

Note: This document is a partial translation of "Kessan Tanshin" for the Second quarter of the Fiscal Year Ending December 31, 2018 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 Second Quarter of the Fiscal Year Ending December 31, 2018  
(Japanese GAAP)**

August 10, 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, Chief Manager, Enterprise Value Up Group, Corporate Planning Dept.  
 Tel: +81-3-6667-8010  
 Scheduled date of dividend payment: September 7, 2018  
 Scheduled date to submit the quarterly securities report (Shihanki Hokokusho): August 13, 2018  
 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 Second Quarter of the Fiscal Year Ending December 31, 2018  
(January 1, 2018 through June 30, 2018)

(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	%
Six month ended June 30, 2018	25,440	(9.7)	534	31.6	477	48.4	283	(48.4)
Six month ended June 30, 2017	28,177	5.6	406	(23.8)	321	(17.3)	550	-

(Note) Comprehensive income

Six month ended June 30, 2018 578 million yen (-70.4%)

Six month ended June 30, 2017 1,952 million yen (-%)

	Net income per share	Net income per share (fully diluted)
	Yen	Yen
Six month ended June 30, 2018	15.39	-
Six month ended June 30, 2017	29.85	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Total assets Per share
	Million yen	Million yen	%	Yen sen
As of June 30, 2018	54,572	32,664	58.6	1,733.97
As of December 31, 2017	54,125	32,429	58.6	1,720.38

(Reference) Shareholders' equity As of June 30, 2018 31,966 million yen  
 As of December 31, 2017 31,715 million yen

## 2. Dividends

	Dividend per share				Total dividends
	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, 2017	-	18.00	-	18.00	36.00
Year ending December 31, 2018	-	19.00			
Year ending December 31, 2018 (Forecast)			-	19.00	38.00

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

## 3. Forecast of Consolidated Financial Results for the Fiscal Year ending 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) Revisions to dividends forecast published most recently: No

### ※Notes

- (1) Important changes in subsidiaries for the Second Quarter of the fiscal year ending December 31, 2018 (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 June 30, 2018	21,541,400 shares	As of December 31, 2017	21,541,400 shares
(ii) Total number of treasury stock as of the end of each period:	As of June 30, 2018	3,106,143 shares	As of December 31, 2017	3,106,143 shares
(iii) Average number of issued shares for each period (cumulative period)	As of June 30, 2018	18,435,257 shares	As of June 30, 2017	18,435,257 shares

\* 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 result briefing for institutional investors and analyst is scheduled to be held on August 10, 2018. Material in the briefing is posted on the CAC Holdings website.

#### 4. Qualitative Information on Financial Results for the Second Quarter of the Fiscal Year Ending December 2018

##### (1) Explanation of operating results

As CAC Holdings Corporation (the “Company”) announced in “Notice of Change of Reportable Segments” released on May 11, 2018, the Company changed its reportable segments beginning in the first three months of the consolidated fiscal year under review. The results for the same period of the previous year presented in this report have been reorganized into the new segments.

##### (i) Overview

During the first half of the fiscal year under review (January 1 to June 30, 2018), the CAC Group focused on boosting the profitability of its existing business as well as creating new business areas and new technologies based on the medium-term strategy that started in the fiscal year under review.

In existing business, the Company continued its efforts to increase profitability, primarily in the CRO segment, for instance, by terminating low-profit projects and rationalizing costs. The Company has also been developing businesses using digital technologies, for example, *Kokoro sensor*, a video analysis service that uses emotion recognition AI, was used to analyze the US-North Korea summit on a news program.

In new business areas, the Company engaged in activities such as investments in inbound-tourism-related companies and investments in startups through the establishment of a domestic corporate venture capital fund.

Net sales in the first half of the year under review decreased 9.7% year on year, to ¥25,440 million, mainly reflecting the deconsolidation of two overseas subsidiaries that had been sold in the previous fiscal year due to the restructuring of the Company’s overseas business and a fall in sales to major accounts in Japan.

