Note; This document is a partial translation of "Kessan Tanshin" for the Fiscal Year Ended 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 Fiscal Year Ended December 31, 2017 (Japanese GAAP)

February 14, 2018

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: Iori Sakai, Group Manager, Enterprise Value Up Group, Corporate Planning Dept.
Tel: +81-3-6667-8010
Scheduled date of Annual General Meeting of Shareholders: March 27, 2018
Scheduled date of dividend payment: March 28, 2018
Scheduled date to submit the annual securities report(Yukashoken Hokokusho): March 28, 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 Ended December 31, 2017 (January 1, 2017 through December 31, 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	%
Year ended December 31, 2017	53,268	1.4	698	(41.9)	717	(23.4)	1,100	(46.0)
Year ended December 31, 2016	52,521	0.8	1,202	(0.6)	937	(13.3)	2,039	-

(Note) Comprehensive income
Year ended December 31, 2017 5,931 million yen (—%)
Year ended December 31, 2016 483 million yen (—%)

	Net income per share	Net income per share (fully diluted)	Return on Equity	Total assets ordinary income ratio	Net sales Operating income ratio
	Yen	Yen	%	%	%
Year ended December 31, 2017	59.69	–	3.8	1.4	1.3
Year ended December 31,2016	105.55	–	7.4	1.8	2.3

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen sen
As of December 31, 2017	54,125	32,429	58.6	1,720.38
As of December 31, 2016	50,344	27,683	53.0	1,447.09

(Reference) Shareholders' equity As of December 31, 2017 31,715 million yen
As of December 31, 2016 26,677 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	%	Yen sen
As of December 31, 2017	(1,014)	307	(2,196)	8,389
As of December 31, 2016	892	3,233	(1,920)	11,268

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Net asset dividend rate (consolidated)
	End of the first quarter	End of the second quarter	End of the third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Year ended December 31, 2016	―	20.00	―	20.00	40.00	761	37.9	2.8
Year ending December 31, 2017	―	18.00	―	18.00	36.00	663	60.3	2.3
Year ending December 31, 2018 (Forecast)		19.00	―	19.00	38.00		63.7	

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 ended December 31, 2018
(January 1, 2018 through December 31, 2018)

(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	1.4	1,600	129.1	1,500	108.9	1,100	(0.0)	59.67

(Note) Earning forecast for the second quarter will not be disclosed because we manage performance on annual basis.

※Notes

(1) Important changes in subsidiaries for the fiscal year ended December 31, 2017 (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.: 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

(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, 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 December 31, 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 December 31, 2017	18,435,257 shares	As of December 31, 2016	19,317,964 shares

（Reference）Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2017 (January 1, 2017 through December 31, 2017)

(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, 2017	1,368	(2.3)	172	(21.3)	487	23.6	518	(80.3)
Year ended December 31, 2016	1,399	36.9	219	595.5	394	27.1	2,624	–

	Net income per share	Net income per share (fully diluted)
	Yen sen	Yen sen
Year ended December 31, 2017	28.11	–
Year ended December 31, 2016	135.85	–

(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, 2017	33,599	28,574	85.0	1,549.99
As of December 31, 2016	28,877	24,727	85.6	1,341.31

(Reference) Shareholders' equity As of December 31, 2017 28,574 million yen
As of December 31, 2016 24,727 million yen

*The 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.

・Financial results briefing for institutional investors and analysts is to be held on February 14, 2018. Materials used at the briefing will be posted on our website.

4. Summary of business results

(1) Summary of business results for the fiscal year under review

In the consolidated fiscal year under review (January 1, 2017 through December 31, 2017), the CAC Group worked on several initiatives, such as making progress in the healthcare field, which promises growth potential, as well as creating new technologies and new business domains, and expanding global operations through further collaboration with its group companies in Japan and overseas.

In terms of new technologies and new business domains, the Group mainly focused on the AI field. CAC Corporation (hereinafter "CAC"), a subsidiary, advanced the development of new applications and services using emotion recognition AI and worked on collaboration with other companies, while offering demonstration experiment services with combination of blockchain, AI and IoT. In addition, the Group expanded its AI efforts on a global scale; CAC SHANGHAI CORPORATION, a subsidiary in China, began creating a market for emotion recognition AI in the country.

