

Ever
Progressing
System

The Clinical Service Provider
EPS Co., Ltd.

2009
Business Report
October 1, 2008 to September 30, 2009



Greetings to Shareholders and Investors



Hao Yan, President & CEO

Hao Yan was born in 1962 in Jiangsu Province, China. In 1979, he entered the Engineering Department of the University of Tianjin. In 1981, He came to Japan, where he entered the University of Yamanashi as a government scholar. After graduation, he majored in Biometrics and Medical Informatics at the University of Tokyo's graduate studies program and engaged in research and operation of clinical studies. In 1991, He established EPS Tokyo, now known as EPS Co., Ltd. In 2001, its 10-year anniversary, the Company made a successful initial public offering on the JASDAQ market. In 2006, the Company listed on the First Section of the Tokyo Stock Exchange Market.

EPS Co., Ltd., is expanding its business in Japan and overseas, centering on contract research organization (CRO) services, which involve the outsourcing of all services related to clinical research. In December 2008, the Company established EPS China Co., Ltd., in Suzhou, Jiangsu Province China, as a wholly owned subsidiary to play a key role in the CRO business in China. EPS China develops human resources that are proficient in Japanese and aims to expand its business into pharmaceutical, medical, IT and human resource services and pharmaceutical products.

In Japan, EPS conducted an M&A agreement on October 1, 2009, to expand its business as a contract sales organization (CSO), which handles contracting, staff dispatching and the training of medical representatives (MRs). As a result of the merger of Pharma Network Co., Ltd., and EP-Medical Co., Ltd., our consolidated subsidiary, we have become third-largest CSO in Japan.

Additionally, Medical Line Co., Ltd., also joined the EPS Group during the year.

Medical Line provides call center services specialized in the pharmaceutical and medical industry. This addition brings the number of companies in the EPS Group to 21, enabling us to offer a wide range of services, including IT and human resource development. We aim to expand throughout Asia to enhance Group synergies. We thank you for your kind support thus far and ask for your continuous cooperation.

December 2009

The EPS Group is accelerating efforts to grow in a variety of areas, including CRO services.

Domestic medical services

Supporting the clinical study business of pharmaceutical companies

CRO business  The Clinical Service Provider **EPS Co., Ltd.** **e-Trial Co., Ltd.**

In the CRO business, the Company has established a system to handle projects ranging from pre-clinical studies to post-marketing research. In addition to the development of ethical drugs and post-marketing study practices, the Company is working to support drug development by bio-ventures and doctor-led clinical studies.

E-Trials Co., Ltd., supports the digitization of clinical studies by developing data collection and management systems that employ electronic data capturing (EDC).

Supporting the clinical study operation of medical institutions

SMO business  Site Management Organization **EP-Mint Co., Ltd.**

EP-Mint Co., Ltd., has become the biggest SMO in Japan in its number of clinical research coordinators (CRCs) and branch offices. This scale reflects the expansion of business in response to rising demand from medical institutions for clinical study support services. The company aims to build on its status as the top SMO company in Japan by maximizing its resources and enhancing its corporate structure.

Overseas pharmaceutical services

Expanding the CRO business in Asia based in China

CRO business  **EPS International** The Clinical Service Provider  益新(中国)有限公司 **EPS China Co., Ltd.**

EPS International Co., Ltd., conducts CRO business in China, Singapore, South Korea and Taiwan. The company opened a new subsidiary in Hong Kong in 2009 and has established a system designed to handle Asia's growing number of global clinical studies.

In addition to its core CRO business, EPS China Co., Ltd., the regional headquarters for the EPS Group's businesses in China, intends to expand its business to include new drug sales

CRO

A contract research organization (CRO) contracts to handle clinical study projects for the development of products ranging from pharmaceuticals to medical equipment.

SMO

A site management organization (SMO) supports clinical studies by handling certain activities related to the clinical studies implemented at hospitals and other medical institutions.

in China and the development of Japanese-speaking human resources.

Expanding the pre-clinical study agency business and import and sale of materials

Pre-clinical study business LSG Corporation

LSG Co., Ltd., is an overseas agent that provides various services and conducts sales activities involving pre-clinical studies, in which scientific properties and side effects are studied using laboratory animals. LSG will expand its business by increasing its market share in such areas such as the supply of laboratory animals and their feed.

