

Financial Highlights

1. INFORMATION OF EPS HOLDINGS, INC. & CONSOLIDATED SUBSIDIARIES 2015.09

(2014.10.1-2015.9.30)

(UNAUDITED)

(1) CONSOLIDATED OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales		Operating Income		Ordinary Income		Net Income	
Sep-15	45,202	(8.1%)	5,482	(22.1%)	5,362	(26.4%)	2,163	(18.3%)
Sep-14	41,800	(11.2%)	4,491	(28.4%)	4,242	(19.8%)	1,828	(6.9%)

Note : Comprehensive income

Sep-15 2,927 Million yen (13.8%) Sep-14 2,573 Million yen (Δ 3.5%)

	Net Income per Share (yen)	Net Income per Share, diluted (yen)	Return on Shareholders' equity(%)	Ordinary income to total assets(%)	Operating income to net sales(%)
Sep-15	58.15	—	10.3	14.5	12.1
Sep-14	51.55	—	10.0	13.1	10.7

Notes: 1 Percentages for net sales, operating income, ordinary income, net income and comprehensive income indicate growth ratio to previous year.

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

(2) CONSOLIDATED FINANCIAL INFORMATION

(UNIT:JPY MILLION)

	Total Assets	Net assets	Shareholders' Equity ratio (%)	Shareholders' Equity per share (yen)
Sep-15	39,387	23,590	59.0	614.27
Sep-14	34,689	21,230	54.5	533.50

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

Sep-15 23,219 Million yen Sep-14 18,917 Million yen

(3) CONSOLIDATED CASH FLOW INFORMATION

(UNIT:JPY MILLION)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Ending balance of cash and cash equivalents
Sep-15	4,186	Δ 1,276	Δ 83	14,692
Sep-14	4,431	Δ 3,051	Δ 624	11,692

(4) CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries :

37 companies

Associated companies by equity accounting method :

4 companies

2. OVERALL SITUATION OF DIVIDEND DISTRIBUTION

(UNIT:JPY)

		Cash Dividends per share			Total dividend amount (Million Yen)	Dividend ratio to net income (%)	Dividend ratio to shareholders' equity (%)
		Interim Dividend	Year end Dividend	Annual			
Sep-14	(Result)	800.00	10.00	—	643	34.9	3.5
Sep-15	(Result)	8.00	10.00	18.00	684	31.0	3.1
Sep-16	(Projection)	10.00	10.00	20.00	—	—	—

Notes : 1 As each share of common stock has been split into 100 shares as of 1st April 2014, above year end dividend of FY2014 shows the amount after this split, in spite that interim dividend remains before split.

For reference purpose only, if such share split becomes effective as at 1st October 2013 retroactively, dividend distribution for FY2014 may become as follows,

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

2 The FY2016 interim dividend forecast of 10 yen per share includes the 2 yen per share 25th anniversary commemorative dividend.

3. INFORMATION OF CONSOLIDATED BUDGET 2016.09 (2015.10.1-2016.9.30)

(UNIT:JPY MILLION)

	Net sales		Operating Income		Ordinary Income		Net Income	
Mar-16	22,945	(4.0%)	2,100	(Δ 13.9%)	1,950	(Δ 22.2%)	835	(Δ 15.1%)
Sep-16	47,800	(5.7%)	4,730	(Δ 13.7%)	4,650	(Δ 13.3%)	2,270	(4.9%)

Budgeted net income per share : Mar-16 22.09 yen
Sep-16 60.05 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.

4. OTHER INFORMATION

(1) Total shares issued and outstanding as of :

Sep-15 38,426,113 shares Sep-14 36,160,000 shares

(2) Common stock for treasury as of :

Sep-15 626,280 shares Sep-14 699,900 shares

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

Sep-15 37,198,457 shares Sep-14 35,463,008 shares

Note : As each share of common stock has been split into 100 shares as of 1st April 2014, above each number of shares shows the amount based on as if share split were considered to be effective on 1st October 2013 retroactively.

