



2007 INTERIM BUSINESS REPORT

October 1, 2006 ~ March 31, 2007

Ever
Progressing
System

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. The President & CEO of EPS Co., Ltd.



**EPS Co., Ltd.
President & CEO
YAN HAO**

Yan Hao was born in Jiangsu Province, China in 1962. He enrolled in University of Tianjin in 1979, and then, came to Japan in 1981, as a Chinese governmental scholar. After completion of a master course majoring in Computer Science at University of Yamanashi, he advanced to Ph.D. Course at the University of Tokyo, to major in Biometrics and Medical Informatics.

In 1991 when he was still a graduate student at the University of Tokyo, Mr. Yan established EPS Co., Ltd. as one of the few CRO (Contract Research Organizations) in Japan at that time. EPS Co. Ltd. made a successful IPO on the JASDAQ market, Tokyo, in 2001, becoming the first public CRO company in Japan. Also , EPS Listed a stock on the Second Section of the Tokyo Stock Exchange in 2004, and Listed a stock on the First Section of the Tokyo Stock Exchange in 2006.

. Our Services

We support international research and development in Asia

In 1999 we became the first Japanese CRO to establish a subsidiary in China and have since started planning, regulatory submissions and project management of clinical trials in Asia. We have numerous medical professionals and expert staff well versed in clinical trial regulations who provide high quality clinical trial services in China and Southeast Asia. We currently support local submissions and clinical investigations for submission in Japan and clinical research for EBM through partnerships with EPS China Co., Ltd. (Shanghai, Beijing, Guangzhou), EPS Singapore (Ever Progressing System Pte Ltd.), and other partners.

Through partnership with leading world CROs based in Europe and the U.S., we also support global development of domestic and overseas pharmaceutical companies. Based on our clinical development know-how and experience cultivated as a CRO, in the future we intend to reinforce such consultation capabilities as licensing and marketing strategies, with a view toward business expansion to pharmaceutical companies and bio-venture companies in Asia, especially new businesses in product development utilizing Chinese market characteristics, in order to further enrich our services.

Major Services

- Regulatory consultation/development of clinical trials
- Support for development of documents for regulatory submission and regulatory application on behalf of clientele
- Development of trial-related documents such as protocol and CRFs
- Drug randomization
- Monitoring
- Data management
- Statistical analysis
- Medical writing
- Various marketing surveys and marketing promotion consultation

EPS overseas network



Countries and regions to which we can respond:

China, Hong Kong, Taiwan, Korea, Singapore, Malaysia, US, South Africa

ADVANTAGE of EPS

- 1 The number of staff totals over 100 employees with medical and pharmaceutical career backgrounds and experience in DM and statistical analysis.
- 2 Our company is one of the largest CROs in China and, with its unique web-based case enrollment and data management systems, is capable of large-scale clinical trials intended for EBM.
- 3 Local staff can speak both Japanese and English. They can give detailed responses appropriate to client requests.
- 4 Utilizing our extensive network with local administration and medical sites, we realize efficient clinical trials.

Our contract experience includes achievements in:

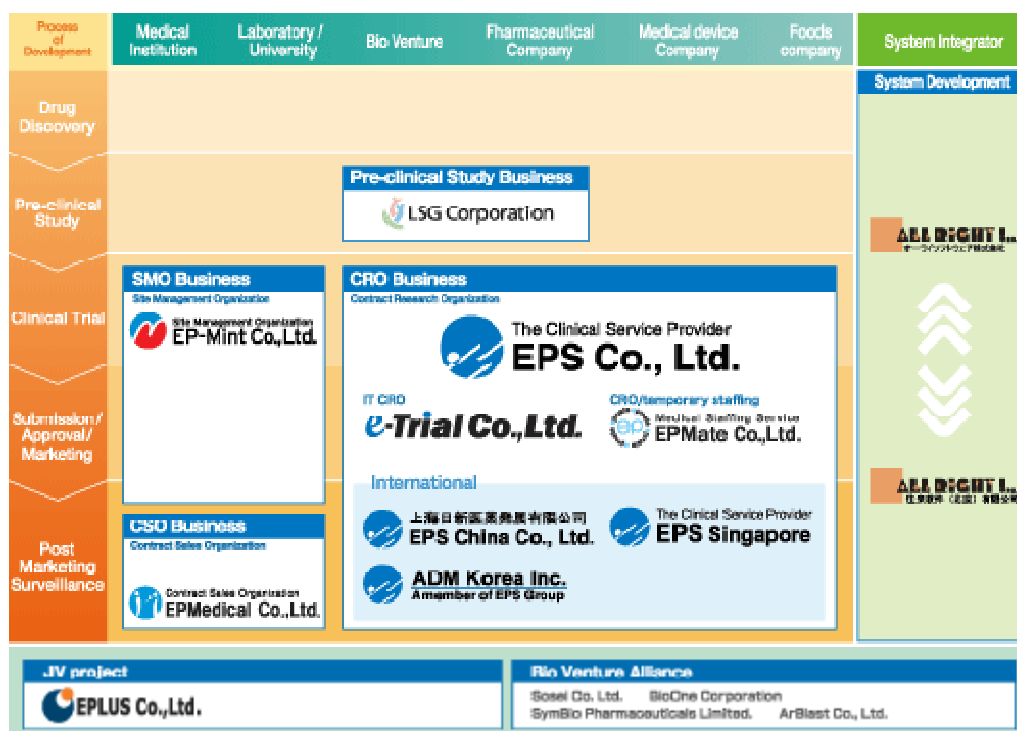
[Therapeutic areas]

