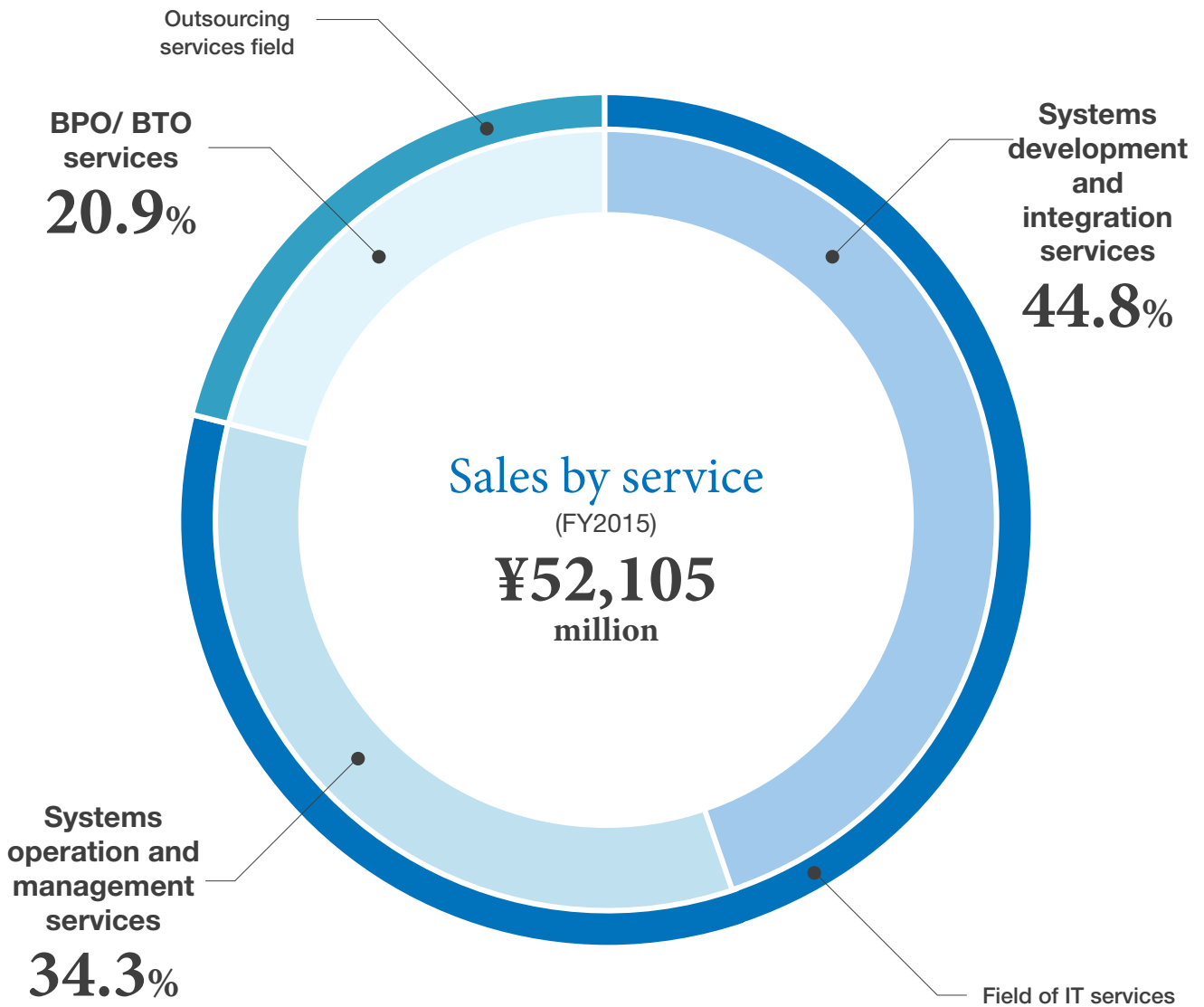


Business review

At the CAC Group, we run a systems development and integration service and systems operation and management service in the field of IT services, and a BPO/BTO service business in the field of outsourcing services that combine IT and operation functions.

The full-year consolidated results for FY2015 are as follows. Net sales rose 4.1% year on year, to 52,105 million yen, while operating income fell 62.1% year on year, to 1,209 million yen. Ordinary income declined 64.0% year on year, to 1,080 million yen. We posted a net loss of 142 million yen (compared to net income of 2,343 million yen in the previous fiscal year).



