

**Financial Report for the Three Months Period Ended 30<sup>th</sup> June, 2005 (Consolidated)****CSK CORPORATION** <http://www.csk.co.jp/>

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

Head Office: CSK Aoyama Bldg., 2-26-1, Minami-Aoyama, Minato-ku, Tokyo 107-0062

Adoption of the U.S.GAAP: None

\*This financial report has been translated from the Japanese original, which has been prepared in accordance with accounting principles generally accepted in Japan, for reference purposes only.

**1. Matters relating to Prepare Quarterly Consolidated Financial Statements**

- 1) Adoption of concise accounting procedures: None
- 2) Change in accounting policies: Yes
- 3) Changes in scope of consolidation and application of the equity method:
  - Number of consolidated subsidiaries: Increase 3    Decrease -
  - Number of affiliates accounted for under the equity method: Increase -    Decrease -

**2. Business Results for the Three Months Period of Fiscal Year 2006 (From 1<sup>st</sup> April, 2005 to 30<sup>th</sup> June, 2005)**

(1) Results of operations (Figures are rounded down to the nearest million yen)

	Sales and operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended 30 <sup>th</sup> Jun, 2005	50,106	(43.3)	3,028	(53.5)	3,301	(57.7)	3,393	(33.5)
Three months ended 30 <sup>th</sup> Jun, 2004	88,417	10.3	6,518	96.6	7,810	106.5	5,101	-
Reference) Fiscal year 2005	319,993		24,046		27,626		33,343	

	Net income per share	Diluted net income per share
	yen	yen
Three months ended 30 <sup>th</sup> Jun, 2005	44.99	40.84
Three months ended 30 <sup>th</sup> Jun, 2004	67.42	61.85
Reference) Fiscal year 2005	437.31	412.04

Note: Percentages for Sales and operating revenue, Operating income, Ordinary income and Net income indicate changes from the previous same term.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
As of 30 <sup>th</sup> Jun, 2005	457,541	159,012	34.7	2,108.10
As of 30 <sup>th</sup> Jun, 2004	496,135	133,611	26.9	1,766.81
Reference) Fiscal year 2005	455,637	156,485	34.3	2,072.02

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash Equivalents, at end
	million yen	million yen	million yen	million yen
Three months ended 30 <sup>th</sup> Jun, 2005	(9,067)	(7,442)	6,572	67,528
Three months ended 30 <sup>th</sup> Jun, 2004	-	-	-	-
Reference) Fiscal year 2005	686	37,313	(26,984)	77,357

Note: This is the first term for 1st quarter disclose, therefore the previous year's comparison data is not available.

Reference 1) Non-consolidated results of operations for the three months period of fiscal year 2006 (From 1<sup>st</sup> April, 2005 to 30<sup>th</sup> June, 2005)

	Sales and operating revenue		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended 30 <sup>th</sup> Jun, 2005	24,872	(21.6)	1,750	42.8	3,741	19.8	5,043	(42.8)
Three months ended 30 <sup>th</sup> Jun, 2004	31,705	22.2	1,225	112.2	3,123	262.3	8,824	604.0
Reference) Fiscal year 2005	138,365		7,400		11,532		33,469	

	Total assets	Shareholders' equity
	million yen	million yen
As of 30 <sup>th</sup> Jun, 2005	266,916	153,147
As of 30 <sup>th</sup> Jun, 2004	264,875	130,170
Reference) Fiscal year 2005	269,780	149,455

### 3. Earnings Forecast for the Fiscal Year 2006 (From 1<sup>st</sup> April, 2005 to 31<sup>st</sup> March, 2006)

	Sales and operating revenue	Ordinary income	Net income
	million yen	million yen	million yen
Interim	112,500	9,000	24,500
Full-year	250,000	28,000	35,000

Reference) Expected Net income per share (full-year basis): 464.01 yen

Reference 2) Non-consolidated earnings forecast for the interim period of the fiscal year 2006 (From 1<sup>st</sup> April, 2005 to 30<sup>th</sup> September, 2005)

	Sales and operating revenue	Ordinary income	Net income
	million yen	million yen	million yen
Interim	63,000	6,700	28,000

\*Since descriptions about future events, for instance, earnings forecast for March, 2006 are estimation, results may differ from this estimation due to changes of several economic conditions.

