CMIC Co., Ltd

Consolidated Financial Statements
For the Years ended September 30,
2006 and 2007
Together with Independent
Auditors' Report

KPMG AZSA & Co.

CONSOLIDATED BALANCE SHEETS

CMIC Co., Ltd. and consolidated subsidiaries
As of September 30, 2006 and 2007

ASSETS	Thousands of yen 2006	Thousands of yen 2007	Thousands of U.S. dollars (Note 1) 2007
Current assets:			
Cash on hand and in banks (Notes 2 and 7)	¥ 4,365,351	¥ **4,990,787**	$ **43,236**
Trade notes and accounts receivables:			
Trade	4,447,572	**4,731,000**	**40,986**
Allowance for doubtful accounts (Note 2)	(1,460)	**(1,402)**	**(12)**
Inventories (Notes 2 and 4)	512,395	**506,042**	**4,384**
Deferred income taxes (Notes 2 and 12)	318,134	**348,132**	**3,016**
Other current assets	385,892	**371,871**	**3,222**
Total current assets	10,027,884	**10,946,430**	**94,832**
Property, plant and equipments:			
Buildings and structures (Notes 2 and 3)	4,108,243	**4,250,120**	**36,820**
Machinery and automobiles (Note 2)	2,307,802	**2,253,846**	**19,526**
Furniture and fixtures (Note 2)	739,668	**747,117**	**6,472**
Land (Notes 2 and 3)	1,830,950	**1,832,797**	**15,878**
other	-	**166,163**	**1,440**
Less accumulated depreciation (Note 2)	(5,005,202)	**(5,227,832)**	**(45,290)**
Net property, plant and equipments	3,981,461	**4,022,211**	**34,846**
Intangible assets:			
Goodwill (Note 2)	655,988	**585,160**	**5,069**
Other intangible assets (Note2)	152,628	**157,533**	**1,365**
Total intangible assets	808,616	**742,693**	**6,434**
Investments and other assets:			
Investments in securities (Notes 2 and 9)	534,605	**355,594**	**3,080**
Deferred income taxes (Notes 2 and 12)	227,410	**287,629**	**2,492**
Leasehold deposits	734,009	**894,767**	**7,752**
Other investments	59,935	**71,601**	**620**
Total investments and other assets	1,555,959	**1,609,591**	**13,944**
Total assets	¥ 16,373,920	¥ **17,320,925**	$ **150,056**

The accompanying notes to the consolidated financial statements are an integral part of theas statement

CONSOLIDATED BALANCE SHEETS (continued)

CMIC Co., Ltd. and consolidated subsidiaries
As of September 30, 2006 and 2007

LIABILITIES AND NET ASSETS	Thousands of yen 2006	Thousands of yen 2007	Thousands of U.S. dollars (Note 1) 2007
Current liabilities:			
Trade notes and accounts payable	¥ 480,877	¥ **694,228**	$ **6,014**
Short-term loans(Note 5)	65,000	**-**	**-**
Current maturities of long-term debt (Notes 3 and 5)	555,200	**562,640**	**4,874**
Other accounts payable	261,486	**327,457**	**2,837**
Accrued expences	844,340	**949,860**	**8,229**
Accrued income taxes	700,915	**562,740**	**4,875**
Advances from customers	186,308	**286,571**	**2,483**
Reserve for director's bonus(Note 2)	76,310	**124,200**	**1,076**
Other current liabilities	318,160	**287,876**	**2,494**
Total current liabilities	3,488,596	**3,795,572**	**32,882**
Long-term liabilities:			
Long-term debt (Notes 3 and 5)	2,179,400	**1,712,040**	**14,832**
Employees' severance and retirement benefits (Notes 2 and 11)	624,860	**706,650**	**6,122**
Deferred income taxes (Notes 2 and 12)	18,370	**24,455**	**212**
Negative goodwill(Note 2)	194,461	**115,149**	**997**
Other Long-term liabilities	-	**435**	**4**
Total long-term liabilities	3,017,091	**2,558,729**	**22,167**
Total liabilities	6,505,687	**6,354,301**	**55,049**
Net assets:			
Owners' equity:			
Common stock (Note 15)			
Authorized-2,300,000 shares			
Issued-758,600 shares	3,087,750	**3,087,750**	**26,750**
Capital surplus (Note 15)	3,332,990	**3,332,990**	**28,875**
Retained earnings (Note 15)	2,665,028	**3,687,873**	**31,949**
Total owners' equity	9,085,768	**10,108,613**	**87,574**
Accumulated gains from valuation and translation adjustments:			
Foreign currency translation adjustments	74,512	**70,198**	**608**
Total accumulated gains from valuation and translation adjustments	74,512	**70,198**	**608**
Minority interests	707,953	**787,813**	**6,825**
Total net assets	9,868,233	**10,966,624**	**95,007**
Total liabilities and net assets	¥ 16,373,920	¥ **17,320,925**	$ **150,056**

The accompanying notes to the consolidated financial statements are an integral part of theas statements

CONSOLIDATED STATEMENTS OF INCOME

CMIC Co., Ltd. and consolidated subsidiaries
Years then ended September 30, 2006 and 2007