Risk factors

- Political and economic conditions of each region, exchange rate, legal regulations, social chaos, and other similar factors
- Excessive number of development processes
- Degree of dependence on specific customers
- Discontinuation of services due to a disaster or other similar event
- Leakage of confidential information or other similar incident

Field of IT services

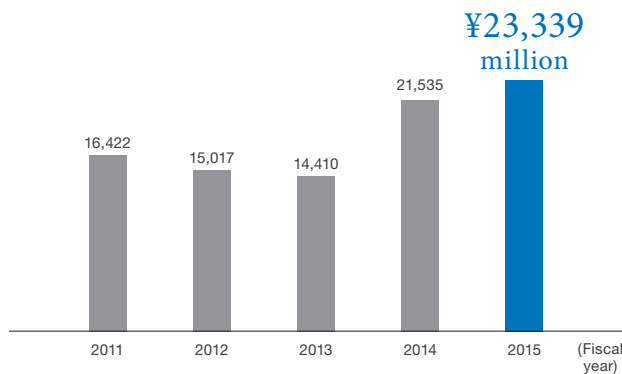
Systems development and integration services

Sales ratio
44.8%
(FY2015)

Business overview

We provide customers in Japan and other countries with a wide range of services. These include consultation on corporate information systems, system development and maintenance, and package integration.

Sales



Our strengths and features

Strength in systems for financial institutions

We are more than capable when it comes to market transaction systems and overseas trading systems for mega banks and pension-related systems for trust and banking companies.

High overseas sales ratio

Overseas sales constitute approximately 32% of our total sales. Currently we provide services in India, Singapore, China, the United States, and the United Kingdom. Moving forward, we expect to further increase of our overseas sales ratio.

Business performance

In FY2015, we enjoyed an increase in large-scale projects for mega banks and systems development and integration projects for trust and banking companies. In addition, sales in yen terms were positively influenced by the depreciation of the yen, increasing 8.4% year on year. However, operating income decreased 40.6% year on year, to 101 million yen, due to a rise in costs at AFL, our overseas subsidiary.

The projects for mega banks, which contributed to the increase in sales in FY2015, are expected to finish in FY2016. At the same time, we expect an increase in both sales and profit due in part to the consolidation of Sierra Solutions in Singapore, which provides IT services to medical institutions with a focus on Asia, growth of overseas group companies, and business expansion in the social security and healthcare domains.

Creating value

● Increase in global projects

We will work to boost the number of global projects by identifying the demand arising from the shift of IT investment to other countries in response to the globalization of customer companies.

● Differentiation through the use of AZAREA

We will work to boost the number of global projects by identifying the demand arising from the shift of IT investment to other countries in response to the globalization of customer companies.

● Enhancing services in the social security domain

We will start providing IT services in the field of nursing care. This move will help enhance our services in the social security domain as well as in

the pension domain, our existing domain.

● Providing services to medical institutions

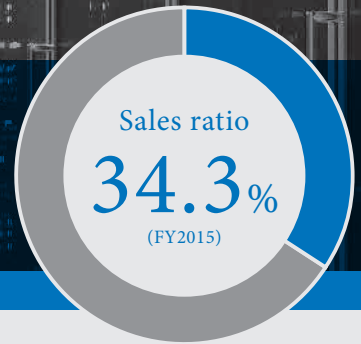
We will use the acquisition of ownership in Sierra Solutions as an opportunity to enhance our services for medical institutions.

● Reinforcing software package businesses based on knowhow

We will bolster the development and provision of software packages by applying our business knowhow in preparation for the future decrease in demand for the contract-basis development business. We have already provided Micmari, a pension management software package, and MR-Navi, a marketing and sales support system for pharmaceutical companies.

