CMIC Co., Ltd. and Subsidiaries

Consolidated Financial Statements
For the Years ended September 30,
2010 and 2011
Together with Independent
Auditors' Report

KPMG AZSA LLC
December 2011
This report contains 1 page
Appendices comprise 32 pages

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 its consolidated subsidiaries as of September 30, 2011 and 2010, the related consolidated statements of income and comprehensive income for the year ended September 30, 2011, statement of income for the year ended September 30, 2010, and statements of changes in net assets and cash flows for each of 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 financial position of CMIC Co., Ltd. and its consolidated subsidiaries as of September 30, 2011 and 2010, and the 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.

As discussed in Note 20, the company split for conversion to a holdings company structure was resolved at the Board of Directors meeting held on November 17, 2011. In addition, the resolution was approved at the annual shareholders meeting on December 15, 2011.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended September 30, 2011 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 LLC

Tokyo, Japan
December 15, 2011

CONSOLIDATED BALANCE SHEETS

CMIC Co., Ltd. and consolidated subsidiaries

As of September 30, 2010 and 2011

	Thousands of yen		Thousands of U.S. dollars (Note 1)
ASSETS	2010	2011	2011
Current assets:			
Cash and deposits (Notes 4 and 6)	¥ 6,096,196	¥ 8,717,048	$ 113,725
Notes and accounts receivable-trade (Note 6)	8,075,470	7,717,872	100,689
Merchandise and finished goods	17,798	17,008	221
Work in process	2,590,491	3,341,148	43,589
Raw materials and supplies	349,286	385,785	5,033
Deferred tax assets (Note 12)	889,314	1,126,484	14,696
Other	915,481	1,143,342	14,916
Allowance for doubtful accounts	(3,321)	(4,534)	(59)
Total current assets	18,930,718	22,444,156	292,813
Property, plant and equipment:			
Buildings and structures	7,517,048	8,466,052	110,450
Machinery, equipment and vehicles	3,990,348	4,499,171	58,697
Tools, furniture and fixtures	996,105	1,159,474	15,126
Land	4,364,766	4,514,732	58,900
Lease assets	491,805	668,715	8,724
Construction in progress	383,746	433,683	5,657
Less accumulated depreciation	(7,069,816)	(8,674,409)	(113,169)
Total property, plant and equipments	10,674,003	11,067,421	144,389
Intangible assets:			
Goodwill	566,236	1,747,428	22,797
Other	757,666	997,927	13,019
Total intangible assets	1,323,902	2,745,356	35,816
Investments and other assets:			
Investment securities (Notes 6 and 7)	308,985	484,346	6,318
Deferred tax assets (Note 12)	719,047	1,042,656	13,602
Lease and guarantee deposits	1,233,412	1,392,056	18,161
Other	101,923	226,159	2,950
Allowance for doubtful accounts	(25,336)	(20,855)	(272)
Total investments and other assets	2,338,033	3,124,363	40,761
Total assets	¥ 33,266,659	¥ 39,381,297	$ 513,780