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2006	**2007**	**2007**
Net sales	¥ 17,556,919	¥ **21,616,778**	$ **187,272**
Costs and expenses:			
Cost of sales (Note 6)	(12,305,772)	**(15,261,236)**	**(132,212)**
Selling, general and administrative expenses (Note 6)	(3,698,088)	**(4,195,963)**	**(36,351)**
Total costs and expenses	(16,003,860)	**(19,457,199)**	**(168,563)**
Operating income	1,553,059	**2,159,579**	**18,709**
Other income (expenses):			
Interest income	10,769	**16,802**	**145**
Received commission	1,475	**2,271**	**20**
Received rents	47,065	**19,107**	**165**
Foreign exchange gains (losses)	18,662	**(10,660)**	**(92)**
Amortization of negative goodwill	43,474	**79,311**	**687**
Equity in earnings of an affiliated company	1,658	**1,605**	**14**
Other non-operating profits	15,529	**21,635**	**187**
Interest expenses	(11,593)	**(42,867)**	**(371)**
Stock issuance costs	(12,807)	**-**	**-**
Payment of commission	(26,767)	**-**	**-**
Write-down of investment securities	(13,522)	**(78,558)**	**(681)**
Other non-operating losses	(14,352)	**(15,163)**	**(131)**
Gain on sale of fixed assets	414	**6,774**	**59**
Gain on sales of investment in subsidiary	194,964	**-**	**-**
Gain on change in ownership percentage of a subsidiary	190,930	**2,758**	**24**
Loss on disposal of fixed assets	(2,038)	**(14,898)**	**(129)**
Loss on devaluation of investment securities	-	**(96,833)**	**(839)**
Amortization of prior service cost	(25,849)	**-**	**-**
Total other income (expenses)	418,012	**(108,716)**	**(942)**
Income before income taxes and minority interests	1,971,071	**2,050,863**	**17,767**
Income taxes (Notes 2 and 12)**:**			
Current	1,026,306	**868,614**	**7,525**
Deferred	(66,322)	**(84,267)**	**(730)**
Minority interests	6,799	**68,434**	**593**
Net income	¥ 1,004,288	¥ **1,198,082**	$ **10,379**

	Yen	Yen	U.S. dollars (Note 1)
Amount per share of common stock:			
Net income	¥ 1,328.23	¥ **1,579.33**	$ **13.68**
Diluted net income	1,324.23	**-**	**-**
Cash dividends applicable to the period	216.00	**216.00**	**1.87**

The accompanying notes to the consolidated financial statements are an integral part of theas statements

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

CMIC Co., Ltd. and consolidated subsidiaries

Years then ended September 30, 2006 and 2007

	Shares	
	2006	**2007**
Numbers of shares of common stock:		
Balance at beginning of year	754,600	**758,600**
Exercise of stock options	4,000	**-**
Balance at end of year	758,600	**758,600**

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2006	**2007**	**2007**
Common stock:			
Balance at beginning of year	¥ 3,081,750	**¥ 3,087,750**	**$ 26,750**
Exercise of stock options	6,000	**-**	**-**
Balance at end of year	¥ 3,087,750	**¥ 3,087,750**	**$ 26,750**
Additional paid-in capital:			
Balance at beginning of year	¥ 3,326,990	**¥ 3,332,990**	**$ 28,875**
Exercise of stock options	6,000	**-**	**-**
Balance at end of year	¥ 3,332,990	**¥ 3,332,990**	**$ 28,875**
Retained earnings:			
Balance at beginning of year	¥ 1,908,146	**¥ 2,665,028**	**$ 23,088**
Net income	1,004,288	**1,198,082**	**10,379**
Cash dividends paid - ￥211.00 ($1.790) per share in 2006	(159,406)	-	-
￥231.00 ($2.001) per share in 2007	-	**(175,237)**	**(1,518)**
Bonuses to directors	(88,000)	**-**	**-**
Balance at end of year	¥ 2,665,028	**¥ 3,687,873**	**$ 31,949**
Total owners' equity	¥ 9,085,768	**¥ 10,108,613**	**$ 87,574**
Foreign currency translation adjustment:			
Balance at beginning of year	¥ (2,219)	**¥ 74,512**	**$ 645**
Adjustments from translation of foreign currency financial statements	76,731	**(4,314)**	**(37)**
Balance at end of year	¥ 74,512	**¥ 70,198**	**$ 608**
Minority interests	¥ 707,953	¥ **787,813**	**$ 6,825**
Total net assets	¥ 9,868,233	**¥ 10,966,624**	**$ 95,007**

The accompanying notes to the consolidated financial statements are an integral part of theas statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

CMIC Co., Ltd. and consolidated subsidiaries

Years then ended September 30, 2006 and 2007

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2006	**2007**	**2007**
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 1,971,071	¥ **2,050,863**	$ **17,767**
Depreciation and amortization	213,433	**405,005**	**3,509**
Amortization of goodwill	45,767	**70,828**	**614**
Amortization of negative goodwill	-	**(79,311)**	**(687)**
Increase of reserve for director's bonus	76,311	**47,890**	**415**
Increase (Decrease) of allowance for doubtful accounts	255	**(59)**	**(1)**
Increase (Decrease) of employees' severance and retirement benefit	133,572	**81,790**	**708**
Interest and dividend income	(10,769)	**(16,802)**	**(145)**
Interest expenses	11,593	**42,867**	**371**
Equity in earnings of an affiliated company	(1,658)	**(1,605)**	**(14)**
Foreign exchange gain and loss	(33,002)	**398**	**3**
Loss on devaluation of investment securities	-	**96,833**	**839**
Valuation loss of investment securities	13,522	**78,558**	**681**
Loss on disposal of fixed assets	2,038	**14,898**	**129**
Loss(gain) on sale of fixed assets	(414)	**(6,774)**	**(59)**
Loss(gain) on change in ownership percentage of a subsidiary	(190,930)	**(2,758)**	**(24)**
Gain on sales of investment in subsidiary	(194,964)	**-**	**-**
Increase of trade receivable	(982,038)	**(282,476)**	**(2,447)**
Decrease (Increase) of inventories	(13,667)	**8,138**	**71**
Increase of purchase liabilities	27,134	**213,627**	**1,851**
Increase of accrued expenses	125,374	**105,612**	**915**
Increase (Decrease) of advances from customers	(22,005)	**97,982**	**849**
Increase of deposit received	63,515	**16,749**	**145**
Other,net	(42,494)	**(32,111)**	**(279)**
Subtotal	1,191,644	**2,910,142**	**25,211**
Interest and dividends received	10,626	**16,647**	**144**
Interest paid	(8,055)	**(43,667)**	**(378)**
Income taxes paid	(801,294)	**(1,002,619)**	**(8,686)**
Net cash provided by operating activities	392,921	**1,880,503**	**16,291**
Cash flows from investing activities:			
Payments of time deposits	(310,942)	**(787,654)**	**(6,824)**
Withdrawal of time deposits	181,209	**451,977**	**3,916**
Purchase of property and equipment	(401,332)	**(391,636)**	**(3,393)**
Proceeds from sales of property and equipment	649	**7,467**	**65**
Purchase of intangible assets	(34,479)	**(52,922)**	**(459)**
Pledging of leasehold deposit	(79,613)	**(200,129)**	**(1,734)**
Reversing of leasehold deposits	38,852	**37,950**	**329**
Purchase of investment securities	(75,330)	**-**	**-**
Purchase of subsidiaries' stock	(2,157,038)	**-**	**-**
Proceeds from sales of investment in subsidiaries	465,000	**-**	**-**
Payments of loans receivable	-	**(8,780)**	**(76)**
Collection of loans receivable	-	**43,706**	**379**
Other	-	**4**	**0**
Net cash used in investing activities	(2,373,024)	**(900,017)**	**(7,797)**
Cash flows from financing activities:			
Net increase in short-term loans	65,000	**(65,000)**	**(563)**
Proceeds from long-term debt	2,500,000	**200,000**	**1,733**
Repayment of long-term debt	(50,600)	**(659,920)**	**(5,717)**
Dividends paid	(158,783)	**(175,150)**	**(1,517)**
Cash dividends paid to minority shareholders	-	**(5,590)**	**(49)**
Proceeds from issuance of common stocks	12,000	**-**	**-**
Proceeds from issuance of common stocks by minority shareholders	474,973	**12,476**	**108**
Net cash provided by (used in) financing activities	2,842,590	**(693,184)**	**(6,005)**
Effect of exchange rate changes on cash and cash equivalents	18,262	**(1,125)**	**(10)**
Net increase (desrease) in cash and cash equivalents	880,749	**286,177**	**2,479**
Cash and cash equivalents at beginning of year (Note 2)	3,339,007	**4,219,756**	**36,557**
Cash and cash equivalents at end of year (Notes 2 and 7)	¥ 4,219,756	¥ **4,505,933**	$ **39,036**

