CMIC Co., Ltd

Consolidated Financial Statements
For the Years ended September 30, 2007 and 2008
Together with Independent Auditors' Report

KPMG AZSA & Co.

CONSOLIDATED BALANCE SHEETS

CMIC Co., Ltd. and consolidated subsidiaries

As of September 30, 2007 and 2008

ASSETS	Thousands of yen 2007	Thousands of yen 2008	Thousands of U.S. dollars (Note 1) 2008
Current assets:			
Cash on hand and in banks (Notes 2 and 7)	¥ 4,990,787	¥ **6,631,529**	$ **64,030**
Trade notes and accounts receivables:			
Trade	4,731,000	**5,164,862**	**49,868**
Allowance for doubtful accounts (Note 2)	(1,402)	**(8,181)**	**(79)**
Inventories (Notes 2 and 4)	506,042	**1,520,628**	**14,682**
Deferred income taxes (Notes 2 and 12)	348,132	**551,137**	**5,321**
Other current assets	371,871	**492,844**	**4,759**
Total current assets	10,946,430	**14,352,819**	**138,581**
Property, plant and equipments:			
Buildings and structures (Notes 2 and 3)	4,250,120	**4,845,158**	**46,781**
Machinery and automobiles (Note 2)	2,253,846	**2,546,324**	**24,586**
Furniture and fixtures (Note 2)	747,117	**868,519**	**8,386**
Land (Notes 2 and 3)	1,832,797	**1,734,321**	**16,745**
other	166,163	**291,041**	**2,810**
Less accumulated depreciation (Note 2)	(5,227,832)	**(5,771,669)**	**(55,727)**
Net property, plant and equipments	4,022,211	**4,513,694**	**43,581**
Intangible assets:			
Goodwill (Note 2)	585,160	**617,614**	**5,963**
Other intangible assets (Note2)	157,533	**578,376**	**5,585**
Total intangible assets	742,693	**1,195,990**	**11,548**
Investments and other assets:			
Investments in securities (Notes 2 and 9)	355,594	**529,725**	**5,115**
Deferred income taxes (Notes 2 and 12)	287,629	**406,454**	**3,924**
Leasehold deposits	894,767	**1,027,681**	**9,922**
Other investments	71,601	**47,083**	**455**
Allowance for doubtful accounts	-	**(287)**	**(3)**
Total investments and other assets	1,609,591	**2,010,656**	**19,413**
Total assets	¥ 17,320,925	¥ **22,073,159**	$ **213,123**

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

CONSOLIDATED BALANCE SHEETS (continued)

CMIC Co., Ltd. and consolidated subsidiaries
As of September 30, 2007 and 2008

LIABILITIES AND NET ASSETS	Thousands of yen 2007	Thousands of yen 2008	Thousands of U.S. dollars (Note 1) 2008
Current liabilities:			
Trade notes and accounts payable	¥ 694,228	¥ **602,463**	$ **5,817**
Current maturities of long-term debt (Notes 3 and 5)	562,640	**629,600**	**6,079**
Other accounts payable	327,457	**704,487**	**6,802**
Accrued expences	949,860	**598,339**	**5,777**
Accrued income taxes	562,740	**1,032,869**	**9,973**
Advances from customers	286,571	**978,890**	**9,452**
Reserve for employees' bonus(Note 2)	-	**830,011**	**8,014**
Reserve for director's bonus(Note 2)	124,200	**66,318**	**640**
Allowance for loss contracts(Note 2)	-	**8,427**	**81**
Deferred income taxes (Notes 2 and 12)	-	**8,984**	**87**
Other current liabilities	287,876	**333,491**	**3,220**
Total current liabilities	3,795,572	**5,793,879**	**55,942**
Long-term liabilities:			
Long-term debt (Notes 3 and 5)	1,712,040	**1,245,900**	**12,029**
Employees' severance and retirement benefits (Notes 2 and 11)	706,650	**913,007**	**8,815**
Deferred income taxes (Notes 2 and 12)	24,455	**31,355**	**303**
Negative goodwill(Note 2)	115,149	**35,837**	**346**
Other Long-term liabilities	435	**2,069**	**20**
Total long-term liabilities	2,558,729	**2,228,168**	**21,513**
Total liabilities	6,354,301	**8,022,047**	**77,455**
Net assets:			
Owners' equity:			
Common stock			
Authorized-2,300,000 shares			
Issued-758,600 shares in 2007 and 894,957 shares in 2008	3,087,750	**3,087,750**	**29,813**
Capital surplus	3,332,990	**5,960,881**	**57,554**
Retained earnings	3,687,873	**4,254,540**	**41,079**
Treasury stock－1,002 shares in 2008	-	**(36,651)**	**(354)**
Total owners' equity	10,108,613	**13,266,520**	**128,092**
Accumulated gains from valuation and translation adjustments:			
Foreign currency translation adjustments	70,198	**(131,494)**	**(1,269)**
Total accumulated gains from valuation and translation adjustments	70,198	**(131,494)**	**(1,269)**
Minority interests	787,813	**916,086**	**8,845**
Total net assets	10,966,624	**14,051,112**	**135,668**
Total liabilities and net assets	¥ 17,320,925	¥ **22,073,159**	$ **213,123**

