Financial Highlights

1. INFORMATION OF EPS Co,Ltd & CONSOLIDATED SUBSIDIARIES 2009.09

(2008.10.1-2009.9.30)
(UNAUDITED)

(1) CONSOLIDATED OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales		Operating Income		Ordinary Income		Net Income	
Sep-09	23,568	(11.3%)	4,008	(14.9%)	4,050	(13.7%)	1,713	(0.3%)
Sep-08	21,182	(17.8%)	3,487	(17.0%)	3,562	(17.1%)	1,708	(23.4%)

	Net Income per Share (yen)	Net Income per Share, diluted (yen)	Return on Shareholders' equity(%)	Ordinary income to total assets(%)	Operating income to net sales(%)
Sep-09	19,162.75	19,149.73	16.5	24.2	17.0
Sep-08	19,110.92	19,074.29	18.4	23.2	16.5

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 :
Sep-09 89,400 shares Sep-08 89,399 shares

(2) CONSOLIDATED FINANCIAL INFORMATION

(UNIT:JPY MILLION)

	Total Assets	Net assets	Shareholders' Equity ratio (%)	Shareholders' Equity per share (yen)
Sep-09	17,306	12,107	63.2	122,278.26
Sep-08	16,181	10,949	60.8	110,067.48

Note : Total shareholders' Equity and valuation and translaion adjustments as of :
Sep-09 10,931 Million yen Sep-08 9,840 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
Sep-09	2,062	△ 277	△ 750	6,607
Sep-08	1,995	△ 1,061	△ 542	5,638

(4) CONSOLIDATED SUBSIDIARIES

Consolidated subsidiaries : 17 companies
Associated companies by equity accounting method : 3 companies

2.OVERALL SITUATION OF DIVIDEND DISTRIBUTION

(UNIT:JPY)

		Cash Dividends per share			Total dividend amount (Million Yen)	Dividend ratio to net income (%)	Dividend ratio to shareholders' equity (%)
		Interim Dividend	Year end Dividend	Annual			
Sep-08	(Result)	2,400.00	3,000.00	5,400.00	482	28.3	5.2
Sep-09	(Result)	2,800.00	3,200.00	6,000.00	536	31.3	5.2
Sep-10	(Projection)	3,200.00	3,400.00	6,600.00	—	28.5	—

3. INFORMATION OF CONSOLIDATED BUDGET 2010.09 (2009.10.1-2010.9.30)

(UNIT:JPY MILLION)

	Net sales		Operating Income		Ordinary Income		Net Income	
Mar-10	13,955	(19.4%)	1,704	(△ 13.3%)	1,714	(△ 13.4%)	859	(53.1%)
Sep-10	29,438	(24.9%)	4,222	(5.3%)	4,245	(4.8%)	2,070	(20.8%)

Budgeted net income per share : Mar-10 9,618.21 yen
Sep-10 23,162.39 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 :

Sep-09	90,400	shares	Sep-08	90,400	shares

(2) Common stock for treasury as of :

Sep-09	1,000	shares	Sep-08	1,000	shares

5. INFORMATION OF NON-CONSOLIDATED 2009.09

(1) OPERATING RESULTS

(UNIT:JPY MILLION)

	Net sales		Operating Income		Ordinary Income		Net Income	
Sep-09	15,403	(17.5%)	3,347	(37.1%)	3,507	(34.3%)	1,583	(16.4%)
Sep-08	13,108	(20.4%)	2,442	(23.1%)	2,610	(24.0%)	1,360	(26.1%)

	Net Income per Share (yen)	Net Income per Share, diluted (yen)
Sep-09	17,715.12	―
Sep-08	15,220.18	15,203.86

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

(2) FINANCIAL INFORMATION

(UNIT:JPY MILLION)

	Total Assets	Net assets	Shareholders' Equity ratio (%)	Shareholders' Equity per share (yen)
Sep-09	13,035	9,462	72.6	105,841.81
Sep-08	12,159	8,400	69.1	93,967.76

Note : Total shareholders' Equity as of :

Sep-09	9,462	Million yen	Sep-08	8,400	Million yen

6. INFORMATION OF NON-CONSOLIDATED BUDGET 2010.09 (2009.10.1-2010.9.30)

(UNIT:JPY MILLION)

	Net sales		Operating Income		Ordinary Income		Net Income	
Mar-10	8,157	(9.8%)	1,519	(△ 0.0%)	1,594	(△ 2.4%)	908	(101.2%)
Sep-10	16,767	(8.9%)	3,235	(△ 3.4%)	3,344	(△ 4.7%)	1,934	(22.1%)

Budgeted net income per share :

Mar-10	10,159.91	yen
Sep-10	21,635.32	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.

November 6, 2009

Summary of Financial Results for Year Ending September 2009

1. Management Results

(1)Analysis of Operating Results

(Operating results of the current period)

As the Japanese economy in the current consolidated financial year period was affected by global economic downturn against the backdrop of US-triggered subprime loan problem, the economy went through a major downward swing. Since then, it is now said that the worst period is over. However, the climate of future economy remains uncertain with evidences seen in the decrease of capital spending as a result of stagnant performance of the corporate sector, weak consumer spending due to employment insecurity and trends in exchange and interest rates among others. Even under such circumstances, the CRO (Contract Research Organization) industry and the SMO (Site Management Organizations) industry, in which one of our consolidated subsidiaries EP-Mint Co., Ltd. operates, are continuing to grow in the process of reorganization as the impact of economic downturn has remained minimal. The pre-clinical study industry, in which our LSG Co., Ltd. Group operates, is also performing steadily. However, the software development industry, in which our All Right Software Inc. Group operates, is experiencing a slower growth as the impact of economic downturn has been significant.

