

2011  
**Business Report**

October 1, 2010 to September 30, 2011





**Yan Hao**, Representative Director, Chairman and President of EPS Corporation December 2011

Yan Hao was born in 1962 in Jiangsu Province, China. In 1979, he entered the Engineering Department of Tianjin University. In 1981, he attended the University of Yamanashi as a government-sponsored exchange student from China and went on to specialize in medical statistics in a doctoral program at the University of Tokyo graduate school, pursuing research and the handling of clinical studies. In May 1991, he established EPS Tokyo, the predecessor of EPS Corporation. In 2001, its 10-year anniversary, the company was listed on the JASDAQ market, and in 2006, it was listed on the First Section of the Tokyo Stock Exchange.

I would like to extend our sincere wishes for the continued health and success of all our shareholders and investors.

Thanks to your support, this year our company celebrated its 20th anniversary. Since its founding in 1991, EPS has expanded its operations from the contract research organization (CRO) field to include the site management organization (SMO), contract sales organization (CSO) and other fields and has become the outsourcing leader for Japan's pharmaceutical industry as it adapts in response to a variety of needs.

Looking toward the next 10 years as we carry forward the good things we have cultivated up to this point, the EPS Group has introduced a management philosophy and a new logo to clarify our position in the industry. The EPS Group has developed B-to-B businesses geared toward pharmaceutical companies, medical device manufacturers, medical institutions and other organizations in the health industry, and we believe it is our group's mission in the business world to continue to contribute to the development of the health industry through the creation of valuable solutions.

We will continue to focus our management efforts on meeting the expectations of our shareholders and investors, and we ask for your continued support and encouragement in these endeavors.

December, 2011

## Management Philosophy

### Basic Philosophy

We contribute to the development of the health industry through the creation of valuable solutions.

### Organizational Philosophy

Newer every day, and, again, newer still.

## Ever Progressing System

### Conduct Guidelines

#### Customer-oriented

We put our customers first and contribute to the creation of value for our customers.

#### Business-oriented

We contribute to the development of society through the sustainable development of business operations.

#### Human-oriented

We grow through our work, helping to improve the quality of life (QOL) of all our stakeholders.

## About Our Logo



Our logo reflects the management philosophy of the EPS Group. The three perfect circles represent the three orientations of our conduct guidelines(customer-oriented, business-oriented, human-oriented), along with our resolve to advance into the future.

## Providing a Full Range of Services in Pharmaceutical Product Development

(November 30, 2011)

CRO Business	<b>EPS Corporation</b>	Established: 1991 President: Yan Hao Full-time employees: 1,388
	<b>EPMate Co., Ltd.</b>	Established: 2005 President: Yasuo Kiba Full-time employees: 79
	<b>SCG Co., Ltd.</b>	Established: 1989 President: Masataka Kitamura Full-time employees: 22
	<b>EMS Co., Ltd.</b>	Established: 2010 President: Hiroaki Abe Full-time employees: 80
	<b>LSG Corporation</b>	Established: 2002 President: Takeshi Tadano Full-time employees: 109 (Group)
	<b>EPS USA, Inc.</b>	Established: 1993 President: Shigeo Kisa Full-time employees: 3
	<b>EPS INTERNATIONAL Co., Ltd.</b>	Established: 2011 General Manager: Yan Hao Full-time employees: None

SMO Business	<b>EP-Mint Co., Ltd.</b>	Established: 1999 President: Shinro Tashiro Full-time employees: 517
	<b>S-Medical Service Inc.</b>	Established: 1999 President: Masaharu Shiga Full-time employees: 42
	<b>Taiwan Total Management &amp; Consulting Ltd.</b>	Established: 1999 President: Tatsuhiro Ichiki Full-time employees: 23
OSO Business	<b>Pharma Network Co., Ltd.</b>	Established: 1997 President: Ezura Kataoka Full-time employees: 370
	<b>Medical Line Co., Ltd.</b>	Established: 2006 President: Junichi Nishizuka Full-time employees: 230
IT Services	<b>e-Trial Co., Ltd.</b>	Established: 2006 President: Satoru Kono Full-time employees: 25
Chinese Business	<b>EPS China Co., Ltd.</b>	Established: 2008 General Manager: Xia Xiang Ming Full-time employees: 160
	<b>EPI (Suzhou) Co., Ltd.</b>	Established: 2011 General Manager: Hao Yunshan Full-time employees: None

## The EPS Group is expanding its wide range of CRO, SMO, CSO and IT service businesses throughout Japan and overseas.



### Support for clinical studies by pharmaceutical companies

Our company has established a system to handle all CRO services, from pre-clinical studies to post-marketing surveillance. We actively support the development of medicinal drugs and post-marketing studies by pharmaceutical companies, as well as the development of pharmaceutical products in bio-venture and investigator-initiated studies.