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, 2010 and 2011

LIABILITIES AND NET ASSETS	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
Current liabilities:			
Notes and accounts payable-trade(Note 6)	¥ 1,416,444	¥ 1,366,183	$ 17,823
Short-term loans payable(Notes 6 and 9)	900,000	3,000,000	39,138
Current portion of long-term loans payable (Notes 6 and 9)	1,132,600	1,027,700	13,407
Accounts payable-other	969,971	1,197,054	15,617
Accrued expences	384,746	449,174	5,860
Income taxes payable	1,130,507	1,066,300	13,911
Advances received	987,042	1,475,305	19,247
Provision for bonuses	1,507,242	1,855,765	24,210
Provision for directors' bonuses	106,920	115,662	1,508
Provision for loss on order received	214,701	495,856	6,469
Deferred tax liabilities (Note 12)	10,205	74	0
Other	677,299	790,277	10,310
Total current liabilities	9,437,682	12,839,354	167,506
Noncurrent liabilities:			
Long-term loans payable (Notes 6 and 9)	6,208,700	6,456,000	84,227
Provision for retirement benefits (Note 10)	1,561,510	2,304,084	30,059
Deferred tax liabilities(Note 12)	89,541	123,267	1,608
Asset retirement obligations	-	405,115	5,285
Other	329,984	344,741	4,497
Total noncurrent liabilities	8,189,735	9,633,208	125,677
Total liabilities	17,627,418	22,472,563	293,184
NET ASSETS			
Shareholders' equity:			
Capital stock			
Authorized-2,300,000 shares Issued-894,957 shares in 2010			
Authorized-46,000,000 shares Issued-18,221,860 shares in 2011	3,087,750	3,087,750	40,283
Capital surplus	5,960,881	6,292,379	82,092
Retained earnings	6,554,927	7,828,653	102,135
Treasury stock at cost－16,022 shares in 2010 and 32,560 shares in 2011	(416,516)	(44,189)	(576)
Total shareholders' equity	15,187,041	17,164,593	223,934
Accumulated other comprehensive income:			
Valuation difference on available-for-sale securities	-	57,960	756
Foreign currency translation adjustments	(264,353)	(365,525)	(4,768)
Total accumulated other comprehensive income	(264,353)	(307,565)	(4,012)
Minority interests	716,552	51,706	674
Total net assets	15,639,241	16,908,734	220,596
Total liabilities and net assets	¥ 33,266,659	¥ 39,381,297	$ 513,780

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, 2010 and 2011

	Shares	
	2010	2011
Number of shares of common stock:		
Balance at beginning of year	894,957	894,957
Changes due to share exchanges	-	16,136
Changes due to stock split	-	17,310,767
Balance at end of year	894,957	18,221,860

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
Capital stock:			
Balance at the end of current period	￥ 3,087,750	￥ 3,087,750	$ 40,283
Capital surplus:			
Balance at the end of previous period	5,960,881	5,960,881	77,767
Disposal of treasury stock	-	2	0
Changes due to share exchanges	-	331,496	4,324
Balance at the end of current period	5,960,881	6,292,379	82,092
Retained earnings:			
Balance at the end of previous period	5,082,406	6,554,927	85,517
Net income	1,786,329	1,811,749	23,636
Cash dividends paid - ￥357.00 ($4.259) per share in 2010	(313,783)	-	-
￥605.00 ($7.893) per share in 2011	-	(539,849)	(7,043)
Disposal of treasury stock	(25)	-	-
Change of scope of equity method	-	1,825	23
Balance at the end of current period	6,554,927	7,828,653	102,135
Treasury stock:			
Balance at the end of previous period	(416,285)	(416,516)	(5,434)
Acquisition of treasury stock	(335)	(1,450)	(18)
Disposal of treasury stock	103	422	5
Changes due to share exchanges	-	373,354	4,870
Balance at the end of current period - 16,022 shares in 2010 and 32,560 shares in 2011	(416,516)	(44,189)	(576)
Total shareholders' equity	15,187,041	17,164,593	223,934
Valuation difference on available-for-sale securities			
Balance at the end of previous period	-	-	-
Total changes of items during the period	-	57,960	756
Balance at the end of current period	-	57,960	756
Foreign currency translation adjustments:			
Balance at the end of previous period	(205,974)	(264,353)	(3,448)
Total changes of items during the period	(58,378)	(101,172)	(1,319)
Balance at the end of current period	(264,353)	(365,525)	(4,768)
Total accumulated other comprehensive income	(264,353)	(307,565)	(4,012)
Minority interests	716,552	51,706	674
Total net assets	￥ 15,639,240	￥ 16,908,734	$ 220,596

