 2007 and 2008.
*2 Relates to a share exchange for the making Cosmo Securities Co., Ltd. the Company's wholly-owned subsidiary on August 1, 2008.

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Net unrealized gains (losses) on securities	Net unrealized gains (losses) on hedging derivatives	Foreign currency translation adjustments	Minority interests	Total
Balance as of March 31, 2008	$745,448	$ 384,728	$ 845,030	$(321,841)	$ 17,271	$(72)	$ (6,369)	$ 224,185	$ 1,888,380
Issuance of new stock*2		40,980							40,980
Cash dividends*1			(14,364)						(14,364)
Net loss			(1,644,401)						(1,644,401)
Repurchases of treasury stock				(779)					(779)
Disposal of treasury stock		(24)		71					47
Disposal of treasury stock by share exchange*2		(112,505)	(3,867)	321,854					205,482
Net changes in items other than shareholders' equity					(27,351)	72	(18,476)	(172,567)	(218,322)
Balance as of March 31, 2009	**$745,448**	**$ 313,179**	**$ (817,602)**	**$ (695)**	**$(10,080)**	**$ —**	**$(24,845)**	**$ 51,618**	**$ 257,023**

*1 Relates to a distribution of cash dividends approved in a shareholders' meeting in June 2008.
*2 Relates to a share exchange for the making Cosmo Securities Co., Ltd. the Company's wholly-owned subsidiary on August 1, 2008.

The accompanying notes are an integral part of these statements.

Consolidated Statements of Cash Flows

CSK HOLDINGS CORPORATION and Consolidated Subsidiaries
For each of the three years in the period ended March 31, 2009

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Cash flows from operating activities:				
Income (loss) before income taxes and minority interests	¥ 30,713	¥ 4,682	**¥(144,346)**	**$(1,469,466)**
Adjustments for—				
Depreciation	4,109	5,904	**7,054**	**71,808**
Loss on impairment of fixed assets	0	13,345	**14,890**	**151,585**
Amortization of goodwill	417	315	**1,437**	**14,632**
Increase (decrease) in allowances and decrease (increase) in prepaid pension costs	1,608	(4,430)	**2,296**	**23,372**
Increase (decrease) in reserve for financial products transaction liabilities	—	—	**(714)**	**(7,265)**
Interest and dividends income	(2,940)	(3,245)	**(1,936)**	**(19,710)**
Interest expenses	1,296	1,589	**2,154**	**21,930**
Loss on write-downs of investments in securities	556	1,659	**2,033**	**20,691**
Decrease (increase) in accounts receivable	2,459	2,663	**3,345**	**34,057**
Decrease (increase) in inventories	1,030	(69)	**743**	**7,562**
Increase (decrease) in accounts payable	(2,724)	292	**(2,906)**	**(29,585)**
Increase (decrease) in deposits received on prepaid cards	3,882	3,705	**4,197**	**42,730**
Decrease (increase) in venture capital investments	(114)	(2,476)	**1,826**	**18,590**
Decrease (increase) in investments related to financial services	(16,960)	(95,688)	**89,524**	**911,369**
Increase (decrease) in liabilities related to financial services	12,057	29,234	**1,177**	**11,979**
Decrease (increase) in cash segregated as deposits related to securities business	11,301	13,503	**6,082**	**61,911**
Decrease (increase) in trading assets related to securities business	(4,816)	8,854	**(35)**	**(357)**
Decrease (increase) in trade date accrual related to securities business	1,584	(224)	**(2,778)**	**(28,278)**
Decrease (increase) in receivables related to margin transactions	21,016	45,000	**25,602**	**260,630**
Decrease (increase) in loans secured by securities	(3,174)	6,914	**2,737**	**27,865**
Increase (decrease) in trading liabilities related to securities business	4,424	(6,578)	**(2,060)**	**(20,968)**
Increase (decrease) in payables related to margin transactions	(21,500)	(36,518)	**(5,458)**	**(55,567)**
Increase (decrease) in deposits received and guarantee deposits received from customers related to securities business	(9,982)	(11,874)	**(11,007)**	**(112,052)**
Other, net	(7,902)	5,147	**2,090**	**21,276**
Subtotal	26,340	(18,296)	**(4,053)**	**(41,261)**
Interest and dividends income received	3,047	3,252	**2,086**	**21,235**
Interest expenses paid	(1,153)	(1,579)	**(2,094)**	**(21,317)**
Income taxes paid	(21,165)	(16,504)	**(3,048)**	**(31,032)**
Proceeds from refund of income taxes	—	2,763	**1,393**	**14,188**
Net cash provided by (used in) operating activities	7,069	(30,364)	**(5,716)**	**(58,187)**
Cash flows from investing activities:				
Decrease (increase) in time deposits, net	(465)	(2,967)	**3,043**	**30,980**
Net proceeds from sales and purchases of marketable securities	3,717	1,094	**4,478**	**45,590**
Purchases of property and equipment	(7,195)	(11,916)	**(13,792)**	**(140,404)**
Proceeds from sales of property and equipment	4,957	—	**—**	**—**
Purchases of intangible assets	(8,396)	(10,647)	**(5,944)**	**(60,510)**
Purchases of investments in securities	(9,747)	(7,245)	**(9,245)**	**(94,121)**
Proceeds from sales of investments in securities	1,864	3,616	**8,972**	**91,336**
Expenditure for acquisition of subsidiaries' stocks	(997)	(197)	**—**	**—**
Other, net	(284)	308	**89**	**906**
Net cash used in investing activities	¥ (16,546)	¥ (27,954)	**¥ (12,399)**	**$ (126,223)**

	2007	2008	Millions of yen 2009	Thousands of U.S. dollars (Note 1) 2009
Cash flows from financing activities:				
Increase (decrease) in short-term bank loans, net	¥ 11,699	¥ 47,438	**¥ (67)**	**$ (682)**
Repayment of long-term debt	(4,500)	—	**(5,158)**	**(52,504)**
Proceeds from issuance of corporate bonds	35,000	—	**—**	**—**
Redemption of corporate bonds	—	(21,208)	**—**	**—**
Issuance of common stock	2,533	870	**—**	**—**
Purchases of treasury stock (Note 3 (2))	(37)	(12,239)	**(23)**	**(238)**
Cash dividends paid	(4,414)	(2,949)	**(1,414)**	**(14,398)**
Other, net	(748)	289	**(19)**	**(195)**
Net cash provided by (used in) financing activities	39,533	12,201	**(6,681)**	**(68,017)**
Effect of exchange rate changes on cash and cash equivalents	51	(130)	**(240)**	**(2,441)**
Net increase (decrease) in cash and cash equivalents	30,107	(46,247)	**(25,036)**	**(254,868)**
Cash and cash equivalents, at beginning of the year	74,747	105,447	**59,200**	**602,670**
Cash and cash equivalents of initially consolidated subsidiaries, at beginning (Note 2 (1))	593	—	**—**	**—**
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation (Note 2 (1))	—	—	**(281)**	**(2,868)**
Cash and cash equivalents, at end of the year (Notes 2 (3) and 3 (1))	¥105,447	¥ 59,200	**¥ 33,883**	**$ 344,934**

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

CSK HOLDINGS CORPORATION and Consolidated Subsidiaries

1. Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of CSK HOLDINGS CORPORATION ("the Company") and consolidated subsidiaries (collectively, "the Group") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The accompanying consolidated financial statements incorporate certain reclassifications of figures from those included in the Annual Securities Report in order to present them in a form more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include certain information which is not required under generally accepted accounting principles in Japan but is presented herein as additional information.

The amounts presented in the accompanying consolidated financial statements are rounded to the nearest million yen.

The U.S. dollar amounts in the accompanying consolidated financial statements are included solely for convenience of readers outside Japan. The rate of ¥98.23 = U.S. $1.00, the rate of exchange prevailing on March 31, 2009, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that or any other rate.

Certain amounts in the accompanying consolidated financial statements from prior years have been reclassified to conform to the current year's presentation.

2. Summary of significant accounting policies

(1) Basis of consolidation and investments in affiliates

The accompanying consolidated financial statements include the accounts of the Company and the subsidiaries under its control.

Under the current effective control approach, companies controlled by the Company are consolidated regardless of the ownership percentage, and companies influenced by the Company to a material degree in their financial, operating, or business policies through investment, personnel, financing, technology, trading or any other relationship are accounted for as affiliates regardless of the ownership percentage.

The list of consolidated subsidiaries as of and for the year ended March 31, 2009 is as follows:

Name of subsidiary
Subsidiaries:
CSK SYSTEMS CORPORATION
CSK-IT MANAGEMENT CORPORATION (On July 1, 2007, CSK Network Systems Corporation changed its corporate name to CSK-IT MANAGEMENT CORPORATION)
CSK SYSTEMS NISHINIHON CORPORATION (On July 1, 2007, CSK SYSTEMS NISHINIHON PREPARATORY CORPORATION changed its corporate name to CSK SYSTEMS NISHINIHON CORPORATION)
CSK SYSTEMS CHUBU CORPORATION (On July 1, 2007, CSK SYSTEMS CHUBU PREPARATORY CORPORATION changed its corporate name to CSK SYSTEMS CHUBU CORPORATION)
JIEC Co., Ltd.
CSI SOLUTIONS Corporation
CSK SYSTEM MANAGEMENT CORPORATION
SUPER SOFTWARE COMPANY LTD.
CSK WinTechnology Corporation
FUKUOKA CSK CORPORATION
HOKKAIDO CSK CORPORATION
ServiceWare Corporation
CSK Communications Corporation
Fukui CSK Corporation
SHIMANE CSK CORPORATION
IWATE CSK CORPORATION
OITA CSK CORPORATION
Kitakyushu CSK Corporation (On January 1, 2008, ServiceWare Kyushu Corporation changed its corporate name to Kitakyushu CSK Corporation)
CSK Marketing Corporation
CSK Securities Service CO., Ltd.
VeriServe Corporation
CSK PRESCENDO CORPORATION
ISAO CORPORATION
BUSINESS EXTENSION CORPORATION
CSK ADMINISTRATION SERVICE CORPORATION (On July 1, 2007, CSK BUSINESS SERVICE CORPORATION changed its corporate name to CSK ADMINISTRATION SERVICE CORPORATION)
Light Works Corporation
CSK FINANCE CO., LTD.
CVC Business Co., Ltd.
GENASSET CO., LTD. (On December 21, 2007, SEIKOU CORPORATION changed its corporate name to GENASSET CO., LTD.)
CSK VENTURE CAPITAL CO., LTD.
Plaza Asset Management Co., Ltd.
Plaza Capital Management Co., Ltd.
CSK PRINCIPALS CO., LTD.
Cosmo Securities Co., Ltd.
Tsuyama Securities Co., Ltd.
Cosmo Enterprise Co., Ltd.
QUO CARD Co., Ltd.
CSK Institute for Sustainability, Ltd.
Other 49 companies (Includes 43 anonymous associations and 2 investment partnerships)

CSK-RB SECURITIES CORPORATION and 1 other company were established in fiscal year 2007 and therefore were newly consolidated from fiscal year 2007.

CSK PRESCENDO CORPORATION was newly consolidated from fiscal year 2007, due to the acquisition of its stock in March 2007.

In April, 2007, CSK Marketing Corporation merged with CSK Marketing HR Corporation.

CSK SYSTEMS CHUBU CORPORATION was established in fiscal year 2008 and therefore was newly consolidated from such fiscal year.