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

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

CMIC Co., Ltd. and consolidated subsidiaries
Years ended September 30, 2007 and 2008

	Shares	
	2007	**2008**
Numbers of shares of common stock:		
Balance at beginning of year	758,600	**758,600**
Issue for stock exchange	-	**136,357**
Balance at end of year	758,600	**894,957**

	Thousands of yen				Thousands of U.S. dollars (Note 1)	
	2007		**2008**		**2008**	
Common stock:						
Balance at end of year	¥	3,087,750	¥	**3,087,750**	$	**29,813**
Additional paid-in capital:						
Balance at beginning of year	¥	3,332,990	¥	**3,332,990**	$	**32,181**
Disposal of treasury stock		-		**0**		**0**
Issue for stock exchange		-		**2,627,891**		**25,373**
Balance at end of year	¥	3,332,990	¥	**5,960,881**	$	**57,554**
Retained earnings:						
Balance at beginning of year	¥	2,665,028	¥	**3,687,873**	$	**35,608**
Net income		1,198,082		**829,699**		**8,011**
Cash dividends paid - ￥231.00 ($2.001) per share in 2007		(175,237)		**-**		**-**
￥241.00 ($2.326) per share in 2008		-		**(263,032)**		**(2,540)**
Balance at end of year	¥	3,687,873	¥	**4,254,540**	$	**41,079**
Treasury stock						
Balance at beginning of year	¥	-	¥	**-**	$	**-**
Acquisition of treasury stock		-		**(36,687)**		**(354)**
Disposal of treasury stock		-		**36**		**0**
Balance at end of year－1,002 shares in 2008	¥	-	¥	**(36,651)**	$	**(354)**
Total owners' equity	¥	10,108,613	¥	**13,266,520**	$	**128,092**
Foreign currency translation adjustments:						
Balance at beginning of year	¥	74,512	¥	**70,198**	$	**678**
Adjustments from translation of foreign currency financial statements		(4,314)		**(201,692)**		**(1,947)**
Balance at end of year	¥	70,198	¥	**(131,494)**	$	**(1,269)**
Minority interests	¥	787,813	¥	**916,086**	$	**8,845**
Total net assets	¥	10,966,624	¥	**14,051,112**	$	**135,668**

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

CONSOLIDATED STATEMENTS OF INCOME

CMIC Co., Ltd. and consolidated subsidiaries
Years ended September 30, 2007 and 2008

	Thousands of yen 2007	Thousands of yen 2008	Thousands of U.S. dollars (Note 1) 2008
Net sales	¥ 21,616,778	¥ **25,777,298**	$ **248,888**
Costs and expenses:			
Cost of sales	(15,261,236)	**(18,612,768)**	**(179,712)**
Selling, general and administrative expenses (Note 6)	(4,195,963)	**(4,889,449)**	**(47,209)**
Total costs and expenses	(19,457,199)	**(23,502,217)**	**(226,921)**
Operating income	2,159,579	**2,275,081**	**21,967**
Other income (expenses):			
Interest income	16,802	**26,090**	**252**
Received commission	2,271	**885**	**8**
Received rents	19,107	**22,395**	**216**
Foreign exchange losses	(10,660)	**(121,081)**	**(1,169)**
Amortization of negative goodwill	79,311	**79,311**	**766**
Equity in earnings of an affiliated company	1,605	**1,462**	**14**
Other non-operating profits	21,635	**29,845**	**288**
Interest expenses	(42,867)	**(39,678)**	**(383)**
Valuation loss of investment securities	(78,558)	**(62,472)**	**(603)**
Other non-operating losses	(15,163)	**(24,244)**	**(234)**
Gain on sale of fixed assets	6,774	**624**	**6**
Gain on sales of investment in subsidiary	-	**266**	**2**
Gain on change in ownership percentage of a subsidiary	2,758	**-**	**-**
Loss on sale of fixed assets	-	**(2,017)**	**(20)**
Loss on disposal of fixed assets	(14,898)	**(25,726)**	**(248)**
Office transfer expenses	-	**(17,904)**	**(173)**
Loss on cancellation of lease contracts	-	**(14,539)**	**(140)**
Loss on devaluation of investment securities	(96,833)	**(22,897)**	**(221)**
Total other income (expenses)	(108,716)	**(169,680)**	**(1,639)**
Income before income taxes and minority interests	2,050,863	**2,105,401**	**20,328**
Income taxes (Notes 2 and 12)**:**			
Current	868,614	**1,367,277**	**13,201**
Deferred	(84,267)	**(201,494)**	**(1,945)**
Minority interests	68,434	**109,919**	**1,061**
Net income	¥ 1,198,082	¥ **829,699**	$ **8,011**