Cardiovascular drugs, ophthalmic drugs, metabolic drugs, CNS drugs, PNS drugs, allergic drugs, external dermatological drugs, tumor drugs, antibiotics, chemotherapies (antivirus agents), digestive organ drugs, revitalizers, etc.

[Services]

Strategic consultation, regulatory application, clinical trial planning and monitoring, statistical consultation, data management, statistical analysis, medical writing, distribution channel exploration, various investigations, etc.

. EPS GROUP



EPS International Co., Ltd. [Global Contract Research Organization]

e-Trial Co., Ltd. [Software & CRO Coordination]

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

EPS(China) Co., Ltd [CRO]

URL: <http://www.epscn.com/>

EPS Singapore [CRO]

ADM Korea Inc. [CRO]

EPMate Co., Ltd. [CRO/ temporary staffing]

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

e-Trial Co., Ltd. [Software & CRO Coordination]

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

EPMedical Co., Ltd. [CSO]

URL: <http://www.c-medicalnet.co.jp/>

EP-Mint Co., Ltd. [SMO]

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

LSG Co., Ltd. [Pre-clinical study agent]

URL: <http://www.lsg.co.jp>

All Right Software Inc. [Software Development]

URL: <http://www.allrightsoft.co.jp/>

. Qualitative Information, Financial Statements, etc.

1. Business Performance

Review of business performance

(Business performance for the interim term)

As regards the Japanese economy in the current consolidated fiscal year, in spite of uncertainties such as the trend of oil price and rise in interest rates, corporate profits remain robust and both capital investment and personal consumption are on the increase, and the future economy is expected to grow modestly.

Under such circumstances, the CRO (Contract Research Organization) industry, to which EPS belongs, has been continuing to grow. The SMO (Site Management Organizations) industry, in which EP-Mint Co., Ltd., one of our consolidated subsidiaries, operates its business, has been continuing growth on the whole, although showing a slight downward trend. The pre-clinical study industry, in which the LSG Group does its business, is also on a steady upturn. Moreover, the software development industry, in which the All Right Software Group develops its business, is brisk in spite of shortage of IT engineers.

The CRO business is mainly developed by EPS Co., Ltd.

As regards the monitoring service, the Clinical Development Division has been favorably performing clinical trials in the both development and post-marketing stages, including existing project implementation, new project acquisition and clinical trials for anti-cancer, diabetes and CNS drugs. The medical device development segment has achieved a considerable growth in sales since the previous consolidated interim term, which is greatly attributable to the purchase of the business in the previous consolidated fiscal year.

As for the services for registration & project management, data management and statistical analysis services, the Biometrics Division is showing a favorable performance including existing project implementation and new project acquisition. In the current consolidated interim term, the operating rate has improved due mainly to establishment of the

organization that allows flexible response to projects undertaken, increase in the number of cases in existing projects, and acquisition of new projects. In the medical writing and pharmacovigilance services, we were able to increase sales compared to the previous consolidated interim term while pushing hard to acquire orders, although facing an uphill battle.

The Clinical Coordination Center, which provides planning and other services for new business, has also achieved a considerable sales increase compared to the same term last year due mainly to implementation of existing projects and acquisition of new ones. We will further strive to provide better planning and other services and develop new services.

In terms of the performance of EPS Co., Ltd., although loss on evaluation of investments in securities was posted as extraordinary loss, each division has fared well, achieving an increase in sales and profits compared to the same term last year due mainly to sales increase, improved operating rate mainly resulting from enhanced operating efficiency, and efforts for reducing expenses.

As regards our consolidated subsidiaries in Japan, e-Trial Co., Ltd., which was established in the previous consolidated fiscal year for providing contract clinical trial services based on EDC, is striving to acquire orders for new projects and achieving a favorable increase in performance. EP-Mate Co., Ltd., responsible for the temporary staffing business (dispatched CRO business) for pharmaceutical companies, is continuing to expand its achievements favorably by providing services to our Group and other pharmaceutical companies. EP Medical Co., Ltd., providing MR dispatch services (CSO business), has acquired new projects and increased the number of MRs to be dispatched, and changed its business structure so as to generate profits.

As for our overseas CRO business, EPS China Co., Ltd. has achieved a considerable increase in sales and profits compared to the same term last year because the large local project undertaken has been fully operating since the previous consolidated fiscal year, greatly contributing the company's performance. EPS Singapore has been promoting new customer acquisition activities by itself, but recorded a decrease in sales and profits compared to the previous consolidated interim term.

