

Note; This document is a partial translation of "Kessan Tanshin" for the Fiscal Year Ending December 31, 2016 and is provided solely for reference purposes. In the event of any inconsistency between the Japanese version and any English translation of it, the Japanese version will govern.

Summary of Financial Statements (Consolidated) for
the Fiscal Year Ended December 31, 2016
(Japanese GAAP)

February 14, 2017

Company Name: CAC Holdings Corporation
 Stock Exchange: Tokyo Stock Exchange
 Code Number: 4725
 URL: <https://www.cac-holdings.com/>
 Representative: Akihiko Sako, President and Chief Executive Officer
 Contacts: Masaaki Yoshida, General Manager, Corporate Dept.
 Tel: +81-3-6667-8010
 Scheduled date of Annual General Meeting of Shareholders: March 23, 2017
 Scheduled date of dividend payment: March 24, 2017
 Scheduled date to submit the annual securities report(Yukashoken Hokokusho): March 24, 2017
 Supplementary documents for financial results: Yes
 Financial results briefing: Yes (for institutional investors and analyst)

(Note that all amounts are rounded down to the nearest million yen, unless otherwise specified)

1. Consolidated Financial Results for the Fiscal Year Ending December 31, 2016 (January 1, 2016 through December 31, 2016)

(1) Consolidated Results of Operations (cumulative) (Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 31, 2016	52,521	0.8	1,202	(0.6)	937	(13.3)	2,039	-
Year ended December 31, 2015	52,105	4.1	1,209	(62.1)	1,080	(64.0)	(142)	-

(Note) Comprehensive income

Year ended December 31, 2016 483 million yen (—%)
 Year ended December 31, 2015 (376) million yen (—%)

	Net income per share	Net income per share (fully diluted)
	Yen sen	Yen sen
Year ended December 31, 2016	105.55	—
Year ended December 31, 2015	(7.22)	—

(Reference) Equity in earnings of affiliates

Year ended December 31, 2016 (7) million yen
 Year ended December 31, 2015 2 million yen

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2016	50,344	27,683	53.0
As of December 31, 2015	51,783	29,293	54.6

(Reference) Shareholders' equity As of December 31, 2016 26,677 million yen
As of December 31, 2015 28,294 million yen

(3) Consolidated Cash flow position

	Cash flows from Operating activities	Cash flows from Investing activities	Cash flows from Financing activities	Cash and cash equivalents at the end of the year
	Million yen	Million yen	%	Million yen
As of December 31, 2016	892	3,233	(1,920)	11,268
As of December 31, 2015	(770)	(2,760)	(796)	9,101

2. Dividends

	Dividend per share				
	End of the first quarter	End of the second quarter	End of the third quarter	Year end	Annual
	Yen sen	Yen sen	Yen sen	Yen sen	Yen sen
Year ended December 31, 2015	—	16.00	—	16.00	32.00
Year ended December 31, 2016	—	20.00	—	20.00	40.00
Year ending December 31, 2017 (Forecast)	—	18.00	—	18.00	36.00

Breakdown of end of the second quarter dividend for the fiscal year ended December 31, 2016: 16.00 Yen ordinary dividend, 4.00 Yen commemorative dividend.

Breakdown of year end dividend for the fiscal year ended December 31, 2016: 16.00 Yen ordinary dividend, 4.00 Yen commemorative dividend.

3. Forecast of Consolidated Financial Results for the Fiscal Year ending December 31, 2017

(January 1, 2017 through December 31, 2017)

(Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen sen
Full-year	54,000	2.8	1,800	49.7	1,500	60.1	1,100	(46.1)	59.67

※Notes

(1) Important changes in subsidiaries for the year ending December 31, 2016 (changes in specified subsidiaries resulting in a change in the scope of consolidation): Not applicable

(2) Changes in accounting principles and changes or restatements of accounting estimates

- (i) Changes in accounting principles due to the amendment of accounting standards, etc.: Applicable
- (ii) Changes in accounting principles other than (i): Not applicable
- (iii) Changes in accounting estimates: Not applicable
- (iv) Restatements of accounting estimates: Not applicable

(3) Number of shares outstanding (common stock)

(i) Total number of shares outstanding (including treasury stock) as of the end of each period:	As of December 31, 2016	21,541,400 shares	As of December 31, 2015	21,541,400 shares
(ii) Total number of treasury stock as of the end of each period:	As of December 31, 2016	3,106,143 shares	As of December 31, 2015	1,884,043 shares
(iii) Average number of issued shares for each period (cumulative period)	As of December 31, 2016	19,317,964 shares	As of December 31, 2015	19,757,425 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2016 (January 1, 2016 through December 31, 2016)

