

Note: This document is a partial translation of "Kessan Tanshin" for the Third Quarter of the Fiscal Year Ending December 31, 2017 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 third quarter of the Fiscal Year Ending December 31, 2017
(Japanese GAAP)**

November 10, 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
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 Scheduled date of filing of quarterly securities report: November 13, 2017

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

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2017
(January 1, 2017 through September 30, 2017)

(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	%
Nine months ended September 30, 2017	40,295	3.3	477	(39.6)	394	(27.4)	697	(66.0)
Nine months ended September 30, 2016	39,026	1.7	791	(10.5)	544	(32.4)	2,049	122.3

(Note) Comprehensive income

Nine months ended September 30, 2017	4,047	million yen	(-%)
Nine months ended September 30, 2016	(449)	million yen	(-%)

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Nine months ended September 30, 2017	37.83	-
Nine months ended September 30, 2016	104.59	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen sen
As of September 30, 2017	51,834	30,502	57.5	1,617.80
As of December 31, 2016	50,344	27,683	53.0	1,447.09

(Reference) Shareholders' equity As of September 30, 2017 29,824 million yen
 As of December 31, 2016 26,677 million yen

2. Dividends

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

(Note) Revisions to dividends forecast published most recently: No

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)

Full-year	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
	53,000	0.9	600	(50.1)	540	(42.4)	1,100	(46.1)	59.67

(Note) Revisions to earnings forecast published most recently: Yes

※Notes

(1) Important changes in subsidiaries for the third quarter of the fiscal year ending December 31, 2017 (changes in specified subsidiaries resulting in a change in the scope of consolidation): Not applicable

(2) Application of specific accounting treatment to the preparation of quarterly consolidated financial statements: Not applicable

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

(i) Changes in accounting principles due to the amendment of accounting standards, etc.: Not 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

(4) Number of shares outstanding (common stock)

(i) Total number of shares outstanding (including treasury stock) as of the end of each period:	As of September 30, 2017	21,541,400 shares	As of December 31, 2016	21,541,400 shares
(ii) Total number of treasury stock as of the end of each period:	As of September 30, 2017	3,106,143 shares	As of December 31, 2016	3,106,143 shares
(iii) Average number of issued shares for each period (cumulative period)	As of September 30, 2017	18,435,257 shares	As of September 30, 2016	19,598,855 shares

* Status of quarterly review

The quarterly consolidated financial statements under the Financial Instruments and Exchange Act are outside the scope of review.

* 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.

4. Qualitative information on the quarterly business results under review

(1) Explanation of the business results

(i) Overview

In the consolidated three-quarter period of the fiscal year under review (January 1, 2017 through September 30, 2017, hereinafter the “three-quarter period under review”), the economy continued to enjoy a moderate expansion in the United States and Europe, aided by the strong performance of the manufacturing and other sectors. In India, a country with which CAC Holdings Corporation and its consolidated subsidiaries (hereinafter the “CAC Group”) have close ties, a gradual economic recovery was expected, despite the influence of the Goods & Services Tax introduced in July 2017. The Japanese economy expanded moderately, reflecting increases in exports and capital expenditures as well as firm personal consumption. The IT service market in Japan remained solid with increasing IT investments by companies. In the field of pharmaceutical development support, competition among companies was intensifying, but the market continued to grow.

In the current fiscal year, the CAC Group is working on several initiatives, such as making progress in the growing healthcare field, creating new technologies and new business domains, and expanding global operations in collaboration with CAC Group companies in Japan and overseas.

In terms of initiatives in new technologies and new business domains, CAC Corporation (hereinafter “CAC”), a subsidiary, was advancing the commercialization of emotion recognition AI in Japan jointly with Toppan Printing Co., Ltd. while launching the creation of business based on the combination of blockchain, AI and IoT.

CAC also started provision of solutions for corporate health management support specialized in a new business domain of nursing care industry.

Consolidated net sales for the three-quarter period under review stood at ¥40,295 million, up 3.3% year on year, thanks to an increase in sales of Accel Frontline Limited (hereinafter “AFL”), a subsidiary in India, and growth in sales to some customers in Japan and in sales of pharmaceutical development support services.

Consolidated operating income came to ¥477 million, down 39.6% year on year, reflecting a fall in sales of Sierra Solutions Pte. Ltd. (hereinafter “Sierra Solutions”), a subsidiary in Singapore, and in sales in the IT field in Japan. Consolidated ordinary income was to ¥394 million, down 27.4% year on year, and consolidated quarterly net income attributable to owners of parent stood at ¥697 million, down 66.0% year on year.

(ii) Financial results by business segment

<Systems development and integration services>

Consolidated net sales for the three-quarter period under review rose to ¥17,247 million, up 1.5%

year on year, mainly due to growth in sales of AFL although sales of Sierra Solutions and sales in IT field in Japan fell. Consolidated operating income came to ¥122 million, down 69.0% year on year.