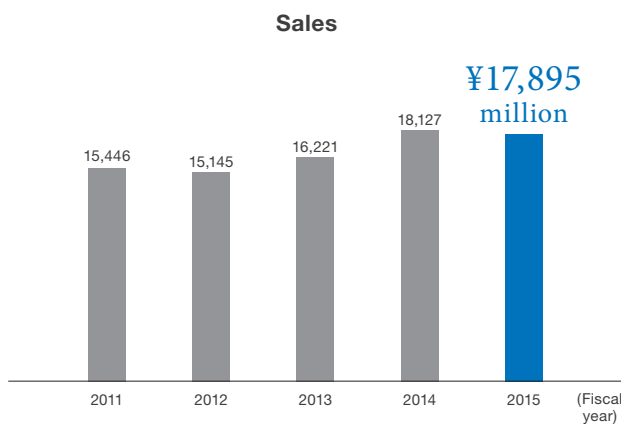
Field of IT services

Systems operation and management services



Business overview

In addition to operations outsourcing services, we provide data center services, help desk/call center services, security-related services, and product assurance services, among others.



Our strengths and features

Services for a major pharmaceutical company

These services began with a company that specialized in outsourcing, which was our subsidiary in the early days of the CAC Group. A major pharmaceutical company also invested in this company. We have built up our expertise through the provision of comprehensive services to this pharmaceutical company.

Expansion through M&A

CAC MARUHA NICHIRO SYSTEMS CORPORATION, CAC ORBIS CORPORATION, CAC Knowledge Co., Ltd., and ARK Systems Co., Ltd., which are group companies, all joined the CAC Group as a result of M&A.

Business performance

In FY2015, sales declined 1.3% year on year due to a decrease of sales from services for major customers in Japan. Looking at profit, we posted an operating loss of 187 million yen due to a special cause while we posted an operating income of 443 million yen for the same period of previous year. This was largely due to the posting of allowance for

doubtful accounts at AFL, an overseas subsidiary.

In FY2016, sales are only expected to increase slightly. In terms of profit, we expect to move back into the black because temporary expenses recorded in the previous year will not be posted.

Creating value

●Elevating the quality of services by improving operating tools

We have been striving to elevate the quality of our operations by operating in compliance with global standards such as ITIL. Moving forward, we will aim to ensure a high and uniform level of quality by making additional improvements to our operating tools.

●Improving price competitiveness

We will improve our price competitiveness by reducing costs through the promotion of automation with operating tools and the use of offshore resources.

●For stable provision of services

The CAC Group has obtained certification under the international standard on information security (ISMS), namely JIS Q 27001:2014 (ISO/IEC 27001:2013). This certification provides customers with a sense of security when they use our stable services.

●Developing new operation services and service menus

We focus on developing new operation services and service menus, such as developing operation and/or management services using cloud computing, in an effort to respond to the steady stream of new technologies and reduce the operational and cost burden for customers.

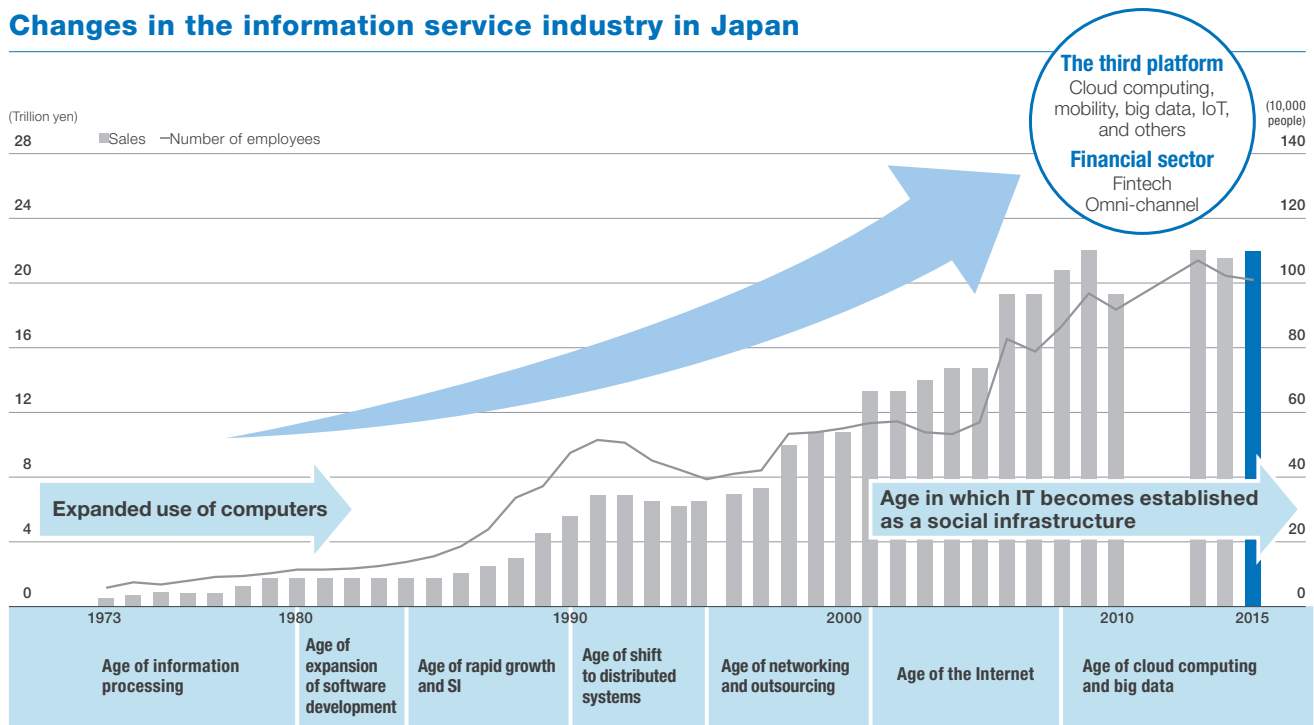
Industry structure in the field of IT services