(1) Non-Consolidated Results of Operations (Figures in percentages denote the year-on-year change)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Year ended December 31, 2016	1,399	36.9	219	595.5	394	27.1	2,624	—
Year ended December 31, 2015	1,022	(83.9)	31	(81.6)	310	(69.9)	(310)	—

	Net income per share	Net income per share (fully diluted)
	Yen sen	Yen sen
Year ended December 31, 2016	135.85	—
Year ended December 31, 2015	(15.69)	—

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen sen
As of December 31, 2016	28,877	24,727	85.6	1,341.31
As of December 31, 2015	28,952	24,800	85.7	1,261.63

(Reference) Shareholders' equity As of December 31, 2016 24,727 million yen
As of December 31, 2015 24,800 million yen

* Disclosures regarding the audit procedures

The audit procedures for the consolidated financial statements under the Financial Instruments and Exchange Act were being conducted when this report was disclosed.

* Cautionary note regarding the use of the Forecast of Financial Results and other special notes

The forecasts of financial results and other forward-looking statements contained in this document are calculated based on the information which is available to the Company and assumptions that the Company deems to be reasonable as of the date hereof. Therefore, they do not constitute a guarantee that they will be realized. Please note that the actual results may differ due to various factors. For matters related to the above forecasts, refer to the accompanying materials.

Financial results briefing for institutional investors and analysts is to be held on February 15, 2017. Materials used at the briefing will be posted on our website.

4 . Analysis on operations and financial status

(1) Analysis of results of operations

(i) Review of operations for the fiscal year ended December 2016

During the consolidated fiscal year under review (from January 1, 2016 to December 31, 2016), the Japanese economy maintained a gradual recovery. The economic outlook remained uncertain, however, primarily reflecting drastic changes in the financial market.

In the domestic IT market, new businesses are expected to be created, mainly due to the advancement of IoT, FinTech, big data and AI. On the other hand, cost cutting has been required in the existing system sector.

In the pharmaceutical development support sector, the scale of the overall market is on a growing trend, but the competition among companies has been intensifying.

In this business environment, the CAC Group took measures to improve efficiency and quality in the system sector, as well as further expand its healthcare services and global business and create new technologies and new business domains.

Moreover, as announced on August 12, 2016, by establishing measures to prevent the recurrence of the recording of losses related to its overseas consolidated subsidiaries, the Group has been taking the initiative to develop procedures for the time before and after corporate acquisitions and strengthen the management of its overseas subsidiaries.

As a result, for the consolidated fiscal year under review, net sales rose 0.8% year on year, to 52,521 million yen, chiefly attributable to the expansion of pharmaceutical development support services, the new inclusion of Sierra Solutions Pte. Ltd., a subsidiary in Singapore, in the consolidated results, and increased sales for certain major customers.

Operating income fell 0.6% year on year, to 1,202 million yen, despite a decline in the selling and administrative expenses of Accel Frontline Limited, the Group's subsidiary in India. This partly reflected lower income as a result of a decline in domestic system development and integration services mainly for financial institutions, and a deterioration in profits from projects of Sierra Solutions and lower profitability in certain projects in pharmaceutical development support services. Ordinary income declined 13.3% year on year, to 937 million yen, mainly due to the effects of foreign exchange losses. Profit attributable to owners of parent came to 2,039 million yen, compared with a loss attributable to owners of parent of 142 million yen for the previous fiscal year. This reflected the recording of gains on sales of investment securities of 3,701 million yen in extraordinary income, offsetting the recording of a loss on business of subsidiaries and associates of 570 million yen in extraordinary losses as business foundation improvement expenses.

(ii) Orders received

For the consolidated fiscal year under review, orders received fell 8.0% year on year, to 50,928 million yen, partly due to declines in orders in pharmaceutical development support services and those from financial institutions.

(iii) Summary of results by segment

<Systems development and integration services>

Net sales fell 2.5% year on year, to 22,764 million yen, given a decline in sales for financial institutions, despite contributions from the new inclusion of Sierra Solutions in consolidated results and increased sales for certain customers. Operating income came to 545 million yen, down 45.5% year on year.