On July 1, 2007, the Company implemented a company separation. The method to be used is a company separation and absorption, with CSK SYSTEMS CORPORATION as the separating company and CSK SYSTEMS NISHINIHON CORPORATION which changed its corporate name from CSK Systems Nishinihon Preparatory Corporation, CSK SYSTEMS CHUBU CORPORATION which changed its corporate name from CSK Systems Chubu Preparatory Corporation, CSK-IT MANAGEMENT CORPORATION which changed its corporate name from CSK Network Systems Corporation and merged with CSK FIELD SERVICES CO., LTD. on the same day as the succeeding companies.

Plaza Capital Management Co., Ltd. was newly consolidated from fiscal year 2008, due to the acquisition of stock in October 2007.

Cosmo Securities Co., Ltd. (the surviving company) and CSK-RB SECURITIES CORPORATION (the expired company) merged in December 2008.

Japan Cosmo Securities (Hong Kong) Limited was excluded from consolidation due to liquidation.

From fiscal year 2009, 3 anonymous associations, 1 investment partnership, 1 limited liability partnership (LLP) and 2 other companies were newly consolidated, and 8 anonymous associations, 1 investment partnership, 1 limited liability partnership (LLP) and 2 other companies were excluded from consolidation in fiscal year 2009.

(Change in accounting policy)
From fiscal year 2007, "PITF No. 20 Practical Solution on Application of Control Criteria and Influence Criteria to Investment Associations" (PITF No. 20) has been adopted. As a result of the adoption, 23 of the above became consolidated subsidiaries from fiscal year 2007.

4 consolidated subsidiaries were excluded from subsidiary companies because their respective anonymous association contracts had expired. As a result, total assets increased by ¥15,289 million. This change had little impact on net income.

The Company accounts for investments in non-consolidated subsidiaries and affiliates using the cost method as their total assets, sales, net income, and retained earnings were immaterial to the consolidated financial statements of the Group.

Of the consolidated subsidiaries of the Group, 1 anonymous association has a fiscal year end of February 28, 2 anonymous associations have fiscal year ends of January 31, 31 anonymous associations, 2 investment partnerships and 4 other companies have fiscal year ends of December 31.

Furthermore, 6 anonymous associations have fiscal year ends of November 30. Consequently, these subsidiaries have a trial settlement date of February 28, for the purpose of preparing for the consolidated fiscal year ends. 3 anonymous associations have fiscal year ends of September 30. Consequently, these subsidiaries have a trial settlement date of December 31, for the purpose of preparing for the consolidated fiscal year end. The remaining consolidated subsidiaries have fiscal year ends of March 31, which is the same as the consolidated fiscal year end. The required adjustments for consolidated accounting purposes are carried out for important transactions that occur in the period between the consolidated fiscal year end and the respective fiscal year ends of the subsidiaries.

All significant intercompany transactions and accounts and unrealized intercompany profits are eliminated on consolidation.

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. Material excess of cost over such value of investments in subsidiaries is recognized as goodwill and is amortized over a period of 5 years. Immaterial excess is fully charged to income as amortization of goodwill for the year such transactions occurs. Amortization of goodwill is included in "Selling, general, and administrative expenses" in the accompanying consolidated statements of operations.

(2) Translation of foreign currency balances and transactions
Foreign currency transactions are translated using foreign exchange rates prevailing at the respective transaction dates. Receivables and payables denominated in foreign currencies are translated at the current exchange rates in effect at balance sheet dates.

All the assets and liabilities of foreign consolidated subsidiaries are translated at current rates in effect at the respective balance sheet dates. All the income and expense accounts are also translated at current rates in effect at the respective balance sheet dates.

Adjustments arising from translating financial statements of overseas consolidated subsidiaries denominated in foreign currencies into Japanese yen are recorded as a component of shareholders' equity and minority interests in the accompanying consolidated balance sheets.

(3) Cash and cash equivalents
For the purpose of consolidated statements of cash flows, cash and cash equivalents consists of cash on hands, demand deposits, and certain investments with an original maturity of three months or less with virtually no risk of loss of values.

(4) Marketable securities and Investments in securities
Trading securities, which are held for the purpose of earning capital gains in the near future, are reported at fair value, and the related unrealized gains and losses are included in earnings.

Held-to-maturity securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity, are reported at amortized cost.

Securities other than trading securities and held-to-maturity securities are classified as available-for-sale securities.

Available-for-sale securities (including Investments related to financial services and venture capital investments) that are publicly traded are reported at fair market value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. Available-for-sale securities that are not publicly traded are stated at cost; cost being determined mainly using the moving-average method.

(5) Accounting for the financial services business
a. Investments related to financial services

Investments in anonymous associations

With regard to transactions resulting from investments in anonymous associations, allocations received from these anonymous associations are recorded as sales.

Shares and real estate

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

Investment in partnerships or similar

With regard to transactions resulting from investments in partnerships or similar, any profit or loss from such partnerships is recorded at a net amount 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, the appraisal differences are recorded on an equity basis under "Net unrealized gains (losses) on securities" —other available-for-sale securities.

b. Venture capital investments

With regard to investment partnerships in which the Group is an executive member, the assets, liabilities, income and expenses of these partnerships are recorded on an equity basis, based on the most recent final accounts of the partnerships. "Venture capital investments" are recorded as securities on an equity basis. Securities which investment partnerships of the consolidated subsidiaries hold are recorded as "Venture capital investments."

(6) Derivatives and hedging activities
The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, etc. are utilized by the Group to reduce foreign exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

All derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are included in earnings. For derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions. With regard to the accounting method for hedge transactions, deferred hedge accounting is applied.

(7) 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 anticipated to be uncollectible.

(8) Allowance for losses on investment securities
"Allowance for losses on investment securities" reflects the Group's share of losses of the investee regarding the investments included in "Investments related to financial services."

(9) Inventories
"Inventories" are stated at cost, based on the specific identification method or moving-average method (write-down amount of book value as a result of declines in profitability).

(Change in accounting policy)
Inventories held for sales in the ordinary course of business were previously stated mainly at cost, based on the specific identification method, or moving-average method. The "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan Statement No. 9 issued on July 5, 2006) has been adopted effective the year ended March 31, 2009.

As a result, operating loss, and loss before income taxes and minority interests, increased by ¥81,059 million ($825,203 thousand) from the corresponding amounts which would have been recorded under the previous method.

(10) Property and equipment (except for Lease assets)
Property and equipment, including significant renewals and improvements, are carried at cost less accumulated depreciation. Maintenance and repairs including minor renewals and betterments are charged to income as incurred. For the Company and consolidated subsidiaries, depreciation is computed using the declining-balance method at rates based on the estimated useful lives of the respective assets which are prescribed by the Corporation Tax Law, except for buildings acquired after April 1, 1998 which are depreciated using the straight-line method.

Depreciation of Tangible fixed assets acquired before March 31, 2007 and depreciated to their respective allowable limits has been calculated by a method that depreciates residual value equally for five years. Main useful live are 2–50 years for Buildings and structures.

(Change in accounting policy)
From the fiscal year 2008 depreciation of tangible fixed assets acquired since April 1, 2007 has been calculated in accordance with the revised Corporation Tax Law.

The effect of this change was to increase operating expenses by ¥243 million and to decrease Operating income and Income before income taxes and minority interests by the same amounts for the year ended March 31, 2008 as compared with the corresponding amounts which would have been recorded under the previous method.

The effect on the segment information is described in "Segment Information" in Note 33.

(Additional Information)
From the fiscal year 2008 depreciation of tangible fixed assets acquired before March 31, 2007, and depreciated to their respective allowable limits has been calculated by a method which depreciates residual value equally over a period of five years.

The application of the applicable provision of the revised Corporation Tax Law had an insignificant impact on net income for the fiscal year 2008.

(11) Intangible assets and Differed charges (except for Lease assets)
Capitalized costs of software for internal use are amortized using the straight-line method over the estimated useful life of the software. Capitalized costs of software developed for external sale are amortized as the higher of (a) the amount based on projected sales profits, or (b) the amount computed on a straight-line over an estimated sales period. Costs associated with issuance of common shares and corporate bonds are expensed as incurred.

(12) Lease assets
Regarding leased assets related to finance lease transactions other than those involving transfer of ownership to the lessee, the straight-line method with the lease period calculated as the service life and a residual value of zero has been adopted.

Lease transactions commencing prior to March 31, 2008, are accounted for as operating lease transactions.

(Change in accounting policy)
Leased assets related to finance lease transactions other than those involving transfer of ownership to the lessee have so far been accounted for as operating lease transactions, but the "Accounting Standard Related to Lease Transactions," (Corporate Accounting Standards Article 13, June 17, 1993) (Business Accounting Council First Sub-committee, March 30, 2007) and "Application Guidelines for Accounting Standard Related to Lease Transactions" (Corporate Accounting Standard Application Guidelines Article 16, January 18, 1994 and the Japanese Institute of Certified Public Accountants Accounting System Committee, amended March 30, 2007) have been applied effective the year ended March 31, 2009, and are now accounted for as standard sales transactions.

There has been no material impact on profit and loss compared to the previous method.

(13) Accrued bonuses to employees
"Accrued bonuses to employees" represents bonuses to employees expected to be paid for their service rendered prior to the balance sheet date.

(14) 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.

(Change in accounting policy)
From the fiscal year ended March 31, 2007, the "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan (ASBJ) Statement No. 4 of November 29, 2005) was adopted.
As a result, Operating income and Income before income taxes and minority interests for the year ended March 31, 2007, each decreased by ¥62 million from the corresponding amounts which would have been recorded under the previous method.

(15) Allowance for anticipated losses on contracts
"Allowance for anticipated losses on contracts" represents the entire amount of anticipated losses to be incurred related to software development and facilities management when contract revenue and cost indicate a loss.

(16) Accrued for loss on cancellation penalty
"Accrued for loss on cancellation penalty" is calculated as deemed necessary as of the end of the fiscal year, against sales contract penalties which may arise in the future with respect to discontinuing construction of the head office building.

(17) 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 the amount of Projected benefit obligations minus both Unrecognized net translation and Unrecognized actuarial net loss, the excess amount is accounted for as "Prepaid pension costs," and included in Investments and other assets.
The net transition amount at the adoption of the new accounting standard for retirement benefits is being amortized mainly over a period of 15 years using the straight-line method.
Unrecognized actuarial net loss is 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 when it arises.

(18) Accrued directors' retirement benefits
In order to provide for payments of retirement benefits to directors of the Company and some subsidiaries, a forecast payment amount is recorded in accordance with internal regulations. However the Company revised its internal regulations and determined not to increase the payment amounts after a shareholders' meeting on June 26, 2003.

(19) Reserve for securities trading liabilities
A reserve has been recorded for liabilities arising from incidents pertaining to securities trading, as provided for under the Securities Exchange Law No. 51 and Ordinance No. 35 of the Cabinet Office Ordinance Concerning Securities Companies.

(20) Reserve for financial futures trading liabilities
A reserve has been recorded for liabilities arising from incidents pertaining to financial futures trading, as provided for under Financial Futures Trading Law No. 81.

(21) Reserve for financial products transaction liabilities
A reserve has been recorded for liabilities arising from incidents pertaining to financial products transactions, as required under the Financial Instruments and Exchange Act No. 46 Section 5.

(Change in accounting policy)
In line with the enforcement of "the Financial Instruments and Exchange Act No. 46," financial instrument transactions underwriting reserves based on Article 46 Section 5 of that law, shall be reported as stipulated in Article 175 of the "Cabinet Order Relating to Financial Instrument Transactions, etc.," from the fiscal year under review.
As a result, loss before income taxes and minority interests decreased by ¥320 million when compared to methods used in the previous fiscal year.