The CRO business is operated mainly by the Company.
As regards the monitoring service of the Company, the Clinical Development Division has been favorably performing clinical trials in both development and post-marketing stages, centering on implementation of existing projects, acquisition of new projects and testing for anti-cancer, diabetes, high blood pressure and CNS (Central Nerves System) drugs. The sales have steadily increased compared with the previous consolidated fiscal year.

As for the data management service, statistical analysis service and pharmacovigilance service, the Biometrics Division is vigorously pushing forward with both implementation of existing projects and acquisition of new projects. For each service, the sales have increased compared with the previous consolidated fiscal year.

In registration and project management service, acquisition of new projects has been vigorously pursued, however, increase in sales has remained small compared with the previous consolidated fiscal year.

Also, the data center service that had been mainly working on post-marketing study practice and other contracts reviewed its structure in the current operating year, leading to the flexible structure where contracted projects can be accepted according to their size. The sales for this service have achieved a large increase compared with the previous consolidated fiscal year with the great contribution from the Special Drug Use Survey contracted during the previous consolidated fiscal year.

The Clinical Coordination Center, which provides new business planning and associated services, now incorporates medical device development service as a result of the structural review and has vigorously pushed forward with executing existing projects and acquisition of new business. With regards to medical device development service, the financial standing has returned to profitability in the current consolidated fiscal year.

On the non-consolidated basis, sales have steadily developed in almost all departments and the sales increase due to steady development of contracted projects, costs saving efforts and other factors has led to an increase in income as well as profit compared to the previous consolidated fiscal year.

As regards our consolidated subsidiaries in Japan, E-trial Co., Ltd., which was established for the purpose of acquiring clinical trial contracts using the EDC system, is continuously striving to acquire new contract orders. Although sales have increased, costs of forward investment, such as labor costs have also increased. EP-Mate Co., Ltd., engaged in the staff dispatching service (dispatched CRO business) for pharmaceutical companies, extended its business growth and saw a significant increase in income as well as profit compared with the previous consolidated fiscal year.

Moreover, EP-Medical Co., Ltd., providing a MR (Medical Representatives) dispatching service (CSO business), has been improving its performance through executing big projects contracted during the previous consolidated fiscal year and also winning new contracts which has led to successful performance as well as significant increase in profit.

On the other hand, as for our overseas CRO business, EPS International Co., Ltd., together with its group companies, is continuing to improve a structure to deal with the increased demand for CRO services relating to clinical trials across borders (especially those in Asia).

Individually, EPS International Co., Ltd., is progressing in execution of contracted projects which has led to successful performance compared with the previous consolidated fiscal year and has returned to profitability. Moreover, Ever Progressing System Hong Kong Limited (Hong Kong, China), a 100% subsidiary, was established in May 2009 in order to facilitate winning even more new contracts in multinational clinical trials.
EPS International (China) Co., Ltd., (Shanghai China) is making efforts to acquire new orders while a big project carried on since the previous consolidated fiscal year has been completed, however, is also facing difficulties and as a result, sales and profit have significantly decreased compared with the previous consolidated fiscal year.
Ever Progressing System Pte. Ltd. in Singapore has been smoothly performing contracts acquired in the previous consolidated fiscal year while promoting new customer acquisition activities on its own and has extended its business performance.

ADM Korea Inc., (Seoul Korea) providing clinical trials contract service in Korea, is improving the structure for joint contracts in Korea and is seeing an increases in sales compared with the previous consolidated fiscal year. However, profit has decreased despite the increase in sales due to rise in costs of forward investment including facility costs and labor costs.
Furthermore, the Taiwan Branch of EPS International Co., Ltd. has started executing contracts and its performance is steadily improving. Additionally, the Company established EPS China Co., Ltd. in December 2008, a wholly- owned subsidiary of the Company in Suzhou, Jiangsu Province of China with the purpose of supervising various businesses of Group companies in China as well as expanding the CRO, IT

and Drug development, then under preparation for operation start.

Consequently, increase in sales and profit has been achieved with our consolidated net sales for the CRO business amounting to ¥17,525 million, up 15.0 % compared with the previous consolidated fiscal year, and consolidated operating income standing at ¥3,547 million, up 33.3% on the same basis.

The SMO business is operated by EP-Mint Co., Ltd.
EP-Mint Co., Ltd. has been continuously working towards enhancing the branch-based management system, centering on the site-supporting business by the clinical administration in cooperation with local trial sites, in addition to its CRC service. However, it has not been able to cover the delay in the progress of projects experienced during the first half due to a shift in contracts to patient registration performance and decline in contract rate.

Consequently, sales and profit have decreased in our SMO business with the consolidated net sales amounting to ¥3,347 million, down 4.4% compared with the previous consolidated fiscal year and the consolidated operating income standing at ¥501 million, down 27.9% on the same basis.

The pre-clinical study business is operated by LSG Corporation Group.
Within the LSG Group, Simian Conservation Breeding & Research Center, Inc., a subsidiary, is engaged in sales of laboratory animals to new customers and the whole Group is making cost saving and other efforts.

Consequently, our pre-clinical study business posted a decrease in sales and increase in profit with the consolidated net sales of ¥1,054 million, down 3.5% compared with the previous consolidated fiscal year and consolidated operating income standing at ¥54 million (operating loss of the previous consolidated fiscal year was ¥1 million).