IT service

Expanding software development business using Chinese IT experts

Software development business ALL RIGHT I. オールライトソフトウェア株式会社

All Right Software Co., Ltd., has launched the Japan-China Bridge: SE Course in collaboration with Yamanashi University, to enable Japanese and Chinese students to learn together. The company aims to expand its operations and differentiate itself from competitors through a long-term vision for developing young IT engineer's talent that is proficient in the Japanese and Chinese languages and cultures.

Human resources service

Dispatching professional staffs in CSO and CRO related businesses

Professional staff dispatching business



EP-Medical Co., Ltd., was merged into Pharma Network Co., Ltd., on October 1, 2009, and has begun operating as the new Pharma Network Co., Ltd. The company aims to expand its operations by winning MR contracts, dispatching MRs and conducting MR training.

EP-Mate Co., Ltd., which dispatches expert staffs for pharmaceutical product development, will redouble its sales efforts and streamline its corporate system.










Call center for MRs and medical professionals

Call center service 株式会社メディカルライン Medical Line

Medical Line Co., Ltd., which joined the EPS Group on October 1, 2009, conducts highly specialized call center services for pharmacists, exclusively serving the medical, pharmaceutical and healthcare sectors.

The company intends to expand its business through spiral effect on Group companies.

Providing full-service in drug development contracts

| Business | Company name | Established year | CEO | Employees | CRO | CRO (pre-clinical) | SMO | Human resources | IT | Drug discovery | Call center |
|-------------------------|---|------------------|-------------------|-----------|-----|--------------------|-----|-----------------|----|----------------|-------------|
| Domestic drug service |  The Clinical Service Provider EPS Co., Ltd. | 1991 | Hao Yan | 1,136 | ○ | | | | | | |
| |  Site Management Organization EP-Mint Co., Ltd. | 1999 | Shinro Tashiro | 365 | | | ○ | | | | |
| | e-Trial Co., Ltd. | 2006 | Satoru Kono | 19 | ○ | | | | | | |
| Overseas drug service |  EPS International The Clinical Service Provider | 2007 | Tatsuhiko Ichiki | 128 | ○ | | | | | | |
| |  LSG Corporation | 2002 | Takeshi Tadano | 116 | | ○ | | | | | |
| Human resources service |  PHARMA NETWORK ファーマネットワーク | 1997 | Makoto Enokido | 208 | | | | ○ | | | |
| |  Medical Staffing Service EPMate Co., Ltd. | 2005 | Yashuo Kiba | 40 | | | | ○ | | | |
| |  株式会社 メディカルライン Medical Line | 2006 | Junichi Nishizuka | 134 | | | | | | | ○ |
| IT Service |  ALL RIGHT !. オーライソフトウェア株式会社 | 2001 | Hao Yan | 232 | | | | | ○ | | |
| Chinese business |  益新(中国)有限公司 EPS China Co., Ltd. | 2008 | XIA XiangMing | 18 | ○ | | | | ○ | ○ | |

Answering your questions regarding CRO

Knowing it and
getting it!

Q&A

The CRO market is expected to expand. This special feature provides answers to questions frequently asked by shareholders and investors. The questions concern our initiatives to pursue speedy, low-cost business operations to create new drugs more quickly in response to the market demand for drug development, which requires vast amounts of time and labor.

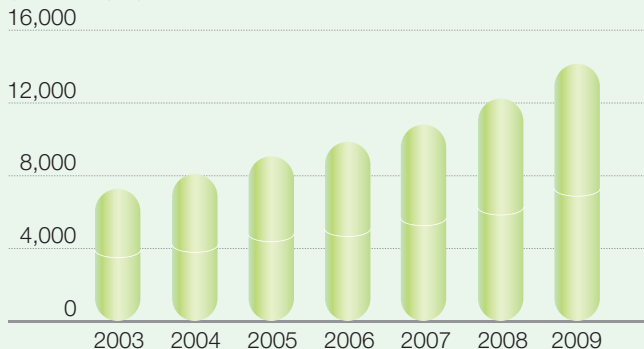
Q1 How big is Japan's CRO market, and what are its future prospects?