Consequently, in our CRO business, consolidated sales amounted to ¥5,738 million, up by 24.1% on a Y-o-Y basis, with consolidated operating income ¥999 million, up by 70.2% on a Y-o-Y basis, resulting in a favorable growth in both sales and profits.

The SMO business is developed by EP-Mint Co., Ltd.

Besides promoting the CRC business, EP-Mint Co., Ltd. is engaged in developing the internal structure after the merger, centering on the site support business such as clinical trial administration in cooperation with local medical institutions. As a result, the management system by branch has begun to function smoothly, leading to improvement in sales and expense management.

Consequently, in our SMO business, consolidated sales amounted to ¥1,573 million, up by 8.1% on a Y-o-Y basis, with consolidated operating income ¥264 million compared to a loss of ¥15 million for the same term last year, resulting in a growth in both sales and profits.

The pre-clinical study business is developed by the LSG Group.

LSG Corporation is fighting an uphill battle due mainly to the influence of the reorganization of oversea pre-clinical study business organizations conducted in the previous consolidated fiscal year. However, LSG has started an agency service for an overseas pre-clinical study business organization with which LSG has newly established a business relationship.

Consequently, in the pre-clinical study business, consolidated sales amounted to ¥647 million, down by 1.1% on a Y-o-Y basis, with consolidated operating income ¥15 million, down by 71.8% on a Y-o-Y basis, resulting in a decline in both sales and profits. The main cause of this sharp decline is the posting of the extraordinary income associated with the above mentioned reorganization in the previous consolidated interim term.

The software development business is developed by the All Right Software Group.

All Right Software Inc. is continuously promoting its business using Chinese IT engineers and sharply increasing sales of contract SE services for key systems of financial institutions and major companies.

Consequently, in the software development business, consolidated sales amounted to ¥602 million, up by 38.1% on a Y-o-Y basis, with consolidated operating income ¥44 million, up by 79.4% on a Y-o-Y basis, resulting in a growth in both sales and profits.

ADM Korea Inc. (an affiliate subject to the equity method, located in Seoul, South Korea, with the capital of 153 million won (about 19 million yen), 35% of whose voting stock is owned by EPS), which is developing the contract clinical trial business in South Korea, was included in EPS's affiliates subject to the equity method in January 2007 through third party allocation of new shares. As the result, the performance of ADM Korea has been included in the non-operating income/loss of financial statements since the current consolidated

interim term.

The foregoing consolidated sales and operating income by segment include internal transactions between segments. After deducting them, for the current consolidated interim term, sales amounted to ¥8,472 million, up by 19.2% on a Y-o-Y basis, and operating income, ¥1,329 million, up by 102.8%. Despite the extraordinary loss of ¥210 million posted on evaluation of investments in securities, net income for the current consolidated interim term came to ¥630 million, up by 89.0% on a Y-o-Y basis, resulting in an increase in both sales and profits.

(Forecast of performance for the full fiscal year)

The Japanese economy is expected to continue to be steady on firm trend, while various uncertainties are yet to be seen, such as exchange rate, overseas economies and rise in interest rates.

Our CRO business is promoted mainly by two divisions: the Clinical Development Division, responsible for monitoring and clinical development concerning medical devices, etc., and the Biometrics Division, responsible for data management, statistic analysis, registration & project management, medical writing, pharmacovigilance, etc.; and additionally by the Clinical Coordination Center, in charge of planning and other services for new business, and the Business Development department, which engages in information collection and order receiving activities. From the second half, we will further focus on acquisition of new projects concerning clinical trials in Japan, following the split-off of the International Business department which has been providing clinical-trial related services in overseas markets. We are also pushing hard to achieve our full-year profit plan with focus on monitoring and data management by enhancing an operating rate and reducing expenses.

As regards our consolidated subsidiaries in Japan, e-Trial Co., Ltd. will strive to acquire new orders for projects including EDC based services from pharmaceutical companies and medical research facilities.

EP Mate Co., Ltd., providing dispatched CRO services, will develop its business on a full scale with focus on our Group and other pharmaceutical companies. EP Medical Co., Ltd., responsible for the CSO business including MR dispatch, will continue to perform existing projects and acquire new orders.

As for our overseas business, EPS International Co., Ltd., established in April through the split from EPS Co., Ltd., is positioned as the central base for global contract clinical trial services, with EPS China Co., Ltd., EPS Singapore and ADM Korea Inc. placed under its

umbrella. Building on a strong framework for global contract services covering the management of group companies, EPS International will aim to improve its global contract services and to acquire new service contracts for clinical trials in Asia, Europe and America.

EPS China Co., Ltd. is to complete the current large project and will further endeavor to acquire new clinical trial orders.

EPS Singapore will strive to increase orders for clinical trials mainly in East and Southeast Asia.