	Yen	Yen	U.S. dollars (Note 1)
Amount per share of common stock:			
Net income	¥ 1,579.33	¥ **1,003.94**	$ **9.69**
Diluted net income	-	**-**	**-**
Cash dividends applicable to the period	216.00	**266.00**	**2.57**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

CMIC Co., Ltd. and consolidated subsidiaries
Years then ended September 30, 2007 and 2008

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2007	**2008**	**2008**
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 2,050,863	¥ **2,105,401**	$ **20,328**
Depreciation and amortization	405,005	**473,089**	**4,568**
Amortization of goodwill	70,828	**92,860**	**897**
Amortization of negative goodwill	(79,311)	**(79,311)**	**(766)**
Increase (Decrease) of reserve for employees’ bonus	-	**830,011**	**8,014**
Increase (Decrease) of reserve for directors’ bonus	47,890	**(76,342)**	**(737)**
Increase (Decrease) of allowance for doubtful accounts	(59)	**5,749**	**56**
Increase (Decrease) of employees' severance and retirement benefits	81,790	**172,329**	**1,664**
Increase (Decrease) in allowance for loss contracts	-	**(4,573)**	**(44)**
Interest and dividend income	(16,802)	**(26,090)**	**(252)**
Interest expenses	42,867	**39,678**	**383**
Equity in losses (earnings) of an affiliated company	(1,605)	**(1,462)**	**(14)**
Foreign exchange gain and loss	398	**109,291**	**1,055**
Loss on devaluation of investment securities	96,833	**22,897**	**221**
Valuation loss of investment securities	78,558	**62,472**	**603**
Loss on disposal of fixed assets	14,898	**25,726**	**248**
Gain on sales of fixed assets	(6,774)	**(624)**	**(6)**
Loss on sales of fixed assets	-	**2,017**	**20**
Loss(Gain) on change in ownership percentage of a subsidiary	(2,758)	**-**	**-**
Gain on sales of investment in subsidiary	-	**(266)**	**(2)**
Decrease (Increase) of trade receivable	(282,476)	**83,819**	**809**
Decrease (Increase) of inventories	8,138	**(445,387)**	**(4,300)**
Increase (Decrease) of purchase liabilities	213,627	**(76,979)**	**(743)**
Increase (Decrease) of accrued expenses	105,612	**(586,036)**	**(5,658)**
Increase (Decrease) of advances from customers	97,982	**193,874**	**1,872**
Increase (Decrease) of deposit received	16,749	**58,117**	**561**
Other,net	(32,111)	**(106,424)**	**(1,028)**
Subtotal	2,910,142	**2,873,836**	**27,749**
Interest and dividends received	16,647	**26,635**	**257**
Interest paid	(43,667)	**(40,276)**	**(389)**
Income taxes paid	(1,002,619)	**(1,227,775)**	**(11,855)**
Net cash provided by (used in) operating activities	1,880,503	**1,632,420**	**15,762**
Cash flows from investing activities:			
Payments of time deposits	(787,654)	**(592,599)**	**(5,722)**
Withdrawal of time deposits	451,977	**518,526**	**5,007**
Purchase of property and equipment	(391,636)	**(623,134)**	**(6,017)**
Proceeds from sales of property and equipment	7,467	**14,908**	**144**
Purchase of intangible assets	(52,922)	**(299,440)**	**(2,891)**
Pledging of leasehold deposit	(200,129)	**(101,339)**	**(978)**
Reversing of leasehold deposits	37,950	**11,685**	**113**
Purchase of investment securities	-	**(286,322)**	**(2,764)**
Purchase of subsidiaries’ stock accompanying a change in the scope of consolidation(Note 7)	-	**(265,859)**	**(2,567)**
Proceeds from sales of investment in subsidiaries	-	**4,075**	**39**
Payments of loans receivable	(8,780)	**-**	**-**
Collection of loans receivable	43,706	**43,587**	**421**
Other	4	**3,150**	**30**
Net cash provided by (used in) investing activities	(900,017)	**(1,572,762)**	**(15,185)**
Cash flows from financing activities:			
Net increase in short-term loans	(65,000)	**-**	**-**
Proceeds from long-term debt	200,000	**270,000**	**2,607**
Repayment of long-term debt	(659,920)	**(685,165)**	**(6,616)**
Repayment of lease obligations	-	**(8,741)**	**(84)**
Dividends paid	(175,150)	**(179,762)**	**(1,736)**
Dividends paid to minority interests	(5,590)	**(12,510)**	**(121)**
Dividends paid to former shareholders of newly consolidated subsidiary	-	**(80,210)**	**(774)**
Payment for purchases of treasury stock	-	**(36,651)**	**(354)**
Proceeds from issuance of common stocks by minority shareholders	12,476	**-**	**-**
Net cash provided by (used in) financing activities	(693,184)	**(733,039)**	**(7,078)**
Effect of exchange rate changes on cash and cash equivalents	(1,125)	**(79,261)**	**(765)**
Net increase (desrease) in cash and cash equivalents	286,177	**(752,642)**	**(7,266)**
Cash and cash equivalents at beginning of year (Note 2)	4,219,756	**4,505,933**	**43,506**
Cash and cash equivalents from newly consolidated subsidiary(Note 7)	-	**2,317,387**	**22,375**
Cash and cash equivalents at end of year (Notes 2 and 7)	¥ 4,505,933	¥ **6,070,678**	$ **58,615**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CMIC Co., Ltd. and consolidated subsidiaries