The Group worked actively to enhance collaboration among its group companies in and outside Japan and CAC collaborated with Accel Frontline Limited (hereinafter "AFL"), a subsidiary in India that has a track record in the field of ADAS (advanced driver-assistance systems), to seek opportunities in Japan's ADAS field.

As a result, for the consolidated fiscal year under review, net sales rose 1.4% year on year, to ¥53,268 million, due to increases in AFL sales and pharmaceutical development support services, despite a decrease in the sales of Sierra Solutions Pte. Ltd. (hereinafter "Sierra Solutions"), a subsidiary in Singapore.

Consolidated operating income came to ¥698 million, down 41.9% year on year, reflecting mainly the operating losses of Sierra Solutions and AFL and lower profit margins in the IT field in Japan.

Consolidated ordinary income was ¥717 million, down 23.4% year on year. Consolidated profit attributable to owners of parent stood at ¥1,100 million, down 46.0% year on year, reflecting the recording of a gain on sales of shares of subsidiaries and associates (sales of AFL) and a gain on sales of investment securities in extraordinary income, although there were extraordinary losses including impairment loss of Sierra Solutions.

Results by segment are as follows.

<Systems development and integration services>

Consolidated net sales fell to ¥22,060 million, down 3.1% year on year, due to declines in sales of Sierra Solutions and sales in the IT field in Japan. Consolidated operating loss stood at ¥22 million, compared with operating income of ¥545 million for the previous fiscal year, owing to the decreased sales and operating losses of AFL and Sierra Solutions.

<System operation and management services>
Consolidated net sales were ¥18,879 million, up 5.2% year on year, reflecting higher sales both in and outside Japan. Consolidated operating income rose to ¥372 million, up 33.3% year on year.
<BPO/BTO services>
Consolidated net sales increased to ¥12,328 million, up 4.4% year on year due to an increase in sales of pharmaceutical development support services and BPO services for human resources. Consolidated operating income stood at ¥348 million, down 7.5% year on year.

(2) Summary of consolidated financial position for the fiscal year under review
Consolidated total assets increased ¥3,781 million from the end of the previous consolidated fiscal year, to ¥54,125 million. Consolidated liabilities decreased ¥964 million from the end of the previous consolidated fiscal year, to ¥21,696 million. Moreover, consolidated net assets rose ¥4,745 million from the end of the previous consolidated fiscal year, to ¥32,429 million.

(3) Summary of cash flows for the fiscal year under review
Cash flows in the consolidated fiscal year under review were as follows.
(Net cash from operating activities)
Net cash used in operating activities stood at ¥1,014 million (compared with net cash provided by operating activities of ¥892 million in the previous consolidated fiscal year). This mainly reflected a gain on sales of investment securities of ¥1,732 million, a gain on sales of shares of subsidiaries and associates of ¥1,177 million, and income taxes paid of ¥2,366 million, offsetting profit before income taxes of ¥2,122 million, depreciation of ¥820 million and an impairment loss of ¥1,288 million.

(Net cash from investing activities)
Net cash provided by investing activities stood at ¥307 million (compared with net cash provided by investing activities of ¥3,233 million in the previous consolidated fiscal year). This was chiefly attributable to proceeds from sales of investment securities of ¥4,026 million and proceeds from sales of shares of subsidiaries resulting in a change in scope of consolidation of ¥797 million, offsetting the purchase of investment securities of ¥2,931 million, the purchase of intangible assets of ¥994 million, and a net increase in securities of ¥400 million.

(Net cash from financing activities)
Net cash used in financing activities stood at ¥2,196 million (compared with net cash used in financing activities of ¥1,920 million in the previous consolidated fiscal year). This was mainly due to a net decrease in short-term loans payable of ¥482 million, repayments of long-term loans payable of ¥295 million, payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation of ¥518 million, and cash dividends paid of ¥701 million.

