The Clinical Service Provider
EPS Co., Ltd.

2006 INTERIM BUSINESS REPORT

Oct.01, 2005 ~ March 31, 2006

Ever
Progressing
System

CONTENTS

I. Overview of Our Group

Details of Our Group's Businesses

Our group companies (excluding the All Right Group) provide various servicesto companies involved with pharmaceutical and medical product development. The pharmaceutical companies spend an exhaustive amount of time and money on research and development for "new drugs". All "new drugs" must undergo clinical testing under the supervision of medical institutions before they can be approved for public use.Therefore new drugs must undergo testing by a third party medical institution on test subjects under informed consent agreements.

President and CEO
Yan Hao

As of March 31, 2006, the EPS Group consisted of our company, 14 consolidated subsidiaries, and 3 affiliates held under the equity accounting method and we provide various services in the three main business areas of CRO (Contract Research Organization), SMO (Site Management Organization), and pre-clinical testing.

Our company EPS participates in the CRO business, performing clinical testing (including Post-Marketing Study), and various specialized services such as clinical testing operations and management for pharmaceutical and other companies. We provide clinical test planning documentation and case report form making support, patient registration, testing project management, data management, data analysis, monitoring, clinical study report providing, drug approval applications and other related services. Additionally we provide management system development for all of these various services.

At the same time, the All Right Group performs software development outsourcing services.
We also have two subsidiaries that focus their business resources upon specialized areas: EP Medical Co., Ltd., which provides MR dispatch services, and EP-Mint Co., Ltd., which provides personnel dispatch services to the pharmaceutical companies (dispatched type CRO services) (chart 1, note 2).

In March 2006 we established E-Trial Co., Ltd. to provide system development and support services which leverage EDC systems for global clinical testing services.

Our consolidated subsidiaries EP-Mint Co., Ltd. and Nihon SMO Co., Ltd. provide various services in the SMO business realm. These subsidiaries maintain agreements with various medical institutions, which perform clinical testing, to provide them with CRC dispatch, clinical testing administrative functions, and other specialized services in the area of the SMO business.

The LSG Group performs pre-clinical testing related services, providing pharmaceutical companies with various safety testing research materials and animals to support their pre-clinical testing functions.

II. Management Policy

(1) Basic Management Policy

At the core of our basic management policy, our Group maintains the goal of providing various services that satisfy the needs of our customers and help them to find resolutions to contradictory propositions which comply with laws, and are efficient and high in quality.

In the future, we will exert every effort to expand the scope of our business based on these management principles, while at the same time maintaining our position as the industry leader, and fulfilling our social responsibility. We will also strive to fortify our compliance structure and live up to our name, "Ever Progressing System."

(2) Our Basic Policy Regarding Distribution of Profits

We seek to strengthen our corporate structure by improving our earnings generating capability, while at the same time maintaining a fair profit distribution policy to our shareholders. With regards to distribution of profits, we seek to strike a balance between the need to establish a solid financial foundation to be able to quickly respond to rapidly changing market conditions and the desire to maintain a stable level of profit distribution. Therefore we have established a target dividend payout ratio of 30%.

Moreover even after the implementation of the new corporate law we expect to continue to pay dividends at both the end of the interim and full year periods.

(3) Our Policy Regarding Reductions in the Minimum Share Trading Lot

We may consider offering stock splits depending upon the trading of our shares.

(4) Our Management Targets

We maintain the following intermediate-term management targets.

Target attainment period:	Fiscal Year September 2008
Consolidated sales target:	Approximately ¥26.0 billion
Ordinary income margin target:	Approximately 13%

In order to achieve the targets outlined above, we will implement the various management strategies outlined below.

(5) Intermediate to Long-Term Management Strategy

Our Group maintains the CRO, SMO and pre-clinical testing businesses at the core of our operations. In addition to these core businesses in Japan, we will also promote the personnel dispatch, and drug and medical information system development businesses, and we will expand our operating territory by promoting the CRO and software development businesses in the Chinese, South East Asian, and Oceania markets. We also seek to extract synergies between these various services to grow our business a step further. More specifically we will implement the strategies outlined below.

(5)-1) Further Strengthen Our CRO Business

In response to the growing outsourcing needs related to drug development, we will fortify our planning and drug approval functions in addition to our clinical testing operation capabilities.

Additionally we seek to maintain our position as the leading company within the industry by offering effective total support services to not only medical doctors involved with the drug development, but also to medical equipment and the special health use food manufacturers.

(5)-2) Promotion of Our SMO Business

While the clinical testing support services provided to medical institutions is already rapidly expanding, even further growth is expected in the near future. Consequently we have been strengthening the internal structure of EP-Mint Co., Ltd. since its merger to take full advantage of the merger to expand this business, and to become one of the top three companies within the industry.

(5)-3) Overseas Business Expansion

In order to be able to respond to international simultaneous development amidst the growing trend of ICH*, we continue to explore the possibilities of our overseas business expansion. As part of our overseas business strategy, we have formed a joint marketing agreement of the exception of South Africa with Charles River Laboratories Inc. (Massachusetts, United States) which is developing the CRO business and pre-clinical testing services on a global scale in all overseas markets.

We also signed a business agreement with FHI Inc. of the United States, which is a provider of various CRO services, to help fortify our own service line-up in our marketing functions in China, South East Asia and Oceania so that we can pursue synergies with the Japanese market.

(5)-4) Entering the New Drug Development Business

In the new drug development business area, we have made the strategic decision to seek the cooperation of bio-venture and other partners to form joint ventures, and to provide consulting and CRO related services in this area rather than trying to develop the market on our own.

With regards to China, our local subsidiary will seek to obtain local approval for various medical products licensed to us from drug manufactures in the United States, Europe and Japan.

(5)-5) Fortification of Our Group

Currently our company and its 14 subsidiaries, which comprise the EPS Group, provide various services to the medical product development industry.

To ensure the smooth expansion in the breadth of our business, securing high quality staff, training them, and deploying them effectively is crucial. Furthermore we seek to pursue various synergies that exist within our group and to fortify it through M&A and new business planning activities.

