

# Financial Highlights

## 1. INFORMATION OF EPS HOLDINGS, INC. & CONSOLIDATED SUBSIDIARIES 2016.09

(2015.10.1-2016.9.30)

(UNAUDITED)

### (1) CONSOLIDATED OPERATING RESULTS

( UNIT:JPY MILLION )

	Net sales	Operating Income	Ordinary Income	Net Income
Sep-16	52,703 ( 16.6% )	6,224 ( 13.5% )	6,589 ( 22.9% )	3,966 ( 83.4% )
Sep-15	45,202 ( 8.1% )	5,482 ( 22.1% )	5,362 ( 26.4% )	2,163 ( 18.3% )

Notes: 1 Comprehensive income

Sep-16 2,335 Million yen ( Δ 20.2% ) Sep-15 2,927 Million yen ( 13.8% )

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

	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-16	92.32	—	13.9	14.3	11.8
Sep-15	58.15	—	10.3	14.5	12.1

### (2) CONSOLIDATED FINANCIAL INFORMATION

( UNIT:JPY MILLION )

	Total Assets	Net assets	Shareholders' Equity ratio (%)	Shareholders' Equity per share (yen)
Sep-16	52,530	34,364	64.3	757.73
Sep-15	39,387	23,590	59.0	614.27

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

Sep-16 33,801 Million yen Sep-15 23,219 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-16	5,186	Δ 1,315	Δ 2,515	16,607
Sep-15	4,186	Δ 1,276	Δ 83	14,692

### (4) CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries :

42 companies

Associated companies by equity accounting method :

5 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-15	(Result)	8.00	10.00	18.00	684	31.0	3.1
Sep-16	(Result)	10.00	15.00	25.00	1,122	27.1	3.3
Sep-17	(Projection)	10.00	12.00	22.00	—	—	—

Notes : 1 The FY2016 interim dividend of 10 yen per share includes the 2 yen per share 25th anniversary commemorative dividend.

2 The FY2016 year-end dividend of 15 yen per share includes the special dividend of 5 yen per share.

## 3. INFORMATION OF CONSOLIDATED BUDGET 2017.09 (2016.10.1-2017.9.30)

( UNIT:JPY MILLION )

	Net sales	Operating Income	Ordinary Income	Net Income
Mar-17	28,400 ( 10.7% )	3,200 ( Δ 15.7% )	3,200 ( Δ 18.7% )	1,700 ( Δ 32.6% )
Sep-17	58,000 ( 10.1% )	6,500 ( 4.4% )	6,500 ( Δ 1.4% )	3,500 ( Δ 11.7% )

Budgeted net income per share : Mar-17 36.87 yen  
Sep-17 75.90 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-16 46,311,389 shares Sep-15 38,426,113 shares

(2) Common stock for treasury as of :

Sep-16 1,703,017 shares Sep-15 626,280 shares

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

Sep-16 42,965,500 shares Sep-15 37,198,457 shares

#### 5. INFORMATION OF NON-CONSOLIDATED 2016.09

(1) OPERATING RESULTS

( UNIT:JPY MILLION )

	Net sales	Operating Income	Ordinary Income	Net Income
Sep-16	3,340 ( Δ 44.0% )	2,249 ( 196.0% )	2,206 ( 133.2% )	2,375 ( — )
Sep-15	5,964 ( Δ 73.5% )	760 ( Δ 79.1% )	946 ( Δ 75.6% )	Δ 649 ( — )

	Net Income per Share (yen)	Net Income per Share, diluted (yen)
Sep-16	55.30	—
Sep-15	Δ 17.45	—

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-16	36,889	29,780	80.7	667.60
Sep-15	24,338	19,156	78.7	506.79

Note : Total shareholders' Equity as of :

Sep-16 29,780 Million yen

Sep-15 19,156 Million yen

CONSOLIDATED BALANCE SHEETS  
SEPTEMBER 30, 2016 AND 2015  
(UNAUDITED)

(IN MILLIONS, JPY)

ASSETS

CURRENT ASSETS

	2016	2015
Cash and time deposits	16,027	13,968
Notes and accounts receivable	12,071	9,913
Investment securities	599	762
Inventories	1,120	958
Works in progress	2,131	823
Deferred tax assets	1,272	972
Others	3,157	2,306
Allowance for doubtful accounts	△ 47	△ 66
Total current assets	<u>36,333</u>	<u>29,640</u>