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, 2010 and 2011

	Thousands of yen		Thousands of U.S. dollars (Note1)
	2010	2011	2011
Net sales	¥ 35,861,532	¥ 43,555,034	$ 568,232
Costs and expenses:			
Cost of sales	(26,277,734)	(32,961,467)	(430,025)
Selling, general and administrative expenses (Note 11)	(6,272,754)	(6,744,051)	(87,985)
Total costs and expenses	(32,550,488)	(39,705,519)	(518,010)
Operating income	3,311,043	3,849,514	50,221
Other income (expenses):			
Interest income	9,821	9,288	121
Foreign exchange gains	29,742	30,011	391
Commission income	1,407	2,847	37
Rent income	25,073	25,166	328
Management fee income	25,908	51,816	676
Other income	26,207	33,629	438
Interest expenses	(95,919)	(159,210)	(2,077)
Equity losses on investment	(91,747)	(94,392)	(1,231)
Equity in losses of affiliates	(880)	(7,532)	(98)
Other expenses	(25,704)	(29,065)	(379)
Gain on sales of noncurrent assets	281	3,837	50
Gain on negative goodwill	271,703	-	-
Dedcution of R&D costs for previous years	26,685	-	-
Insurance income	-	34,071	444
Other extraordinary income	-	6,011	78
Loss on retirement of noncurrent assets	(54,631)	(92,880)	(1,211)
Impairment loss of noncurrent assets	(25,468)	(5,913)	(77)
Loss on valuation of investment securities	(11,905)	(17,617)	(229)
Retirement benefit expenses	-	(33,665)	(439)
Compensation for damage	(85,923)	-	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	(168,334)	(2,196)
Other extraordinary loss	-	(7,054)	(92)
Total other income (expenses)	24,649	(418,986)	(5,466)
Income before income taxes and minority interests	3,335,692	3,430,527	44,755
Income taxes (Note 12):			
Income taxes-current	1,844,443	2,195,421	28,642
Income taxes-deferred	(365,974)	(592,838)	(7,734)
Total income taxes	1,478,468	1,602,583	20,907
Income before minority interests	1,857,223	1,827,944	23,847
Minority interests in income	70,894	16,195	211
Net income	¥ 1,786,329	¥ 1,811,749	$ 23,636

	Yen	Yen	U.S. dollars (Note 1)
Amount per share of common stock:			
Net income	¥ 2,032.36	¥ 100.73	$ 1.31
Diluted net income	-	-	-
Cash dividends applicable to the period	530.00	282.00	3.67

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CMIC Co., Ltd. and consolidated subsidiaries
Years ended September 30, 2011

	Thousands of yen	Thousands of U.S. dollars (Note1)
	2011	2011
Income before minority interests	¥ 1,827,944	$ 23,847
Other comprehensive income		
Valuation difference on available-for-sale securities	57,960	756
Foreign currency translation adjustments	(107,518)	(1,402)
Total other comprehensive income	(49,558)	(646)
Comprehensive income	1,778,386	23,201
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,768,536	23,072
Comprehensive income attributable to minority interests	9,849	128

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 ended September 30, 2010 and 2011