(Note) ICH is an acronym for the "International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use." This Conference maintains a goal of standardizing the various documentation and procedures required for new drug approval in the United States, Europe and Japan to help eliminate unnecessary duplication of clinical and laboratory testing while securing the safety and effectiveness of drugs.

(6) Key Topics

Amidst the growing trends of outsourcing of various tasks, and of globalization of our clients' operations, our Group seeks to raise our overall service quality levels through the fortification of our QC and QA divisions, the strict abidance and adherence to standardized guidelines, and the training and education of our staff designed to raise their skill levels.

At the same time, we will seek to establish an efficient and well defined structure to manage the business processes of projects, ranging from order to delivery, in order to be able to maintain our leading position despite the increasingly fierce pricing competition within the industry.

(7) Basic Policy Regarding Relationships with Our Parent Company

We are not a subsidiary or affiliate and therefore do not have a parent company.

III Business Performance and Financial Position

1. Business Performance

(1) Review of the Current Term

During the current fiscal year, the Japanese economy continued to grow on support of strong exports, higher corporate profits, brisk consumption and despite various uncertainties such as higher oil prices and overseas economy. Against this backdrop, and despite a slight slowing in our markets we serve, we were able to see continued growth in the CRO business, which is serviced primarily by our company, and the SMO business, which is serviced primarily by our subsidiary EP-Mint, as well as in our pre-clinical testing business.

EPS operates primarily in the CRO business realm.

With regards to our monitoring services, the clinical testing and planning division, which performs clinical testing in the developmental and post market stages, saw favorable trends in its existing project implementation, new project acquisition, anti-cancer, diabetes and central nervous system related drug testing businesses. Also during the current term, the early start of new projects contributed to an increase in our capacity utilization rates.

With regards to our registration, and clinical information processing division also saw continued expansion in its project progress management, data management, and data analysis services. During the term under review, we were able to achieve higher capacity utilization rates due to increases in the number of both existing and new projects.

In the area of medical equipment development, medical writing, and safety information services we were able to increase both our orders and sales despite difficult market conditions.

Additionally we have established a clinical research promotion center to develop new clients and applications, and we have fortified our planning and proposal functions to help develop new services.

Looking at our company, both sales and ordinary income of our clinical planning development and clinical information processing divisions grew from the previous interim term. However the disappearance of extraordinary profits arising from the liquidation of investment securities during the previous interim term contributed to a decline in net income.

With regards to our consolidated subsidiaries, our overseas subsidiaries EPS China and EPS Singapore have been performing their own original way to capture orders from new clients.

At the same time, EP Medical Co., Ltd. will now focus specifically upon the MR dispatch services (CSO) from this term and has already been successful in securing some large-scale orders. However EP Medical is suffering from front-loading of costs associated with the acquisition of personnel to help fuel the future growth in this business.

Additionally in the area of our personnel dispatched to pharmaceutical companies (dispatched CRO), EP Mate Co., Ltd., which was established in October 2005 as a 100% owned subsidiary specifically targeting this business, began full-scale operations from February 2006.

With regards to our system development services, our consolidated subsidiaries All Right Software Inc. and its Chinese consolidated subsidiary All Right Software Inc. (basede in Beijing)seek to promote their businesses by leveraging the Chinese IT technicians to develop new clients.

Furthermore in December 2005 we established EPLUS Co.,Ltd.(consolidated subsidiary, capitalized at US$300,000, 60% of voting rights owned by EPS, 40% owned by Sosei Co., Ltd.) to expand the new drug development business in China and preparations to start operations.

Consequently in our CRO business consolidated sales grew by 22.3% year-over-year to ¥5,023 million and consolidated operating income by 83.6% year-over-year to ¥614 million during the interim term.

EP-Mint Co., Ltd. and Japan SMO Co., Ltd. are primarily responsible for performing services in the SMO business.

In addition to efforts to fortify the internal structure since its merger, EP-Mint has formed relationships with regional medical institutions to promote both the CRC services and the support services for clinical testing administrative functions. Despite our efforts, earnings in this area were negatively impacted by relatively weak orders and low capacity utilization rates.

At the same time Japan SMO, which is primarily responsible for the site support services business, like EP Mint also suffered from weak order flow and saw an operating loss.

Consequently while consolidated sales rose by 32.9% year-over-year to ¥1,455 million during the interim term, we saw an operating loss of ¥15 million, which compares with an operating income of ¥24 million during the interim term last year.

LSG group is responsible for our pre-clinical testing business.
LSG saw a decrease in income due to restructuring in our overseas partners (contructed pre-clinical lab) and despite our efforts to expand sales of new products as well as contracts with new overseas partners.
Therefore our pre-clinical testing sales fell by 9.9% year-over-year to ¥654 million and our operating income decreased by 42.8% year-over-year to ¥53 million during the interim term.

Moreover, Sogo Medi-Plus Co., Ltd. (affiliate held under equity accounting method, capitalized at ¥30 million, EP-Mint owns 40% voting rights, and Sogo Clinical Pharmacology Co., Ltd. owns 60%), which was established in October 2005, provides dispatched CRC services and began contributing to our earnings at the non-operating level from the current term.

The business segments mentioned above include transactions within our Group companies, so after excluding these inter-segment transactions our total consolidated net sales, operating income, and ordinary income rose by 20.3% year-over-year to ¥7,110 million, 43.5% to ¥655 million, and 40.0% year-over-year to ¥657 million during the interim term. But at the same time consolidated net income declined by 7.3% year-over-year to ¥333 million during the interim term.

(2) Earnings Projections for the Current Full Fiscal Year

We anticipate the Japanese economy to continue to trend strongly, however there are numerous uncertainties on the horizon including higher oil prices, conditions in overseas economies, and volatility in the domestic stock market, JPY exchange rate.

Our company seeks to achieve our earnings projections in the current year through the mainly promoting of both the clinical information division, which includes data management, data analysis, registration and project progress management, medical writing, and safety information services and the clinical planning and development division, which includes monitoring, and medical device product development services. Furthermore we will also promote information capturing and order activities in our planning promotion division, overseas clinical testing related services in our overseas division, and new business proposal and other services of our clinical research promotion center.

