

Financial Highlights

1. CONSOLIDATED FINANCIAL RESULTS OF EPS GROUP FOR THE FIRST QUARTER ENDED DECEMBER 31, 2013

(2013.10.1-2013.12.31)
(UNAUDITED)

(1) CONSOLIDATED OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Dec-13	9,027 (5.5%)	463 (Δ 48.2%)	435 (Δ 49.0%)	103 (Δ 67.3%)
Dec-12	8,554 (4.3%)	893 (Δ 17.2%)	855 (Δ 18.7%)	314 (Δ 43.1%)

	Net Income per Share (yen)	Net Income per Share,diluted (yen)
Dec-13	290.10	—
Dec-12	879.98	—

Note : 1 Comprehensive income

Dec-13 580 Million yen (Δ 26.8%) Dec-12 791 Million yen (18.0%)

2 Percentages for net sales, operating income, ordinary income, net income and comprehensive income indicate growth ratio to previous year.

(2) CONSOLIDATED FINANCIAL INFORMATION

(UNIT:JPY MILLION)

	Total Assets	Net assets	Shareholders' Equity ratio (%)
Dec-13	30,445	19,735	56.8%
Sep-13	30,323	20,060	57.7%

Note : Total shareholders' Equity, valuation and translation adjustments as of :

Dec-13 17,290 Million yen Sep-13 17,485 Million yen

(3) CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries :

34 companies

Affiliated companies by equity accounting method :

3 companies

2.OVERALL SITUATION OF DIVIDEND DISTRIBUTION

(UNIT:JPY)

		Cash Dividends per share		
		Interim Dividend	Year end Dividend	Annual
Sep-13	(Result)	1,600.00	1,000.00	—
Sep-14	(Projection)	800.00	10.00	—

Note : As each share of common stock has been split into 2 shares as of 1st April 2013, and our board of directors has resolved that each share of common stock will be split into 100 shares as of 1st April 2014, above year end dividend shows the amount after each split, in spite that interim dividend remains before split.

For reference purpose only, if such share splits become effective as at 1st October 2012 retroactively, dividend distribution for each fiscal year may become as follows,

Sep-13 (Result) Annual: 18.00 (Interim Dividend: 8.00, Year end Dividend: 10.00)

Sep-14 (Projection) Annual: 18.00 (Interim Dividend: 8.00, Year end Dividend: 10.00)

3. INFORMATION OF CONSOLIDATED BUDGET 2014.09 (2013.10.1-2014.9.30)

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Mar-14	19,880 (9.0%)	1,302 (Δ 25.2%)	1,338 (Δ 18.3%)	611 (Δ 9.1%)
Sep-14	40,961 (9.0%)	4,110 (17.5%)	4,150 (17.2%)	2,006 (17.3%)

Budgeted net income per share : Mar-14 17.08 yen
Sep-14 56.09 yen

Notes :1 Above figures may differ from actual results as uncertain various factors may affect future earnings.

2 Percentages for net sales, operating income, ordinary income, and net income indicate growth ratio to previous year.

3 As each share of common stock will be split into 100 shares as of 1st April 2014, above each budgetd net income per share shows the amount based on as if share split were considered to be effective on 1st October 2013 retroactively.

4. OTHER INFORMATION

(1) Total number of shares issued and outstanding as of :

Dec-13 361,600 shares Sep-13 361,600 shares

(2) Common stock for treasury as of :

Dec-13 7,444 shares Sep-13 3,948 shares

(3) Average number of shares outstanding during the period as of :

Dec-13 355,278 shares Dec-12 357,652 shares

CONSOLIDATED BALANCE SHEETS
December 31, 2013 and September 30, 2013

(UNAUDITED)

(IN THOUSANDS,JPY)