	Thousands of yen		Thousands of U.S. dollars (Note 1)
	2010	2011	2011
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 3,335,692	¥ 3,430,527	$ 44,755
Depreciation and amortization	1,428,695	1,998,410	26,071
Impairment loss on noncurrent assets	25,468	5,913	77
Amortization of goodwill	139,576	221,489	2,889
Gain on negative goodwill	(271,703)	-	-
Increase (decrease) in provision for retirement benefits	375,919	561,963	7,331
Increase (decrease) in provision for bonuses	435,292	271,062	3,536
Increase (decrease) in provision for directors' bonuses	26,431	8,741	114
Increase (decrease) of allowance for doubtful accounts	23,174	(1,207)	(15)
Increase (decrease) in provision for loss on order received	99,602	166,629	2,173
Interest income	(12,821)	(9,288)	(121)
Interest expenses	95,919	159,210	2,077
Equity in (earnings) losses of affiliates	880	7,532	98
Foreign exchange losses (gains)	13,479	31,045	405
Investment amount of equity losses incurred	91,747	94,392	1,231
Loss (gain) on valuation of investment securities	11,905	17,617	229
Loss on retirement of noncurrent assets	54,631	92,880	1,211
Gain on sales of noncurrent assets	(281)	(3,837)	(50)
Compensation for damage	85,923	-	-
Decrease (increase) in notes and accounts receivable-trade	(2,158,183)	641,548	8,369
Decrease (Increase) of inventories	(1,160,108)	(109,417)	(1,427)
Increase (decrease) in notes and accounts payable-trade	886,796	(83,160)	(1,084)
Increase (decrease) of accrued expenses	105,907	(44,796)	(584)
Increase (decrease) in advances received	(293,633)	(102,086)	(1,331)
Increase (decrease) of deposits received	24,516	32,579	425
Other,net	(88,699)	(297,164)	(3,876)
Subtotal	3,276,131	7,090,585	92,506
Interest and dividends income received	12,821	9,296	121
Interest expenses paid	(97,432)	(160,359)	(2,092)
Compensation for damage paid	-	(85,923)	(1,120)
Proceeds from insurance income	-	34,071	444
Income taxes paid	(1,583,580)	(2,221,312)	(28,979)
Net cash provided by operating activities	1,607,940	4,666,358	60,878
Cash flows from investing activities:			
Payments into time deposits	(616,871)	(755,768)	(9,859)
Proceeds from withdrawal of time deposits	440,431	674,830	8,804
Purchase of property, plant and equipment	(819,193)	(1,501,803)	(19,593)
Proceeds from sales of property, plant and equipment	5,093	80,277	1,047
Purchase of intangible assets	(320,982)	(479,740)	(6,258)
Payments for retirement of noncurrent assets	-	(49,897)	(650)
Payments for lease and guarantee deposits	(151,002)	(181,270)	(2,364)
Proceeds from collection of lease and guarantee deposits	93,221	59,017	769
Purchase of investment securities	(65,275)	-	-
Proceeds from sales of investment securities	105,000	-	-
Purchase of investments in subsidiaries resulting in change in scope of consolidation(Note 5)	(5,644,386)	(375,485)	(4,898)
Purchase of investments in subsidiaries	(282,222)	(65,500)	(854)
Payments for investments in capital of subsidiaries and affiliates	-	(79,174)	(1,032)
Payments of loans receivable	-	(150,000)	(1,956)
Other, net	(52,498)	(20,650)	(269)
Net cash used in investing activities	(7,308,685)	(2,845,164)	(37,118)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	151,000	1,320,920	17,233
Proceeds from long-term loans payable	6,650,000	1,300,000	16,960
Repayment of long-term loans payable	(679,600)	(1,157,600)	(15,102)
Repayment of lease obligations	(96,876)	(129,522)	(1,689)
Purchase of treasury stock	(335)	(18,020)	(235)
Disposal of treasury stock	78	425	5
Purchase of treasury stock of subsidiaries in consolidation	(45)	(29)	(0)
Dividends paid	(312,932)	(539,957)	(7,044)
Dividends paid to minority shareholders	(20,760)	(10,379)	(135)
Net cash provided by financing activities	5,690,528	765,837	9,991
Effect of exchange rate changes on cash and cash equivalents	(19,870)	(42,219)	(550)
Net decrease (increase) in cash and cash equivalents	(30,087)	2,544,811	33,200
Cash and cash equivalents at beginning of period	5,512,948	5,482,860	71,531
Cash and cash equivalents at end of period (Note 5)	¥ 5,482,860	¥ 8,027,671	$ 104,731