With regards to our consolidated subsidiaries, E-Trial Co., Ltd., which was established in March 2006 for the purpose of performing global clinical testing for pharmaceutical companies based primarily on EDC, will begin full-scale operation in the second half of the year, and will leverage the synergies which exist between the various overseas companies within our Group.

In overseas markets, EPS China Co., Ltd., which performs various CRO related services, actively seeks out new clinical testing orders in China. And in Taiwan, Hong Kong and South East Asia, EPS Singapore cultivates orders from new clients for clinical testing. Additionally EPLUS Co., Ltd.is working with our partner Sosei Co., Ltd. to quickly locate potential new drug development work and to establish a structure that will enable us to provide services for new drug development in those markets.

EP Medical Co., Ltd. is responsible for the MR dispatch and CSO businesses and focuses upon providing highly specialized services to acquire new orders. And EP Mate Co., Ltd. performs dispatched type CRO services and focuses its efforts upon expanding new staff dispatch business for pharmaceutical companies.

All Right Software Inc., which provides software development services using Chinese IT technicians, is pursuing new orders for software development from clients in the communications, finance, network related industries. All Right Software's Chinese subsidiary also focuses its efforts upon developing new clients as well as generating more business from existing clients.

EP-Mint Co., Ltd., which is responsible for our SMO business, suffered from weak orders during the first half, but will focus its efforts upon making up for these weak orders by delay of securing new personnel and reducing costs during the second half.

Additionally LSG Corporation, which performs pre-clinical testing services, formed agreements with NewLab BioQuality AG (Germany) and MPI Research (United States) in February 2006 to become domestic agent of overseas pre-clinical testing services for domestic clients. Consequently LSG group will expand its business of providing laboratory test animals, mouse cages, special animal foods, and other products and services in the growth areas of the pre-clinical testing market.

The culmination of our efforts mentioned above is reflected below in our earnings projections for the full fiscal year to September 2006. These figures were originally announced on April 26, 2006 and represent revisions from our initial budget announced on November 11, 2005.

(Non-consolidated) Units: Yen million

	Sales	Ordinary income	Net income	Dividend per share (JPY)			
					Interim	Year end	Total
FY9/05 Results	7,896	1,221	813		1,000	1,700	2,700
FY9/06 Projections	9,369	1,390	806		1,000	2,000	3,000
Change	1,473	169	△7				
% Change	18.7%	13.8%	△0.9%				

(Consolidated) Units: Yen million

	Sales	Ordinary income	Net income
FY9/05 Results	13,004	1,811	1,126
FY9/06 Projections	15,784	1,968	984
Change	2,780	157	△142
% Change	21.4%	8.7%	△12.6%

2. Financial Position

(1) Changes in Our Assets, Liabilities, and Equity

We describe changes in our financial position during the interim term from the end of the previous fiscal year below.

During the interim term, our consolidated current assets increased by ¥2,319 million to ¥8,810 million due to a ¥2,784 million rise in cash and equivalents, which was due in part to assumption of new long term debt and the issuance of a bond, a ¥109 million increase in inventories, despite a ¥582 million decrease in notes and accouts receivables. Our fixed assets rose by ¥203 million due primarily to a ¥52 million increase in tangible fixed assets, and acquisition of investment securities which showed a net increase of ¥132 million. Consequently our total consolidated assets at the end of the interim term rose by ¥2,522 million to ¥12,068 million from the end of the previous fiscal year end.

With regards to liabilities, current liabilities declined by ¥143 million due to a ¥320 million reduction in income taxes payable which offset a ¥125 million increase in the portion of long-term debt coming due within a year. Fixed liabilities rose by ¥2,484 million due mainly to the issuance of a bond and the assumption of long-term debt. Consequently total consolidated liabilities grew by ¥2,340 million from the end of the previous fiscal year to ¥5,049 million by the end of the interim term.

With regards to shareholdes' equity, money raised from the issuance of new shares was distributed to both capital and additional paid-in capital reserves and caused each account to rise by ¥50 and ¥49 million respectively. Retained earnings grew by ¥185 million, and unrealized gain on available-for-sale securities declined by ¥157 million. Consequently shareholders' equity at the end of the interim term grew by ¥150 million from the end of the previous fiscal year to ¥6,150 million.

(2) Consolidated Cash Flow Conditions

At the end of the interim term, consolidated cash and cash equivalents rose by ¥2,784 million from the end of the previous fiscal year to ¥4,730 million on the back of cash inflow of ¥668 million and ¥2,656 million from operating and financing activities respectively, which more than offset a ¥555 million outflow of cash from investing activities.

(Cash Flow from Operating Activities)

Cash flow derived from operating activities grew by ¥960 million from the end of the previous interim term to ¥668 million at the end of the interim. The main sources for this cash inflow include ¥627 million in income before income taxes (a decline of ¥216 million from the previous interim term), which reflects a decline due to ¥497 million in extraordinary profits derived from the liquidation of investment securities in the previous interim term, an inflow resulting from a decline in accounts receivables of ¥587 million (a ¥785 million increase from the previous interim term), a ¥15 million decline in advance payment received (a ¥104 million increase from the previous interim term), and ¥581 million payment of income taxes (an increase of ¥86 million from the previous interim term).

(Cash Flow from Investing Activities)

We saw a net outflow of cash from our investing activities of ¥555 million during the interim term, which represents an increase in the outflow of ¥630 million from the previous interim term. The main factors behind this cash outflow include a ¥92 million payment for the acquisition of tangible fixed assets (a ¥42 million increase from the previous interim term), a ¥416 million payment to acquire investment securities (a ¥215 million rise from the previous interim term), and the decline of ¥374 million inflow resulting from the liquidation of investment securities during the interim term of the last fiscal year.

(Cash Flow from Financing Activities)

We saw a cash inflow from our financing activities increase by ¥3,058 million from the previous interim term to ¥2,656 million. The main reasons for this increase were the inflows of ¥1,997 million and ¥1,042 million from the issuance of a bond and the assumption of long term debt respectively.