A The amount of outsourced business related to clinical studies increases every year. Although listed Japanese pharmaceutical companies spend more than ¥1,000 billion each year on research and development (see Table 1), only about half of this amount goes to pre-clinical and clinical studies. However, this figure increases to an estimated ¥700–800 billion if unlisted Japanese companies and major foreign pharmaceutical companies are included. Japanese pharmaceutical companies began outsourcing clinical trials to CROs in the late 1990s but the amount of outsourcing is only around 20%. In this sense, the Japanese CRO market is underdeveloped compared with the United States, where more than half of this business is outsourced.

Q2 Why do pharmaceutical companies outsource clinical trials to CROs?

A Pharmaceutical companies face three major problems in drug development. First, they must conduct fair scientific clinical studies to clear strict government

Table1: Pharmaceutical research and development spending in Japan
(Millions of yen)



Source: JPMA

standards for drug safety. Second, the work of acquiring the necessary human resources and procuring the funds to execute all drug development processes is too great for a single company to handle. Third, companies must develop drugs more quickly and inexpensively to meet increasingly stringent demands resulting from growing worldwide competition intensified with active M&A between pharmaceutical companies. Drawing upon its abundant experience in clinical studies, the EPS Group helps pharmaceutical companies conduct these activities quickly and efficiently.

Q3 | What are the EPS Group's strengths and what sets it apart in the CRO business?

A We began building our expertise in large, long-term post-marketing surveillance when we contracted to undertake a post-marketing surveillance of an antihyperlipemic. We have also worked on numerous clinical studies involving anti-cancer agents.

Taking advantage of this experience in large-scale clinical studies as well as surveillance, we have optimized our data management process. This strength, coupled with our experience, enables us to provide client-specific services tailored to flexibly meet diverse needs of each customer.

In addition, we have a subsidiary in China that employs

human resources with strong technical skills. By offshoring data management to this subsidiary, we can ensure strong cost efficiency while maintaining the same level of speed and quality as if they were performed in Japan.

Q4 | Why is EPS engaged in the CRO business abroad, such as in China?

A CRO demands have grown more global as pharmaceutical companies have begun considering worldwide clinical studies. This approach makes it possible to launch new drugs on a larger scale and recover their development investments more quickly. (See Q2)

We established EPS International Co., Ltd., in 2007 to meet demand for overseas clinical studies in Asia and other regions. We currently operate six overseas bases—in Shanghai, Beijing, Hong Kong, Taipei, South Korea and Singapore. In 2008, we strengthened our overseas business by establishing EPS China Co., Ltd., in Suzhou, China. We support high-quality clinical studies on a global scale through our network of subsidiaries in Asia and via business tie-ups with renowned CROs in Europe, the United States and India.

Review of Business Performance

The CRO business is conducted mainly by EPS.

Regarding the monitoring service, the Clinical Development Division performs clinical trials at the development and post-marketing stages. These services center on handling existing projects, acquiring new projects and testing drugs to combat cancer, diabetes, high blood pressure and central nervous system (CNS) ailments. Revenues from this business are up steadily compared with the previous fiscal year.

In data management, statistical analysis and pharmacovigilance services, the Biometrics Division is working vigorously to handle existing projects and acquire new ones. Revenues from each service have increased year on year.

Although the Registration and Project Management Service has endeavored to acquire new projects, sales were up only slightly

from the previous fiscal year.

Actual-use studies have contributed to sales of data center services, which primarily involve post-marketing surveillances.

Medical device development services conducted by the Clinical Coordination Center, which handles new business planning and associated services, moved back into profitability during the year under organization review.

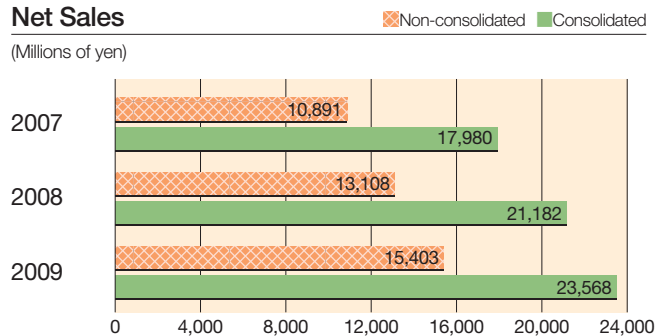
Steady sales development and cost-saving efforts have led to year-on-year increases both in revenue and profits.

