

CSK

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CSK CORPORATION

CSK Aoyama Bldg.,
2-26-1, Minami-Aoyama,
Minato-ku, Shinjuku-ku, Tokyo,
107-0062 JAPAN
URL: <http://www.csk.co.jp>

Dec 25, 2003

The U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Room 3099
Office of International Corporate Finance
Mail Stop 3-7
Washington, D.C. 20549



Dear Sir/Madam,

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FINANCIAL

SUPPL

As per Rule 12g3-2(b), we are sending CSK's recent announcements and Semi-annual report as follows:

- CSK revises consolidated and Non-consolidated interim forecasts
- CSK announces transfer of shares in SEGA CORPORATION
- Semiannual report 2003

If you have any questions, do not hesitate to contact our IR department,
ir_sp@cii.csk.co.jp.

Best Regards,



Satoko Ono
Public Relations Office IR Section
CSK CORPORATION

TEL: +81-3-6438-3051
FAX: +81-3-6438-3054
E-Mail: ir_sp@cii.csk.co.jp
URL: <http://www.csk.co.jp>

CSK Announces transfer of shares in SEGA CORPORATION

TOKYO, December 8, 2003 – At a meeting on December 8, 2003, the board of directors of CSK CORPORATION (“CSK”) agreed to transfer 39,148,600 shares held in SEGA CORPORATION to Sammy Corporation. This agreement follows ongoing consideration by CSK with regard to management of its holding of SEGA CORPORATION shares.

1. Outline of SEGA CORPORATION

(1)	Company name	SEGA CORPORATION		
(2)	Representative	Mr. Hisao Oguchi, President and Representative Director		
(3)	Headquarters	1-2-12 Haneda, Ohta-ku, Tokyo		
(4)	Established	June 3, 1960		
(5)	Main business	Comprehensive consumer product, amusement machine sales, and amusement center operations		
(6)	Number of employees	851 (as of March 31, 2003)		
(7)	Capital	¥127,582 million (as of March 31, 2003)		
(8)	Number of shares outstanding	174,945,690 (as of March 31, 2003)		
(9)	Principal shareholders and percentage held (as of March 31, 2003)	<u>Shareholder</u>	<u>Shares (1,000 shares)</u>	<u>Percentage</u>
		CSK	39,148	22.4%
		SEGA CORPORATION	19,904	11.4%
		Bank of New York for Goldman Sachs International (Equity)	6,289	3.6%
		Japan Securities Finance Co., Ltd.	4,751	2.7%
		O.S. Capital	3,384	1.9%
(10)	Recent performance	<u>Year ended March 31, 2002</u>	<u>Year ended March 31, 2003</u>	
	<u>Net sales</u>	¥206,334 million	¥197,223 million	
	<u>Operating income</u>	¥12,471 million	¥7,783 million	
	<u>Net income (loss)</u>	(¥17,829 million)	¥3,054 million	
(11)	Relationship with CSK	CSK holds 22.4% of shares outstanding One representative director is also a representative director of CSK; one representative director is also an employee of CSK; one auditor is also a consultant to CSK Provision of IT services operations, other.		
	<u>Capital relationship</u>			
	<u>Management personnel</u>			
	<u>Transactions</u>			

2. Outline of Sammy Corporation

(1)	Company name	Sammy Corporation
(2)	Representative	Mr. Hajime Satomi, President and Chief Executive Officer
(3)	Headquarters	2-23-2 Higashi Ikebukuro, Toshima-ku, Tokyo
(4)	Established	November 1, 1975
(5)	Main business	<ul style="list-style-type: none">■ Development, manufacture, and marketing of pachinko, pachislot, arranged-ball, and jankyu machines, and related equipment■ Manufacture and marketing of electronic game machines; development and marketing of home video game software■ Marketing, leasing, and importing and exporting of game equipment
(6)	Number of employees	884 (as of March 31, 2003)
(7)	Capital	¥8,017 million (as of March 31, 2003)
(8)	Number of shares outstanding	53,521,400 (as of March 31, 2003)

3. Outline of transaction

1.	Number of shares held prior to transaction	39,148,688 (22.4%)
2.	Number of shares to be transferred (Transaction sum)	39,148,600(¥45,334 million)
3.	Number of shares held post transaction*	88 (0.0%)

* The remaining 88 shares will be sold soon after the main transaction, after which, the number of shares held will be zero.

4. Schedule

December 8, 2003: Signing of share transfer agreement with Sammy Corporation

5. Effect on business results for year ending March 31, 2004

Completion of this transaction will result in SEGA CORPORATION being removed from the section of CSK's consolidated accounts for affiliated companies accounted for by the equity method. Extraordinary income of ¥19.1 billion will be recorded at the parent level and ¥17.0 billion at the consolidated level, both excluding transaction costs.

Any impact on full year forecasts will be announced as soon as practicable after confirmation of the figures and consideration of other relevant factors.

===Ends===

06 JAN 13 07:21

CSK CORPORATION

CSK Revises Consolidated and Non-Consolidated Interim Forecasts

TOKYO, November 6, 2003 - CSK CORPORATION ("CSK") today issued revised consolidated and non-consolidated interim forecasts for the financial year ending March 31, 2004. Details of the revised forecasts are as follows, along with the previous forecasts issued on May 20, 2003.

1. Revised earnings forecasts for the interim period ended September 30, 2003

(1) Consolidated forecasts (¥ million)

	Net sales	Ordinary income	Net income
Previous (A)	170,000	8,500	2,000
Revised (B)	170,000	12,000	3,000
Change (B) - (A)	--	3,500	1,000
Change in percent	--	41.2%	50.0%
Interim period ended September 30, 2002	165,709	7,625	1,007

(2) Non-consolidated forecasts (¥ million)

	Net sales	Ordinary income	Net income
Previous (A)	60,500	4,000	2,000
Revised (B)	62,800	4,200	2,400
Change (B) - (A)	2,300	200	400
Change in percent	3.8%	5.0%	20.0%
Interim period ended September 30, 2002	58,383	3,620	2,610

2. Reasons for revision of forecasts and comparison with previous interim period

(1) Consolidated forecasts

A) Reason for revision

The main reasons for the revised forecasts are as follows.

- Performance at consolidated subsidiaries including ServiceWare Corporation, CSK Communications Corporation, ISAO CORPORATION, and QUO CARD CO., LTD. has been stronger than was anticipated at the beginning of the period.
- CSK FINANCE CO., LTD., which supports for the efficient use of Group management

resources and capital, has contributed strongly to Group performance as financial services operations make steady progress.

- Sales of amusement machines and game software have been strong at equity-accounted affiliate SEGA CORPORATION, resulting in Group non-operating income exceeding forecasts at the beginning of the period.

B) Comparison with previous interim period actual results

Consolidated	<i>(¥ million)</i>		
	Net sales	Ordinary income	Net income
Previous (A) Interim period ended September 30, 2002	165,709	7,625	1,007
Revised current interim forecast (B)	170,000	12,000	3,000
Change (B) - (A)	4,291	4,375	1,993
Change in percent	2.6%	57.4%	197.9%

The main factors contributing to the improvement of the current interim forecast over the actual results from the previous interim period are as follows.

- Subsidiaries such as verification services company VeriServe Corporation and BPO company CSK Communication Corporation have performed well, and results are expected to exceed the previous interim period. In addition, performance has been steady in the finance service operations of CSK FINANCE CO., LTD., with a substantial improvement in results.
- Other Group companies have produced steady improvement in performance over the previous interim period, as a result of Group wide initiatives to improve the management structure, sales capabilities, and efficiency of each subsidiary.
- Equity-accounted affiliate SEGA CORPORATION has, along with other improvements, turned around losses in its game software division, resulting in Group non-operating income improving substantially over the previous interim period.

(2) Non-consolidated forecasts

A) Reason for revision

The main reasons for the revised non-consolidated interim forecasts are as follows.

- With capital expenditure on IT recovering, computer equipment sales have exceeded forecasts at the beginning of the period.

- Ordinary income and net income for the period have been positively impacted by the sale of investment securities to optimize the balance sheet and higher non-operating income from an increase in dividends received, and have exceeded forecasts at the beginning of the period.