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 domestic subsidiaries (the "Domestic companies") 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 from International Financial Reporting Standards.
The accounts of overseas subsidiaries have been prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with consolidation adjustments for the specified six items as applicable.
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 ¥76.65 to U.S. $1.00, the rate of exchange prevailing at September 30, 2011.Amounts less than one thousand yen and one thousand U.S.dollars are rounded down. The total Japanese yen and U.S.dollars amounts shown in the financial statements and notes do not necessarily agree with the sum of the individual amounts.
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 and15 subsidiaries at September 30, 2010 and 2011, respectively. The consolidated financial statements for the years ended September 30, 2010 and 2011 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 (40% owned) at September 30, 2010 and has an affiliate (21% owned) at September 30, 2011.
The fiscal year-end of CMIC (Beijing) Co., Ltd. is December 31. This subsidiary provisionally closes books at September 30 for the purpose of consolidation of the Company. The fiscal year-end of the other subsidiaries other than the above of the subsidiary 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 the control of the respective subsidiaries.

Securities- Available-for-sale securities with fair market values are stated at fair market value as of the balance sheet date. Unrealized gains or losses on these securities are reported, net of applicable income taxes, as a separate component of net assets. Realized gains and losses on sales of such securities are computed using the moving-average method. Other non－marketable securities are stated at cost or amortized cost computed by the moving-average method.

Derivatives- Derivatives are carried at fair value. However, with respect to interest rate swaps meeting the criteria for the exceptional treatment, the exceptional treatment is, in principle, applied.

Inventories- Inventories are valued at the lower of cost or net realizable value at the fiscal year end in the balance sheet. Merchandise and finished goods are principally stated at the cost determined by the first-in first-out method. Work-in-process is principally stated at the cost determined by the identified cost method, and by the first-in first-out method in certain consolidated subsidiaries. Raw materials and supplies are principally stated at the 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, equipment and vehicles: 4 years to 10 years
Tools, furniture and fixtures: 2 years to 15 years

On the other hand, overseas subsidiaries adopt the straight line method in depreciation for property, plant and equipment.

Lease assets- The straight-line method is applied with the useful life of the asset being the lease term and the residual value being zero. The accounting treatment for finance lease transaction, other than those involving a transfer of title, for which the starting date of the lease was September 30, 2008 or earlier, is similar to the accounting treatment for operating lease transactions.

Intangible assets - Intangible assets of the Domestic companies are amortized using the straight-line method over the estimated useful lives. Software for their own use of the Domestic companies is amortized using the straight-line method over the estimated useful lives (5 years).

Stock issuance costs- Stock issuance costs are principally charged to expenses 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.

Provision for 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. A part of consolidated subsidiaries adopt retirement benefit system of a defined contribution corporate pension plan and a part of consolidated subsidiaries adopt simplified methods in calculating their projected benefit obligations.

Provision for directors' bonuses- The Companies provide allowance for directors’ bonuses based on the estimated amount of the bonus payments.

Provision for bonuses- The Companies provide allowance for employees’ bonuses based on the estimated amount of the bonus payments.

Provision for loss on order received- To provide for future losses on the order received, the Companies reasonably estimate and provide the amount of future foreseeable losses at the end of fiscal year.

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 shareholders' equity, which is translated at historical rates. The income and expenses of the 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 adjustment" and are included in "Net assets".

Hedge Accounting -
(1) Hedge accounting method:
The Companies adopt the deferral method. The exceptional treatment is, in principle, applied with respect to interest rate swaps, in cases where criteria for the exceptional treatment are met.
(2) Hedging instruments and hedged transaction:
The derivatives designated as hedging instruments are interest rate swap contracts.
The hedged transactions are interest on borrowings.
(3) Hedging policy:
The Companies' policy to utilize the above hedging instruments in order to reduce the Companies' exposure to the risk of interest rate fluctuation.
(4) Methods for evaluating the effectiveness of hedges
The Companies evaluate effectiveness of its hedging transactions 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 to which the exceptional treatment is applied.

Consumption Taxes - Transactions of the Domestic companies subject to consumption tax and/or regional consumption tax are recorded at amounts excluding the consumption tax.

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 years. 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.

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, or 5 years in case the useful life cannot be estimated, 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.