At our consolidated subsidiaries in Japan, E-trial Co., Ltd., which develops clinical trial business using the EDC system, continues working to garner new contracts. Although sales have increased, the company has also experienced rises in labor costs and other up-front investments.

Business Trends

Net Sales

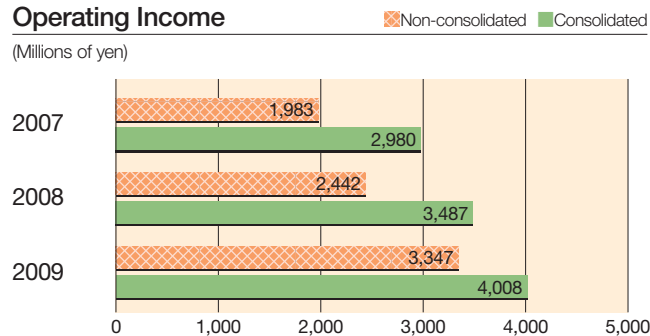
(Millions of yen)



Note: Years ended September 30

Operating Income

(Millions of yen)



EP-Mate Co., Ltd., dispatches staffs (dispatched CRO business) to pharmaceutical companies. This company expanded its operations during the year, posting increases both in revenue and profits.

EP-Medical Co., Ltd., dispatches MRs (CSO business). This company delivered sharply higher performance by conducting major projects contracted during the previous fiscal year.

Looking to the overseas CRO business, EPS International Co., Ltd., and its group companies are preparing a system to meet the soaring demand for CRO services in Asia. EPS International's progress on projects signed in the previous year boosted performance and enabled a return to profitability. To encourage further growth, in May 2009 we established Ever Progressing System Hong Kong Limited as a wholly owned subsidiary.

Shanghai-based EPS International (China) Co., Ltd., posted a profit decline stemming from the ending of a large project secured in the previous fiscal year. The company is endeavoring to acquire new projects to fill this gap.

Ever Progressing System Pte. Ltd. in Singapore smoothly conducted contracts acquired in the previous fiscal year and expanded its business.

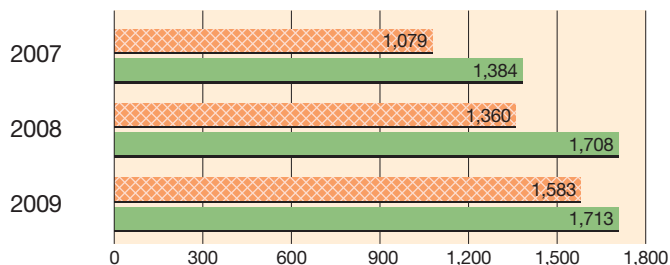
Seoul-based ADM Korea Inc. is improving structure to be entrusted on a conjoint basis and increased its sales from the previous fiscal year. However, profit dropped due to higher facility expenses and labor costs.

EPS China Co., Ltd., has established a wholly owned subsidiary in Suzhou, Jiangsu Province, which is preparing to commence operations. The new company will supervise various businesses of

Net Income

(Millions of yen)

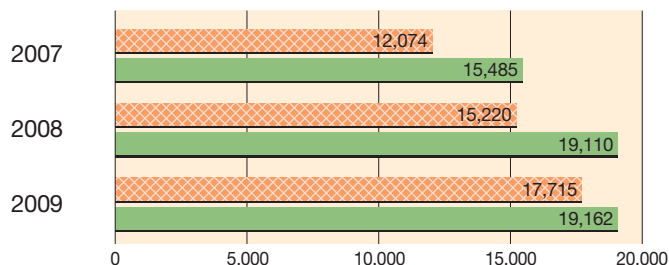
Non-consolidated Consolidated



Net Income per Share

(Yen)

Non-consolidated Consolidated



Group companies in China and seek to expand our CRO, IT and drug development businesses.

Consequently, the Group's CRO business generated year-on-year increases in sales and profit. Sales from the CRO business rose 15.0%, to ¥17,525 million, and consolidated operating income grew 33.3%, to ¥3,547 million.

● The SMO business

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

In addition to CRC business, EP-Mint strives to enhance branch-based management systems, centering on site-support business by clinical administration in cooperation with local trial sites. However, the company has not been able to overcome the drag associated with project delays.