Operating income and ordinary income increased to ¥534 million (up 31.6% year on year) and ¥477 million (up 48.4% year on year), respectively, thanks largely to the improved earning power of the CRO business, which offset the decrease in sales. Profit attributable to owners of parent fell 48.4% year on year, to ¥283 million, due chiefly to a decline in gain on sales of investment securities.

(ii) Overview by business segment

Results by segment are as follows. The net sales presented in this report represent the net value of goods and services sold to external customers.

(Unit:million)

	Six month ended June 30, 2017		Six month ended June 30, 2018		YoY Change	
	Net Sales	Segment Profit	Net Sales	Segment Profit	Net Sales	Segment Profit
Domestic IT	15,387	542	14,362	282	(1,025)	(260)
Overseas IT	7,328	(146)	5,412	(186)	(1,915)	(40)
CRO	5,461	10	5,665	439	203	428
TOTAL	28,177	406	25,440	543	(2,737)	128

< Domestic IT >

Net sales decreased 6.7% year on year, to ¥14,362 million, mainly as a result of a decrease in sales of hardware to major accounts and sales to financial institutions. Segment profit came to ¥282 million, with a 48.0% year-on-year decline, largely attributable to reduced sales.

< Overseas IT >

Net sales stood at ¥5,412 million, down 26.1% year on year, due to factors such as business restructuring in the previous fiscal year and a fall in sales at subsidiaries in India and the US. The reduced sales caused a segment loss of ¥186 million (the segment incurred a loss of ¥146 million in the same period of the previous year).

< CRO >

Net sales remained at the same level as those in the same period of the previous year, totaling ¥5,665 million (up 3.7% year on year). Segment profit grew to ¥439 million (¥10 million in the same period of the previous year), thanks to the termination of low-profit projects, the reduction of expenses, and other efforts.

(2) Explanation of financial position

Total assets at the end of the first half of the fiscal year under review amounted to ¥54,572 million after an increase of ¥446 million from the end of the previous fiscal year. Total liabilities rose ¥211 million from the end of the previous fiscal year to ¥21,908 million.

Net assets grew ¥235 million from the end of the previous fiscal year, totaling ¥32,664 million, which was the result of increases, including ¥331 million in valuation difference on available-for-sale securities.

(3) Explanation of forward-looking information including forecast of consolidated results

As of the time of this report, the forecasts of the full-year business results for the fiscal year ending December 31, 2018, which were announced on February 14, 2018, remain unchanged.

5. Consolidated Financial Statements  
(1) Consolidated Balance Sheet

(Rounded down to the nearest million yen)

	(As of December 31, 2017)	(As of June 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	8,551	9,762
Notes and accounts receivable - trade	10,440	9,756
Securities	1,500	1,300
Merchandise	641	357
Work in process	527	655
Supplies	23	21
Deferred tax assets	231	206
Other	2,408	2,035
Allowance for doubtful accounts	(239)	(276)
Total current assets	24,084	23,818
Non-current assets		
Property, plant and equipment	1,392	1,270
Intangible assets		
Goodwill	1,054	979
Other	2,816	2,798
Total intangible assets	3,871	3,777
Investments and other assets		
Investment securities	20,788	22,248
Deferred tax assets	1,519	1,235
Other	2,612	2,364
Allowance for doubtful accounts	(142)	(142)
Total investments and other assets	24,777	25,705
Total non-current assets	30,041	30,754
Total assets	54,125	54,572
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,431	4,174
Short-term loans payable	2,794	2,697
Current portion of long-term loans payable	62	59
Income taxes payable	371	328
Provision for bonuses	322	333
Provision for loss on order received	17	24
Other	4,121	3,962
Total current liabilities	11,120	11,582
Non-current liabilities		
Long-term loans payable	2,084	2,026
Net defined benefit liability	3,488	3,374
Deferred tax liabilities	4,528	4,470
Other	473	454
Total non-current liabilities	10,576	10,326
Total liabilities	21,696	21,908
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,702	3,702
Capital surplus	3,725	3,725
Retained earnings	16,773	16,725
Treasury shares	(2,909)	(2,909)
Total shareholders' equity	21,291	21,243
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,004	10,335
Foreign currency translation adjustment	(55)	(64)
Remeasurements of defined benefit plans	474	450
Total accumulated other comprehensive income	10,423	10,722
Non-controlling interests	713	698
Total net assets	32,429	32,664
Total liabilities and net assets	54,125	54,572

