

24th

Interim

Business Report

October 1, 2013, to March 31, 2014



During the year, we achieved positive results from sales activities and various policies aimed at efficiency and succeed in boosting income and profit levels.

Q1 Could you sum up your business results for the first half?

Income grew during the first half of the fiscal year ending September 30, 2014, thanks to satisfactory results from sales activities in all three domestic businesses. We also strove to reduce cost of sales and selling, general and administrative expenses in the domestic SMO and CSO businesses. As a result of these efforts, operating income, ordinary income and net income enjoyed double-digit growth compared with the first half of the preceding fiscal year.

On a consolidated basis, net sales for the first half came to ¥19,852 million, up 8.9% year on year. Operating income grew 10.5%, to ¥1,923 million; ordinary income expanded 20.7%, to ¥1,978 million; and net income increased 33.4%, to ¥896 million.

Yan Hao, Chairman, Representative Director of EPS Corporation

Yan Hao was born in 1962 in Jiangsu Province, China. In 1979, he entered Tianjin University. In 1981, he attended the University of Yamanashi as a government-sponsored exchange student from China. He went on to specialize in medical statistics in a doctoral program at the University of Tokyo graduate school, pursuing research and the handling of clinical studies. In 1991, when he was studying at the University of Tokyo graduate school, he established EPS Corporation. In 2001, its 10-year anniversary of establishment, the company was listed on the JASDAQ market, and in September 2006, it was listed on the First Section of the Tokyo Stock Exchange.

Q2 Could you outline conditions in each business segment?

Domestic CRO Business

Sales from the domestic CRO business amounted to ¥11,640 million, up 9.8% year on year, while operating income decreased 10.2%, to ¥1,681 million. With these figures, we met the targets we had set in our initial plan at the beginning of the year. Sales of monitoring and support for clinical studies, investigator-initiated clinical trials and medical devices increased steadily.



Domestic SMO Business

Sales in the domestic SMO business increased 13.0% year on year, to ¥3,166 million, while operating income shot up 738.8%, to ¥475 million. Good progress on large-scale projects contributed to sales growth, and significant reductions in cost of sales and selling expenses, including streamlining through the use of CRCs, led to the dramatic increase in profit.

Domestic CSO Business

Sales in the domestic CSO business came to ¥2,859 million, up 2.6% year on year, with operating income up 271.3%, to ¥120 million. The enhanced employment of MRs and operational efficiency in the post-marketing surveillance (PMS) business proved effective, resulting in significant profit growth compared with the previous term.

Global Research Business

Sales in our global research business amounted to ¥1,070 million, up 31.9% year on year, but we recorded an operating loss of ¥158 million, compared with a loss of ¥1 million in the same period of the previous year. Sales promotion led to the higher sales; however, profit was affected by exchange rate fluctuations.

China Business

Sales in our China business amounted to ¥1,577 million, up 89.8%, but the business generated an operating loss of ¥172 million, compared with a loss of ¥217 million in the same period of the preceding year. Stronger sales of digital radiography machines and X-ray film in the medical device business helped to reduce the operating loss.