(22) Research and development costs
Research and development costs are charged to income as incurred.

(23) Income taxes
The Group applies the asset and liability method for accounting for income taxes. This method recognizes deferred income tax assets and liabilities based on the differences between the financial statements and tax bases of assets and liabilities, using the enacted tax rates in effect for the year in which the differences are expected to be reversed.

(24) Consumption taxes
Consumption taxes are imposed at a flat rate of 5% on all domestic consumption of goods and services.
The consumption taxes imposed on the Group's sales to customers are withheld by the Group at the time of sale and are paid to the national government subsequently. The consumption taxes withheld from sales are not included in Operating revenue but are recorded as a liability and included in "Other current liabilities."
The consumption taxes imposed on the Group's purchases of products, merchandise and services from vendors are not included in costs and expenses but are offset against consumption taxes withheld.

(25) Consolidated tax return system
A consolidated tax return system has been applied since fiscal year 2004.

(26) Revenue recognition for primary transactions
a. IT services
The Group provides customers with services relating to programming, software development for EDP systems, computer operations and various data processing functions. These services are provided either under fixed-amount contracts or hourly-rate contracts. Under the fixed-amount contracts, the Group recognizes revenue when the services are completed and accepted by the customers. Under the hourly-rate contracts, the Group recognizes revenue as it is accrued by multiplying the agreed rates by the number of hours worked. Revenue for data entry services is determined by multiplying the fixed rate by the volume of processed data.
With respect to computer and other product sales, overseas sales are recorded at the time of shipment. Domestic sales of computers and related supplementary equipment are recorded at the time of acceptance by the customers. Domestic retail sales of personal computers, auxiliary parts and other items are recorded at the time of shipment.

b. Prepaid card sales

The face value of cards when issued is recorded as "Deposits received on prepaid cards," with subsequent deductions from that amount as the cards are used.

Any remaining card value, based on the actual usage of the cards, that is considered unlikely to be used is recorded as "Hoard profit of prepaid card" under Other income (expenses) with subsequent deductions from "Deposits received on prepaid cards" in conformity with the Corporation Tax Law which requires that the year in which the cards were sold be taken into consideration.

(Change in accounting policy)

Prior to April 1, 2008, income generated by funds received against card obligations was originally reported as non-operating profit, but this has been changed and the income is reported as sales and operating profit from the fiscal year beginning on April 1, 2008. This change has been made in order to reflect the relationships between income and costs in the financial statements and to display operating realities more clearly, after having reviewed the accounting procedures related to the increased income from the increased issuance of gift cards. The income in question corresponds to card user benefits, and furthermore, the transaction fees in line with card usage and income generated by funds received against card obligations function in a mutually complementary manner, and these integrate to maintain operating activities.

In line with this change, operating revenue increased ¥383 million while operating loss decreased by the same figure compared to prior methods, but there was no material impact on loss before income taxes and minority interests for the fiscal year ended March 31, 2009. The effect on segment information is described in "Segment Information" in Note 33.

(27) Dividends and net income (loss) per share

The amount of dividends distributed is determined based on unrestricted retained earnings on non-consolidated balance sheets.

"Net income (loss) per share" is computed by dividing income applicable to "Common stock" by the weighted-average number of shares of common stock outstanding during each year. "Diluted net income per share" reflects the potential dilution that could occur if dilutive securities and other contracts to issue common shares were exercised or converted into common shares.

"Diluted net income per share" of common stock is not disclosed due to net loss per share of common stock for the fiscal year ended March 31, 2009.

(28) Accounting Standards for Presentation of Net Assets in the Balance Sheet, etc. and Partial revision of Accounting Standards for Treasury Stock and Appropriation of Legal Reserve, etc.

From the fiscal year ended March 31, 2007 under review, "Accounting Standards for Presentation of Net Assets in the Balance Sheet" (Accounting Standard Board of Japan (ASBJ) Statement No. 5 issued on December 9, 2005) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (ASBJ Guidance No. 8 issued on December 9, 2005), as well as the revised "Accounting Standard for Treasury Stock and Appropriation of Legal Reserve" (ASBJ Statement No. 1; final revision on August 11, 2006) and "Guidance on Accounting Standard for Treasury Stock and Appropriation of Legal Reserve" (ASBJ Guidance No. 2; final revision on August 11, 2006) were adopted.

The adoption of the accounting standards had no impact on net income at March 31, 2007.

Shareholders' equity under the previous presentation method amounted to ¥184,186 million for the fiscal year ended March 31, 2007.

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

3. Consolidated statements of cash flows

(1) Reconciliation of "Cash" to "Cash and cash equivalents"

"Cash" as of March 31, 2007, 2008 and 2009 on the accompanying consolidated balance sheets and "Cash and cash equivalents" at March 31, 2007, 2008 and 2009 on the accompanying consolidated statements of cash flows are reconciled as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Cash	¥108,405	¥ 64,013	**¥ 36,309**	**$ 369,635**
Marketable securities	7,207	11,702	**11,159**	**113,603**
Less: Time deposits with original maturities of more than three months or those submitted as collateral for loans payable	(3,355)	(5,897)	**(2,805)**	**(28,554)**
Less: Equity securities and other marketable securities with original maturities of more than three months	(6,810)	(10,618)	**(10,780)**	**(109,750)**
Cash and cash equivalents	¥105,447	¥ 59,200	**¥ 33,883**	**$ 344,934**

(2) Purchases of treasury stock

Expenditure for acquisition of treasury stock by consolidated subsidiaries is included in "Purchases of treasury stock."

4. Marketable securities and Investments in securities

Details of "Marketable securities" and "Investments in securities," regarding aggregate cost, unrealized gains and losses and fair market value pertaining to held-to-maturity securities and available-for-sale securities as of March 31, 2007 were as follows:

Trading securities (trading securities with market value)

	Millions of yen		
	Assets	Liabilities	Unrealized gains (losses)
Equity securities	¥ 5,562	¥2,645	¥(24)
Bonds	9,953	6,484	33
Beneficiary securities	121	—	6
	¥15,636	¥9,129	¥ 15

Except for trading securities

	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair market value
Securities classified as:				
Available-for-sale				
Equity securities	¥17,911	¥14,977	¥(479)	¥32,409
Debt securities	115	—	(0)	115
Other*	21,934	2,047	(341)	23,640
	¥39,960	¥17,024	¥(820)	¥56,164
Held-to-maturity				
Debt securities	¥23,160	¥ 48	¥(113)	¥23,095

* Investment funds and investments in partnerships are included in "Other."

Major components of debt and equity securities whose fair market value was not readily determinable as of March 31, 2007 were as follows:

	Millions of yen
Available-for-sale securities:	
Money management funds	¥ 397
Unlisted stock	18,419
Unlisted bonds	180
Investments in partnerships	2,154
Investments in anonymous associations	30,164
Investments in unconsolidated subsidiaries and affiliates	918

The redemption schedule of debt and equity securities as of March 31, 2007 was as follows:

	Millions of yen
	Available-for-sale and Held-to-maturity
Due within 1 year	¥ 6,810
Due after 1 year through 5 years	15,436
Due after 5 years through 10 years	18,300
Due after 10 years	—
	¥40,546

Details of "Marketable securities" and "Investments in securities," regarding the aggregate cost, unrealized gains and losses and fair market value pertaining to held-to-maturity securities and available-for-sale securities as of March 31, 2008 were as follows:

Trading securities (trading securities with market value)

	Millions of yen		
	Assets	Liabilities	Unrealized gains (losses)
Equity securities	¥ 123	¥ 61	¥ (1)
Bonds	6,569	2,453	42
Beneficiary securities	13	—	(0)
	¥6,705	¥2,514	¥41

Except for trading securities

	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair market value
Securities classified as:				
Available-for-sale				
Equity securities	¥20,049	¥6,098	¥(2,132)	¥24,015
Debt securities	110	3	—	113
Other*	16,775	890	(518)	17,147
	¥36,934	¥6,991	¥(2,650)	¥41,275
Held-to-maturity				
Debt securities	¥25,251	¥ 142	¥ (12)	¥25,381

* Investment funds and investments in partnerships are included in "Other."

Major components of debt and equity securities whose fair market value was not readily determinable as of March 31, 2008 were as follows:

	Millions of yen
Available-for-sale securities:	
Negotiable deposits	¥ 800
Money management funds	285
Unlisted stock	16,714
Unlisted bonds	85
Investments in partnerships	2,464
Investments in anonymous associations	34,863
Investments in unconsolidated subsidiaries and affiliates	1,354

The redemption schedule of debt and equity securities as of March 31, 2008 was as follows:

	Millions of yen
	Available-for-sale and Held-to-maturity
Due within 1 year	¥10,617
Due after 1 year through 5 years	13,706
Due after 5 years through 10 years	14,367
Due after 10 years	—
	¥38,690

Details of "Marketable securities" and "Investments in securities," regarding the aggregate cost, unrealized gains and losses and fair market value pertaining to held-to-maturity securities and available-for-sale securities as of March 31, 2009 were as follows:

Trading securities (trading securities with market value)

	Millions of yen		
	Assets	Liabilities	Unrealized gains (losses)
Equity securities	¥ 35	¥ 24	¥ (4)
Bonds	6,761	506	87
	¥6,796	¥530	¥83

	Thousands of U.S. dollars (Note 1)		
	Assets	Liabilities	Unrealized gains (losses)
Equity securities	$ 360	$ 243	$ (46)
Bonds	68,825	5,149	886
	$69,185	$5,392	$840

Except for trading securities

	Millions of yen			
	Cost	Unrealized gains	Unrealized losses	Fair market value
Securities classified as:				
Available-for-sale				
Equity securities	¥ 7,644	¥1,783	¥ (989)	¥ 8,438
Debt securities	110	0	(8)	102
Other*	9,500	51	(1,067)	8,484
	¥17,254	¥1,834	¥(2,064)	¥17,024
Held-to-maturity				
Debt securities	¥23,969	¥ 197	¥ 0	¥24,166

	Thousands of U.S. dollars (Note 1)			
	Cost	Unrealized gains	Unrealized losses	Fair market value
Securities classified as:				
Available-for-sale				
Equity securities	$ 77,816	$18,153	$(10,072)	$ 85,897
Debt securities	1,121	0	(79)	1,042
Other*	96,711	518	(10,865)	86,364
	$175,648	$18,671	$(21,016)	$173,303
Held-to-maturity				
Debt securities	$244,003	$ 2,008	$ 0	$246,011

* Investment funds and Investments in partnerships are included in "Other."

Major components of debt and equity securities whose fair market value was not readily determinable as of March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Available-for-sale securities:		
Money management funds	¥ 378	$ 3,853
Unlisted stock	7,573	77,090
Unlisted bonds	95	967
Investments in partnerships	4,059	41,326
Investments in anonymous associations	19,494	198,451
Investments in unconsolidated subsidiaries and affiliates	1,101	11,208

The redemption schedule of debt and equity securities as of March 31, 2009 was as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
	Available-for-sale and Held-to-maturity*	Available-for-sale and Held-to-maturity*
Due within 1 year	¥10,785	$109,793
Due after 1 year through 5 years	12,066	122,836
Due after 5 years through 10 years . . .	9,254	94,204
Due after 10 years	—	—
	¥32,105	$326,833

* Valuation (Impairment) losses recognized for the fiscal year ended March 31, 2009 were ¥11,881 million ($120,952 thousand), in "Operating costs" and ¥2,033 million ($20,691 thousand) in "Loss on write-downs of investments in securities" respectively.