As an overseas agency, LSG provides a variety of services related to pre-clinical studies that use research animals and examine scientific properties and side effects. In the future, we plan on restructuring the group and securing new contracts for existing services, as well as developing new services in areas with potential for growth and expanding our operations.

EPMate operates a dispatch business that provides

professional staff specializing in fields related to pharmaceutical product development; it plans to continue developing its business, with our corporation and pharmaceutical companies as its focus.

SCG mainly provides CRO and drug analysis services related to bioequivalence studies; it is making efforts to obtain new contracts as it seeks to achieve synergy with EPS.

EMS, established in December 2010, is developing new services in business process outsourcing (BPO). It is securing new contracts and developing collaborative systems with EPS China to carry out its operations.

As for our CRO operations abroad, EPS International in Japan, which had overseen those operations, merged with EPS on September 1, 2011, and a new umbrella company, EPS INTERNATIONAL, was established in Shanghai. It plans to continue developing systems for handling multinational clinical studies.





### Support for clinical studies by medical institutions

EP-Mint develops support services for clinical studies in medical institutions. It has expanded the scope of its operations in response to the needs of medical institutions, and with its numerous clinical research coordinators (CRCs) and office locations, has grown into one of the largest SMOs in Japan.

EP-Mint is striving to become one of the top three companies in the SMO industry by strengthening the management system for its branch offices and promoting the expansion of its operations while improving sales and cost management.



### Development of medical representative (MR) dispatch services and call center services

Pharma Network aims to make further advances with a focus on providing MR services, MR dispatch services and MR education and training services.

Medical Line develops highly professional call center services centered on pharmacists specialized in the medical, pharmaceutical and healthcare industries.

We will continue to promote services that correspond precisely to the needs of our customers and aim to establish a firm position.



### Services for the pharmaceutical and medical industries

e-Trial helps to enhance the efficiency of clinical studies by digitization through the establishment of a data collection and management system that utilizes electronic data capturing (EDC) technology solutions related to clinical studies.

We will continue to propose and expand various IT services, taking into account the demands of the pharmaceutical and medical industries.



### Expansion of operations in China

EPS China Co., Ltd., provides data management services, including business process outsourcing (BPO) services, drug discovery services and healthcare services dealing with healthcare products.

We will prepare systems by securing offices and staff for full-scale operations.

## Column

### The Creation of a New Global Research Business

#### Promoting CRO and SMO Businesses Abroad in an Integrated Manner

Aiming to expand our overseas CRO and SMO operations from our current base in Asia into the United States and Europe and proceed with these plans in an integrated manner, the EPS Group established the Global Research Company within EPS in October 2011. Our purpose in doing so was to construct a framework that could accommodate the further globalization of our operations.

Furthermore, to consolidate all our operations in China/Hong Kong, South Korea, Singapore, Taiwan and other countries in the Asia-Pacific region under one company, we established EPS INTERNATIONAL Co., Ltd. (80% funded by EPS, 20% funded by Shanghai Clinical Research Center) in Shanghai in September 2011.

# Pursuing Global Development with the Aim of Becoming the Leading Company in Asia

Amid accelerated globalization of clinical studies, the EPS Group is planning to expand its operations as it sets up bases in China and all over Asia.

Here, we report on the latest developments in our global operations.



## Q Could you tell me more about EPS's global strategy?

**A** We have organized a system to expand our CRO and SMO operations not only in Asia but also in the United States and Europe in response to market globalization.

We are developing a system that can exploit our dominance in the CRO/SMO market, where multinational projects are on the rise. In April 2011, we established EPS USA in Chicago as our marketing base in the United States and started business operations. We will build a base of operations through cooperation with local businesses and through mergers and acquisitions (M&A). In September, we also established a unified base for China and the Asia-Pacific region in Shanghai (see page 2). Furthermore, in October we established the new Global Research Company (Division) within EPS to supervise these overseas CRO/SMO operations.