The software development business is operated by All Right Software Inc Group.
All Right Software Inc. acquired through business transfer from Digital Technology Co., Ltd. on October 2008, the software development business and visual communication business mainly merchandising TV conference system. Although the company is vigorously pushing forward with winning new contracts while

streamlining the company structure after acquisition and pursuing synergy effect with existing businesses, it is facing difficulties with impact of economic downturn, together with All Right Software Beijing Co., Ltd. and Qingdao Tidever Software Co., Ltd., a consolidated subsidiary of which 43.4 % of the shares were acquired in May 2009 through ownership transfer.

Consequently, our software development business has seen a significant increase in sales and decrease in profit with the consolidated net sales amounting to ¥1,753 million, up 16.9% compared with the previous consolidated fiscal year and the consolidated operating loss standing at ¥100 million (consolidated operating income of the previous fiscal year was ¥136 million).

After deducting inter-segmental transactions from the segmental figures shown above, the consolidated net sales amounted to ¥23,568 million, up 11.3% compared with the previous consolidated fiscal year, the consolidated operating income was ¥4,008 million, up 14.9% on the same basis, the consolidated ordinary income was ¥4,050 million, up 13.7% on the same basis and the current consolidated net income has reached ¥1,713 million, up 0.3% on the same basis, showing an increase in sales and profit.

(Outlook for the next period)
Although the global recession stemming from sub-prime loan crisis in the United States is showing signs of bottoming-out, the future economy is expected to remain uncertain due to stagnant capital investment, employment insecurity, weak consumer spending and fluctuation in currency exchange rates and other factors.

Our CRO business is mainly composed of the Clinical Development Division responsible for monitoring and Biometrics Division responsible for services such as data management, Data center for post-marketing surveillance , statistical analysis, registration & project management, medical writing, pharmacovigilance, supplemented by the Clinical Coordination Center, in charge of new business planning and associated services as well as clinical development in the area of medical devices and the Planning and Business Development Division, which engages in information collection and order receiving activities. These departments aim to pursue wining new contracts, enhancing oprating rate and making cost cutting efforts while expanding offshore business through EPS China's DM Office in collaboration with group companies based in China in order to meet offshore service demand. We are driving forward with focuses on monitoring, data management and data center in order to achieve annual profit budget.

As regards our consolidated subsidiaries, E-Trial Co., Ltd. will continuously strive to acquire new orders centering on EDC based contracts from pharmaceutical companies and medical research facilities.

EP-Mate Co., Ltd., a dispatched CRO service provider, will continue to expand its business with the focus on the Company and pharmaceutical companies.

Medical Line Co., Ltd. (located in Toshima Ward, Tokyo), which is engaged in contract call center service mainly consisting of pharmacists, serving specialized to medical, pharmaceutical and healthcare sectors, was acquired through stock transfer dated October 1, 2009 and has since been a subsidiary with equity holding ratio of 56.4%. It is pushing forward with winning new contracts while pursuing synergy with EPS Group companies.

Pharma Network Co., Ltd. (formerly EP-Medical Co., Ltd. (surviving corporation) merged with Pharma Network Co., Ltd. (extinct corporation) as of October 1, 2009 and has changed the company name to Pharma Network Co., Ltd.) is engaged in CSO business including MR dispatching. Pharm Network Co., Ltd. will aim to improve performance by executing projects contracted during the previous consolidated fiscal year and to continuously pursue acquiring new projects while proceeding with streamlining post-merger corporate structure and pursuing synergy of the merger

As for our overseas businesses, EPS International Co., Ltd., will play the main role in continuing the development of the structure for acquiring contracts of multinational clinical trials, and together with its group companies, EPS International (China) Co., Ltd., EPS Singapore and ADM Korea Inc., as well as EPS International Taiwan Branch, will pursue the synergy effect of its collaboration , proceed with starting up the operation of EPS Hong Kong, aim to enhance overseas clinical trial services, endeavor to execute contracted projects and acquire new contracts mainly in Asia.

EPS China Co., Ltd. will continue to proceed with operation preparation, such as securing offices and staff and also develop a sales structure.

EP-Mint Co, Ltd., engaged in SMO business, will actively play out M&A's while working on maintaining its high operating rate and acquiring new orders by continuing to strengthen its structure to acquire contracts and enhancing branch-based management system.

LSG Co., Ltd., engaged in pre-clinical studies, intends to expand its operation by continuing to increase its agency revenue through greater number of contracts with the new partners, overseas pre-clinical trial institutions and adding a new growing field, such as laboratory animal supply and special feed.

All Right Software Inc., a software developer, will proceed with streamlining the company structure amidst the slowing growth of the sector and pursue the synergy effect of software development and TV conference system while making use of Chinese IT engineers. Together with the group companies, All Right Software (Beijing) Co, Ltd. and Qingdao Tidever Software Co., Ltd., it will promote SE service contracts and offshore software development in communication-, finance-, and network-related fields, as well as vigorously push forward with winning new contracts for equipment sales and maintenance service of the TV conference system and development of new services in collaboration with our group companies.

