

Financial Highlights

1. CONSOLIDATED FINANCIAL RESULTS OF EPS GROUP FOR THE SECOND QUARTER ENDED MARCH 31, 2014

(2013.10.1-2014.3.31)
(UNAUDITED)

(1) CONSOLIDATED OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Mar-14	19,852 (8.9%)	1,923 (10.5%)	1,978 (20.7%)	896 (33.4%)
Mar-13	18,237 (5.2%)	1,741 (Δ 36.7%)	1,638 (Δ 37.7%)	671 (Δ 43.2%)

	Net Income per Share (yen)	Net Income per Share, diluted (yen)
Mar-14	25.27	—
Mar-13	18.78	—

Note : 1 Comprehensive income

Mar-14 1,220 Million yen (Δ 19.0%) Mar-13 1,505 Million yen (Δ 10.8%)

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

3 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 2012 retroactively.

(2) CONSOLIDATED FINANCIAL INFORMATION

(UNIT:JPY MILLION)

	Total Assets	Net assets	Shareholders' Equity ratio (%)
Mar-14	33,700	20,389	52.9%
Sep-13	30,323	20,060	57.7%

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

Mar-14 17,843 Million yen Sep-13 17,485 Million yen

(3) CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries : 35 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	(Result)	800.00	—	—
	(Projection)	—	10.00	

Note : As each share of common stock has been split into 2 shares as of 1st April 2013, and 100 shares as of 1st April 2014, above year end dividend shows the amount after each 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 (Result) Interim: 8.00

Sep-14 (Projection) Year end: 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
Sep-14	40,961 (9.0%)	4,110 (17.5%)	4,150 (17.2%)	2,006 (17.3%)

Budgeted net income per share : 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 has been split into 100 shares as of 1st April 2014, above budgeted 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 :

Mar-14 36,160,000 shares Sep-13 36,160,000 shares

(2) Common stock for treasury as of :

Mar-14 730,200 shares Sep-13 394,800 shares

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

Mar-14 35,476,883 shares Mar-13 35,765,200 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 2012 retroactively.

CONSOLIDATED BALANCE SHEETS
March 31, 2014 and September 30, 2013

(UNAUDITED)

(IN THOUSANDS,JPY)

	March 31.2014	September 30.2013
ASSETS		
CURRENT ASSETS		
Cash and time deposits	11,270,926	10,474,905
Notes and accounts receivable	7,952,962	7,516,328
Investment securities	504,006	171,766
Inventories	884,836	643,114
Works in progress	609,304	488,997
Others	2,292,688	2,594,884
Allowance for doubtful accounts	△ 25,196	△ 22,771
Total current assets	23,489,529	21,867,224
FIXED ASSETS		
Tangible Assets	2,685,770	2,590,022
Intangible Assets	2,144,999	1,410,862
Investments and other assets ;		
Investment securities	1,848,997	1,067,676
Deposits	1,706,592	1,624,702
Others	1,824,752	1,763,247
Total investments and other assets	5,380,342	4,455,626
Total fixed assets	10,211,112	8,456,510
TOTAL ASSETS	33,700,642	30,323,735
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,060,818	709,487
Short-term debt	1,515,000	170,000
Current portion of long-term debt	444,000	444,000
Income taxes payable	1,061,353	815,640
Provision for bonuses	1,132,453	1,032,416
Provision for loss on order received	52,000	20,000
Others	3,536,973	2,917,392
Total current liabilities	8,802,598	6,108,935
LONG-TERM LIABILITIES		
Long-term debt	3,006,074	2,856,000
Provision for employees' retirement benefits	710,705	657,361
Provision for directors' retirement benefits	223,474	249,452
Asset retirement obligations	342,891	327,474
Others	225,635	63,547
Total long-term liabilities	4,508,780	4,153,835
TOTAL LIABILITIES	13,311,378	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	14,024,629	13,485,740
Common stock for treasury	△ 686,869	△ 317,258
Total shareholders' equity	17,039,312	16,870,034
Accumulated other comprehensive income (or △loss)		
Unrealized gain (or △loss) on available-for-sale securities	△ 185,496	△ 108,881
Foreign currency translation adjustments	989,292	724,710
Total accumulated other comprehensive income (or △loss)	803,795	615,828
Minority interests	2,546,155	2,575,101
TOTAL NET ASSETS	20,389,263	20,060,964
TOTAL LIABILITIES AND NET ASSETS	30,700,642	30,323,735

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Second quarter ended March 31 2014 and 2013

(UNAUDITED)

(IN THOUSANDS,JPY)