The accompanying notes to the consolidated financial statements are an integral part of theas statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CMIC Co., Ltd. and consolidated subsidiaries

1. <u>Basis of presenting financial statements</u>

The accompanying consolidated financial statements have been prepared based on the accounts maintained by CMIC Co., Ltd. (the "Company") and its subsidiaries in accordance with the provisions set forth in the Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP") which are different in certain respects as to application and disclosure requirements of international Financial reporting Standards.
The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile.
The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The U.S. dollar amounts shown in the accompanying consolidated financial statements and notes thereto have been translated from Japanese yen into U.S. dollars on the basis of ¥115.43 to U.S.$1.00, the rate of exchange prevailing at September 30, 2007, and have been then rounded to the nearest thousand. These U.S. dollar amounts are not intended to imply that the Japanese yen amounts have been, could have been or could in future be converted, realized or settled in U.S. dollars at this or any other rate of exchange.
In preparing the accompanying consolidated financial statements, certain reclassifications have been made in the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

2. <u>Significant accounting policies</u>

<u>Consolidation-</u> The Company has 13 subsidiaries at September 30, 2007 and 2006, respectively. The consolidated financial statements for the years ended September 30, 2007 and 2006 include the accounts of the Company and all of its subsidiaries (the "Companies"). The Company does not have unconsolidated subsidiary. The Company has an affiliate (20% to 50% owned) at September 30, 2007 and 2006.
Financial year-end of CMIC SS CMO Co., Ltd. is March 31. Financial year-end of CMIC (Beijing) Co., Ltd. and CMIC BRASIL RESQUISAS CLINICAS LIDA is December 31. These subsidiaries provisionally close their books at March 31 for the purpose of consolidation of the Company. Except for above subsidiaries the end of accounting period of the subsidiaries is September 30.
In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries, including the portion attributable to minority shareholders, are recorded based on the fair values at the time the Company acquired control of the respective subsidiaries.

<u>Securities-</u> Other non-marketable securities are stated at cost or amortized cost computed by the moving-average method. Unrealized gains and losses on other securities are included in net assets, net of applicable income taxes.

Derivatives- Derivatives are stated at market value, with changes in fair value in net gains or losses for the period in which they arise, except for derivatives that are designated as “hedging instruments”.

Inventories- The cost of work in progress are stated at cost determined by job order costing and not offset against advances received on uncompleted contracts which are included in current liabilities. The cost of finished goods and merchandise are stated at the lower cost or market, cost being determined by the first-in, first-out method. The cost of raw materials is stated at cost determined by the moving-average method.

Property, plant and equipment- Property, plant and equipment are carried at cost. Depreciation is computed on the declining-balance method over the following estimated useful lives of the assets except for buildings acquired after April 1, 1998, which are computed on a straight-line method.
The estimated useful lives of depreciable assets are as follows:

Buildings and structures: 6 years to 50 years
Machinery, automobiles: 4 years to 7 years
Furniture and fixtures: 2 years to 15 years

Otherwise, CMIC Korea Co., Ltd. and CMIC CMO Korea Co., Ltd. adopt the depreciation using the declining-balance method at rates based on the accounting principles and practices generally accepted in the country, CMIC (Beijing) Co., Ltd. and CMIC BRASIL RESQUISAS CLINICAS LIDA adopt the depreciation using the straight-line method over the estimated useful lives as stipulated by the accounting principles and practices generally accepted in the country.

(Change in accounting policy)
The Company and its domestic consolidated subsidiaries have changed the depreciation method following the revised corporation tax law from this consolidated accounting period regarding property, plant and equipment acquired after April 1, 2007. The effect on the consolidated financial statements of the adoption of this new Law was not material.

(Additional information)
A domestic consolidated subsidiary has recorded assets acquired before March 31, 2007 based on the previous depreciation method. Following the revised corporation tax law, when the assets is depreciated to the residual value, which is 5% of the acqusition cost under the tax law, the residual value is equally depreciated over five years of period.
As a result, operating income and income before income taxes have each decreased by 9,469 thousand yen. The effect on segment information has been stated accordingly.