	Japan	China	Asia-Pacific	The United States and Europe	
<b>Services for the Pharmaceutical and Healthcare Industries</b>	CRO	●	●	●	Global Research Company
	SMO	●	●	●	
	CSO	●	▲	—	
	IT	●	●	—	
<b>Product Supply (Pharmaceutical and Healthcare Products)</b>	—	●	—	—	



## **Q** What exactly do you focus on in your Chinese business?

**A** Our operations revolve around BPO, pharmaceutical products and healthcare, providing strong support for the business dealings of companies in both Japan and China.

Our operations in China, centered on EPS China, are founded on the three pillars of the BPO business, pharmaceutical product business and healthcare business. We have two subsidiaries specialized in the BPO business, and these companies are entrusted with various services for pharmaceutical and healthcare companies. Through our pharmaceutical product business, we fully support the infrastructure development of Japanese companies to help them expand their businesses in China. Through our healthcare business, we provide business opportunities for Japanese companies and promote medical services in the Chinese market by taking advantage of the networks we have built up in China to introduce medical technology and know-how from Japan into the Chinese market.

### **Joint Establishment of a BPO Company in China with InfoDeliver**

In November 2011, we jointly established EPI (Suzhou) Co., Ltd. (hereafter, "EPI"), a BPO company geared toward the medical, pharmaceutical and healthcare fields, with InfoDeliver Corporation, the leading company in the BPO industry. Combining InfoDeliver's BPO know-how with EPS's specialized pharmaceutical services, EPI will be able to deliver one-stop business process outsourcing services to pharmaceutical and healthcare companies. EPI will pursue its goal of becoming the top BPO company in Japan and China.



## CRO Business

The development of our CRO businesses centers on EPS.

Among monitoring services, development phase and post-marketing studies focused on anticancer drugs and therapeutic drugs for diabetes, high blood pressure and problems affecting the central nervous system delivered satisfactory results for both existing and new contracts.

Sales for statistical analysis, pharmacovigilance and medical writing services increased from the previous consolidated fiscal year (hereafter, "previous year"); however, sales for data management and registration/progress management services were down from the previous year due to factors such as a decrease in the volume of work and delays in new projects.

Sales of our data center services, consisting mostly of post-marketing surveillance, were down from the previous year due to factors such as a decrease in the volume of work and delays in new projects.

Although the Clinical Coordination Center, which plans

and provides services for new business, worked on existing projects and strove to acquire new projects, its sales increased only slightly from the previous year.

Due to the factors mentioned above, on a non-consolidated basis EPS experienced an increase in revenues but a decrease in profits compared to the previous year.

Among consolidated subsidiaries in Japan, EPMate Co., Ltd., which offers dispatch-style CRO services, expanded its business and saw a substantial increase in revenues and profits from the previous year.

SCG Co., Ltd., which became a wholly owned subsidiary of EPS in December 2010, provides mainly CRO and drug analysis services related to bioequivalence studies; it remained strong in both sales and operating income as a result of its efforts to obtain new contracts while working toward synergy with EPS.

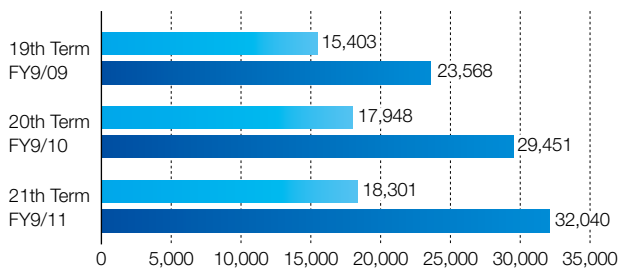
EMS Co., Ltd., a company established in December 2010 that provides BPO services, has covered its start-up

## Business Trends

### Net Sales

■ Non-consolidated ■ Consolidated

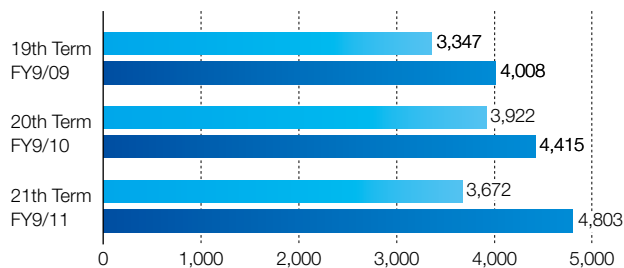
(Millions of yen)



### Operating Income

■ Non-consolidated ■ Consolidated

(Millions of yen)





costs by taking on extra work and cutting expenses; as a result, its profits have risen as planned.