As a result, cash and cash equivalents at the end of the consolidated fiscal year under review stood at ¥8,389 million, down ¥2,878 million from the end of the previous consolidated fiscal year.

Indicators related to cash flows are as follows.

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017
Shareholders’ equity ratio (%)	54.6	53.0	58.6
Shareholders’ equity ratio at fair value (%)	41.2	37.8	42.2
Ratio of interest-bearing debt to cash flow (years)	-	7.0	-
Interest coverage ratio (times)	-	2.7	-

* The calculation methods for the above indicators are as follows.
・Shareholders’ equity ratio: Shareholders’ equity / Total assets
・Shareholders’ equity ratio at fair value: Market capitalization / Total assets
・Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Operating cash flows
・Interest coverage ratio: Operating cash flows / Interest paid

* All indicators are calculated using consolidated financial data.

* Market capitalization is calculated by multiplying the share price at the end of the period by the total number of shares issued and outstanding at the end of the period.

* Operating cash flows refer to net cash from operating activities in the Consolidated Statements of Cash Flows.

* Interest-bearing debt includes all liabilities on the consolidated balance sheets for which interest is paid. Interest paid refers to interest expenses stated on the Consolidated Statement of Income.

* The ratio of interest-bearing debt to cash flows and the interest coverage ratio for the fiscal years ended December 2015 and 2017 are omitted as the net cash from operating activities is negative.

(4) Future outlook

The CAC Group will launch a new medium-term strategy from FY2018 with the aim of achieving its FY2021 targets, namely ¥70 billion in net sales and ¥4 billion in operating income.

In FY2018, the first year of the medium-term strategy, the Group will seek to gain a foothold to achieve its medium-term targets, improving the performance of its existing businesses. In the domestic IT field, it will work to increase orders by shifting to digital business. In the overseas IT field, it will work to cut off unprofitable businesses and capture local demand, while in pharmaceutical development support services, the Group will seek to rapidly reduce costs and dissolve less profitable projects. Meanwhile, it will make upfront investments in future growth by opening R&D centers in Japan, China and India as well as developing new services.

In addition, the Group will acquire new management resources through investment and M&A to create and expand new business domains.

With the above initiatives, for the consolidated fiscal year ending December 2018, the CAC Group expects to record net sales of ¥54 billion, up 1.4% year on year, operating income of ¥1.6 billion, up 129.1%, ordinary income of ¥1.5 billion, up 108.9%, and profit attributable to owners of parent of ¥1.1

billion, unchanged from the previous year.

(5) Basic policy for profit sharing and dividends for the current and the next fiscal years

The CAC Group regards the return of profits to shareholders as an important management issue, and fundamentally aims to continue providing stable returns after consideration of consolidated payout ratio while striving to enhance its earnings strength and develop sound financial strength. In addition, it will purchase treasury stock when necessary as part of its flexible capital policy and comprehensive measures to return profits to shareholders.

Moreover, the Group will invest internal reserves in bolstering its financial strength, as well as M&A to facilitate its growth, business development, training of human resources, research and development from a medium-to long-term perspective, and the improvement of productivity and quality capability. In this way, it will strive to strengthen its comprehensive corporate capabilities and the Group’s business foundation to achieve sustainable growth.

The Group has decided to pay a year-end dividend of ¥18 per share for the fiscal year under review. As a result, combined with the interim dividend of ¥18 per share, the annual dividend will be ¥36 per share. In addition, the Group plans to pay an annual dividend of ￥38 (an interim dividend of ¥19 and a year-end dividend of ¥19) per share for the fiscal year ending December 2018 to provide more returns to shareholders in view of its financial position.

5. Status of the corporate group

The Group consists of the Company, 21 consolidated subsidiaries and 1 affiliated company accounted for by the equity method and develops system construction service, system operation management service, BPO / BTO service as our main business domestically and overseas.

