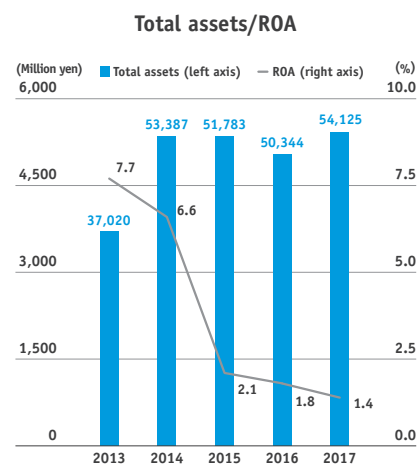
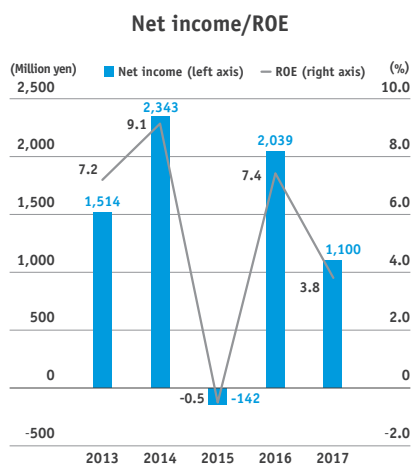
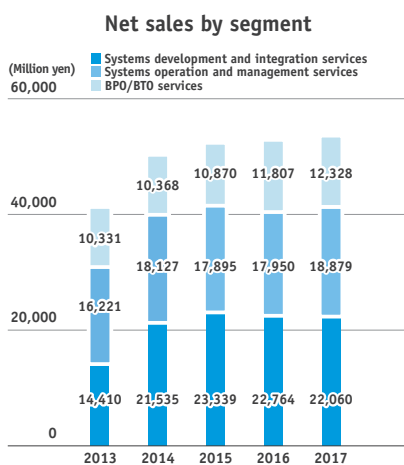


Financial data

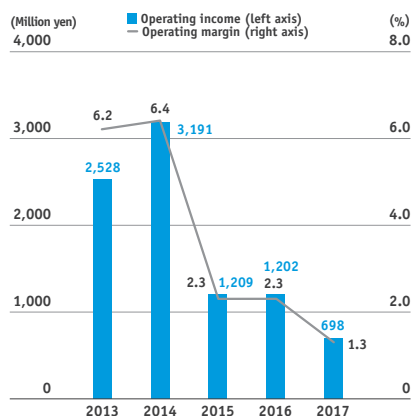
Financial highlights for the past 11 years

	42nd term FY2007	43rd term FY2008	44th term FY2009	45th term FY2010
Net sales (million yen)	40,924	43,701	39,842	36,614
Operating income (million yen)	2,512	3,260	1,733	1,822
Ordinary income (million yen)	2,846	3,491	1,884	2,035
Profit attributable to owners of parent (million yen)	1,168	1,844	929	1,026
Net assets (million yen)	18,574	18,708	19,773	20,316
Total assets (million yen)	29,516	29,713	31,004	31,781
Cash flows from operating activities (million yen)	3,279	2,666	687	2,319
Cash flows from investing activities (million yen)	(694)	(1,084)	(2,300)	488
Cash flows from financing activities (million yen)	(870)	(1,144)	705	(908)
Book value per share <BPS> (yen)	886.06	915.93	960.61	979.73
Earnings per share <EPS> (yen)	55.89	91.12	46.49	51.09
Return on equity <ROE> (%)	6.5	10.1	5.0	5.3
Return on assets <ROA> (%)	10.0	11.8	6.2	6.5
Equity ratio (%)	61.8	61.6	62.0	62.0
Price-to-earnings ratio <PER> (times) <small>*Based on the closing share price at the end of each fiscal year</small>	12.9	8.5	14.3	12.3
Amount of dividend per share (yen)	20.00	30.00	32.00	32.00
Dividend payout ratio (%)	35.8	32.9	68.8	62.6
Number of employees	1,881	1,998	2,150	2,070