<Systems operation and management services>

Net sales remained almost unchanged from the previous fiscal year, amounting to 17,950 million yen, up 0.3% year on year. Operating income stood at 279 million yen, compared with an operating loss of 187 million yen for the previous fiscal year.

<BPO/BTO Services>

Net sales grew 8.6% year on year, to 11,807 million yen, with increases in the sales of both pharmaceutical development support services and human resources BPO services. Operating income came to 377 million yen, down 4.7% year on year.

(iv) Forecast for the fiscal year ending December 2017

In the domestic IT market, although the application of IoT, AI, robotics and other technologies is expected to increase, the overall growth is likely to remain low. On the other hand, the growth rate in the overseas IT market is expected to exceed that of the domestic IT market. Moreover, demand in the pharmaceutical development support sector is expected to remain steady.

In this business environment, the CAC Group will aim to expand global projects by enhancing the healthcare sector that is expected to grow in the future and strengthening cooperation among the Group's domestic and overseas companies. Moreover, the Group will strive to improve income by working to optimize costs and develop profitable overseas operations in the pharmaceutical development support sector.

The Group will also continue to make investments to achieve medium- to long-term growth and take steps to create services and take on challenges in new business domains, mainly by developing more sophisticated development and management structures and adopting new mainstream technologies.

With these initiatives, in the consolidated fiscal year ending December 2017, the CAC Group expects to record net sales of 54 billion yen, up 2.8% year on year, operating income of 1.8 billion yen, rising 49.7%, ordinary income of 1.5 billion yen, an increase of 60.1%, and profit attributable to owners of parent of 1.1 billion yen, down 46.1%.

(2) Analysis of financial status

(i) Assets, liabilities and net assets

Total assets decreased 1,438 million yen from the end of the previous consolidated fiscal year, to 50,344 million yen. Liabilities increased 171 million yen from the end of the previous consolidated fiscal year, to 22,661 million yen. Moreover, net assets fell 1,609 million yen from the end of the previous consolidated fiscal year, to 27,683 million yen.

(ii) Cash flows

Cash flows in the consolidated fiscal year under review were as follows.

Net cash from operating activities

Net cash provided by operating activities stood at 892 million yen (compared with net cash used in operating activities of 770 million yen in the previous consolidated fiscal year). This mainly reflected profit before income taxes of 3,945 million yen, depreciation of 793 million yen and a decline of 1,532 million yen in notes and accounts receivable – trade, offsetting a gain on sales of investment securities of 3,701 million yen and income taxes paid of 1,424 million yen.

Net cash from investing activities

Net cash provided by investing activities stood at 3,233 million yen (compared with net cash used in investing activities of 2,760 million yen in the previous consolidated fiscal year). This was chiefly attributable to proceeds from sales of investment securities of 5,967 million yen, offsetting the purchase of investment securities of 1,421 million yen, the purchase of intangible assets of 650 million yen and the purchase of property, plant and equipment of 300 million yen.

Net cash from financing activities

Net cash used in financing activities stood at 1,920 million yen (compared with net cash used in financing activities of 796 million yen in the previous consolidated fiscal year). This was mainly due to cash dividends paid of 707 million yen and the purchase of treasury shares of 999 million yen.

As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at 11,268 million yen, up 2,166 million yen from the end of the previous consolidated fiscal year.

The trends in cash flow-related indicators are as follows.

	Fiscal year ended December 2014	Fiscal year ended December 2015	Fiscal year ended December 2016
Shareholders' equity ratio (%)	54.3	54.6	53.0
Shareholders' equity ratio at fair value (%)	47.3	41.2	37.8
Ratio of interest-bearing debt to cash flow (years)	2.5	-	7.0
Interest coverage ratio (times)	6.6	-	2.7

* The methods for calculating indicators above are as follows.

- Shareholders' equity ratio: Shareholders' equity / Total assets
- Shareholders' equity ratio at fair value: Fair value of issued and outstanding stocks / Total assets
- Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Operating cash flows
- Interest coverage ratio: Operating cash flows / Interest paid

* All of the above figures are calculated based on consolidated financial values.

* Fair value of issued and outstanding stocks is calculated at

Price of stock at fiscal year end × Number of stocks issued and outstanding.

* Operating cash flows indicate the cash flows from operating activities stated on the Consolidated Statements of Cash Flows.

* Interest-bearing debt indicates debt stated on the Consolidated Balance Sheets for all of which interest is paid. Interest paid represents interest expenses stated on the Consolidated Statement of Income.