5. INFORMATION OF NON-CONSOLIDATED 2015.09

(1) OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Sep-15	5,964 (Δ 73.5%)	760 (Δ 79.1%)	946 (Δ 75.6%)	Δ 649 (—)
Sep-14	22,475 (4.9%)	3,632 (19.0%)	3,873 (18.5%)	2,429 (18.4%)

	Net Income per Share (yen)	Net Income per Share, diluted (yen)
Sep-15	Δ 17.45	—
Sep-14	68.50	—

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

(2) FINANCIAL INFORMATION

(UNIT:JPY MILLION)

	Total Assets	Net assets	Shareholders' Equity ratio (%)	Shareholders' Equity per share (yen)
Sep-15	24,339	19,156	78.7	506.79
Sep-14	26,609	16,728	62.9	471.77

Note : Total shareholders' Equity as of :
Sep-15 19,156 Million yen

Sep-14 16,728 Million yen

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2015 AND 2014
(UNAUDITED)

(IN MILLIONS, JPY)

ASSETS

CURRENT ASSETS

	2015	2014
Cash and time deposits	13,968	10,680
Notes and accounts receivable	9,913	8,613
Investment securities	762	1,067
Inventories	958	813
Works in progress	823	695
Deferred tax assets	972	680
Others	2,306	2,021
Allowance for doubtful accounts	△ 66	△ 25
Total current assets	<u>29,640</u>	<u>24,547</u>

FIXED ASSETS

Tangible Assets ;

Building and leasehold improvements	3,151	2,878
Accumulated depreciation	△ 692	△ 543
Furniture and fixtures	1,144	942
Accumulated depreciation	△ 695	△ 630
Other tangible assets	290	286
Accumulated depreciation	△ 188	△ 162
Total property and equipment	<u>3,010</u>	<u>2,771</u>

Intangible Assets ;

Goodwill	928	1,512
Others	688	692
Total intangible assets	<u>1,616</u>	<u>2,205</u>

Investments and other assets ;

Investment securities	1,916	1,938
Long-term loans receivable	890	716
Deposits	1,551	1,504
Deferred tax assets	346	366
Net defined benefit asset	41	6
Others	1,179	935
Allowance for doubtful accounts	△ 806	△ 303
Total investments and other assets	<u>5,119</u>	<u>5,165</u>

Total fixed assets

<u>9,746</u>	<u>10,142</u>
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TOTAL ASSETS

<u>39,387</u>	<u>34,689</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	894	1,040
Short-term debt	615	715
Current portion of long-term debt	704	444
Income taxes payable	2,454	1,757
Provision for bonuses	1,707	1,130
Provision for loss on order received	21	41
Others	4,654	4,009
Total current liabilities	<u>11,052</u>	<u>9,137</u>

LONG-TERM LIABILITIES		
Long-term debt	3,178	2,746
Provision for director's retirement benefits	230	241
Net defined benefit liability	724	761
Asset retirement obligations	390	352
Others	222	218
Total long-term liabilities	<u>4,745</u>	<u>4,320</u>
TOTAL LIABILITIES	<u>15,797</u>	<u>13,458</u>
NET ASSETS		
Shareholders' equity		
Common stock	1,875	1,875
Additional paid-in capital	3,593	1,826
Retained earnings	16,260	14,670
Common stock for treasury	<u>△ 572</u>	<u>△ 653</u>
Total shareholders' equity	21,155	17,718
Accumulated other comprehensive income (or △loss)		
Unrealized gain (or △loss) on available-for-sale securities	65	△ 262
Foreign currency translation adjustments	1,990	1,461
Remeasurements of defined benefit plans	<u>7</u>	<u>1</u>
Total accumulated other comprehensive income (or △loss)	2,063	1,199
Minority interests	<u>370</u>	<u>2,312</u>
TOTAL NET ASSETS	<u>23,590</u>	<u>21,230</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>39,387</u></u>	<u><u>34,689</u></u>