Trends in the IT service industry

The IT service market of Japan grew in both FY2014 and FY2015 (at an annual growth rate of 3% according to research by IDC*), driven by large-scale projects such as system updates in the financial sector and the introduction of the Social Security and Tax Number System. In FY2016 and onward, the growth rate will decline following the completion of these large projects, but modest growth is expected to continue until 2020 (at an annual growth rate of 1.7% according to research by IDC*), driven by spending related to the third platform, such as cloud computing, mobility, big data, and IoT. By industry, IT spending by financial institutions, in particular mega banks, is expected to grow at a high rate. Spending is aimed at improving services, such as making the shift to omni-channel and enhancing account settlement solutions in the Fintech age.

*IDC Japan, Kokunai IT Service Shijou Sangyou Bunya-betsu Yosoku 2016 nen ~ 2020 nen (Outlook of Domestic IT Service Market by Industrial Field: 2016 to 2020)

Changes in the information service industry in Japan

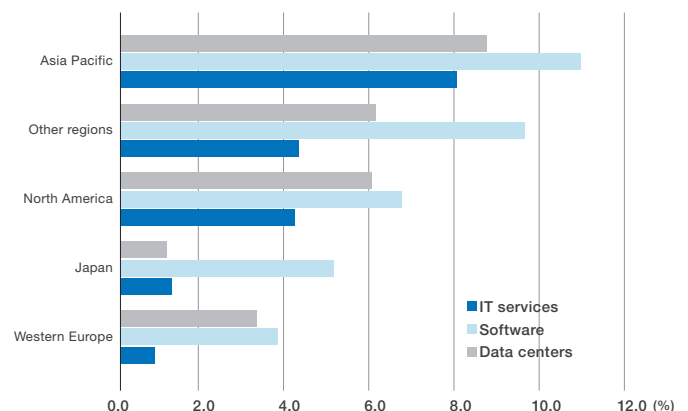


[Sources: Japan Information Technology Services Industry Association (JISA), Jouhou Service Hatten no Kei (Development of Information Services) <http://itjobgate.jisa.or.jp/trend/index.html>] (referred to in May 2016), Ministry of Economy, Trade and Industry, Survey of Selected Service Industries)

Market growth rate by world region

The global market for IT services is forecasted (by the Ministry of Internal Affairs and Communications) to grow positively at an annual average growth rate of 5.2% (during 2012 to 2017) due to the globalization of corporate activities and the spread and expansion of information and telecommunications systems. By region, a high growth rate is expected in Asia Pacific (around 8% to 11%) and North America (4% to 7%). As an independent company that excels in particular fields such as financial services and trust banks, we at the CAC Group will identify and capitalize on demand in growth fields in Japan and develop business opportunities in overseas markets, using our expansion into India and Asia as a springboard.