<System operating and management services>

Consolidated net sales for the three-quarter period under review were ¥13,985 million, up 4.7% year on year, chiefly reflecting higher sales to some customers in Japan. Consolidated operating income rose to ¥188 million, up 6.2% year on year.

<BPO/BTO services>

Consolidated net sales in the three-quarter period under review increased to ¥9,063 million, up 4.6%, year on year due to an increase in sales of pharmaceutical development support services.

Consolidated operating income stood at ¥165 million, down 23.5% year on year.

(2) Explanation of the consolidated financial position

Consolidated total assets increased ¥1,489 million from the end of the previous fiscal year, to ¥51,834 million at the end of the third quarter under review. Consolidated liabilities fell ¥1,329 million from the end of the previous fiscal year, to ¥21,331 million at the end of the third quarter under review. Consolidated net assets rose ¥2,819 million from the end of the previous fiscal year, to ¥30,502 million, reflecting an increase of ¥3,064 million in valuation difference on available-for-sale securities, an increase of ¥103 million in foreign currency translation adjustment and a decrease of ¥327 million yen in non-controlling interests.

(3) Explanation of the consolidated business results forecast and other future forecast information

CAC Holdings Corporation revised its consolidated business results forecast for the fiscal year ending December 2017 announced on February 14, 2017. For the details, please see “Notice on Revision of the Consolidated Business Results Forecast and Posting of Extraordinary Loss” that is separately disclosed today.

5. Consolidated Financial Statements
(1) Consolidated Balance Sheet

(Rounded down to the nearest million yen)

	FY2016 (As of December 31, 2016)	3rd quarter FY2017 (As of September 30, 2017)
Assets		
Current assets		
Cash and deposits	11,428	7,306
Notes and accounts receivable - trade	10,318	9,725
Securities	1,101	2,001
Merchandise	842	577
Work in process	762	774
Supplies	26	27
Deferred tax assets	337	945
Other	1,779	1,959
Allowance for doubtful accounts	(128)	(204)
Total current assets	26,468	23,113
Non-current assets		
Property, plant and equipment	1,731	1,451
Intangible assets		
Goodwill	2,296	1,092
Other	2,439	2,951
Total intangible assets	4,736	4,043
Investments and other assets		
Investment securities	13,735	19,362
Deferred tax assets	1,495	1,469
Other	※ 2,201 ※	2,415
Allowance for doubtful accounts	(24)	(21)
Total investments and other assets	17,408	23,225
Total non-current assets	23,876	28,720
Total assets	50,344	51,834
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,324	3,056
Short-term loans payable	3,322	2,553
Current portion of long-term loans payable	60	61
Income taxes payable	1,368	367
Provision for bonuses	309	1,017
Provision for loss on order received	20	34
Other	4,812	3,734
Total current liabilities	13,218	10,826
Non-current liabilities		
Long-term loans payable	2,373	2,113
Net defined benefit liability	3,964	3,988
Deferred tax liabilities	2,609	3,922
Other	494	480
Total non-current liabilities	9,442	10,504
Total liabilities	22,661	21,331
Net assets		
Shareholders' equity		
Capital stock	3,702	3,702
Capital surplus	3,725	3,725
Retained earnings	16,373	16,370
Treasury shares	(2,909)	(2,909)
Total shareholders' equity	20,892	20,888
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,869	8,934
Foreign currency translation adjustment	(253)	(149)
Remeasurements of defined benefit plans	169	151
Total accumulated other comprehensive income	5,785	8,935
Non-controlling interests	1,005	678
Total net assets	27,683	30,502
Total liabilities and net assets	50,344	51,834

(2) Consolidated statements of income and consolidated statement of comprehensive income

Consolidated third quarter results

(Rounded down to the nearest million yen)

	From January 1, 2016 to September 30, 2016	From January 1, 2017 to September 30, 2017
Net sales	39,026	40,295
Cost of sales	31,275	32,417
Gross profit	7,751	7,878
Selling, general and administrative expenses	6,960	7,400
Operating income	791	477
Non-operating income		
Interest income	13	15
Dividend income	183	175
Share of profit of entities accounted for using equity method	-	4
Other	37	98
Total non-operating income	234	294
Non-operating expenses		
Interest expenses	244	240
Commitment fee	12	22
Foreign exchange losses	146	30
Loss on investments in partnership	37	38
Share of loss of entities accounted for using equity method	3	-
Other	36	44
Total non-operating expenses	481	376
Ordinary income	544	394
Extraordinary income		
Gain on sales of investment securities	3,699	1,137
Gain on sales of shares of subsidiaries and associates	-	992
Gain on sales of non-current assets	-	23
Total extraordinary income	3,699	2,153
Extraordinary losses		
Impairment loss	-	1,153
Loss on business of subsidiaries and associates	570	-
Loss on liquidation of business	-	116
Other	13	3
Total extraordinary losses	583	1,273
Profit before income taxes	3,659	1,274
Income taxes - current	1,694	1,009
Income taxes - deferred	(7)	(587)
Total income taxes	1,687	421
Profit	1,971	853
Profit (loss) attributable to non-controlling interests	(78)	155
Profit attributable to owners of parent	2,049	697