EP-Mint Co., Ltd., responsible for the SMO business, will continue to strengthen the management system by branch, to promote the management of orders, sales and personnel, to maintain a high operating rate and to acquire new orders.

LSG Corporation, in charge of the pre-clinical study business, will seek to enhance its agency income by increasing projects undertaken for an overseas pre-clinical study business organization, which is a new partner for LSG, and will continue to expand its business operations by handling promising fields such as mouse cages and special animal feeds, while continuing its existing business of supplying laboratory animal resources.

All Right Software Inc., providing software development business, will continue to promote its current SE service and offshore software development using Chinese IT engineers and to pursue new orders for software development from clients in the communications, finance and network related industries.

Accordingly, the revised forecast values announced on April 26, 2007 represent the consolidated profit forecast for the term ending September 2007.

2. Review of financial positions

(i) Review of assets, liabilities, net assets and cash flows

In the current consolidated interim term, financial positions changed as follows, compared to those at the end of the previous consolidated fiscal year.

During the current consolidated interim term, current assets increased by ¥970 million to ¥9,371 million due mainly to the increases of ¥728 million in cash and deposits, ¥195 million in trade notes and accounts receivable and ¥52 million in other current assets.

Fixed assets decreased by ¥136 million as the result of the increase of ¥120 million in other

investments and assets and the decreases of ¥143 million in investments in securities resulting from loss on evaluation, etc. and ¥94 million in deposits. Consequently, total assets at the end of the current consolidated interim term increased by ¥834 million to ¥12,808 million, compared by those at the end of the previous consolidated fiscal year.

As regards liabilities, current liabilities increased by ¥424 million due mainly to the increases of ¥27 million in accounts payable, ¥156 million in income taxes payable and ¥224 million in other current liabilities, while fixed liabilities decreased by ¥85 million due mainly to repayment of long-term debt. Consequently, total liabilities at the end of the current consolidated interim term increased by ¥339 million to ¥3,743 million, compared to those at the end of the previous consolidated fiscal year.

Net assets at the end of the current consolidated interim term increased by ¥494 million to ¥9,065 million compared to those at the end of the previous consolidated fiscal year, due mainly to the increases of ¥422 million in retained earnings and ¥69 million in minority interests.

(ii) Consolidated cash flows

As of the end of the current consolidated interim term, cash and cash equivalents increased by ¥728 million to ¥4,520 million compared to those at the end of the previous consolidated fiscal year, as the result of the cash inflow of ¥1,177 million from operating activities and the cash outflows of ¥132 million from investing and ¥328 million from financing activities.

(Cash flows from operating activities)

As of the end of the current consolidated interim term, cash inflows derived from operating activities increased by ¥508 million on a Y-o-Y basis to ¥1,177 million. The main causes of this increase are: interim net income before income taxes amounting to ¥1,144 million (Y-o-Y increase of ¥516 million), amortization of goodwill at ¥34 million, loss on evaluation of investments in securities amounting to ¥210 million (Y-o-Y increase of ¥196 million), increase of ¥190 million in accounts receivable (Y-o-Y increase of ¥777 million), decrease of ¥20 million in inventories (Y-o-Y decrease of ¥117 million), increase of ¥26 million in accounts payable (Y-o-Y increase of ¥32 million), increase of ¥55 million in advances received (Y-o-Y increase of ¥71 million), increase of ¥147 million in other current liabilities (Y-o-Y increase of ¥109 million), and payment of ¥357 million for corporate income taxes (Y-o-Y decrease of ¥223 million).

(Cash flows from investing activities)

As of the end of the current consolidated interim term, cash outflows used for investing activities decreased by ¥422 million on a Y-o-Y basis to ¥132 million. The main causes of this decrease are: ¥239 million used for purchasing investment securities (Y-o-Y decrease of ¥177 million), ¥72 million used for purchasing tangible fixed assets (Y-o-Y decrease of ¥20 million), ¥145 million derived from collection of deposits during the current interim term, and ¥75 million derived from the sale of investment securities.

(Cash flows from financing activities)

As of the end of the current consolidated interim term, cash outflows used for financing activities increased by ¥2,984 million on a Y-o-Y basis to ¥328 million. The main causes of this increase are: payment of ¥205 million for dividends (Y-o-Y increase of ¥60 million), and income of ¥1,997 million from the issuance of corporate bonds and of ¥1,042 million from long-term debt in the previous consolidated interim term.

(iii) Basic profit distribution policy and dividends for the current term

We consider it critical for the management of our Group to improve the profit distribution to our shareholders while strengthening our corporate structure for enhancing profitability. As regards profit distribution, we basically aim at ensuring stable distribution of profits with consideration given to building on our financial foundation for responding to rapidly changing market conditions, setting our targeted dividend payout ratio for each year to 30%. We are committed to continuing to pay dividends for both interim and full year terms even after the enforcement of the new Corporation Law.

