

# Financial Highlights

## 1. CONSOLIDATED FINANCIAL RESULTS OF EPS GROUP FOR THE FIRST QUARTER ENDED DECEMBER 31, 2010

(2010.10.1-2010.12.31)  
(UNAUDITED)

### (1) CONSOLIDATED OPERATING RESULTS

( UNIT:JPY MILLION )

	Net sales	Operating Income	Ordinary Income	Net Income
Dec-10	7,082 ( 2.8% )	834 ( Δ 29.8% )	857 ( Δ 28.4% )	216 ( Δ 67.4% )
Dec-09	6,892 ( 24.4% )	1,189 ( 26.8% )	1,197 ( 23.6% )	664 ( 24.7% )

  

	Net Income per Share (yen)	Net Income per Share,diluted (yen)
Dec-10	1,210.18	1,205.93
Dec-09	7,434.45	7,429.58

- Note : 1 Percentages for net sales, operating income, ordinary income, and net income indicate growth ratio to previous year.  
2 As each share of common stock had been split into 2 shares as of 1st April 2010, net income and diluted net income per share as of Dec-2010 show the amount after split, in spite that Dec-2009 show before split.

### (2) CONSOLIDATED FINANCIAL INFORMATION

( UNIT:JPY MILLION )

	Total Assets	Net assets	Shareholders' Equity ratio (%)	Shareholders' Equity per share (yen)
Dec-10	19,498	14,282	63.8%	69,580.18
Sep-10	20,650	14,347	60.7%	70,149.39

- Notes :1 Total shareholders' Equity, valuation and translation adjustments as of :  
Dec-10 12,442 Million yen Sep-10 12,544 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
Dec-10	Δ 1,336	Δ 336	156	6,274
Dec-09	Δ 255	Δ 623	Δ 237	5,717

### (4) CONSOLIDATED SUBSIDIARIES

- Consolidated subsidiaries : 21 companies  
Affiliated companies by equity accounting method : 4 companies

## 2.OVERALL SITUATION OF DIVIDEND DISTRIBUTION

( UNIT:JPY )

		Cash Dividends per share		
		Interim Dividend	Year end Dividend	Annual
Sep-10	(Result)	3,200.00	1,900.00	5,100.00
Sep-11	(Projection)	1,600.00	1,900.00	3,500.00

- Note : As each share of common stock had been split into 2 shares as of 1st April 2010, interim dividend for 2010 shows before split.

## 3. INFORMATION OF CONSOLIDATED BUDGET 2011.09 (2010.10.1-2011.9.30)

( UNIT:JPY MILLION )

	Net sales	Operating Income	Ordinary Income	Net Income
Mar-11	15,534 ( 7.0% )	1,617 ( Δ 33.8% )	1,622 ( Δ 34.0% )	671 ( Δ 48.1% )
Sep-11	32,919 ( 11.8% )	4,633 ( 4.9% )	4,650 ( 4.6% )	2,201 ( 0.5% )

- Budgeted net income per share : Mar-11 3,753.83 yen  
Sep-11 12,308.68 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 number of shares issued and outstanding as of :  
Dec-10 180,800 shares Sep-10 180,800 shares
- (2) Common stock for treasury as of :  
Dec-10 1,974 shares Sep-10 1,974 shares
- (3) Average number of shares outstanding during the period as of :  
Dec-10 178,826 shares Dec-09 89,400 shares

- Note : As each share of common stock had been split into 2 shares as of 1st April 2010, average number of shares as of Dec-2010 shows after split, in spite that Dec-2009 shows before split.

CONSOLIDATED BALANCE SHEETS  
December 31, 2010 and September 30, 2010

(UNAUDITED)

(IN THOUSANDS,JPY)