Trends in Our Cash Flow Related Indexes

	FY9/02	FY9/03	FY9/04	FY9/05	FY9/06 Interim
Equity Ratio	62.3%	65.8%	63.6%	62.9%	51.0%
Public stock market value ratio	347.3%	156.2%	380.7%	292.8%	288.9%
Debt redemption period (years)	0.0	0.2	0.1	—	0.7
Interest coverage ratio (times)	651.9	67.0	205.4	—	71.7

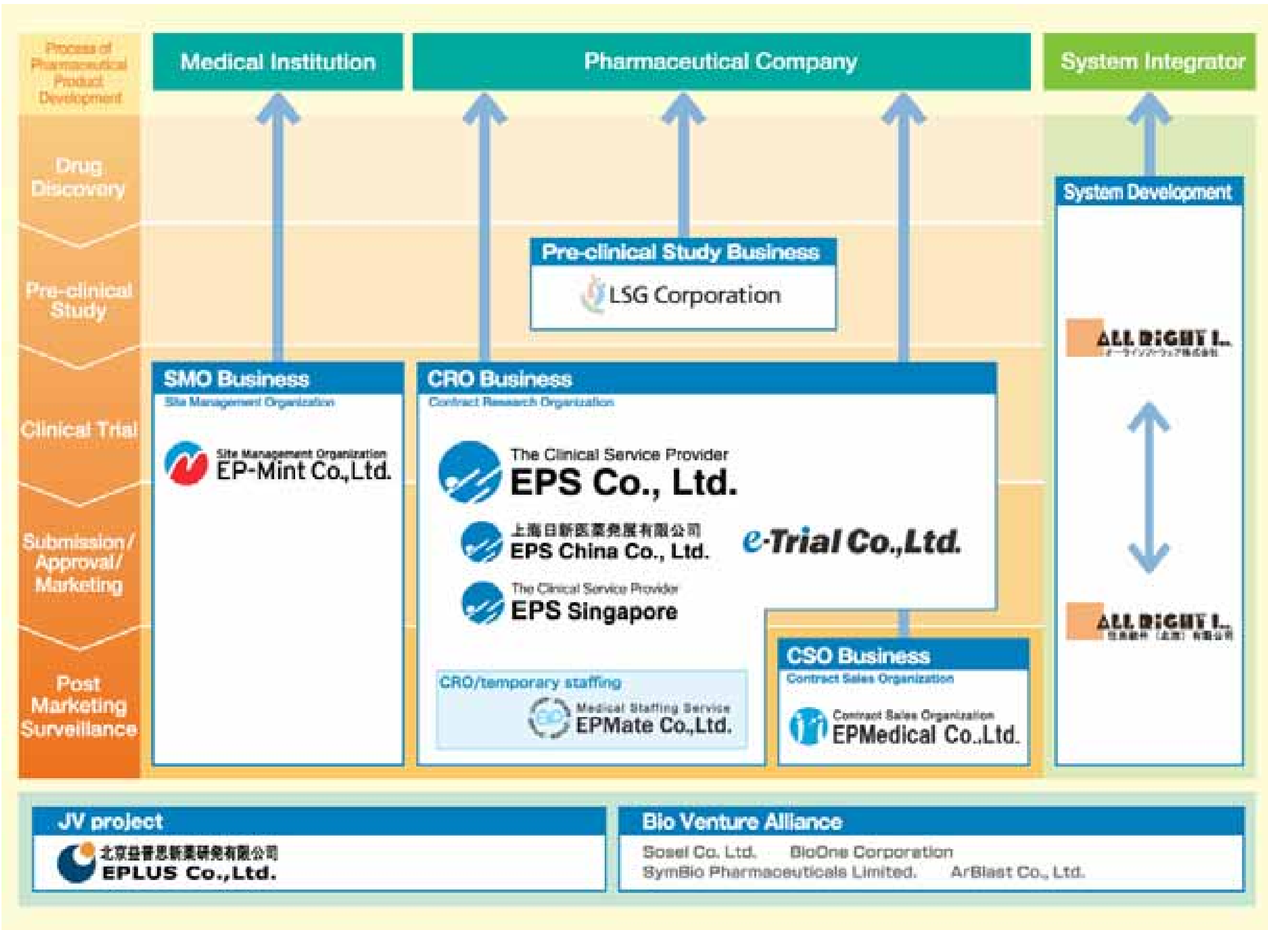
Equity ratio: Shareholder's equity / total assets
Public stock market value ratio: Public stock market value / total assets
Debt redemption period: Interest bearing liabilities / Operating cash flow
Interest coverage: Operating cash flow / Interest payments

* All indexes are based on consolidated financial data
* Public stock market value is calculated by the closing share price multiplized with the number of outstanding shares at the end of the interim term (excluding treasury stock)
* Operating cash flow is based on consolidated cash flow from operating activities at the end of the interim term. Interest bearing liabilities include all liabilities on the consolidated balance sheet at the end of the interim term upon which interest is paid. Interest payments are based on interest payments taken from the consolidated cash flow statement at the end of the interim term.
* Debt redemption period uses operating cash flow at the end of the interim term multiplied by two times to represent the full year figure.

IV　EPS Group

Providing Full-service Support for Drug Development Outsourcing

As the core of the EPS Group's CRO business, we provide a wide range of services supporting pharmaceutical companies' drug development process, including SMO operations, personnel dispatch, and non-clinical trial operations (including various services outsourced from pharmaceutical companies in the stages prior to clinical trials). As part of our full-service support business, our Group also provides services ranging from planning to new medical applications. Additionally, as our medium-term management objectives, we aim to expand overseas, build new businesses, and raise the quality and efficiency of our operations while at the same time growing our existing businesses.



e-Trial Co.,Ltd.

Providing system development and support services which leverage EDC systems for global clinical testing services.

Offices: Tokyo

URL: http://www.e-trial.co.jp

上海日新医薬発展有限公司
EPS China Co., Ltd.

Providing CRO services for clinical trials in China.

Offices: Shanghai, Beijing

URL: http://www.epscn.com

The Clinical Service Provider
EPS Singapore (The Clinical Service Provider)

The base for our provision of CRO services in South East Asia.

Office: Singapore

Medical Staffing Service
EPMate Co.,Ltd. (Medical Staffing Service)

Providing DM operations, monitoring, and staff dispatch services.