Intangible assets and software- Intangible assets of the Company and its domestic subsidiaries (the “Domestic companies”), are amortized using the straight-line method over the estimated useful lives. Software for their own use of the domestic companies are amortized using the straight-line method over the estimated useful lives (5 years).
Intangible assets and software of the overseas subsidiaries are amortized using the straight-line method over the estimated useful lives as stipulated by the accounting principles and practices generally accepted in the respective countries.

Stock issuance- Stock issuance costs are principally charged to income as incurred.

Allowance for doubtful accounts- The Companies provide allowance for doubtful accounts in amounts sufficient to cover probable losses on collection. It comprises an estimated uncollectible account for certain receivables classified as “doubtful” or “bankrupt” and, for other receivables, an amount calculated using the rate of actual defaults in certain reference period.

Employees' severance and retirement benefits- Employees' severance and retirement benefits is provided for the payments of employees’ retirement benefits based on the estimated amounts of the projected retirement benefit obligation at the end of the consolidated fiscal year. Net actuarial difference is amortized using the straight-line method over 1 year commencing from the succeeding period.
CMIC CP Co., Ltd., a subsidiary of the Company previously adopted a simplified method for the calculation of retirement benefit obligations. Effective from the year ended September 30, 2006, CMIC CP Co., Ltd. adopts a principle method. This change was made in order to present profits and losses for the period more appropriately due to increase of employees, as actuarial calculation of retirement benefit obligations based on the principal method has been adopted. The ¥25,849 thousand increase in retirement benefit obligations as a result of this change has been reported as “Other expenses”. As a result of this change, income before income taxes decreased by ¥ 28,181 thousand compared with what would have been recorded under the previous method for the year ended September 30, 2006.

Allowance for directors’ bonuses- The Companies provide allowance for director’s bonuses based on the estimate of amount payable.

Translation of foreign currency- Receivables and payables of the domestic companies denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.
The balance sheets of overseas subsidiaries are translated into Japanese yen at the exchange rates prevailing at the balance sheet date except for owners’ equity, which is translated at historical rates. The revenues and expenses of overseas subsidiaries are translated into Japanese yen at the average rates of the year.
Differences arising from such translation are shown as “Foreign currency translation adjustments” and are included in “Net assets”.

Accounting for certain lease transactions- Finance leases which do not transfer ownership rights to lessee are not capitalized and accounted for in the same manner as operating leases.

Accounting for Hedging-The Companies use the deferral method. Gains or losses arising from changes in fair value of the derivatives designated as “hedging instruments” are deferred as an asset or liability and included in net profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized. If interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed (“Exception”).
The derivatives designated as hedging instruments are interest rate swap contracts.
The related hedged items are interest on borrowings.
The Companies’ policy to utilize the above hedging instruments in order to reduce the Companies’ exposure to the risk of interest rate fluctuation.
The Companies evaluate effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.
The Companies omit to evaluate effectiveness of transaction to which the Exception is applied.

Consumption Tax - The National Consumption Tax and Local Consumption Tax are excluded from transaction amounts.

Amounts per share of common stock- Computations of net income per share of common stock are based on the weighted-average number of shares outstanding during the respective year. Diluted net income per share is computed based on the weighted-average number of shares of common stock and contingent issuance of common stock from warrants. Cash dividends per share represent the actual amount declared as applicable to the respective years.
The Company adopted the Statement of Financial Accounting Standard No.2 “Earnings per Share” issued by the Accounting standards Board of Japan.

Goodwill, including negative goodwill- The difference between the cost and the underlying net equity of investment in consolidated subsidiaries or associates accounted for by the equity method has been allocated to identifiable assets based on fair market value at the date of acquisition. Any unassigned residual amount is recognized as goodwill and deferred and amortized on a straight-line basis over the estimated useful life, with the exception of minor amounts, which are charged to income in the year of acquisition.

Cash and cash equivalents- In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturity of not exceeding three months at the time of purchase without significant risk of change in value are considered to be cash and cash equivalents.

Impairment of fixed assets- Effective from the year ended September 30, 2006, the Companies adopted the new accounting standard for impairment of Fixed Assets (“Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets” issued by the Business Accounting Deliberation Council on August 9, 2002) and the implementation guidance for the accounting standard for impairment of fixed assets (the Financial Accounting Standard Implementation Guidance No. 6 issued by the Accounting Standards Board of Japan on October 31, 2003). The adoption of the new accounting standard had no impact on the financial statements.

Accounting Standard for Directors’ Bonus- Effective from the year ended September 30, 2006, the Companies adopted the Statement of Financial Accounting Standard No.4 “Accounting Standard for Director’s Bonus” issued by the Accounting Standards Board of Japan. The effect of the adoption of this standard was to decrease operating income and income before income taxes by ¥ 76,310 thousand for the year ended September 30, 2006.
The effect of this change on segment information is explained in Note “Segment information”.

Accounting Standard for Presentation of Net Assets in the Balance Sheet - Effective for the year ended September 30, 2006, the Company and its consolidated subsidiaries adopted new accounting standards, “Accounting Standard for Presentation of Net Assets in the Balance Sheet” (Statement No.5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005), (collectively, the “New Accounting Standards”).

Under the New Accounting Standards, the balance sheet comprises the assets, liabilities and net assets sections. Previously, the balance sheet comprised the assets, liabilities, minority interests and the

shareholders’ equity sections.
The net assets section comprises four subsections, which are owners' equity, accumulated gains (losses) from valuation and translation adjustments, subscription rights to shares and minority interests, as applicable.

The net assets section includes items which were not included in the previously presented shareholders` equity section.

Accounting Standard for Statement of Changes in Net Assets- Effective for the year ended September 30, 2006, the Company and its consolidated subsidiaries adopted new accounting standards, “Accounting Standard for Statement of Changes in Net Assets” (Statement No.6 issued by the Accounting Standards Board of Japan on December 27, 2005), and the implementation guidance for the accounting standard for statement of changes in net assets (the Financial Accounting Standard Implementation Guidance No. 9 issued by the Accounting Standards Board of Japan on December 27, 2005), (collectively, the “New Accounting Standards”). Previously, consolidated statements of shareholders’ equity were prepared for purposes of inclusion in the consolidated financial statements although such statements were not required in Japan.