<Systems Development and Integration Services>

System consulting, system development, system maintenance, infrastructure development and package integration for enterprise

<System Operation and Management Services>

Total services of system operation such as consulting, system operation, and application operation, data center service and help desk/call center service

<BPO/BTO services>

Outsourcing services that combines IT and operation functions: CRO (pharmaceutical BTO) and human resource BPO services.

Main services of the CAC Group by Segments are as follows.

Segment	Main services	Main companies
Systems Development and Integration Services	System consulting System development System maintenance, Infrastructure development and 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 CEN Solutions Corp.
System Operation and Management Services	System operation consulting System operation Application operation Data center Help desk/call center	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

As of December 31, 2017

6. Management policy

(1) Corporate management policy

Under its corporate philosophy “Creating new values on a global level with the use of the latest ICT technologies,” the CAC Group aims to contribute to society by understanding the market needs arising from globalization and diversifying values to continually create new values through advanced ICT.

(2) Target management indicators

The CAC Group has established “improving its corporate value through continued expansion of operating revenue” as its management objective. To achieve this goal, it recognizes the increase of profits, including operating income, ordinary income and net income, as its management indicator. The Group also attaches importance to return on equity (ROE) as an indicator for capital efficiency.

(3) Medium-to-long-term business strategy

The shift to “digital transformation,” where AI, IoT and other digital technologies significantly transform the lives of individuals, corporate activities and even society at large, is approaching rapidly. This shift has changed the capabilities required by system integrators and outsourcers and may eliminate companies with no knowledge of digital technology.

To achieve sustainable growth while keeping pace with the rapid digital transformation, the CAC Group established a new medium-term strategy (for FY2018 to FY2021).

The Group aims to achieve ¥70 billion in net sales, ¥4 billion in operating income (existing businesses: ¥50 billion in net sales and ¥2.5 billion in operating income, new businesses: ¥20 billion in net sales and ¥1.5 billion in operating income) by the end of FY2021, the final year of the mid-term strategy.

To achieve these targets, the Group will focus mainly on the following three efforts.

<Summary of medium-term strategy (Determination 21)>

(1) Improving the earnings strengths of existing businesses

・Domestic IT business

In anticipation of digital business, the Group will enhance functions to develop new services and new products and will incorporate the digital technologies of its overseas group companies. In addition, it will work to acquire new customers by strengthening its sales capabilities and expanding and cultivating its sales areas concentrated in Tokyo into western Japan and overseas. Meanwhile, it will aggressively work on collaboration and sharing of technology among group companies to accelerate its efforts for digital transformation.

・Overseas IT business

The Group will expand its overseas IT business by meeting the needs for IT in growing countries, India and China. It will actively work on the development of new solutions in these countries to accelerate the establishment of digital business. In addition, it will improve its earnings strength by cutting off unprofitable businesses and focusing on highly profitable businesses.

・CRO business

As the number of international joint clinical trials continues to rise, the Group aims to grow by fully operating its CRO business in China and India and expanding its peripheral business, aiming to enhance its global capability. Meanwhile, it will bolster profits through measures to achieve appropriate labor cost and management cost as well as to eliminate unprofitable projects.

To advance these efforts, the Group will aim to keep pace with, and follow up on, digital technology by opening R&D centers in its major operation bases ― Japan, China and India ― as well as by developing new businesses. Moreover, it will promote collaboration and cooperation within the Group, with other companies, and with industries and academia. Increasing open collaborative opportunities will enhance the Group’s comprehensive strength.

(2) Creating and expanding new business domains

To create and expand new business domains, the Group will establish a dedicated department within CAC Holdings to acquire new management resources through investment. With “nursing care,” “agriculture” and “inbound” as keywords, it will focus on digital business mainly in Asia, including China and India, to expand the Group through investment in companies with growth potential and through M&A.

(3) Strengthening and revitalizing the Group

Group-wide joint training of future resources and strategic personnel rotation will revitalize the Group. Revamping management accounting and adopting a new evaluation system will strengthen the Group’s management. Moreover, enhancing public relations and IR and CSR activities will improve the Group’s corporate presence.

Through these efforts, the Group aims to become a corporate group that “creates new value on a global level with the use of the latest ICT technologies.”