Office: Tokyo

URL:http://www.epmate.co.jp/

Site Management Organization
EP-Mint Co.,Ltd. (Site Management Organization)

Providing support services for clinical trials performed by medical institutions and SMO business.

Offices: Tokyo, Tohoku and Hokkaido (Sapporo, Morioka, Sendai, Koriyama), Chubu (Nagoya), Kansai (Osaka, Kobe), Chugoku (Hiroshima), Kyushu (Fukuoka, Miyazaki, Okinawa)

URL: http://www.epmint.co.jp/

Contract Sales Organization
EPMedical Co.,Ltd. (Contruct Sales Organization)
Providing MR dispatch, training, and other related services.
Offices: Tokyo, Osaka
URL: http://www.epmedical.co.jp

LSG Corporation

Outsourcing of pre-clinical testimg operations and related materials sales, and import/export.
Offices: Tokyo, Chicago (US), Makati (Philippines)
URL: http://www.lsg.co.jp

ALL RIGHT

Providing software development and consulting services performed by Chinese IT staff.
Offices: Tokyo, Beijing
URL: http://allrightsoft.co.jp/

V Financial Highlights

1. INFORMATION OF EPS Co,Ltd & CONSOLIDATED SUBSIDIARIES 2006.03

(2005.10.1-2006.3.31)
(UNAUDITED)

(1) CONSOLIDATED OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Mar-06	7,110 (20.3%)	655 (43.5%)	657 (40.0%)	333 (△7.3%)
Mar-05	5,910 (14.0%)	456 (△17.1%)	469 (△17.5%)	359 (27.8%)
Sep-05	13,004 (19.0%)	1,793 (27.1%)	1,811 (23.6%)	1,126 (47.0%)

	Net Income per Share (yen)	Net Income per Share,diluted (yen)
Mar-06	3,877.21	3,798.85
Mar-05	4,164.93	4,164.79
Sep-05	13,070.99	-

Notes:

1. Average number of shares issued and outstanding during the period :
   Mar-06 86,052 shares Mar-05 86,409 shares
   Sep-05 86,204 shares
2. Percentages for net sales, operating income, ordinary income, and net income indicate growth ratio to previous year

(2) CONSOLIDATED FINANCIAL INFORMATION

(UNIT:JPY MILLION)

	Total Assets	Stockholders' Equity	Stockholders' Equity ratio (%)	Stockholders' Equity per share (yen)
Mar-06	12,068	6,150	51.0	71,266.53
Mar-05	8,304	5,335	64.2	62,042.00
Sep-05	9,545	6,000	62.9	69,772.18

Notes : 1.Total shares issued and outstanding as of :
Mar-06 86,308 shares Mar-05 86,000 shares
Sep-05 86,000 shares
2.Common stock for treasury as of :
Mar-06 1,001 shares Mar-05 1,000 shares
Sep-05 1,000 shares

(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
Mar-06	668	△ 555	2,656	4,730
Mar-05	△ 291	75	△ 401	1,771
Sep-05	△ 290	138	△ 751	1,946

(4) CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries : 14 companies
Affiliated companies by equity accounting method : 3 companies

2. INFORMATION OF CONSOLIDATED BUDGET 2006.09 (2005.10.1-2006.9.30)

(UNIT:JPY MILLION)

	Sales	Ordinary Income	Net Income
Sep-06	15,784	1,968	984

Budgeted net income per share : 11,410.29 yen

Note: Above figures may differ from actual results as uncertain various factors may affect future earnings.

1. INFORMATION OF NON-CONSOLIDATED 2006.03 (2005.10.1-2006.3.31)

(UNAUDITED)

(1) OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales		Operating Income		Ordinary Income		Net Income	
Mar-06	4,353	(21.7%)	591	(91.8%)	638	(77.1%)	367	(12.6%)
Mar-05	3,577	(9.7%)	308	(△26.5%)	360	(△21.4%)	326	(26.7%)
Sep-05	7,896	-	1,142	-	1,221	-	813	-

	Net Income per Share (yen)
Mar-06	4,268.94
Mar-05	3,774.90
Sep-05	9,433.09

Notes:

1. Average number of shares issued and outstanding during the period :
   Mar-06 86,052 shares Mar-05 86,409 shares
   Sep-05 86,204 shares
2. Percentages for net sales, operating income, ordinary income, and net income indicate growth ratio to previous year

(2) OVERALL SITUATION OF DIVIDEND DISTRIBUTION

(UNIT:JPY)

	Cash Dividends per share	
	Interim Dividend per share	Year end Dividend per share
Mar-06	1,000	-
Mar-05	1,000	-
Sep-05	-	2,700

(3) FINANCIAL INFORMATION

(UNIT:JPY MILLION)

	Total Assets	Stockholders' Equity	Stockholders' Equity ratio (%)	Stockholders' Equity per share (yen)
Mar-06	9,769	5,483	56.1	63,536.89
Mar-05	6,592	4,978	75.5	57,894.02
Sep-05	7,088	5,320	75.1	61,865.47

Notes : 1.Total shares issued and outstanding as of :
Mar-06 86,308 shares Mar-05 86,000 shares
Sep-05 86,000 shares
2.Common stock for treasury as of :
Mar-06 1,001 shares Mar-05 1,000 shares
Sep-05 1,000 shares

2. INFORMATION OF NON-CONSOLIDATED BUDGET 2006.09 (2005.10.1-2006.9.30)

(UNIT:JPY MILLION)

	Sales	Ordinary Income	Net Income
Sep-06	9,369	1,390	806

(UNIT:JPY)

	Annual Dividend per share	Interim Dividend per share	Year end Dividend per share
Sep-06	3,000	1,000	2,000

Budgeted net income per share : 9,344.00 yen

Note: Above figures may differ from actual results as uncertain various factors may affect future earnings.