## Consolidated Balance Sheets

(millions of yen)

Account	Fiscal year 2005 1st quarter (As of 30 <sup>th</sup> Jun, 2004)		Fiscal year 2006 1st quarter (As of 30 <sup>th</sup> Jun, 2005)		Fiscal year 2005 (As of 31 <sup>st</sup> Mar, 2005)		Increase(Decrease) compared to fiscal year 2005	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Change
Assets		%		%		%		%
I Current assets								
1 Cash and time deposits	68,234		69,491		77,510		(8,018)	
2 Notes and accounts receivable	43,397		25,519		38,910		(13,391)	
3 Marketable securities	14,294		2,343		5,965		(3,621)	
4 Venture capital investments	10,330		15,866		16,224		(357)	
5 Inventories	15,034		8,732		6,345		2,386	
6 Investments related to financial services	34,902		51,748		42,504		9,243	
7 Cash segregated as deposits related to securities business	41,519		39,547		42,463		(2,916)	
8 Trading assets related to securities business	8,629		14,844		11,661		3,183	
9 Receivables related to margin transactions	68,081		73,571		72,535		1,035	
10 Other current assets	32,276		31,142		27,035		4,107	
Allowance for doubtful accounts	(283)		(91)		(81)		(10)	
Total current assets	336,418	67.8	332,716	72.7	341,075	74.9	(8,358)	(2.5)
II Fixed assets								
1 Tangible fixed assets								
(1) Buildings and structures	21,134		17,574		18,100		(526)	
(2) Land	14,186		10,876		11,306		(429)	
(3) Other tangible fixed assets	6,867		5,818		5,814		3	
Total tangible fixed assets	42,188	8.5	34,269	7.5	35,221	7.7	(951)	(2.7)
2 Intangible fixed assets								
(1) Consolidated adjustments (Goodwill)	1,927		891		987		(95)	
(2) Other intangible fixed assets	17,707		16,307		15,898		409	
Total intangible fixed assets	19,635	4.0	17,199	3.8	16,885	3.7	313	1.9
3 Investments and other assets								
(1) Investments in securities	43,668		43,353		35,499		7,854	
(2) Prepaid pension costs	5,538		4,292		4,522		(229)	
(3) Deferred income taxes	25,151		13,342		10,165		3,177	
(4) Others	27,955		14,595		14,783		(187)	
Allowance for doubtful accounts	(4,420)		(2,229)		(2,516)		286	
Total investments and other assets	97,892	19.7	73,355	16.0	62,454	13.7	10,900	17.5
Total fixed assets	159,716	32.2	124,824	27.3	114,562	25.1	10,262	9.0
Total assets	496,135	100.0	457,541	100.0	455,637	100.0	1,903	0.4

(millions of yen)