1. Basis of presenting financial statements

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 ¥103.57 to U.S.$1.00, the rate of exchange prevailing at September 30, 2008, 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. Significant accounting policies

Consolidation- The Company has 14 and 13 subsidiaries at September 30, 2008 and 2007, respectively.
The consolidated financial statements for the years ended September 30, 2008 and 2007 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, 2008 and 2007.
Financial year-end of CMIC (Beijing) Co., Ltd. and CMIC BRASIL RESQUISAS CLINICAS LIDA is December 31. These subsidiaries provisionally close their books at September 30 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.

Securities- 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 of 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 10 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. , CMIC BRASIL RESQUISAS CLINICAS LTDA , CMIC ASIA-PACIFIC,PTE.LTD. and CMIC-VPS Corporation 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 respective countries.

(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)
The Company and its domestic consolidated subsidiaries have 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 effective April 1,2007 for a consolidated subsidiary and October 1,2007 for the Company and other domestic consolidated subsidiaries.
As a result, operating income and income before income taxes have each decreased by 9,469 thousand yen for the year ended September 30, 2007,and the impact of this change has not been material for the year ended September 30, 2008. 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. Prior service cost is being amortized as incurred by the straight-line method over the period of principally 6 years which are shorter than the average remaining years of service of the employees. Net actuarial difference is amortized using the straight-line method over 1 year commencing from the succeeding period.

Reserve for director's bonus- The Companies provide allowance for director’s bonuses based on the estimate of amount payable.

Reserve for employees’ bonus- The Companies provide allowance for employees’ bonuses based on the estimate of amount payable.

Allowance for loss contracts-To provide for future losses on contracted orders, the Companies provide an allowance for loss contracts equal to the amount of foreseeable losses in fiscal years following the year ended September 30, 2008. Such allowance is provided when, at year end, the Companies foresee that they will incur losses on future orders and when it is able reasonably to estimate the amount of such losses.

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 of the Company and its domestic consolidated subsidiaries which do not transfer ownership rights to lessee are not capitalized and accounted for in the same manner as operating leases.
Finance leases of overseas consolidated subsidiaries are principally capitalized.

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.

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, 2007. No assets are pledged as collateral at September 30,2008.

	Thousands of yen
	2007
Land	¥ 94,990
Buildings and structures	112,017
	¥ 207,007

The obligations secured by such collateral were as follows:

	Thousands of yen
	2007
Current maturities of long-term debt	¥ 62,640
Long-term debt	212,040
	¥ 274,680

4. Inventories

Inventories at September 30, 2007 and 2008 comprised the following:

	Thousands of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Finished goods and merchandise	¥ 10,419	**¥ 2,347**	**$ 23**
Work in progress	424,088	**1,366,416**	**13,193**
Raw materials	57,723	**126,822**	**1,224**
Supplies	13,812	**25,043**	**242**
	¥ 506,042	**¥ 1,520,628**	**$ 14,682**

5. Short-term loans and long-term debt

Long-term debt at September 30, 2007 and 2008 consisted of the following:

	Thousands of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Long-term debt from banks:			
Due through 2012 at rate of 1.70% and 1.66 % at September 30,2007 and 2008,respectively	¥ 2,274,680	**¥ 1,875,500**	**$ 18,108**
Less:			
Current maturities of long-term debt	562,640	**629,600**	**6,079**
	¥ 1,712,040	**¥ 1,245,000**	**$ 12,029**