Reclassification and restatement- Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications and restatement had no impact on previously reported results of operations.

3. Pledged assets

The following assets, at their respective net book values, are pledged as collateral for obligations of the Companies at September 30, 2006 and 2007.

	Thousands of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Land	¥ 94,990	**¥ 94,990**	**$ 823**
Buildings and structures	118,667	**112,017**	**970**
	¥ 213,657	**¥ 207,007**	**$ 1,793**

The obligations secured by such collateral were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Current maturities of long-term debt	¥ 55,200	**¥ 62,640**	**$ 543**
Long-term debt	179,400	**212,040**	**1,837**
	¥ 234,600	**¥ 274,680**	**$ 2,380**

4. Inventories

Inventories at September 30, 2006 and 2007 comprised the following:

	Thousands of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Finished goods and merchandise	¥ 17,294	**¥ 10,419**	**$ 90**
Work in progress	444,578	**424,088**	**3,674**
Raw materials	32,685	**57,723**	**500**
Supplies	17,838	**13,812**	**120**
	¥ 512,395	**¥ 506,042**	**$ 4,384**

5. Short-term loans and long-term debt

The weighted average interest rates of Short-term loans for the years ended September 30, 2006 was approximately 1.0%.

Long-term debt at September 30, 2006 and 2007 consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Long-term debt from banks:			
Due through 2012 at rate of 1.70 %	¥ 2,734,600	**¥ 2,274,680**	**$ 19,706**
Less:			
Current maturities of long-term debt	555,200	**562,640**	**4,874**
	¥ 2,179,400	**¥ 1,712,040**	**$ 14,832**

The annual maturities of long-term debt at September 30, 2007 were as follows:

Year ending September 30,	Thousands of yen		Thousands of U.S. dollars	
2008	¥	562,640	$	4,874
2009		562,640		4,874
2010		562,640		4,874
2011		551,760		4,780
2012		35,000		304

6. Research and development expenses

Research and development expenses included in cost of sales and selling, general and administrative expenses for the years ended September 30, 2006 and 2007 were as follows:

	Thousands of yen				Thousands of U.S. dollars	
	2006		**2007**		**2007**	
Cost of sales	¥	4,207	**¥**	**-**	**$**	**-**
Selling general and administrative expenses		106,996		**78,731**		**682**
	¥	111,203	**¥**	**78,731**	**$**	**682**

7. Cash and cash equivalents

The reconciliation between cash on hand and in banks shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of September 30, 2006 and 2007 were as follows:

	Thousands of yen				Thousands of U.S. dollars	
	2006		**2007**		**2007**	
Cash on hand and in banks	¥	4,365,351	**¥**	**4,990,787**	**$**	**43,236**
Less:						
The deposits over three months		145,595		**484,854**		**4,200**
Cash and cash equivalents	¥	4,219,756	**¥**	**4,505,933**	**$**	**39,036**

For the year ended September 30, 2006, the Company newly consolidated the subsidiary, CMIC SS CMO Co., Ltd. Summary information on the assets and liabilities of the newly consolidated subsidiary was as follows:

	Thousands of yen
	2006
Current assets	¥ 306,996
Non-current assets	2,599,279
Current liabilities	(126,058)
Non-current liabilities	(216,314)
Negative goodwill	(107,512)
Minority interest	(256,391)
Acquisition cost of the equity of the subsidiary	2,200,000
Cash and cash equivalents of the newly consolidated subsidiary	(42,962)
Net cash and cash equivalent decreased due to the purchase of additional shares in the newly consolidated subsidiary	¥ 2,157,038

8. Information for certain leases

Lessee:

Finance leases which do not transfer ownership rights to lessees

If finance leases which do not transfer ownership rights to lessees had been capitalized at September 30, 2006 and 2007, they would have been recorded on the financial statements as follows:

	Thousands of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Acquisition cost:	¥ 1,389,635	**¥ 1,656,116**	**$ 14,347**
Buildings	51,400	**51,400**	**445**
Machinery	180,544	**254,094**	**2,201**
Furniture and fixtures	1,029,347	**1,198,759**	**10,385**
Intangible assets	128,344	**151,863**	**1,316**
Accumulated depreciation	¥ 640,997	**¥ 826,988**	**$ 7,164**
Building	27,801	**36,068**	**313**
Machinery	48,006	**97,474**	**844**
Furniture and fixtures	490,435	**628,450**	**5,444**
Intangible assets	74,755	**64,996**	**563**
Net book value	¥ 748,638	**¥ 829,128**	**$ 7,183**
Building	23,599	**15,332**	**133**
Machinery	132,538	**156,620**	**1,357**
Furniture and fixtures	538,912	**570,309**	**4,941**
Intangible assets	53,589	**86,867**	**752**

Lease payments under finance leases which are accounted for in the same manner as operating leases for the years ended September 30, 2006 and 2007, except to the interest, were ¥314,952 thousand and

¥345,866 thousand ($ 2,996 thousand), respectively. Future lease payments as of September 30, 2006 and 2007, exclusive of interest, under such leases were ¥764,638 thousand and ¥849,099 thousand ($ 7,356 thousand), including ¥254,422 thousand and ¥294,273 thousand ($ 2,549 thousand) due within one year.

Equivalent amount of depreciation for the years ended September 30, 2006 and 2007 amounted to ¥291,780 thousand and ¥321,418 thousand ($2,785 thousand), respectively.

The depreciation equivalents were calculated using the straight-line method over the lease terms assuming no residual value.

Equivalent amount of interest expense for the years ended September 30, 2006 and 2007 amounted to ¥25,391 thousand and ¥28,103 thousand ($ 244 thousand), respectively.