B) Comparison with previous interim period actual results

Non-consolidated	<i>(¥ million)</i>		
	Net sales	Ordinary income	Net income
Previous (A) Interim period ended September 30, 2002	58,383	3,620	2,610
Revised current interim forecast (B)	62,800	4,200	2,400
Change (B) - (A)	4,417	580	(210)
Change in percent	7.6%	16.0%	(8.0%)

The main factors contributing to the change of the current interim forecast over the actual results from the previous interim period are as follows.

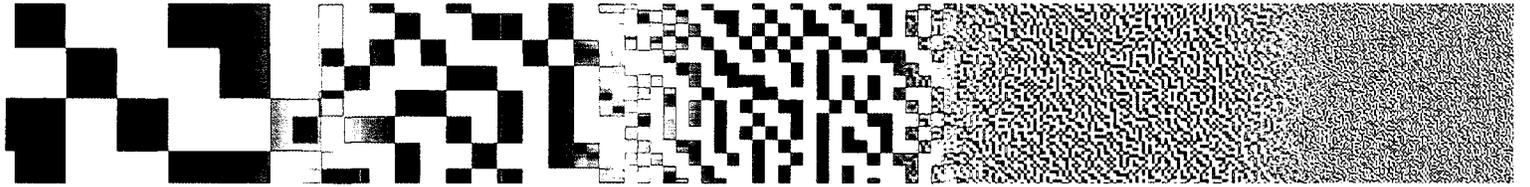
- Net sales and ordinary income have benefited by a recovery in capital expenditure on IT and a positive trend in orders for computer equipment. Non-operating income was lifted by the sale of investment securities, and measures to reduce non-operating expenses have also contributed to increased revenue and profit.
- The downward revision of net income for the period primarily relates to the fact that corporate income tax liabilities in the previous interim period were low, and the tax burden in the interim period to September 30, 2003 is relatively high.

(3) Full year forecasts

Although improved consolidated and non-consolidated performance has resulted in revised forecasts for the interim period, the scope for improvement on the full year forecasts issued on May 20, 2003 is not considered to be great. Therefore there are no changes to full year forecasts.

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CSK



SEMIANNUAL REPORT 2003

For the six months ended 30th September, 2003 (Unaudited)

Consolidated Financial Highlights (Unaudited)

CSK CORPORATION and Consolidated Subsidiaries
For the six months ended 30th September, 2002 and 2003

	millions of yen		thousands of U.S.dollars (Note)
	2002	2003	2003
Net sales	¥165,709	¥170,410	\$1,531,775
Operating income	9,688	10,709	96,261
Income before income taxes and minority interests	5,558	9,240	83,056
Net income	1,008	3,073	27,626
Total assets	322,568	344,893	3,100,158
Total shareholders' equity	86,866	102,105	917,795
Interest-bearing debt	103,126	115,483	1,038,047
	yen		U.S.dollars
Per share information:			
Net income per share	¥13.69	¥41.02	\$0.37
Cash dividends	—	6.00	0.05

Note: U.S.dollar amounts are translated from yen, for convenience only at the rate of ¥111.25=U.S.\$1.

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To Our Shareholders

Operating Results

(1) Overview of operations

The business environment in Japan for the interim period under review began in the deflationary downturn present at the end of the previous period, but from the end of May onwards there were signs of improvement in parts of the economy, with a recovery in the stock market, an increasing trend in capital investment, improving employment and salary figures, and stronger performance at large companies. Negative factors such as the declining trend in public works and the low level of consumer spending remained, however, and there was continued uncertainty about the future. As such, the economy can be viewed as having been in a transitional period, moving toward economic recovery.

Against a backdrop of solid underlying demand for IT services, certain parts of the manufacturing sector began to increase IT investment. The general operating environment for the IT industry remains tough, however, as other sectors of the economy continue to defer IT investment in the face of a continuing deflationary trend.

(2) Overview of consolidated results

In an environment of increasing cost sensitivity from customers and severe pricing pressure from competitors, we anticipated the weakness in our core Systems Integration (SI) segment, and took steps to ameliorate the poor business outlook by pursuing further progress in reforming the revenue structure of our IT service businesses.

As a result, in the interim period under review we were able to expand our IT-based Business Process Outsourcing (BPO) operations, and increase net sales, operating income, ordinary income, and interim net income. With increased revenue and income, CSK Group produced record profitability at every level.

Under our themes of offering *Lifetime Full Support* and *continuously contributing to the productivity of customers through unparalleled IT expertise*, we took steps to differentiate our core business areas through the following initiatives during the interim period under review.

Differentiating core business operations

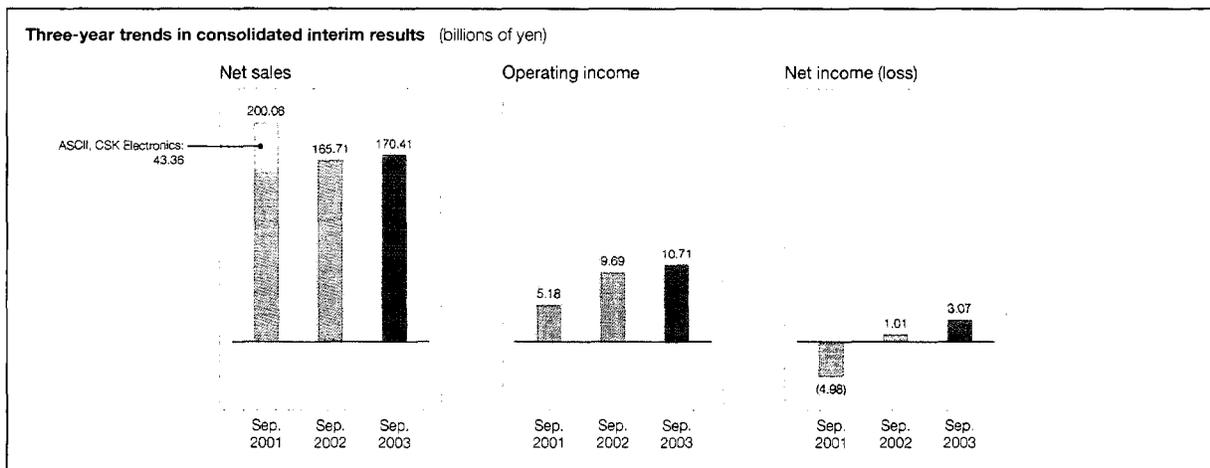
A. Focusing management resources to expand strategic business areas

- a. Upgrading of BPO Development Division
 - Integrating strategic planning function of former Contact Center Promotion Division into the BPO development division
 - Placing Contact Center Development team in the Financial Systems Division and the Industry Systems Division
 - Integrating key functions of strategic business areas, and positioning under CSK for access to the largest customer base.
- b. Reorganized IT Outsourcing Development Division
 - Integrated CSK Network Systems Corporation IT outsourcing sales division into CSK's sales force
 - Developed an IT outsourcing service that combines the on-site outsourcing model of CSK with the facility-based remote services model of CSK Network Systems Corporation.

B. Reorganizing internal operation

- a. Improving efficiency of operational divisions
 - Creation of planning office for establishment of Systems Management Services company
 - Consolidation of systems management services that are currently duplicated and spread out within the Group
 - Currently at the detailed planning stage for planned establishment within the current financial year
 - Establishment of Remote Development Promotion Department
 - Hub function to link systems development operations for large urban areas with regional development companies
 - Strengthening of administration and support systems for regional development company

- Reform of business partner procurement operations
 - Systemization of revised procurement operations
 - Simultaneous reorganization of new operational flow based on reallocation of management resources
- b. Improving efficiency of back office divisions
 - Creation of planning office for establishment of Business Services company
 - Separation of current internal business service center into stand alone company
 - Accelerate improvement of business efficiency by commercializing business support services functions
 - Currently at the detailed planning stage for planned establishment within the current financial year
 - Creation of foundation for the BPO service model of the future; first servicing CSK, then the Group and beyond.
 - Establishment of centralized back office department
 - Concentrate back office staff from each operating division of CSK and optimize workforce placement



Interim sales and operating revenue increased ¥4.70 billion (2.8%) year on year to ¥170.41 billion

1. At the parent company, the recovering trend in IT investment supported higher orders for computer equipment, and revenue increased ¥4.46 billion year on year.
2. Sales increased at a number of subsidiaries: at NextCom K.K., network construction project sales and equipment sales to the communications industry and internet providers were strong; at BPO-related subsidiaries such as CSK Communications Corporation (CCO), demand increased from computer hardware makers and the financial industry; and verification service operations produced good results at VeriServe Corporation.
3. Revenue decreased at Japan Future Information Technology & Systems Co., Ltd. (JFITS) and at JIEC Co., Ltd.: although underlying demand remains strong from the financial and securities industries, projects are taking longer to reach the approval stage and as a result there was a decline in orders secured.
4. At CSK Network Systems Corporation (CSK-Net), new project wins were not sufficient to compensate for existing contract cancellations, and revenue decreased by ¥2.51 billion. However, as part of measures to strengthen network and systems management operations, an IT Outsourcing Development Division was created within CSK on 1st September, 2003 with the aim of expanding business through joint sales and marketing activities.