CONSOLIDATED BALANCE SHEETS
MARCH 31 2005, 2006 AND SEPTEMBER 30, 2005

(UNAUDITED)

(IN THOUSANDS,JPY)

ASSETS	MARCH 31.2005	MARCH 31.2006	SEPTEMBER 30.2005
CURRENT ASSETS			
Cash and cash equivalents	**1,771,463**	**4,730,917**	**1,946,862**
Notes and accounts receivable	**2,853,987**	**3,113,088**	**3,695,254**
Inventories	**173,824**	**328,241**	**218,801**
Others	**660,709**	**639,491**	**632,030**
Allowance for doubtful accounts	**△ 1,337**	**△ 878**	**△ 1,237**
Total current assets	**5,458,647**	**8,810,860**	**6,491,710**
FIXED ASSETS			
Tangible Assets	**220,727**	**304,836**	**251,874**
Intangible Assets	**65,465**	**105,776**	**107,090**
Investments and other assets ;			
Investment securities	**1,296,093**	**1,490,347**	**1,358,169**
Deposits	**579,960**	**604,498**	**641,653**
Time deposits and banking arrangements other than cash equivalents	**500,000**	**500,000**	**500,000**
Others	**184,027**	**251,809**	**195,113**
Total investments and other assets	**2,560,080**	**2,846,656**	**2,694,936**
Total fixed assets	**2,846,273**	**3,257,269**	**3,053,902**
TOTAL ASSETS	**8,304,920**	**12,068,130**	**9,545,612**
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	**252,701**	**153,684**	**157,906**
Current portion of long-term debt	**25,000**	**212,100**	**86,824**
Income taxes payable	**447,449**	**288,503**	**608,911**
Provision for bonuses	**341,073**	**388,667**	**370,813**
Others	**961,837**	**1,016,096**	**978,387**
Total current liabilities	**2,028,061**	**2,059,052**	**2,202,842**
LONG-TERM LIABILITIES			
Bond with warrant	**-**	**1,900,000**	**-**
Long-term debt	**-**	**726,600**	**-**
Provision for employee's retirement benefits	**192,733**	**214,623**	**205,545**
Provision for director's retirement benefits	**125,326**	**125,260**	**122,335**
Others	**186,849**	**24,162**	**178,293**
Total long-term liabilities	**504,909**	**2,990,646**	**506,174**
TOTAL LIABILITIES	**2,532,971**	**5,049,699**	**2,709,017**
MINORITY INTERESTS	**436,336**	**867,560**	**836,187**
SHAREHOLDERS' EQUITY			
Common stock	**1,325,250**	**1,375,250**	**1,325,250**
Additional paid-in capital	**1,275,300**	**1,325,299**	**1,275,300**
Retained earnings	**2,655,744**	**3,521,850**	**3,336,628**
Unrealized gain on available-for-sale securities	**425,833**	**208,979**	**366,394**
Foreign currency translation adjustments	**△ 25,264**	**41,166**	**18,085**
Common stock for treasury	**△ 321,251**	**△ 321,674**	**△ 321,251**
TOTAL SHAREHOLDERS' EQUITY	**5,335,612**	**6,150,871**	**6,000,407**
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	**8,304,920**	**12,068,130**	**9,545,612**

CONSOLIDATED STATEMENTS OF INCOME

FOR SIX MONTHS ENDED MARCH 31, 2006, 2005 AND THE YEAR ENDED SEPTEMBER 30, 2005

(UNAUDITED)

(IN THOUSANDS,JPY)	SIX MONTHS ENDED MARCH 31.2005	SIX MONTHS ENDED MARCH 31.2006	YEAR ENDED SEPTEMBER 30.2005
NET SALES	**5,910,285**	**7,110,205**	**13,004,141**
COST OF SALES	**4,434,385**	**5,273,492**	**9,155,319**
Gross profit	**1,475,899**	**1,836,712**	**3,848,821**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**1,019,017**	**1,181,201**	**2,054,850**
Operating income	**456,882**	**655,510**	**1,793,970**
OTHER INCOME (EXPENSES)			
Interest income	**9,553**	**12,743**	**20,134**
Interest expenses	**△ 535**	**△ 9,329**	**△ 2,890**
Gain on cancellation of life insurance	**6,928**	**5,231**	**12,327**
Service fee income	**1,687**	**1,578**	**4,410**
Payment to the Association for employment of persons with disabilities	**△ 1,100**	**△ 1,550**	**△ 4,200**
Foreign exchange loss	**△ 2,891**	**△ 4,181**	**△ 16,032**
Expense for treasury stock acquisition	**△ 2,159**	-	**△ 2,159**
Equity in losses of associated companies	-	**△ 4,888**	-
Bond issuance cost	-	**△ 2,256**	-
Amortization of consolidated adjustment account	**△ 56,032**	-	**△ 56,032**
Gain on sales of property and equipment	**1,034**	**284**	**1,075**
Gain on sale of investments in securities	**497,083**	-	**606,114**
Loss on sales and disposal of property and equipment	**△ 23,957**	**△ 8,030**	**△ 27,265**
Provision for allowance for directors retirement benefits	**△ 11,275**	-	**△ 11,275**
Office removal expenses of consolidated subsidiary	**△ 25,556**	-	**△ 25,556**
Loss on devaluation of investments in securities	-	**△ 13,723**	-
Impairment loss	-	**△ 3,635**	-
Loss on lease cancellation	-	**△ 3,014**	-
Other- net	**△ 5,325**	**3,110**	**△ 55,719**
Other income (expenses)-net	**387,452**	**△ 27,661**	**442,929**
Income before income taxes and minority interests	**844,334**	**627,850**	**2,236,900**
INCOME TAXES			
Current	**438,646**	**274,520**	**907,384**
Deferred	**5,629**	**1,216**	**106,069**
Total	**444,275**	**275,736**	**1,013,454**
MINORITY INTERESTS	**40,171**	**18,472**	**96,673**
NET INCOME	**359,887**	**333,641**	**1,126,771**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR SIX MONTHS ENDED MARCH 31 2006, 2005 AND THE YEAR ENDED SEPTEMBER 30 2005

(UNAUDITED)

(IN THOUSANDS,JPY)