The interest equivalents were the deference between the sum of payments of lease and the acquisition equivalents of lease assets, and divided to the respective year using calculation of compound interest.

Future lease payments for non-cancelable operating as of September 30, 2006 and 2007, were ¥7,135 thousand and ¥12,512 thousand ($ 108 thousand), including ¥4,223 thousand and ¥4,944 thousands ($43 thousand) due within one year, respectively.

9. Securities

The Companies had no available-for-sale securities with available fair values as of September 30, 2006 and 2007.

The following tables summarize book values of securities with no available fair values as of September 30, 2006.

	Type	Book value Thousands of yen
Available-for-sale securities	Non-marketable foreign bonds	¥ 113
	Non-listed equity securities	164,000
	The amount of investment in investment limited liability partnerships	328,833

The planned redemption schedule of available-for-sale securities with maturities were as follows:

(Thousands of yen)

Type	Within 1 year	Over 1 year but within 5 years
Bonds	¥ 3	¥ 109

The following tables summarize book values of securities with no available fair values as of September 30, 2007.

	Type	Book value Thousands of yen	Thousands of U.S. dollars
Available-for-sale securities	Non-marketable foreign bonds	¥ **111**	$ **1**
	Non-listed equity securities	**67,167**	**582**
	The amount of investment in investment limited liability partnerships	**245,053**	**2,123**

The planned redemption schedule of available-for-sale securities with maturities were as follows:

(Thousands of yen)

Type	Within 1 year	Over 1 year but within 5 years
Bonds	**¥ -**	**¥ 111**

(Thousands of U.S. dollars)

Type	Within 1 year	Over 1 year but within 5 years
Bonds	**$ -**	**$ 1**

10. <u>Derivative financial instruments</u>

The Company utilized interest rate swap contracts as derivative financial instruments in order to avoid adverse effects of fluctuations of interest rate. The Company did not use derivatives for speculative purposes.

The Company utilizes foreign currency forward contracts as derivative financial instruments in order to avoid adverse effects of fluctuations in foreign currency exchange rate. The Company does not use derivatives for speculative purposes.
Forward foreign currency is subject to risks of foreign exchange.
Derivative financial instruments are executed only with creditworthy banks and the management believes that there is little risk of default by counterparties.

The following tables summarize market value information as of September 30, 2006 derivative transactions for which hedge accounting has not been applied:
Currency related:

(Thousands of yen)

For 2006	Type	Year ended September 30, 2006 Contracted amount	Over one year	Market value	Recognized losses
Items not traded on exchanges	Forward foreign exchange contracts: Buy: Yen	¥ 21,628	¥ -	¥ 20,594	¥ (1,034)
Total		-	-	-	¥ (1,034)

The following tables summarize market value information as of September 30, 2007 derivative transactions for which hedge accounting has not been applied:
Currency related:

(Thousands of yen)

For 2007	Type	Year ended September 30, 2007			
		Contracted amount	Over one year	Market value	Recognized losses
Items not traded on exchanges	Forward foreign exchange contracts: Buy: Yen	¥ 51,111	-	¥ 51,529	¥ 418
Total		-	-	-	¥ 418

(Thousands of U.S. dollars)

For 2006	Type	Year ended September 30, 2007			
		Contracted amount	Over one year	Market value	Recognized losses
Items not traded on exchanges	Forward foreign exchange contracts: Buy: Yen	$ 443	-	$ 447	$ 4
Total		-	-	-	$ 4

11. Employees' severance and retirement benefits

The Company and its domestic consolidated subsidiaries provide unfunded lump-sum payment plan, under which all eligible employees are entitled to benefits based on the level of salaries at the time of retirement, length of service and certain other factors. Some consolidated subsidiaries have general type of employee pension plans and contributory funded defined benefit pension plans such as employee pension plans.

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheet as of September 30, 2006 and 2007 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Retirement benefit obligation	¥ (809,320)	**¥ (920,040)**	**$ (7,971)**
Plan assets	193,933	**212,376**	**1,840**
Unfunded projected benefit obligation	(615,387)	**(707,664)**	**(6,131)**
Unrecognized actuarial difference	(9,473)	**1,014**	**9**
Employees' severance and retirement benefits	¥ (624,860)	**¥ (706,650)**	**$ (6,122)**

Included in the consolidated statement of income for the years ended September 30, 2006 and 2007 are severance and retirement benefit expenses comprised of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Service costs	¥ 148,317	**¥ 146,122**	**$ 1,266**
Interest cost	8,672	**10,914**	**94**
Amortization of unrecognized actuarial difference	465	**(9,473)**	**(82)**
Severance and retirement benefit expenses	¥ 157,454	**¥ 147,563**	**$ 1,278**

Summary of assumption on benefit obligations, etc for the years ended September 30, 2006 and 2007 were as follows:

Periodic distribution method of expected benefit	Straight-line method
Discount rate	2.5%
Amortization period of actuarial loss	1 year

12. Income taxes

Income taxes in the consolidated statements of income consist of corporation tax, inhabitant taxes and enterprise tax. The aggregate statutory income tax rate was approximately 40.69% for 2006 and 2007.

The actual effective income tax rates in the accompanying consolidated statements of income differ from the statutory income tax rate due to such items as permanently non-deductible expenses.