	Second quarter ended March 31.2014	Second quarter ended March 31.2013
NET SALES	19,852,159	18,237,294
COST OF SALES	<u>14,170,864</u>	<u>13,116,979</u>
Gross profit	5,681,295	5,120,314
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>3,757,506</u>	<u>3,378,925</u>
Operating income	<u>1,923,789</u>	<u>1,741,389</u>
OTHER INCOME (ΔEXPENSES)		
Interest income	24,278	11,521
Interest expenses	Δ 16,917	Δ 11,415
Foreign exchange gain or loss (Δloss)	Δ 11,979	Δ 140,025
Gain on cancellation of life insurance	22,763	19,192
Gain or loss of equity in associated companies (Δ loss)	Δ 9,800	Δ 26,260
Gain on change in subsidiaries' equity	16,191	—
Others- net	<u>46,338</u>	<u>Δ 140,833</u>
Other income (Δexpenses)-net	70,875	Δ 287,820
Income before income taxes and minority interests	<u>1,994,664</u>	<u>1,453,568</u>
INCOME TAXES		
Current	987,919	615,035
Deferred	<u>Δ 9,621</u>	<u>192,791</u>
Total	<u>978,298</u>	<u>807,827</u>
Income before minority interests	<u>1,016,365</u>	<u>645,741</u>
MINORITY INTERESTS	<u>119,825</u>	<u>Δ 26,086</u>
NET INCOME	<u>896,540</u>	<u>671,828</u>
Income before minority interests	1,016,365	645,741
OTHER COMPREHENSIVE INCOME		
Unrealized gain (or Δloss) on available-for-sale securities	Δ 76,615	60,584
Foreign currency translation adjustments	300,419	787,737
Share of other comprehensive income of associates in equity method	Δ 19,822	11,737
Total	<u>203,981</u>	<u>860,059</u>
COMPREHENSIVE INCOME	<u>1,220,347</u>	<u>1,505,801</u>
Comprehensive income attributable to :		
Parent shareholders	1,084,507	1,447,166
Minority interests	135,839	58,634

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Second quarter ended March 31 2014 and 2013
(UNAUDITED)

(IN THOUSANDS,JPY)

	Second quarter ended March 31,2014	Second quarter ended March 31,2013
OPERATING ACTIVITIES:		
Income before income taxes and minority interests	1,994,664	1,453,568
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	344,029	277,775
Increase (ΔDecrease) in provision for bonuses	29,076	Δ 205,836
Increase (ΔDecrease) in allowance for retirement benefits for employees	53,341	67,184
Increase (ΔDecrease) in allowance for retirement benefits for directors	Δ 25,977	19,305
Interest and dividends income	Δ 28,628	Δ 12,742
Interest expense	16,917	11,415
Gain on change in subsidiaries' equity	Δ 16,191	—
Changes in operating assets and liabilities:		
Decrease (ΔIncrease) in accounts receivable-trade	Δ 50,463	578,970
Decrease (ΔIncrease) in inventories	Δ 265,219	Δ 295,104
Increase (ΔDecrease) in accounts payable -trade	308,415	63,770
Increase (ΔDecrease) in other current liabilities	498,529	Δ 343,152
Others , Net	391,431	147,055
Subtotal	<u>3,249,924</u>	<u>1,762,211</u>
Interest and dividends received	28,628	12,536
Interest paid	Δ 17,319	Δ 11,433
Income taxes paid	Δ 752,181	Δ 1,405,171
Net cash provided by (used in) operating activities	<u>2,509,052</u>	<u>358,143</u>
INVESTING ACTIVITIES:		
Payments for time deposits	Δ 51,734	Δ 14,869
Proceeds from maturity of time deposits	18,059	14,627
Payments for purchases of tangible fixed assets	Δ 236,991	Δ 282,757
Payments for purchases of intangible fixed assets	Δ 262,797	Δ 123,282
Payments for purchases of investments securities	Δ 860,829	Δ 911,956
Payments for deposit for rent office and others	Δ 138,625	Δ 91,209
Payments for purchases of investments in subsidiaries	Δ 145,500	Δ 602,000
Payments for purchases of investments in capital of subsidiaries	Δ 33,320	—
Payments for acquisition of consolidated subsidiaries	Δ 798,391	—
Others , Net	242,795	Δ 514,117
Net cash provided by (used in) investing activities	<u>Δ 2,267,335</u>	<u>Δ 2,525,565</u>
FINANCING ACTIVITIES:		
Proceeds from borrowing of short-term debt	2,000,000	2,780,000
Disbursements for repayment of short-term debt	Δ 655,000	Δ 1,865,000
Proceeds from borrowing of long-term debt	400,000	—
Disbursements for repayment of long-term debt	Δ 249,925	Δ 50,000
Payments for acquisition of common stock for treasury	Δ 399,745	Δ 302
Proceeds from sale of common stock for treasury	30,084	—
Dividends paid	Δ 357,235	Δ 339,794
Dividends paid for minority shareholders	Δ 48,888	Δ 56,929
Others , Net	Δ 3,240	Δ 10,649
Net cash provided by (used in) financing activities	<u>716,048</u>	<u>457,323</u>
EFFECT OF EXCHANGE DIFFERENCE ON CASH & CASH EQUIVALENTS	136,018	356,399
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,093,784	Δ 1,353,699
BEGINNING OF BALANCE,CASH AND CASH EQUIVALENTS	10,629,445	10,663,816
ENDING OF BALANCE,CASH AND CASH EQUIVALENTS	<u>11,723,229</u>	<u>9,310,117</u>

