

Financial Highlights

1. CONSOLIDATED FINANCIAL RESULTS OF EPS GROUP FOR THE SECOND QUARTER ENDED MARCH 31, 2013

(2012.10.1-2013.3.31)
(UNAUDITED)

(1) CONSOLIDATED OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Mar-13	18,237 (5.2%)	1,741 (Δ 36.7%)	1,638 (Δ 37.7%)	671 (Δ 43.2%)
Mar-12	17,342 (13.4%)	2,750 (38.4%)	2,631 (32.0%)	1,182 (64.9%)

	Net Income per Share (yen)	Net Income per Share, diluted (yen)
Mar-13	3,756.88	—
Mar-12	6,612.85	—

Note : 1 Comprehensive income

Mar-13 1,505 Million yen (Δ 10.8%) Mar-12 1,687 Million yen (105.6%)

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 (%)
Mar-13	27,306	19,063	61.2%
Sep-12	26,647	18,436	58.6%

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

Mar-13 16,715 Million yen Sep-12 15,608 Million yen

(3) CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries :

23 companies

Affiliated companies by equity accounting method :

4 companies

2. OVERALL SITUATION OF DIVIDEND DISTRIBUTION

(UNIT:JPY)

		Cash Dividends per share		
		Interim Dividend	Year end Dividend	Annual
Sep-12	(Result)	1,600.00	1,900.00	3,500.00
Sep-13	(Result)	1,600.00	—	2,600.00
	(Projection)	—	1,000.00	

Note : As each share of common stock has been split into 2 shares as of 1st April 2013, above projected year end dividend shows the amount after this split, in spite that interim dividend remains before split. For your guidance, the total amount of projected year end dividend per share remains unchanged from previous our projection which was announced in November 2012, before split.

3. INFORMATION OF CONSOLIDATED BUDGET 2013.09 (2012.10.1-2013.9.30)

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Sep-13	38,521 (9.4%)	4,488 (Δ 13.3%)	4,406 (Δ 13.5%)	2,210 (0.1%)

Budgeted net income per share : Sep-13 6,179.19 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 has been split into 2 shares as of 1st April 2013, above budgeted net income per share shows the amount based on as if share split were considered to be effective on 1st October 2012 retroactively.

4. OTHER INFORMATION

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

Mar-13 180,800 shares Sep-12 180,800 shares

(2) Common stock for treasury as of :

Mar-13 1,974 shares Sep-12 1,974 shares

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

Mar-13 178,826 shares Mar-12 178,826 shares

Note : As each share of common stock has been split into 2 shares as of 1st April 2013, current number of shares issued and outstanding and common stock for treasury become 361,600 and 3,948 shares respectively.

CONSOLIDATED BALANCE SHEETS
March 31, 2013 and September 30, 2012

(UNAUDITED)

(IN THOUSANDS,JPY)

	March 31.2013	September 30.2012
ASSETS		
CURRENT ASSETS		
Cash and time deposits	8,850,087	10,576,625
Notes and accounts receivable	6,792,422	7,320,867
Inventories and products	871,883	415,319
Works in progress	542,442	506,388
Others	2,204,604	1,728,188
Allowance for doubtful accounts	△ 4,873	△ 4,050
Total current assets	19,256,567	20,543,338
FIXED ASSETS		
Tangible Assets	2,326,835	1,881,401
Intangible Assets	1,414,030	814,248
Investments and other assets ;		
Investment securities	1,413,969	587,383
Deposits	1,311,014	1,287,155
Others	1,584,335	1,533,884
Total investments and other assets	4,309,319	3,408,423
Total fixed assets	8,050,185	6,104,074
TOTAL ASSETS	27,306,752	26,647,412
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	636,167	252,027
Short-term debt	930,000	15,000
Current portion of long-term debt	100,000	100,000
Income taxes payable	659,151	1,455,156
Provision for bonuses	894,633	1,094,398
Provision for loss on order received	16,000	108,000
Others	3,078,190	3,292,666
Total current liabilities	6,314,143	6,317,248
LONG-TERM LIABILITIES		
Long-term debt	750,000	800,000
Provision for employees' retirement benefits	583,182	515,997
Provision for directors' retirement benefits	260,969	241,664
Asset retirement obligations	307,298	274,805
Others	27,726	61,355
Total long-term liabilities	1,929,177	1,893,822
TOTAL LIABILITIES	8,243,321	8,211,071
NET ASSETS		
Shareholders' equity		
Common stock	1,875,251	1,875,251
Additional paid-in capital	1,826,300	1,826,300
Retained earnings	12,733,710	12,401,651
Common stock for treasury	△ 317,258	△ 317,258
Total shareholders' equity	16,118,004	15,785,945
Accumulated other comprehensive income (or △loss)		
Unrealized gain (or △loss) on available-for-sale securities	3,029	△ 57,555
Foreign currency translation adjustments	594,387	△ 120,366
Total accumulated other comprehensive income (or △loss)	597,416	△ 177,921
Minority interests	2,348,010	2,828,317
TOTAL NET ASSETS	19,063,431	18,436,341
TOTAL LIABILITIES AND NET ASSETS	27,306,752	26,647,412