Market growth rate by region (2012 to 2017)



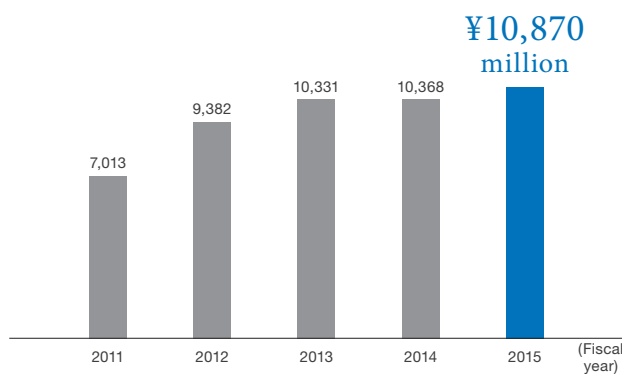
(Source: Ministry of Internal Affairs and Communications, Region-by-region ICT service market sizes and growth rates (2012-2017), White Paper – Information and Communications in Japan 2013)

Field of outsourcing services

BPO/ BTO services

**Business overview**

We provide outsourcing services that combine IT and operation functions. At the CAC Group, we currently provide CRO (pharmaceutical BTO) services and human resource BPO services.

Sales**Our strengths and features****CRO with strength in pharmacovigilance service**

Our lineup of CRO (pharmaceutical BTO) services includes all the factors needed to support pharmaceutical development. Our strength lies in pharmacovigilance service, which involves managing information about side effects.

Ready to undertake all types of personnel management affairs

Our human resource BPO services handle general tasks such as salary calculation. They also cover the operation of personnel systems, labor management, benefit program management, and other personnel management affairs.

Business performance

In FY2015, sales from CRO (pharmaceutical BTO) services increased but those from human resource BPO services declined. As a result, overall sales increased by no more than 4.8% year on year. Income decreased 62.8% year on year, to 395 million yen, due to loss of time that resulted from a delay in the commencement of a project in CRO (pharmaceutical BTO) services.

In FY2016, we expect to see the expansion of both human resource BPO services and CRO (pharmaceutical BTO) services. For the latter, we will take measures to elevate efficiency and profitability, such as the appropriate allocation of staff through the merging of consolidated subsidiaries.

Creating value**●Accelerating measures to respond to globalization through M&A and alliances**

In the CRO (pharmaceutical BTO) services, international joint clinical trials constitute approx. 30%* of all clinical trials, and are expected to continue increasing. This makes it essential to ensure that the level of quality is consistent with the global standard. We will accelerate measures to respond to globalization through M&A and alliances.

●Developing new businesses and improving quality

To better accommodate diversifying customer needs, we will develop new businesses and further improve the quality and efficiency of our services by making use of IT.

●Reorganizing the group to improve our capacity to provide services

In April 2016, two CAC Group companies engaging in the provision of CRO (pharmaceutical BTO) services merged to establish CAC Croit Corporation. Support services related to data ranging from non-clinical tests to post-marketing surveillance and pharmacovigilance, which are provided by making full use of IT, are combined with monitoring services provided by using a high level of expertise. This will enable us to cover a full range of CRO (pharmaceutical BTO) services. We will thus improve our ability to accommodate diversifying customer needs. In addition, we will expand our operations by further elevating the level of quality, efficiency, and safety and accelerating measures for handling areas such as global clinical trials. For this purpose, we will make greater use of IT, strengthen efforts to develop human resources, and pursue other measures.