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014
(UNAUDITED)

(IN MILLIONS, JPY)	2015	2014
NET SALES	45,202	41,800
COST OF SALES	31,940	29,601
Gross profit	13,261	12,199
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	7,779	7,707
Operating income	5,482	4,491
OTHER INCOME (EXPENSES)		
Interest income	82	47
Interest expenses	△ 33	△ 34
Gain on consumption tax filing	291	—
Provision for allowance for doubtful accounts	△ 503	△ 303
Foreign exchange gain or loss (△ loss)	△ 126	△ 98
Gain on cancellation of life insurance	73	49
Service fee income	9	9
Subsidy income	85	31
Penalty income	70	—
Gain or loss of equity in associated companies (△ loss)	△ 113	△ 6
Gain on bargain purchase	17	—
Dividends income	9	7
Loss on valuation of investment securities	△ 482	△ 13
Impairment loss	△ 354	—
Others- net	34	71
Other income (expenses)-net	△ 939	△ 239
Income before income taxes and minority interests	4,542	4,252
INCOME TAXES		
Current	2,912	2,329
Deferred	△ 424	△ 39
Total	2,487	2,289
Income before minority interests	2,054	1,962
MINORITY INTERESTS	△ 108	134
NET INCOME	2,163	1,828
Income before minority interests	2,054	1,962
OTHER COMPREHENSIVE INCOME		
Unrealized gain (or △loss) on available-for-sale securities	328	△ 154
Foreign currency translation adjustments	456	721
Remeasurements of defined benefit plans	6	—
Share of other comprehensive income of associates in equity method	82	43
Total	873	611
COMPREHENSIVE INCOME	2,927	2,573
Comprehensive income attributable to parent shareholders	3,026	2,410
Comprehensive income attributable to minority interests	△ 98	162

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014
(UNAUDITED)

2015
(IN MILLIONS, JPY)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Common stock for treasury	Total shareholders' equity
Balance at 30 September 2014	1,875	1,826	14,670	△ 653	17,718
Cumulative effects of changes in accounting policies			88		88
Restated balance	1,875	1,826	14,759	△ 653	17,807
Changes during the period					
Increase through share exchanges		1,766			1,766
Cash dividends			△ 661		△ 661
Net income			2,163		2,163
Acquisition of treasury stock				△ 1	△ 1
Disposal of treasury stock				82	82
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	1,766	1,501	80	3,348
Balance at 30 September 2015	1,875	3,593	16,260	△ 572	21,155

	Accumulated other comprehensive income					Minority interest	Total net assets
	Unrealized gain/loss on available-for sale securities	Deferred gain/loss on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at 30 September 2014	△ 262	0	1,461	1	1,199	2,312	21,230
Cumulative effects of changes in accounting policies							88
Restated balance	△ 262	0	1,461	1	1,199	2,312	21,319
Changes during the period							
Increase through share exchanges							1,766
Cash dividends							△ 661
Net income							2,163
Acquisition of treasury stock							△ 1
Disposal of treasury stock							82
Net changes in items other than those in shareholders' equity	328	△ 0	528	6	863	△ 1,941	△ 1,078
Total changes during the period	328	△ 0	528	6	863	△ 1,941	2,270
Balance at 30 September 2015	65	—	1,990	7	2,063	370	23,590

2014
(IN MILLIONS, JPY)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Common stock for treasury	Total shareholders' equity
Balance at 30 September 2013	1,875	1,826	13,485	△ 317	16,870
Cumulative effects of changes in accounting policies					—
Restated balance	1,875	1,826	13,485	△ 317	16,870
Changes during the period					
Cash dividends			△ 643		△ 643
Net income			1,828		1,828
Acquisition of treasury stock				△ 399	△ 399
Disposal of treasury stock				63	63
Net changes in items other than those in shareholders' equity					
Total changes during the period	—	—	1,184	△ 336	848
Balance at 30 September 2014	1,875	1,826	14,670	△ 653	17,718