Interim operating income increased ¥1.02 billion (10.5%) year on year to ¥10.71 billion

1. At the parent company operating income decreased ¥0.70 billion, due to a decrease in systems development sales and a temporary increase Group shared infrastructure costs.
2. Operating income at JFITS decreased ¥0.80 billion, due to factors such as depressed sales, increased pitching costs for potential projects, and after sales service costs.
3. Operating income at CSK-Net decreased ¥0.81 billion year on year, due to lower sales
4. At BPO-related subsidiaries such as CCO and VeriServe Corporation, operating income increased on the back of higher revenue.
5. At ISAO CORPORATION, the rigorous review of network and other costs undertaken in the second half of the previous financial year bore fruit, and income increased. At CSK FINANCE CO., LTD. performance showed steady improvement following initiatives to improve its management structure. In addition, measures were taken as part of Group management reforms to improve the management structure, sales capabilities, and operating efficiency of each consolidated subsidiary, with the result that performance showed consistent improvement over the previous comparable period.

Net income for the interim period increased ¥2.07 billion (205.0%) year on year to ¥3.07 billion

Net income was boosted by other income, lower other expenses, income from minority interests in subsidiaries, and lower income tax.

(i) Results by Business Segment**• Computer services**

Sales and operating revenue declined 2.8%, to ¥108.44 billion, and operating income decreased 10.2%, to ¥7.87 billion. Results in some areas showed steady improvement, driven by higher demand at BPO-related subsidiaries such as CCO from computer hardware makers and the financial sector, and increased orders for verification services at VeriServe Corporation, but sales at other consolidated subsidiaries were affected by a decrease in systems integration projects from the financial and securities related sectors, and by other factors such as contract cancellations by existing customers for network related operations. An initiative is underway to expand orders in IT outsourcing and BPO-related businesses and improve performance in this segment, through the establishment of a Group wide joint sales structure.

• Computer and other product sales

Sales and operating revenue increased 21.2%, to ¥34.27 billion, while operating income increased 8.4%, to ¥1.19 billion. Amidst improving corporate capital expenditure, results benefited from factors such as higher IT equipment sales, and higher sales of network equipment to communications operators.

• Prepaid card sales

This business is operated by consolidated subsidiary QUO CARD Co., Ltd. Sales and operating revenue during the period grew 0.5% to ¥26.50 billion, and operating income increased 17.4% to ¥0.46 billion. The main factor behind this improvement was increased sales of high margin prepaid gift cards, as a result of heightened marketing activities since last year.

• Others

Sales and operating revenue in other businesses increased 165.1% to ¥2.43 billion, and operating income of ¥1.22 billion was recorded, compared to an operating loss in the previous interim period of ¥0.52 billion. The Others category includes the financial services operations of CSK FINANCE CO., LTD. and the intelligent buildings rental operations of CSK.

(ii) Financial Position

• Assets

Total assets decreased ¥0.27 billion to ¥344.89 billion.

Current assets increased overall, because although accounts receivable were lower, other current assets increased (including the transfer of financial service assets that were recorded under Investments and other assets at the end of the previous period). Marketable securities increased (short term management of cash on hand), and did inventory assets (mainly work in progress).

Tangible fixed assets increased ¥5.63 billion, mainly in relation to the acquisition of the new Aoyama office.

Other assets decreased ¥17.78 billion, mainly because of the collection of deferred income taxes and transfers to current assets, the transfer of financial services assets to current assets, and a reduction of the allowance for doubtful accounts.

• Liabilities

Total liabilities decreased ¥5.04 billion to ¥209.40 billion.

Current liabilities were lower, principally owing to the repayment of short-term bank loans, the redemption of commercial paper, and a reduction in accounts payable. Long-term liabilities increased, mainly due to the issuance of corporate bonds and convertible bonds.

• Shareholders' equity

Total shareholders' equity increased ¥14.23 billion to ¥102.10 billion.

Capital surplus decreased ¥42.33 billion to ¥35.07 billion; although new share issues accompanying share swaps had an increasing effect, other factors such as dividend payments, losses on disposal of treasury stock, and the transfer of ¥44.90 billion to retained earnings resulted in an overall decrease.

Retained earnings increased ¥47.94 billion to ¥3.65 billion, primarily due to the interim net income of ¥3.07 billion and the transfer of ¥44.90 billion from the capital surplus.

The increase in unrealized gains on securities was due to a recovery in the stock market, and the reduction in treasury stock was due to a share swap.

(iii) Cash Flows

• Cash flows from operating activities

Net cash provided by operating activities during the interim period under review increased ¥3.43 billion to ¥7.29 billion, compared with a total of ¥3.87 billion in the previous corresponding period. This was due primarily to the ¥3.68 billion increase in income before income taxes and minority interests.

• Cash flows from investing activities

Net cash used in investing activities was ¥5.47 billion, ¥3.65 billion less than the ¥9.12 billion net cash used in investing activities in the previous interim period. This was mainly because of factors such as a reduction in the purchase of Japanese Government Bonds for the prepaid card operation trust fund pool, and Distribution from investments in anonymous associations, although expenditure on tangible assets such as those related to the acquisition of the Aoyama office increased.

• Cash flows from financing activities

Net cash provided by financing activities in the interim period was ¥0.95 billion, a change of ¥5.73 billion from the ¥4.78 billion used in the previous period. This was primarily because of the adoption of new funding procurement method as part of new financial initiatives, along with revenue of ¥40.91 billion from bond issues, and a reduction of ¥33.92 billion in debt repayments.

As a result of these factors, cash and cash equivalents at the end of the interim period amounted to ¥48.41 billion, ¥2.79 billion more than at 31st March, 2003.

Recent trends in cash flow-related indices are as follows.

	FY ended 31 st March, 2002	FY ended 31 st March, 2003	Interim period ended 30 th September, 2002	Interim period ended 30 th September, 2003
Equity ratio (%)	28.0	25.5	26.9	29.6
Equity ratio based on market price (%)	76.5	39.0	88.1	83.4
Debt service coverage (years)	11.9	5.7	–	–
Interest coverage ratio (times)	4.7	18.5	6.9	15.3

Notes:

1. Equity ratio = Total shareholders' equity/total assets

2. Equity ratio based on market price = Market capitalization/total assets

3. Debt service coverage = Interest-bearing debt/operating cash flow

4. Interest coverage ratio = Operating cash flow/interest paid

* All indices are calculated from consolidated financial results figures.

* Cash flow is Net cash provided by Operating Activities from the consolidated statements of cash flows.

* Interest-bearing debt is the interest-bearing portion of liabilities recorded on the consolidated balance sheet.

* Market capitalization = Market price on last trading day of September 2003 x total shares outstanding at end of period (excluding treasury stock)

* Debt service coverage (years) for the interim periods are not recorded, as they cannot be calculated from half year operating cash flow.

(iv) Full Year Forecasts (Consolidated)

Although there are signs that the economy will pickup in the second half of the year, the actual amount of IT investment undertaken is likely to vary by sector, and a full scale economic recovery is likely to still be some way off.

Under such circumstances, we plan to speed up our provision of integrated systems integration, systems management, and BPO services through initiatives such as the reorganization of the IT Outsourcing Development Division and strengthening the structure of the BPO Development Division. We will also be making preparations for the establishment of a systems management services company in order to concentrate functions and improve the efficiency of our systems management service, and plan to undertake other measures, such as improving alliances with regional development companies and reforming back office operations to improve price competitiveness.