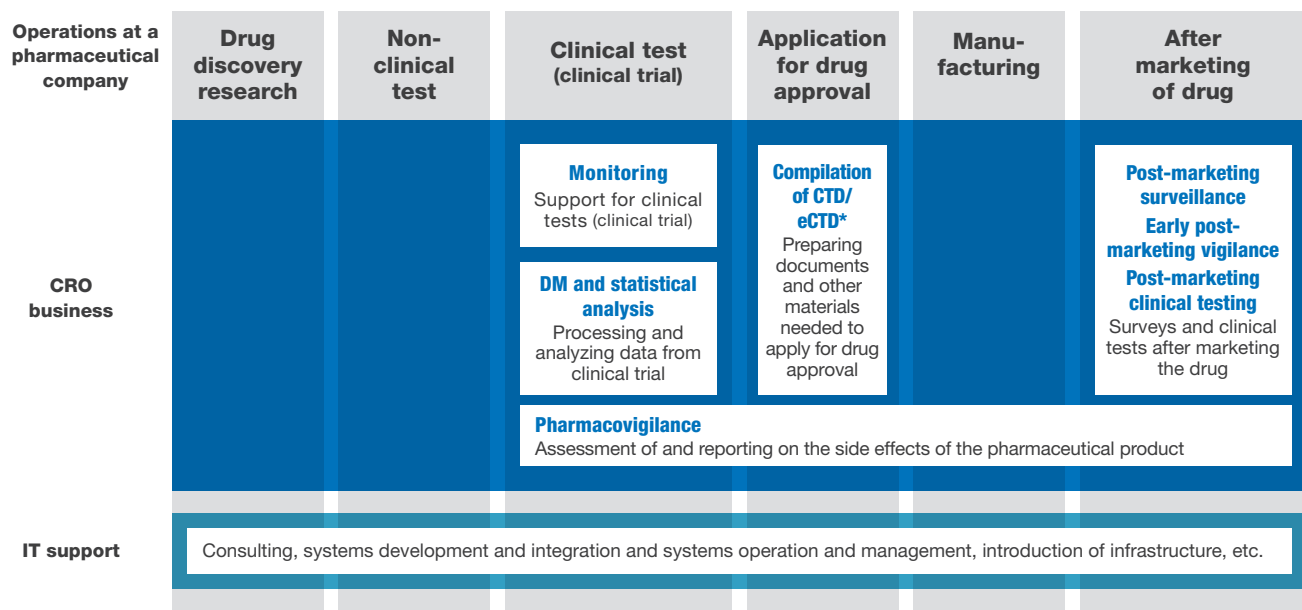
*Source: Data on notifications of international joint clinical trials of drugs cited from a report on recent trends in evaluations and clinical trials of pharmaceuticals, etc. (FY2015) by the Ministry of Health, Labour and Welfare

Industry structure in the field of outsourcing services

CRO industry and position of the CAC Group

CRO (Contract Research Organization) services, which we provide as a form of pharmaceutical BTO services, are aimed at supporting pharmaceutical development. We handle various operations for customers or support their operations in clinical testing and post-marketing surveillance, helping to improve the efficiency of pharmaceutical development and enable quicker drug discoveries. At the CAC Group, we started the CRO business around 1990. Currently, CAC Croit Corporation, which we founded in April 2016, plays a central role in the provision of these services.

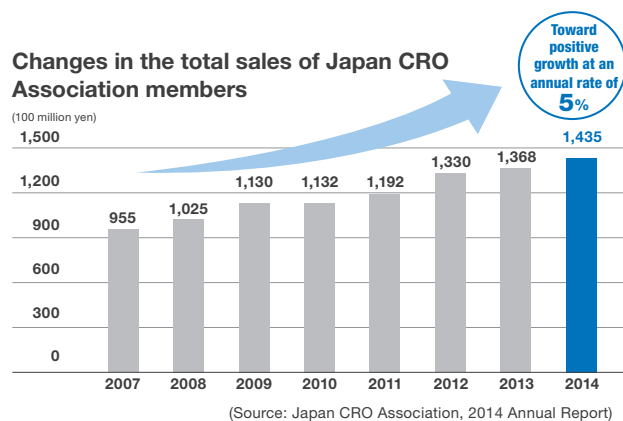
Flow of CRO business



*CTD stands for Common Technical Document, an application format for drug approval that is common to Japan, the United States, and EU countries.

Trends in the CRO market

The CRO market is expected to grow positively this year again at an annual rate of around 5%. The main reason for this growth is that pharmaceutical companies are outsourcing more of their operations to reduce the cost of clinical trials and improve their efficiency. Globally, there has been a growing trend for pharmaceutical companies and biopharmaceutical companies to outsource R&D operations. The global CRO market is expected to grow at an annual rate of around 10%.



CRO industry in Japan and position of the CAC Group

While the majority of the companies in the industry are those that originally began as companies specialized in CRO, CAC Croit Corporation stands as a distinctive service vendor that has evolved from an IT company. CAC Croit Corporation provides outsourcing services for the pharmaceutical development process, as well as services for system development and integration and system operation and management for customers. It is

positioned as a second-tier company in the industry behind industry-leading corporate groups such as CMIC Co., Ltd. and EPS Corporation. The company aims to expand its business by exploring an opportunity to form an alliance with a global enterprise, for example, because of the increasing number of foreign CRO companies entering the Japanese market in recent years as a result of an increase in the international joint clinical trials.