Consequently, sales and profit from the Group's SMO business declined. Sales amounted to ¥3,347 million, down 4.4% and operating income for the year stood at ¥501 million, down 29.9%.

● The pre-clinical study business

The pre-clinical study business is conducted by the LSG Corporation Group, which is expanding their sales of laboratory animals to new customers and endeavors to cut costs.

Our pre-clinical study business posted a decrease in sales, while profit rose. Segment sales fell 3.5%, to ¥1,054 million, whereas operating income came to ¥54 million, compared with an operating loss of ¥1 million in the previous fiscal year.

● The software development business

The All Right Software Group handles our software development business.

In October 2008, All Right Software acquired from Digital Technology Co., Ltd., a software development and visual communication business mainly involving merchandising teleconferencing systems. Although the company is working to win new contracts and streamline its structure post-acquisition, it faced difficulties resulting from the economic downturn, as did All Right Software Beijing Co., Ltd., and Qingdao Tidever Software Co., Ltd.

Consequently, although our software development business enjoyed a significant increase in sales, profit decreased. For the year, segment sales amounted to ¥1,753 million, up 16.9%, and the operating loss came to ¥100 million, compared with operating income of ¥136 million in the previous fiscal year.

After deducting inter-segment transactions from the figures above, consolidated net sales came to ¥23,568 million, up 11.3% compared with the previous fiscal year. Operating income grew 14.9%, to ¥4,008 million; ordinary income increased 13.7%, to ¥4,050 million; and net income reached ¥1,713 million, up 0.3%.

Financial Information

CONSOLIDATED BALANCE SHEETS

(Thousands of yen)

| | SEPTEMBER 30, 2008 | SEPTEMBER 30, 2009 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 5,638,984 | 6,607,331 |
| Notes and accounts receivable | 4,601,623 | 5,211,905 |
| Investment securities | 500,492 | — |
| Inventories and products | 234,108 | 231,824 |
| Works in progress | 327,948 | 253,598 |
| Deferred tax assets | 607,790 | 645,892 |
| Others | 400,242 | 494,226 |
| Allowance for doubtful accounts | (3,288) | (2,108) |
| Total current assets | 12,307,901 | 13,442,670 |
| FIXED ASSETS | | |
| Tangible assets | | |
| Leasehold improvements | 420,635 | 444,596 |
| Accumulated depreciation | (211,667) | (224,094) |
| Furniture and fixtures | 282,876 | 385,317 |
| Accumulated depreciation | (179,497) | (252,448) |
| Others | 177,777 | 167,856 |
| Accumulated depreciation | (70,929) | (76,061) |
| Total property and equipment | 419,193 | 445,165 |
| Intangible assets | | |
| Goodwill | 179,666 | 159,358 |
| Others | 201,784 | 204,830 |
| Total intangible assets | 381,451 | 364,189 |
| Investments and other assets; | | |
| Investment securities | 832,702 | 881,700 |
| Deposits | 831,360 | 1,012,144 |
| Time deposits and banking arrangements other than cash equivalents | 500,000 | 500,000 |
| Deferred tax assets | 569,486 | 314,360 |
| Others | 349,142 | 346,629 |
| Allowance for doubtful accounts | (10,000) | — |
| Total investments and other assets | 3,072,691 | 3,054,836 |
| Total fixed assets | 3,873,335 | 3,864,190 |
| TOTAL ASSETS | 16,181,236 | 17,306,861 |

(Thousands of yen)