Q3

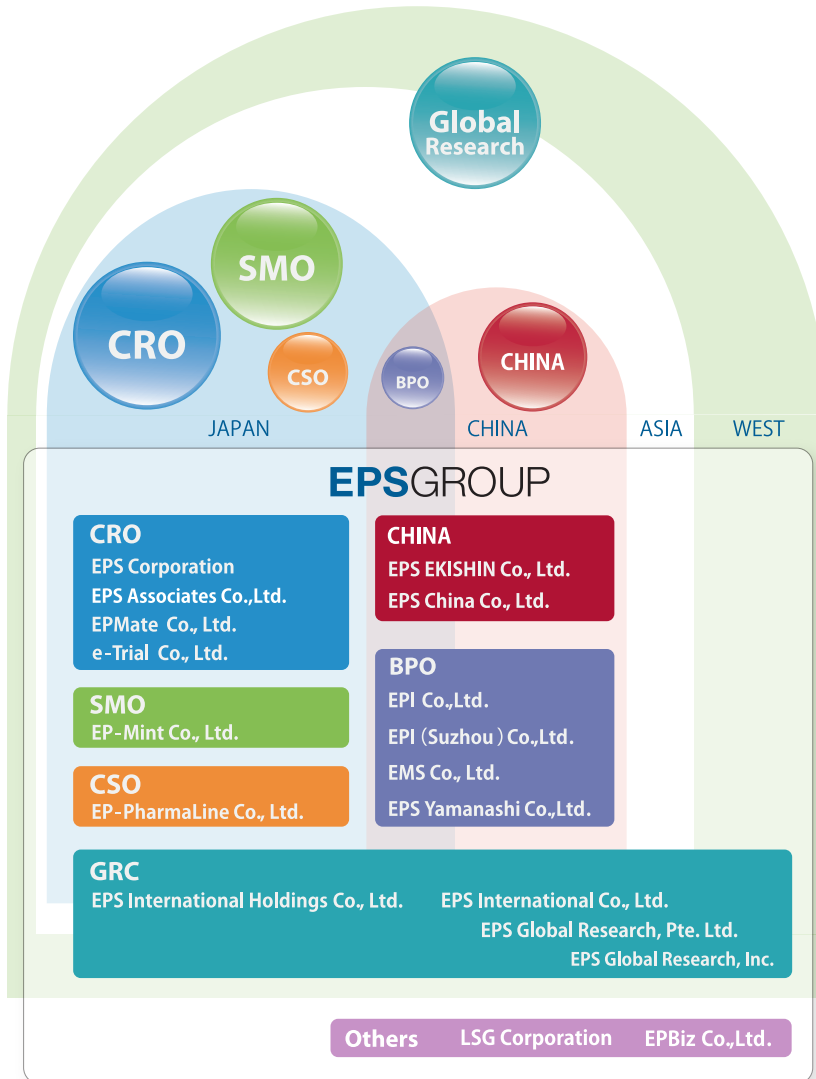
What is your forecast for the full fiscal year, and what are your performance prospects?

We have been promoting a variety of measures. We are supporting independent operational policies for each business and strengthening our overall Group management system. One such measure involved organizational improvements, which we implemented in April 2014. We aim to achieve our targets for the full fiscal year by strengthening our functions under this new organization. For the full fiscal year, we expect to generate consolidated net sales of ¥40,961 million, operating income of ¥4,110 million, ordinary income of ¥4,150 million and net income of ¥2,006 million, reaching the targets set in our initial plan at the beginning of the year.

Key Points of Organizational Improvement

- **Strengthening Group management and support**
 - The Management Strategy Division and Administration Division were closed and replaced by the newly created Group Management Center.
- **Strengthening business operation function in the CRO Business**
 - We created the CRO Management Center to support the General Administration Section, Accounting Section and Personnel Section and to control IT-related issues.
 - We restructured our organization for data management, which is a core part of our business, and established the Management Promotion Center.
 - We set up a new division specializing in promoting services conforming to CDISC standards, which will be mandated in fiscal 2016. (See the Topics Column on page 5 for details of the service.)

The EPS Group contributes to the development of the healthcare industry through the creation of valuable solutions.



