

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

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

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

All Right Software Inc. [Software Development]

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

. Qualitative Information, Financial Statements, etc.

1. Business Performance

Review of business performance

(Business performance for the interim term)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

interim term.

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

(Forecast of performance for the full fiscal year)

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

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

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

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

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

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

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

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

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

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

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

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

2. Review of financial positions

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

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

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

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

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

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

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

(ii) Consolidated cash flows

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

(Cash flows from operating activities)

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

(Cash flows from investing activities)

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

(Cash flows from financing activities)

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

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

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