LSG Corporation, which provides pre-clinical services, experienced a slump in contracts and faced a challenge due to an oversupply in the research animal market.

As for our overseas subsidiaries, EPS International in Japan merged with EPS in September 2011 and other group companies including EPS International (China) Co., Ltd., EPS Singapore, EPS Hong Kong, EPS International (Korea) and our Taiwan branches improved their performance as a result of efforts to secure new contracts for its CRO services involving multinational clinical studies centered in Asia.

As a result of these factors, our CRO business experienced an increase in revenues and a decrease in profits, with consolidated net sales at 21,153 million yen (a 7.7% increase from the previous year) and consolidated operating income at 3,735 million yen (a 4.2% decrease from the previous year).

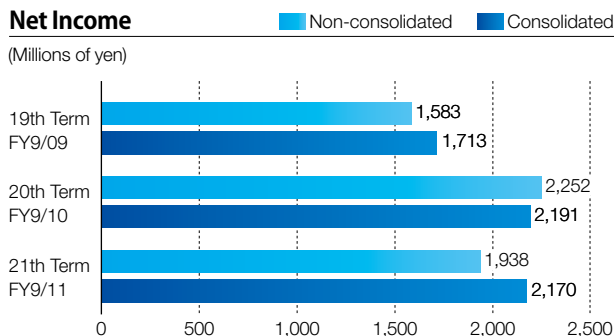
## SMO Business

Our SMO businesses are being developed by EP-Mint Co., Ltd., and Taipei-based Taiwan Total Management & Consulting Ltd. After sustained efforts to strengthen its system for receiving orders by implementing a proposal-based sales approach, EP-Mint increased its number of new contracts and experienced a dramatic rise in revenues and profits. Taiwan Total Management & Consulting worked on securing new contracts, and although performance was somewhat lower than expected, it achieved steady results.

As a result of these efforts, both revenues and profits increased, with consolidated net sales for our SMO business reaching 4,629 million yen (a 14.1% increase from the previous year) and consolidated operating income at 639 million yen (a 5.5% increase).

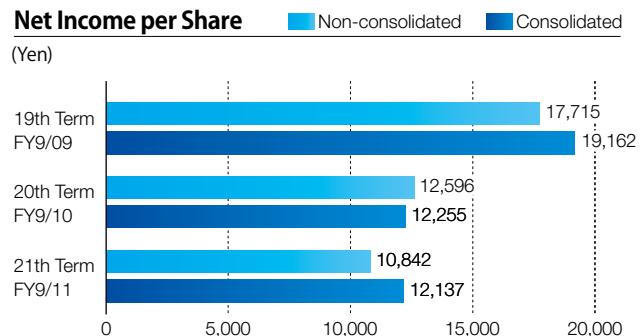
### Net Income

(Millions of yen)



### Net Income per Share

(Yen)



### CSO Business

Our CSO businesses are being developed by Pharma Network Co., Ltd., and Medical Line Co., Ltd. Pharma Network strove to acquire new contracts while continuing to consolidate its systems after the merger. Medical Line achieved steady performance in its healthcare services, in addition to the main service it provides, DI (Drug Information) contract service.

As a result of these efforts, our CSO businesses experienced major growth in both sales and profits, with consolidated net sales amounting to 5,437 million yen (a 28.5% increase from the previous year) and consolidated operating income amounting to 404 million yen (a 374 million yen increase).

### Pharmaceutical and Medical IT Businesses

Our pharmaceutical and medical IT businesses are being developed mainly by e-Trial Co., Ltd. Due to its continued efforts to obtain new contract work for clinical studies using EDC, e-Trial has seen an increase in revenues and profits from the previous year. In China, while Allright Software (Beijing) Co., Ltd., is in the process of changing its business operations from general IT contract services, there was a decrease in revenues from the previous year. However, the company was able to reduce its operating loss through efforts including cost-cutting measures. As a result, consolidated net sales for our IT-related business amounted to 1,294 million yen (a 33.4% decrease from the previous year) while consolidated operating income moved into the black and amounted to 17 million yen.

