

Financial Highlights

1. CONSOLIDATED FINANCIAL RESULTS OF EPS GROUP FOR THE SECOND QUARTER ENDED MARCH 31, 2016

(2015.10.1-2016.3.31)
(UNAUDITED)

(1) CONSOLIDATED OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Mar-16	25,650 (16.3%)	3,794 (55.6%)	3,937 (57.0%)	2,524 (156.4%)
Mar-15	22,052 (11.1%)	2,439 (26.8%)	2,508 (26.8%)	984 (9.8%)

	Net Income per Share (yen)	Net Income per Share, diluted (yen)
Mar-16	61.06	—
Mar-15	26.89	—

Note : 1 Comprehensive income

Mar-16 2,050 Million yen (32.7%) Mar-15 1,545 Million yen (26.7%)

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-16	52,627	34,370	64.5%
Sep-15	39,387	23,590	59.0%

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

Mar-16 33,939 Million yen

Sep-15 23,219 Million yen

(3) CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries :

46 companies

Affiliated companies by equity accounting method :

5 companies

2. OVERALL SITUATION OF DIVIDEND DISTRIBUTION

(UNIT:JPY)

		Cash Dividends per share		
		Interim Dividend	Year end Dividend	Annual
Sep-15	(Result)	8.00	10.00	18.00
Sep-16	(Result)	10.00	—	—
	(Projection)	—	10.00	

Note : The FY2016 interim dividend of 10 yen per share includes the 2 yen per share of 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
Sep-16	52,500 (16.1%)	5,225 (Δ 4.7%)	5,500 (2.6%)	3,000 (38.7%)

Budgeted net income per share : Sep-16 67.32 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 number of shares issued and outstanding as of :

Mar-16 46,311,389 shares

Sep-15 38,426,113 shares

(2) Common stock for treasury as of :

Mar-16 1,749,301 shares

Sep-15 626,280 shares

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

Mar-16 41,340,709 shares

Mar-15 36,612,716 shares

CONSOLIDATED BALANCE SHEETS
March 31, 2016 and September 30, 2015

(UNAUDITED)

(IN MILLIONS, JPY)

	March 31.2016	September 30.2015
ASSETS		
CURRENT ASSETS		
Cash and time deposits	16,810	13,968
Notes and accounts receivable	11,492	9,913
Investment securities	641	762
Inventories	1,224	958
Works in progress	2,254	823
Others	3,835	3,279
Allowance for doubtful accounts	△ 66	△ 66
Total current assets	36,191	29,640
FIXED ASSETS		
Tangible Assets	2,914	3,010
Intangible Assets	7,800	1,616
Investments and other assets ;		
Investment securities	2,047	1,916
Deposits	1,681	1,551
Others	2,894	2,457
Allowance for doubtful accounts	△ 902	△ 806
Total investments and other assets	5,721	5,119
Total fixed assets	16,435	9,746
TOTAL ASSETS	52,627	39,387
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,132	894
Short-term debt	1,725	615
Current portion of long-term debt	720	704
Income taxes payable	1,578	2,454
Provision for bonuses	1,874	1,707
Provision for loss on order received	25	21
Others	6,428	4,654
Total current liabilities	13,485	11,052
LONG-TERM LIABILITIES		
Long-term debt	3,023	3,178
Provision for directors' retirement benefits	239	230
Net defined benefit liability	754	724
Asset retirement obligations	446	390
Others	308	222
Total long-term liabilities	4,771	4,745
TOTAL LIABILITIES	18,256	15,797
NET ASSETS		
Shareholders' equity		
Common stock	3,888	1,875
Additional paid-in capital	12,115	3,593
Retained earnings	18,404	16,260
Common stock for treasury	△ 2,064	△ 572
Total shareholders' equity	32,342	21,155
Accumulated other comprehensive income (or △loss)		
Unrealized gain (or △loss) on available-for-sale securities	41	65
Foreign currency translation adjustments	1,535	1,990
Remeasurements of defined benefit plans	20	7
Total accumulated other comprehensive income (or △loss)	1,597	2,063
Non-controlling interests	430	370
TOTAL NET ASSETS	34,370	23,590
TOTAL LIABILITIES AND NET ASSETS	52,627	39,387