CRO Contract Research Organization
 Support for implementation, operation and management of clinical studies (clinical trials) and PMS by pharmaceutical companies

SMO Site Management Organization
 CRC dispatch and organization of clinical studies (clinical trials) and PMS by medical institutions

CSO Contract Sales Organization
 Dispatch services for contracted medical representative (MR) and call center services for pharmaceutical products

GRC Global Research
 CRO and SMO businesses in the Asia-Pacific region and support for Asian and global clinical studies by pharmaceutical companies

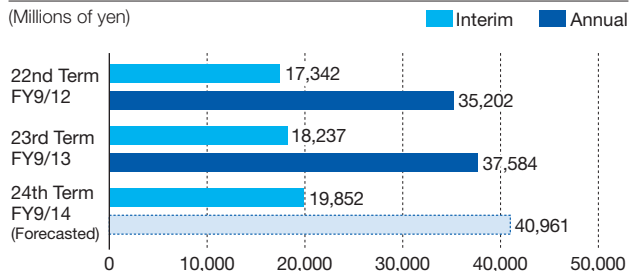
CHINA China Business
 Services as a trading company specialized in healthcare connecting Japan and China, developing the two businesses of selling pharmaceutical products and manufacturing medical devices

BPO Business Process Outsourcing
 Specialized services to spur innovation in the business processes of collecting, analyzing and processing various information

Business Trends

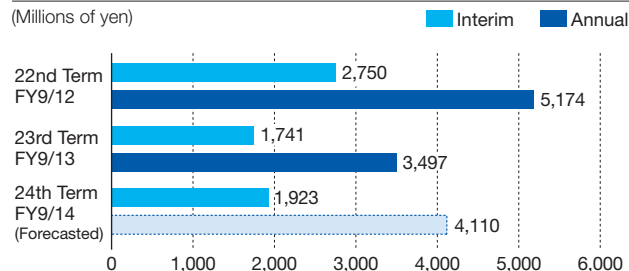
Net Sales

(Millions of yen)



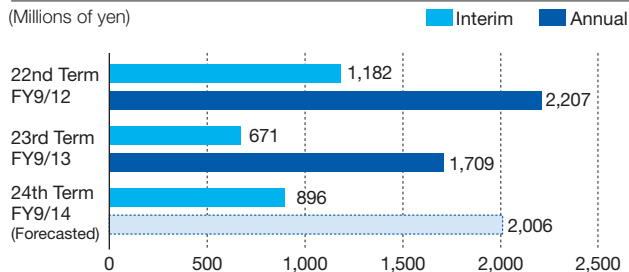
Operating Income

(Millions of yen)



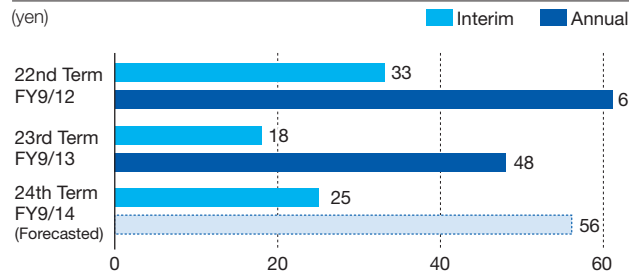
Net Income

(Millions of yen)



Net Income per Share

(yen)

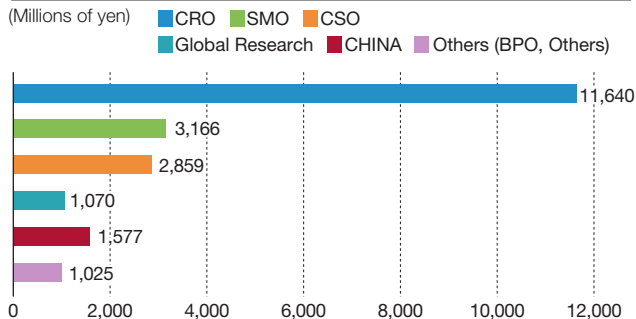


Note: The Company conducted a 100-for-1 stock split on common shares on April 1, 2014.

Net income per share is calculated as if this stock split had been conducted at the beginning of the 22nd fiscal period.