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

(IN THOUSANDS,JPY)

	Second quarter ended March 31.2013	Second quarter ended March 31.2012
NET SALES	18,237,294	17,342,947
COST OF SALES	13,116,979	11,295,534
Gross profit	5,120,314	6,047,412
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	3,378,925	3,296,522
Operating income	1,741,389	2,750,890
OTHER INCOME (△EXPENSES)		
Interest income	10,786	4,179
Interest expenses	△ 11,415	△ 13,468
Foreign exchange gain or loss (△loss)	△ 140,025	△ 118,839
Gain on cancellation of insurance	19,192	12,512
Gain on sale of investment securities	50,996	6,171
Subsidy in consolidated subsidiaries	17,407	62,845
Loss on devaluation of investment securities	△ 161,962	△ 2,951
Business restructuring expense	△ 74,108	-
Others- net	1,308	△ 65,134
Other income (△expenses)-net	△ 287,820	△ 114,683
Income before income taxes and minority interests	1,453,568	2,636,206
INCOME TAXES		
Current	615,035	1,295,992
Deferred	192,791	△ 49,112
Total	807,827	1,246,880
Income before minority interests	645,741	1,389,326
MINORITY INTERESTS	△ 26,086	206,776
NET INCOME	671,828	1,182,549
Income before minority interests	645,741	1,389,326
OTHER COMPREHENSIVE INCOME		
Unrealized gain (or △loss) on available-for-sale securities	60,584	54,700
Foreign currency translation adjustments	787,737	236,411
Share of other comprehensive income of associates in equity method	11,737	6,876
Total	860,059	297,988
COMPREHENSIVE INCOME	1,505,801	1,687,315
Comprehensive income attributable to :		
Parent shareholders	1,447,166	1,471,798
Minority interests	58,634	215,516

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Second quarter ended March 31 2013 and 2012
(UNAUDITED)

(IN THOUSANDS,JPY)

	Second quarter ended March 31.2013	Second quarter ended March 31.2012
OPERATING ACTIVITIES:		
Income before income taxes and minority interests	1,453,568	2,636,206
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	277,775	242,426
Increase (ΔDecrease) in provision for bonuses	Δ 205,836	Δ 72,028
Increase (ΔDecrease) in allowance for retirement benefits for employees	67,184	39,072
Increase (ΔDecrease) in allowance for retirement benefits for directors	19,305	Δ 43,495
Interest and dividends income	Δ 12,742	Δ 5,529
Interest expense	11,415	13,468
Gain (or loss) on sale of investments in securities (-net)	Δ 50,996	Δ 6,171
Gain (or loss) on devaluation of investments in securities (-net)	161,962	Δ 2,951
Changes in operating assets and liabilities:		
Decrease (ΔIncrease) in accounts receivable-trade	578,970	116,614
Decrease (ΔIncrease) in inventories and products	Δ 295,104	Δ 151,543
Increase (ΔDecrease) in accounts payable -trade	63,770	Δ 53,727
Increase (ΔDecrease) in other current liabilities	Δ 343,152	794,820
Others , Net	36,089	Δ 113,510
Subtotal	<u>1,762,211</u>	<u>3,393,653</u>
Interest and dividends received	12,536	5,486
Interest paid	Δ 11,433	Δ 14,480
Income taxes paid	Δ 1,405,171	Δ 1,305,069
Net cash provided by (used in) operating activities	<u>358,143</u>	<u>2,079,589</u>
INVESTING ACTIVITIES:		
Payments for time deposits	Δ 14,869	Δ 495,791
Proceeds from maturity of time deposits	14,627	12,610
Disbursements for purchase of tangible fixed assets	Δ 282,757	Δ 504,644
Disbursements for purchase of intangible fixed assets	Δ 123,282	Δ 38,654
Purchase of investments securities	Δ 911,956	Δ 6,220
Payment for deposit for rent office and others	Δ 91,209	Δ 31,500
Purchase of investments in subsidiaries	Δ 602,000	Δ 2,985
Purchase of investments in subsidiaries resulting in change in scope of consolidation	Δ 565,642	—
Others , Net	51,525	32,350
Net cash provided by (used in) investing activities	<u>Δ 2,525,565</u>	<u>Δ 1,034,833</u>
FINANCING ACTIVITIES:		
Proceeds from borrowing of short-term debt	2,780,000	1,198,000
Disbursements for repayment of short-term debt	Δ 1,865,000	Δ 1,497,221
Disbursements for repayment of long-term debt	Δ 50,000	Δ 50,000
Dividends paid	Δ 339,794	Δ 339,337
Dividends paid for minority shareholders	Δ 56,929	Δ 47,977
Others , Net	Δ 10,952	17,362
Net cash provided by (used in) financing activities	<u>457,323</u>	<u>Δ 719,172</u>
EFFECT OF EXCHANGE DIFFERENCE ON CASH & CASH EQUIVALENTS	356,399	146,951
NET INCREASE IN CASH AND CASH EQUIVALENTS	Δ 1,353,699	472,534
BEGINNING OF BALANCE,CASH AND CASH EQUIVALENTS	10,663,816	8,627,744
ENDING OF BALANCE,CASH AND CASH EQUIVALENTS	<u>9,310,117</u>	<u>9,100,279</u>