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the Second quarter ended March 31 2016 and 2015

(UNAUDITED)

(IN MILLIONS, JPY)

	Second quarter ended March 31.2016	Second quarter ended March 31.2015
NET SALES	25,650	22,052
COST OF SALES	17,443	15,695
Gross profit	<u>8,206</u>	<u>6,356</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	4,412	3,917
Operating income	<u>3,794</u>	<u>2,439</u>
OTHER INCOME (ΔEXPENSES)		
Interest income	24	48
Interest expenses	Δ 17	Δ 16
Gain on consumption tax filing	193	111
Provision for allowance for doubtful accounts	Δ 95	Δ 151
Foreign exchange gain or loss (Δloss)	Δ 27	Δ 44
Gain or loss of equity in associated companies (Δ loss)	Δ 37	Δ 66
Gain on sales of investment securities	196	—
Gain on step acquisitions	48	—
Others- net	103	Δ 113
Other income (Δexpenses)-net	<u>388</u>	<u>Δ 232</u>
Income before income taxes	4,182	2,207
INCOME TAXES		
Current	1,576	1,306
Deferred	66	Δ 7
Total	<u>1,643</u>	<u>1,298</u>
PROFIT	<u>2,539</u>	<u>908</u>
Profit attributable to non-controlling interests	14	Δ 76
PROFIT ATTRIBUTABLE TO OWNERS OF PARENT	<u>2,524</u>	<u>984</u>
PROFIT	2,539	908
OTHER COMPREHENSIVE INCOME		
Unrealized gain (or Δloss) on available-for-sale securities	Δ 23	Δ 18
Foreign currency translation adjustments	Δ 423	571
Remeasurements of defined benefit plans	12	8
Share of other comprehensive income of associates in equity method	Δ 54	75
Total	<u>Δ 488</u>	<u>637</u>
COMPREHENSIVE INCOME	<u>2,050</u>	<u>1,545</u>
Comprehensive income attributable to :		
Owners of the parent	2,058	1,603
Non-controlling interests	Δ 7	Δ 57

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Second quarter ended March 31 2016 and 2015
(UNAUDITED)

(IN MILLIONS, JPY)

	Second quarter ended March 31.2016	Second quarter ended March 31.2015
OPERATING ACTIVITIES:		
Income before income taxes	4,182	2,207
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	556	400
Increase (ΔDecrease) in provision for bonuses	90	92
Increase (ΔDecrease) in net defined benefit liability	45	48
Increase (ΔDecrease) in allowance for retirement benefits for directors	9	Δ 26
Interest and dividends income	Δ 34	Δ 53
Interest expense	17	16
Gain (or loss) on sales of investment securities (-net)	Δ 196	—
Gain on step acquisitions	Δ 48	—
Changes in operating assets and liabilities:		
Decrease (ΔIncrease) in accounts receivable-trade	622	Δ 838
Decrease (ΔIncrease) in inventories	Δ 333	Δ 95
Increase (ΔDecrease) in accounts payable -trade	277	256
Increase (ΔDecrease) in other current liabilities	55	107
Others , Net	Δ 253	102
Subtotal	4,990	2,217
Interest and dividends received	34	53
Interest paid	Δ 18	Δ 16
Income taxes paid	Δ 2,525	Δ 1,686
Net cash provided by (used in) operating activities	2,481	567
INVESTING ACTIVITIES:		
Payments for time deposits	Δ 9	Δ 39
Proceeds from maturity of time deposits	38	60
Payments for purchases of tangible fixed assets	Δ 138	Δ 196
Payments for purchases of intangible fixed assets	Δ 44	Δ 80
Proceeds from sales of investment securities	314	—
Payments for deposit for rent office and others	Δ 46	Δ 112
Purchase of investments in capital	Δ 392	Δ 3
Others , Net	28	Δ 346
Net cash provided by (used in) investing activities	Δ 250	Δ 718
FINANCING ACTIVITIES:		
Proceeds from borrowing of short-term debt	4,045	2,520
Disbursements for repayment of short-term debt	Δ 2,978	Δ 1,490
Proceeds from borrowing long-term debt	230	—
Disbursements for repayment of long-term debt	Δ 409	Δ 258
Payments for acquisition of common stock for treasury	Δ 1,010	Δ 1
Proceeds from sale of common stock for treasury	61	45
Dividends paid	Δ 380	Δ 358
Dividends paid to non-controlling shareholders	Δ 4	Δ 64
Others , Net	Δ 22	Δ 29
Net cash provided by (used in) financing activities	Δ 468	362
EFFECT OF EXCHANGE DIFFERENCE ON CASH & CASH EQUIVALENTS	Δ 137	221
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,624	433
BEGINNING OF BALANCE,CASH AND CASH EQUIVALENTS	14,692	11,692
INCREASE OF CASH AND CASH EQUIVALENTS DUE TO SHARE EXCHANGE	1,113	—
ENDING OF BALANCE,CASH AND CASH EQUIVALENTS	17,430	12,126