Accordingly, the consolidated budget for the fiscal year ending September 2010 is as follows:

On consolidated basis (Unit : JPY Million)

	Net sales	Operating income	Ordinary income	Net income
Sep-2009	23,568	4,008	4,050	1,713
Sep-2010	29,438	4,222	4,245	2,070
Changes	5,870	214	195	357
Year-to-year rate	24.9%	5.3%	4.8%	20.8%

On non-consolidated basis (Unit : JPY Million)

	Net sales	Operating income	Ordinary income	Net income
Sep-2009	15,403	3,347	3,507	1,583
Sep-2010	16,767	3,235	3,344	1,934
Changes	1,364	△112	△163	351
Year-to-year rate	8.9%	△3.4%	△4.7%	22.1%

(2) Analysis on Consolidated Financial Status

1) Status of assets, liabilities, net assets

The following describes the changes of the financial status during the current consolidated fiscal year since the end of the previous consolidated fiscal year.

The current assets for the current consolidated fiscal year increased to ¥13,442 million by ¥1,134 million, mainly with the increases by ¥968 million in cash and cash equivalents, ¥610 million in notes and accounts receivables and ¥93 million in other current assets respectively despite of the decrease by ¥500 million in maturity of investment securities. The fixed assets decreased to ¥ 3,864 million by ¥9 million, with the increases by ¥25 million in tangible fixed assets and ¥180 million in deposits, and ¥48 million in investment securities respectively despite of the decrease by ¥255 million in deferred income tax assets. Consequently, the total assets at the end of the current consolidated fiscal year were ¥17,306 million, an increase by ¥1,125 million compared with the previous consolidated fiscal year.

As for liabilities, the increases were ¥56 million in provision for bonuses, ¥176 million in other current liabilities and 38 million in provisions for directors' retirement benefits respectively despite of the decreases were ¥126 million in income taxes payable and ¥200 million in repayment of long-term debts respectively. As a result, total liabilities at the end of the current consolidated fiscal year were ¥5,199 million, a decrease by ¥33 million compared with the previous consolidated fiscal year.

As for net assets, the net assets amounted to ¥12,107 million at the end of the current consolidated fiscal year, an increase by ¥1,158 million compared with the total net assets of the previous consolidated fiscal year mainly due to an increase of ¥1,194 million in retained earnings.

2) Status of consolidated cash flow

As for the cash and cash equivalents (hereinafter referred to as “capitals”) for the current consolidated fiscal year, the cash inflow generated through operating activities reached ¥2,062 million, while the cash outflow incurred through investing and financing activities were ¥277 million and ¥750 million respectively. As a result, the capitals for the current consolidated fiscal year reached ¥6,607 million (increase by ¥968 million compared with the previous consolidated fiscal year) factoring in the effect of exchange difference of ¥66 million related to the capitals.

(Cash flow from operating activities)

The capitals acquired through operating activities reached ¥2,062 million, an increase by ¥67 million compared with the previous consolidated fiscal year.

The increase in inflow is mainly attributable to the current net income before income taxes reaching ¥3,753 million (increase by ¥548 million compared with the previous consolidated fiscal year), decrease by ¥55 million in inventories and products (increase by 195 million on the same basis) despite of increase by ¥60 million in provision for bonuses (decrease by ¥377 million on the same basis), increase by ¥621 million in accounts receivable-trade (increase by ¥139 million on the same basis), and outflow of ¥1,895 million in income taxes payment (increase by ¥164 million on the same basis) .

(Cash flow from investing activities)

The capital outflow by investing activities was ¥277 million, a decrease by ¥783 million compared with the previous consolidated fiscal year. This decrease of the outflow is mainly due to inflow of ¥560 million in proceeds from sales and maturity of investment securities (increase by ¥312 million on the same basis), total outflow of ¥205 million in disbursements for purchasing tangible and intangible fixed assets (decrease by ¥126 million on the same basis) and ¥239 million in payments for purchase of investment securities (decrease by ¥572 million on the same basis), despite of ¥213 million outflow in acquisition of business during current consolidated fiscal year.

(Cash flow from financing activities)
The capital outflow by financing activities was ¥750 million, an increase by ¥207 million compared with the previous consolidated fiscal year.
This is mainly due to inflow of ¥150 million in short-term debt by new loan during the previous consolidated fiscal year and outflow of ¥519 million in payment of dividends to shareholders (increase by ¥72 million on the sama basis).

The company's cash flow index is as follows;

	Fiscal year ended Sep 2005	Fiscal year ended Sep 2006	Fiscal year ended Sep 2007	Fiscal year ended Sep 2008	Fiscal year ended Sep 2009
Shareholders' equity ratio(%)	62.9	64.2	60.0	60.8	63.2
Shareholders' equity ratio by market price(%)	292.8	189.6	230.0	182.9	192.7
Cashflow-interest bearing debt ratio (%)	—	0.7	0.2	0.3	0.2
Interest coverage ratio(times)	—	65.6	171.3	181.6	212.2

Shareholders' equity ratio : Capital / Total assets
Shareholders' equity ratio by market price : Total market value of shares / Total assets
Cashflow-interest bearing debt ratio : Interest bearing debt / operating cashflow
Interest coverage ratio : Operating cashflow / Interest payment

Notes;
1. Each index is calculated based on the consolidated financial values
2. The total market value of shares is calculated based on the number of shares issued at end of each period excluding common stock for treasury.
3. The cashflow uses net cash provided in operating activities in the consolidated cashflow statement of each period.
4. Interest-bearing debt includes all debts of which interest is being paid among

debts that are posted on the consolidated balance sheet. In addtion, interest paid and posted in the consolidated cashflow statement is used for interest payment.

(3) Basic profit distribution policy and dividends for the current and next period

The Company considers it an important management agenda to improve the profit return to the shareholders while reinforcing the business structure for the enhancement of profitability. As for profit distribution, we basically intend to distribute the profit steadily considering the improvement of our financial infrastructure to respond to rapid market change, with yearly target dividend payout ratio set to 30%.