	SIX MONTHS ENDED MARCH 31.2005	SIX MONTHS ENDED MARCH 31.2006	YEAR ENDED SEPTEMBER 30.2005
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	844,334	627,850	2,236,900
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	33,162	50,256	71,087
Impairment loss	-	3,635	-
Amortization of consolidated adjustment account	60,474	-	63,794
Increase in provision for bonuses (△Decrease)	△ 3,864	17,394	25,007
Increase in allowance for retirement benefits for employees	17,496	9,078	30,308
Increase in allowance for retirement benefits for directors	10,491	2,924	7,500
Interest and dividends income	△ 9,553	△ 12,743	△ 20,134
Interest expense	535	9,329	2,890
Gain on sale of investments in securities	△ 497,083	-	△ 606,114
Loss on devaluation of investments in securities	-	13,723	-
Changes in operating assets and liabilities:			
Decrease in accounts receivable-trade (△Increase)	△ 198,072	587,205	△ 891,401
Increase in inventories	△ 18,941	△ 96,319	△ 52,292
Decrease in accounts payable -trade	△ 2,224	△ 5,640	△ 97,806
Decrease in advance received	△ 119,963	△ 15,828	△ 158,291
Increase in other current liabilities (△Decrease)	△ 23,421	37,465	△ 210,802
Others , Net	100,442	18,567	112,932
Subtotal	193,812	1,246,900	513,577
Interest and dividends received	9,123	12,163	17,774
Interest paid	△ 535	△ 9,329	△ 2,890
Income taxes paid	△ 494,327	△ 581,090	△ 818,838
Net cash provided by (used in) operating activities	△ 291,927	668,643	△ 290,377
INVESTING ACTIVITIES:			
Proceeds from sales of investments securities	374,000	-	702,161
Proceeds from loan collections	142,512	9,151	151,835
Disbursements for purchase of tangible fixed assets	△ 50,161	△ 92,982	△ 102,425
Disbursements for purchase of intangible fixed assets	△ 8,983	△ 4,098	△ 11,659
Disbursements for loans	△ 107,833	△ 35,240	△ 110,943
Payment for purchase of investments securities	△ 201,223	△ 416,890	△ 389,623
Payment for deposit for rent office and others	△ 73,604	△ 19,104	△ 114,557
Others , Net	933	3,843	13,867
Net cash provided by (used in) investing activities	75,639	△ 555,321	138,654
FINANCING ACTIVITIES:			
Proceeds from borrowing short-term debt	120,000	-	520,000
Proceeds from borrowing long-term debt	-	1,042,000	-
Proceeds from issuance of bonds	-	1,997,743	-
Proceeds from issuance of common stock to minority stock holders	33,000	14,055	33,000
Disbursements for repayments of short-term debt	△ 120,000	-	△ 520,000
Disbursement for repayment of finance leases	-	△ 42,901	-
Disbursements for repayment of long-term debt	△ 13,200	△ 190,124	△ 277,264
Disbursement for acquisition of treasury stock	△ 323,410	-	△ 323,410
Dividends paid	△ 85,869	△ 145,152	△ 171,155
Dividends paid for minority stock holders	△ 12,475	△ 18,794	△ 12,475
Others , Net	-	△ 423	-
Net cash provided by (used in) financing activities	△ 401,955	2,656,403	△ 751,304
EFFECT OF EXCHANGE DIFFERENCE ON CASH & CASH EQUIVALENTS	△ 4,518	14,330	9,791
NET INCREASE (△DECREASE) IN CASH AND CASH EQUIVALENTS	△ 622,762	2,784,055	△ 893,236
BEGINNING OF BALANCE,CASH AND CASH EQUIVALENTS	2,394,225	1,946,862	2,394,225
INCREASE IN CASH AND CASH EQUIVALENTS BY MERGER OF CONSOLIDATED SUBSIDIARY	-	-	445,873
ENDING OF BALANCE,CASH AND CASH EQUIVALENTS	1,771,463	4,730,917	1,946,862

STATEMENT OF ORDER ENTRY AND SALES BY ITEMS

(UNAUDITED)

(1) RESULT OF ORDER ENTRY

DIVISION	2006.03 <2005.10.1-2006.3.31> (JPY thousand)			
	AMOUNT OF ORDER ENTRY	year-to-year comparison (%)	ORDER BACKLOG	year-to-year comparison (%)
CRO				
Data Management	2,072,988	106.4	4,127,700	119.4
Monitoring	2,646,117	100.5	6,929,792	108.5
System Development	1,235,324	127.1	543,712	163.2
TOTAL OF CRO	5,954,429	107.2	11,601,204	114.0
SMO	1,561,749	170.6	1,652,160	130.5
Preclinical Service	647,563	91.3	162,889	78.8
TOTAL	8,163,742	113.8	13,416,255	115.2

* These figures are expressed by sales price.

* These above figures do not include the consumption tax.

(2) RESULT OF SALES

DIVISION	2006.03 <2005.10.1-2006.3.31> (JPY thousand)	year-to-year comparison (%)
CRO		
Data Management	1,744,280	120.2
Monitoring	2,260,526	134.0
System Development	1,004,617	105.3
TOTAL OF CRO	5,009,424	122.4
SMO	1,448,159	132.5
Preclinical Service	652,621	90.0
TOTAL	7,110,205	120.3

INDUSTRY SEGMENT

(UNAUDITED)

2005 (2004.10.1-2005.3.31) (Unit: JPY THOUSAND)

	CRO	SMO	Preclinical Service	Total	Eliminations/Corporate	Consolidation
SALES						
Sales to customers	4,092,532	1,093,005	724,747	5,910,285	—	5,910,285
Intersegment sales	16,065	2,320	2,070	20,455	(20,455)	—
Total	4,108,598	1,095,325	726,817	5,930,741	(20,455)	5,910,285
Operating expenses	3,773,828	1,070,581	632,803	5,477,214	(23,811)	5,453,403
Operating income	334,769	24,743	94,013	453,526	3,355	456,882

2006 (2005.10.1-2006.3.31) (Unit: JPY THOUSAND)

	CRO	SMO	Preclinical Service	Total	Eliminations/Corporate	Consolidation
SALES						
Sales to customers	5,009,424	1,448,159	652,621	7,110,205	—	7,110,205
Intersegment sales	13,637	7,078	2,070	22,785	(22,785)	—
Total	5,023,061	1,455,237	654,691	7,132,990	(22,785)	7,110,205
Operating expenses	4,408,352	1,470,996	600,907	6,480,256	(25,561)	6,454,694
Operating income	614,709	(15,758)	53,783	652,734	2,776	655,510