FIXED ASSETS

Tangible Assets ;

Building and leasehold improvements	3,029	3,151
Accumulated depreciation	△ 877	△ 692
Furniture and fixtures	1,370	1,144
Accumulated depreciation	△ 832	△ 695
Other tangible assets	378	290
Accumulated depreciation	△ 181	△ 188
Total property and equipment	<u>2,886</u>	<u>3,010</u>

Intangible Assets ;

Goodwill	6,603	928
Others	658	688
Total intangible assets	<u>7,261</u>	<u>1,616</u>

Investments and other assets ;

Investment securities	1,670	1,916
Long-term loans receivable	889	890
Deposits	1,669	1,551
Deferred tax assets	566	346
Net defined benefit asset	37	41
Others	2,119	1,179
Allowance for doubtful accounts	△ 905	△ 806
Total investments and other assets	<u>6,047</u>	<u>5,119</u>

Total fixed assets

<u>16,196</u>	<u>9,746</u>
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TOTAL ASSETS

<u>52,530</u>	<u>39,387</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	1,404	894
Short-term debt	265	615
Current portion of long-term debt	774	704
Income taxes payable	1,531	2,454
Provision for bonuses	2,515	1,707
Provision for loss on order received	21	21
Others	6,883	4,654
Total current liabilities	<u>13,395</u>	<u>11,052</u>

LONG-TERM LIABILITIES		
Long-term debt	2,544	3,178
Provision for director's retirement benefits	263	230
Net defined benefit liability	1,247	724
Asset retirement obligations	460	390
Others	254	222
Total long-term liabilities	<u>4,770</u>	<u>4,745</u>
TOTAL LIABILITIES	<u>18,165</u>	<u>15,797</u>
NET ASSETS		
Shareholders' equity		
Common stock	3,888	1,875
Additional paid-in capital	12,107	3,593
Retained earnings	19,398	16,260
Common stock for treasury	<u>Δ 2,014</u>	<u>Δ 572</u>
Total shareholders' equity	33,379	21,155
Accumulated other comprehensive income (or Δloss)		
Unrealized gain (or Δloss) on available-for-sale securities	Δ 56	65
Foreign currency translation adjustments	730	1,990
Remeasurements of defined benefit plans	<u>Δ 252</u>	<u>7</u>
Total accumulated other comprehensive income (or Δloss)	422	2,063
Minority interests	<u>563</u>	<u>370</u>
TOTAL NET ASSETS	<u>34,364</u>	<u>23,590</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>52,530</u></u>	<u><u>39,387</u></u>

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME  
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015  
(UNAUDITED)

(IN MILLIONS, JPY)	2016	2015
NET SALES	52,703	45,202
COST OF SALES	<u>37,175</u>	<u>31,940</u>
Gross profit	<u>15,527</u>	13,261
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>9,303</u>	7,779
Operating income	<u>6,224</u>	<u>5,482</u>
OTHER INCOME (EXPENSES)		
Interest income	39	82
Interest expenses	△ 33	△ 33
Gain on consumption tax filing	351	291
Provision for allowance for doubtful accounts	△ 95	△ 503
Gain on cancellation of life insurance	79	73
Service fee income	10	9
Gain or loss of equity in associated companies (△ loss)	△ 67	△ 113
Gain on sales of investment securities	196	—
Gain on sales of investment in capital	70	—
Gain on step acquisitions	48	—
Dividends income	18	9
Loss on change in subsidiaries' equity	△ 95	—
Loss on valuation of investment securities	△ 37	△ 482
Others- net	<u>47</u>	<u>△ 273</u>
Other income (expenses)-net	<u>533</u>	<u>△ 939</u>
Income before income taxes	<u>6,758</u>	4,542
INCOME TAXES		
Current	2,962	2,912
Deferred	<u>△ 243</u>	<u>△ 424</u>
Total	<u>2,719</u>	<u>2,487</u>
PROFIT	<u>4,038</u>	<u>2,054</u>
Profit attributable to non-controlling interests	<u>72</u>	<u>△ 108</u>
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	<u>3,966</u>	<u>2,163</u>
PROFIT	<u>4,038</u>	<u>2,054</u>
OTHER COMPREHENSIVE INCOME		
Unrealized gain (or △loss) on available-for-sale securities	△ 121	328
Foreign currency translation adjustments	△ 1,185	456
Remeasurements of defined benefit plans	△ 259	6
Share of other comprehensive income of associates in equity method	△ 136	82
Total	<u>△ 1,703</u>	<u>873</u>
COMPREHENSIVE INCOME	<u>2,335</u>	<u>2,927</u>
Comprehensive income attributable to :		
Owners of the parent	2,324	3,026
Non-controlling interests	10	△ 98