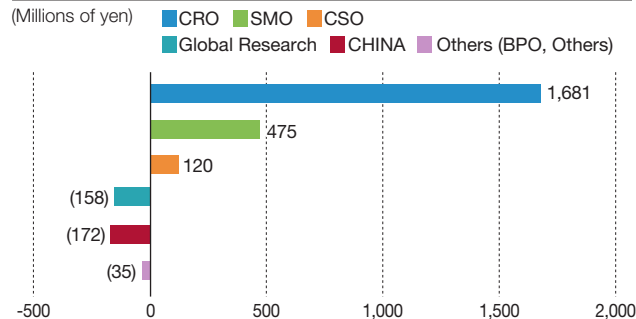
Sales by Segment (24th Term FY9/14, interim)

(Millions of yen)



Operating Income by Segment (24th Term FY9/14, interim)

(Millions of yen)



Note: Segment information does not include adjustments.

Introduction of a New Service Compliant with CDISC Standards

In January 2014, we began offering a new service for pharmaceutical companies that is compliant with CDISC standards.

From fiscal 2016, it will become obligatory to submit principal clinical data in a format conforming to CDISC standards for electronic applications for new drug manufacturing approval.

With this in mind, in 2012 we began preparations for the contracting of operations based on CDISC standards. Developed in the United States, CDISC have become the de facto global standards for new drug development and are beginning to function as a shared system, regardless of nation or region. We believe that it is necessary not just to apply CDISC standards to the data submitted to the agency but also to reconstruct the overall clinical data treatment process surrounding the CDISC standards. We have already made progress on internal operational flows, internal implementation training programs and the outfitting of basic documentation, as well as the implementation of tools necessary for checking data mapping and results.

Taking this new service as our first step, we are developing our abilities to contribute to our customers' efforts to comply with the international-level CDISC standards.

Acquiring a Japanese CRO Company to Strengthen Our CRA System

In February 2014, we acquired JGC Pharma Services Co., Ltd., a company involved in the CRO business in Japan, and converted it to a Group company. The company changed its name to EPS Associates Co., Ltd., in February 2014.

The inclusion of EPS Associates brings our Group total of clinical research associates (CRAs) to 900, enabling us to respond to the needs of our customers in a more detailed and timely manner. We plan to further enhance capabilities of our business operation.

Business Partnership with the Hewlett-Packard Japan, Ltd.

Along with EPS subsidiary e-Trial Co., Ltd., we have entered into a business partnership involving IT solutions for pharmaceutical companies with Hewlett-Packard Japan, Ltd., the Japanese arm of Hewlett-Packard Company.

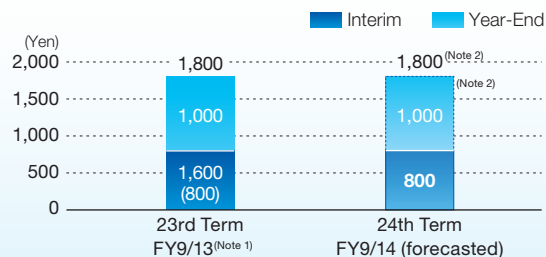
The three companies will jointly expand sales of IT solutions for post-marketing surveillance.

Dividends

We awarded an interim dividend of ¥800 per share for the 24th fiscal year. As always, we greatly appreciate the continued support of our shareholders.

(Note 1) We had planned for interim dividends of ¥1,600 per share for the fiscal year ending September 30, 2014; current dividends are calculated as ¥800 for the interim dividend and ¥1,000 for the year-end dividend, taking into account the 2-for-1 stock split on common stock on April 1, 2013.

(Note 2) Dividends for the full year ending September 30, 2014 (the 24th fiscal year) will be ¥10 per share and the annual dividend will be ¥18 per share, taking into account the 100-for-1 stock split conducted on April 1, 2014.