There is no change to the full year forecasts issued on 20th May, 2003, which were as follows:

	(billions of yen)	
	Sales and operating revenue	Net income
Forecast for fiscal year ending 31 st March, 2004	380.0	11.0

(3) Non-consolidated results

Sales and operating income for the parent company CSK CORPORATION during the interim period year ended 30th September, 2003 increased ¥4.46 billion (7.6%) over the previous interim period to ¥62.85 billion, operating income decreased ¥0.70 billion (15.8%) to ¥3.72 billion, and net income for the interim period decreased ¥0.12 billion (4.6%) to ¥2.49 billion.

The increase in sales and operating income was the result of a recovering trend in IT investment leading to higher orders for computer equipment. The decrease in operating income was due to a decrease in systems development sales and a temporary increase Group shared infrastructure costs.

Factors contributing to the increase in income before income taxes included improved Group internal funding efficiency arising from the introduction of CMS, a reduction in employee retirement benefit expenses, and an improvement in the appraisal value of financial assets.

The reduction in net income relates mainly to the fact that corporate income tax liabilities in the previous interim period were low, and the tax burden in the interim period to 30th September, 2003 was relatively high.

There is no change to the full year non-consolidated forecasts issued on 20th May, 2003, which were as follows:

	(billions of yen)	
	Sales and operating revenue	Net income
Forecast for fiscal year ending 31 st March, 2004	135.0	5.0

Management Policies

(1) Fundamental Management Policy

Since CSK's inception, operations have been guided by the founding spirit that *provision of service is our ultimate corporate mission*. CSK has consistently focused on offering services that maximize benefits for customers. This entails drawing on sophisticated technologies to supply timely services that meet customers' needs.

CSK and all members of the CSK Group pursue a basic management strategy of bringing together the technology, human resources and corporate cultures developed through the years to go beyond conventional information services. The goal is to offer a full line of efficient and user-friendly IT services for the 21st century's highly networked society.

CSK regards meeting the expectations of shareholders as one of its most important corporate responsibilities. While responding flexibly to a changing economic and social environment, we aim to contribute to the success of our customers, serve the communities in which we operate, and work together for the mutual benefit of employees and the company. As such, the CSK's management philosophy places priority on three precepts: *To be sensitive to changes and respond flexibly to them; To fulfill our social mission; and To connect our corporate objectives with those of individual employees.*

(2) Basic Policy for Allocation of Earnings

CSK views the distribution of earnings to shareholders as an important management responsibility, and has had a long-term policy of paying stable dividends. CSK intends to continue to adhere to this policy of stable dividend payments, aiming to meet the expectations of shareholders while taking particular consideration of the Group's financial position and allocating profits at a level that appropriately reflects corporate value.

Stock option schemes implemented by CSK for directors, executive officers and employees of CSK and its subsidiaries are offered as part of management's determination to align corporate and individual goals and increase corporate value.

(3) Share Trading Unit

CSK recognizes that lowering the minimum share trading unit can be an effective means of strengthening market performance by increasing accessibility to investors. The Company believes that the existing minimum trading unit is appropriate in the current transaction environment, but will review the situation as necessary in response to equity market trends and other changes that may occur in the distribution and liquidity of CSK shares.

(4) Management Targets

The CSK Group aims to continuously grow its operations and increase corporate value by providing customers with full-line services for *Lifetime Full Support*. To this end, management is working to increase operating income, operating margin, and operating cash flow over the medium and long term, as these indicators reflect the earning power and productivity of the Company.

(5) Basic Medium- and Long-Term Strategy

Group vision: Lifetime Full Support

Continuously contributing to the productivity of customers through unparalleled IT expertise

As the adoption and advance of IT services has continued, the role of IT services has grown beyond enhancing back office efficiency and business productivity to include supporting companies' core businesses as they interact with customers and business partners alike. In line with this rapidly developing environment our customers' needs have also changed, and we find that they now require:

1. Optimization of systems throughout their lifetimes
2. Seamless support for everything from systems development through to BPO
3. Optimal Total Cost of Ownership (TCO – total costs over a system's lifetime, including maintenance and operating costs.)

Within this new environment CSK is offering *Lifetime Full Support* by drawing on the fundamental strengths of CSK Group to *continuously contribute to the productivity of customers through unparalleled IT expertise*. As outlined in previous documents, we define the core strengths of the CSK as being

1. The ability of Group companies to provide "full-line services".
2. Our strong customer base built upon sustained service confidence.
3. Outstanding project management capabilities, and superior customer service supported by the excellent technical and operational knowledge of our staff.

(6) Our Tasks Ahead

Although an improving trend has become apparent in the business environment for the IT industry, price competition is likely to remain severe, and restoring profitability has become a major issue.

The CSK Group has been involved in IT related businesses, starting with systems management, since its foundation, but rather than the simple sourcing and delivery of products and services, we have focused on providing our customers with the more intangible services that help them increase productivity, convenience, and stability. We consider that the customer trust, broad experience, human resources and project management expertise we have accumulated through this process, largely intangible as it is, to be the Group's most important management resource.

By making maximum use of this intangible asset to *continuously contribute to the productivity of customers through unparalleled IT expertise*, we seek to further differentiate CSK from other companies and maximize CSK Group corporate value.

(7) Approach to Corporate Governance and Related Initiatives

1. Fundamental Stance on Corporate Governance

CSK recognizes the importance of sound corporate governance both at the Group level and at individual companies basis. As part of our efforts to strengthen corporate governance introduced an executive officer system on 1st June, 2003. In addition, at the annual general meeting (AGM) of 26th June, 2003 and at the subsequent board meeting, the following corporate management changes were implemented.

- i. The functions of decision making and overseeing, and of implementation were separated, and authorities and responsibilities were clarified, with the board of directors, led by the chairman of the board, retaining responsibility for decision making and overseeing the implementation of Group management strategies, and executive officers, led by the executive president, assuming responsibility for the execution of policies.
- ii. The number of directors was reduced from a maximum of 30 to a maximum of 10, with the aim of streamlining and reinvigorating board activity.
- iii. The term of appointment of each director was reduced to one year from the previous two years, with the aim of forming a management structure that can more readily respond to changes in the operating environment.
- iv. A structure was introduced whereby directors are assigned with responsibility for the management and overseeing of core Group companies.
- v. The number of external directors was increased from one person to two.
- vi. The contract between the Company and executive officers were introduced in the form of a delegated authority for a period of one year.
- vii. Auditing was strengthened through the introduction of two full-time auditors, including one external auditor.
- viii. The retirement bonus system for directors was effectively discontinued as of the end of the AGM.

2. Outline of Corporate Governance System

i. Management System and the Role of External Directors

Following the changes outlined in the previous section, CSK currently has seven directors, of which two are external directors, and four auditors, of which three are external auditors.

ii. Board of Directors and Overseeing

CSK Board meetings are generally held once a month, although extraordinary meetings are also held as required. Important management issues are raised and discussed at these board meetings, which are also attended by our auditors. Through these board meetings and through the attendance of auditors at board meetings the operational execution of directors is subject to proper supervision.

CSK has a system of meetings that enables issues raised at board meetings to be thoroughly discussed and debated. We also help ensure that the business is effectively managed by holding regular meetings attended by the head of each department where important management issues are discussed.

Issues regarding the management of the overall Group are discussed at regular meetings attended by a representative from each company in the CSK Group. Sales and results meetings are also held on principle every month, attended by the directors responsible for each Group company. In addition, separate exploratory meetings are held as necessary, and we hold regular meetings for managers responsible for sales, human resources, administration, public relations, information systems, accounting and other areas for each of the Group companies.

iii. Internal Controls

CSK's auditing department systematically audits every business division in order to ensure that effective internal controls are in place and that these controls are actually implemented. The results of these audits are reported to senior management.

When a business division is audited, areas that require improvement are notified and instructions are given for any changes required. Regular post-audit monitoring of these changes helps ensure the effectiveness of the audit process.

Looking at auditing across the Group, the auditing division of each Group company conducts audits, with auditors from CSK also examining subsidiary companies as required. We also hold regular Group auditing meetings with the aim of exchanging information and increasing the effectiveness of our auditing procedures.