Reconciliations of the difference between the statutory income tax rate and the actual effective income tax rates for the years ended September 30, 2006 and 2007 were as follows:

	2006	**2007**
Statutory income tax rate	40.69 %	**40.69 %**
Effect on operating carryforwards of subsidiaries	2.26	**(0.55)**
Permanently non-deductible expenses	1.31	**1.03**
Dividends income	-	**(1.63)**
Per capita inhabitants tax	1.06	**1.01**
Tax on undistributed earnings (of family corporation)	4.09	-
Amortization of negative goodwill	0.40	**(0.69)**
Reserve for director‘s bonus	1.58	**2.39**
Loss on devaluation of investment securities	-	**1.92**
Lower income tax rates applicable to income in certain foreign countries	-	**(0.42)**
Tax loss carry forward inherited from a merged subsidiary	-	**(4.35)**
Gain on sales of investment in affiliated companies	1.07	-
Gain from change in ownership percentage of a subsidiary	(3.91)	-
Others	0.15	**(1.16)**
Actual effective income tax rate	48.70 %	**38.24 %**

Significant components of the deferred income taxes as of September 30, 2006 and 2007 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2006	**2007**	**2007**
Deferred income tax assets			
Excess bonuses accrued	¥ 243,415	¥ **272,937**	$ **2,364**
Business facility tax payable	9,212	**10,036**	**87**
Enterprise tax payable	52,204	**45,661**	**396**
Employees' retirement benefits	197,665	**231,590**	**2,006**
Property and equipment	15,114	**14,333**	**124**
Net operating loss carryforwards	189,821	**67,528**	**585**
Loss on devaluation of Subsidiary stock	-	**83,678**	**725**
Loss on devaluation of investment securities	-	**72,348**	**627**
Others	29,133	**42,899**	**372**
	736,564	**841,010**	**7,286**
Less: Valuation allowance	(189,877)	**(204,965)**	**(1,776)**
Total deferred tax assets	¥ 546,687	¥ **636,045**	$ **5,510**
Deferred tax liabilities			
Property and equipment	(18,370)	**(18,789)**	**(163)**
Securities investments	(1,143)	**(5,950)**	**(51)**
Total deferred tax liabilities	(19,513)	**(24,739)**	**(214)**
Net deferred tax assets	¥ 527,174	¥ **611,306**	$ **5,296**

13. Segment information

The Companies have three operating segments based on similarity of the market, and the system of products and services.

CRO ………………monitoring, data management, CRC business, pharmaceutical affairs consulting, pre-clinical work and others

CMO………………trustee business of production of medical supplies

CSO/Others ………consulting for pharmaceutical marketing, dispatching MRs, developing human resources organizations and others

There is no general corporate expense which is included in "Elimination/Headquarters".

(Thousands of yen)

the year ended September 30, 2006	CRO	CMO	CSO/Others	Total	Elimination/ Headquarters	Consolidated
Operating revenues						
(1)Outside customers	¥ 15,282,744	¥ 456,016	¥ 1,818,159	¥ 17,556,919	¥ -	¥17,556,919
(2)Inter-segment	11,661	-	509,966	521,627	(521,627)	-
Total	15,294,405	456,016	2,328,125	18,078,546	(521,627)	17,556,919
Operating expenses	13,737,002	412,530	2,384,627	16,534,159	(530,299)	16,003,860
Operating income	¥ 1,557,403	¥ 43,486	¥ (56,502)	¥ 1,544,387	¥ 8,672	¥ 1,553,059

Asset depreciation and capital expenditures						
(1)Total assets	¥ 11,516,874	¥ 3,642,953	¥1,042,970	¥16,202,797	¥ 171,123	¥16,373,920
(2)Depreciation and amortization	171,285	19,592	48,764	239,641	-	239,641
(3)Capital expenditures	376,982	7,181	6,056	390,219	-	390,219

(Thousands of yen)

the year ended September 30, 2007	CRO	CMO	CSO/Others	Total	Elimination/ Headquarters	Consolidated
Operating revenues						
(1)Outside customers	¥ 16,978,443	¥ 2,409,565	¥ 2,228,770	¥ 21,616,778	¥ -	¥21,616,778
(2)Inter-segment	1,269	-	582,075	583,344	(583,344)	-
Total	16,979,712	2,409,565	2,810,845	22,200,122	(583,344)	21,616,778
Operating expenses	15,112,775	2,282,600	2,650,495	20,045,870	(588,671)	19,457,199
Operating income	¥ 1,866,937	¥ 126,965	¥ 160,350	¥ 2,154,252	¥ 5,327	¥ 2,159,579

Asset depreciation and capital expenditures						
(1)Total assets	¥ 12,375,033	¥ 3,909,178	¥1,171,630	¥17,455,841	¥ (134,916)	¥17,320,925
(2)Depreciation and amortization	213,255	211,933	50,645	475,833	-	475,833
(3)Capital expenditures	362,363	79,453	20,335	462,151	-	462,151

(Thousands of U.S.dollars)

The year ended September 30, 2007	CRO	CMO	CSO/Others	Total	Elimination/ Headquarters	Consolidated
Operating revenues						
(1)Outside customers	$ 147,089	$ 20,875	$ 19,308	$ 187,272	$ -	$ 187,272
(2)Inter-segment	10	-	5,043	5,053	(5,053)	-
Total	147,099	20,875	24,351	192,325	(5,053)	187,272
Operating expenses	130,925	19,775	22,962	173,662	(5,099)	168,563
Operating income	$ 16,174	$ 1,100	$ 1,389	$ 18,663	$ 46	$ 18,709

Asset depreciation and capital expenditures						
(1)Total assets	$ 107,208	$ 33,866	$ 10,150	$ 151,224	$ (1,168)	$ 150,056
(2)Depreciation and amortization	1,847	1,836	439	4,122	-	4,122
(3)Capital expenditures	3,139	689	176	4,004	-	4,004

Notes: Changes in business segments

Business categories had previously been segmented into “CRO” and “Others”. However, as a result of reviewing the business segmentation, the Company changed its segmentation to “CRO”, “CMO”, and “CSO/Others” based on Expansion of business area along with the segmentation for management purpose effective from the year ended September 30, 2006.

The Companies have changed its method of business segment classification to “CRO,” “CMO” and “CSO/Others” from previous segmentation of “CRO” and “Others” in the year ended September 30, 2006.

CMIC CP Co., Ltd. previously adopted a simplified method for the calculation of retirement benefit obligations. Effective from the year ended September 30, 2006, CMIC CP Co., Ltd. adopts a principle method. The effect on the segment information of adopting the new method was not significant.

None of corporate assets were included in “Eliminations/Headquarters” at September 30, 2007.
Certain assets which were included in “Elimination/Headquarters” in prior years are allocated to CRO segment from the year ended September 30, 2007, as a result of reviewing the allocation policy and the correlation between the nature of such assets and business segments.
As a result, assets included in CRO segment have increased by 141,798 thousand yen, while “Elimination /Headquarters” decreased by the same amounts correspondingly.