Account	Fiscal year 2005 1st quarter (As of 30 <sup>th</sup> Jun, 2004)		Fiscal year 2006 1st quarter (As of 30 <sup>th</sup> Jun, 2005)		Fiscal year 2005 (As of 31 <sup>st</sup> Mar, 2005)		Increase(Decrease) compared to fiscal year 2005	
	Amount	% of total	Amount	% of total	Amount	% of total	Amount	Change
Liabilities		%		%		%		%
I Current liabilities								
1 Accounts payable	18,771		9,720		18,038		(8,318)	
2 Short-term bank loans payable	28,642		26,406		16,022		10,383	
3 Current portion of corporate bonds payable	-		3,200		3,200		-	
4 Commercial paper	11,000		-		-		-	
5 Accrued income taxes	3,112		843		2,774		(1,931)	
6 Unearned revenue	30,582		-		33,814		(33,814)	
7 Deposits received of prepaid cards	-		35,747		-		35,747	
8 Accrued bonuses to employees	2,638		2,818		5,970		(3,151)	
9 Allowance for anticipated losses on contracts	-		339		1,215		(876)	
10 Allowance for relocation loss	1,026		149		234		(85)	
11 Allowance for loss on liquidation of investments in subsidiaries	236		-		-		-	
12 Trading liabilities related to securities business	1,690		4,489		4,890		(401)	
13 Payable related to margin transactions	54,976		53,655		60,071		(6,416)	
14 Deposits received and guarantee deposits received from customers related to securities business	48,117		47,911		45,344		2,566	
15 Other current liabilities	22,335		22,890		14,808		8,082	
Total current liabilities	223,130	45.0	208,171	45.5	206,386	45.3	1,784	0.9
II Long-term liabilities								
1 Corporate bonds payable	43,200		40,000		40,000		-	
2 Convertible bonds payable	23,000		23,000		23,000		-	
3 Long-term bank loans payable	9,000		2,400		4,500		(2,100)	
4 Accrued employees' retirement benefits	2,615		1,182		1,129		53	
5 Accrued directors' retirement benefits	485		251		255		(4)	
6 Other long-term liabilities	4,938		1,840		1,825		14	
Total long-term liabilities	83,240	16.8	68,675	15.0	70,711	15.5	(2,036)	(2.9)
III Statutory reserve								
Reserve for securities trading liabilities	421		728		657		71	
Total statutory reserve	421	0.1	728	0.2	657	0.2	71	10.8
Total liabilities	306,792	61.9	277,575	60.7	277,755	61.0	(180)	(0.1)
Minority interests								
Minority interests	55,731	11.2	20,953	4.6	21,396	4.7	(443)	(2.1)
Shareholders' equity								
I Common stock	69,308	14.0	69,495	15.2	69,490	15.2	5	0.0
II Capital surplus	35,119	7.1	34,120	7.4	34,114	7.5	5	0.0
III Retained earnings	23,020	4.6	53,176	11.6	51,261	11.2	1,914	3.7
IV Unrealized gains on securities	8,988	1.8	7,899	1.7	7,296	1.6	603	8.3
V Foreign currency translation adjustments	(62)	(0.0)	(60)	(0.0)	(62)	(0.0)	2	-
VI Treasury stock, at cost	(2,763)	(0.6)	(5,618)	(1.2)	(5,615)	(1.2)	(2)	-
Total shareholders' equity	133,611	26.9	159,012	34.7	156,485	34.3	2,527	1.6
Total liabilities, minority interests and shareholders' equity	496,135	100.0	457,541	100.0	455,637	100.0	1,903	0.4

## Consolidated Statements of Income

(millions of yen)

Account	Period	Fiscal year 2005 For the three months ended 30 <sup>th</sup> Jun, 2004		Fiscal year 2006 For the three months ended 30 <sup>th</sup> Jun, 2005		Increase (Decrease)		Fiscal year 2005 For the year ended 31 <sup>st</sup> Mar, 2005	
		Amount	Ratio to Sales and operating revenue	Amount	Ratio to Sales and operating revenue	Amount	Change	Amount	Ratio to Sales and operating revenue
I	Sales and operating revenue	88,417	100.0	50,106	100.0	(38,310)	(43.3)	319,993	100.0
II	Operating costs	66,322	75.0	34,468	68.8	(31,854)	(48.0)	241,023	75.3
	Gross profit	22,094	25.0	15,638	31.2	(6,455)	(29.2)	78,970	24.7
III	Selling, general and administrative expenses	15,576	17.6	12,610	25.2	(2,965)	(19.0)	54,924	17.2
	Operating income	6,518	7.4	3,028	6.0	(3,490)	(53.5)	24,046	7.5
IV	Non-operating income	1,680	1.9	576	1.2	(1,104)	(65.7)	5,135	1.6
	1 Interest income	96		44		(52)		165	
	2 Dividend income	142		115		(27)		-	
	3 Gain on sales of investments in securities	985		-		(985)		1,713	
	4 Equity in net gains of affiliates	-		82		82		368	
	5 Income from investments in partnerships	142		-		(142)		1,406	
	6 Hoard profit of prepaid card	-		216		216		-	
	7 Others, net	313		117		(195)		1,480	
V	Non-operating expenses	389	0.5	303	0.6	(85)	(22.0)	1,555	0.5
	1 Interest expenses	149		97		(51)		410	
	2 Provision for accrued employees' retirement benefits	65		65		(0)		260	
	3 Transfer agent commission	-		31		31		178	
	4 Others, net	174		108		(65)		705	
	Ordinary income	7,810	8.8	3,301	6.6	(4,508)	(57.7)	27,626	8.6
VI	Extraordinary gains	21,389	24.2	184	0.3	(21,205)	(99.1)	59,477	18.6
	1 Gain on sales of investments in securities	20,482		159		(20,322)		58,655	
	2 Others, net	907		24		(882)		821	
VII	Extraordinary losses	12,747	14.4	561	1.1	(12,185)	(95.6)	22,902	7.1
	1 Loss on disposal of fixed assets	48		46		(2)		859	
	2 Loss on impairment of fixed assets	-		98		98		-	
	3 Loss on write-down of investments in securities	575		-		(575)		2,640	
	4 Relocation loss of datacenter	-		179		179		-	
	5 Amortization of goodwill	11,686		-		(11,686)		11,686	
	6 Provision for reserve for securities trading liabilities	94		71		(22)		330	
	7 One time disposal of prepaid card premium	-		93		93		-	
	8 Others, net	342		72		(269)		7,386	
	Income before income taxes and minority interests	16,452	18.6	2,924	5.8	(13,528)	(82.2)	64,200	20.1
	Income taxes : Current	2,025	2.3	458	0.9	(1,566)	(77.3)	5,416	1.7
	Income taxes : Deferred	7,870	8.9	(1,220)	(2.5)	(9,091)	(115.5)	23,042	7.2
	Minority interests in subsidiaries	1,455	1.6	292	0.6	(1,162)	(79.9)	2,397	0.8
	Net income	5,101	5.8	3,393	6.8	(1,707)	(33.5)	33,343	10.4