7. Basic Approach to Selecting Accounting Standards

The CAC Group will continue to prepare its consolidated financial statements under Japanese standards for the foreseeable future, taking into account the comparability of the terms of consolidated financial statements and the comparability among companies.
It will consider adopting IFRS, given domestic and overseas circumstances.

8. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Rounded down to the nearest million yen)

	FY2016 (As of December 31, 2016)	FY2017 (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	11,428	8,551
Notes and accounts receivable - trade	10,318	10,440
Securities	1,101	1,500
Merchandise	842	641
Work in process	762	527
Supplies	26	23
Prepaid expenses	1,098	903
Deferred tax assets	337	231
Other	680	1,504
Allowance for doubtful accounts	(128)	(239)
Total current assets	26,468	24,084
Non-current assets		
Property, plant and equipment		
Buildings and structures	689	620
Machinery, equipment and vehicles	39	29
Land	182	124
Construction in progress	0	-
Other	819	617
Total property, plant and equipment	1,731	1,392
Intangible assets		
Software	2,380	2,749
Goodwill	2,296	1,054
Other	58	67
Total intangible assets	4,736	3,871
Investments and other assets		
Investment securities	13,735	20,788
Long-term loans receivable	-	253
Long-term prepaid expenses	345	237
Guarantee deposits	782	774
Deferred tax assets	1,495	1,519
Other	1,073	1,347
Allowance for doubtful accounts	(24)	(142)
Total investments and other assets	17,408	24,777
Total non-current assets	23,876	30,041
Total assets	50,344	54,125
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,324	3,431
Short-term loans payable	3,322	2,794
Current portion of long-term loans payable	60	62
Lease obligations	162	148
Accrued expenses	1,795	1,547
Income taxes payable	1,368	371
Accrued consumption taxes	413	369
Provision for bonuses	309	322
Provision for loss on order received	20	17
Other	2,442	2,056
Total current liabilities	13,218	11,120

(1) Consolidated Balance Sheet

(Rounded down to the nearest million yen)

	FY2016 (As of December 31, 2016)	FY2017 (As of December 31, 2017)
Non-current liabilities		
Long-term loans payable	2,373	2,084
Lease obligations	306	330
Provision for directors' retirement benefits	70	24
Net defined benefit liability	3,964	3,488
Deferred tax liabilities	2,609	4,528
Other	118	119
Total non-current liabilities	9,442	10,576
Total liabilities	22,661	21,696
Net assets		
Shareholders' equity		
Capital stock	3,702	3,702
Capital surplus	3,725	3,725
Retained earnings	16,373	16,773
Treasury shares	(2,909)	(2,909)
Total shareholders' equity	20,892	21,291
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,869	10,004
Foreign currency translation adjustment	(253)	(55)
Remeasurements of defined benefit plans	169	474
Total accumulated other comprehensive income	5,785	10,423
Non-controlling interests	1,005	713
Total net assets	27,683	32,429
Total liabilities and net assets	50,344	54,125

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

Consolidated yearly results

(Rounded down to the nearest million yen)

	From January 1, 2016 to December 31, 2016	From January 1, 2017 to December 31, 2017
Net sales	52,521	53,268
Cost of sales	42,041	42,996
Gross profit	10,479	10,272
Selling, general and administrative expenses	9,277	9,573
Operating profit	1,202	698
Non-operating income		
Interest income	25	25
Dividend income	209	260
Share of profit of entities accounted for using equity method	-	4
Other	53	150
Total non-operating income	288	441
Non-operating expenses		
Interest expenses	328	301
Share of loss of entities accounted for using equity method	7	-
Loss on investments in partnership	37	38
Commitment fee	17	23
Foreign exchange losses	104	11
Other	59	47
Total non-operating expenses	553	422
Ordinary profit	937	717
Extraordinary income		
Gain on sales of investment securities	3,701	1,748
Gain on sales of shares of subsidiaries and associates	-	1,177
Gain on sales of non-current assets	-	23
Total extraordinary income	3,701	2,949
Extraordinary losses		
Loss on sales of investment securities	0	15
Provision of allowance for doubtful accounts	-	120
Impairment loss	105	1,288
Loss on business of subsidiaries and associates	570	-
Loss on liquidation of business	-	117
Other	17	3
Total extraordinary losses	693	1,545
Profit before income taxes	3,945	2,122
Income taxes - current	1,826	808
Income taxes - deferred	119	66
Total income taxes	1,945	875
Profit	1,999	1,246
Profit (loss) attributable to non-controlling interests	(39)	146
Profit attributable to owners of parent	2,039	1,100