. Financial Highlights

1. INFORMATION OF EPS Co,Ltd & CONSOLIDATED SUBSIDIARIES 2007.03

(2006.10.1-2007.3.31)

(UNAUDITED)

2007.5.31

(1) CONSOLIDATED OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Mar-07	8,472 (19.2%)	1,329 (102.8%)	1,352 (105.8%)	630 (89.0%)
Mar-06	7,110 (20.3%)	655 (43.5%)	657 (40.0%)	333 (7.3%)
Sep-06	15,257 -	1,958 -	1,979 -	1,079 -

	Net Income per Share (yen)	Net Income per Share,diluted (yen)
Mar-07	7,052.63	7,048.95
Mar-06	3,877.21	3,798.85
Sep-06	12,300.92	12,299.67

Notes:1 Percentages for net sales, operating income, ordinary income, and net income indicate growth ratio to previous year.

2 Average number of shares issued and outstanding during the period :

Mar-07 89,398 shares Mar-06 86,052 shares
Sep-06 87,724 shares

(2) CONSOLIDATED FINANCIAL INFORMATION

(UNIT:JPY MILLION)

	Total Assets	Net assets	Shareholders' Equity ratio (%)	Shareholders' Equity per share (yen)
Mar-07	12,808	9,065	63.4%	90,775.09
Mar-06	12,068	6,150	51.0%	71,266.53
Sep-06	11,973	8,570	64.2%	86,012.96

Notes : Total shareholders' Equity as of :

Mar-07 8,115 Million yen Mar-06 - Million yen
Sep-06 7,689 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
Mar-07	1,177	132	328	4,520
Mar-06	668	555	2,656	4,730
Sep-06	1,357	1,139	1,609	3,792

(4) CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries : 13 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-06	(Result)	1,000.00	2,300.00	3,300.00
Mar-07	(Result)	1,700.00	-	4,000.00
Sep-07	(Projection)	-	2,300.00	

3. INFORMATION OF CONSOLIDATED BUDGET 2007.09 (2006.10.1-2007.9.30)

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Sep-07	17,700 (16.0%)	2,622 (33.9%)	2,650 (33.9%)	1,331 (23.4%)

Budgeted net income per share : 14,894.60 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 :

Mar-07 90,400 shares Mar-06 87,309 shares
Sep-06 90,400 shares

(2) Common stock for treasury as of :

Mar-07 1,002 shares Mar-06 1,001 shares
Sep-06 1,002 shares

5. INFORMATION OF NON-CONSOLIDATED 2007.03 (2006.10.1-2007.3.31)

(UNAUDITED)

(1) OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Mar-07	5,138 (18.0%)	889 (50.3%)	964 (51.1%)	488 (32.9%)
Mar-06	4,353 (21.7%)	591 (91.8%)	638 (77.1%)	367 (12.6%)
Sep-06	9,479 -	1,587 -	1,664 -	980 -

	Net Income per Share (yen)
Mar-07	5,459.20
Mar-06	4,268.94
Sep-06	11,171.96

(2) FINANCIAL INFORMATION

(UNIT:JPY MILLION)

	Total Assets	Net assets	Shareholders' Equity ratio (%)	Shareholders' Equity per share (yen)
Mar-07	9,786	7,153	73.1%	80,022.49
Mar-06	9,769	5,483	56.1%	63,536.89
Sep-06	9,365	6,890	73.6%	77,072.49

Notes : Total shareholders' Equity as of :

Mar-07 7,153 Million yen Mar-06 - Million yen
Sep-06 6,890 Million yen

6. INFORMATION OF NON-CONSOLIDATED BUDGET 2007.09 (2006.10.1-2007.9.30)

(UNIT:JPY MILLION)

	Net sales	Operating Income	Ordinary Income	Net Income
Sep-07	10,742 (13.3%)	1,782 (12.3%)	1,880 (13.0%)	1050 (7.2%)

Budgeted net income per share : 11,753.09 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.

CONSOLIDATED BALANCE SHEETS
MARCH 31 2006, 2007 AND SEPTEMBER 30, 2006

(UNAUDITED)

(IN THOUSANDS,JPY)