We have introduced three codes covering matters of conduct and ethics, namely 'CSK's Principle of Business Conducts', 'CSK's Code of Conduct for Directors, Officers and Employees' and 'CSK's Code of Conduct for Directors, Officers and Employees Guide Book'. These outline, with specific examples, how CSK executives and employees are expected to conduct themselves at the workplace, and are another method in which we are actively endeavoring to maintain a high standard of conduct throughout our organization.

CSK's 'Confidential Information Management Committee' aims to protect the interests of the company, our clients and individuals in relation to confidential information. This committee formulates security policy and regulations for each area of operations, and enforces the implementation and adoption of security measures.

The 'Insider Trading Prevention Committee' is required to give approval before an executive or employee can trade in the shares of the CSK, CSK Group companies, or client companies. The role of this committee is to educate people on this issue and to eliminate potential problems before they arise.

iv. Lawyers, Accountants and Other Third Parties

CSK consults external lawyers and closely examines serious legal and compliance matters whenever necessary. Similarly, when important accounting matters arise, we discuss and examine the issues with independent accountants in addition to our usual auditing.

3. Personnel, Capital, and Transaction Relationships with External Directors and Auditors

The external directors and auditors of CSK bring business experience from outside of CSK, and are a source of direct, timely advice on management decisions from a third party point of view.

4. Activities in the Past 12 Months

In the past year CSK has conducted extensive examinations both internally and externally regarding corporate governance relating to revisions to the commercial code of Japan and Group-wide management issues. As a result of this, a number of reforms have been implemented, including the above-mentioned introduction of an executive officer system in June, a reduction in the number of directors, and an increase in the number of external directors. We intend to continue with efforts to increase the transparency and efficiency of our management systems, and to further strengthen and enhance our system of corporate governance.

(8) Business Relationships with Outside Affiliates

CSK works to build and maintain appropriate relationships with transaction partners. These business relationships may extend to the provision of personnel, capital, and technical resources, provided always that the rights and interests of CSK's outside shareholders and creditors are protected. Moreover, while lawfully protecting the rights and interests of third parties, CSK sets appropriate transaction prices with the aim of maximizing Group corporate value.

CSK Group offers a broad range of business services covering systems development through to BPO, and based on the establishment and maintenance of sound and economically efficient business relationships with outside affiliates is endeavoring to increase the value of the Group.



Masahiro Aozono
Chairman and Chief Executive Officer

Consolidated Balance Sheets (Unaudited)

CSK CORPORATION and Consolidated Subsidiaries
As of 30th September, 2002 and 2003

ASSETS	millions of yen		thousands of U.S. dollars (Note 1(1))
	2002	2003	2003
Current assets:			
Cash (Note 2)	¥ 46,507	¥ 43,455	\$ 390,608
Notes and accounts receivable	56,931	54,871	493,219
Marketable securities (Notes 2 and 3)	15,002	15,986	143,692
Venture capital investments	4,104	4,784	43,006
Inventories	11,234	11,208	100,747
Other current assets	28,410	34,085	306,380
Allowance for doubtful accounts	(255)	(322)	(2,890)
Total current assets	<u>161,933</u>	<u>164,067</u>	<u>1,474,762</u>
Property and equipment, net of accumulated depreciation (Note 4)	39,029	43,306	389,264
Deferred charges and intangible assets	8,182	16,505	148,362
Investments and other assets:			
Investments in securities (Note 3)	32,125	29,610	266,159
Investments in unconsolidated subsidiaries and affiliates	38,542	35,058	315,126
Long-term loans	872	1,775	15,954
Investments in partnerships	8,202	1,998	17,955
Deferred income taxes	23,394	37,784	339,633
Other assets	12,020	16,019	143,986
Allowance for doubtful accounts	(1,731)	(1,229)	(11,043)
Total investments and other assets	<u>113,424</u>	<u>121,015</u>	<u>1,087,770</u>
Total assets	<u>¥322,568</u>	<u>¥344,893</u>	<u>\$3,100,158</u>

The accompanying notes are an integral part of these statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	millions of yen		thousands of U.S. dollars (Note 1(1))
	2002	2003	2003
Current liabilities:			
Accounts payable	¥ 26,667	¥ 24,195	\$ 217,487
Short-term bank loans payable	68,391	32,443	291,620
Current portion of corporate bonds payable	-	4,810	43,236
Commercial paper	7,000	-	-
Accrued income taxes	2,228	2,058	18,494
Unearned revenue	26,176	28,668	257,690
Accrued bonuses to employees	5,984	5,372	48,284
Allowance for relocation loss	-	165	1,485
Allowance for losses on liquidation of investments in subsidiaries	-	684	6,152
Other current liabilities	16,974	17,818	160,165
Total current liabilities	<u>153,420</u>	<u>116,213</u>	<u>1,044,613</u>
Long-term liabilities:			
Corporate bonds payable	6,510	41,700	374,831
Convertible bonds payable	-	23,000	206,742
Long-term bank loans payable	21,225	13,530	121,618
Accrued employees' retirement benefits	7,164	8,578	77,109
Accrued directors' retirement benefits	295	476	4,276
Other long-term liabilities	4,947	5,900	53,030
Total long-term liabilities	<u>40,141</u>	<u>93,184</u>	<u>837,606</u>
Minority interests	42,141	33,391	300,144
Commitments and contingencies (Note 6)			
Shareholders' equity:			
Common stock			
Authorized: 298,000,000 shares at 30 th September ,			
2002 and 2003, respectively			
Issued: 74,703,064 and 76,489,811 shares at 30 th September,			
2002 and 2003, respectively			
	69,034	69,051	620,684
Capital surplus	78,800	35,069	315,223
Retained earnings (Accumulated deficit)	(53,298)	3,654	32,848
Adjustment on revaluation of land	(2,344)	(1,582)	(14,219)
Unrealized gains (losses) on securities	(224)	1,179	10,594
Foreign currency translation adjustments	(2,323)	(2,525)	(22,696)
Treasury stock, at cost	(2,779)	(2,741)	(24,639)
Total shareholders' equity	<u>86,866</u>	<u>102,105</u>	<u>917,795</u>
Total liabilities and shareholders' equity	<u>¥322,568</u>	<u>¥344,893</u>	<u>\$3,100,158</u>

Consolidated Statements of Operations (Unaudited)

CSK CORPORATION and Consolidated Subsidiaries
For the six months ended 30th September, 2002 and 2003

	millions of yen		thousands of U.S. dollars (Note 1(1))
	2002	2003	2003
Sales and operating revenue	¥165,709	¥170,410	\$1,531,775
Operating costs.....	135,591	138,185	1,242,116
Selling, general and administrative expenses	20,430	21,516	193,398
Operating income	9,688	10,709	96,261
Other income (expenses):			
Interest and dividends income	310	402	3,613
Interest expenses	(559)	(477)	(4,282)
Gain on sales of investments in securities	3,267	930	8,357
Loss on write-down of investments in securities	(4,763)	(245)	(2,202)
Dilution gain.....	424	0	0
Equity in net gains (losses) of unconsolidated subsidiaries and affiliates	(1,890)	1,145	10,290
Provision for allowance for losses on liquidation of investments in subsidiaries..	-	(684)	(6,152)
Loss on counterfeit of prepaid cards.....	-	(477)	(4,283)
Others, net	(919)	(2,063)	(18,546)
Income before income taxes and minority interests.....	5,558	9,240	83,056
Income taxes:			
Current	2,797	3,259	29,292
Deferred	23	1,237	11,123
	2,820	4,496	40,415
Income before minority interests	2,738	4,744	42,641
Minority interests in subsidiaries	(1,730)	(1,671)	(15,015)
Net income.....	¥ 1,008	¥ 3,073	\$ 27,626
Per share information:			
Basic earnings per share	¥13.69	¥41.02	\$0.37
Cash dividends.....	¥ -	¥ 6.00	\$0.05

The accompanying notes are an integral part of these statements.