Consolidated statement of comprehensive income

Consolidated yearly results

(Rounded down to the nearest million yen)

	From January 1, 2016 to December 31,	From January 1, 2017 to December 31,
Profit	1,999	1,246
Other comprehensive income		
Valuation difference on available-for-sale securities	(991)	4,134
Foreign currency translation adjustment	(456)	244
Remeasurements of defined benefit plans, net of tax	(67)	305
Total other comprehensive income	(1,515)	4,684
Comprehensive income	483	5,931
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	598	5,738
Comprehensive income attributable to non-controlling interests	(115)	192

(3) Consolidated Cash Flows

(Rounded down to the nearest million yen)

	From January 1, 2016 to December 31, 2016	From January 1, 2017 to December 31, 2017
Cash flows from operating activities		
Profit before income taxes	3,945	2,122
Depreciation	793	820
Amortization of goodwill	213	196
Share of (profit) loss of entities accounted for using equity method	7	(4)
Loss (gain) on investments in partnership	37	38
Impairment loss	105	1,288
Loss on business of subsidiaries and associates	570	-
Loss on liquidation of business	-	117
Increase (decrease) in net defined benefit liability	76	(480)
Increase (decrease) in provision for directors' retirement benefits	37	(46)
Increase (decrease) in provision for bonuses	0	12
Increase (decrease) in allowance for doubtful accounts	(574)	223
Interest and dividend income	(235)	(286)
Interest expenses	328	301
Loss (gain) on sales of property, plant and equipment	-	(23)
Loss (gain) on sales of investment securities	(3,701)	(1,732)
Loss (gain) on sales of shares of subsidiaries and associates	-	(1,177)
Decrease (increase) in notes and accounts receivable - trade	1,532	(823)
Decrease (increase) in inventories	64	345
Decrease (increase) in other current assets	(333)	15
Increase (decrease) in notes and accounts payable - trade	(459)	384
Increase (decrease) in accrued expenses	308	(148)
Increase (decrease) in other current liabilities	24	(201)
Decrease (increase) in other non-current assets	(339)	(35)
Increase (decrease) in other non-current liabilities	1	0
Other, net	(83)	437
Subtotal	2,318	1,341
Interest and dividend income received	235	295
Interest expenses paid	(347)	(309)
Income taxes paid	(1,424)	(2,366)
Income taxes refund	111	24
Net cash provided by (used in) operating activities	892	(1,014)
Cash flows from investing activities		
Purchase of property, plant and equipment	(300)	(173)
Purchase of intangible assets	(650)	(994)
Net decrease (increase) in short-term investment securities	(500)	(400)
Purchase of investment securities	(1,421)	(2,931)
Proceeds from sales of investment securities	5,967	4,026
Decrease (increase) in guarantee deposits	19	1
Proceeds from sales of shares of subsidiaries and associates	-	20
Purchase of shares of subsidiaries and associates	(30)	-
Proceeds from sales of shares of subsidiaries resulting in change in sc	-	797
Payments for sales of shares of subsidiaries resulting in change in sco	-	(47)
Other, net	149	8
Net cash provided by (used in) investing activities	3,233	307

(3) Consolidated Cash Flows

(Rounded down to the nearest million yen)