The Company intends to continue to pay out dividends twice a year as interim and year-end dividends even after the implementation of the Corporate Law.

(Reference)

(JPY)

	Interim dividend	Year-end dividend	Annual
Current period	2,800	3,200	6,000
Next period (forecast)	3,200	3,400	6,600

2. Status of the Corporate Group
EPS group companies' business activities

The Company and Group companies (excluding All Right software Inc Group) belongs to the business sector related to pharmaceutical product development consisting mainly of pharmaceutical companies. At pharmaceutical companies, much effort is being made in development of so-called “new drugs” which involves high research and development costs and long periods. “New drugs” must go through clinical studies at medical institutions commissioned by pharmaceutical companies prior to gaining approval as pharmaceutical products.

This process requires participation of clinical trialists who agree to the studies by informed consent. In other words, clinical studies are implemented by three parties comprised by pharmaceutical companies, medical institutions and clinical trialists.

Our Group consists of 17 consolidated subsidiaries and 3 equity method affiliates as of September 30, 2009 that are engaged in four business activities including CRO, SMO, pre-clinical study and software development businesses.

The CRO business is operated by the Company and its core business is provision of various expert services in clinical study implementation (including post-marketing research and studies) to contracted pharmaceutical companies related to operation and management of clinical studies.

The CRO services include formulating protocols, support for the formulation of case report forms, management of case registration and study progress, data management and statistical analysis, monitoring, formulation of clinical study reports and support for the formulation of pharmaceutical approval applications in addition to the development of management system that accompanies these services.

EP-Medical Co., Ltd. is pursuing MR dispatching service which is a CSO business while EP-Mate Co., Ltd. is going forward with staff dispatching service to the Company as well as pharmaceutical companies (dispatched CRO business).

E-Trial Co., Ltd. is pushing forward with providing system development and support services to pharmaceutical companies and medical research institutions in relation to clinical studies using EDC system.

As for the overseas business, EPS International Co., Ltd. is taking the lead in continuing to develop the structure of winning multinational clinical study contracts. While pursuing the synergy effect of collaboration with the following group companies and branches, it aims to improve overseas contracts in clinical study service as well as to further its drive to win more contracts in new clinical studies located mainly in Asia.

EPS International (China) Co., Ltd., (Shanghai China) is engaged mainly in contract clinical study service in China. Ever Progressing System Pte., Ltd. in Singapore is engaged mainly in contract clinical study service in East and Southeast Asia. Also, ADM Korea (located in Seoul, Korea with voting right ratio of 35%) which is engaged in contract clinical study service in Korea has been designated as an equity method affiliate and is developing the structure to conduct contract clinical studies in Korea. Moreover, EPS International Co., Ltd. has established Ever Progressing System (Hong Kong) Limited in May 2009 and is working towards developing a structure to receive contracts in clinical studies in Hong Kong.

The SMO business is carried out by EP-Mint Co., Ltd. By contracting with medical institutions that implement clinical studies, EP Mint conducts SMO business in which expert services are provided with focuses on CRC dispatching to medical institutions and clinical study secretariat service.

The pre-clinical study business is carried out by LSG Co., Ltd. Group and operates pre-clinical businesses targeted at pharmaceutical companies, such as acting as an intermediary for various safety tests conducted at pre-clinical trial stage as well as providing research materials and animals.

The software development business is carried out by All Right Software Co., Ltd. Group and it is engaged in offshore software development and contract SE services targeting major software development companies and large-scale clients.

3. Management Policy

(1) Basic Management Policy of our Group

Our Group has managed our businesses, setting it our basic management philosophy to provide services that will satisfy our customers while maintaining corporate compliance.

We are committed to managing our businesses to be "Ever Progressing System" as the Company name suggests, for the purpose of further expanding our business and playing a role as the industry leader under the above management philosophy.

(2) Target Management Index

Our Group has set improvements in sales growth rate and sales profit rate of each group company as the important management indices. Our Group will pursue to achieve continuous enhancement of the corporate value through sustainable improvement of these management indices.

At the same time, in order to attain scale expansion on mid to long-term basis, it is essential to strengthen the management foundation which includes human resources, organization and corporate structure that support the synergy among group companies and business expansion. Therefore, further quality improvement of these factors will also be emphasized.

(3) Mid and Long-Term Management Strategies

Our Group has managed our business, setting it our basic management philosophy to provide services that will satisfy our customers by pursuing, implementing, and establishing a business style to fulfill contracting missions of high efficiency and high quality, while maintaining corporate compliance.

We are committed to managing our businesses to be "Ever Progressing System" as the Company name suggests, for the purpose of further expanding our business and playing a role as the industry leader under the above management philosophy. Our Group has adopted the following specific management strategies.

1) Establishment of CRO business

In order to respond to full-scale outsourcing of the development of pharmaceutical products, we will not only manage clinical trials but also promote the establishment of a full-service system ranging from planning to pharmaceutical applications.

Furthermore, we also aim to establish our leading position in this industry as the CRO which can provide total support for the development of pharmaceutical products including development of medical devices, specified health foods as well as active response to bio-venture-and doctor-led clinical trials.

2) Promotion of SMO business

As the clinical trial support service for medical institution expands, EP-Mint Co, Ltd., our consolidated subsidiary, promotes reinforcement of branch-based management system, achieving more effective management of sales and expenses, and expanding its scope of SMO business with the aim of being ranked as top 3 in the industry.

