

February 12, 2016

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Notice on Recording of Extraordinary Losses and Differences Between Consolidated Results Forecasts and Actual Results for Fiscal Year Ended December 2015 and Differences Between Non-Consolidated Actual Results for Fiscal Year Ended December 2015 and Fiscal Year Ended December 2014

CAC Holdings Corporation (hereafter referred to as the “Company”) today announced that it has decided to post an extraordinary loss for the fiscal year ended December 2015 (from January 1, 2015 to December 31, 2015). It also announced the differences between the consolidated results forecasts for the fiscal year ended December 2015 that were announced on May 14, 2015 and actual results, and the differences between the non-consolidated actual results for the fiscal year ended December 2015 and the fiscal year ended December 2014. Details are as follows.

1. Recording of extraordinary losses

(1) Consolidated results

As announced on February 9, 2016 in the “Notice on Announcement Related to Results of Overseas Consolidated Subsidiary,” Accel Frontline Limited (Head office in Chennai City, the Republic of India; Listed on the Bombay Stock Exchange and the National Stock Exchange of India; hereafter referred to as “AFL”), the Company’s overseas consolidated subsidiary, is conducting an investigation into its accounts receivable for three years from the fiscal year ended March 2013 to the fiscal year ended March 2015 with Deloitte Touche Tohmatsu India LLP acting as an independent auditor.

AFL is carrying out the investigation in response to the Company’s request for the application of more stringent accounting processing. The interim report has presented

the amount of accounts receivable for which it is reasonable to provide an allowance for doubtful debts and other items, and, at present, AFL is still investigating the causes for the occurrence of the event and other matters. The results of this investigation are expected to be separately disclosed when the causes are clarified.

Moreover, as a result of analysis and understanding of accounts receivable and other items as described above, the Company has decided to record a provision for a loss on business of subsidiaries and associates, including an allowance for doubtful debts, of 736 million yen on a consolidated basis for the fiscal year ended December 2015. The Company has also decided to record an impairment loss on goodwill of 653 million yen as a result of the Company recording a loss on valuation of shares of subsidiaries and associates on a non-consolidated basis. Consequently, the Company recorded extraordinary losses of 1,390 million yen in total for the fiscal year ended December 2015.

(2) Non-consolidated results

Taking into account AFL's operating results, financial situation and other matters, the Company recorded extraordinary losses of 1,254 million yen as loss on valuation of shares of subsidiaries and associates on a non-consolidated basis.

2. Differences between consolidated results forecasts and actual results for the fiscal year ended December 2015

(January 1, 2015 – December 31, 2015)

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per share
Previous Forecasts (A)	Million yen 53,000	Million yen 2,500	Million yen 2,300	Million yen 1,700	Yen 86.04
Actual Results (B)	52,105	1,209	1,080	-142	-7.22
Difference (B) – (A)	-894	-1,290	-1,219	-1,842	
Differences (%)	-1.7	-51.6	-53.0		
(Reference) Actual Results (Fiscal year ended December 2014)	50,031	3,191	3,000	2,343	117.70

[Reasons for the differences]

Net sales were slightly lower than the previous forecast. However, operating income and ordinary income underperformed the previous forecasts, reflecting higher costs on the back of the provision of an allowance for doubtful debts related to AFL, the Company's overseas consolidated subsidiary, and non-operating staff members associated with a delay in the commencement of projects in pharmaceutical development support services.

Net income was also lower than the previous forecast, given the recording of extraordinary losses as described in "1. Recording of extraordinary losses, (1) Consolidated results" above, in addition to the factors as described above.

3. Differences between the non-consolidated actual results for the fiscal year ended December 2015 (January 1, 2015 - December 31, 2015) and the fiscal year ended December 2014

	Net Sales	Operating Income	Ordinary Income	Net Income	Earnings per share
Actual Results (A) (Fiscal year ended December 2014)	Million yen 6,355	Million yen 171	Million yen 1,024	Million yen 1,597	Yen 80.23
Actual Results (B) (Fiscal year ended December 2015)	1,022	31	310	-310	-15.69
Difference (B) – (A)	-5,333	-139	-713	-1,907	
Differences (%)	-83.9	-81.6	-69.7		

[Reasons for the differences]

The Company transitioned to a holding company on April 1, 2014. The reason for the occurrence of differences in net sales, operating income and ordinary income was the recording of results of systems development and integration services, systems operation and management services and BPO/BTO services in the fiscal year ended December 2014, while the Company completed the transition (January 1, 2014 - March 31, 2014).

The reasons for the occurrence of the difference in net income were the recording of extraordinary losses as described in “1. Recording of extraordinary losses, (2) Non-consolidated results” above, in addition to the factors described above.

4. Dividend forecast

The Company expects to pay a year-end dividend of 16 yen per share, unchanged from the forecast previously announced.

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