## Consolidated Statements of Capital Surplus and Retained Earnings

(millions of yen)

Account	Period	Fiscal year 2005 For the three months ended 30 <sup>th</sup> Jun, 2004	Fiscal year 2006 For the three months ended 30 <sup>th</sup> Jun, 2005	Fiscal year 2005 For the year ended 31 <sup>st</sup> Mar, 2005
		Amount	Amount	Amount
<b>Capital surplus:</b>				
I Opening balance		34,968	34,114	34,968
II Increase		169	5	351
Exercise of stock options		169	5	351
III Decrease		18	0	1,204
Loss on disposition of treasury stock		18	0	1,204
IV Ending balance		35,119	34,120	34,114
<b>Retained earnings:</b>				
I Opening balance		18,973	51,261	18,973
II Increase		5,101	3,393	33,343
Net income for the period		5,101	3,393	33,343
III Decrease		1,054	1,478	1,054
1 Cash dividends		680	1,282	680
2 Directors and statutory auditors' bonuses		285	196	285
3 Decrease due to initial consolidation of subsidiaries		88	-	88
IV Ending balance		23,020	53,176	51,261

## Consolidated Statements of Cash Flows (summary)

(millions of yen)

Account	Period	Fiscal year 2005 For the three months ended 30 <sup>th</sup> Jun, 2004	Fiscal year 2006 For the three months ended 30 <sup>th</sup> Jun, 2005	Fiscal year 2005 For the year ended 31 <sup>st</sup> Mar, 2005
		Amount	Amount	Amount
I Cash flows from operating activities		-	(9,067)	686
II Cash flows from investing activities		-	(7,442)	37,313
III Cash flows from financing activities		-	6,572	(26,984)
IV Effect of exchange rate changes on cash and cash equivalents		-	12	(25)
V Net increase (decrease) in cash and cash equivalents		-	(9,924)	10,989
VI Cash and cash equivalents, at beginning		-	77,357	71,015
VII Net increase (decrease) in cash and cash equivalents due to additional consolidation of subsidiaries, subsidiaries removed from consolidation and other		-	96	(4,647)
VIII Cash and cash equivalents, at end		-	67,528	77,357

Note: This is the first term for 1st quarter disclose, therefore the previous year's comparison data is not available.