5. Inventories

At March 31, 2007, 2008 and 2009, the Group's inventories consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Goods for resale	¥1,013	¥1,047	**¥1,096**	**$11,152**
Systems in progress	3,750	3,803	**3,015**	**30,696**
Other	57	38	**35**	**360**
	¥4,820	¥4,888	**¥4,146**	**$42,208**

6. Investments related to financial services and Liabilities related to financial services

"Investments related to financial services" mainly consisted of investments in anonymous associations of ¥30,164 million, shares of ¥26,980 million and real estate of ¥30,726 million in fiscal year 2007.

In shares, shares with current prices, ¥11,986 million were included in fiscal year 2007.

"Liabilities related to financial services" consisted mainly of nonrecourse loans of ¥11,132 million in fiscal year 2007.

Real estate included in "Investments related to financial services" and nonrecourse loans included in "Liabilities related to financial services" were all assets and liabilities of anonymous associations that were subsidiary companies.

"Investments related to financial services" mainly consisted of investments in anonymous associations of ¥34,863 million, shares of ¥20,190 million and real estate of ¥94,118 million in fiscal year 2008.

In shares, shares with current prices of ¥9,171 million were included in fiscal year 2008.

Liabilities related to financial services consist mainly of short-term bank loans payable (including nonrecourse loans) of ¥38,684 million in fiscal year 2008.

Real estate included in "Investments related to financial services" and nonrecourse loans and "Short-term bank loans payable" included in "Liabilities related to financial services" are all assets and liabilities of anonymous associations that were subsidiary companies.

"Investments related to financial services" mainly consisted of investments in anonymous associations of ¥19,494 million ($198,451 thousand), shares of ¥3,457 million ($35,194 thousand) and real estate of ¥62,612 million ($637,406 thousand) in fiscal year 2009.

In shares, shares at current value of ¥579 million ($5,897 thousand) were included in fiscal year 2009.

Liabilities related to financial services consist mainly of short-term bank loans payable (including nonrecourse loans) of ¥38,002 million ($386,865 thousand) in fiscal year 2009.

Real estate included in "Investments related to financial services," nonrecourse loans, and "Short-term bank loans payable" included in "Liabilities related to financial services" are all assets and liabilities of anonymous associations that are subsidiary companies.

7. Property and equipment

"Property and equipment" as of March 31, 2007, 2008 and 2009 consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Buildings and structures*	¥ 14,454	¥ 23,665	**¥ 23,747**	**$ 241,748**
Other*	13,361	13,715	**13,681**	**139,274**
	27,815	37,380	**37,428**	**381,022**
Less: Accumulated depreciation	(14,476)	(15,721)	**(18,252)**	**(185,804)**
	13,339	21,659	**19,176**	**195,218**
Land*	10,831	12,445	**20,414**	**207,816**
Construction in progress	2,797	242	**419**	**4,270**
	¥ 26,967	¥ 34,346	**¥ 40,009**	**$ 407,304**

* The accumulated total loss on impairment of fixed assets was deducted directly from the balance of each fixed asset.

8. Short-term and long-term debts

(1) Short-term bank loans payable and Commercial paper

The weighted-average interest rates for "Short-term bank loans payable" were 1.1%, 1.1% and 3.3% as of March 31, 2007, 2008 and 2009, respectively.

The normal business custom in Japan is for short-term bank loans payable to be rolled over each year.

(2) Long-term bank loans payable

The weighted-average interest rates for "Long-term bank loans payable" were 1.9%, 1.9% as of March 31, 2007, 2008 respectively.

None for the fiscal year ended March 31, 2009.

(3) Corporate bonds payable, Convertible bonds payable and Bonds with detachable warrants

"Corporate bonds payable," "Convertible bonds payable" and "Bonds with detachable warrants" as of March 31, 2007, 2008 and 2009 consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Unsecured 0.9% bonds due December 28, 2007	¥ 9,000	¥ —	**¥ —**	**$ —**
Unsecured 1.1% bonds due December 28, 2007	6,000	—	**—**	**—**
Unsecured 0.5% bonds due December 28, 2007	5,000	—	**—**	**—**
Unsecured 1.2% bonds due July 9, 2010	8,000	8,000	**8,000**	**81,441**
Unsecured 0.4% bonds due July 9, 2010	6,000	6,000	**6,000**	**61,081**
Unsecured 1.1% bonds due July 30, 2010	6,000	6,000	**6,000**	**61,081**
Unsecured zero-coupon bonds due September 2, 2011 with detachable warrants (exercise period: from October 2, 2003 to August 19, 2011)*1	23,000	21,792	**21,792**	**221,847**
Unsecured 0.3% bonds due September 30, 2013 with detachable warrants (exercise period: from September 1, 2006 to September 27, 2013)*2	35,000	35,000	**35,000**	**356,307**
	¥98,000	¥76,792	**¥76,792**	**$781,757**

*1 The number of shares of common stock related to detachable warrants was 3,613,391 as of March 31, 2009. The exercise price of such warrants was ¥6,030.9 ($60.2).

*2 The number of shares of common stock related to detachable warrants was 5,940,257 as of March 31, 2009. The exercise price of warrants was ¥5,892 ($58.8).

(4) Other interest-bearing debts

Other interest-bearing debts are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Payables to securities finance companies	¥45,847	¥12,997	**¥ 6,006**	**$ 61,138**
Liabilities related to financial services (short-term bank loans payable (including nonrecourse loans))	12,766	38,685	**38,001**	**386,865**
Commercial paper	3,000	14,000	**—**	**—**
	¥61,613	¥65,682	**¥44,007**	**$448,003**

(5) Lease obligations

The weighted-average interest rates for "Lease obligations" was 2.9% as of March 31, 2009.

The repayment schedule of "Lease obligations—non-current" for the five years subsequent to March 31, 2009 is as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 1)
2010	¥ —	$ —
2011	143	1,453
2012	123	1,250
2013	100	1,021
2014	64	648

9. Assets pledged as collateral

(1) At March 31, 2007

a. "Short-term bank loans payable" of ¥1,752 million, "Payables related to margin transactions" of ¥45,847 million, "Liabilities related to financial services" of ¥12,732 million and "Other current liabilities" of ¥1,836 million were collateralized by the following assets:

	Millions of yen
Cash	¥ 2,000
Trading assets related to the securities business	399
Investments related to financial services	19,913
Investments in securities	2,422
	¥24,734

In addition, stocks of ¥7,315 million held for customers for margin transactions in relation to sales of securities were pledged as collateral as of March 31, 2007.

b. Article 13-1 of the Law concerning Prepaid Card Operations requires that about 50% of unused amounts on prepaid cards be put in escrow by the issuers. As of March 31, 2007, the Group put "Marketable securities" of ¥6,810 million and "Investments in securities" of ¥16,341 million in escrow for this purpose. In addition, based on Article 25 of Building Lots and Building Transactions Business Law, the Group also put "Marketable securities" of ¥9 million in escrow to secure dealings.

c. Margin transactions in relation to sales of securities were pledged for ¥3,229 million as substitution for transactional future deposits and for ¥4 million as substitution for transactional when-issued deposits, in the fiscal year ended March 31, 2007.

d. In connection with the securities business, marketable securities submitted or received on March 31, 2007 were as follows:

Marketable securities excluding those included in (a) submitted to third parties for margin transactions (at fair value)

	Millions of yen
Securities loaned on margin transactions	¥14,236
Securities pledged for loans payable for margin transactions	45,464
Substitute securities for guarantee deposits paid	1,762
Other	23,890

Marketable securities received from third parties for margin transactions (at fair value)

	Millions of yen
Securities pledged for loans receivable for margin transactions	¥ 81,306
Securities borrowed on margin transactions	5,754
Securities borrowed by promissory notes	10,074
Substitute securities for guarantee deposits received on futures	101,839
Other	1,456

(2) At March 31, 2008

a. "Short-term bank loans payable" of ¥1,400 million, "Payables related to margin transactions" of ¥12,997 million, "Liabilities related to financial services" of ¥32,684 million and "Other current liabilities" of ¥1,301 million were collateralized by the following assets:

	Millions of yen
Cash	¥ 1,800
Trading assets related to the securities business	401
Investments related to financial services	40,621
Investments in securities	1,131
	¥43,953

In addition, stocks of ¥2,914 million held for customers for margin transactions in relation to sales of securities were pledged as collateral as of March 31, 2008.

b. Article 13-1 of the Law concerning Prepaid Card Operations requires that about 50% of unused amounts on prepaid cards be put in escrow by the issuers. As of March 31, 2008, the Group put "Marketable securities" of ¥10,617 million and "Investments in securities" of ¥14,625 million in escrow for this purpose. In addition, based on Article 25 of Building Lots and Building Transactions Business Law, the Group also put "Marketable securities" of ¥9 million in escrow to secure dealings and "Other assets" of ¥10 million in Investments and other assets in escrow to secure dealings.

c. Margin transactions in relation to sales of securities were pledged for ¥2,663 million as substitution for transactional future deposits, in the fiscal year ended March 31, 2008.

d. In connection with the securities business, marketable securities submitted or received on March 31, 2008 were as follows:

Marketable securities excluding those included in (a) submitted to third parties for margin transactions (at fair value)

	Millions of yen
Securities loaned on margin transactions	¥ 6,410
Securities pledged for loans payable for margin transactions	12,776
Substitute securities for guarantee deposits paid	3,994
Other	6,994

Marketable securities received from third parties for margin transactions (at fair value)

	Millions of yen
Securities pledged for loans receivable for margin transactions	¥34,976
Securities borrowed on margin transactions	2,814
Securities borrowed by promissory notes	710
Substitute securities for guarantee deposits received on futures	64,557
Other	913

(3) At March 31, 2009

a. "Short-term bank loans payable" of ¥3,570 million ($36,343 thousand), "Payables related to margin transactions" of ¥6,006 million ($61,138 thousand), "Liabilities related to financial services" of ¥37,374 million ($380,478 thousand) and "Other current liabilities" of ¥1,308 million ($13,319 thousand) were collateralized by the following assets:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Cash	**¥ 1,200**	**$ 12,216**
Trading assets related to the securities business	**352**	**3,581**
Investments related to financial services	**36,109**	**367,593**
Investments in securities	**5,962**	**60,700**
	¥43,623	**$444,090**

In addition, stocks of ¥229 million ($2,329 thousand) held for customers for margin transactions in relation to sales of securities were pledged as collateral as of March 31, 2009.

b. Article 13-1 of the Law concerning Prepaid Card Operations requires that about 50% of unused amounts on prepaid cards be put in escrow by the issuers. As of March 31, 2009, the Group put "Marketable securities" of ¥10,781 million ($109,750 thousand) and "Investments in securities" of ¥13,183 million ($134,203 thousand) and "Other current assets" of ¥3,978 million ($40,495 thousand) in Current assets in escrow for this purpose. In addition, based on Article 25 of Building Lots and Building Transactions Business Law, the Group also put "Other assets" of ¥10 million ($102 thousand) in Investments and other assets in escrow to secure dealings.

c. Trading assets related to the securities business were pledged for ¥300 million ($3,057 thousand) as substitution for transactional future deposits and margin transactions in relation to sales of securities were pledged for ¥626 million ($6,396 thousand) as substitution for transactional future deposits, in the fiscal year ended March 31, 2009.

d. In connection with the securities business, marketable securities submitted or received on March 31, 2009 were as follows:

Marketable securities excluding those included in (a) submitted to third parties for margin transactions (at fair value)

	Millions of yen	Thousands of U.S. dollars (Note 1)
Securities loaned on margin transactions	**¥8,235**	**$83,839**
Securities pledged for loans payable for margin transactions	**5,711**	**58,138**
Securities loaned by promissory notes	**2,634**	**26,816**
Substitute securities for guarantee deposits paid	**449**	**4,566**
Other	**4,846**	**49,337**

Marketable securities received from third parties for margin transactions (at fair value)

	Millions of yen	Thousands of U.S. dollars (Note 1)
Securities pledged for loans receivable for margin transactions	**¥13,936**	**$141,869**
Securities borrowed on margin transactions	**4,151**	**42,260**
Substitute securities for guarantee deposits received on futures	**38,515**	**392,093**
Other	**546**	**5,559**

10. Guarantee for liabilities

For the year ended March 31, 2008, the Group guaranteed debts of a special purpose company (SPC) related to borrowings from a financial institution in which a subsidiary of the Company invested.