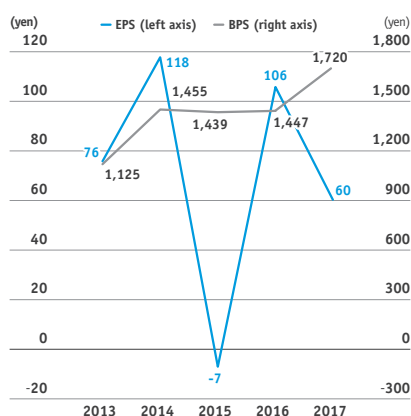


46th term FY2011	47th term FY2012	48th term FY2013	49th term FY2014	50th term FY2015	51st term FY2016	52nd term FY2017
38,882	39,545	40,963	50,031	52,105	52,521	53,268
2,610	2,694	2,528	3,191	1,209	1,202	698
2,776	2,887	2,664	3,000	1,080	937	717
39	1,194	1,514	2,343	(142)	2,039	1,100
19,294	20,200	22,833	30,310	29,293	27,683	32,429
31,363	32,233	37,020	53,387	51,783	50,344	54,125
(1,509)	3,077	2,100	2,331	(770)	892	(1,014)
1,076	1,419	(2,312)	432	(2,760)	3,233	307
(407)	(1,248)	989	(1,388)	(796)	(1,920)	(2,196)
940.20	993.35	1,124.81	1,455.06	1,439.40	1,447.09	1,720.38
1.98	59.99	76.07	117.69	(7.21)	105.54	59.69
0.2	6.2	7.2	9.1	(0.5)	7.4	3.8
8.8	9.1	7.7	6.6	2.1	1.8	1.4
60.3	61.4	60.5	54.3	54.6	53.0	58.6
317.9	11.4	12.1	10.0	—	8.4	17.8
32.00	32.00	32.00	32.00	32.00	40.00	36.00
1,614.7	53.3	42.1	27.2	—	37.9	60.3
2,057	2,166	2,239	4,833	5,202	5,711	5,364

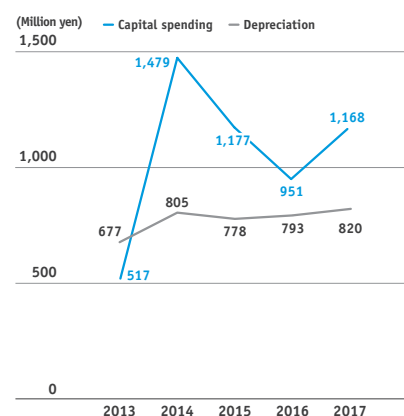
Operating income/Operating margin



EPS/BPS



Capital spending/Depreciation



Financial data

CONSOLIDATED BALANCE SHEETS (Millions of yen)

Assets	December 31, 2016	December 31, 2017
Current assets:		
Cash and deposits	11,428	8,551
Notes and accounts receivable - trade	10,318	10,440
Securities	1,101	1,500
Merchandise and finished goods	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 and equipment:		
Buildings and structures	689	620
Machinery and vehicles	39	29
Land	182	124
Construction in progress	0	—
Other	819	617
Property and equipment, net	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	December 31, 2016	December 31, 2017
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
Consumption taxes payable	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
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		
Common 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 adjustments	(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

Financial data

CONSOLIDATED STATEMENTS OF OPERATIONS (Millions of yen)

	Year ended December 31, 2016	Year ended 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 income	1,202	698
Non-operating income	288	441
Non-operating expenses	553	422
Ordinary income	937	717
Extraordinary income	3,701	2,949
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 STATEMENTS OF CASH FLOWS (Millions of yen)

	Year ended December 31, 2016	Year ended December 31, 2017
Operating activities	892	(1,014)
Investing activities	3,233	307
Financing activities	(1,920)	(2,196)
Net increase (decrease) in cash and cash equivalents	2,166	(2,878)
Cash and cash equivalents at beginning of year	9,101	11,268
Cash and cash equivalents at end of year	11,268	8,389

General Information (as of December 31, 2017)

Number of Shares Authorized	86,284,000
Number of Shares Issued and Outstanding	21,541,400
Unit Share	100 shares
Number of Shareholders	5,341
Fiscal Year End	December 31
General Shareholders Meeting	End of March
Registration Deadline for Dividend Payment	Year-end: December 31 Interim: June 30
Administrator of the Register of Shareholders	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
Stock Exchange Listing	Tokyo Stock Exchange, 1st Section (Date of Listing: October 2000) (Securities Code: 4725)