ASSETS	MARCH 31.2006	MARCH 31.2007	SEPTEMBER 30.2006
CURRENT ASSETS			
Cash and cash equivalents	4,730,917	4,520,469	3,792,223
Notes and accounts receivable	3,113,088	3,803,567	3,607,909
Inventories	328,241	334,238	339,862
Others	639,491	714,856	662,153
Allowance for doubtful accounts	878	1,813	1,411
Total current assets	<u>8,810,860</u>	<u>9,371,318</u>	<u>8,400,737</u>
FIXED ASSETS			
Tangible Assets	304,836	331,980	314,805
Intangible Assets	105,776	357,374	383,660
Investments and other assets ;			
Investment securities	1,490,347	1,132,080	1,275,110
Deposits	604,498	572,495	666,687
Time deposits and banking arrangements other than cash equivalents	500,000	500,000	500,000
Others	251,809	552,889	432,721
Allowance for doubtful accounts	-	10,000	-
Total investments and other assets	<u>2,846,656</u>	<u>2,747,465</u>	<u>2,874,519</u>
Total fixed assets	<u>3,257,269</u>	<u>3,436,821</u>	<u>3,572,985</u>
TOTAL ASSETS	<u><u>12,068,130</u></u>	<u><u>12,808,139</u></u>	<u><u>11,973,723</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	153,684	210,726	182,795
Current portion of long-term debt	212,100	213,200	213,200
Income taxes payable	288,503	532,174	375,282
Provision for bonuses	388,667	438,221	422,541
Others	1,016,096	1,395,953	1,171,583
Total current liabilities	<u>2,059,052</u>	<u>2,790,275</u>	<u>2,365,403</u>
LONG-TERM LIABILITIES			
Bond with warrant	1,900,000	-	-
Long-term debt	726,600	563,400	670,000
Provision for employee's retirement benefits	214,623	236,570	227,604
Provision for director's retirement benefits	125,260	141,561	130,499
Others	24,162	11,213	10,084
Total long-term liabilities	<u>2,990,646</u>	<u>952,745</u>	<u>1,038,188</u>
TOTAL LIABILITIES	<u><u>5,049,699</u></u>	<u><u>3,743,021</u></u>	<u><u>3,403,591</u></u>
MINORITY INTERESTS	867,560	-	-
SHAREHOLDERS' EQUITY			
Common stock	1,375,250	-	-
Additional paid-in capital	1,325,299	-	-
Retained earnings	3,521,850	-	-
Unrealized gain on available-for-sale securities	208,979	-	-
Foreign currency translation adjustments	41,166	-	-
Common stock for treasury	321,674	-	-
TOTAL SHAREHOLDERS' EQUITY	<u>6,150,871</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	<u><u>12,068,130</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
NET ASSETS			
Common stock	-	1,875,251	1,875,251
Additional paid-in capital	-	1,825,298	1,825,298
Retained earnings	-	4,603,680	4,180,774
Common stock for treasury	-	322,080	322,080
Unrealized gain on available-for-sale securities	-	70,888	89,590
Foreign currency translation adjustments	-	62,073	40,552
TOTAL SHAREHOLDERS' EQUITY	<u>-</u>	<u>8,115,111</u>	<u>7,689,386</u>
Minority interests	-	950,006	880,745
TOTAL NET ASSETS	<u>-</u>	<u>9,065,118</u>	<u>8,570,131</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>-</u></u>	<u><u>12,808,139</u></u>	<u><u>11,973,723</u></u>

CONSOLIDATED STATEMENTS OF INCOME
FOR SIX MONTHS ENDED MARCH 31, 2006, 2007 AND THE YEAR ENDED SEPTEMBER 30, 2006
(UNAUDITED)

(IN THOUSANDS,JPY)	SIX MONTHS ENDED MARCH 31,2006	SIX MONTHS ENDED MARCH 31,2007	YEAR ENDED SEPTEMBER 30,2006
NET SALES	7,110,205	8,472,051	15,257,985
COST OF SALES	<u>5,273,492</u>	<u>5,747,242</u>	<u>10,892,074</u>
Gross profit	1,836,712	2,724,809	4,365,911
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>1,181,201</u>	<u>1,395,562</u>	<u>2,407,205</u>
Operating income	655,510	1,329,246	1,958,705
OTHER INCOME (EXPENSES)			
Interest income	12,743	17,993	27,690
Interest expenses	9,329	8,152	20,682
Gain on cancellation of life insurance	5,231	9,604	10,919
Service fee income	1,578	3,694	3,317
Gain on consumption tax	-	6,617	7,988
Payment to the Association for employment of persons with disabilities	1,550	2,800	3,050
Foreign exchange loss	4,181	3,299	3,884
Equity in losses of associated companies	4,888	6,931	9,213
Bond issuance cost	2,256	-	2,256
Gain on sales of property and equipment	284	450	995
Gain on sale of investments in securities	-	41,161	-
Gain on decrease of shares in associated company	-	-	4,001
Loss on sales and disposal of property and equipment	8,030	28,561	14,743
Loss on devaluation of investments in securities	13,723	210,630	87,593
Impairment loss	3,635	-	3,635
Loss on lease cancellation	3,014	-	5,794
Allowance for doubtful accounts	-	10,000	-
Others- net	3,110	6,414	22,150
Other income (expenses)-net	<u>27,660</u>	<u>184,438</u>	<u>118,093</u>
Income before income taxes and minority interests	627,850	1,144,808	1,840,612
INCOME TAXES			
Current	274,520	512,370	782,199
Deferred	1,216	67,065	89,728
Total	<u>275,736</u>	<u>445,305</u>	<u>692,470</u>
MINORITY INTERESTS	<u>18,472</u>	<u>69,012</u>	<u>69,055</u>
NET INCOME	<u><u>333,641</u></u>	<u><u>630,491</u></u>	<u><u>1,079,085</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
 FOR SIX MONTHS ENDED MARCH 31, 2007
 (UNAUDITED)