Daikoku Distribution Center SPC: ¥5,000 million*1

*1 By contract, the inside burden ratio between our subsidiary and the other cosponsors is 50% (¥2,500 million).

For the year ended March 31, 2009, the Group guaranteed debts of a special purpose company (SPC) related to borrowings from a financial institution in which a subsidiary of the Company invested in.

Daikoku Distribution Center SPC: ¥5,000 million ($50,901 thousand)*2
Port Town SPC: ¥3,803 million ($38,710 thousand)
Else SPC: ¥2,700 million ($27,487 thousand)

*2 By contract, the inside burden ratio between our subsidiary and the other cosponsors is 50% (¥2,500 million ($25,450 thousand)).

11. Fair value of off-balance sheet financial instruments

The Group enters into currency related transactions and interest rate related transactions to manage market risks relating to fluctuations in interest and foreign exchange rates. The Group does not hold or issue financial instruments for trading purposes. The estimated unrealized gains and losses on these contracts at March 31, 2007, 2008 and 2009 are summarized in the following tables.

Derivative transactions to which hedge accounting has been applied are excluded from the schedule below.

(1) Trading securities (Trading securities with market values)
Outline of trading activities
The Company mainly conducts derivative transactions as a means of providing products and transactions to customers to meet their various needs. In addition, the Company conducts arbitrage transactions and hedge transactions of trading securities and so on. The Company's lines of trading business are mainly classified as follows:

a. Dealing in spot transactions of trading securities such as shares and bonds
b. Financial derivatives traded on exchanges such as stock index futures and options, and bonds futures and options
c. Financial derivatives traded over the counter such as bonds with options

Risk arising from trading activities
The main risks relating to trading activities that may have a material impact on the consolidated subsidiaries' financial conditions are market risk and credit risk. Market risk arises from fluctuations in market price of securities, interest rates and foreign exchange rates. Credit risk arises when counterparties fail to fulfill their obligations. The Company deals with selected and recognized financial institutions with high credit.

The Company recognizes that risk management of trading positions arising from these activities is becoming increasingly significant.

	Millions of yen			
	2007			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Options contracts	¥4,616	¥10	¥5,801	¥30
Forward exchange contracts	168	1	512	12
Futures/forward contracts	8,523	32	2,881	9

	Millions of yen			
	2008			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Options contracts	¥ —	¥ —	¥ —	¥—
Forward exchange contracts	200	4	254	2
Futures/forward contracts	4,808	115	5,816	87

	Millions of yen			
	2009			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Options contracts	**¥ —**	**¥—**	**¥ —**	**¥—**
Forward exchange contracts	**453**	**7**	**413**	**4**
Futures/forward contracts	**5,444**	**56**	**4,983**	**9**

	Thousands of U.S. dollars (Note 1)			
	2009			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Options contracts	**$ —**	**$ —**	**$ —**	**$—**
Forward exchange contracts	**4,612**	**76**	**4,200**	**36**
Futures/forward contracts	**55,424**	**575**	**50,725**	**95**

(2) Except for trading securities
Currency-related transactions

	Millions of yen			
	2007			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Forward exchange contracts	¥65	¥1	¥80	¥0

	Millions of yen			
	2008			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Forward exchange contracts	¥—	¥—	¥53	¥1

	Millions of yen			
	2009			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Forward exchange contracts	**¥34**	**¥(0)**	**¥147**	**¥0**

	Thousands of U.S. dollars (Note 1)			
	2009			
	Assets		Liabilities	
	Notional amounts, etc.	Fair value	Notional amounts, etc.	Fair value
Forward exchange contracts	**$342**	**$(1)**	**$1,493**	**$3**

12. Retirement benefits

The Company and its consolidated subsidiaries have corporate pension funds, tax-qualified pension plans and lump-sum retirement payment plans as defined benefit pension plans.

The Company and some of its consolidated subsidiaries transferred a portion of the existing defined benefit pension plan to a defined contribution pension plan on April 1, 2004. On the same date, they received permission from the Minister of Health, Labor and Welfare to return the substitutional portion of the employee retirement benefits fund, and they converted the employees' pension fund into the corporate pension fund (CSK Corporate Pension Funds) on April 1, 2004.

"Accrued employees' retirement benefits" as of March 31, 2007, 2008 and 2009 consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
a. Projected benefit obligations	¥ 27,523	¥ 28,757	**¥ 28,624**	**$ 291,408**
b. Plan assets	(30,044)	(28,688)	**(25,622)**	**(260,846)**
c. Unfunded retirement benefit obligations (a + b)	(2,521)	69	**3,002**	**30,562**
d. Unrecognized net transition amount	(2,079)	(1,819)	**(1,559)**	**(15,876)**
e. Unrecognized actuarial net loss	2,674	(720)	**(4,124)**	**(41,979)**
f. Unrecognized prior service cost	(812)	(408)	**(28)**	**(287)**
g. Net amount recognized on the consolidated balance sheet (c + d + e + f)	(2,738)	(2,878)	**(2,709)**	**(27,580)**
h. Prepaid pension cost	(3,325)	(3,219)	**(2,984)**	**(30,376)**
i. Accrued employees' retirement benefits (g – h)	¥ 587	¥ 341	**¥ 275**	**$ 2,796**

Certain consolidated subsidiaries applied the simplified method for computing retirement benefit obligations.

The components of pension and severance costs for the years ended March 31, 2007, 2008 and 2009 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Service cost	¥1,518	¥1,630	**¥1,659**	**$16,890**
Interest cost	594	548	**691**	**7,028**
Expected return on plan assets	(754)	(672)	**(813)**	**(8,275)**
Amortization of net transition amount	261	260	**260**	**2,646**
Recognized actuarial loss	(148)	(125)	**109**	**1,112**
Amortization of prior service cost	396	395	**395**	**4,020**
Pension and severance costs	1,867	2,036	**2,301**	**23,421**
Other	546	621	**1,084**	**11,038**
Total	¥2,413	¥2,657	**¥3,385**	**$34,459**

Pension and severance costs for consolidated subsidiaries using the simplified method are included in service cost.

Pension and severance costs for seconded employees borne by non-consolidated subsidiaries are excluded from this disclosure.

A breakdown of "Other" in the above table is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Expense of defined contribution pension plan	¥402	¥390	**¥413**	**$4,207**
Gain on revision of retirement benefits plan	(60)	—	**—**	**—**
Retirement allowance, etc.	204	231	**657**	**6,685**
Prior retirement benefits cost	—	—	**14**	**146**

Assumptions used in accounting for retirement benefit obligations for the years ended March 31, 2007, 2008 and 2009 were as follows:

	2007	2008	**2009**
Discount rates	2.5%	2.5%	**2.5%**
Expected rates of return on plan assets	3.0%	3.0%	**3.0%**
Period of amortization of net transition amount	1 – 15 years	1 – 15 years	**1 – 15 years**
Period of allocation of the actuarial net loss	1 – 12 years	5 – 12 years	**5 – 12 years**
Period of amortization of prior service cost	1 – 12 years	1 – 12 years	**1 – 12 years**

13. Shareholders' equity

"Capital surplus" is comprised of additional paid-in capital and other capital surplus. Additional paid-in capital, recorded pursuant to the Companies Law, primarily consists of proceeds from the issuance of shares of common stock of the Group that were not recorded as "Common stock." (Under the Companies Law, the Group is allowed to account for an amount not exceeding one-half of the issue price of new shares as additional paid-in capital.) Additional paid-in capital may be transferred to other capital surplus to the extent that the sum of additional paid-in capital and the earned reserve (collectively, "legal reserves") does not fall below 25% of stated capital.

The Companies Law also requires all companies to appropriate an amount equivalent to at least 10% of the distribution of retained earnings paid in cash as an earned reserve until the legal reserves equal 25% of stated capital. The earned reserve may be transferred to inappropriate retained earnings to the extent that the legal reserves do not fall below 25% of stated capital. Capital surplus may be transferred to retained earnings when retained earnings recorded deficits.

Legal reserves may be transferred to stated capital following suitable actions by directors or offset against a deficit following suitable actions by shareholders.

Other capital surplus includes losses on the disposal of treasury stock.

Year-end cash dividends are approved by the shareholders at a meeting held subsequent to the fiscal year for which the dividends are paid. Interim cash dividends may be paid upon resolution of the Board of Directors, subject to limitations imposed by the Companies Law. Such dividends are payable to shareholders of record at the end of the fiscal year or the six-month period of the fiscal year. In the fiscal year ended March 31, 2007, the full year's dividends per share paid amounted to ¥40, comprising year-end dividends per share of ¥20 and interim dividends per share of ¥20. In the fiscal year ended March 31, 2008, the full year's dividends per share paid amounted to ¥40, comprising final dividends per share of ¥20 and interim dividends per share of ¥20. In the fiscal year ended March 31, 2009, no interim dividends were paid, and the full-year's dividends per share planned not to be paid.

Cash dividends are recorded in the consolidated statements of changes in net assets when paid.

14. Treasury stock

The number of shares of common stock held in the Company's treasury was 4,148,356 at March 31, 2007.

Increase of 2,181 shares of common stock held in the Company's treasury was due to purchases of fractional shares of common stock of less than one trading unit.

Increase of 4,000,000 shares of common stock held in the Company's treasury was due to purchases of common stock.

Decrease of 9,378 shares of common stock held in the Company's treasury was due to a share-for-share exchange to make ISAO CORPORATION the Company's wholly-owned subsidiary.

Decrease of 19,204 shares of common stock held in the Company's treasury was due to a share-for-share exchange to make SUPER SOFTWARE COMPANY LTD. the Company's wholly-owned subsidiary.

Decrease of 63 shares of common stock held in the Company's treasury was due to the disposal of shares of common stock held in treasury.

The number shares of common stock held in the Company's treasury was 8,121,892 at March 31, 2008.

Increase of 13,924 shares of common stock held in the Company's treasury was due to purchases of fractional shares of common stock of less than one trading unit.

Increase of 23,692 shares of common stock held in the Company's treasury was due to the fact that in line with making Cosmo Securities Co., Ltd. the Company's wholly-owned subsidiary those treasury shares held by the aforementioned company became common stock for treasury at the Company.

Decrease of 8,122,541 shares of common stock held in the Company's treasury was due to a share-for-share exchange to make Cosmo Securities Co., Ltd. the Company's wholly-owned subsidiary.

Decrease of 4,473 shares of common stock held in the Company's treasury was due to the disposal of shares of common stock held in treasury.

As a result, the number shares of common stock held in the Company's treasury was 32,494 at March 31, 2009.

15. Stock-based compensation plans

The Company has introduced a stock-based compensation plan as an incentive for directors and selected employees. The plan was approved at the shareholders' meeting. The balance and an outline of the plan are summarized below. The conditions are subject to adjustment when there are stock splits, share consolidations, additional shares issued at a price less than the market price per share, amalgamations, or corporate splits.