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

## Consolidated quarterly results

(Rounded down to the nearest million yen)

	From January 1, 2017 to June 30, 2017	From January 1, 2018 to June 30, 2018
Net sales	28,177	25,440
Cost of sales	22,714	20,362
Gross profit	5,462	5,077
Selling, general and administrative expenses	5,056	4,542
Operating profit	406	534
Non-operating income		
Interest income	11	24
Dividend income	169	109
Share of profit of entities accounted for using equity method	3	2
Other	48	93
Total non-operating income	232	230
Non-operating expenses		
Interest expenses	174	137
Commitment fee	21	1
Foreign exchange losses	43	68
Loss on investments in partnership	45	60
Other	31	19
Total non-operating expenses	317	288
Ordinary profit	321	477
Extraordinary income		
Gain on sales of investment securities	1,137	360
Gain on sales of non-current assets	23	-
Total extraordinary income	1,161	360
Extraordinary losses		
Impairment loss	33	-
Loss on liquidation of business	116	160
Other	3	0
Total extraordinary losses	153	161
Profit before income taxes	1,329	677
Income taxes - current	504	307
Income taxes - deferred	81	86
Total income taxes	586	393
Profit	742	283
Profit (loss) attributable to non-controlling interests	192	(0)
Profit attributable to owners of parent	550	283

## Consolidated statement of comprehensive income

(Rounded down to the nearest million yen)

	From January 1, 2017 to June 30, 2017	From January 1, 2018 to June 30, 2018
Profit	742	283
Other comprehensive income		
Valuation difference on available-for-sale securities	1,106	331
Foreign currency translation adjustment	115	(12)
Remeasurements of defined benefit plans, net of tax	(11)	(23)
Total other comprehensive income	1,210	295
Comprehensive income	1,952	578
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,719	582
Comprehensive income attributable to non-controlling interests	233	(3)

## (3) Consolidated cash flow statement

(Rounded down to the nearest million yen)

	From January 1, 2017 to June 30, 2017	From January 1, 2018 to June 30, 2018
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,329	677
Depreciation	439	378
Amortization of goodwill	105	75
Loss (gain) on sales of investment securities	(1,137)	(360)
Increase (decrease) in provision for bonuses	51	16
Increase (decrease) in allowance for doubtful accounts	65	61
Decrease (increase) in notes and accounts receivable - trade	(353)	461
Decrease (increase) in inventories	220	(56)
Increase (decrease) in notes and accounts payable - trade	1,132	853
Other, net	(726)	(218)
Subtotal	1,126	1,887
Interest and dividend income received	181	136
Interest expenses paid	(175)	(135)
Income taxes paid	(1,414)	(340)
Income taxes refund	24	577
Net cash provided by (used in) operating activities	(257)	2,124
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(107)	(41)
Purchase of intangible assets	(546)	(222)
Net decrease (increase) in short-term investment securities	(400)	200
Purchase of investment securities	(1,118)	(1,237)
Proceeds from sales of investment securities	2,132	1,304
Decrease (increase) in guarantee deposits	(10)	73
Proceeds from sales of shares of subsidiaries and associates	14	-
Other, net	40	60
Net cash provided by (used in) investing activities	3	136
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	114	163
Proceeds from long-term loans payable	1	-
Repayments of long-term loans payable	(29)	(55)
Repayments of lease obligations	(89)	(81)
Cash dividends paid	(368)	(331)
Dividends paid to non-controlling interests	(16)	(11)
Payments from changes in ownership interests in subsidiaries	(231)	(747)
Net cash provided by (used in) financing activities	(620)	(1,064)
Effect of exchange rate change on cash and cash equivalents	(10)	13
Net increase (decrease) in cash and cash equivalents	(884)	1,211
Cash and cash equivalents at beginning of period	11,268	8,389
Cash and cash equivalents at end of period	10,383	9,600

## (4) Notes on quarterly consolidated financial statements

(Notes on going concern assumptions)

None.