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015  
(UNAUDITED)

2016

(IN MILLIONS, JPY)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Common stock for treasury	Total shareholders' equity
<b>Balance at 30 September 2015</b>	1,875	3,593	16,260	△ 572	21,155
Changes during the period					
Increase through share exchanges	2,012	8,521			10,534
Capital increase of consolidated subsidiaries		△ 8			△ 8
Cash dividends			△ 827		△ 827
Net income			3,966		3,966
Acquisition of treasury stock				△ 1,545	△ 1,545
Disposal of treasury stock		0		103	103
Net changes in items other than those in shareholders' equity					
Total changes during the period	2,012	8,513	3,138	△ 1,441	12,233
<b>Balance at 30 September 2016</b>	3,888	12,107	19,398	△ 2,014	33,379

	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		
<b>Balance at 30 September 2015</b>	65	—	1,990	7	2,063	370	23,590
Changes during the period							
Increase through share exchanges							10,534
Capital increase of consolidated subsidiaries							△ 8
Cash dividends							△ 827
Net income							3,966
Acquisition of treasury stock							△ 1,545
Disposal of treasury stock							103
Net changes in items other than those in shareholders' equity	△ 121	—	△ 1,259	△ 259	△ 1,641	192	△ 1,449
Total changes during the period	△ 121	—	△ 1,259	△ 259	△ 1,641	192	10,774
<b>Balance at 30 September 2016</b>	△ 56	—	730	△ 252	422	563	34,364

2015

(IN MILLIONS, JPY)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Common stock for treasury	Total shareholders' equity
<b>Balance at 30 September 2014</b>	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
<b>Balance at 30 September 2015</b>	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		
<b>Balance at 30 September 2014</b>	△ 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
<b>Balance at 30 September 2015</b>	65	—	1,990	7	2,063	370	23,590

CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015  
(UNAUDITED)

(IN MILLIONS, JPY)

	2016	2015
<b>OPERATING ACTIVITIES:</b>		
Income before income taxes and minority interests	6,758	4,542
<b>Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:</b>		
Depreciation and amortization	1,306	821
Gain (or loss) on equity in associated companies (-net)	67	113
Increase (Δdecrease) in provision for bonuses	747	576
Increase (Δdecrease) in net defined benefit liability	120	Δ 39
Increase (Δdecrease) in allowance for retirement benefits for directors	33	Δ 11
Interest and dividends income	Δ 57	Δ 92
Interest expense	33	33
Gain on sales of investment securities	Δ 196	—
Loss on valuation of investment securities	37	482
Gain on sales of investment in capital	Δ 70	—
Gain on step acquisitions	Δ 48	—
Loss on change in subsidiaries' equity	95	—
<b>Changes in operating assets and liabilities:</b>		
Decrease (Δ increase) in accounts receivable-trade	Δ 165	Δ 1,311
Decrease (Δ increase) in inventories	Δ 378	Δ 225
Increase (Δdecrease) in allowance for doubtful accounts	83	546
Increase (Δdecrease) in accounts payable -trade	694	Δ 191
Increase (Δdecrease) in other current liabilities	585	538
Others , Net	Δ 572	493
Subtotal	9,075	6,276
Interest and dividends received	57	92
Interest paid	Δ 34	Δ 32
Income taxes paid	Δ 3,911	Δ 2,149
Net cash provided by (used in) operating activities	5,186	4,186
<b>INVESTING ACTIVITIES:</b>		
Payments for time deposits	Δ 8	Δ 81
Proceeds from maturity of time deposits	35	101
Payments for purchases of tangible fixed assets	Δ 443	Δ 477
Payments for purchases of intangible fixed assets	Δ 125	Δ 148
Purchase of investment securities	Δ 11	Δ 39
Proceeds from sales of investment securities	314	0
Payment for deposit for rent office and others	Δ 108	Δ 167
Proceeds from collection of deposit for rent office and others	78	107
Payment for insurance reserve fund	Δ 144	Δ 138
Purchase of investments in capital	Δ 375	Δ 206
Others , Net	Δ 526	Δ 224
Net cash provided by (used in) investing activities	Δ 1,315	Δ 1,276
<b>FINANCING ACTIVITIES:</b>		
Proceeds from borrowing short-term debt	6,697	4,960
Disbursements for repayment of short-term debt	Δ 7,050	Δ 5,060
Proceeds from borrowing long-term debt	300	1,300
Disbursements for repayment of long-term debt	Δ 867	Δ 608
Purchases of common stock for treasury	Δ 1,011	Δ 1
Proceeds from sales of common stock for treasury	126	102
Dividends paid	Δ 827	Δ 662
Dividends paid to minority stockholders	Δ 5	Δ 65
Others , Net	122	Δ 48
Net cash provided by (used in) financing activities	Δ 2,515	Δ 83
EFFECT OF EXCHANGE DIFFERENCE ON CASH & CASH EQUIVALENTS	Δ 553	172
NET INCREASE (ΔDECREASE) IN CASH AND CASH EQUIVALENTS	801	2,999
BEGINNING OF BALANCE, CASH AND CASH EQUIVALENTS	14,692	11,692
INCREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM SHARE EXCHANGES	1,113	—
ENDING OF BALANCE, CASH AND CASH EQUIVALENTS	16,607	14,692