Approved on June 28, 2005

Persons qualified	Number of shares of common stock*	Exercise price	Exercise period
Directors, executive officers, employees, directors of subsidiaries, executive officers of subsidiaries and employees of subsidiaries	1,122,400	¥4,990	From July 1, 2006 to June 30, 2009

* The number of shares of common stock relates to the outstanding balance as of March 31, 2009.

16. Income taxes

The Group is subject to a number of different income taxes. For the years ended March 31, 2007, 2008 and 2009 the statutory tax rate was approximately 40.7%.

A reconciliation of the differences between the effective tax rates and the statutory tax rate for the years ended March 31, 2007, 2008 and 2009 is as follows:

	2007	2008	**2009**
Statutory tax rate	40.7%	40.7%	**40.7 %**
Increase (decrease) in tax rate:			
Non-deductible expenses for tax purposes	1.1	7.6	**(0.2)**
Base portion of inhabitants' taxes	0.8	5.6	**(0.2)**
Amortization of goodwill	0.5	2.9	**(0.4)**
Gain on change in interest in consolidated subsidiary	—	(3.2)	**—**
Increase (decrease) in valuation allowance for deferred tax assets	2.2	124.6	**(49.1)**
Loss on write-downs of investments in securities	(0.2)	—	**—**
Reversal of prior-year's income taxes and prior-year's income taxes—deferred	20.2	—	**—**
Refund	—	(59.0)	**—**
Other	2.0	(4.4)	**(2.6)**
Effective tax rates	67.3%	114.8%	**(11.8)%**

The significant components of deferred income tax assets and liabilities at March 31, 2007, 2008 and 2009 were as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Deferred income tax assets:				
Tax losses carried forward	¥ 6,113	¥ 9,033	**¥23,748**	**$241,764**
Provision for allowance for doubtful accounts	866	473	**341**	**3,471**
Accrued bonuses to employees	2,643	2,859	**2,344**	**23,859**
Accrued employees' retirement benefits	772	932	**857**	**8,723**
Accrued enterprise tax	1,353	617	**102**	**1,036**
Depreciation expense	448	298	**370**	**3,769**
Allowance for anticipated losses on contracts	1,181	146	**747**	**7,606**
Loss on impairment of fixed assets	—	6,160	**7,792**	**79,321**
Hoard profit of prepaid card	3,286	4,073	**3,763**	**38,308**
Investment returns from anonymous associations	3,490	610	**—**	**—**
Inventories	1,449	—	**—**	**—**
Allowance for losses on investment securities	1,658	96	**—**	**—**
Current value assessment of consolidated tax return system	802	—	**—**	**—**
Software development	1,442	2,369	**3,487**	**35,495**
Reserve for financial products transaction liabilities	545	641	**353**	**3,598**
Loss on write-downs of investments in securities	777	1,416	**2,055**	**20,917**
Allowance for loss on cancellation penalty	—	—	**737**	**7,505**
Loss on investments related to financial services	—	—	**37,083**	**377,508**
Other	2,359	3,034	**1,866**	**19,001**
Gross deferred income tax assets	29,184	32,757	**85,645**	**871,881**
Less: Valuation allowance	9,669	14,839	**82,520**	**840,064**
Total deferred income tax assets	19,515	17,918	**3,125**	**31,817**
Deferred tax liabilities:				
Unrealized gains on securities	7,564	2,259	**684**	**6,961**
Prepaid pension costs	1,332	1,426	**1,215**	**12,374**
Other	58	505	**1,343**	**13,669**
Gross deferred income tax liabilities	8,954	4,190	**3,242**	**33,004**
Net deferred income tax assets	¥10,561	¥13,728	**¥ (117)**	**$ (1,187)**

17. Research and development costs

Research and development costs included in "Operating costs" and "Selling, general and administrative expenses" for the years ended March 31, 2007, 2008 and 2009 totaled ¥237 million, ¥765 million and ¥1,769 million ($18,009 thousand) respectively.

18. Write-downs of book value for inventories

The write-downs of book values for inventories held for sales in the ordinary course of business due to decreased profitability for the year ended March, 31 2009 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Operating costs	**¥81,059**	**$825,194**
Extraordinary loss	**1**	**9**
Total	**¥81,060**	**$825,203**

19. Gain on transfer of business

"Gain on transfer of business" was recorded as profit due to the transfer of ISP business of ISAO CORPORATION for the year ended March 31, 2009.

20. Gain on sales of investments in securities

For the year ended March 31, 2008, "Gain on sales of investments in securities" was recorded mainly due to the sale of shares of VeriServe Corporation.

21. Gain on change in interest in consolidated subsidiary

The Company recorded a gain from the public offering of shares of VeriServe Corporation in fiscal year 2008.

22. Compensation received for relocation

Compensation received for relocation relates to the compensation recorded for the relocation of the main office and branch office of Cosmo Securities Co., Ltd. in fiscal year 2008.

23. Loss on impairment of fixed assets

For the year ended March 31, 2008, a breakdown of impairment losses is presented as follows:

a. The Company declared the following impairment losses:

Location (Company)	Use	Classification
Chuo-ku, Tokyo (CSK Securities Service CO., Ltd.)	Business property	Software Software in progress Leased asset Equipment and fixtures Buildings and annex facilities

b. Asset grouping method
Idle assets and assets scheduled for sale are grouped on an individual asset basis, and business assets are grouped based on the managerial accounting classification.

c. Background to recognition of impairment losses and calculation method
As the book value was far less than the price after the deduction of profit performance mainly in the case of the business property, and where considerations of recoverable future cash flows were included in non-profitable businesses in the case of business assets, book value reduced to recoverable value was recognized as impairment losses.

The said reductions reported as impairment losses amounted to ¥13,345 million.

A breakdown of such loss is presented as follows:

Software and software in progress: ¥12,572 million

Leased asset: ¥387 million

For the year ended March 31, 2009, a breakdown of impairment losses is presented as follows:

a. The Company declared the following impairment losses:

Location (Company)	Use	Classification
Chuo-ku, Osaka, etc. (Cosmo Securities Co., Ltd.)	Business property	Software Buildings and annexed facilities Equipment and fixtures Buildings Structures
Nagoya-city, Aichi (CSK HOLDINGS CORPORATION)	Business property	Buildings Buildings and annexed facilities Land
Chuo-ku, Tokyo (CSK Securities Service CO., Ltd.)	Business property	Software Software in progress Lease asset Equipment and fixtures Buildings and annexed facilities
— (Cosmo Securities Co., Ltd.)	Others	Goodwill

b. Asset grouping method
Idle assets and assets scheduled for sale are grouped on an individual asset basis, and business assets are grouped based on the managerial accounting classification.

c. Background to recognition as impairment losses and calculation methods
In cases mainly where the potential for an operating asset to produce revenue has dropped markedly, the impairment loss is recorded as the difference between its book value and its recoverable value, taking into account potential future cash flow from the non-performing item.

For the fiscal period under review, an impairment loss of ¥14,722 million ($149,871 thousand) was recorded, mainly comprising losses of ¥6,701 million ($68,213 thousand) on goodwill, ¥2,472 million ($25,166 thousand) on software in progress, ¥1,925 million ($19,606 thousand) on software and ¥1,089 million ($11,091 thousand) on land.

Of the assets presented in the breakdown above, the impairment loss for goodwill is mainly related to investments in our subsidiary Cosmo Securities Co., Ltd.

As income anticipated at the time of the stock exchange for Cosmo Securities Co., Ltd. can no longer be expected, the total ¥6,585 million ($67,037 thousand) amount of goodwill has been written off as an impairment loss.

Furthermore, the recoverable amount has been measured based on value in use, and calculated by discounting cash flows at an interest rate at 2.2%.

24. Loss on business restructuring

Losses as a result of business reorganization are due to the reorganization of our securities business, and their breakdown is as follows for the year ended March 31, 2009:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Loss on disposal of fixed assets	**¥ 689**	**$ 7,015**
Others	**529**	**5,387**
Total	**¥1,218**	**$12,402**

25. Loss on discontinuing construction of head office

A breakdown of losses related to the discontinuing construction of the head office is as follows for the year ended March 31, 2009:

	Millions of yen	Thousands of U.S. dollars (Note 1)
Provision of allowance for loss on cancellation penalty	**¥1,812**	**$18,443**
Loss on impairment assets	**144**	**1,468**
Others	**587**	**5,976**
Total	**¥2,543**	**$25,887**

26. Amortization of goodwill

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. Excess of cost over such value of investments in subsidiaries is recognized as goodwill and is amortized over a period of 5 years.

Amortization of goodwill is included in "Selling, general and administrative expenses" in the accompanying consolidated statements of operations.

27. Reversal of prior-year's income taxes and prior-year's income taxes-deferred

For the year ended March 31, 2007
Reversal of prior-year's income taxes and prior-year's income taxes-deferred was recorded for the following reasons:

On August 1, 2005, the Tokyo Regional Taxation Bureau notified the Company and its consolidated subsidiary CSK FINANCE CO., LTD. ("the Consolidated Subsidiary") of a corporate tax adjustment relating to the appraisal value of subsidiary companies involved in the Group's reorganization during the fiscal year ended March 31, 2004.

The Company and its Consolidated Subsidiary do not accept the basis for this adjustment and on August 9, 2005 lodged an objection with the Tokyo Regional Taxation Bureau.

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, the Company and its consolidated subsidiary concluded that a more conservative accounting treatment was advisable with respect to this matter, and determined to incorporate it in the consolidated statement of income at the end of fiscal year 2007, from the perspective of further improving the soundness of the financial position and ensuring management transparency.

On June 6, 2007, the Tokyo Regional Taxation Bureau accepted a part of the Company's and its consolidated subsidiary's objection. And at the Board of Directors meeting held on June 12, 2007, a determination was made to submit an application for review to the tax appeals court for the part of the objection that was not accepted regarding the main part of the corporate tax adjustment relating to the appraisal value of subsidiary companies.

The external impact of the application for review corresponds to approximately income taxes of approximately of ¥1 billion for the Company, and income taxes of approximately ¥1 billion for the Consolidated Subsidiary.

28. Tax refund

For the year ended March 31, 2008
A refund of taxation (corporate tax of ¥2,129 million and regional tax of ¥634 million) has been recorded for the following reasons:

(1) Notice of tax adjustment and filing of objection
On August 1, 2005, the Tokyo Regional Taxation Bureau notified the Company and its consolidated subsidiary CSK FINANCE CO., LTD. of a corporate tax adjustment related to the appraisal value of subsidiary companies involved in Group reorganization for the fiscal year ended March 31, 2004.

The Company and its consolidated subsidiary did not accept the basis for this adjustment, and on August 9, 2005 lodged an objection with the Tokyo Regional Taxation Bureau.

(2) Recording of reversal of prior-year's income taxes and prior-year's income taxes-deferred
As of March 31, 2007, a considerable period of time had passed since the filing of the 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, the Company and its consolidated subsidiary concluded that a more conservative accounting treatment was advisable with respect to this matter, and determined to incorporate it in the consolidated statement of income at the end of that financial year, from the perspective of further improving the soundness of the financial position and ensuring management transparency. A reversal of prior-year's income taxes and corporate income tax amounting to ¥6,210 million was therefore recorded in the consolidated balance sheets as of March 31, 2007.

(3) Announcement of determination by taxation authority and recording of tax refund
On June 6, 2007, during the period under review, the Tokyo Regional Taxation Bureau announced its determination on the objection the Company and its consolidated subsidiary had lodged, and upheld part of our objection. A reversal of the corporate tax relating to this part has therefore been recorded.