Quarterly consolidated statement of comprehensive income

Consolidated third quarter results

(Rounded down to the nearest million yen)

From January 1, 2016 to September 30, 2016 From January 1, 2017 to September 30, 2017

Profit	1,971	853
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,962)	3,064
Foreign currency translation adjustment	(443)	147
Remeasurements of defined benefit plans, net of tax	(15)	(17)
Total other comprehensive income	(2,421)	3,194
Comprehensive income	(449)	4,047
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(288)	3,847
Comprehensive income attributable to non-controlling interests	(161)	200

(3) Notes on quarterly consolidated financial statements

(Notes on going concern assumptions)

None.

(Notes on a significant change in the amount of shareholders' equity)

None

(Notes on a significant change of subsidiaries)

None

(Particular accounting treatments)

None

(Changes in accounting policy and changes or restatements of accounting estimates)

None

(Additional information)

(Application of the Guidance on Recoverability of Deferred Tax Assets)

The Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, issued on March 28, 2016) is applied from the first quarter of the current fiscal year.

(Application of the consolidated taxation system)

The consolidated taxation system is applied to CAC Holdings Corporation and certain of its consolidated subsidiaries from the first quarter of the current fiscal year.

(Segment information, etc.)

(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 Third quarter of the previous consolidated cumulative fiscal year
(January 1, 2016 to September 30, 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	16,994	13,363	8,668	39,026
Intersegment sales or transfers	—	—	—	—
Total	16,994	13,363	8,668	39,026
Segment profit (loss)	396	177	216	791

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

The Third quarter of the consolidated cumulative fiscal year under review
(January 1, 2017 to September 30, 2017)

(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	17,247	13,985	9,063	40,295
Intersegment sales or transfers	—	—	—	—
Total	17,247	13,985	9,063	40,295
Segment profit (loss)	122	188	165	477

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

- (iii) Information related to impairment loss of noncurrent assets, goodwill, etc. for each reportable segment

Three-quarter period under review (January 1, 2017 through September 30, 2017)

(Material impairment loss of noncurrent assets)

In the systems development and integration services, in consideration of the business results and financial standing of Sierra Solutions Pte. Ltd., a consolidated subsidiary (Head Office: Singapore), an impairment loss was posted for the entire unamortized balance of goodwill related to the subsidiary.

The amount of the posted impairment loss for the three-quarter period under review was ¥1,120 million.

(Material change in the amount of goodwill)

Due to the impairment loss posted for the goodwill of systems development and integration services described above, the amount of goodwill decreased.

(Material subsequent events)

None

6. Supplementary Information

(1) Consolidated Orders Received by Segment

(Rounded down to the nearest million yen)

	Nine months ended September 30, 2016		Nine months ended September 30, 2017		YoY Change	
	Orders Received	Backlog	Orders Received	Backlog	Amount	%
Systems Development and Integration	16,281	2,318	16,368	1,406	86	0.5
Systems Operation and Management	14,073	7,127	14,792	7,014	719	5.1
BPO/BTO	9,280	9,662	10,220	9,572	939	10.1
Total	39,635	19,109	41,381	17,993	1,746	4.4

(note) Consumption tax is not included in the amount above.

(2) Consolidated Sales by Segment

(Rounded down to the nearest million yen)

	Nine months ended September 30, 2016		Nine months ended September 30, 2017		YoY Change	
	Amount	vs Total(%)	Amount	vs Total(%)	Amount	%
Systems Development and Integration	16,994	43.5	17,247	42.8	252	1.5
Systems Operation and Management	13,363	34.2	13,985	34.7	621	4.7
BPO/BTO	8,668	22.3	9,063	22.5	395	4.6
Total	39,026	100.0	40,295	100.0	1,268	3.3

(note) Consumption tax is not included in the amount above.

(3) Consolidated Sales by Customer Industry

(Rounded down to the nearest million yen)

	Nine months ended September 30, 2016		Nine months ended September 30, 2017		YoY Change	
	Amount	vs Total(%)	Amount	vs Total(%)	Amount	%
Financial services	5,484	14.1	5,800	14.4	315	5.8
Trust banks	3,287	8.4	3,050	7.6	(237)	(7.2)
Pharmaceuticals	12,661	8.4	11,824	29.3	(836)	(6.6)
Food services	2,851	7.3	2,406	6.0	(445)	(15.6)
Manufacturing	2,285	5.9	2,432	6.0	146	6.4
Service and others	12,455	31.9	14,781	36.7	2,325	18.7
Total	39,026	100.0	40,295	100.0	1,268	3.3

(note) Consumption tax is not included in the amount above.