CAC

Press Release

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Notice of Revisions to the Consolidated Business Results Forecast and Posting of Extraordinary Loss

CAC Holdings Corporation (hereafter referred to as the "Company") announced that the Company revised its consolidated business results forecast for the fiscal year ending December 2017, published on February 14, 2017.
It is also announced that an impairment loss on goodwill was posted as an extraordinary loss in the third quarter of the fiscal year ending December 2017 (July 1, 2017 through September 30, 2017).

1. Revisions to the Consolidated Business Results Forecast for the fiscal year ending December 2017

(Unit: JPY million)

	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of parent	Net Income per Share(yen)
Previous forecast (A)	54,000	1,800	1,500	1,100	59.67
Revised forecast (B)	53,000	600	540	1,100	59.67
Change (B－A)	△1,000	△1,200	△960	-	-
Change rate (%)	△1.9	△66.7	△64.0	-	-
(Ref.) Results for the fiscal year ended December 31, 2016	52,521	1,202	937	2,039	105.55

[Reasons for the revisions]

(Net sales)

Expected to be achieved almost as planned.

(Operating income)

Sierra Solutions Pte. Ltd. (hereinafter "Sierra Solutions"), a subsidiary in Singapore, expected to achieve a recovery in its results by securing projects, but the targeted recovery could not be achieved. It was therefore judged that an operating loss for the full-year would be inevitable. In addition, Accel Frontline Limited (hereinafter “AFL”), a subsidiary in India, was affected by the economic downturn in the Middle East (Dubai) and the decrease in the number of highly profitable projects, while the influence of unprofitable projects in pharmaceutical development support business was also a concern. As a result, the forecast of operating income was revised to ¥600 million yen.

(Ordinary income)

As described above, operating income was estimated to be ¥600 million yen, but the forecast of ordinary income was revised to ¥540 million yen given the expected improvement in non-operating expenses (income). This expected improvement reflected the reduced burden of interest in India because of the repayment of AFL’s debt using the sales proceeds of Accel Systems & Technologies Pte. Ltd. (hereinafter “ASTL”), an AFL consolidated subsidiary (announced in “Notice of Transfer of a Consolidated Subsidiary (Sub-subsidiary) and Recognition of an Extraordinary Gain” dated May 29, 2017) and dividend income of securities, was higher than expected.

(Net income attributable to owners of parent)

As described in “2. Posting of extraordinary loss,” an extraordinary loss of ¥1,120 million was recorded as an impairment loss on goodwill, but because extraordinary income in the form of a gain on sales of investment securities of ¥1,137 million yen (accounced in “Notice of an recording an extraordinary income due to the sale of investment securities” dated May 31, 2017) and a gain on sales of shares of ASTL of ¥992million yen (announced in “Notice of Transfer of a Consolidated Subsidiary (Sub-subsidiary) and Recognition of an Extraordinary Gain” dated May 29, 2017), the full-year earnings forecast was not revised.

The year-end dividend forecast for the fiscal year ending December 2017 has as yet not been revised from that announced on February 14, 2017. Accordingly, it is planned to be ¥18/share (an annual dividend combined with an interim dividend of ¥18 yen is to be ¥36).

2.Posting of extraordinary loss

Because the results of Sierra Solutions were below the forecast set out in the business plan at the time of acquisition of the shares, the future business plan was revised. Associated with the revision, the recoverable value of the goodwill gained at the time of acquisition of the shares of Sierra Solutions was examined, and consequently, the entire unamortized balance of the goodwill was recognized as an impairment loss. Thus, an extraordinary loss of ¥1,120 million was posted in the third quarter of the fiscal year ending December 2017.

End