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

None



(Segment information, etc.)

I The second quarter of the previous consolidated cumulative fiscal year (January 1, 2017 to June 30, 2017)

Information on amounts of net sales and profit (loss) by reportable segment (Unit: million yen)

	Reportable segment				Adjustment	Amount on quarterly consolidated statement of income
	Domestic IT	Overseas IT	CRO	Total		
Net sales						
Net sales to external customers	15,387	7,328	5,461	28,177	-	28,177
Intersegment sales or transfers	299	812	3	1,114	(1,114)	-
Total	15,686	8,140	5,464	29,291	(1,114)	28,177
Segment profit(loss)	542	(146)	10	406	-	406

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

II The second quarter of the consolidated cumulative fiscal year (January 1, 2018 to June 30, 2018)

1. Information on amounts of net sales and profit (loss) by reportable segment (Unit: million yen)

	Reportable segment				Adjustment	Amount on quarterly consolidated statement of income
	Domestic IT	Overseas IT	CRO	Total		
Net sales						
Net sales to external customers	14,362	5,412	5,665	25,440	-	25,440
Intersegment sales or transfers	165	839	2	1,008	(1,008)	-
Total	14,527	6,252	5,668	26,448	(1,008)	25,440
Segment profit (loss)	282	(186)	439	534	-	534

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

2.Changes in reportable segments, etc.

The Company has established a new medium-term strategy with the fiscal year under review as the first year, and has changed the targets, measures, and management divisions of performance evaluation. Because of this change, the Company has reorganized its reportable segments from the conventional three segments of Systems Development and Integration Services, System Operation and Management Services, and BPO/BTO Services to the three new segments of Domestic IT, Overseas IT and CRO, which will take effect in the first quarter of the fiscal year under review. The segment information for the first half of the previous fiscal year presented in this report has been prepared based on the reportable segments after the change.

(Material subsequent events)

Not applicable

### 3. Supplementary Information

#### (1) Consolidated Orders Received by Segment

(Rounded down to the nearest million yen)

	Six month ended June 30, 2017		Six month ended June 30, 2018		YoY Change	
	Amount	Vs total(%)	Amount	Vs total(%)	Amount	%
Domestic IT	15,724	55.4	14,747	57.0	(977)	(6.2)
Overseas IT	6,846	24.1	5,503	21.3	(1,342)	(19.6)
CRO	5,834	20.5	5,614	21.7	(220)	(3.8)
Total	28,405	100.0	25,865	100.0	(2,540)	(8.9)

(note) The above amounts do not include consumption taxes. In addition, it represents orders received to external customers.

#### (2) Consolidated Orders Backlog by Segment

(Rounded down to the nearest million yen)

	Six month ended June 30, 2017		Six month ended June 30, 2018		YoY Change	
	Amount	Vs total(%)	Amount	Vs total(%)	Amount	%
Domestic IT	7,379	43.1	7,127	44.3	(252)	(3.4)
Overseas IT	1,773	10.3	1,330	8.3	(442)	(25.0)
CRO	7,982	46.6	7,643	47.4	(338)	(4.2)
Total	17,135	100.0	16,101	100.0	(1,033)	(6.0)

(note) The above amounts do not include consumption taxes. In addition, it represents orders Baglog to external customers.

#### (3) Consolidated Sales by Customer Industry

(Rounded down to the nearest million yen)

	Six month ended June 30, 2017		Six month ended June 30, 2018		YoY Change	
	Amount	vs Total(%)	Amount	vs Total(%)	Amount	%
Financial services	4,120	14.6	3,440	13.5	(680)	(16.5)
Trust banks	2,074	7.4	2,013	7.9	(61)	(3.0)
Pharmaceuticals	7,909	28.1	8,148	32.0	238	3.0
Food services	1,709	6.1	1,356	5.3	(352)	(20.6)
Manufacturing	1,574	5.6	1,749	6.9	175	11.1
Service and others	10,788	38.2	8,731	34.4	(2,056)	(19.1)
Total	28,177	100.0	25,440	100.0	(2,737)	(9.7)

(note) The above amounts do not include consumption taxes. In addition, it represents Net sales to external customers.

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