* The ratio of interest-bearing debt to cash flow and the interest coverage ratio for the fiscal year ended

December 2015 were not stated because operating cash flows were negative.

(3) Basic policy for the distribution of profits and dividends in the fiscal year ended December 2016 and the fiscal year ending December 2017

The Company regards the distribution of profits to shareholders as important management issues, and it has adopted a basic policy of continually offering steady dividends with an eye on the consolidated payout ratio as it strives to strengthen its earnings capabilities and develop sound financial strength. In addition, it will undertake a share buyback when necessary as part of flexible capital policies and comprehensive measures to return profits to shareholders.

Moreover, the Company will invest internal reserves for the enhancement of its financial strength, as well as M&As to facilitate the Group's growth, business development, training of human resources, research and development from the medium-to long-term view, and the improvement of productivity and quality control capabilities. In this way, it will strive to strengthen its comprehensive corporate capabilities and the Group's business foundations to achieve sustainable growth.

Based on the basic policies described above, the Company has determined to pay year-end dividends for the fiscal year under review of ¥ (JPY)20 per share, composed of ¥ 16 ordinary dividend and ¥ 4 commemorative dividend.

With this dividend payment, the annual dividends together with interim dividends of ¥ 20 (¥ 16 ordinary dividend and ¥ 4 commemorative dividend) per share will be ¥ 40 per share (¥ 32 ordinary dividend and ¥ 8 commemorative dividend). Moreover, the Company expects to pay annual dividends of ¥ 36 per share (interim dividends of ¥ 18 and year-end dividends of ¥ 18) for the fiscal year ending December 2017.

5. Corporate Group

The CAC Group consists of the Company, its 26 consolidated subsidiaries, and 1 equity method affiliate. It is mainly engaged in systems development and integration services, system operation and management services, and BPO/BTO services.

<Systems development and integration services>

In systems development and integration services, the Group provides services, including consulting related to corporate information systems, system development and management, package integration, and infrastructure development.

<System operation and management services>

In system operation and management services, the Group provides services, including data centers and help desks / call centers, in addition to comprehensive system operation and management services.

<BPO/BTO services>

In BPO/BTO services, the Group provides outsourcing services that offer both IT and operational functions as follows:

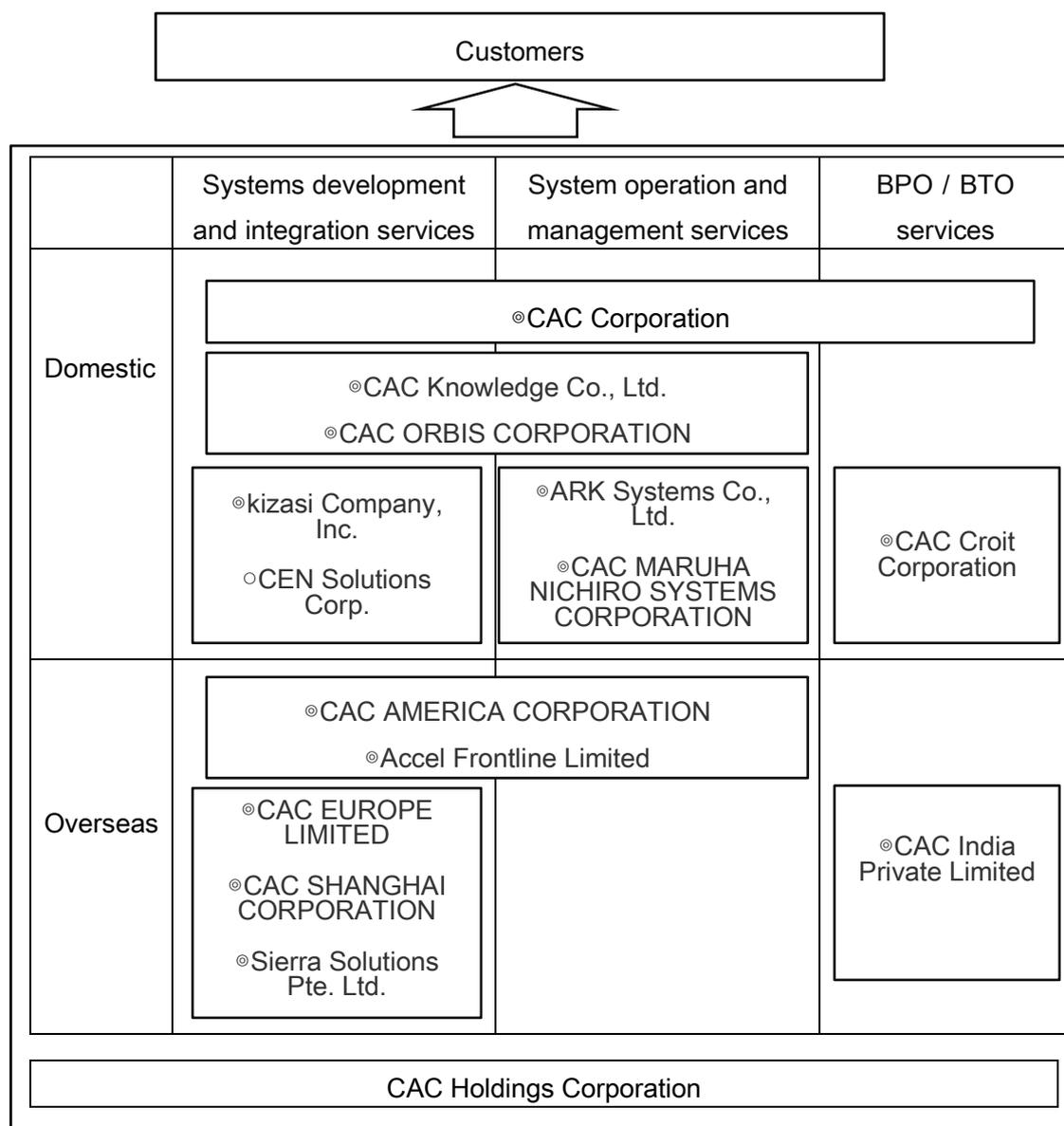
- pharmaceutical development support (pharmaceutical BTO service)
- HR BPO service