3) Promotion of overseas business

EPS International Co., Ltd. will continue to take a leading role in responding to the shift to international simultaneous clinical development and decisions of the ICH (International Conference on Harmonization of Technical Requirements for Registration of Pharmaceuticals for Human Use) and pursue a synergy effect through collaboration between its Group companies and branches while continuing to develop the system for contract of multi-national clinical trials, and improve clinical contract service in our overseas operations (especially East Asia).

4) Entry into drug discovery

In Japan, we intend to engage in the drug discovery business through capital investment, consulting and contracting of development services under partnership with bio-ventures, rather than being directly involved in this business alone.

In China, EPS China CO., Ltd. will lead the development of our own strategy in drug discovery and development business through collaboration with bio-ventures.

5) Reinforcement of group management

Currently, the EPS Group is composed of the Company and 17 consolidated subsidiaries that belong to the industry related to the development of pharmaceutical products.

We consider it essential to recruit, develop and effectively allocate human resources in expanding our scope of business. We also intend to reinforce the group management by pursuing the synergetic effect of launching new business promotion and M&A.

(4) Issues to be addressed by the Company

As the outsourcing from customers and their international diversification are expected to increase in the future, the entire Group will work together to improve the quality via the reinforcement of QC/QA divisions, compliance with standardized operating procedures and enhance skills through education and training.

As a part of these efforts, ISO 27001 certification by the international certification institution has been obtained. The Company will continue to develop our system to enhance the security of information management and to win more trust from our customers.

Furthermore, in order to respond to increasingly intensive cost competition, we will promptly establish the process management system ranging from receipt of orders to delivery, improving the efficiency of our business.

STATEMENT OF ORDER ENTRY AND SALES BY ITEMS

FOR THE YEAR ENDED SEPTEMBER 30, 2009

(UNAUDITED)

(1) RESULT OF ORDER ENTRY

DIVISION	2009.09 <2008.10.1-2009.9.30> (In Thousands, JPY)			
	AMOUNT OF ORDER ENTRY	year-to-year comparison (%)	ORDER BACKLOG	year-to-year comparison (%)
CRO				
Monitoring	6,355,268	62.7	10,925,621	87.6
Data Management	9,471,781	71.9	14,720,811	116.3
CRO others	2,201,372	95.6	686,182	100.5
TOTAL OF CRO	18,028,422	70.4	26,332,615	102.0
SMO	3,993,988	106.6	4,103,040	118.7
Preclinical Service	1,023,045	94.1	87,725	76.3
System Development	1,565,233	122.0	259,468	73.7
TOTAL	24,610,689	77.6	30,782,850	103.5

* These figures are expressed by sales price.
* These above figures do not include consumption tax.

(2) RESULT OF SALES

DIVISION	2009.09 <2008.10.1-2009.9.30> (In Thousands, JPY)	year-to-year comparison (%)
CRO		
Monitoring	7,902,697	108.1
Data Management	7,403,369	125.9
Others	2,197,932	109.5
TOTAL OF CRO	17,503,999	115.2
SMO	3,347,671	95.9
Preclinical Service	1,050,321	96.5
System Development	1,666,510	118.3
TOTAL	23,568,503	111.3

INDUSTRY SEGMENT

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

(UNAUDITED)

2009 (2008.10.1-2009.9.30) (In Thousands,JPY)

	CRO	SMO	Preclinical Service	System Development	Total	Eliminations/ Corporate	Consolidation
SALES							
Sales to customers	17,503,999	3,347,671	1,050,321	1,666,510	23,568,503	—	23,568,503
Intersegment sales	21,130	—	4,140	86,941	112,211	(112,211)	—
Sales total	17,525,130	3,347,671	1,054,461	1,753,451	23,680,715	(112,211)	23,568,503
Operating expenses	13,977,526	2,846,638	999,899	1,854,288	19,678,353	(118,194)	19,560,159
Operating income	3,547,603	501,032	54,562	(100,836)	4,002,362	5,982	4,008,344

2008 (2007.10.1-2008.9.30) (In Thousands,JPY)

	CRO	SMO	Preclinical Service	System Development	Total	Eliminations/ Corporate	Consolidation
SALES							
Sales to customers	15,195,024	3,490,979	1,088,309	1,408,555	21,182,869	—	21,182,869
Intersegment sales	38,343	9,315	4,140	90,869	142,668	(142,668)	—
Sales total	15,233,368	3,500,295	1,092,449	1,499,425	21,325,537	(142,668)	21,182,869
Operating expenses	12,571,491	2,805,135	1,093,806	1,362,948	17,833,382	(137,976)	17,695,405
Operating income	2,661,876	695,159	(1,357)	136,476	3,492,155	(4,691)	3,487,463

CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2009 AND 2008
(UNAUDITED)