| | SEPTEMBER 30, 2008 | SEPTEMBER 30, 2009 |
|---|-----------------------|-----------------------|
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 233,212 | 204,226 |
| Short-term debt | 150,000 | 150,000 |
| Current portion of long-term debt | 205,700 | 200,000 |
| Income taxes payable | 1,070,965 | 944,772 |
| Provision for bonuses | 1,088,414 | 1,145,169 |
| Provision for loss on orders received | 57,000 | 75,650 |
| Others | 1,722,684 | 1,899,275 |
| Total current liabilities | 4,527,976 | 4,619,093 |
| LONG-TERM LIABILITIES | | |
| Long-term debt | 200,000 | — |
| Provision for employee's retirement benefits | 282,215 | 307,137 |
| Provision for directors' retirement benefits | 209,060 | 247,397 |
| Others | 12,840 | 25,378 |
| Total long-term liabilities | 704,115 | 579,912 |
| TOTAL LIABILITIES | 5,232,092 | 5,199,006 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 1,875,251 | 1,875,251 |
| Additional paid-in capital | 1,825,431 | 1,825,431 |
| Retained earnings | 6,463,232 | 7,657,862 |
| Common stock for treasury | (321,437) | (321,437) |
| Total shareholders' equity | 9,842,478 | 11,037,108 |
| Valuation and translation adjustments | | |
| Unrealized gain (or loss) on available-for-sale securities | (36,111) | (39,782) |
| Deferred gain (or loss) on hedges | 3 | (2) |
| Foreign currency translation adjustments | 33,661 | (65,647) |
| Total valuation and translation adjustments | (2,445) | (105,431) |
| Minority interests | 1,109,111 | 1,176,178 |
| TOTAL NET ASSETS | 10,949,144 | 12,107,854 |
| TOTAL LIABILITIES AND NET ASSETS | 16,181,236 | 17,306,861 |

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (FOR THE YEAR ENDED SEPTEMBER 30, 2009)

(Thousands of yen)

| | Shareholders' equity | | | | | Valuation and translation adjustments | | | | Minority interests | TOTAL NET ASSETS |
|--|----------------------|----------------------------|-------------------|---------------------------|-------------------------------|--|-----------------------------------|--|--|--------------------|------------------|
| | Common stock | Additional paid-in capital | Retained earnings | Common stock for treasury | Total of shareholders' equity | Unrealized gain (or loss) on available-for-sale securities | Deferred gain (or loss) on hedges | Foreign currency translation adjustments | Total of valuation and translation adjustments | | |
| Balance at beginning of the year | 1,875,251 | 1,825,431 | 6,463,232 | (321,437) | 9,842,478 | (36,111) | 3 | 33,661 | (2,445) | 1,109,111 | 10,949,144 |
| Changes during the period | | | | | | | | | | | |
| Cash dividends | | | (518,520) | | (518,520) | | | | | | (518,520) |
| Net income | | | 1,713,150 | | 1,713,150 | | | | | | 1,713,150 |
| Net increase (or decrease) during the period other than shareholders' equity | | | | | | (3,671) | (5) | (99,308) | (102,986) | 67,066 | (35,919) |
| Net changes during the period | — | — | 1,194,630 | — | 1,194,630 | (3,671) | (5) | (99,308) | (102,986) | 67,066 | 1,158,710 |
| Balance at end of the year | 1,875,251 | 1,825,431 | 7,657,862 | (321,437) | 11,037,108 | (39,782) | (2) | (65,647) | (105,431) | 1,176,178 | 12,107,854 |

CONSOLIDATED STATEMENTS OF INCOME

(Thousands of yen)

| | FOR THE YEAR ENDED SEPTEMBER 30, 2008 | FOR THE YEAR ENDED SEPTEMBER 30, 2009 |
|---|--|--|
| NET SALES | 21,182,869 | 23,568,503 |
| COST OF SALES | 14,378,094 | 16,031,681 |
| Gross profit | 6,804,774 | 7,536,821 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | 3,317,311 | 3,528,477 |
| Operating income | 3,487,463 | 4,008,344 |
| OTHER INCOME (EXPENSES) | | |
| Interest income | 42,224 | 25,570 |
| Interest expenses | (10,920) | (9,720) |
| Gain on cancellation of life insurance | 14,014 | 6,132 |
| Service fee income | 4,363 | 5,829 |
| Gain or loss of equity in associated companies | 11,722 | 5,107 |
| Gain on sales of property and equipment | 1,992 | 697 |
| Foreign exchange gain or loss | 4,976 | (7,446) |
| Dividend income | 3,030 | 7,675 |

| | FOR THE YEAR ENDED SEPTEMBER 30, 2008 | FOR THE YEAR ENDED SEPTEMBER 30, 2009 |
|--|--|--|
| Gain on sale of investment securities | 26,500 | 53,695 |
| Loss on sales and disposal of property and equipment | (30,495) | (28,583) |
| Loss on devaluation of investment securities | (360,787) | (173,746) |
| Impairment loss on goodwill | — | (125,666) |
| Others—net | 10,195 | (14,843) |
| Other income (expenses)-net | (283,182) | (255,298) |
| Income before income taxes and minority interests | 3,204,281 | 3,753,045 |
| INCOME TAXES | | |
| Current | 1,726,381 | 1,729,771 |
| Deferred | (395,445) | 219,840 |
| Total | 1,330,936 | 1,949,611 |
| MINORITY INTERESTS | 164,847 | 90,283 |
| NET INCOME | 1,708,497 | 1,713,150 |