The annual maturities of long-term debt at September 30, 2008 were as follows:

Years ending September 30,	Thousands of yen	Thousands of U.S. dollars
2009	¥ 629,600	$ 6,079
2010	629,600	6,079
2011	584,600	5,644
2012	31,700	306

6. Research and development expenses

Research and development expenses included in selling, general and administrative expenses for the years ended September 30, 2007 and 2008 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Selling general and administrative expenses	¥ 78,731	¥ **80,436**	**$ 777**
	¥ 78,731	**¥ 80,436**	**$ 777**

7. Supplemental cash flow information

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, 2007 and 2008 were as follows:

	Thousands of yen				Thousands of U.S. dollars	
	2007		**2008**		**2008**	
Cash on hand and in banks	¥	4,990,787	**¥**	**6,631,529**	**$**	**64,030**
Less:						
The deposits over three months		484,854		**560,851**		**5,416**
Cash and cash equivalents	¥	4,505,933	**¥**	**6,070,678**	**$**	**58,614**

For the year ended September 30, 2008, the Company newly consolidated CMIC-VPS Corporation by purchase of shares. The summary information on the assets and liabilities of the newly consolidated subsidiary was as follows:

	Thousands of yen		Thousands of U.S. dollars	
	2008		**2008**	
Current assets	**¥**	**102,815**	**$**	**993**
Non-current assets		**233,196**		**2,251**
Goodwill		**88,606**		**855**
Current liabilities		**(57,810)**		**(558)**
Non-current liabilities		**(16,678)**		**(161)**
Minority interest		**(54,082)**		**(522)**
Acquisition cost of the equity of the subsidiary		**296,047**		**2,858**
Cash and cash equivalents of the newly consolidated subsidiary		**(30,188)**		**(291)**
Net cash and cash equivalent decreased due to the purchase of additional shares in the newly consolidated subsidiary	**¥**	**265,859**	**$**	**2,567**

For the year ended September 30, 2008, the Company newly consolidated Site Support Institute Co., Ltd. by share exchanges. A summary information of the assets and liabilities was as follows:

	Thousands of yen		Thousands of U.S. dollars	
	2008		**2008**	
Current assets	**¥**	**3,540,467**	**$**	**34,184**
Non-current assets		**287,172**		**2,773**
Current liabilities		**(1,157,142)**		**(11,173)**
Non-current liabilities		**(42,605)**		**(411)**
Cash and cash equivalents from the newly consolidated subsidiary		**(2,317,387)**		**(22,375)**

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, 2007 and 2008, they would have been recorded on the financial statements as follows:

	Thousands of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Acquisition cost:	¥ 1,656,116	¥ **2,127,335**	**$ 20,540**
Buildings	51,400	**33,100**	**320**
Machinery	254,094	**297,187**	**2,869**
Furniture and fixtures	1,198,759	**1,653,988**	**15,970**
Intangible assets	151,863	**143,060**	**1,381**
Accumulated depreciation	¥ 826,988	¥ **992,462**	**$ 9,582**
Building	36,068	**22,908**	**221**
Machinery	97,474	**156,298**	**1,509**
Furniture and fixtures	628,450	**737,537**	**7,121**
Intangible assets	64,996	**75,719**	**731**
Net book value	¥ 829,128	¥ **1,134,873**	**$ 10,958**
Building	15,332	**10,192**	**99**
Machinery	156,620	**140,889**	**1,360**
Furniture and fixtures	570,309	**916,451**	**8,849**
Intangible assets	86,867	**67,341**	**650**

Lease payments under finance leases which are accounted for in the same manner as operating leases for the years ended September 30, 2007 and 2008, except to the interest, were ¥345,866 thousand and ¥443,065 thousand ($ 4,278 thousand), respectively. Future lease payments as of September 30, 2007 and 2008, exclusive of interest, under such leases were ¥849,099 thousand and ¥1,161,688 thousand ($ 11,216 thousand), including ¥294,273 thousand and ¥409,650 thousand ($ 3,955 thousand) due within one year.

Equivalent amount of depreciation for the years ended September 30, 2007 and 2008 amounted to ¥321,418 thousand and ¥411,478 thousand ($3,973 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, 2007 and 2008 amounted to ¥28,103 thousand and ¥38,248 thousand ($ 369 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, 2007 and 2008, were ¥12,512 thousand and ¥7,568 thousand ($ 73 thousand), including ¥4,944 thousand and ¥4,944 thousands ($48 thousand) due within one year, respectively.