(IN THOUSANDS,JPY)	**2009**	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**6,607,331**	5,638,984
Notes and accounts receivable	**5,211,905**	4,601,623
Investment securities	**—**	500,492
Inventories and products	**231,824**	234,108
Works in progress	**253,598**	327,948
Deferred tax assets	**645,892**	607,790
Others	**494,226**	400,242
Allowance for doubtful accounts	**△ 2,108**	△ 3,288
Total current assets	**13,442,670**	12,307,901
FIXED ASSETS		
Tangible Assets ;		
Leasehold improvements	**444,596**	420,635
Accumulated depreciation	**△ 224,094**	△ 211,667
Furniture and fixtures	**385,317**	282,876
Accumulated depreciation	**△ 252,448**	△ 179,497
Others	**167,856**	177,777
Accumulated depreciation	**△ 76,061**	△ 70,929
Total property and equipment	**445,165**	419,193
Intangible Assets ;		
Goodwill	**159,358**	179,666
Others	**204,830**	201,784
Total intangible assets	**364,189**	381,451
Investments and other assets ;		
Investment securities	**881,700**	832,702
Deposits	**1,012,144**	831,360
Time deposits and banking arrangements other than cash equivalents	**500,000**	500,000
Deferred tax assets	**314,360**	569,486
Others	**346,629**	349,142
Allowance for doubtful accounts	**—**	△ 10,000
Total investments and other assets	**3,054,836**	3,072,691
Total fixed assets	**3,864,190**	3,873,335
TOTAL ASSETS	**17,306,861**	16,181,236
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	**204,226**	233,212
Short-term debt	**150,000**	150,000
Current portion of long-term debt	**200,000**	205,700
Income taxes payable	**944,772**	1,070,965
Provision for bonuses	**1,145,169**	1,088,414
Provision for loss on order received	**75,650**	57,000
Others	**1,899,275**	1,722,684
Total current liabilities	**4,619,093**	4,527,976
LONG-TERM LIABILITIES		
Long-term debt	**—**	200,000
Provision for employee's retirement benefits	**307,137**	282,215
Provision for director's retirement benefits	**247,397**	209,060
Others	**25,378**	12,840
Total long-term liabilities	**579,912**	704,115
TOTAL LIABILITIES	**5,199,006**	5,232,092
NET ASSETS		
Shareholders' equity		
Common stock	**1,875,251**	1,875,251
Additional paid-in capital	**1,825,431**	1,825,431
Retained earnings	**7,657,862**	6,463,232
Common stock for treasury	**△ 321,437**	△ 321,437
Total shareholders' equity	**11,037,108**	9,842,478
Valuation and translation adjustments		
Unrealized gain (or △loss) on available-for-sale securities	**△ 39,782**	△ 36,111
Deferred gain (or △loss) on hedges	**△ 2**	3
Foreign currency translation adjustments	**△ 65,647**	33,661
Total valuation and translation adjustments	**△ 105,431**	△ 2,445
Minority interests	**1,176,178**	1,109,111
TOTAL NET ASSETS	**12,107,854**	10,949,144
TOTAL LIABILITIES AND NET ASSETS	**17,306,861**	16,181,236

CONSOLIDATED STATEMENTS OF INCOME

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

(UNAUDITED)

(IN THOUSANDS,JPY)	**2009**	2008
NET SALES	**23,568,503**	21,182,869
COST OF SALES	**16,031,681**	14,378,094
Gross profit	**7,536,821**	6,804,774
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**3,528,477**	3,317,311
Operating income	**4,008,344**	3,487,463
OTHER INCOME (EXPENSES)		
Interest income	**25,570**	42,224
Interest expenses	**△ 9,720**	△ 10,920
Gain on cancellation of life insurance	**6,132**	14,014
Service fee income	**5,829**	4,363
Gain or loss of equity in associated companies (△ loss)	**5,107**	11,722
Gain on sales of property and equipment	**697**	1,992
Foreign exchange gain or loss (△ loss)	**△ 7,446**	4,976
Dividends income	**7,675**	3,030
Gain on sale of investment securities	**53,695**	26,500
Loss on sales and disposal of property and equipment	**△ 28,583**	△ 30,495
Loss on devaluation of investment securities	**△ 173,746**	△ 360,787
Impairment loss on goodwill	**△ 125,666**	—
Others- net	**△ 14,843**	10,195
Other income (expenses)-net	**△ 255,298**	△ 283,182
Income before income taxes and minority interests	**3,753,045**	3,204,281
INCOME TAXES		
Current	**1,729,771**	1,726,381
Deferred	**219,840**	△ 395,445
Total	**1,949,611**	1,330,936
MINORITY INTERESTS	**90,283**	164,847
NET INCOME	**1,713,150**	1,708,497

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

(UNAUDITED)

(IN THOUSANDS,JPY)	**2009**	2008
Shareholders' equity		
Common stock		
Balance at beginning of the year	**1,875,251**	1,875,251
Changes during the period		
Net changes during the period	**—**	—
Balance at ending of the year	**1,875,251**	1,875,251
Additional paid-in capital		
Balance at beginning of the year	**1,825,431**	1,825,298
Changes during the period		
Sale of common stock for treasury	**—**	133
Net changes during the period	**—**	133
Balance at ending of the year	**1,825,431**	1,825,431
Retained earnings		
Balance at beginning of the year	**6,463,232**	5,205,599
Changes during the period		
Cash dividends	**△ 518,520**	△ 446,990
Net income	**1,713,150**	1,708,497
Other	**—**	△ 3,873
Net changes during the period	**1,194,630**	1,257,633
Balance at ending of the year	**7,657,862**	6,463,232
Common stock for treasury		
Balance at beginning of the year	**△ 321,437**	△ 322,080
Changes during the period		
Sale of common stock for treasury	**—**	642
Net changes during the period	**—**	642
Balance at ending of the year	**△ 321,437**	△ 321,437
Total of shareholders' equity		
Balance at beginning of the year	**9,842,478**	8,584,068
Changes during the period		
Cash dividends	**△ 518,520**	△ 446,990
Net income	**1,713,150**	1,708,497
Sale of common stock for treasury	**—**	776
Other	**—**	△ 3,873
Net changes during the period	**1,194,630**	1,258,409
Balance at ending of the year	**11,037,108**	9,842,478
Valuation and translation adjustments		
Unrealized gain (or △loss) on available-for-sale securities		
Balance at beginning of the year	**△ 36,111**	66,076
Changes during the period		
Net increase（△decrease) during the period other than shareholders' equity	**△ 3,671**	△ 102,187
Net changes during the period	**△ 3,671**	△ 102,187
Balance at ending of the year	**△ 39,782**	△ 36,111
Deferred gain (or △loss) on hedges		
Balance at beginning of the year	**3**	485
Changes during the period		
Net increase（△decrease) during the period other than shareholders' equity	**△ 5**	△ 481
Net changes during the period	**△ 5**	△ 481
Balance at ending of the year	**△ 2**	3