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of yen)

| | FOR THE YEAR ENDED SEPTEMBER 30, 2008 | FOR THE YEAR ENDED SEPTEMBER 30, 2009 |
|---|--|--|
| OPERATING ACTIVITIES: | | |
| Income before income taxes and minority interests | 3,204,281 | 3,753,045 |
| Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities: | | |
| Depreciation and amortization | 217,605 | 272,090 |
| Impairment loss on goodwill | — | 125,666 |
| Increase in provision for bonuses | 438,322 | 60,924 |
| Increase in allowance for retirement benefits for employees | 23,766 | 24,922 |
| Increase in allowance for retirement benefits for directors | 54,036 | 38,336 |
| Interest and dividends income | (45,254) | (33,246) |
| Interest expense | 10,920 | 9,720 |
| Gain (or loss) on sale of investments in securities (net) | (26,500) | (51,960) |
| Loss on devaluation of investments in securities | 360,787 | 173,746 |
| Gain (or loss) on sales and disposal of property and equipment (net) | 28,502 | 27,886 |
| Changes in operating assets and liabilities: | | |
| Decrease (or increase) in accounts receivable-trade | (481,773) | (621,311) |
| Decrease (or increase) in inventories and products | (140,573) | 55,143 |
| Increase (or decrease) in accounts payable -trade | 34,259 | (15,320) |
| Increase (or decrease) in other current liabilities | (160,376) | 119,948 |
| Others, net | 78,078 | (8,251) |
| Subtotal | 3,596,082 | 3,931,339 |
| Interest and dividends received | 47,678 | 36,683 |
| Interest paid | (10,984) | (9,720) |
| Compensation for office removal | 93,650 | — |
| Income taxes paid | (1,731,249) | (1,895,528) |
| Net cash provided by (used in) operating activities | 1,995,178 | 2,062,773 |

| | FOR THE YEAR ENDED SEPTEMBER 30, 2008 | FOR THE YEAR ENDED SEPTEMBER 30, 2009 |
|--|--|--|
| INVESTING ACTIVITIES: | | |
| Disbursements for purchase of tangible fixed assets | (215,834) | (162,555) |
| Disbursements for purchase of intangible fixed assets | (116,191) | (42,697) |
| Payment for purchase of investments securities | (812,148) | (239,339) |
| Proceeds from sales and maturity of investment securities | 248,000 | 560,892 |
| Payment for deposit for rent office and others | (175,406) | (187,968) |
| Payment for insurance reserve fund | (60,472) | (75,400) |
| 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 | 71,004 | 10,253 |
| Net cash provided by (used in) investing activities | (1,061,050) | (277,594) |
| FINANCING ACTIVITIES: | | |
| Proceeds from borrowing short-term debt | 150,000 | — |
| Disbursements for repayment of long-term debt | (214,300) | (205,700) |
| Proceeds from capital increase by minority stockholders | — | 9,942 |
| Dividends paid | (447,392) | (519,428) |
| Dividends paid to minority stockholders | (30,508) | (31,661) |
| Others, net | (777) | (3,923) |
| Net cash provided by (used in) financing activities | (542,978) | (750,770) |
| EFFECT OF EXCHANGE DIFFERENCE ON CASH and CASH EQUIVALENTS | (12,244) | (66,062) |
| NET INCREASE (or DECREASE) IN CASH AND CASH EQUIVALENTS | 378,904 | 968,346 |
| BEGINNING OF BALANCE, CASH AND CASH EQUIVALENTS | 5,260,080 | 5,638,984 |
| ENDING OF BALANCE, CASH AND CASH EQUIVALENTS | 5,638,984 | 6,607,331 |