The main services of the CAC Group by segment are as follows.

Segment	major services	major companies
Systems development and integration services	System consulting System development and management Infrastructure development Package integration	CAC Corporation CAC Knowledge Co., Ltd. CAC ORBIS CORPORATION kizasi Company, Inc. CAC America Corporation CAC Europe Limited CAC SHANGHAI CORPORATION Accel Frontline Limited Sierra Solutions Pte. Ltd. CEN Solutions Corp.
System operation and management services	System operation consulting Comprehensive system operation and management Data centers Help desk/ call centers	CAC Corporation ARK Systems Co., Ltd. CAC Knowledge Co., Ltd. CAC ORBIS CORPORATION CAC MARUHA NICHIRO SYSTEMS CORPORATION CAC America Corporation Accel Frontline limited
BPO / BTO services	Business process outsourcing Business transformation outsourcing	CAC Corporation CAC Croit Corporation CAC India Private Limited

The chart of operations of the Company and its main affiliates is as follows.

(As of December 31, 2016)



⊙Consolidated subsidiaries ○Equity method affiliated companies

6. Management Policy

(1) Management policy of the Company

Serving as a partner that supports customers' business development through the use of cutting-edge information technologies (IT), the CAC Group aims to become a service company that is essential for customers to achieve their sustainable growth.

Since its establishment in 1966, the Group has employed a thorough customer-oriented approach to provide comprehensive services related to information systems, including consulting related to

informatization strategies and plans, as well as the design, development, introduction, operation, and management and maintenance of systems. It has also been providing outsourcing services that offer both IT and operational functions by using its extensive knowledge about the business categories and operations of customers.

The Group will continue working to earn the full satisfaction of customers in the future through the realization of superior services by using IT that is in line with the times. As a public institution, the Group will maintain high ethical standards, and by practicing management that is in accordance with laws and regulations, it will work to develop sustainable relationships of trust with customers, shareholders, employees, local communities, and other stakeholders in the future.

(2) Target management indicators

The CAC Group has set the improvement of its corporate value through the sustainable expansion of business earnings as its management target. In working to achieve this goal, it recognizes the enhancement of income, including operating income, ordinary income and net income, as a management indicator. The Group also places a high value on a return on equity (ROE) as an indicator for capital efficiency.

(3) Challenges that the Company faces and medium-to-long-term management strategies

In the domestic IT market, mainly reflecting an increase in IT investments in new sectors, such as IoT, FinTech, big data and AI, gradual growth is likely to continue in the future. However, in the existing system development and management for corporate customers, room for growth in Japan is limited, with the continued shifting of IT investments to the overseas market as a result of the globalization of companies.