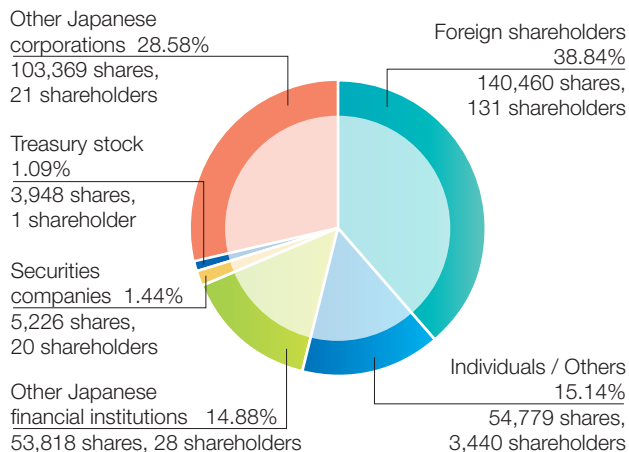


Authorized shares 1,296,000
Shares of common stock issued 361,600
Number of shareholders 3,641

Principal Shareholders

Shareholder	Shares held	Percentage of total
Y&G Limited	97,440	26.94
BBH FOR MATTHEWS ASIA DIVIDEND FUND	21,583	5.9
GOLDMAN, SACHS & CO. REG	13,062	3.6
Japan Trustee Services Bank, Ltd. (Trust Account)	11,805	3.2
Sumitomo Life Insurance Company	10,800	2.9
PLEASANT VALLEY	9,952	2.7
JP MORGAN CHASE BANK 385078	9,071	2.5
BNP PARIBAS SEC SERVICES LUXEMBOURG/ JASDEC/ABERDEEN GLOBAL CLIENT ASSETS	7,951	2.1
Tokio Marine & Nichido Fire Insurance Co., Ltd.	6,480	1.7
JPM CHASE OMNIBUS US PENSION TREATY JASDEC ACCOUNT	6,288	1.7

Shareholder Breakdown



Company Profile

 (as at March 31, 2014)

Capital: ¥1,875.25 million

Main Services: Domestic Business

- CRO Business
- SMO Business
- CSO Business

 Overseas Business

- Global Research Business
- China Business

Members of the Board and Statutory Auditors

 (as at April 1, 2014)

Chairman & CEO Yan Hao

President & COO Shinro Tashiro

Directors

- Shuzo Orihashi
- Hisashi Tanaka
- Junichi Nishizuka
- Dan Weng
- Yoshinori Ando

Statutory auditors

- Motohisa Fujii
- Koichi Shibuya
- Haruo Funabashi

Locations

Center Office	Tsuruya Bldg. 2-23 Shimomiyabicho, Shinjuku-ku, Tokyo 162-0822 TEL: +81-3-5684-7797
Annex. 1	Kagurazaka AK Bldg. 1-8 Tsukudocho, Shinjuku-ku, Tokyo 162-0821
Annex. 2	Iidabashi MF Bldg. 1-1 Shinogawamachi, Shinjuku-ku, Tokyo 162-0814
Annex. 3	Acropolis TOKYO. 6-29 Shinogawamachi, Shinjuku-ku, Tokyo 162-0814
Annex. 5	KDX Iidabashi Bldg. 2-26 Shimomiyabicho, Shinjuku-ku, Tokyo 162-0822
Tsuruse Laboratory	2662 Tsuruma, Fujimi-shi, Saitama 354-0021
Osaka Branch	Nissei Shin-osaka Bldg. 11-12F 3-4-30 Miyahara, Yodogawa-ku, Osaka-shi, Osaka 532-0003
Nagoya Branch	Horiuchi Bldg. 4F 3-25-9 Meieki, Nakamura-ku, Nagoya-shi, Aichi 450-0002
Kofu Branch	101 Aria, Kawadamachi, Kofu-shi, Yamanashi 400-0811

Notice

Outline of Stock Split

We conducted a 1:100 split on shares of common stock, effective April 1, 2014. At the same time, we adopted a new unit stock system with a basic trading unit of 100 shares, changing the unit of transaction at the Tokyo Stock Exchange from 1 share to 100 shares as of March 27, 2014.

Forward-Looking Statements

The items in this report include descriptions of future plans and forecasts. Actual performances may differ substantially due to various factors.