STATEMENT OF ORDER ENTRY AND SALES BY ITEMS
For the Second quarter ended March 31 2016

(UNAUDITED)

(1) RESULT OF ORDER ENTRY

DIVISION	2016.03 <2015.10.1-2016.3.31>			
	AMOUNT OF ORDER ENTRY (IN MILLIONS, JPY)	year-to-year comparison (%)	ORDER BACKLOG (IN MILLIONS, JPY)	year-to-year comparison (%)
Domestic CRO				
Monitoring	7,189	75.7%	18,751	90.4%
Data Management	4,299	82.4%	15,096	98.7%
CRO others	872	71.9%	2,078	109.7%
TOTAL OF CRO	12,360	77.6%	35,926	94.7%
Domestic SMO	4,404	117.6%	17,999	207.6%
Domestic CSO	2,968	99.6%	6,107	139.4%
Global Research Business	2,304	83.3%	5,900	106.9%
China Business	1,997	100.9%	177	623.3%
Others	1,058	224.5%	1,622	1264.4%
TOTAL	25,092	90.0%	67,734	119.5%

* These figures are expressed by sales price.

* These above figures do not include the consumption tax.

(2) RESULT OF SALES

DIVISION	2016.03 <2015.10.1-2016.3.31>	
	AMOUNT OF SALES (IN MILLIONS, JPY)	year-to-year comparison (%)
Domestic CRO		
Monitoring	7,147	108.5%
Data Management	4,225	100.9%
CRO others	1,173	102.1%
TOTAL OF CRO	12,546	105.2%
Domestic SMO	4,953	158.9%
Domestic CSO	3,526	104.8%
Global Research Business	2,068	176.6%
China Business	1,859	92.9%
Others	696	145.8%
TOTAL	25,650	116.3%

* These above figures do not include the consumption tax.

INDUSTRY SEGMENT INFORMATION
For the Second quarter ended March 31 2016 and 2015

(UNAUDITED)

FY 2016 (2015.10.1-2016.3.31)

(IN MILLIONS, JPY)

	Domestic CRO	Domestic SMO	Domestic CSO	Global Research Business	China Business	Others	Total	Eliminations/ Corporate	Consolidation
SALES									
Sales to customers	12,546	4,953	3,526	2,068	1,859	696	25,650	—	25,650
Intersegment sales	896	51	13	30	9	711	1,712	(1,712)	—
Total	13,443	5,004	3,539	2,098	1,869	1,407	27,362	(1,712)	25,650
Operating income	3,631	419	124	219	(74)	(18)	4,302	(508)	3,794

* Non-attributable corporate expenses related to the company are not distributed to each segment. In this regard, operating income of Δ 508 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 (2014.10.1-2015.3.31)

(IN MILLIONS, JPY)

	Domestic CRO	Domestic SMO	Domestic CSO	Global Research Business	China Business	Others	Total	Eliminations/ Corporate	Consolidation
SALES									
Sales to customers	11,921	3,116	3,363	1,171	2,002	477	22,052	—	22,052
Intersegment sales	494	11	9	25	10	604	1,155	(1,155)	—
Total	12,415	3,127	3,372	1,197	2,013	1,081	23,207	(1,155)	22,052
Operating income	2,862	317	208	(149)	(122)	(117)	2,998	(559)	2,439

* Non-attributable corporate expenses related to the company are not distributed to each segment. In this regard, operating income of Δ 559 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".