	December 31.2013	September 30.2013
ASSETS		
CURRENT ASSETS		
Cash and time deposits	10,137,600	10,474,905
Notes and accounts receivable	6,576,263	7,516,328
Investment securities	983,424	171,766
Inventories	909,319	643,114
Works in progress	738,412	488,997
Others	1,713,538	2,594,884
Allowance for doubtful accounts	△ 24,051	△ 22,771
Total current assets	21,034,508	21,867,224
FIXED ASSETS		
Tangible Assets	2,721,671	2,590,022
Intangible Assets	1,477,454	1,410,862
Investments and other assets ;		
Investment securities	1,739,638	1,067,676
Deposits	1,615,185	1,624,702
Others	1,857,342	1,763,247
Total investments and other assets	5,212,166	4,455,626
Total fixed assets	9,411,291	8,456,510
TOTAL ASSETS	30,445,800	30,323,735
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	913,969	709,487
Short-term debt	570,000	170,000
Current portion of long-term debt	444,000	444,000
Income taxes payable	72,528	815,640
Provision for bonuses	285,547	1,032,416
Provision for loss on order received	31,000	20,000
Others	3,811,772	2,917,392
Total current liabilities	6,128,819	6,108,935
LONG-TERM LIABILITIES		
Long-term debt	3,145,000	2,856,000
Provision for employees' retirement benefits	682,167	657,361
Provision for directors' retirement benefits	213,764	249,452
Asset retirement obligations	335,557	327,474
Others	205,286	63,547
Total long-term liabilities	4,581,776	4,153,835
TOTAL LIABILITIES	10,710,595	10,262,770
NET ASSETS		
Shareholders' equity		
Common stock	1,875,251	1,875,251
Additional paid-in capital	1,826,300	1,826,300
Retained earnings	13,231,156	13,485,740
Common stock for treasury	△ 702,518	△ 317,258
Total shareholders' equity	16,230,190	16,870,034
Accumulated other comprehensive income (or △loss)		
Unrealized gain (or △loss) on available-for-sale securities	△ 167,475	△ 108,881
Foreign currency translation adjustments	1,227,560	724,710
Total accumulated other comprehensive income (or △loss)	1,060,085	615,828
Minority interests	2,444,928	2,575,101
TOTAL NET ASSETS	19,735,204	20,060,964
TOTAL LIABILITIES AND NET ASSETS	30,445,800	30,323,735

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
For the First quarter ended December 31 2013 and 2012
(UNAUDITED)

(IN THOUSANDS,JPY)

	First quarter ended December 31.2013	First quarter ended December 31.2012
NET SALES	9,027,096	8,554,354
COST OF SALES	<u>6,642,598</u>	<u>5,977,335</u>
Gross profit	2,384,498	2,577,018
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>1,921,400</u>	<u>1,683,707</u>
Operating income	<u>463,097</u>	<u>893,311</u>
OTHER INCOME (ΔEXPENSES)		
Interest income	9,044	4,858
Interest expenses	Δ 8,488	Δ 5,498
Foreign exchange gain or loss (Δloss)	Δ 33,018	Δ 42,262
Gain or loss of equity in associated companies (Δ loss)	Δ 30,134	Δ 17,228
Gain on change in subsidiaries' equity	16,191	—
Others- net	35,419	Δ 120,022
Other income (Δexpenses)-net	<u>Δ 10,985</u>	<u>Δ 180,153</u>
Income before income taxes and minority interests	<u>452,112</u>	<u>713,158</u>
INCOME TAXES		
Current	24,924	48,358
Deferred	317,638	342,613
Total	<u>342,563</u>	<u>390,972</u>
Income before minority interests	<u>109,549</u>	<u>322,185</u>
MINORITY INTERESTS	<u>6,481</u>	<u>7,457</u>
NET INCOME	<u>103,067</u>	<u>314,727</u>
Income before minority interests	109,549	322,185
OTHER COMPREHENSIVE INCOME		
Unrealized gain (or Δloss) on available-for-sale securities	Δ 58,594	107,749
Foreign currency translation adjustments	505,771	349,521
Share of other comprehensive income of associates in equity method	23,299	12,466
Total	<u>470,477</u>	<u>469,737</u>
COMPREHENSIVE INCOME	<u>580,026</u>	<u>791,923</u>
Comprehensive income attributable to :		
Parent shareholders	547,324	758,983
Minority interests	32,702	32,939

STATEMENT OF ORDER ENTRY AND SALES BY ITEMS
For the First quarter ended December 31 2013

(UNAUDITED)