	Accumulated other comprehensive income					Minority interest	Total net assets
	Unrealized gain/loss on available-for sale securities	Deferred gain/loss on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at 30 September 2013	△ 108	—	724	—	615	2,575	20,060
Cumulative effects of changes in accounting policies							—
Restated balance	△ 108	—	724	—	615	2,575	20,060
Changes during the period							
Cash dividends							△ 643
Net income							1,828
Acquisition of treasury stock							△ 399
Disposal of treasury stock							63
Net changes in items other than those in shareholders' equity	△ 154	0	736	1	584	△ 262	321
Total changes during the period	△ 154	0	736	1	584	△ 262	1,169
Balance at 30 September 2014	△ 262	0	1,461	1	1,199	2,312	21,230

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014
(UNAUDITED)

(IN MILLIONS, JPY)

	2015	2014
OPERATING ACTIVITIES:		
Income before income taxes and minority interests	4,542	4,252
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	821	780
Impairment loss	354	—
Gain (or loss) on equity in associated companies (-net)	113	6
Increase (Δdecrease) in provision for bonuses	576	24
Increase (Δdecrease) in net defined benefit liability	Δ 39	104
Increase (Δdecrease) in allowance for retirement benefits for directors	Δ 11	Δ 7
Interest and dividends income	Δ 92	Δ 55
Interest expense	33	34
Loss on valuation of investment securities	482	13
Subsidy income	Δ 85	Δ 31
Penalty income	Δ 70	—
Gain on bargain purchase	Δ 17	—
Changes in operating assets and liabilities:		
Decrease (Δ increase) in accounts receivable-trade	Δ 1,311	Δ 691
Decrease (Δ increase) in inventories	Δ 225	Δ 226
Increase (Δdecrease) in allowance for doubtful accounts	546	300
Increase (Δdecrease) in accounts payable -trade	Δ 191	241
Increase (Δdecrease) in other current liabilities	538	966
Others , Net	155	68
Subtotal	<u>6,121</u>	<u>5,781</u>
Interest and dividends received	92	55
Interest paid	Δ 32	Δ 35
Subsidy income received	85	31
Penalty income received	70	—
Income taxes paid	Δ 2,149	Δ 1,401
Net cash provided by (used in) operating activities	<u>4,186</u>	<u>4,431</u>
INVESTING ACTIVITIES:		
Payments for time deposits	Δ 81	Δ 138
Proceeds from maturity of time deposits	101	103
Payments for purchases of tangible fixed assets	Δ 477	Δ 439
Payments for purchases of intangible fixed assets	Δ 148	Δ 306
Purchase of investment securities	Δ 39	Δ 983
Payment for deposit for rent office and others	Δ 167	Δ 225
Proceeds from collection of deposit for rent office and others	107	502
Payment for insurance reserve fund	Δ 138	Δ 133
Purchase of investments in capital	Δ 206	Δ 4
Others , Net	Δ 224	Δ 1,426
Net cash provided by (used in) investing activities	<u>Δ 1,276</u>	<u>Δ 3,051</u>
FINANCING ACTIVITIES:		
Proceeds from borrowing short-term debt	4,960	3,445
Disbursements for repayment of short-term debt	Δ 5,060	Δ 2,900
Proceeds from borrowing long-term debt	1,300	400
Disbursements for repayment of long-term debt	Δ 608	Δ 509
Purchases of common stock for treasury	Δ 1	Δ 399
Proceeds from sales of common stock for treasury	102	70
Dividends paid	Δ 662	Δ 643
Dividends paid to minority stockholders	Δ 65	Δ 48
Others , Net	Δ 48	Δ 39
Net cash provided by (used in) financing activities	<u>Δ 83</u>	<u>Δ 624</u>
EFFECT OF EXCHANGE DIFFERENCE ON CASH & CASH EQUIVALENTS	172	308
NET INCREASE (ΔDECREASE) IN CASH AND CASH EQUIVALENTS	2,999	1,063
BEGINNING OF BALANCE, CASH AND CASH EQUIVALENTS	11,692	10,629
ENDING OF BALANCE, CASH AND CASH EQUIVALENTS	<u>14,692</u>	<u>11,692</u>