In Business Process Outsourcing (BPO) services, which are outsourcing operations for corporate customers, the market has been growing continually because the services have been evaluated as tools to improve operational processes and contribute to cost cutting and operational streamlining. In particular, BPO services have been growing to become core operations that contribute to the expansion of sales and the creation of innovation, in a similar manner as pharmaceutical development support services. The growth rate of the BPO services market is now expected to exceed that of the IT services market.

Responding to the changes in the market as described above, the CAC Group established a medium-term strategy for three years between the fiscal year ended December 2015 and the fiscal year ending December 2017 to improve and reform its business structure with the aim of strengthening its capabilities for further growth. In the fiscal year ending December 2017, the final year of the medium-term strategy, the Group will accelerate measures to ensure that it achieves steady results.

<Basic framework of Medium-term Business Strategies>

In the Medium-term Business Strategies for FY2015 through FY2017, the CAC Group focuses on improving the productivity and quality of services that it provides by accumulating knowledge, strengthening its capacity to respond to global requirements and increasing orders by becoming a company that undertakes strategic investments for customers. For this reason, the Group has adopted six basic strategies: “pursue new mainstream technologies,” “increase the added value of BPO,” “All in AZAREA (*),” “use the global support structure by focusing on Asia,” “take on challenges in new

business sectors,” and “strengthen corporate capabilities through Group-wide strategies.”

* AZAREA is a collective term for the explicit knowledge of the CAC Group’s intellectual properties in the system development/operation business sector.

In its efforts to pursue new mainstream technologies, the CAC Group has been taking measures to facilitate research and development and marketing of IoT and other advanced technologies. The Group will work to create new businesses by absorbing cutting-edge technologies and successful business cases of companies that the Group has invested in and cooperates with through corporate venture funds that it has established in the United States.

As for increasing the added value of BPO, the Group will strive to expand operations by optimizing costs and developing a global support system for pharmaceutical development support services, the existing business. Moreover, the Group will work to develop services that include outsourcing operations in sectors in which the Group is currently only providing IT services, while it will aim to enter new business sectors, including the nursing and medical care sectors.

With respect to “All in AZAREA,” the Group will take steps to streamline system development and improve product quality by using AZAREA that the Group has been developing as a unique development platform. The Group has also been preparing for the commercialization of AZAREA, which is intellectual property that represents the concentration of the Group’s technological know-how. As for the use of the global support structure by focusing in Asia, the Group will further strengthen cooperation among the Group companies both in Japan and overseas to accelerate the expansion of global projects.

With respect to challenges in new business sectors, the Group will aim to develop and commercialize its own services in relation to emotion-recognition AI of Affectiva, Inc., in which the Group has made investments through corporate venture funds that the Company established in the United States. The CAC Group will continue to take on challenges to enter businesses that are new frontiers for the Group through investments in external management resources by using its internal reserve funds.

In its efforts to strengthen its corporate capabilities through Group-wide strategies, the Group will strive to enhance cooperation among Group companies and improve governance. The CAC Group will also establish foundations to ensure its long-term advancement by taking measures to develop next-generation human resources through the joint efforts of Group companies.

Through these measures, the CAC Group aims to become a corporate group that is expected to contribute to innovation through the use of IT.

7. Basic Approach to Selecting Accounting Standards

The CAC Group has adopted a policy to prepare its consolidated financial statements based on Japanese standards for the foreseeable future, taking into account the comparability of terms of consolidated financial statements and the comparability among companies.

It is the Group’s policy to appropriately respond to matters related to the adoption of the IFRS in consideration of the conditions and developments both in Japan and overseas.

8. Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Rounded down to the nearest million yen)

	FY2015 (As of December 31, 2015)	FY2016 (As of December 31, 2016)
Assets		
Current assets		
Cash and deposits	8,983	11,428
Notes and accounts receivable - trade	12,081	10,318
Securities	1,108	1,101
Merchandise	779	842
Work in process	1,051	762
Supplies	52	26
Prepaid expenses	892	1,098
Deferred tax assets	284	337
Other	847	680
Allowance for doubtful accounts	(780)	(128)
Total current assets	25,300	26,468
Non-current assets		
Property, plant and equipment		
Buildings and structures	745	689
Machinery, equipment and vehicles	63	39
Land	182	182
Construction in progress	1	0
Other	890	819
Total property, plant and equipment	1,883	1,731
Intangible assets		
Software	2,163	2,380
Goodwill	3,064	2,296
Other	87	58
Total intangible assets	5,315	4,736
Investments and other assets		
Investment securities	15,777	13,735
Long-term prepaid expenses	162	345
Guarantee deposits	823	782
Deferred tax assets	1,623	1,495
Other	918	1,073
Allowance for doubtful accounts	(21)	(24)
Total investments and other assets	19,284	17,408
Total non-current assets	26,483	23,876
Total assets	51,783	50,344