STATEMENT OF ORDER ENTRY AND SALES BY ITEMS
For the Second quarter ended March 31 2013

(UNAUDITED)

(1) RESULT OF ORDER ENTRY

DIVISION	2013.03 <2012.10.1-2013.3.31>			
	AMOUNT OF ORDER ENTRY (IN THOUSANDS, JPY)	year-to-year comparison (%)	ORDER BACKLOG (IN THOUSANDS, JPY)	year-to-year comparison (%)
CRO(Domestic)				
Monitoring	6,935,227	116.5%	16,410,053	107.9%
Data Management	3,989,835	95.1%	12,751,503	94.3%
CRO others	2,300,653	141.0%	2,114,200	167.7%
TOTAL OF CRO	13,225,716	112.2%	31,275,758	104.3%
SMO(Domestic)	1,952,005	48.1%	6,775,666	88.5%
CSO(Domestic)	3,001,551	120.2%	4,046,136	110.4%
Global Research	1,139,382	289.8%	2,780,918	100.5%
China Business	748,883	2937.1%	113,832	88.4%
TOTAL	20,067,538	107.0%	44,992,312	101.8%

* These figures are expressed by sales price.

* These above figures do not include the consumption tax.

(2) RESULT OF SALES

DIVISION	2013.03 <2012.10.1-2013.3.31>	
	AMOUNT OF SALES (IN THOUSANDS, JPY)	year-to-year comparison (%)
CRO(Domestic)		
Monitoring	5,492,937	104.7%
Data Management	4,250,324	102.1%
CRO others	1,383,086	94.3%
TOTAL OF CRO	11,126,348	102.3%
SMO(Domestic)	2,800,579	96.8%
CSO(Domestic)	2,754,845	90.0%
Global Research	755,170	154.8%
China Business	800,350	3232.1%
TOTAL	18,237,294	105.2%

* These above figures do not include the consumption tax.

INDUSTRY SEGMENT INFORMATION

For the Second quarter ended March 31 2013 and 2012

(UNAUDITED)

FY 2013 (2012.10.1-2013.3.31)

(IN THOUSANDS, JPY)

	CRO (Domestic)	SMO (Domestic)	CSO (Domestic)	Global Research	China Business	Total	Eliminations/ Corporate	Consolidation
SALES								
Sales to customers	11,126,348	2,800,579	2,754,845	755,170	800,350	18,237,294	—	18,237,294
Intersegment sales	214,746	2,230	32,040	56,124	93,919	399,059	(399,059)	—
Total	11,341,095	2,802,809	2,786,885	811,294	894,269	18,636,354	(399,059)	18,237,294
Operating income	1,882,240	56,703	32,375	(1,611)	(231,113)	1,738,593	2,795	1,741,389

* Operating income of 2,795 thousand yen under "Eliminations/ Corporate" consists of elimination of inter-segment and other transactions.

* From FY2013, segment definition has been changed to 5 categories of "CRO(Domestic)", "SMO(Domestic)", "CSO(Domestic)", "Global Research" and "China business", as newly setting up "Global Research" and "China business" segments which were belonged to "CRO" business in previous year. Reclassified segment information of the same period in previous year is as follows:

FY 2012 (2011.10.1-2012.3.31)

(IN THOUSANDS, JPY)

	CRO (Domestic)	SMO (Domestic)	CSO (Domestic)	Global Research	China Business	Total	Eliminations/ Corporate	Consolidation
SALES								
Sales to customers	10,876,152	2,891,772	3,062,464	487,795	24,762	17,342,947	—	17,342,947
Intersegment sales	99,511	—	15,248	42,439	85,464	242,663	(242,663)	—
Total	10,975,663	2,891,772	3,077,712	530,234	110,226	17,585,610	(242,663)	17,342,947
Operating income	2,248,556	359,193	413,517	(12,063)	(262,801)	2,746,402	4,488	2,750,890

* Operating income of 4,488 thousand yen under "Eliminations/ Corporate" consists of elimination of inter-segment and other transactions.