Consolidated Statements of Shareholders' Equity (Unaudited)

CSK CORPORATION and Consolidated Subsidiaries

For the fiscal year 2003, ended 31st March and six months ended 30th September, 2003

millions of yen								
	Common stock	Capital surplus	Retained earnings (Accumulated deficit)	Adjustment on revaluation of land	Unrealized gains (losses) on securities	Foreign currency translation adjustments	Treasury stock, at cost	Total
Balance as of 31 st March, 2002	¥69,029	¥78,795	¥(49,128)	¥(2,110)	¥346	¥(2,125)	¥(8)	¥94,799
Decrease due to adoption of Financial Accounting Standard Exposure No.1 "Accounting Standard for Treasury Stock and Reduction of Legal Reserves" (Note 1(1))			(4,713)					(4,713)
Exercise of stock options.....	5	5						10
Loss on disposition of treasury stock.....		(1,398)						(1,398)
Net income.....			10,782					10,782
Increase due to changes in subsidiaries and affiliates			25					25
Adjustment on revaluation of land.....			(762)	528				(234)
Foreign currency translation adjustments						(396)		(396)
Unrealized losses on securities					(658)			(658)
Cash dividends.....			(448)					(448)
Directors' and corporate auditors' bonuses.....			(42)					(42)
Purchase of treasury stock, net							(9,855)	(9,855)
Balance as of 31 st March, 2003	¥69,034	¥77,402	¥(44,286)	¥(1,582)	¥(312)	¥(2,521)	¥(9,863)	¥87,872
Issuance of common stock for share exchange.....		4,492						4,492
Exercise of stock options.....	17	17						34
Cash dividends.....		(852)						(852)
Loss on disposition of treasury stock.....		(1,090)						(1,090)
Transfers to retained earnings from capital surplus		(44,900)	44,900					-
Net income.....			3,073					3,073
Foreign currency translation adjustments						(4)		(4)
Unrealized gains on securities					1,491			1,491
Directors' and corporate auditors' bonuses.....			(33)					(33)
Purchase of treasury stock, net							7,122	7,122
Balance as of 30th September, 2003.....	¥69,051	¥35,069	¥3,654	¥(1,582)	¥1,179	¥(2,525)	¥(2,741)	¥102,105

thousands of U.S. dollars (Note 1(1))								
	Common stock	Capital surplus	Retained earnings (Accumulated deficit)	Adjustment on revaluation of land	Unrealized gains (losses) on securities	Foreign currency translation adjustments	Treasury stock, at cost	Total
Balance as of 31 st March, 2003	\$620,532	\$695,749	\$(398,079)	\$(14,219)	\$(2,805)	\$(22,659)	\$(88,662)	\$789,857
Issuance of common stock for share exchange.....		40,373						40,373
Exercise of stock options.....	152	152						304
Cash dividends.....		(7,658)						(7,658)
Loss on disposition of treasury stock.....		(9,794)						(9,794)
Transfers to retained earnings from capital surplus		(403,599)	403,599					-
Net income.....			27,626					27,626
Foreign currency translation adjustments						(37)		(37)
Unrealized gains on securities					13,399			13,399
Directors' and corporate auditors' bonuses.....			(298)					(298)
Purchase of treasury stock, net							64,023	64,023
Balance as of 30th September, 2003.....	\$620,684	\$315,223	\$32,848	\$(14,219)	\$10,594	\$(22,696)	\$(24,639)	\$917,795

Consolidated Statements of Cash Flows (Unaudited)

CSK CORPORATION and Consolidated Subsidiaries
For the six months ended 30th September, 2002 and 2003

	millions of yen		thousands of U.S. dollars (Note 1(1))
	2002	2003	2003
Cash flows from operating activities:			
Income before income taxes and minority interests.....	¥5,558	¥9,240	\$83,056
Adjustments for —			
Depreciation	2,516	2,972	26,719
Amortization of goodwill	513	579	5,204
Increase (Decrease) in allowances	(268)	1,372	12,336
Interest and dividend income	(310)	(402)	(3,613)
Interest expenses	559	477	4,282
Equity in net losses (gains) of unconsolidated subsidiaries and affiliates.....	1,890	(1,145)	(10,290)
Dilution gain	(424)	(0)	(0)
Loss (Gain) on sales of investment in securities	(2,998)	(929)	(8,352)
Loss on write-down of investments in securities	4,763	245	2,202
Decrease (Increase) in accounts receivable	7,122	11,540	103,728
Decrease (Increase) in inventories	(3,350)	(1,620)	(14,564)
Decrease (Increase) in venture capital investments	(700)	(197)	(1,767)
Increase (Decrease) in accounts payable	(3,401)	(7,438)	(66,862)
Others.....	(5,578)	(3,391)	(30,479)
Subtotal.....	5,892	11,303	101,600
Interest and dividends income received	295	250	2,242
Interest expenses paid	(549)	(669)	(6,010)
Income taxes paid	(1,770)	(3,591)	(32,276)
Net cash provided by operating activities.....	3,868	7,293	65,556
Cash flows from investing activities:			
Increase (Decrease) in time deposit, net	1,938	(211)	(1,897)
Net proceeds from sales and purchases of marketable securities	336	630	5,661
Purchase of property and equipment	(6,326)	(8,935)	(80,314)
Purchase of intangible assets	(771)	(1,140)	(10,245)
Purchase of investments in securities.....	(10,094)	(4,642)	(41,723)
Proceeds from sales of investments in securities	5,440	4,447	39,974
Increase in long-term loans receivable	(394)	(836)	(7,511)
Decrease in long-term loans receivable.....	86	53	472
Investments in partnerships	(61)	(75)	(678)
Distribution from investment partnerships	596	121	1,083
Distribution from investments in anonymous associations	—	4,529	40,710
Others	126	588	5,289
Net cash used in investing activities.....	(9,124)	(5,471)	(49,179)

The accompanying notes are an integral part of these statements.

	millions of yen		thousands of U.S. dollars (Note 1(1))
	2002	2003	2003
Cash flows from financing activities:			
Increase (Decrease) in short-term bank loans, net.....	(798)	(35,286)	(317,175)
Repayment of long-term debt.....	(5,196)	(4,626)	(41,581)
Proceeds from issuance of corporate bonds.....	1,700	42,611	383,022
Issuance of common stock.....	352	138	1,241
Purchase of treasury stock.....	(8)	(588)	(5,290)
Cash dividends paid.....	(837)	(1,246)	(11,201)
Others.....	10	(51)	(461)
Net cash provided (used) by financing activities.....	<u>(4,777)</u>	<u>952</u>	<u>8,555</u>
Effect of exchange rate changes on cash and cash equivalents.....	<u>1</u>	<u>14</u>	<u>129</u>
Net increase (decrease) in cash and cash equivalents.....	(10,032)	2,788	25,061
Cash and cash equivalents, at beginning.....	63,182	45,624	410,103
Cash and cash equivalents of initially consolidated subsidiaries, at beginning.....	48	-	-
Cash and cash equivalents, at end (Notes 2).....	<u>¥53,198</u>	<u>¥48,412</u>	<u>\$435,164</u>

Notes to Consolidated Financial Statements (Unaudited)

CSK CORPORATION and Consolidated Subsidiaries

1. Significant Accounting Policies;

(1) Basis of presenting consolidated financial statements

The accompanying consolidated financial statements of CSK CORPORATION (the "Company") and Consolidated Subsidiaries (collectively, the "Group") are an English version of those, which have been prepared in accordance with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Accounting Standards. The accompanying consolidated financial statements should be read in conjunction with the financial statements and related notes included in the annual report of the Company for the year ended 31st March, 2003 (2003 Annual Report), because these financial statements were prepared on the basis of the consolidated financial statements and in accordance with the significant accounting policies included in the Company's 2003 Annual Report, applied in a consistent manner.

The amounts presented in the consolidated financial statements are rounded to the nearest million yen. The rate of ¥111.25 = US\$1.00, the rate of exchange on 30th September, 2003, has been used in translation. The U.S. dollar amounts in the accompanying consolidated financial statements are included solely for convenience of readers outside Japan. 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 rate or any other rate.

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

(2) Consolidation and investments in affiliates

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

CSK Network Systems Corporation, NextCom K.K., ServiceWare Corporation and other 19 subsidiaries were consolidated for the six months ended 30th September, 2003. BELLSYSTEM 24, INC. was consolidated for the six months ended 31st August, 2003. Two overseas subsidiaries were consolidated for the six months ended 30th June, 2003.