(IN THOUSANDS,JPY)

	Attributable to equity holders of the Company				
	Common stock	Additional paid-in capital	Retained earnings	Common stock for treasury	Sub total
Balance at 30 September 2006	1,875,251	1,825,298	4,180,774	322,080	7,559,243
Changes during the period					
Cash dividends			205,615		205,615
Net income			630,491		630,491
Others			1,970		1,970
Net increase/decrease in valuation, translation adjustment and minority interest					
Total changes during the period			422,905		422,905
Balance at 31 March 2007	1,875,251	1,825,298	4,603,680	322,080	7,982,149

	Evaluation and translation adjustment			Total Shareholders' equity	Minority interest	Total net assets
	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Total evaluation and translation adjustments			
Balance at 30 September 2006	89,590	40,552	130,142	7,689,386	880,745	8,570,131
Changes during the period						
Cash dividends				205,615		205,615
Net income				630,491		630,491
Others				1,970		1,970
Net increase/decrease in valuation, translation adjustment and minority interest	18,702	21,521	2,818	2,818	69,261	72,080
Total changes during the period	18,702	21,521	2,818	425,724	69,261	494,986
Balance at 31 March 2007	70,888	62,073	132,961	8,115,111	950,006	9,065,118

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR SIX MONTHS ENDED MARCH 31 2006, 2007 AND THE YEAR ENDED SEPTEMBER 30 2006
(UNAUDITED)

(IN THOUSANDS,JPY)

	SIX MONTHS ENDED MARCH 31,2006	SIX MONTHS ENDED MARCH 31, 2007	YEAR ENDED SEPTEMBER 30,2006
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	627,850	1,144,808	1,840,612
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	50,256	49,232	109,515
Impairment loss	3,635	-	3,635
Amortization of goodwill	-	34,000	40,135
Increase in provision for bonuses	17,394	15,127	50,769
Increase in allowance for retirement benefits for employees	9,078	8,966	22,058
Increase in allowance for retirement benefits for directors	2,924	11,061	8,163
Interest and dividends income	12,743	18,593	28,890
Interest expense	9,329	8,152	20,682
Gain on sale of investments in securities	-	41,161	-
Loss on devaluation of investments in securities	13,723	210,630	87,593
Changes in operating assets and liabilities:			
Decrease in accounts receivable-trade(Increase)	587,205	190,296	92,792
Decrease in inventories(Increase)	96,319	20,778	109,861
Increase in accounts payable -trade(Decrease)	5,640	26,713	24,351
Increase in advance received(Decrease)	15,828	55,392	25,403
Increase in other current liabilities	37,465	147,035	208,309
Others , Net	18,567	43,148	12,598
Subtotal	<u>1,246,900</u>	<u>1,524,996</u>	<u>2,357,062</u>
Interest and dividends received	12,163	18,349	27,986
Interest paid	9,329	8,157	20,682
Income taxes paid	581,090	357,553	1,006,887
Net cash provided by (used in) operating activities	<u>668,643</u>	<u>1,177,635</u>	<u>1,357,478</u>
INVESTING ACTIVITIES:			
Disbursements for purchase of tangible fixed assets	92,982	72,756	146,885
Disbursements for purchase of intangible fixed assets	4,098	9,869	25,686
Payment for purchase of investments securities	416,890	239,872	477,290
Proceeds from sales of investments securities	-	75,161	-
Disbursements for loans	35,240	4,700	57,796
Proceeds from loan collections	9,151	31,930	37,391
Payment for deposit for rent office and others	19,104	50,730	82,086
Collection for deposit for rent office and others	-	145,130	-
Others , Net	3,843	6,728	386,685
Net cash provided by (used in) investing activities	<u>555,321</u>	<u>132,434</u>	<u>1,139,038</u>
FINANCING ACTIVITIES:			
Disbursement for repayment of finance leases	42,901	-	43,678
Proceeds from borrowing long-term debt	1,042,000	-	1,092,000
Disbursements for repayment of long-term debt	190,124	106,600	295,624
Proceeds from issuance of bonds	1,997,743	-	1,997,743
Proceeds from issuance of common stock to minority stock holders	14,055	-	14,055
Dividends paid	145,152	205,217	231,444
Dividends paid for minority stock holders	18,794	15,813	18,794
Others , Net	423	776	905,059
Net cash provided by (used in) financing activities	<u>2,656,403</u>	<u>328,406</u>	<u>1,609,198</u>
EFFECT OF EXCHANGE DIFFERENCE ON CASH & CASH EQUIVALENTS	14,330	11,452	17,722
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,784,055	728,245	1,845,361
BEGINNING OF BALANCE,CASH AND CASH EQUIVALENTS	1,946,862	3,792,223	1,946,862
ENDING OF BALANCE,CASH AND CASH EQUIVALENTS	<u>4,730,917</u>	<u>4,520,469</u>	<u>3,792,223</u>

STATEMENT OF ORDER ENTRY AND SALES BY ITEMS

(UNAUDITED)