Primary Shareholders (as of December 31, 2017)

Name of Shareholders	Number of Shares held (Thousands)	Percentage of Total Issued Shares
SHOGAKUKAN Inc.	3,512	16.30%
The Master Trust Bank of Japan, Ltd. (Trust account)	1,164	5.40%
CAC Employee Shareholding Association	699	3.24%
Sumitomo Mitsui Banking Corporation	484	2.24%
Mitsubishi Tanabe Pharma Corporation	431	2.00%
GOVERNMENT OF NORWAY (Standing proxy: Citibank, N.A., Tokyo Branch)	320	1.48%
KLab Inc.	300	1.39%
Maruha Nichiro Corporation	300	1.39%
Japan Trustee Services Bank, Ltd. (Trust account)	289	1.34%
TOYO TIRE & RUBBER CO., LTD.	289	1.34%

* Treasury stocks (3,106 thousand shares as of December 31, 2017) are not included in the above.

Breakdown of Shareholding by Investor Type (as of December 31, 2017)

Investor Type	Number of Shareholders	Number of Shares held (Thousands)	Percentage of Total Issued Shares
Japanese Financial Institutions	26	3,630	16.86%
Japanese Securities Companies	24	278	1.29%
Other Japanese Companies	43	5,850	27.16%
Foreign Companies, etc.	89	2,917	13.54%
Japanese Individuals and Others	5,159	8,863	41.15%
Total	5,341	21,541	100.00%

* Treasury stocks (3,106 thousand shares as of December 31, 2017) are included in "Japanese Individuals and Others."

Corporate information

Corporate profile

Name	CAC Holdings Corporation
Head office	24-1, Hakozaki-cho, Nihonbashi, Chuo-ku, Tokyo 103-0015, Japan Phone: +81-3-6667-8001
Representative	Akihiko Sako, President and CEO
Founded	August 8, 1966

Capital	¥3,702 million
Consolidates sales	¥53,268 million (for the fiscal year ended December 31, 2017)
Number of group employees (as of December 31, 2017)	5,364
Main services offered	Formulation of the CAC Group's business strategy and business administration of the group
Main financing banks	Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd. Mizuho Bank, Mitsubishi UFJ Trust and Banking, and Sumitomo Mitsui Trust Bank

CAC Group

■ CAC Corporation

Location	Chuo-ku, Tokyo, Japan
Main services	Systems development and integration, systems operation and management, and BPO/BTO services

■ CAC Croit Corporation

Location	Chuo-ku, Tokyo, Japan
Main services	CRO services and IT services

■ ARK Systems Co., Ltd.

Location	Chuo-ku, Tokyo, Japan
Main services	System planning, construction, and operation management

■ CAC Knowledge Co., Ltd.

Location	Chuo-ku, Tokyo, Japan
Main services	System development, maintenance, and operation management and packaged software development and sales

■ CAC ORBIS CORPORATION

Location	Nishi-ku, Osaka-shi, Osaka, Japan
Main services	System consulting services, software planning and development, and systems maintenance and operation

■ CAC MARUHA NICHIRO SYSTEMS CORPORATION

Location	Chuo-ku, Tokyo, Japan
Main services	System development, maintenance, and operation

■ Hitec Systems Corporation

Location	Shimonoseki-shi, Yamaguchi, Japan
Main services	Systems development, maintenance and operation, and packaged software development and sales

■ kizasi Company, Inc.

Location	Chuo-ku, Tokyo, Japan
Main services	Development and provision of basic Internet technologies

■ CAC AMERICA CORPORATION [CAC AMERICA]

Location	New York, United States
Main services	Systems planning and development, and systems operation and management

■ CAC EUROPE LIMITED [CAC EUROPE]

Location	London, United Kingdom
Main services	Systems consulting and system integration

■ CAC SHANGHAI CORPORATION

Location	Shanghai, China
Main services	System integration and software development

■ GoldenTech Computer Technology (Suzhou) Co., Ltd.