(Rounded down to the nearest million yen)

	FY2015	FY2016
	(As of December 31, 2015)	(As of December 31, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,907	3,324
Short-term loans payable	2,705	3,322
Current portion of bonds	300	-
Current portion of long-term loans payable	2,065	60
Lease obligations	193	162
Accrued expenses	1,469	1,795
Income taxes payable	953	1,368
Accrued consumption taxes	440	413
Provision for bonuses	315	309
Provision for loss on order received	81	20
Other	2,001	2,442
Total current liabilities	14,434	13,218
Non-current liabilities		
Long-term loans payable	463	2,373
Lease obligations	265	306
Provision for directors' retirement benefits	32	70
Net defined benefit liability	3,895	3,964
Deferred tax liabilities	3,278	2,609
Other	119	118
Total non-current liabilities	8,055	9,442
Total liabilities	22,489	22,661
Net assets		
Shareholders' equity		
Capital stock	3,702	3,702
Capital surplus	3,969	3,725
Retained earnings	15,306	16,373
Treasury shares	(1,909)	(2,909)
Total shareholders' equity	21,069	20,892
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,861	5,869
Foreign currency translation adjustment	128	(253)
Remeasurements of defined benefit plans	236	169
Total accumulated other comprehensive income	7,225	5,785
Non-controlling interests	998	1,005
Total net assets	29,293	27,683
Total liabilities and net assets	51,783	50,344

(2) Consolidated statements of income

(Rounded down to the nearest million yen)

	FY2015 (As of December 31, 2015)	FY2016 (As of December 31, 2016)
Net sales	52,105	52,521
Cost of sales	42,315	42,041
Gross profit	9,790	10,479
Selling, general and administrative expenses	8,581	9,277
Operating income	1,209	1,202
Non-operating income		
Interest income	46	25
Dividend income	192	209
Share of profit of entities accounted for using equity method	2	-
Other	80	53
Total non-operating income	321	288
Non-operating expenses		
Interest expenses	360	328
Share of loss of entities accounted for using equity method	-	7
Loss on investments in partnership	-	37
Commitment fee	16	17
Foreign exchange losses	19	104
Other	53	59
Total non-operating expenses	450	553
Ordinary income	1,080	937
Extraordinary income		
Gain on sales of investment securities	1,071	3,701
Gain on sales of shares of subsidiaries and associates	15	-
Total extraordinary income	1,086	3,701
Extraordinary losses		
Loss on sales of investment securities	4	0
Loss on valuation of investment securities	5	-
Impairment loss	653	105
Loss on business of subsidiaries and associates	736	570
Other	6	17
Total extraordinary losses	1,406	693
Profit before income taxes	761	3,945
Income taxes - current	1,401	1,826
Income taxes - deferred	(65)	119
Total income taxes	1,335	1,945
Profit (loss)	(574)	1,999
Loss attributable to non-controlling interests	(431)	(39)
Profit (loss) attributable to owners of parent	(142)	2,039

8. Consolidated financial statements

(3) Notes relating to the assumptions of the going concern

None.

(4) Segment information, etc.

[Segment information]

(i) Outline of reportable segments

The reporting segments of the CAC Group are those units of the Group for which discrete financial information is available and for which the decision-making bodies of the Group regularly conduct reviews for the purpose of making decisions about resources to be allocated to the segments and assess the segments' performance.

The Group consists of segments by services, and the Systems Development and Integration Services, System Operation and Management Services and BPO/BTO Service are three reportable segments. The contents of each reportable segment are as follows.

- Systems Development and Integration Services: System consulting, system development, system maintenance, infrastructure development and package integration
- System Operation and Management Services: System operation consulting, system operation, application operation, data center and help desk/call center
- BPO/BTO Services: Business process outsourcing and business transformation outsourcing

(ii) Information on amounts of net sales and profit (loss) by reportable segment

The previous consolidated cumulative fiscal year (January 1, 2015 to December 31, 2015)

(Unit: million yen)

	Reportable segment			Total
	Systems Development and Integration Services	System Operation and Management Services	BPO/BTO Services	
Net sales				
Net sales to external customers	23,339	17,895	10,870	52,105
Intersegment sales or transfers	–	–	–	–
Total	23,339	17,895	10,870	52,105
Segment profit (loss)	1,001	(187)	395	1,209

(Note) The total amount of segment profit (loss) corresponds to the amount of operating income in the consolidated income statement.