	December 31.2010	September 30.2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and time deposits	6,438,121	7,956,839
Notes and accounts receivable	6,031,031	5,954,040
Inventories and products	299,421	317,270
Works in progress	493,669	337,675
Others	1,169,531	1,495,954
Allowance for doubtful accounts	△ 5,515	△ 6,459
Total current assets	14,426,260	16,055,320
<b>FIXED ASSETS</b>		
Tangible Assets	1,022,243	714,020
Intangible Assets	960,033	840,439
Investments and other assets ;		
Investment securities	658,923	585,816
Deposits	1,203,644	1,179,445
Others	1,227,782	1,275,596
Total investments and other assets	3,090,350	3,040,858
Total fixed assets	5,072,627	4,595,318
TOTAL ASSETS	19,498,887	20,650,639
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	262,760	238,683
Short-term debt	680,000	185,000
Current portion of long-term debt	7,140	—
Income taxes payable	80,128	1,353,483
Provision for bonuses	227,064	1,443,761
Provision for loss on order received	132,000	145,000
Others	2,833,165	2,253,900
Total current liabilities	4,222,258	5,619,828
<b>LONG-TERM LIABILITIES</b>		
Long-term debt	30,960	—
Provision for employees' retirement benefits	374,559	364,582
Provision for directors' retirement benefits	256,552	279,874
Asset retirement obligations	264,231	—
Others	68,010	39,090
Total long-term liabilities	994,314	683,547
TOTAL LIABILITIES	5,216,573	6,303,376
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	1,875,251	1,875,251
Additional paid-in capital	1,826,300	1,826,300
Retained earnings	9,153,751	9,277,109
Common stock for treasury	△ 317,258	△ 317,258
Total shareholders' equity	12,538,045	12,661,403
Valuation and translation adjustments		
Unrealized gain (or △loss) on available-for-sale securities	36,519	△ 946
Deferred gain (or △loss) on hedges	△ 13	—
Foreign currency translation adjustments	△ 131,805	△ 115,922
Total valuation and translation adjustments	△ 95,299	△ 116,869
Share option in consolidated subsidiary	3,264	6,528
Minority interests	1,836,305	1,796,201
TOTAL NET ASSETS	14,282,314	14,347,262
TOTAL LIABILITIES AND NET ASSETS	19,498,887	20,650,639

CONSOLIDATED STATEMENTS OF INCOME  
For the First quarter ended December 31 2010 and 2009  
(UNAUDITED)

(IN THOUSANDS,JPY)

	First quarter ended December 31.2010	First quarter ended December 31.2009
NET SALES	7,082,368	6,892,701
COST OF SALES	4,917,767	4,549,903
Gross profit	<u>2,164,601</u>	<u>2,342,797</u>
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	1,329,939	1,153,496
Operating income	<u>834,661</u>	<u>1,189,301</u>
OTHER INCOME (EXPENSES)		
Interest income	2,235	7,339
Interest expenses	Δ 1,312	Δ 3,147
Foreign exchange gain or loss (Δloss)	Δ 7,140	Δ 14,455
Gain or loss of equity in associated companies (Δ loss)	9,743	4,983
Refund of insurance surrender	13,611	25,320
Loss on sales and disposal of property and equipment	Δ 14,194	Δ 3,435
Loss on adjustment for changes of accounting standard for asset retirement obligations	Δ 125,400	—
Others- net	20,252	26,124
Other income (expenses)-net	<u>Δ 102,205</u>	<u>42,729</u>
Income before income taxes and minority interests	<u>732,455</u>	1,232,031
INCOME TAXES		
Current	56,363	64,425
Deferred	405,896	461,634
Total	<u>462,259</u>	<u>526,060</u>
Income before minority interests	<u>270,196</u>	705,971
MINORITY INTERESTS	<u>53,785</u>	41,331
NET INCOME	<u><u>216,411</u></u>	<u><u>664,640</u></u>

CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the First quarter ended December 31 2010 and 2009  
(UNAUDITED)

(IN THOUSANDS,JPY)