9. Securities

The Companies had no available-for-sale securities with available fair values as of September 30, 2007 and 2008.

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

	Type	Book value Thousands of yen
Available-for-sale securities	Non-marketable foreign bonds	¥ 111
	Non-listed equity securities	67,167
	The amount of investment in investment limited liability partnerships	245,053

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

The following tables summarize book values of securities with no available fair values as of September 30, 2008.

	Type	Book value Thousands of yen	Book value Thousands of U.S. dollars
Available-for-sale securities	Non-marketable foreign bonds	**¥ 75**	**$ 1**
	Non-listed equity securities	**202,170**	**1,952**
	Non-listed stock acquisition rights	**48,000**	**463**
	The amount of investment in investment limited liability partnerships	**234,755**	**2,267**

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	**¥ -**	**¥ 75**

(Thousands of U.S. dollars)

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

10. Derivative financial instruments

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

The following summarizes hedging derivative financial instruments used by the Companies and items hedged:
Hedging instruments: Interest rate swap contracts
Hedged items: Interest on borroings

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, 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

The following tables summarize market value information as of September 30, 2008 derivative transactions for which hedge accounting has not been applied:
Currency related:

(Thousands of yen)

For 2008	Type	Year ended September 30, 2008			
		Contracted amount	Over one year	Market value	Recognized losses
Items not traded on exchanges	Forward foreign exchange contracts: Sell: Yen	¥ 18,435	-	¥ 17,481	¥ (954)
	Buy: Yen	58,607	-	64,782	6,175
Total		-	-	-	¥ 5,221

(Thousands of U.S. dollars)

For 2008	Type	Year ended September 30, 2008			
		Contracted amount	Over one year	Market value	Recognized losses
Items not traded on exchanges	Forward foreign exchange contracts:				
	Sell:				
	Yen	$ 178	-	$ 169	$ (9)
	Buy:				
	Yen	566	-	625	59
Total		-	-	-	$ 50

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. Certain overseas consolidated subsidiaries have defined contribution pension plans

The liabilities for severance and retirement benefits included in the liability section of the consolidated balance sheet as of September 30, 2007 and 2008 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Retirement benefit obligation	¥ (920,040)	**¥ (1,278,972)**	**$ (12,349)**
Plan assets	212,376	**211,695**	**2,044**
Unfunded projected benefit obligation	(707,664)	**(1,067,277)**	**(10,305)**
Unrecognized actuarial difference	1,014	**(9,333)**	**(90)**
Unrecognized prior service cost	-	**163,603**	**1,580**
Employees' severance and retirement benefits	¥ (706,650)	**¥ (913,007)**	**$ (8,815)**

Included in the consolidated statement of income for the years ended September 30, 2007 and 2008 are severance and retirement benefit expenses comprised of the followings:

	Thousands of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Service costs	¥ 146,122	**¥ 255,528**	**$ 2,467**
Interest cost	10,914	**18,223**	**176**
Amortization of unrecognized actuarial difference	(9,473)	**1,014**	**10**
Amortization of prior service cost	-	**29,502**	**285**
Extra retirement payments	-	**50,506**	**487**
Severance and retirement benefit expenses	¥ 147,563	**¥ 354,773**	**$ 3,425**

Summary of assumption on benefit obligations, etc for the years ended September 30, 2007 and 2008 were as follows:

Periodic distribution method of expected benefit	Straight-line method
Discount rate	2.5%
Amortization of unrecognized prior service cost	6 year
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 2007 and 2008.

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, 2007 and 2008 were as follows:

	2007		**2008**	
Statutory income tax rate	40.69	%	**40.69**	**%**
Effect on operating loss carryforwards of subsidiaries	(0.55)		**7.51**	
Permanently non-deductible expenses	1.03		**0.88**	
Dividends income	(1.63)		**-**	
Per capita inhabitants tax	1.01		**1.45**	
Amortization of negative goodwill	(0.69)		**(0.82)**	
Tax on undistributed earnings (of family corporation)	-		**2.23**	
Reserve for director‘s bonus	2.39		**1.28**	
Undistributed earnings of affiliated companies overseas	-		**1.12**	
Allowance for doubtful accounts	-		**2.07**	
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)		**-**	
Others	(1.16)		**(1.04)**	
Actual effective income tax rate	38.24	%	**55.37**	**%**

Significant components of the deferred income taxes as of September 30, 2007 and 2008 were as follows:

	Thousands of yen		Thousands of U.S. dollars
	2007	**2008**	**2008**
Deferred income tax assets			
Reserve for employees' bonus	¥ -	¥ **351,982**	$ **3,398**
Excess bonuses accrued	272,937	**-**	**-**
Business facility tax payable	10,036	**10,934**	**105**
Enterprise tax payable	45,661	**83,901**	**810**
Inventories-loss on write-down	-	**44,319**	**428**
Employees' retirement benefits	231,590	**325,898**	**3,147**
Property and equipment	14,333	**13,618**	**131**
Net operating loss carryforwards	67,528	**433,300**	**4,184**
Allowance for doubtful accounts	-	**43,679**	**422**
Loss on devaluation of Subsidiary stock	83,678	**-**	**-**
Loss on devaluation of investment securities	72,348	**118,579**	**1,145**
Others	42,899	**24,756**	**239**
	841,010	**1,450,966**	**14,009**
Less: Valuation allowance	(204,965)	**(493,375)**	**(4,764)**
Total deferred tax assets	¥ 636,045	¥ **957,591**	$ **9,245**
Deferred tax liabilities			
Property and equipment	(18,789)	**(12,710)**	**(123)**
Undistributed earnings of affiliated companies overseas	-	**(18,168)**	**(176)**
Others	(5,950)	**(9,461)**	**(91)**
Total deferred tax liabilities	(24,739)	**(40,339)**	**(390)**
Net deferred tax assets	¥ 611,306	¥ **917,252**	$ **8,855**

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, 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 yen)

the year ended September 30, 2008	CRO	CMO	CSO/Others	Total	Elimination/ Headquarters	Consolidated
Operating revenues						
(1)Outside customers	¥ 20,627,519	¥ 2,434,159	¥ 2,715,620	¥ 25,777,298	¥ -	¥ 25,777,298
(2)Inter-segment	-	20,022	205,283	225,305	(225,305)	-
Total	20,627,519	2,454,181	2,920,903	26,002,603	(225,305)	25,777,298
Operating expenses	18,350,832	2,516,489	2,860,201	23,727,522	(225,305)	23,502,217
Operating income	¥ 2,276,687	¥ (62,308)	¥ 60,702	¥ 2,275,081	¥ -	¥ 2,275,081

Asset depreciation and capital expenditures						
(1)Total assets	¥ 16,401,617	¥ 4,126,204	¥ 1,628,395	¥ 22,156,216	¥ (83,057)	¥ 22,073,159
(2)Depreciation and amortization	291,987	223,822	50,140	565,949	-	565,949
(3)Capital expenditures	1,026,646	173,100	22,732	1,222,478	-	1,222,478

(Thousands of U.S.dollars)

the year ended September 30, 2008	CRO	CMO	CSO/Others	Total	Elimination/ Headquarters	Consolidated
Operating revenues						
(1)Outside customers	$ 199,165	$ 23,503	$ 26,220	$ 248,888	$ -	$ 248,888
(2)Inter-segment	-	193	1,982	2,175	(2,175)	-
Total	199,165	23,696	28,202	251,063	(2,175)	248,888
Operating expenses	177,183	24,297	27,616	229,096	(2,175)	226,921
Operating income	$ 21,982	$ (601)	$ 586	$ 21,967	$ -	$ 21,967

Asset depreciation and capital expenditures						
(1)Total assets	$ 158,362	$ 39,840	$ 15,723	$ 213,925	$ (802)	$ 213,123
(2)Depreciation and amortization	2,819	2,161	484	5,464	-	5,464
(3)Capital expenditures	9,913	1,671	219	11,803	-	11,803

Notes:

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.

The Company and its domestic consolidated subsidiaries have recorded assets acquired before March 31, 2007, based on the previous 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 for the year ended September 30, 2007. The impact of this change has not been material for the year ended September 30, 2008.

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, 2007 and 2008.

Overseas sales of the Companies constituted less than 10%, of the consolidated net sales for both the six months ended September 30, 2007 and 2008.

14. Net assets and net income per share

	Yen		U.S. dollars
	2007	**2008**	**2008**
Net assets per share	¥ 13,417.89	¥ **14,693.16**	$ **141.87**
Net income per share	1,579.33	**1,003.94**	**9.69**
Diluted net income per share	-	-	-

No diluted net income per share is presented for the years ended September 30, 2007 and 2008 since no potentially dilutive securities were issued.

15. Subsequent event

The following appropriation of retained earnings at September 30, 2008 was approved at the ordinary general shareholders' meeting held on December 16, 2008.

	Thousands of yen	Thousands of U.S. dollars
Cash dividends (¥133.00 per share)	¥ 118,896	$ 1,148
Bonuses to directors and corporate auditors	20,000	193

Merger of consolidated subsidiaries

Consolidated subsidiary CMIC-CRC Co., Ltd., and Site Support Institute Co., Ltd. (SSI), which became a consolidated subsidiary on April 1, 2008, merged on October 1, 2008.