Following the announcement of the determination by the Tokyo Regional Taxation Bureau, on July 2, 2007 the Company and its consolidated subsidiary lodged an appeal with the National Tax Tribunal regarding the main part of our objection that was not accepted.

(4) Initiation of lawsuit seeking cancellation of original disposition and withdrawal of request for administrative review
As three months passed following the request for administrative review without a determination by the Tokyo Regional Taxation Bureau, we submitted a complaint on December 14, 2007 requesting a cancellation of the original disposition from the Tokyo District Court.

On December 27, 2007, we withdrew our request for administrative review made to the Tokyo Regional Taxation Bureau.

29. Leases

As Lessee

The Group leases fixed tangible assets (mainly data center buildings) and intangible fixed assets (mainly software) as finance leases without transfer of ownership of the assets. Finance leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as finance leases, otherwise finance leases without transfer of ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

The details on depreciation methods for Leased assets are presented in Note 2 (12). Finance lease without transfer of ownership of the assets, which commenced on or before March 31, 2008, are accounted for as operating leases.

A summary of future minimum payments under operating leases and finance leases without transfer of ownership as of March 31, 2007, 2008 and 2009 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Operating leases:				
Due within one year	¥ 1,997	¥ 2,756	**¥ 2,799**	**$ 28,496**
Thereafter	13,721	18,438	**16,172**	**164,634**
	¥15,718	¥21,194	**¥18,971**	**$193,130**
Finance leases:				
Due within one year	¥ 1,653	¥ 1,746	**¥ 1,305**	**$ 13,288**
Thereafter	2,877	2,888	**1,508**	**15,352**
	¥ 4,530	¥ 4,634	**¥ 2,813**	**$ 28,640**

Lease expenses for finance lease contracts without transfer of ownership for the years ended March 31, 2007, 2008 and 2009 were ¥2,884 million, ¥2,212 million and ¥1,847 million ($18,808 thousand), respectively.

A breakdown of impairment losses for the years ended March 31, 2008 and 2009 were ¥387 million and ¥434 million ($4,423 thousand), respectively.

Pro forma data as of March 31, 2007, 2008 and 2009 as to acquisition cost, accumulated depreciation, accumulated impairment loss, net book value, depreciation expense and interest expense of the assets leased under finance leases without transfer of ownership is summarized as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Pro forma acquisition cost	¥ 8,944	¥ 8,640	**¥ 6,862**	**$ 69,851**
Pro forma accumulated depreciation	(4,450)	(4,206)	**(4,211)**	**(42,866)**
Pro forma accumulated impairment loss	(35)	(398)	**(826)**	**(8,406)**
Pro forma net book value	¥ 4,459	¥ 4,036	**¥ 1,825**	**$ 18,579**
Pro forma depreciation expense	¥ 2,591	¥ 1,936	**¥ 1,613**	**$ 16,419**
Pro forma interest expense	¥ 337	¥ 283	**¥ 226**	**$ 2,297**
Loss on impairment of fixed assets	¥ 20	¥ 391	**¥ 727**	**$ 7,405**
Reversal of loss on impairment of fixed assets	¥ 16	¥ 15	**¥ 98**	**$ 1,000**

Depreciation is calculated by the straight-line method over the respective lease terms of the leased assets assuming a nil residual value.

The Group also leases certain computer equipment to customers in conjunction with system consulting and development activities. These leases also do not involve the transfer of ownership and, therefore, are accounted for by a method similar to that applied to operating leases.

30. Loan commitment agreements

(1) 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 group companies in fiscal year 2007.

The Company concluded master agreements for CMS that have set out the availability granted among 32 group companies in fiscal year 2008.

The Company concluded master agreements for CMS that have set out the availability granted among 35 group companies in fiscal year 2009.

The remaining portion of the credit line which was not utilized by the group companies under these agreements as of March 31, 2007, 2008 and 2009 was as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Total availability granted by CMS	¥240	¥280	**¥80**	**$814**
Used portion of credit line	90	230	**—**	**—**
Remaining portion of credit line	¥150	¥ 50	**¥80**	**$814**

In addition, total availability granted by CMS is not necessarily utilized, because the intended use of the funds is limited in the master agreements of CMS.

(2) Borrower

The Company and consolidated subsidiaries have concluded loan commitment agreements with four banks to provide circulating funds efficiently.

The remaining portion of the credit line which was not utilized by the Company under these agreements as of March 31, 2007, 2008 and 2009 was as follows:

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2007	2008	**2009**	**2009**
Total availability granted	¥30,000	¥30,000	**¥40,000**	**$407,208**
Used portion of credit line	—	21,000	**35,929**	**365,769**
Remaining portion of credit line	¥30,000	¥ 9,000	**¥ 4,071**	**$ 41,439**

31. Related party transactions (non-consolidated basis)

The Group had no significant transactions with its related parties for the years ended March 31, 2007, 2008 and 2009.

(Additional Information)

From fiscal year 2009, ASBJ Statements No. 11 "Accounting Standard for Related Party Disclosures" and its implementation guidance-ASBJ guidance No. 13 "Guidance on Accounting Standard for Related Party Disclosures" were applied.

32. Information about per share

			Yen	U.S. dollars (Note 1)
	2007	2008	2009	2009
Net assets per share*1	¥2,479.33	¥2,317.18	**¥ 251.40**	**$ 2.56**
Net income (loss) per share*1	¥ 117.35	¥ 17.34	**¥(2,097.39)**	**$(21.35)**
Diluted net income per share*1	¥ 105.60	¥ 15.46	**—*2**	**—*2**

*1 The basic facts underlying the calculation of "Shareholders' equity per share," "Net income (loss) per share" and "Diluted net income per share" are as follows:
*2 "Diluted net income per share" of common stock is not disclosed due to net loss per share of common stock for the fiscal year 2009.

			Millions of yen	Thousands of U.S. dollars (Note 1)
	2007	2008	2009	2009
Net assets per share				
Net assets	¥208,775	¥185,496	**¥ 25,247**	**$ 257,023**
Net assets related to common stock	¥184,186	¥163,474	**¥ 20,177**	**$ 205,405**
Principal factors underlying the difference				
Minority interests	¥ 24,589	¥ 22,022	**¥ 5,070**	**$ 51,618**
Number of shares outstanding at the end of the fiscal year (thousands of shares)	78,437	78,671	**80,290**	**80,290**
Number of shares of common stock held in treasury at the end of the fiscal year (thousands of shares)	4,148	8,122	**32**	**32**
Common stock figure used for calculating net assets per share (thousands of shares)	74,289	70,549	**80,258**	**80,258**
Net income (loss) per share				
Net income (loss)	¥ 8,679	¥ 1,272	**¥(161,529)**	**$(1,644,401)**
Net income (loss) related to common stock	¥ 8,679	¥ 1,272	**¥(161,529)**	**$(1,644,401)**
Amount not attributable to common shareholders	¥ —	¥ —	**¥ —**	**$ —**
Average number of shares outstanding during the fiscal year (thousands of shares)	73,958	73,368	**77,015**	**77,015**
Diluted net income per share*3				
Net income adjustment	¥ (4)	¥ 12	**¥ —**	**$ —**
(Of which, effect of dilution of affiliated companies stock)	¥ (42)	¥ (45)	**¥ —**	**$ —**
(Of which, interest expenses (after deducting tax))	¥ 38	¥ 57	**¥ —**	**$ —**
Increase in common stock (thousands of shares)	8,198	9,668	**—**	**—**
(Of which, warrant rights)	87	11	**—**	**—**
(Of which, share warrants)	261	17	**—**	**—**
(Of which, convertible bonds payable)	7,850	9,640	**—**	**—**

*3 Outline of stock not included in diluted net income per share due to lack of dilutive effect at March 31, 2007:

Company name	Diluted net income per share	Number of shares of common stock
CSK HOLDINGS CORPORATION	Bonds with detachable warrants*4	—
VeriServe Corporation	Bonds with detachable warrants	561
Cosmo Securities Co., Ltd.	Bonds with detachable warrants	1,642,000

*4 Outline of stock not included in diluted net income per share due to lack of dilutive effect as of March 31, 2008:

Company name	Diluted net income per share	Number of shares of common stock
CSK HOLDINGS CORPORATION	Bonds with detachable warrants	969,500
	Bonds with detachable warrants (Note 15)	1,122,400
	Bonds with detachable warrants*5	—
VeriServe Corporation	Bonds with detachable warrants	559
Cosmo Securities Co., Ltd.	Bonds with detachable warrants	1,642,000

*5 Outline of stock not included in diluted net income per share due to lack of dilutive effect as of March 31, 2009:

Company name	Diluted net income per share	Number of shares of common stock
CSK HOLDINGS CORPORATION	Bonds with detachable warrants*6	969,500
	Bonds with detachable warrants (Note 15)	1,122,400
VeriServe Corporation	Bonds with detachable warrants	278

*6 The share right exercise period is ended in this fiscal year.

33. Segment information

The Group operates principally in four business segments: IT services business, Financial services business, Securities business, and 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, leasing of intelligent buildings
Financial services business	Investments in venture companies, investments in anonymous associations, real estate, equity securities and other, management of investment trusts
Securities business	Securities business and other related services
Prepaid card business	Issuance and settlement of prepaid cards, development and sales of card systems

The segment information of the Group for each of the three years in the period ended March 31, 2009 classified by business segment is presented below:

Millions of yen

For the year ended March 31, 2007

	IT services business	Financial services business	Securities business	Prepaid card business	Total	Elimination and corporate	Consolidated total
Operating revenue:							
Outside customers	¥192,561	¥ 24,954	¥ 24,703	¥ 3,764	¥245,982	¥ —	¥245,982
Inter-segment sales/transfers	1,720	135	3	4	1,862	(1,862)	—
Total	194,281	25,089	24,706	3,768	247,844	(1,862)	245,982
Costs and expenses	179,504	9,248	22,948	4,020	215,720	357	216,077
Operating income (loss)	¥ 14,777	¥ 15,841	¥ 1,758	¥ (252)	¥ 32,124	¥ (2,219)	¥ 29,905
Assets	¥ 88,920	¥129,335	¥204,554	¥34,105	¥456,914	¥120,381	¥577,295
Depreciation	¥ 2,668	¥ 32	¥ 683	¥ 157	¥ 3,540	¥ 569	¥ 4,109
Capital expenditure	¥ 9,488	¥ 13	¥ 1,563	¥ 52	¥ 11,116	¥ 4,823	¥ 15,939

Millions of yen

For the year ended March 31, 2008

	IT services business	Financial services business	Securities business	Prepaid card business	Total	Elimination and corporate	Consolidated total
Operating revenue:							
Outside customers	¥194,693	¥ 20,389	¥ 22,179	¥ 2,434	¥239,695	¥ —	¥239,695
Inter-segment sales/transfers	3,943	3	4	7	3,957	(3,957)	—
Total	198,636	20,392	22,183	2,441	243,652	(3,957)	239,695
Costs and expenses	183,223	7,304	26,238	2,549	219,314	1,125	220,439
Operating income (loss)	¥ 15,413	¥ 13,088	¥ (4,055)	¥ (108)	¥ 24,338	¥ (5,082)	¥ 19,256
Assets	¥ 82,979	¥223,695	¥139,032	¥36,280	¥481,986	¥68,068	¥550,054
Depreciation	¥ 3,624	¥ 34	¥ 923	¥ 139	¥ 4,720	¥ 1,184	¥ 5,904
Loss on impairment of fixed assets	¥ 13,340	¥ —	¥ 5	¥ —	¥ 13,345	¥ —	¥ 13,345
Capital expenditure	¥ 12,914	¥ 153	¥ 3,531	¥ 36	¥ 16,634	¥ 5,882	¥ 22,516