**STATEMENT OF ORDER ENTRY AND SALES BY ITEMS**  
FOR THE YEAR ENDED SEPTEMBER 30, 2016

(UNAUDITED)

(1) RESULT OF ORDER ENTRY

DIVISION	2016.09 <2015.10.1-2016.9.30>			
	AMOUNT OF ORDER ENTRY (IN MILLIONS, JPY)	year-to-year comparison (%)	ORDER BACKLOG (IN MILLIONS, JPY)	year-to-year comparison (%)
<b>Domestic CRO</b>				
Monitoring	12,123	83.2%	17,078	89.1%
Data Management	9,984	101.0%	16,225	103.9%
CRO others	1,969	66.5%	1,977	79.9%
TOTAL OF CRO	24,077	87.8%	35,281	94.7%
<b>Domestic SMO</b>	11,692	151.6%	19,366	208.1%
<b>Domestic CSO</b>	7,709	89.3%	6,895	103.4%
<b>Global Research Business</b>	5,394	120.9%	7,052	124.5%
<b>China Business</b>	3,980	93.8%	80	199.9%
<b>Others</b>	2,416	261.6%	2,183	1855.7%
TOTAL	55,271	103.5%	70,860	120.0%

\* These figures are expressed by sales price.

\* These above figures do not include the consumption tax.

(2) RESULT OF SALES

DIVISION	2016.09 <2015.10.1-2016.9.30>	
	AMOUNT OF SALES (IN MILLIONS, JPY)	year-to-year comparison (%)
<b>Domestic CRO</b>		
Monitoring	13,754	103.8%
Data Management	8,782	102.9%
CRO others	2,371	102.3%
TOTAL OF CRO	24,908	103.3%
<b>Domestic SMO</b>	10,874	168.6%
<b>Domestic CSO</b>	7,480	111.1%
<b>Global Research Business</b>	4,006	147.1%
<b>China Business</b>	3,939	92.6%
<b>Others</b>	1,493	158.8%
TOTAL	52,703	116.6%

\* These above figures do not include the consumption tax.

**INDUSTRY SEGMENT INFORMATION**  
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

(UNAUDITED)

FY 2016 (2015.10.1-2016.9.30)

(IN MILLIONS, JPY)

	Domestic CRO	Domestic SMO	Domestic CSO	Global Research Business	China Business	Others	Total	Eliminations/ Corporate	Consolidation
<b>SALES</b>									
Sales to customers	24,908	10,874	7,480	4,006	3,939	1,493	52,703	—	52,703
Intersegment sales	1,986	87	29	53	17	1,412	3,585	(3,585)	—
Total	26,895	10,961	7,509	4,060	3,957	2,905	56,289	(3,585)	52,703
Operating income	6,099	610	426	183	(31)	(111)	7,177	(953)	6,224

\* 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 Δ953 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 "CPO" and "Other business".

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
<b>SALES</b>									
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 Δ993 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".