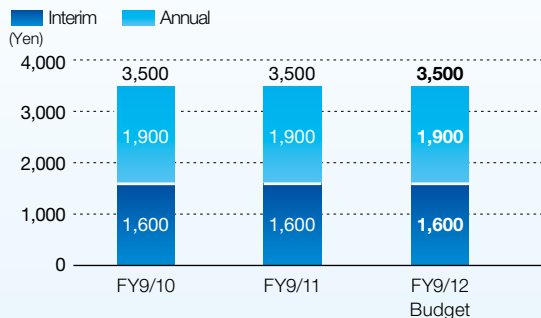
The consolidated net sales and consolidated operating income reported above for each business segment include

internal transactions between segments. After deducting these transactions, consolidated net sales amounted to 32,040 million yen (an increase of 8.8% from the previous year), consolidated operating income amounted to 4,803 million yen (an increase of 8.8%) and consolidated ordinary income came to 4,790 million yen (an increase of 7.8%), resulting in an increase in both revenues and profit, although consolidated net income for the current term decreased to 2,170 million yen (down 1.0%) due to increase in items including minority interests.

### Dividends

Dividends for the full year ended in September 2011 (the 21st fiscal year) were 3,500 yen per share (interim: 1,600 yen, year-end: 1,900 yen). As always, we greatly appreciate the continued support of our shareholders.

Note: Dividend figures for the fiscal year ended September 30, 2010, have been retroactively adjusted for the 2-for-1 stock split that commenced as of April, 2010. The figures before the split were: 3,200 yen for the interim, 1,900 yen for the year-end and 5,100 yen for the full year.



## Consolidated Balance Sheets

(Thousands of yen)

	September 30, 2010	September 30, 2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and time deposits	7,956,839	8,639,979
Notes and accounts receivable	5,954,040	6,968,466
Inventories and products	317,270	379,976
Works in progress	337,675	467,760
Deferred tax assets	934,367	729,031
Others	561,586	696,263
Allowance for doubtful accounts	△ 6,459	△ 3,998
<b>Total current assets</b>	<b>16,055,320</b>	<b>17,877,479</b>
<b>FIXED ASSETS</b>		
Tangible Assets ;		
Leasehold improvements	521,652	883,572
Accumulated depreciation	△ 265,275	△ 464,040
Furniture and fixtures	513,181	553,020
Accumulated depreciation	△ 325,510	△ 355,687
Construction in progress	—	680,101
Other tangible assets	391,680	278,499
Accumulated depreciation	△ 121,707	△ 142,935
<b>Total property and equipment</b>	<b>714,020</b>	<b>1,432,529</b>
Intangible Assets ;		
Goodwill	597,949	553,851
Others	242,490	307,174
<b>Total intangible assets</b>	<b>840,439</b>	<b>861,025</b>
Investments and other assets ;		
Investment securities	585,816	459,200
Deposits	1,179,445	1,266,543
Time deposits and banking arrangement other than cash equivalents	500,000	500,000
Deferred tax assets	304,854	344,210
Others	470,742	658,525
<b>Total investments and other assets</b>	<b>3,040,858</b>	<b>3,228,479</b>
<b>Total fixed assets</b>	<b>4,595,318</b>	<b>5,522,035</b>
<b>TOTAL ASSETS</b>	<b>20,650,639</b>	<b>23,399,514</b>

(Thousands of yen)