A domestic consolidated subsidiary has recorded assets acquired before March 31, 2007, based on depreciation method. However as described in Note2 Property, plant and equipment (Additional information), when the assets is depreciated to the residual value, which is 5% of the acqusition cost under the tax law, the residual value is equally depreciated over five years of period.

As a result, operating expenses and Depreciation for CMO segment in this consolidated period have increased by 9,469 thousand yen, while operating income dropped by the same amounts correspondingly.

The disclosure of geographical segment information has been omitted as net sales of the foreign operations constituted less than 10%, of the consolidated results for both the six months ended September 30, 2006 and 2007.
Overseas sales of the Companies constituted less than 10%, of the consolidated net sales for both the six months ended September 30, 2006 and 2007.

14. Net assets and net income per share

	Yen		U.S. dollars
	2006	**2007**	**2007**
Net assets per share	¥ 12,075.24	**¥ 13,417.89**	**$ 116.24**
Net income per share	1,328.23	**1,579.33**	**13.68**
Diluted net income per share	1,324.23	-	-

No diluted net income per share is presented for the year ended September 30, 2007 since no potentially dilutive securities were issued.

15. Net assets

As described in Note 2, net assets of the Company comprises three subsections, which are the owners' equity, accumulated gains (losses) from valuation and translation adjustments and minority interests.
Japanese Corporate Law (“the Law”) became effective on May 1, 2006, replacing the Japanese Commercial Code (“the Code”).
Under the Japanese laws and regulations, the entire amount paid for new shares is required to be

designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, additional paid-in capital and legal earnings reserve may be transferred to retained earnings by the resolution of the shareholders' meeting as long as the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

16. Subsequent event

The following appropriation of retained earnings at September 30, 2007 was approved at the ordinary general shareholders' meeting held on December 14, 2007.

	Thousands of yen	Thousands of U.S. dollars
Cash dividends (¥108.00 per share)	¥ 81,929	$ 710
Bonuses to directors and corporate auditors	50,000	433

The Company concluded a share exchange agreement with Site Support Institute Co., Ltd. (“Site Support Institute”) based on the resolution of the Board of Directors of the Company on December 3, 2007. Under the share exchange, Site Support Institute will become a wholly owned subsidiary of the Company after April 1, 2008. As for the share exchange ratio, for each share of common stock in Site Support Institute, 0.0391 shares of the Company’s common stock shall be delivered.

17. Transactions with related parties

Current term (October 1, 2006 to September 30, 2007)

Type of Relationship	Name	Location	Capital or investment (Thousands of yen)	Nature of business	% of voting rights held (%)	Relationship		Transaction content	Amount of transaction (Thousands of yen)	Item	Balance at end of FY (Thousands of yen)
						Executives in common	Business relationship				
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Keith Japan Co.,Ltd.	Kobuchisawa-cho, Hokuto-shi, Yamanashi-ken	10,000	Management of museum	-	-	Lease of building to company	Receipt of rent for property	4,732	Accrued revenue	414
							Rent of accommo-dation	Accommo-dation fee	5,086	Other accounts payable	301
	Site Support Institute Co.,Ltd.	Shinagawa-ku, Tokyo	673,000	SMO	-	-	Customer in business	Consign-ment business	12,500	accounts payable	13,125

Type of Relationship	Name	Location	Capital or investment (Thousands of U.S.dollars)	Nature of business	% of voting rights held (%)	Relationship		Transaction content	Amount of transaction (Thousands of U.S.dollars)	Item	Balance at end of FY (Thousands of U.S.dollars)
						Executives in common	Business relationship				
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Keith Japan Co.,Ltd.	Kobuchisawa-cho, Hokuto-shi, Yamanashi-ken	87	Management of museum	-	-	Lease of building to company	Receipt of rent for property	41	Accrued revenue	4
							Rent of accommo-dation	Accommo-dation fee	44	Other accounts payable	3
	Site Support Institute Co.,Ltd.	Shinagawa-ku, Tokyo	5,830	SMO	-	-	Customer in business	Consign-ment business	108	accounts payable	114

Previous term (October 1, 2005 to September 30, 2006)

Type of Relationship	Name	Location	Capital or investment (Thousands of yen)	Nature of business	% of voting rights held (%)	Relationship		Transaction content	Amount of transaction (Thousands of yen)	Item	Balance at end of FY (Thousands of yen)
						Executives in common	Business relationship				
Companies in which directors or close relatives hold more than 50% of voting rights (including company subsidiaries)	Keith Japan Co.,Ltd.	Kobuchisawa-cho, Kitakoma-gun , Yamanashi-ken	10,000	Management of restaurant and hotel	-	-	Lease of building to company	Receipt of rent for property	4,436	Accrued revenue	414

KPMG

Independent Auditors' Report

To the Board of Directors of
CMIC Co., Ltd.

We have audited the accompanying consolidated balance sheets of CMIC Co., Ltd. and consolidated subsidiaries as of September 30, 2006 and 2007, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CMIC Co., Ltd. and subsidiaries as of September 30, 2006 and 2007, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following.
(1) As discussed in Note 2 to the consolidated financial statements, effective from the year ended September 30, 2006, a subsidiary changed the method of the calculation of retirement benefit obligations.

(2) As discussed in Note 2 to the consolidated financial statements, effective from the year ended September 30, 2006, the Companies adopted the Statement of Financial Accounting Standard No.4 "Accounting Standard for Director's Bonus" issued by the Accounting Standards Board of Japan.

(3) As discussed in Note 13 to the consolidated financial statements, in the year ended September 30, 2006, CMIC Co., Ltd. and subsidiaries changed the method of segmentation.

(4) As discussed in Note 16 to the consolidated financial statements, the Company concluded a share exchange agreement with Site Support Institute Co., Ltd. on December 3, 2007.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended September 30, 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
December 14, 2007