Millions of yen

For the year ended March 31, 2009

	IT services business	Financial services business	Securities business	Prepaid card business	Total	Elimination and corporate	Consolidated total
Operating revenue:							
Outside customers	**¥184,441**	**¥ 3,471**	**¥15,600**	**¥ 2,588**	**¥ 206,100**	**¥ —**	**¥ 206,100**
Inter-segment sales/transfers	**6,352**	**3**	**22**	**155**	**6,532**	**(6,532)**	**—**
Total	**190,793**	**3,474**	**15,622**	**2,743**	**212,632**	**(6,532)**	**206,100**
Costs and expenses	**182,008**	**119,085**	**23,491**	**2,559**	**327,143**	**2,024**	**329,167**
Operating income (loss)	**¥ 8,785**	**¥(115,611)**	**¥ (7,869)**	**¥ 184**	**¥(114,511)**	**¥ (8,556)**	**¥(123,067)**
Assets	**¥ 67,834**	**¥ 116,907**	**¥89,604**	**¥51,450**	**¥ 325,795**	**¥38,137**	**¥ 363,932**
Depreciation	**¥ 4,165**	**¥ 39**	**¥ 1,126**	**¥ 127**	**¥ 5,457**	**¥ 1,597**	**¥ 7,054**
Loss on impairment of fixed assets	**¥ 3,243**	**¥ 312**	**¥10,177**	**¥ 13**	**¥ 13,745**	**¥ 1,145**	**¥ 14,890**
Capital expenditure	**¥ 7,167**	**¥ 6**	**¥ 1,231**	**¥ 52**	**¥ 8,456**	**¥11,974**	**¥ 20,430**

Thousands of U.S. dollars (Note 1)

For the year ended March 31, 2009

	IT services business	Financial services business	Securities business	Prepaid card business	Total	Elimination and corporate	Consolidated total
Operating revenue:							
Outside customers	**$1,877,646**	**$ 35,334**	**$158,813**	**$ 26,344**	**$ 2,098,137**	**$ —**	**$ 2,098,137**
Inter-segment sales/transfers	**64,669**	**26**	**219**	**1,583**	**66,497**	**(66,497)**	**—**
Total	**1,942,315**	**35,360**	**159,032**	**27,927**	**2,164,634**	**(66,497)**	**2,098,137**
Costs and expenses	**1,852,881**	**1,212,302**	**239,137**	**26,055**	**3,330,375**	**20,605**	**3,350,980**
Operating income (loss)	**$ 89,434**	**$(1,176,942)**	**$ (80,105)**	**$ 1,872**	**$(1,165,741)**	**$ (87,102)**	**$(1,252,843)**
Assets	**$ 690,560**	**$ 1,190,140**	**$912,190**	**$523,769**	**$ 3,316,659**	**$388,234**	**$ 3,704,893**
Depreciation	**$ 42,400**	**$ 400**	**$ 11,462**	**$ 1,289**	**$ 55,551**	**$ 16,257**	**$ 71,808**
Loss on impairment of fixed assets	**$ 33,021**	**$ 3,173**	**$103,602**	**$ 131**	**$ 139,927**	**$ 11,658**	**$ 151,585**
Capital expenditure	**$ 72,964**	**$ 56**	**$ 12,532**	**$ 533**	**$ 86,085**	**$121,899**	**$ 207,984**

(1) Assets of ¥120,381 million, ¥68,068 million and ¥38,137 million ($388,234 thousand) at March 31, 2007, 2008 and 2009, respectively, included in the "Elimination and corporate" column mainly consisted of the Company's working funds (cash and marketable securities), long-term investment funds (investments in securities) and other assets.

(2) Among costs and expenses, unallocated operating expenses in the "Elimination and corporate" column for the years ended March 31, 2007, 2008 and 2009 consisted of management expenses for group companies of ¥7,003 million, ¥10,223 million and ¥14,911 million ($151,799 thousand) respectively incurred at the Company.

(3) "Depreciation" and "Capital expenditure" include long-term prepayments, deferred charges and their amortization.

(Change in accounting policy)
Application of accounting standards for measurement of Inventories
The Company has changed its policy for the measurement of Inventories since fiscal year 2009. As a result, compared to the previous method, Operating income decreased by ¥3 million ($35 thousand) in the IT services business, by ¥81,054 million ($825,145 thousand) in the financial services business, by ¥1 million ($13 thousand) in the prepaid card business and assets decreased by ¥4 million ($45 thousand) in the IT services business, by ¥81,054 million ($825,145 thousand) in the financial services business, by ¥1 million ($13 thousand) in the prepaid card business.

Change in accounting for the prepaid card business
The Company has changed the measurement of Inventories since fiscal year 2009. As a result, compared to the previous method operating revenue and operating income increased by ¥383 million ($3,902 thousand) in the prepaid card business, and assets increased by ¥16,268 million ($165,611 thousand) and "Eliminations and corporate" decreased by the same amounts.

34. Business combination

Material transactions for business combinations for the fiscal year ended March 31, 2009 are as follows:

Procedures and relationship under common control
(1) Companies subject to business combination, legal form of business combination
a. Companies subject to business combination
Names: CSK HOLDINGS CORPORATION ("the Company")
Cosmo Securities Co., Ltd. ("Cosmo Securities")
Content of business:
The Company: Management of CSK Group and subsidiaries and related businesses
Cosmo Securities Co., Ltd: Type I financial instruments business, Type II financial Instruments business, Investment advisory business, Investment business, Agency business

b. Legal form of business combination
Business combination by share exchange

c. Name following business combination
There was no change in the name of the enterprise after the business combination.

d. Overview of transaction, including objective of transaction
The Group has been steadily developing its resources for pursuing securities-related business. The Group has begun initiatives for establishing its securities-related business as a full-fledged core Group business. Consequently, it has determined to make Cosmo Securities, the Group's core company in the securities-related business, a wholly-owned subsidiary. The Group as a whole will work together to pursue the securities-related business.
To advance this reorganization smoothly, the Company made Cosmo Securities a wholly owned subsidiary through a share exchange transaction.

(2) Overview of accounting procedures implemented
In accordance with the "Accounting Standards for Business Combinations" in Japan (Business Accounting Council, October 31, 2003) and the "Implementation Guideline on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No. 10, November 15, 2007), the accounting treatment for common control transaction has been applied.

(3) Items related to the additional acquisition of subsidiary's shares

	Millions of yen	Thousands of U.S. dollars (Note 1)
Acquisition cost and details		
Consideration		
CSK HOLDINGS shares	**¥24,210**	**$246,462**
Direct payments required for acquisition		
Share exchange ratio calculation cost	**27**	**272**
Acquisition cost	**¥24,237**	**$246,734**

(4) Exchange ratio by class of shares, number of shares delivered and method of calculating exchange ratio
a. Class of shares, exchange ratio
Shares were exchanged at the ratio of one share of common stock in Cosmo Securities per 0.046 share of common stock in the Company.

b. Method of calculating exchange ratio
The Company and Cosmo Securities requested a third party to calculate the share allotment ratio and the third party calculated such rates by applying the average market price method. As a result of negotiations and consultations between the Company and Cosmo Securities based on the calculation result of the third party, the share allotment ratio was agreed and determined.

c. Number shares and the appraised value
Number shares 9,742,431 shares
Appraised value ¥24,209 million ($246,462 thousand)

(5) Amount of generated goodwill or negative goodwill, reason generated, and method of amortization and amortization period
a. Amount of goodwill
¥7,742 million ($78,819 thousand)

b. Reason generated
A difference between the above-stated acquisition cost and the decrease in minority interest in earnings resulting from the additional acquisition

c. Method of amortization and amortization period
Amortized over 5 years using the straight-line method
* All the amount of goodwill (¥6,585 million ($67,037 thousand)) at the end of fiscal year 2009 has been written off as an impairment loss. Details are presented in Note 23.

d. The content of conditional acquisition consideration that is stipulated in business combination contract and the accounting policies applied from the fiscal year 2009
Not applicable

e. The amount of acquisition cost that are allocated for research and development and expensed, and the account name
Not applicable

Report of Independent Auditors

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Report of Independent Auditors

The Board of Directors
CSK HOLDINGS CORPORATION

We have audited the accompanying consolidated balance sheets of CSK HOLDINGS CORPORATION and its consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations , changes in net assets, and cash flows for the years then ended, all expressed in yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The consolidated financial statements of CSK HOLDINGS CORPORATION and its consolidated subsidiaries for the year ended March 31, 2007 were audited by other auditors whose report dated June 27, 2007, expressed an unqualified opinion on those consolidated financial statements.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provided a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CSK HOLDINGS CORPORATION and its consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

As described in Note 2(9), effective the year ended March 31, 2009, CSK HOLDINGS CORPORATION and its subsidiaries adopted the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan Statement No. 9 issued on July 5, 2006).

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 1 to the accompanying consolidated financial statements.

Ernst & Young ShinNihon LLC

June 26, 2009

A member firm of Ernst & Young Global Limited

Corporate Information

(As of March 31, 2009)

Company name	CSK HOLDINGS CORPORATION
Established	October 7, 1968
Total number of employees	10,756 (consolidated)
URL	http://www.csk.com/index_e.html

Investor Information

(As of March 31, 2009)

Stock and Number of Shareholders

Common stock:	Authorized—298,000,000 shares Issued—80,290,414 shares
Number of shareholders:	61,270
Stock listing:	First Section of Tokyo Stock Exchange
Trading unit:	100 shares
Ticker symbol number:	9737

Transfer Agent and Registrar

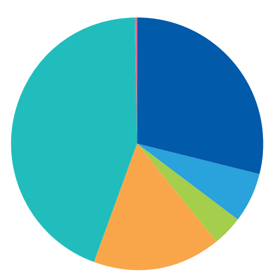
The Sumitomo Trust & Banking Co., Ltd.

Head office	4-5-33, Kitahara, Chuo-ku, Osaka 540-8639, Japan
Tokyo stock transfer agency department	2-3-1, Yaesu, Chuo-ku, Tokyo 100-8233, Japan
Mailing address	1-10, Nikko-cho, Fuchu-shi, Tokyo 183-8701, Japan
URL	http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html (Japanese only)

Top Stockholders' List

	Name of Stockholders	Number of shares (thousands)	Ratio (%)
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	6,853	8.54
2	Japan Trustee Services Bank, Ltd. (Trust Account)	5,784	7.20
3	CSK Group Employee Share-holding Association	2,825	3.52
4	Japan Trustee Services Bank, Ltd. (Trust Account 4G)	2,548	3.17
5	Nippon Life Insurance Company	2,335	2.91
6	BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,772	2.21
7	The Preparatory Committee for The OKAWA Science and Technology Foundation	1,710	2.13
8	Trust & Custody Services Bank, Ltd. (Trust Account)	1,409	1.76
9	Nikko Citi Trust and Banking Corporation (Investment Trust Account)	1,169	1.46
10	JP Morgan Securities Japan Co., Ltd.	978	1.22

Distribution of Stockholders



Financial institutions	29.03%
Securities firms	6.26%
Other institutions	3.90%
Foreign institutions and others	16.59%
Individuals and others	44.21%
Treasury stocks	0.01%

Stock Price Range and Trading Volume

http://www.csk.com/

For more information, please contact
CSK HOLDINGS CORPORATION
Public Relations & IR Division
Phone: +81-3-6438-3051
E-mail: ir.sp@csk.com