1. Names of companies merged and description of their businesses; legal form of the merger; name of the post-merger company; and outline of the merger, including purpose of the merger

(1) Names of companies merged and description of their businesses

i. Merging company (surviving company)

Name: Site Support Institute Co., Ltd.

Businesses: Clinical trial site management organization (SMO), others

ii. Merged company (absorbed company)

Name: CMIC-CRC Co., Ltd.

Businesses: Clinical research coordinator (CRC) services

(2) Legal form of the merger

Merger and absorption with SSI as the surviving company and CMIC-CRC as the expired company

(3) Name and businesses of the post-merger company

Name: Site Support Institute Co., Ltd.

Businesses: SMO business including CRC services, others

(4) Outline of the merger, including purpose of the merger

In the SMO industry, realignment is accelerating in response to changes in the environment for clinical trials and the industry operating environment. In this climate, as it is essential to build a solid operating base, this merger’s objectives include the reinforcement of market competitiveness, improvements in the efficiency of personnel recruitment and service execution, and enhancement of productivity.

2. Outline of accounting treatment of the merger

The merger was carried out in accordance with “Accounting Standards for Business Combinations”

(Business Accounting Council; October 31, 2003), "Section 3. Accounting Standards for Business Combinations," "4. Accounting treatment for transaction involving entities under common control."

Acquisition of Treasury Stock

The Board of Directors held on September 17, 2008 resolved acquisition of its own shares as treasury stock pursuant to the provisions of Article 156 of the Corporation Law as applied mutatis mutandis to Article 165 paragraph 3 of the law, and the shares were acquired from September 18, 2008 to November 30, 2008 as follows:

(1) Purpose of acquisition to implement a more flexible capital policy
(2) Type of stock acquired common stock
(3) Aggregate number of shares acquired 15,000 shares
(4) Aggregate purchase price of shares ¥450 million ($4,344 thousand)
(5) Method of acquisition Purchased in the stock market

The Company repurchased 15,000 shares for ¥379 million ($3,663 thousand).

Change in business segment classifications

Previously, the Company's business segment information was based on the following classifications: CRO business; CMO business; and CSO and other businesses. However, from the fiscal year ending September 30, 2009, this has been changed to five classifications: CRO business; CMO business; CSO business; Healthcare business; and Other businesses.

This change is aimed at unifying decision-making, expediting the execution of operations and enhancing efficiency. With the aim of building a structure capable of increasing earnings potential and productivity, the Board of Directors passed a resolution on September 19, 2008, to establish Group-wide internal companies on October 1, 2008. These internal companies are: CRO Company, CMO Company, CSO Company and Healthcare Company. The new business segments are designed to more accurately reflect the development of the Company's businesses and the state of these businesses than the previous classifications.

The main operations of each of the new segment classifications are as follows.

Business segment	Main operations
CRO business	Monitoring services, data management services, pharmaceutical affairs consulting services, pre-clinical work
CMO business	Contract manufacturing of pharmaceuticals
CSO business	Pharmaceuticals marketing support services, MR dispatch services
Healthcare business	SMO services, provision of healthcare information via the internet, recruitment of clinical trial subjects
Other businesses	Personnel and organizational support, new businesses

16. Transactions with related parties

Current term (October 1, 2007 to September 30, 2008)

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 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	5,141	Accrued revenue	457
							Purchase of sales promotion materials	Purchase of sales promotion materials	2,860	Other accounts payable	3
	Site Support Institute Co.,Ltd.	Shinagawa-ku, Tokyo	673,000	SMO	-	-	Customer in business	Consign-ment business	67,622	Accounts payable	-
								Trustee business	4,400	Accounts receivable	4,620
	System Inn Nakagomi Co.,Ltd.	Chuo-shi, Yamanashi-ken	10,000	Manufacturing and sales of computer systems	-	-	Customer in business	Consign-ment business	2,850	Accounts payable	-

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	97	Management of museum	-	-	Lease of building to company	Receipt of rent for property	50	Accrued revenue	4
							Purchase of sales promotion materials	Purchase of sales promotion materials	28	Other accounts payable	0
	Site Support Institute Co.,Ltd.	Shinagawa-ku, Tokyo	6,498	SMO	-	-	Customer in business	Consign-ment business	653	Accounts payable	-
								Trustee business	42	Accounts receivable	45
	System Inn Nakagomi Co.,Ltd.	Chuo-shi, Yamanashi-ken	97	Manufacturing and sales of computer systems	-	-	Customer in business	Consign-ment business	28	Accounts payable	-

Previous 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

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, 2007 and 2008, 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, 2007 and 2008, 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.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended September 30, 2008 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 16, 2008