(1) RESULT OF ORDER ENTRY

DIVISION	2007.03 <2006.10.1-2007.3.31> (IN THOUSANDS, JPY)			
	AMOUNT OF ORDER ENTRY	year-to-year comparison (%)	ORDER BACKLOG	year-to-year comparison (%)
CRO				
Monitoring	4,221,669	159.5	7,352,634	106.1
Data Management	2,564,271	113.7	4,722,058	111.7
CRO others	662,928	129.1	229,674	88.4
TOTAL OF CRO	7,448,869	137.6	12,304,367	107.8
SMO	1,647,633	105.5	1,838,687	111.3
Preclinical Service	653,410	100.9	160,087	98.3
System Development	800,976	148.5	425,269	229.4
TOTAL	10,550,890	129.2	14,728,411	109.8

* These figures are expressed by sales price.

* These above figures do not include the consumption tax.

(2) RESULT OF SALES

DIVISION	2007.03 <2006.10.1-2007.3.31> (IN THOUSANDS, JPY)	year-to-year comparison (%)
CRO		
Monitoring	2,740,424	121.2
Data Management	2,327,233	122.1
CRO others	659,796	148.5
TOTAL OF CRO	5,727,454	124.2
SMO	1,541,827	106.5
Preclinical Service	641,605	98.3
System Development	561,163	140.7
TOTAL	8,472,051	119.2

INDUSTRY SEGMENT

(UNAUDITED)

2006 (2005.10.1-2006.3.31)

(IN THOUSANDS, JPY)

	CRO	SMO	Preclinical Service	System Development	Total	Eliminations/ Corporate	Consolidation
SALES							
Sales to customers	4,610,574	1,448,159	652,621	398,849	7,110,205	-	7,110,205
Intersegment sales	13,932	7,078	2,070	37,488	60,569	(60,569)	-
Total	4,624,506	1,455,237	654,691	436,338	7,170,774	(60,569)	7,110,205
Operating expenses	4,037,268	1,470,996	600,907	411,593	6,520,765	(66,071)	6,454,694
Operating income	587,237	(15,758)	53,783	24,745	650,008	5,502	655,510

2007 (2006.10.1-2007.3.31)

(IN THOUSANDS, JPY)

	CRO	SMO	Preclinical Service	System Development	Total	Eliminations/ Corporate	Consolidation
SALES							
Sales to customers	5,727,454	1,541,827	641,605	561,163	8,472,051	-	8,472,051
Intersegment sales	10,674	31,538	5,823	41,495	89,531	(89,531)	-
Total	5,738,129	1,573,366	647,428	602,659	8,561,583	(89,531)	8,472,051
Operating expenses	4,738,707	1,308,814	632,252	558,269	7,238,043	(95,238)	7,142,804
Operating income	999,422	264,552	15,176	44,389	1,323,540	5,706	1,329,246

2006 (2005.10.1-2006.9.30)

(IN THOUSANDS, JPY)

	CRO	SMO	Preclinical Service	System Development	Total	Eliminations/ Corporate	Consolidation
SALES							
Sales to customers	10,281,994	2,939,705	1,192,139	844,145	15,257,985	-	15,257,985
Intersegment sales	26,017	42,738	4,735	77,866	151,357	(151,357)	-
Total	10,308,011	2,982,444	1,196,874	922,012	15,409,343	(151,357)	15,257,985
Operating expenses	8,592,823	2,893,671	1,124,926	854,777	13,466,198	(166,917)	13,299,280
Operating income	1,715,188	88,773	71,948	67,234	1,943,144	15,560	1,958,705

VI . Company Profile

Corporate Name: EPS Co., Ltd.
President & CEO: Yan Hao
Establishment: May 1991
Capital: ¥ 1875.25 Million
Main Services: CRO business and System Development
E-Mail: info@eps.co.jp
URL: <http://www.eps.co.jp>

Locations

(Center Office)

Tsuruya Bldg.,2-23 Shimomiyabi-cho, Shinjuku-ku, Tokyo 1620822

Tel: +81-3-5684-7801

(Annex.1)

2-3-19 Koraku, Bunkyo-ku, Tokyo 1120004

Tel: + 81-3-5684-7797

(Annex.2)

K.I.S Iidabashi Bldg., 2-3-28 Koraku, Bunkyo-ku Tokyo 1120004

Tel: + 81-3-5804-7639

(Osaka Branch)

Nissei Shin-osaka Bldg., 3-4-30 Miyahara, Yodogawa-ku, Osaka
5320003

Tel: + 81-6-4807-7107

(Nagoya Branch)

Horiuchi Bldg., 3-25-9 Meieki, Nakamura-ku, Nagoya 4500002

Tel: + 81-52-581-8887

Members of the Board and Statutory Auditors

(As of March 31, 2007)

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. Koichi Shibuya

Current Situation of Shares

(As of March 31, 2007)

Authorized stocks	324,000
Share of common stock issued	90,400
Number of shareholders	4,987