Investment in SEGA CORPORATION was accounted for under the equity method.

CSK VENTURE CAPITAL CO., LTD. has been consolidated since this fiscal year (On 1st May, 2003, CSK VENTURE CAPITAL CO., LTD. changed its corporate name to CSK FINANCE CO., LTD., simultaneously divested a part of its business and established CSK VENTURE CAPITAL CO., LTD.).

CSK FINANCE CO., LTD. and ServiceWare Corporation are consolidated based on their consolidated financial statements.

(3) Accounting for treasury stocks and reduction of legal reserves

Effective 1st April, 2002, Financial Accounting Standard Exposure No.1 "Accounting Standard for Treasury Stock and Reduction of Legal Reserves" was adopted by the Company and its subsidiaries. Adopting the new accounting standard meant that, compared to calculations under the previous standard, income before income taxes and minority interests, and net income increased by ¥142 million, investments in securities decreased by ¥7,863 million, minority interests decreased by ¥4 million, accumulated deficit decreased by ¥4,570 million, adjustment on revaluation of land increased by ¥266 million, unrealized gains on securities increased by ¥15 million, foreign currency translation adjustments increased by ¥244 million, and treasury stock, at cost increased by ¥2,764 million. These changes primarily reflect the influence of treasury stock of SEGA CORPORATION and the Company owned by SEGA CORPORATION.

According to revision of regulations for interim consolidated financial statements, the interim consolidated financial statements as of September 2002 were prepared in accordance with the revised regulations for interim consolidated financial statements.

2. Consolidated Statements of Cash Flows

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

"Cash" as of 30th September, 2002 and 2003 on the consolidated balance sheets and "Cash and cash equivalents" at 30th September, 2002 and 2003 on the consolidated statements of cash flows are reconciled as follows:

	millions of yen		thousands of U.S. dollars (Note 1(1))
	2002	2003	2003
Cash	¥ 46,507	¥ 43,455	\$ 390,608
Marketable securities.....	15,002	15,986	143,693
Less: Time deposits with original maturities of more than three months or those submitted as collateral for loans	(198)	(368)	(3,308)
Less: Equity securities and other marketable securities with original maturities of more than three months	(8,113)	(10,661)	(95,829)
Cash and cash equivalents.....	¥ 53,198	¥ 48,412	\$ 435,164

3. Marketable Securities and Investments in Securities

The amortized cost and market value of held-to-maturity bonds that are publicly traded as of 30th September, 2003 were ¥18,372 million and ¥ 18,353 million, respectively.

The acquisition cost and market value of available-for-sale securities that are publicly traded as of 30th September, 2003 were ¥13,011 million and ¥15,306 million, respectively.

4. Property and Equipment

Property and equipment as of 30th September, 2002 and 2003 consisted of the following:

	millions of yen		thousands of U.S. dollars (Note 1(1))
	2002	2003	2003
Buildings and structures.....	¥ 27,351	¥ 36,724	\$ 330,098
Others	24,135	18,415	165,531
	51,486	55,139	495,629
Less: Accumulated depreciation.....	(27,462)	(27,430)	(246,564)
	24,024	27,709	249,065
Land	15,005	15,597	140,199
	¥ 39,029	¥ 43,306	\$ 389,264

5. Segment Information

The Group operates principally in four segments: computer services, computer and other product sales, prepaid card sales, and others.

Segment	Major products and services
Computer services	Systems development, systems management, facilities management and other related services
Computer and other product sales	Computer and other product sales and information technology related engineering
Prepaid card sales	Issuance and settlement of prepaid cards, development and sales of card systems
Others	Investment in venture companies, investment in anonymous associations, rental of "intelligent" buildings, rental of computer and related products

Investment in anonymous associations of CSK FINANCE CO., LTD. has been added to others since current interim period.

The segment information of the Group for the six months ended 30th September, 2002 and 2003 classified by segment is presented below:

	millions of yen						
	For the six months ended 30 th September, 2002						
	Computer services	Computer and other product sales	Prepaid card sales	Others	Total	Elimination and corporate	Consolidated total
Sales and operating revenue:							
Outside customers	¥111,213	¥ 27,523	¥ 26,358	¥ 615	¥165,709	¥ -	¥165,709
Inter-segment sales/transfers	303	748	7	302	1,360	(1,360)	-
Total	111,516	28,271	26,365	917	167,069	(1,360)	165,709
Costs and expenses	102,759	27,176	25,977	1,432	157,344	(1,323)	156,021
Operating income (loss)	¥ 8,757	¥ 1,095	¥ 388	¥ (515)	¥ 9,725	¥ (37)	¥ 9,688

	millions of yen						
	For the six months ended 30 th September, 2003						
	Computer services	Computer and other product sales	Prepaid card sales	Others	Total	Elimination and corporate	Consolidated total
Sales and operating revenue:							
Outside customers	¥108,117	¥ 33,745	¥ 26,498	¥ 2,050	¥170,410	¥ -	¥170,410
Inter-segment sales/transfers	324	527	4	382	1,237	(1,237)	-
Total	108,441	34,272	26,502	2,432	171,647	(1,237)	170,410
Costs and expenses	100,576	33,085	26,047	1,215	160,923	(1,222)	159,701
Operating income	¥ 7,865	¥ 1,187	¥ 455	¥ 1,217	¥ 10,724	¥ (15)	¥ 10,709

thousands of U.S. dollars (Note 1(1))							
For the six months ended 30 th September, 2003							
	Computer services	Computer and other product sales	Prepaid card sales	Others	Total	Elimination and corporate	Consolidated total
Sales and operating revenue:							
Outside customers	\$ 971,840	\$ 303,322	\$ 238,190	\$ 18,423	\$ 1,531,775	\$ -	\$ 1,531,775
Inter-segment sales/transfers	2,906	4,741	37	3,431	11,115	(11,115)	-
Total	974,746	308,063	238,227	21,854	1,542,890	(11,115)	1,531,775
Costs and expenses	904,051	297,391	234,134	10,917	1,446,493	(10,979)	1,435,514
Operating income	\$ 70,695	\$ 10,672	\$ 4,093	\$ 10,937	\$ 96,397	\$ (136)	\$ 96,261

Segment information for geographic locations is omitted for the six months ended 30th September, 2002 and 2003 since total sales for the "Japan" segment exceeded 90 percent of total sales in each period. Information regarding overseas sales is omitted for the six months ended 30th September, 2002 and 2003 since total overseas sales was less than 10 percent of consolidated total sales in each period.

6. Subsequent Events

Share transfer

As part of a policy of concentrating management resources in core businesses, at a board meeting on 8th December, 2003 it was decided to transfer shares held in SEGA CORPORATION, an affiliated company accounted for by the equity method, to SAMMY CORPORATION. Based on the contract agreed at that meeting, the transfer was completed as follows on 11th December, 2003.

1. Outline of share transfer

Number of shares	39,148,600
Transaction sum	¥45.3 billion
Gain on transfer	About ¥17.0 billion Gain on sales of investments in securities*
Holding remaining after transfer	0.0%

*Gain on transfer does not include expenses associated with the transaction

2. Outline of SEGA CORPORATION (as of 30th September, 2003)

Company name	SEGA CORPORATION
Headquarters	1-2-12 Haneda, Ohta-ku, Tokyo
Main business	Comprehensive business of consumer product, amusement machine sales, and amusement center operations
Capital	¥127.583 billion
Number of shares outstanding	174,945,690

Note: There is no significant commercial relationship between the Company and SEGA CORPORATION.