	First quarter ended December 31.2010	First quarter ended December 31.2009
<b>OPERATING ACTIVITIES:</b>		
Income before income taxes and minority interests	732,455	1,232,031
<b>Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:</b>		
Depreciation and amortization	96,502	95,018
Increase (ΔDecrease) in provision for bonuses	Δ 1,218,800	Δ 936,446
Increase (ΔDecrease) in allowance for retirement benefits for employees	9,977	10,373
Increase (ΔDecrease) in allowance for retirement benefits for directors	Δ 23,321	Δ 19,202
Interest and dividends income	Δ 3,585	Δ 8,689
Interest expense	1,312	3,147
Loss on devaluation of investment in securities	—	41,973
Gain (or Δloss) on sales and disposal of property and equipment (-net)	14,194	3,435
<b>Changes in operating assets and liabilities:</b>		
Decrease (ΔIncrease) in accounts receivable-trade	Δ 40,068	20,255
Decrease (ΔIncrease) in inventories and products	Δ 137,748	Δ 202,110
Increase (ΔDecrease) in accounts payable -trade	2,952	13,578
Increase (ΔDecrease) in other current liabilities	475,086	458,309
Others , Net	46,885	Δ 86,593
Subtotal	Δ 44,155	625,081
Interest and dividends received	4,918	11,053
Interest paid	Δ 1,302	Δ 3,139
Income taxes paid	Δ 1,296,176	Δ 888,863
Net cash provided by (used in) operating activities	Δ 1,336,715	Δ 255,868
<b>INVESTING ACTIVITIES:</b>		
Payments for time deposits	Δ 12,393	—
Disbursements for purchase of tangible fixed assets	Δ 160,954	Δ 52,408
Disbursements for purchase of intangible fixed assets	Δ 535	Δ 84,348
Payment for deposit for rent office and others	Δ 39,719	Δ 27,116
Purchase of investments in subsidiaries resulting in change in scope of consolidation	Δ 126,817	Δ 402,041
Payment for acquisition of business	—	Δ 71,000
Others , Net	3,939	13,184
Net cash provided by (used in) investing activities	Δ 336,480	Δ 623,730
<b>FINANCING ACTIVITIES:</b>		
Proceeds from borrowing of short-term debt	500,000	120,000
Disbursements for repayment of short-term debt	Δ 5,000	Δ 12,000
Disbursements for repayment of long-term debt	—	Δ 50,000
Proceeds from stock issuance to minority shareholders	1,000	—
Dividends paid	Δ 311,814	Δ 271,202
Dividends paid for minority shareholders	Δ 24,104	Δ 18,078
Others , Net	Δ 3,555	Δ 6,157
Net cash provided by (used in) financing activities	156,525	Δ 237,437
EFFECT OF EXCHANGE DIFFERENCE ON CASH & CASH EQUIVALENTS	Δ 14,411	21,559
NET INCREASE IN CASH AND CASH EQUIVALENTS	Δ 1,531,081	Δ 1,095,476
BEGINNING OF BALANCE,CASH AND CASH EQUIVALENTS	7,805,981	6,607,331
INCREASE IN CASH AND CASH EQUIVALENTS BY MERGER OF CONSOLIDATED SUBSIDIARY	—	205,600
ENDING OF BALANCE,CASH AND CASH EQUIVALENTS	6,274,899	5,717,455

**STATEMENT OF ORDER ENTRY AND SALES BY ITEMS**  
For the First quarter ended December 31 2010

(UNAUDITED)

(1) RESULT OF ORDER ENTRY

DIVISION	2010.12 <2010.10.1-2010.12.31>	
	AMOUNT OF ORDER ENTRY (IN THOUSANDS, JPY)	ORDER BACKLOG (IN THOUSANDS, JPY)
<b>CRO</b>		
Monitoring	1,181,653	8,963,276
Data Management	1,714,040	14,144,054
CRO others	491,313	647,525
TOTAL OF CRO	3,387,007	23,754,855
<b>SMO</b>	1,373,632	4,979,591
<b>CSO</b>	1,976,862	4,418,512
<b>IT</b>	885,957	1,033,244
TOTAL	7,623,458	34,186,203

\* These figures are expressed by sales price.

\* These above figures do not include the consumption tax.

(2) RESULT OF SALES

DIVISION	2010.12 <2010.10.1-2010.12.31>	
	AMOUNT OF SALES (IN THOUSANDS, JPY)	
<b>CRO</b>		
Monitoring	2,238,673	
Data Management	1,759,260	
CRO others	500,455	
TOTAL OF CRO	4,498,389	
<b>SMO</b>	1,188,559	
<b>CSO</b>	1,108,222	
<b>IT</b>	287,197	
TOTAL	7,082,368	

\* These above figures do not include the consumption tax.

**INDUSTRY SEGMENT INFORMATION**

For the First quarter ended December 31 2010 and 2009

(UNAUDITED)

**FY 2011 (2010.10.1-2010.12.31)**

(IN THOUSANDS, JPY)

	CRO	SMO	CSO	IT	Total	Eliminations/ Corporate	Consolidation
<b>SALES</b>							
Sales to customers	4,498,389	1,188,559	1,108,222	287,197	7,082,368	—	7,082,368
Intersegment sales	9,544	360	290	59,242	69,437	(69,437)	—
Total	4,507,934	1,188,919	1,108,512	346,439	7,151,805	(69,437)	7,082,368
Operating income	617,905	299,137	(44,362)	(48,092)	824,588	10,072	834,661

\* 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.

**FY 2010 (2009.10.1-2009.12.31)**

(IN THOUSANDS, JPY)

	CRO	SMO	Preclinical Service	System Development	Total	Eliminations/ Corporate	Consolidation
<b>SALES</b>							
Sales to customers	5,387,907	993,920	186,552	324,320	6,892,701	—	6,892,701
Intersegment sales	5,574	—	1,035	20,838	27,448	(27,448)	—
Total	5,393,482	993,920	187,587	345,159	6,920,149	(27,448)	6,892,701
Operating income	1,113,618	170,171	(9,798)	(87,683)	1,186,306	2,994	1,189,301