The consolidated fiscal year under review (January 1, 2016 to December 31, 2016)

(Unit: million yen)

	Reportable segment			Total
	Systems Development and Integration Services	System Operation and Management Services	BPO/BTO Services	
Net sales				
Net sales to external customers	22,764	17,950	11,807	52,521
Intersegment sales or transfers	-	-	-	-
Total	22,764	17,950	11,807	52,521
Segment profit (loss)	545	279	377	1,202

(Note) The total amount of segment profit (loss) corresponds to the amount of operating income in the consolidated income statement.

(5) Related information

[The previous consolidated cumulative fiscal year (January 1, 2015 to December 31, 2015)]

Net sales by region

(Unit: million yen)

Japan	Asia	Others	Total
41,561	8,721	1,822	52,105

(Note) The amount of net sales is categorized by country or region, based on customers' location.

Information about main customers

(Unit: million yen)

Name of major customer	Net sales	Segment
Astellas Pharma Inc.	5,897	<ul style="list-style-type: none"> · Systems Development and Integration Services · System Operation and Management Services · BPO/BTO Services

[The consolidated fiscal year under review (January 1, 2016 to December 31, 2016)]

Net sales by region

(Unit: million yen)

Japan	Asia	Others	Total
41,363	9,203	1,954	52,521

(Note) The amount of net sales is categorized by country or region, based on customers' location.

Information about main customers

(Unit: million yen)

Name of major customer	Net sales	Segment
Astellas Pharma Inc.	5,930	· Systems Development and Integration Services · System Operation and Management Services · BPO/BTO Services

9. Others

(1) Changes in officers

In accordance with the resolution of the 51st Ordinary General Meeting of Shareholders to be held on March 23, 2017, the following changes in officers are expected to take place.

(i) Changes in Representative Directors

Not applicable

(ii) Changes in other officers (as of March 23, 2017)

- Candidate for the new auditor

auditor: Masaaki Yoshida (Currently, The Manager of the Corporate administration
Division of CAC Holdings Corporation)

auditor: Hirokazu Honda (Currently, The Partner of Abe, Ikubo & Katayama)

*Hirokazu Honda is a candidate of Outside corporate auditor

- Candidate of retiring auditor

auditor: Masayuki Osuka

auditor: Morihito Fujitani

(2) Consolidated Orders Received by Segment

(Unit: million yen)

	Year ended December 31, 2015		Year ended December 31, 2016		YoY Change	
	Orders Received	Backlog	Orders Received	Backlog	Amount	%
Systems Development and Integration	23,039	3,032	22,017	2,285	(1,022)	(4.4)
Systems Operation and Management	18,261	6,417	17,739	6,206	(522)	(2.9)
BPO/BTO	14,028	9,029	11,171	8,415	(2,856)	(20.4)
Total	55,330	18,478	50,928	16,907	(4,402)	(8.0)

(3) Consolidated Sales by Segment

(Unit: million yen)

	Year ended December 31, 2015		Year ended December 31, 2016		YoY Change	
	Amount	vs Total(%)	Amount	vs Total(%)	Amount	%
Systems Development and Integration	23,339	44.8	22,764	43.3	(575)	(2.5)
Systems Operation and Management	17,895	34.3	17,950	34.2	54	0.3
BPO/BTO	10,870	20.9	11,807	22.5	936	8.6
Total	52,105	100.0	52,521	100.0	415	0.8

(4) Consolidated Sales by Customer Industry

(Unit: million yen)

	Year ended December 31, 2015		Year ended December 31, 2016		YoY Change	
	Amount	vs Total(%)	Amount	vs Total(%)	Amount	%
Financial services	8,326	16.0	7,224	13.8	(1,102)	(13.2)
Trust banks	4,550	8.7	4,237	8.1	(312)	(6.9)
Pharmaceuticals	15,209	29.2	17,067	32.5	1,858	12.2
Food services	4,215	8.1	3,853	7.3	(361)	(8.6)
Manufacturing	3,386	6.5	3,096	5.9	(289)	(8.5)
Service and others	16,418	31.5	17,042	32.4	623	3.8
Total	52,105	100.0	52,521	100.0	415	0.8

END