2005 (2004.10.1-2005.9.30) (Unit: JPY THOUSAND)

	CRO	SMO	Preclinical Service	Total	Eliminations/Corporate	Consolidation
SALES						
Sales to customers	9,038,313	2,588,444	1,377,383	13,004,141	—	13,004,141
Intersegment sales	34,388	8,628	4,140	47,157	(47,157)	—
Total	9,072,702	2,597,072	1,381,523	13,051,298	(47,157)	13,004,141
Operating expenses	7,768,857	2,330,694	1,164,199	11,263,751	(53,580)	11,210,170
Operating income	1,303,844	266,378	217,324	1,787,546	6,423	1,793,970

VI　Company Profile

Corporate Name:	EPS Co., Ltd.
President & CEO:	Yan Hao
Establishment:	May 1991
Capital:	¥ 1375.25 Million
Main Services:	CRO business and System Development
E-Mail:	info@eps.co.jp
URL:	http//:www.eps.co.jp

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(Osaka Branch)
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(Nagoya Branch)
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4500002
TEL.　+81-52-581-8887

Members of the Board and Statutory Auditors

(As of March 31, 2006)

President & CEO	Mr. Yan Hao
Executive Directors	Mr. Koichi Jingu
	Mr. Tatsuhiko Ichiki
Directors	Mr. Tomohiro Tominaga
	Mr. Yasuharu Tamai
	Mr. Akihiro Shimosaka
Statutory Auditors	Mr. Kozo Okunaga
	Mr. Junichi Ishikawa
	Mr. Toru Ebihara
	Mr. Koichi Shibuya

Current Situation of Shares

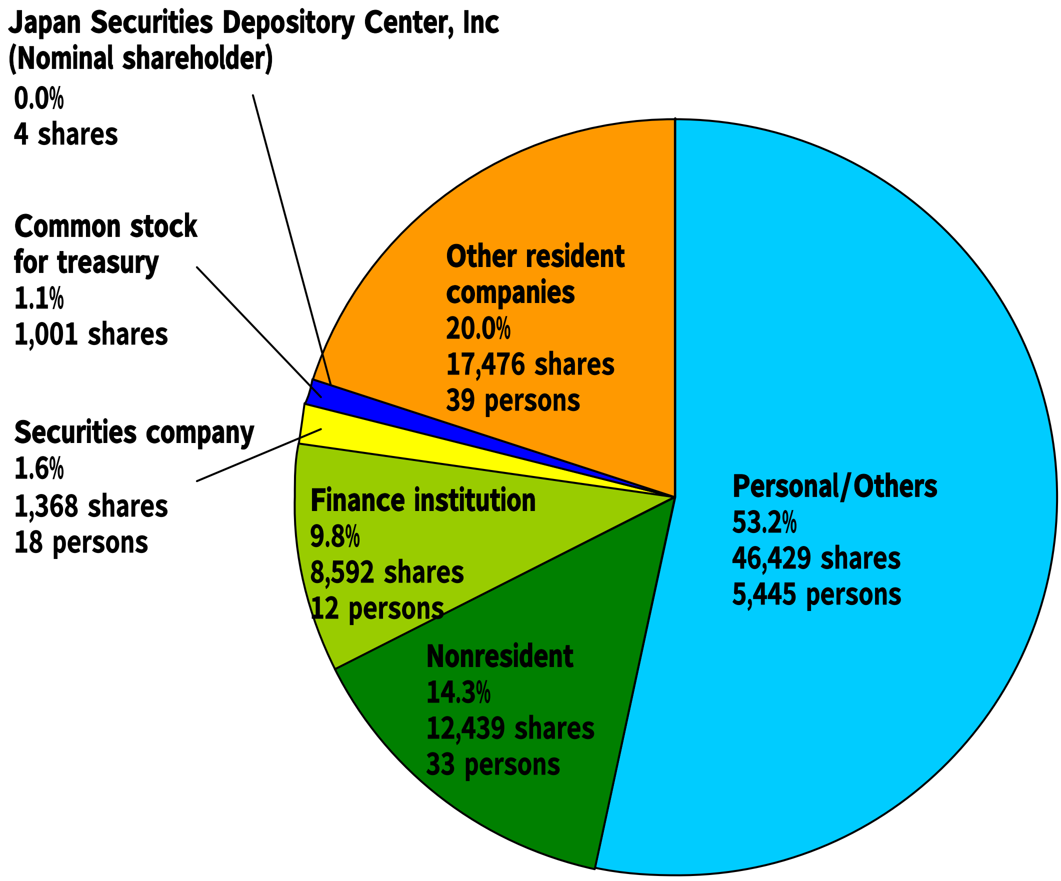
(As of March 31, 2006)

Authorized stocks	324,000
Share of common stock issued	87,309
Number of stockholders	5,547

Principal Shareholders

Shareholder	Share held	Percentage of total
Yan Hao	17,645	20.2%
Y&G Limited	16,958	19.4%
Goldman Sachs International	3,221	3.7%
Sumitomo Life Insurance Mutual Co	2,700	3.1%
BNY for GCM Client Accounts (E) ISG	2,407	2.8%
Japan Trustee Service, T.	2,158	2.5%
Northern Trust Co AVFC Re Northern Trust Guernsey Irish Clients	1,778	2.0%
Tokyo Marin & Nichido Fire Insurance Co., Ltd.	1,620	1.9%
United Nations. For the U.N.J.S.P.F., a U.N.Organ. Small Cap Yen	1,316	1.5%
Xu Ping	1,274	1.5%

Classification of Shareholders



Guide of stock

Year end	End of September
Annual general stockholders meeting	Within December
The date stockholders are decided to be entitled to obtain dividends	Annual dividend (End of September)
	Interim dividend (End of March)
Official bulletin	http://www.eps.co.jp/
Transfer agent	The Chuo Mitsui Trust and Banking Company, Limited

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