	From January 1, 2016 to December 31, 2016	From January 1, 2017 to December 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	777	(482)
Proceeds from long-term loans payable	2,003	1
Repayments of long-term loans payable	(2,059)	(295)
Redemption of bonds	(300)	-
Repayments of lease obligations	(207)	(183)
Purchase of treasury shares	(999)	-
Cash dividends paid	(707)	(701)
Dividends paid to non-controlling interests	(9)	(16)
Payments from changes in ownership interests in subsidiaries that do	(558)	(518)
Proceeds from changes in ownership interests in subsidiaries that do r	142	-
Net cash provided by (used in) financing activities	(1,920)	(2,196)
Effect of exchange rate change on cash and cash equivalents	(39)	25
Net increase (decrease) in cash and cash equivalents	2,166	(2,878)
Cash and cash equivalents at beginning of period	9,101	11,268
Cash and cash equivalents at end of period	11,268	8,389

9. Segment information, etc.

(1) 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

(2) Method of calculating the amount of sales, profits or losses, assets, liabilities and other items for each reporting segment

The method of accounting for reported business segments is based on "Significant matters that are fundamental for preparing consolidated financial statements." It is roughly the same as described above.

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

The previous consolidated cumulative fiscal year (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

The consolidated cumulative fiscal year under review (January 1, 2017 to December 31, 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	22,060	18,879	12,328	53,268
Intersegment sales or transfers	—	—	—	—
Total	22,060	18,879	12,328	53,268
Segment profit (loss)	(22)	372	348	698

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

10. Related information

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

(1) Information by Product and Services

Description is omitted because the same information is disclosed in segment information.

(2) Information by region

(i)Net sales

(Unit: million yen)

Japan	India	China	Others	Total
41,363	5,404	551	5,202	52,521

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

(ii) Tangible fixed assets

(Unit: million yen)

Japan	India	China	Others	Total
968	146	419	196	1,731

(3) 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

[The consolidated fiscal year under review (January 1, 2017 to December 31, 2017)]

(1) Information by Product and Services

Description is omitted because the same information is disclosed in segment information.

(2) Information by region

(i)Net sales

(Unit: million yen)

Japan	India	China	Others	Total
41,532	7,001	629	4,104	53,268

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

(ii) Tangible fixed assets

(Unit: million yen)

Japan	India	China	Others	Total
849	116	413	13	1,392

(3) Information about main customers

No applicable.

11. Supplementary Information

(1) Consolidated Orders Received by Segment

(Rounded down to the nearest million yen)

	Year ended December 31, 2016		Year ended December 31, 2017		YoY Change	
	Orders Received	Backlog	Orders Received	Backlog	Amount	%
Systems Development and Integration	22,017	2,285	20,884	1,109	(1,132)	(5.1)
Systems Operation and Management	17,739	6,206	18,686	6,013	947	5.3
BPO/BTO	11,171	8,415	12,576	8,663	1,404	12.6
Total	50,928	16,907	52,147	15,786	1,219	2.4

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

(2) Consolidated Sales by Segment

(Rounded down to the nearest million yen)

	Year ended December 31, 2016		Year ended December 31, 2017		YoY Change	
	Amount	vs Total(%)	Amount	vs Total(%)	Amount	%
Systems Development and Integration	22,764	43.4	22,060	41.4	(703)	(3.1)
Systems Operation and Management	17,950	34.2	18,879	35.4	928	5.2
BPO/BTO	11,807	22.5	12,328	23.2	521	4.4
Total	52,521	100.0	53,268	100.0	747	1.4

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

(3) Consolidated Sales by Customer Industry

(Rounded down to the nearest million yen)

	Year ended December 31, 2016		Year ended December 31, 2017		YoY Change	
	Amount	vs Total(%)	Amount	vs Total(%)	Amount	%
Financial services	7,224	13.8	7,253	13.6	28	0.4
Trust banks	4,237	8.1	4,060	7.6	(176)	(4.2)
Pharmaceuticals	17,067	32.5	16,268	30.5	(799)	(4.7)
Food services	3,853	7.3	3,105	5.8	(748)	(19.4)
Manufacturing	3,096	5.9	3,360	6.3	263	8.5
Service and others	17,042	32.4	19,221	36.2	2,179	12.8
Total	52,521	100.0	53,268	100.0	747	1.4

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