INDUSTRY SEGMENT

2009 (October 1, 2008 to September 30, 2009)

(Thousands of yen)

| | 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 (October 1, 2007 to September 30, 2008)

(Thousands of yen)

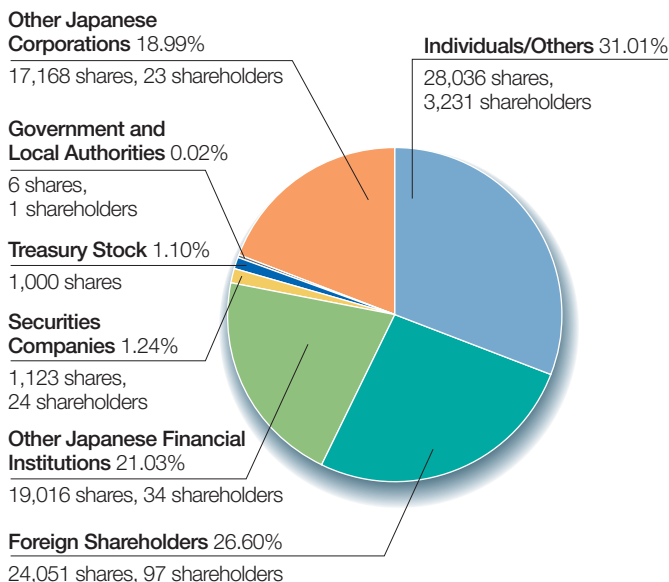
| | CRO | SMO | Preclinical Service | System Development | Total | Eliminations/Corporate | Consolidation |
|---------------------------|-------------------|------------------|---------------------|--------------------|-------------------|------------------------|-------------------|
| SALES | | | | | | | |
| 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 |

| | |
|-------------------------------|---------|
| Authorized shares | 324,000 |
| Shares of common stock issued | 90,400 |
| Number of Shareholders | 3,411 |

Principal Shareholders

| Shareholder | Shares held | Percentage of total |
|--|-------------|---------------------|
| Y&G Limited | 16,760 | 18.53 |
| Hao Yan | 11,163 | 12.34 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 6,914 | 7.64 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 4,447 | 4.91 |
| State Street Bank and Trust Company | 2,719 | 3.00 |
| Sumitomo Life Insurance Company | 2,700 | 2.98 |
| JPMorgan Chase Bank | 2,505 | 2.77 |
| Tokyo Marine & Nichido Fire Insurance Co., Ltd. | 1,620 | 1.79 |
| Goldman Sachs International | 1,591 | 1.75 |
| Trust & Custody Services Bank, Ltd. (Trust Account) | 1,548 | 1.71 |

Shareholder Breakdown



Members of the Board and Statutory Auditors

| | |
|--------------------|------------------|
| President & CEO | Hao Yan |
| Directors | Tatsuhiko Ichiki |
| | Koichi Jingu |
| | Yasuharu Tamai |
| | Hidetaka Ando |
| | Hiroaki Abe |
| Statutory auditors | Masaaki Anzai |
| | Kozo Okunaga |
| | Koichi Shibuya |

Company Profile

Corporate Name: EPS Co., Ltd.

President & CEO: Hao Yan

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 Shimomiyabicho, Shinjuku-ku, Tokyo
162-0822
TEL: +81-3-5684-7826

Annex. 1

Sumitomo Fudosan Iidabashi Bldg. No.4
2-3-19 Koraku, Bunkyo-ku, Tokyo
112-0004

Annex. 2

2, 3, 4, 5F, Iidabashi MF Bldg.
1-1 Shinogawamachi, Shinjuku-ku, Tokyo
162-0814

Annex. 3

6F, Daiichikangin Inagaki Bldg.
2-1 Shimomiyabicho, Shinjuku-ku, Tokyo
162-0822

Annex. 4

2F, S&S Bldg.
6-36 Shinogawamachi, Shinjuku-ku, Tokyo
162-0814

Osaka Branch

9, 11F, Nissei Shin-osaka Bldg.
3-4-30 Miyahara, Yodogawa-ku, Osaka
532-0003

Nagoya Branch

4F, Horiuchi Bldg.
3-25-9 Meieki, Nakamura-ku, Nagoya-shi, Aichi
450-0002