	September 30, 2010	September 30, 2011
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	238,683	286,066
Short-term debt	185,000	15,000
Current portion of long-term debt	—	100,000
Income taxes payable	1,353,483	1,331,746
Provision for bonuses	1,443,761	965,596
Provision for loss on order received	145,000	112,700
Others	2,253,900	2,247,035
<b>Total current liabilities</b>	<b>5,619,828</b>	<b>5,058,144</b>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt	—	900,000
Provision for employee's retirement benefits	364,582	418,490
Provision for director's retirement benefits	279,874	267,753
Asset retirement obligations	—	245,232
Others	39,090	85,553
<b>Total long-term liabilities</b>	<b>683,547</b>	<b>1,917,030</b>
<b>TOTAL LIABILITIES</b>	<b>6,303,376</b>	<b>6,975,174</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Common stock	1,875,251	1,875,251
Additional paid-in capital	1,826,300	1,826,300
Retained earnings	9,277,109	10,820,222
Common stock for treasury	△ 317,258	△ 317,258
<b>Total shareholders' equity</b>	<b>12,661,403</b>	<b>14,204,516</b>
<b>Accumulated other comprehensive income (or loss)</b>		
Unrealized gain (or loss) on available-for-sale securities	△ 946	△ 62,593
Foreign currency translation adjustments	△ 115,922	△ 180,589
<b>Total accumulated other comprehensive income (or loss)</b>	<b>△ 116,869</b>	<b>△ 243,183</b>
<b>Share option in consolidated subsidiary</b>	<b>6,528</b>	<b>—</b>
<b>Minority interests</b>	<b>1,796,201</b>	<b>2,463,006</b>
<b>TOTAL NET ASSETS</b>	<b>14,347,262</b>	<b>16,424,339</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>20,650,639</b>	<b>23,399,514</b>

## Consolidated Statements of Income

(Thousands of yen)

	For the years ended September 30, 2010	For the years ended September 30, 2011
<b>NET SALES</b>	<b>29,451,046</b>	<b>32,040,340</b>
COST OF SALES	19,970,311	21,742,576
<b>Gross profit</b>	<b>9,480,734</b>	<b>10,297,763</b>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	5,065,531	5,493,802
<b>Operating income</b>	<b>4,415,203</b>	<b>4,803,961</b>
Other income (expenses)-net	△ 209,505	△ 272,117
<b>Income before income taxes and minority interests</b>	<b>4,205,698</b>	<b>4,531,843</b>
<b>INCOME TAXES</b>		
Current	2,156,891	1,899,729
Deferred	△ 249,539	202,875
Total	1,907,352	2,102,604
<b>Income before minority interests</b>	<b>2,298,346</b>	<b>2,429,238</b>
<b>MINORITY INTERESTS</b>	106,939	258,812
<b>NET INCOME</b>	<b>2,191,407</b>	<b>2,170,426</b>
<b>Income before minority interests</b>	<b>2,298,346</b>	<b>2,429,238</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>△ 22,816</b>	<b>△ 119,968</b>
<b>COMPREHENSIVE INCOME</b>	<b>2,275,529</b>	<b>2,309,270</b>
Comprehensive income attributable to parent shareholders	2,179,969	2,042,778
Comprehensive income attributable to minority interests	95,559	266,492

## Consolidated Statements of Net Assets

(Thousands of yen)

	For the years ended September 30, 2010	For the years ended September 30, 2011
<b>Shareholders' equity</b>	<b>12,661,403</b>	<b>14,204,516</b>
Common stock	1,875,251	1,875,251
Additional paid-in capital	1,826,300	1,826,300
Retained earnings	9,277,109	10,820,222
Common stock for treasury	△ 317,258	△ 317,258
<b>Accumulated other comprehensive income (or loss)</b>	<b>△ 116,869</b>	<b>△ 243,183</b>
Unrealized gain (or loss) on available-for-sale securities	△ 946	△ 62,593
Foreign currency translation adjustment	△ 115,922	△ 180,589
<b>Share option in consolidated subsidiary</b>	<b>6,528</b>	<b>—</b>
<b>Minority interests</b>	<b>1,796,201</b>	<b>2,463,006</b>
<b>TOTAL NET ASSETS</b>	<b>14,347,262</b>	<b>16,424,339</b>

## Consolidated Statements of Cash Flows

(Thousands of yen)