Foreign currency translation adjustments		
Balance at beginning of the year	**33,661**	67,262
Changes during the period		
Net increase（△decrease） during the period other than shareholders' equity	**△ 99,308**	△ 33,600
Net changes during the period	**△ 99,308**	△ 33,600
Balance at ending of the year	**△ 65,647**	33,661
Total of valuation and translation adjustments		
Balance at beginning of the year	**△ 2,445**	133,823
Changes during the period		
Net increase（△decrease） during the period other than shareholders' equity	**△ 102,986**	△ 136,269
Net changes during the period	**△ 102,986**	△ 136,269
Balance at ending of the year	**△ 105,431**	△ 2,445
Minority interests		
Balance at beginning of the year	**1,109,111**	992,401
Changes during the period		
Net increase（△decrease） during the period other than shareholders' equity	**67,066**	116,710
Net changes during the period	**67,066**	116,710
Balance at ending of the year	**1,176,178**	1,109,111
TOTAL NET ASSETS		
Balance at beginning of the year	**10,949,144**	9,710,293
Changes during the period		
Cash dividends	**△ 518,520**	△ 446,990
Net income	**1,713,150**	1,708,497
Sale of common stock for treasury	**ー**	776
Other	**ー**	△ 3,873
Net increase（△decrease） during the period other than shareholders' equity	**△ 35,919**	△ 19,558
Net changes during the period	**1,158,710**	1,238,850
Balance at ending of the year	**12,107,854**	10,949,144

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

(UNAUDITED)

(IN THOUSANDS,JPY)

	2009	2008
OPERATING ACTIVITIES:		
Income before income taxes and minority interests	**3,753,045**	3,204,281
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization	**272,090**	217,605
Impairment loss on goodwill	**125,666**	—
Increase in provision for bonuses	**60,924**	438,322
Increase in allowance for retirement benefits for employees	**24,922**	23,766
Increase in allowance for retirement benefits for directors	**38,336**	54,036
Interest and dividends income	**△ 33,246**	△ 45,254
Interest expense	**9,720**	10,920
Gain (or loss) on sale of investments in securities (-net)	**△ 51,960**	△ 26,500
Loss on devaluation of investments in securities	**173,746**	360,787
Gain (or loss) on sales and disposal of property and equipment (-net)	**27,886**	28,502
Changes in operating assets and liabilities:		
Decrease (△ increase) in accounts receivable-trade	**△ 621,311**	△ 481,773
Decrease (△ increase) in inventories and products	**55,143**	△ 140,573
Increase（△decrease) in accounts payable -trade	**△ 15,320**	34,259
Increase（△decrease) in other current liabilities	**119,948**	△ 160,376
Others , Net	**△ 8,251**	78,078
Subtotal	**3,931,339**	3,596,082
Interest and dividends received	**36,683**	47,678
Interest paid	**△ 9,720**	△ 10,984
Compensation for office removal	—	93,650
Income taxes paid	**△ 1,895,528**	△ 1,731,249
Net cash provided by (used in) operating activities	**2,062,773**	1,995,178
INVESTING ACTIVITIES:		
Disbursements for purchase of tangible fixed assets	**△ 162,555**	△ 215,834
Disbursements for purchase of intangible fixed assets	**△ 42,697**	△ 116,191
Payment for purchase of investments securities	**△ 239,339**	△ 812,148
Proceeds from sales and maturity of investment securities	**560,892**	248,000
Payment for deposit for rent office and others	**△ 187,968**	△ 175,406
Payment for insurance reserve fund	**△ 75,400**	△ 60,472
Payments for acquisition of business	**△ 213,753**	—
Proceeds from purchase of investments in capital of subsidiaries resulting in change in scope of consolidation	**72,975**	—
Others , Net	**10,253**	71,004
Net cash provided by (used in) investing activities	**△ 277,594**	△ 1,061,050
FINANCING ACTIVITIES:		
Proceeds from borrowing short-term debt	—	150,000
Disbursements for repayment of long-term debt	**△ 205,700**	△ 214,300
Proceeds from capital increase by minority stockholders	**9,942**	—
Dividends paid	**△ 519,428**	△ 447,392
Dividends paid to minority stockholders	**△ 31,661**	△ 30,508
Others , Net	**△ 3,923**	△ 777
Net cash provided by (used in) financing activities	**△ 750,770**	△ 542,978
EFFECT OF EXCHANGE DIFFERENCE ON CASH & CASH EQUIVALENTS	**△ 66,062**	△ 12,244
NET INCREASE（△DECREASE) IN CASH AND CASH EQUIVALENTS	**968,346**	378,904
BEGINNING OF BALANCE, CASH AND CASH EQUIVALENTS	**5,638,984**	5,260,080
ENDING OF BALANCE, CASH AND CASH EQUIVALENTS	**6,607,331**	5,638,984