STATEMENT OF ORDER ENTRY AND SALES BY ITEMS
For the Second quarter ended March 31 2014

(UNAUDITED)

(1) RESULT OF ORDER ENTRY

DIVISION	2014.03 <2013.10.1-2014.3.31>			
	AMOUNT OF ORDER ENTRY (IN THOUSANDS, JPY)	year-to-year comparison (%)	ORDER BACKLOG (IN THOUSANDS, JPY)	year-to-year comparison (%)
Domestic CRO				
Monitoring	9,841,297	141.9%	20,815,951	126.8%
Data Management	3,739,070	93.7%	12,790,069	100.3%
CRO others	1,385,147	84.3%	2,440,335	124.0%
TOTAL OF CRO	14,965,515	119.1%	36,046,356	115.8%
Domestic SMO	3,221,406	165.0%	7,707,385	113.8%
Domestic CSO	2,743,500	91.4%	4,033,584	99.7%
Global Research Operation	1,070,994	94.0%	3,121,680	112.3%
EKISHIN Operation	1,769,938	240.7%	288,991	253.9%
Others	647,826	96.5%	157,361	107.5%
TOTAL	24,419,181	121.7%	51,355,361	114.1%

* These figures are expressed by sales price.

* These above figures do not include the consumption tax.

(2) RESULT OF SALES

DIVISION	2014.03 <2013.10.1-2014.3.31>	
	AMOUNT OF SALES (IN THOUSANDS, JPY)	year-to-year comparison (%)
Domestic CRO		
Monitoring	6,398,366	116.5%
Data Management	3,747,181	88.2%
CRO others	1,056,263	155.3%
TOTAL OF CRO	11,201,812	107.5%
Domestic SMO	2,734,151	97.6%
Domestic CSO	2,810,723	102.0%
Global Research Operation	947,005	125.4%
EKISHIN Operation	1,541,608	196.0%
Others	616,859	86.1%
TOTAL	19,852,159	108.9%

* These above figures do not include the consumption tax.

INDUSTRY SEGMENT INFORMATION
For the Second quarter ended March 31 2014 and 2013

(UNAUDITED)

FY 2014 (2013.10.1-2014.3.31)

(IN THOUSANDS, JPY)

	Domestic CRO	Domestic SMO	Domestic CSO	Global Research Operation	EKISHIN Operation	Others	Total	Eliminations/ Corporate	Consolidation
SALES									
Sales to customers	11,201,812	2,734,151	2,810,723	947,005	1,541,608	616,859	19,852,159	—	19,852,159
Intersegment sales	438,533	432,629	48,833	123,043	36,355	408,574	1,487,969	(1,487,969)	—
Total	11,640,346	3,166,780	2,859,556	1,070,048	1,577,963	1,025,434	21,340,129	(1,487,969)	19,852,159
Operating income	1,681,546	475,600	120,209	(158,415)	(172,524)	(35,200)	1,911,214	12,574	1,923,789

* Operating income of 12,574 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 Operation", "EKISHIN Operation", "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 Operation".

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

FY 2013 (2012.10.1-2013.3.31)

(IN THOUSANDS, JPY)

	Domestic CRO	Domestic SMO	Domestic CSO	Global Research Operation	EKISHIN Operation	Others	Total	Eliminations/ Corporate	Consolidation
SALES									
Sales to customers	10,423,437	2,800,579	2,754,845	755,170	786,651	716,609	18,237,294	—	18,237,294
Intersegment sales	174,573	2,230	32,040	56,124	44,839	217,475	527,282	(527,282)	—
Total	10,598,011	2,802,809	2,786,885	811,294	831,490	934,084	18,764,577	(527,282)	18,237,294
Operating income	1,871,665	56,703	32,375	(1,611)	(217,168)	(7,114)	1,734,849	6,539	1,741,389

* Operating income of 6,539 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".