## Segment Information (Consolidated)

### 1. Information by business segment

(millions of yen)

	For the three months ended 30 <sup>th</sup> June, 2004						
	Computer services	Financial services	Securities services	Prepaid card sales	Total	Elimination and corporate	Consolidated Total
Sales and operating revenue:							
Outside customers	69,175	1,554	5,621	12,066	88,417	-	88,417
Inter-segment sales/transfers	76	-	-	12	88	(88)	-
Total	69,251	1,554	5,621	12,079	88,506	(88)	88,417
Costs and expenses	64,536	997	4,550	11,872	81,956	(57)	81,899
Operating income	4,715	556	1,071	206	6,549	(31)	6,518
	For the three months ended 30 <sup>th</sup> June, 2005						
	Computer services	Financial services	Securities services	Prepaid card sales	Total	Elimination and corporate	Consolidated Total
Sales and operating revenue:							
Outside customers	43,367	1,141	4,923	673	50,106	-	50,106
Inter-segment sales/transfers	176	-	-	15	192	(192)	-
Total	43,544	1,141	4,923	689	50,299	(192)	50,106
Costs and expenses	41,133	808	4,555	743	47,240	(161)	47,078
Operating income (loss)	2,411	332	368	(53)	3,058	(30)	3,028
	For the year ended 31 <sup>st</sup> March, 2005						
	Computer services	Financial services	Securities services	Prepaid card sales	Total	Elimination and corporate	Consolidated Total
Sales and operating revenue:							
Outside customers	235,606	10,721	20,727	52,937	319,993	-	319,993
Inter-segment sales/transfers	572	-	2	34	608	(608)	-
Total	236,178	10,721	20,730	52,972	320,602	(608)	319,993
Costs and expenses	222,034	3,668	18,433	52,270	296,406	(459)	295,947
Operating income	14,144	7,052	2,296	701	24,195	(149)	24,046

Note: The Group operates principally in four segments: computer services, financial services, securities services, prepaid card sales. (Changed the classification in the previous fiscal year)

Segment	Major products and services
Computer services:	Software development, systems integration, facilities management, business process outsourcing and other related services Computer and other product sales, engineering of intelligent buildings, intelligent buildings lease
Financial services:	Investment in venture companies, investment in anonymous associations, real estate and others, management of investment trust
Securities services:	Securities business and other related services
Prepaid card sales:	Issuance and settlement of prepaid cards, development and sales of card systems

- Change the classification of business segments

To reflect the Group reorganization, full-scale entry into financial services, and entry into the Securities services market through the acquisition of shares in Cosmo Securities Co., Ltd., business segments are being changed from the previous fiscal year under review onwards. The four former categories of Computer services, Computer and other product sales, Prepaid card sales, and Others have been changed to the following four categories of Computer services, Financial services, Securities services, and Prepaid card sales.

Key changes within the segment are as follows.

- 1) *Computer* and *other product sales*, and the intelligent buildings lease component of *Others* have been combined with the former *Computer services* segment to form a revised *Computer services* segment.
- 2) *Financial services* components (investment in venture companies, investment in anonymous associations and venture capital) of the previous *Others* segment have been included in a new independent category *Financial services*.
- 3) A new *Securities services* segment has been established.

Information by Business Segment for the three months ended 30<sup>th</sup> June, 2004 is modified in the new Business Segments for useful information.

- Change in accounting policies

The accounting policy of Prepaid card sales segment is changed in this current period.

## **2. Segment information for geographic locations**

Segment information for geographic locations is omitted for the three months ended 30<sup>th</sup> June, 2004, 2005, and in the period ended 31<sup>st</sup> March, 2005 since total sales for "Japan" segment exceeded 90 percent of total sales in each of such period.

## **3. Overseas sales**

Information regarding overseas sales is omitted for the three months ended 30<sup>th</sup> June, 2004, 2005, and in the period ended 31<sup>st</sup> March, 2005 since total overseas sales were less than 10 percent of consolidated total sales in each of such period.

## Non-Consolidated Balance Sheets

(millions of yen)