STATEMENT OF ORDER ENTRY AND SALES BY ITEMS
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(UNAUDITED)

(1) RESULT OF ORDER ENTRY

DIVISION	2015.09 <2014.10.1-2015.9.30>			
	AMOUNT OF ORDER ENTRY (IN MILLIONS, JPY)	year-to-year comparison (%)	ORDER BACKLOG (IN MILLIONS, JPY)	year-to-year comparison (%)
Domestic CRO				
Monitoring	14,577	108.0%	19,166	107.5%
Data Management	9,884	103.9%	15,614	109.4%
CRO others	2,962	122.9%	2,474	108.1%
TOTAL OF CRO	27,424	107.9%	37,254	108.3%
Domestic SMO	7,713	118.1%	9,306	115.7%
Domestic CSO	8,632	131.5%	6,665	139.9%
Global Research Business	4,462	154.0%	5,664	144.3%
China Business	4,242	123.7%	40	78.8%
Others	923	62.0%	117	87.7%
TOTAL	53,399	115.3%	59,050	115.1%

* These figures are expressed by sales price.

* These above figures do not include the consumption tax.

(2) RESULT OF SALES

DIVISION	2015.09 <2014.10.1-2015.9.30>	
	AMOUNT OF SALES (IN MILLIONS, JPY)	year-to-year comparison (%)
Domestic CRO		
Monitoring	13,247	101.7%
Data Management	8,538	106.2%
CRO others	2,319	103.9%
TOTAL OF CRO	24,105	103.5%
Domestic SMO	6,448	112.9%
Domestic CSO	6,730	114.1%
Global Research Business	2,723	138.3%
China Business	4,253	123.7%
Others	940	63.5%
TOTAL	45,202	108.1%

* These above figures do not include the consumption tax.

INDUSTRY SEGMENT INFORMATION
FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

(UNAUDITED)

FY 2015 (2014.10.1-2015.9.30)

(IN MILLIONS, JPY)

	Domestic CRO	Domestic SMO	Domestic CSO	Global Research Business	China Business	Others	Total	Eliminations/ Corporate	Consolidation
SALES									
Sales to customers	24,105	6,448	6,730	2,723	4,253	940	45,202	—	45,202
Intersegment sales	1,113	38	58	50	21	1,217	2,499	(2,499)	—
Total	25,219	6,486	6,788	2,773	4,274	2,158	47,701	(2,499)	45,202
Operating income	5,491	691	383	(31)	30	(90)	6,475	(993)	5,482

* As we have become Holding Company as from 1 Jan, 2015, non-attributable corporate expenses related to the company are not distributed to each segment.

In this regard, operating income of △993 million yen under "Eliminations/ Corporate" consists of elimination of inter-segment and above non-attributable expenses.

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

FY 2014 (2013.10.1-2014.9.30)

(IN MILLIONS, JPY)

	Domestic CRO	Domestic SMO	Domestic CSO	Global Research Business	China Business	Others	Total	Eliminations/ Corporate	Consolidation
SALES									
Sales to customers	23,301	5,709	5,900	1,969	3,438	1,481	41,800	—	41,800
Intersegment sales	889	578	73	223	69	763	2,597	(2,597)	—
Total	24,190	6,287	5,974	2,192	3,507	2,244	44,398	(2,597)	41,800
Operating income	3,803	900	259	(250)	(117)	(129)	4,466	25	4,491

* Operating income of 25 million 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".