	For the years ended September 30, 2010	For the years ended September 30, 2011
<b>OPERATING ACTIVITIES:</b>		
Income before income taxes and minority interests	4,205,698	4,531,843
<b>Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:</b>		
Depreciation and amortization	429,650	472,604
Impairment loss on goodwill	10,000	—
Increase(Decrease) in provision for bonuses	299,521	△ 464,814
Increase(Decrease) in allowance for retirement benefits for employees	17,334	54,102
Increase(Decrease) in allowance for retirement benefits for directors	13,371	2,069
Interest and dividends income	△ 23,078	△ 14,735
Interest expense	8,782	13,099
Gain (or loss) on sale of investments in securities (-net)	△ 288	3,984
Loss on devaluation of investments in securities	284,141	6,665
Gain (or loss) on sales and disposal of property and equipment (-net)	17,382	39,154
<b>Changes in operating assets and liabilities:</b>		
Decrease (increase) in accounts receivable-trade	△ 492,149	△ 1,148,782
Decrease (increase) in inventories and products	△ 183,056	△ 231,550
Increase (decrease) in accounts payable -trade	△ 325	54,113
Increase (decrease) in other current liabilities	175,321	△ 34,202
Others , Net	△ 29,867	146,809
<b>Subtotal</b>	<b>4,732,440</b>	<b>3,430,362</b>
Interest and dividends received	25,919	16,060
Interest paid	△ 8,782	△ 5,536
Income taxes paid	△ 1,745,892	△ 1,926,386
<b>Net cash provided by (used in) operating activities</b>	<b>3,003,684</b>	<b>1,514,500</b>

(Thousands of yen)

	For the years ended September 30, 2010	For the years ended September 30, 2011
<b>INVESTING ACTIVITIES:</b>		
Payments for time deposits	△ 203,298	△ 24,942
Proceeds from maturity of time deposits	202,937	163,261
Disbursements for purchase of tangible fixed assets	△ 360,948	△ 794,330
Disbursements for purchase of intangible fixed assets	△ 112,729	△ 85,440
Purchase of investments in subsidiaries	—	△ 182,459
Payment for deposit for rent office and others	△ 169,577	△ 142,308
Payment for insurance reserve fund	△ 86,008	△ 99,109
Payments for acquisition of business	△ 71,000	—
Purchase of investments in subsidiaries resulting in change in scope of consolidation	△ 402,041	△ 126,817
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	—	△ 105,883
Others , Net	27,051	55,932
<b>Net cash provided by (used in) investing activities</b>	<b>△ 1,175,614</b>	<b>△ 1,342,097</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from borrowing short-term debt	220,000	2,105,000
Disbursements for repayment of short-term debt	△ 215,000	△ 2,275,000
Proceeds from borrowing long-term debt	△	1,060,000
Disbursements for repayment of long-term debt	△ 200,000	△ 39,600
Proceeds from capital increase by minority stockholders	—	552,810
Dividends paid	△ 572,084	△ 626,006
Dividends paid to minority stockholders	△ 18,078	△ 24,104
Others , Net	△ 21,642	△ 53,045
<b>Net cash provided by (used in) financing activities</b>	<b>△ 806,805</b>	<b>700,054</b>
<b>EFFECT OF EXCHANGE DIFFERENCE ON CASH &amp; CASH EQUIVALENTS</b>	<b>△ 28,215</b>	<b>△ 50,694</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEGINNING OF BALANCE, CASH AND CASH EQUIVALENTS</b>	<b>993,049</b>	<b>821,763</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS BY MERGER OF CONSOLIDATED SUBSIDIARY</b>	<b>6,607,331</b>	<b>7,805,981</b>
<b>ENDING OF BALANCE, CASH AND CASH EQUIVALENTS</b>	<b>7,805,981</b>	<b>8,627,744</b>

## Industry Segment

2011 (October 1, 2010 to September 30, 2011)

(Thousands of yen)

	CRO	SMO	CSO	IT	Total	Eliminations/ Corporate	Consolidation
<b>SALES</b>							
Sales to customers	21,022,690	4,627,026	5,423,134	967,489	32,040,340	—	32,040,340
Intersegment sales	130,723	2,433	14,351	326,714	474,222	(474,222)	—
<b>Sales total</b>	<b>21,153,413</b>	<b>4,629,459</b>	<b>5,437,486</b>	<b>1,294,203</b>	<b>32,514,563</b>	<b>(474,222)</b>	<b>32,040,340</b>
<b>Operating income</b>	<b>3,735,236</b>	<b>639,683</b>	<b>404,172</b>	<b>17,668</b>	<b>4,796,761</b>	<b>7,199</b>	<b>4,803,961</b>
<b>Total Assets</b>	<b>16,720,353</b>	<b>4,183,334</b>	<b>2,325,976</b>	<b>346,076</b>	<b>23,575,741</b>	<b>(176,226)</b>	<b>23,399,514</b>

\* From FY 2011, segment definition has been changed to management approach method due to adopting new Accounting standards in Japan, which our segments become 4 categories of "CRO", "SMO", "CSO" and "IT" accordingly.  
For your information, revised segment information for previous fiscal year is as follow if new segment definition are applied.