Location	Suzhou, China
Main services	System development and software development

■ CAC India Private Limited [CAC India]

Location	Mumbai, India
Main services	System development and operation management, and BPO/BTO services

■ Accel Frontline Limited

Location	Chennai, India
Main services	IT infrastructure services, software services, and warranty management services

Corporate history

1966	Computer Applications Co., Ltd. (CAC) is established as one of Japan's first independent software companies.		
1971	CAC invests in Nippon System Service Co., Ltd. (SSK). SSK changes its business focus to outsourcing services.		
1973	System Utility Co., Ltd. (SUC), a facility management company, is established as a wholly owned subsidiary.		
1986	Formally enter the system consulting business.		
1988	Certified as "System Integrator" by the first "Registration and Certification of System Integrator" of the Ministry of International Trade and Industry (MITI).		
1989	CAC AMERICA CORPORATION, a wholly owned subsidiary, is established in New York, United States.		
1990	CAC EUROPE LIMITED, a wholly owned subsidiary, is established in London, United Kingdom.		
1994	CAC, SSK, and SUC merge to form CAC Co., Ltd.		
1995	Certified as "Provider of Special Systems Operation Services" by the first "Certification of Provider of Special Systems Operation Services" of MITI.		
1996	Enter the business for integrated management services targeting distributed systems.		
1999	Listed on the OTC market.		
2000	Acquire all the shares of ARK Systems Co., Ltd., effectively making the company a subsidiary. CAC Shanghai Corporation is established in Shanghai, China. Listed on the First Section of the Tokyo Stock Exchange.		
2002	Acquire shares of GoldenTech Computer Technology (Suzhou) Co., Ltd., making the company a subsidiary. Acquire the shares of YUASA KNOWLEDGE INDUSTRY Co., Ltd., making the company a subsidiary and renaming it CAC Knowledge Co., Ltd.		
2003		Acquire shares of ORBIS CORPORATION (presently CAC ORBIS CORPORATION), making the company a subsidiary.	
		Acquire shares of MARUHA SYSTEMS CORPORATION (presently CAC MARUHA NICHIRO SYSTEMS CORPORATION), making the company a subsidiary.	
2005		Relocate the head office to Hakozaiki-cho, Nihonbashi, Chuo-ku, Tokyo.	
2006		Acquire shares of Arm Systex Co., Ltd., making the company and Arm Co., Ltd. subsidiaries.	
2007		kizasi Company, Inc. is established. Acquire all the shares of Medical Ecology Co., Ltd. (later renamed CAC ClinIT Co., Ltd.), making the company a subsidiary.	
2009		Acquire shares of clinical trust Co., Ltd., making the company a subsidiary.	
2010		Merger of CAC ClinIT Co., Ltd., Arm Systex Co., Ltd., and Arm Co., Ltd. CAC India Private Limited is established in Mumbai, India.	
2012		CAC EXICARE Corporation is established through a company split.	
2014		Acquire shares of Accel Frontline Limited, making the company a subsidiary. Change to a holding company structure, as a result of which CAC Co., Ltd. is renamed CAC Holdings Corporation. At the same time, CAC Corporation is established through a company split and takes over the operations of CAC Co., Ltd.	
2015		Acquire shares of Sierra Solutions Pte. Ltd., making the company a subsidiary.	
2016		CAC Croit Corporation is established through the merger of CAC EXICARE Corporation and clinical trust Co., Ltd.	
2017		Transfers all the shares of Sierra Solutions Pte. Ltd.	

Editorial policy

The CAC Group began publishing the CAC REPORT in FY2015. The aim of this report is to ensure the value-creation initiatives of the CAC Group are understood by a wide range of stakeholders, primarily by investors who view matters from a long-term perspective.

Scope of reporting

- Reporting period: January 1, 2017 to December 31, 2017 (activities in January 2018 and thereafter are also included in some sections.)
- Subject organizations: CAC Holdings Corporation and 21 CAC Group companies (as of December 31, 2017)

Caution concerning forward-looking statements

This report contains descriptions of plans for the future and forecasts and prospects of the strategies and business results of CAC Holdings Corporation and CAC Group companies. These descriptions are based on judgements that were made based on currently available information. Please note that our actual business results may differ materially from these initial forecasts due to various external factors.



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