Account	Period	Fiscal year 2005 1st quarter (As of 30 <sup>th</sup> Jun, 2004)		Fiscal year 2006 1st quarter (As of 30 <sup>th</sup> Jun, 2005)		Fiscal year 2005 (As of 31 <sup>st</sup> Mar, 2005)		Increase(Decrease) compared to fiscal year 2005	
		Amount	% of total	Amount	% of total	Amount	% of total	Amount	Change
Assets			%		%		%		%
I Current assets									
1 Cash and time deposits		19,042		40,469		52,165		(11,696)	
2 Notes receivable		36		23		20		2	
3 Accounts receivable		17,761		14,758		24,518		(9,760)	
4 Inventories		7,830		6,691		4,912		1,778	
5 Short-term loans receivable		54		54		55		(0)	
6 Short-term loans to subsidiaries and affiliates		31,476		33,822		30,872		2,949	
7 Other current assets		9,886		15,551		14,698		853	
Allowance for doubtful accounts		(37)		(22)		(39)		17	
Total current assets		86,050	32.5	111,348	41.7	127,205	47.2	(15,856)	(12.5)
II Fixed assets									
1 Tangible fixed assets									
(1) Buildings		17,178		15,333		15,774		(441)	
(2) Computer and other equipment		1,830		1,805		1,973		(167)	
(3) Land		10,984		7,973		8,382		(409)	
(4) Other tangible fixed assets		200		172		180		(8)	
Total tangible fixed assets		30,194	11.4	25,285	9.5	26,311	9.7	(1,026)	(3.9)
2 Intangible fixed assets									
(1) Land leasehold		10,420		10,208		10,261		(52)	
(2) Other intangible fixed assets		635		1,116		587		529	
Total intangible fixed assets		11,056	4.2	11,325	4.2	10,848	4.0	476	4.4
3 Investments and other assets									
(1) Investments in securities		9,470		12,473		7,534		4,938	
(2) Investments in subsidiaries and affiliates		82,535		75,062		74,460		602	
(3) Investments in partnerships		4,185		-		-		-	
(4) Long-term loans to subsidiaries and affiliates		7,467		9,180		4,111		5,068	
(5) Prepaid pension costs		5,133		4,000		4,214		(213)	
(6) Deferred income taxes		22,785		12,383		9,292		3,090	
(7) Fixed leasehold deposits		6,652		7,498		7,328		170	
(8) Others		2,058		1,873		1,989		(115)	
Allowance for investment loss		-		(2,740)		(2,740)		-	
Allowance for doubtful accounts		(2,716)		(774)		(774)		(0)	
Total investments and other assets		137,573	51.9	118,957	44.6	105,415	39.1	13,541	12.8
Total fixed assets		178,824	67.5	155,568	58.3	142,575	52.8	12,992	9.1
Total assets		264,875	100.0	266,916	100.0	269,780	100.0	(2,864)	(1.1)

(millions of yen)

Account	Period	Fiscal year 2005 1st quarter (As of 30 <sup>th</sup> Jun, 2004)		Fiscal year 2006 1st quarter (As of 30 <sup>th</sup> Jun, 2005)		Fiscal year 2005 (As of 31 <sup>st</sup> Mar, 2005)		Increase(Decrease) compared to fiscal year 2005	
		Amount	% of total	Amount	% of total	Amount	% of total	Amount	Change
Liabilities			%		%		%		%
I Current liabilities									
1 Accounts payable		9,730		7,278		11,624		(4,346)	
2 Short-term bank loans payable		15,000		7,600		7,000		600	
3 Commercial paper		11,000		-		-		-	
4 Accrued expenses		2,906		2,592		2,957		(365)	
5 Accrued income taxes		295		104		670		(565)	
6 Consumption taxes payable		390		376		402		(25)	
7 Deposits received		17,070		22,871		21,202		1,668	
8 Accrued bonuses to employees		1,560		1,550		3,352		(1,802)	
9 Allowance for anticipated losses on contracts		-		339		1,215		(876)	
10 Allowance for relocation loss		663		95		95		-	
11 Allowance for loss on liquidation of investments in subsidiaries		236		-		-		-	
12 Other current liabilities		3,191		4,521		3,462		1,059	
Total current liabilities		62,044	23.4	47,330	17.7	51,984	19.3	(4,653)	(9.0)
II Long-term liabilities									
1 Corporate bonds payable		40,000		40,000		40,000		-	
2 Convertible bonds payable		23,000		23,000		23,000		-	
3 Long-term bank loans payable		9,000		2,400		4,500		(2,100)	
4 Accrued directors' retirement benefits		113		113		113		-	
5 Other long-term liabilities		547		925		727		197	
Total long-term liabilities		72,660	27.5	66,438	24.9	68,340	25.3	(1,902)	(2.8)
Total liabilities		134,705	50.9	113,769	42.6	120,325	44.6	(6,556)	(5.4)
Shareholders' equity									
I Common stock		69,308	26.2	69,495	26.0	69,490	25.8	5	0.0
II Capital surplus									
1 Additional paid-in capital		24,881		25,141		25,136		5	
2 Other capital retained earnings		8,950		7,086		7,086		(0)	
Total capital surplus		33,832	12.7	32,228	12.1	32,223	11.9	5	0.0
III Retained earnings									
1 Legal reserve		62		62		62		-	
2 Voluntary reserve		17,321		48,821		17,321		31,500	
3 Unappropriated retained earnings		10,121		6,985		34,766		(27,781)	
Total retained earnings		27,506	10.4	55,869	20.9	52,150	19.3	3,718	7.1
IV Unrealized gains on securities		3,369	1.3	1,172	0.5	1,207	0.5	(34)	(2.8)
V Treasury stock, at cost		(3,846)	(1.5)	(5,617)	(2.1)	(5,615)	(2.1)	(2)	-
Total shareholders' equity		130,170	49.1	153,147	57.4	149,455	55.4	3,691	2.5
Total liabilities and shareholders' equity		264,875	100.0	266,916	100.0	269,780	100.0	(2,864)	(1.1)