2010 (October 1, 2009 to September 30, 2010)

(Thousands of yen)

	CRO	SMO	CSO	IT	Total	Eliminations/ Corporate	Consolidation
<b>SALES</b>							
Sales to customers	19,601,331	4,056,466	4,226,436	1,566,811	29,451,046	—	29,451,046
Intersegment sales	30,621	2,265	3,476	377,712	414,074	(414,074)	—
<b>Sales total</b>	<b>19,631,952</b>	<b>4,058,731</b>	<b>4,229,913</b>	<b>1,944,523</b>	<b>29,865,121</b>	<b>(414,074)</b>	<b>29,451,046</b>
<b>Operating income</b>	<b>3,898,131</b>	<b>606,465</b>	<b>15,148</b>	<b>(118,049)</b>	<b>4,401,695</b>	<b>13,507</b>	<b>4,415,203</b>
<b>Total Assets</b>	<b>14,855,336</b>	<b>3,384,901</b>	<b>1,798,810</b>	<b>936,226</b>	<b>20,975,275</b>	<b>(324,635)</b>	<b>20,650,639</b>



Authorized shares	648,000
Shares of common stock issued	180,800
Number of shareholders	3,229

### Principal Shareholders

Shareholder	Shares held	Percentage of total
Y&G Limited	33,520	18.53
Yan Hao	20,545	11.36
BBH FOR MATTHEWS ASIA DIVIDEND FUND	14,592	8.07
STATE STREET BANK AND TRUST COMPANY	9,154	5.06
Japan Trustee Services Bank, Ltd.(Trust Account)	8,185	4.52
JP MORGAN CHASE BANK	5,510	3.04
Sumitomo Life Insurance Company	5,400	2.98
PLEASANT VALLEY	4,976	2.75
The Master Trust Bank of Japan, Ltd.(Trust Account)	4,104	2.26
Tokyo Marine & Nichido Fire Insurance Co., Ltd.	3,240	1.79

### Members of the Board and Statutory Auditors (as at September 30,2011)

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

### Shareholder Breakdown

**Other Japanese corporations** 18.97%  
34,307 shares, 18 shareholders

**Government and local authorities** 0.00%  
12 shares, 1 shareholders

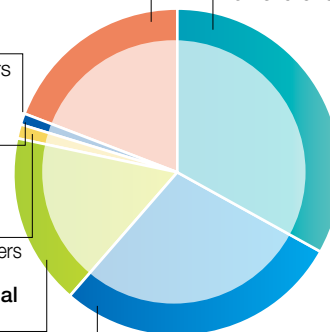
**Treasury stock** 1.09%  
1,974 shares

**Securities companies** 1.57%  
2,845 shares, 18 shareholders

**Other Japanese financial institutions** 16.96%  
30,678 shares, 29 shareholders

**Individuals/Others** 28.29%  
51,166 shares, 3,058 shareholders

**Foreign shareholders** 33.08%  
59,818 shares, 104 shareholders



## Company Profile

**Corporate Name :** EPS Corporation

**President & CEO :** Yan Hao

**Establishment :** May 1991

**Capital :** ¥1875.25 million

**Main Services :** CRO, SMO, CSO and IT business

**E-Mail :** info@eps.co.jp

**URL :** <http://www.eps.co.jp/en/index.html>

**Locations :** **CenterOffice**  
Tsuruya Bldg. 2-23 Shimomiyabicho, Shinjuku-ku, Tokyo 162-0822 TEL: +81-3-5684-7801

### Annex. 1

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

### Annex. 2

Iidabashi MF Bldg. 1-1 Shinogawamachi, Shinjuku-ku, Tokyo 162-0814

### Annex. 3

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

### Annex. 4

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

### Osaka Branch

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

### Nagoya Branch

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

## Forward-Looking Statements

The items in this report include descriptions of future plans and forecasts. Actual performances may differ substantially due to various factors.