Non-Consolidated Balance Sheets (Unaudited)

CSK CORPORATION
As of 30th September, 2002 and 2003

ASSETS	millions of yen		thousands of U.S. dollars (Note 1(1))
	2002	2003	2003
Current assets:			
Cash.....	¥ 11,170	¥ 12,732	\$ 114,443
Notes and accounts receivable.....	20,504	23,884	214,684
Inventories.....	4,992	5,617	50,491
Short-term loans to subsidiaries and affiliates.....	11,135	13,335	119,865
Other current assets.....	12,431	11,106	99,832
Allowance for doubtful accounts.....	(521)	(73)	(656)
Total current assets.....	59,711	66,601	598,659
Property and equipment, net of accumulated depreciation.....	23,457	29,387	264,149
Deferred charges and intangible assets.....	659	11,060	99,418
Investments and other assets:			
Investments in securities.....	9,289	6,503	58,457
Investments in subsidiaries and affiliates.....	138,680	88,072	791,655
Investments in partnerships.....	7,037	1,085	9,751
Long-term loans to subsidiaries and affiliates.....	829	2,829	25,430
Deferred income taxes.....	17,833	30,983	278,502
Fixed leasehold deposits.....	3,506	6,331	56,908
Other assets.....	1,247	2,187	19,656
Allowance for doubtful accounts.....	(176)	(2,119)	(19,042)
Total investments and other assets.....	178,245	135,871	1,221,317
Total assets.....	¥262,072	¥242,919	\$2,183,543

LIABILITIES AND SHAREHOLDERS' EQUITY	millions of yen		thousands of U.S. dollars (Note 1(1))
	2002	2003	2003
Current liabilities:			
Accounts payable	¥ 10,326	¥ 12,201	\$ 109,670
Short-term bank loans payable	58,964	17,828	160,252
Commercial paper	7,000	-	-
Accrued expenses	2,085	2,665	23,954
Accrued income taxes	16	42	379
Accrued consumption taxes	403	168	1,506
Deposits received	108	18,189	163,494
Accrued bonuses to employees	3,980	3,110	27,955
Allowance for relocation loss	-	165	1,485
Allowance for losses on liquidation of investments in subsidiaries	-	412	3,702
Other current liabilities	2,467	2,128	19,139
Total current liabilities	<u>85,349</u>	<u>56,908</u>	<u>511,536</u>
Long-term liabilities:			
Corporate bonds payable	-	40,000	359,550
Convertible bonds payable	-	23,000	206,742
Long-term bank loans payable	19,828	13,500	121,348
Accrued employees' retirement benefits	2,917	3,913	35,173
Accrued directors' retirement benefits	-	134	1,208
Other long-term liabilities	693	744	6,687
Total long-term liabilities	<u>23,438</u>	<u>81,291</u>	<u>730,708</u>
Shareholders' equity:			
Common stock-	69,034	69,051	620,684
Authorized: 298,000,000 shares at 30 th September, 2002 and 2003, respectively Issued: 74,703,064 and 76,489,811 shares at 30 th September, 2002 and 2003, respectively			
Capital surplus	78,800	33,575	301,796
Retained earnings	5,467	2,489	22,375
Unrealized gains (losses) on securities	(7)	225	2,023
Treasury stock, at cost	(9)	(620)	(5,579)
Total shareholders' equity	<u>153,285</u>	<u>104,720</u>	<u>941,299</u>
Total liabilities and shareholders' equity	<u>¥262,072</u>	<u>¥242,919</u>	<u>\$2,183,543</u>

Non-Consolidated Statements of Operations (Unaudited)

CSK CORPORATION

For the six months ended 30th September, 2002 and 2003

	millions of yen		thousands of U.S. dollars (Note 1(1))
	2002	2003	2003
Sales and operating revenue:			
Computer services.....	¥45,423	¥44,849	\$403,132
Computer and other product sales	12,255	17,212	154,716
Rental.....	705	786	7,068
	<u>58,383</u>	<u>62,847</u>	<u>564,916</u>
Operating costs.....	46,625	51,750	465,170
Selling, general and administrative expenses	7,336	7,374	66,280
	<u>53,961</u>	<u>59,124</u>	<u>531,450</u>
Operating income	<u>4,422</u>	<u>3,723</u>	<u>33,466</u>
Other income (expenses):			
Interest and dividends income	543	1,001	9,001
Interest expenses	(470)	(424)	(3,813)
Gain on sales of investments in securities	5,543	3,502	31,481
Loss on write-down of investments in subsidiaries	(3,187)	-	-
Loss on write-down of investments in securities	(1,734)	(12)	(108)
Provision for allowance for losses on liquidation of investments in subsidiaries..	-	(412)	(3,702)
Provision for accrued directors' retirement benefits.....	-	(134)	(1,207)
Others, net	(1,213)	(2,745)	(24,677)
Income before income taxes	<u>3,904</u>	<u>4,499</u>	<u>40,441</u>
Income taxes:			
Current	16	43	389
Deferred	1,277	1,967	17,677
Net income	<u>¥ 2,611</u>	<u>¥ 2,489</u>	<u>\$ 22,375</u>
		yen	U.S. dollars (Note 1(1))
Per share information:			
Basic earnings per share	¥34.95	¥32.97	\$0.30
Cash dividends	¥ -	¥ 6.00	\$0.05

Directors, Auditors and Executive Officers

As of 1st October, 2003

Directors



Chairman &
Chief Executive Officer (CEO)
Masahiro Aozono *



Director
(Group Technology Director)
Teiichi Aruga



Director
(Group Business Director)
Makoto Sakagawa



Director
(Group Administration Director)
Yoshito Fukuyama



Director &
Chief Financial Officer (CFO)
Takahiro Suzuki



Director
Yujiro Sato **



Director
Yoshiro Hayashi **

* Representative Director
** Outside Directors

Auditors

Statutory Auditor

Masatoshi Torihara
Masayuki Ishihara ***

Auditor

Yoshiyuki Minegishi ***
Hidetoshi Masunaga ***

*** Outside Auditors

Executive Officers

President &
Chief Operating Officer (COO)

Yoshinobu Hayashi

Managing Executive Officer

Masahiko Suzuki
Takahiro Suzuki

Senior Managing Executive Officer

Keiji Azuma
Hiromichi Tabata
Shozo Hirose
Katsushi Toki
Nariaki Hino

Executive Officer

Sadayuki Nomura
Masahiko Nomiyama
Takeshi Nakanishi
Hisatoshi Kawamoto
Tooru Tanihara
Shigeru Ando
Takashi Mizuno

Corporate Information

As of 30th September, 2003

Company Name	CSK CORPORATION
Established	7 th October, 1968
Stock Listing	First Section of Tokyo Stock Exchange (Listed on 1 st March, 1985) Nasdaq NM (Listed on 29 th August, 1983)
Paid-In Capital	¥69,051 million
Total Number of Employees	4,819
URL	http://www.csk.co.jp/
Transfer Agent and Registrar	The Sumitomo Trust & Banking Co., Ltd. Head Office: 4-5-33, Kitahama, Chuo-ku, Osaka 540-8639, Japan Tokyo Stock Transfer Agency Department: 1-4-4, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan Mailing Address: 1-10, Nikko-cho, Fuchu-shi, Tokyo 183-8701, Japan Stockholder Registration Contract Number: +81-42-351-2211 +81-6-6833-4700 URL: http://www.sumitomotrust.co.jp/STA/retail/service/daiko/index.html
Depository for ADRs	The Bank of New York 101 Barclay Street, New York, NY 10286, U.S.A. Phone: +1-212-815-2218 U.S. toll free: +1-888-269-2377

Mission Statement

Mission Statement Provision of service is our ultimate corporate mission

Management Philosophy

- To be sensitive to changes and respond flexibly to them
- To fulfill our social mission
- To connect our corporate objectives with those of individual employees

Service Ethos

- To provide customers with technologies that will always satisfy them
- To offer advanced and specialized technologies
- To work accurately, speedily and efficiently
- To always keep customers' benefits in mind and provide them with appropriate advice

Disclaimer

Semiannual report 2003 is intended to provide information about the business performance and strategy of the CSK Group. It is not intended and should not be construed as an inducement to purchase or sell stock in CSK CORPORATION (CSK) or CSK Group companies. Statements in this presentation and at the explanatory meeting that are not historical fact are forward-looking statements, based on the current beliefs, estimates and expectations of management. As these beliefs, estimates and expectations are subject to a number of risks, uncertainties, and assumptions, actual results may be materially different. CSK undertakes no obligation to update any forward-looking statements, and shall in no event be liable for any damages arising out of the use or interpretation of this material. Please refrain from copying, disseminating or distributing this material without the prior consent of CSK.



CSK

<http://www.csk.co.jp/>

For more information on CSK, please contact

CSK Public Relations Office IR Section

Phone: +81-3-6438-3051

E-mail: IR_sp@cii.csk.co.jp