## Non-Consolidated Statements of Income

(millions of yen)

Account	Period	Fiscal year 2005 For the three months ended 30 <sup>th</sup> Jun, 2004		Fiscal year 2006 For the three months ended 30 <sup>th</sup> Jun, 2005		Increase (Decrease)		Fiscal year 2005 For the year ended 31 <sup>st</sup> Mar, 2005	
		Amount	Ratio to Sales and operating revenue	Amount	Ratio to Sales and operating revenue	Amount	Change	Amount	Ratio to Sales and operating revenue
			%		%		%		%
I Sales and operating revenue		31,705	100.0	24,872	100.0	(6,833)	(21.6)	138,365	100.0
II Operating costs		26,593	83.9	19,470	78.3	(7,123)	(26.8)	115,384	83.4
Gross profit		5,111	16.1	5,402	21.7	290	5.7	22,981	16.6
III Selling, general and administrative expenses		3,886	12.2	3,651	14.7	(234)	(6.0)	15,580	11.3
Operating income		1,225	3.9	1,750	7.0	525	42.8	7,400	5.3
IV Non-operating income		2,262	7.1	2,351	9.5	89	3.9	5,825	4.2
V Non-operating expenses		363	1.1	360	1.5	(3)	(1.1)	1,692	1.2
Ordinary income		3,123	9.9	3,741	15.0	617	19.8	11,532	8.3
VI Extraordinary gains		10,479	33.0	67	0.3	(10,411)	(99.4)	47,054	34.0
VII Extraordinary losses		51	0.2	281	1.1	229	447.6	9,767	7.0
Income before income taxes		13,551	42.7	3,528	14.2	(10,023)	(74.0)	48,819	35.3
Income taxes : Current		871	2.7	(6)	(0.0)	(877)	(100.8)	(1,372)	(1.0)
Income taxes : Deferred		3,856	12.2	(1,508)	(6.1)	(5,364)	(139.1)	16,723	12.1
Net income		8,824	27.8	5,043	20.3	(3,781)	(42.8)	33,469	24.2
Retained earnings at the beginning		1,297		1,942		644		1,297	
Unappropriated retained earnings		10,121		6,985		(3,136)		34,766	

## Segment Information - Revenues (Non-Consolidated)

(millions of yen)

Period			Fiscal year 2005 For the three months ended 30 <sup>th</sup> Jun, 2004	Fiscal year 2006 For the three months ended 30 <sup>th</sup> Jun, 2005	Fiscal year 2005 For the year ended 31 <sup>st</sup> Mar, 2005
Segment					
Computer services	Software business	Systems integration services	12,052	11,966	63,706
	Management service business	Systems management services	6,397	6,195	27,156
	Other computer service business	Others	3,200	2,708	13,027
	Subtotal		21,650	20,869	103,890
	Computer and other product sales		9,667	3,621	32,948
	Rental		387	381	1,527
Total			31,705	24,872	138,365