(1) RESULT OF ORDER ENTRY

DIVISION	2013.12 <2013.10.1-2013.12.31>			
	AMOUNT OF ORDER ENTRY (IN THOUSANDS, JPY)	year-to-year comparison (%)	ORDER BACKLOG (IN THOUSANDS, JPY)	year-to-year comparison (%)
Domestic CRO				
Monitoring	2,337,505	49.9%	15,057,776	89.4%
Data Management	1,600,592	83.8%	12,706,114	97.7%
CRO others	1,149,602	262.6%	2,622,814	227.5%
TOTAL OF CRO	5,087,700	72.4%	30,386,704	98.0%
Domestic SMO	1,904,385	199.8%	7,709,641	108.8%
Domestic CSO	1,184,299	107.3%	3,845,109	109.3%
Global Research Business	960,444	432.0%	4,351,537	187.5%
EKISHIN Business	852,200	4164.2%	150,966	143.1%
Others	302,171	88.5%	124,627	68.2%
TOTAL	10,291,201	106.4%	46,568,587	105.3%

* These figures are expressed by sales price.

* These above figures do not include the consumption tax.

(2) RESULT OF SALES

DIVISION	2013.12 <2013.10.1-2013.12.31>	
	AMOUNT OF SALES (IN THOUSANDS, JPY)	year-to-year comparison (%)
Domestic CRO		
Monitoring	2,792,381	99.8%
Data Management	1,506,740	78.4%
CRO others	438,972	151.5%
TOTAL OF CRO	4,738,095	94.6%
Domestic SMO	1,414,875	95.0%
Domestic CSO	1,439,996	103.9%
Global Research Business	368,294	123.3%
EKISHIN Business	761,895	4042.1%
Others	303,938	86.7%
TOTAL	9,027,096	105.5%

* These above figures do not include the consumption tax.

INDUSTRY SEGMENT INFORMATION

For the First quarter ended December 31 2013 and 2012

(UNAUDITED)

FY 2014 (2013.10.1-2013.12.31)

(IN THOUSANDS, JPY)

	Domestic CRO	Domestic SMO	Domestic CSO	Global Research Business	EKISHIN Business	Others	Total	Eliminations/ Corporate	Consolidation
SALES									
Sales to customers	4,738,095	1,414,875	1,439,996	368,294	761,895	303,938	9,027,096	—	9,027,096
Intersegment sales	167,960	86,245	19,837	16,444	20,887	195,263	506,637	(506,637)	—
Total	4,906,056	1,501,120	1,459,834	384,738	782,782	499,202	9,533,734	(506,637)	9,027,096
Operating income	484,136	148,329	59,155	(122,980)	(118,637)	6,159	456,162	6,935	463,097

* Operating income of 6,935 thousand yen under "Eliminations/ Corporate" consists of elimination of inter-segment and other transactions.

* These above figures under "Others" consist of the figures of "BPO" and "Other business".

* From FY2014, segment definition has been changed to 7 categories of "Domestic CRO", "Domestic SMO", "Domestic CSO", "Global Research Business", "EKISHIN Business", "BPO" and "Other business", as newly setting up "BPO" and "Other business" segments which belonged to "CRO(Domestic)" and "China Business" in previous year. In addition, "China Business" has changed its segment name to "EKISHIN Business".

Reclassified segment information of the same period in previous year is as follows:

FY 2013 (2012.10.1-2012.12.31)

(IN THOUSANDS, JPY)

	Domestic CRO	Domestic SMO	Domestic CSO	Global Research Business	EKISHIN Business	Others	Total	Eliminations/ Corporate	Consolidation
SALES									
Sales to customers	5,010,794	1,489,161	1,386,197	298,710	18,848	350,641	8,554,354	—	8,554,354
Intersegment sales	24,452	1,600	16,302	15,857	24,494	137,816	220,523	(220,523)	—
Total	5,035,246	1,490,761	1,402,499	314,568	43,343	488,458	8,774,878	(220,523)	8,554,354
Operating income	971,186	20,064	63,461	(35,631)	(117,494)	(9,538)	892,047	1,264	893,311

* Operating income of 1,264 thousand yen under "Eliminations/ Corporate" consists of elimination of inter-segment and other transactions.

* These above figures under "Others" consist of the figures of "BPO" and "Other business".