(Changes in accounting policy)

Adoption of Accounting Standard for Asset Retirement Obligations and its Implementation Guidance

Effective from the year ended September 30, 2010, the Companies adopted the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No.18, issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations ” (ASBJ Guidance No.21, issued on March 31, 2008). As a result of the adoption of this accounting standard, operating income for the year ended 2011 decreased by ¥50,512 thousand ($659 thousand) and income before income taxes and minority interests decreased by ¥218,847 thousand ($2,855 thousand), respectively.

Adoption of Accounting Standard for Equity Method and Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method

Effective from the year ended September 30, 2011, the Companies adopted the “Accounting Standard for Equity Method”(ASBJ Statement No.16, issued on March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method”(PITF No.24, issued on March 10, 2008). As a result of the adoption, there is no impact on the consolidated financial statements for the year ended September 30, 2011.

Adoption of Accounting Standard for Presentation of Comprehensive Income

Effective from the year ended September 30, 2011, the Companies adopted the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No.25, issued on June 30, 2010). As a result of the adoption of this accounting standard, the Companies presented the consolidated statements of comprehensive income for the year ended September 30, 2011.

3. Consolidated statement of comprehensive income related

Comprehensive income for the fiscal year ended September 30, 2010 was as follow:

		Thousands of yen
Comprehensive income attribute to owners of the parent	¥	1,727,951
Comprehensive income attribute to minority interests		71,132
Total comprehensive income	¥	1,799,084

Other comprehensive income for the fiscal year ended September 30, 2010 was as follow:

		Thousands of yen
Foreign currency translation adjustment	¥	(58,139)
Total other comprehensive income	¥	(58,139)

4. Supplemental Cash flow information

(1) The reconciliation between cash and deposits shown in the consolidated balance sheets and cash and cash equivalents shown in the consolidated statements of cash flows as of September 30, 2010 and 2011 are as follows:

	Thousands of yen				Thousands of U.S. dollars	
	2010		2011		2011	
Cash and deposits	¥	6,096,196	¥	8,717,048	$	113,725
Less:						
The deposits over three months		613,336		689,376		8,993
Cash and cash equivalents	¥	5,482,860	¥	8,027,671	$	104,731

(2) For the year ended September 30, 2011, the Companies acquired 100% shares in MEDICAL VITA Co., Ltd. MEDICAL VITA Co., Ltd. then became a consolidated subsidiary. Summary of the information on the assets and liabilities of the company at the start of consolidation is as follows:

	Thousands of yen		Thousands of U.S. dollars	
	2011		2011	
Current assets	¥	133,029	$	1,735
Non-current assets		61,881		807
Current liabilities		(253,483)		(3,307)
Non-current liabilities		(3,302)		(43)
Goodwill		263,140		3,433
Acquisition cost of the shares in MEDICAL VITA Co., Ltd.		201,264		2,625
Cash and cash equivalents in MEDICAL VITA Co., Ltd.		(90,844)		(1,185)
Net decrease in Cash and cash equivalents due to the purchase of shares in MEDICAL VITA Co., Ltd.	¥	110,420	$	1,440

MEDICAL VITA Co., Ltd. was merged into Site Support Institute Co., Ltd. on April 1, 2011.

For the year ended September 30, 2011, the Companies acquired 100% shares in CMIC MEDICAL RESEARCH Co., Ltd. CMIC MEDICAL RESEARCH Co., Ltd. then became a consolidated subsidiary. Summary of the information on the assets and liabilities of the company at the start of consolidation is as follows:

	Thousands of yen		Thousands of U.S. dollars	
	2011		2011	
Current assets	¥	583,365	$	7,610
Non-current assets		33,990		443
Current liabilities		(1,358,112)		(17,718)
Non-current liabilities		(34,553)		(450)
Goodwill		779,646		10,171
Acquisition cost of the shares in CMIC MEDICAL RESEARCH Co., Ltd.		4,337		56
Cash and cash equivalents in CMIC MEDICAL RESEARCH Co., Ltd.		-		-
Net decrease in Cash and cash equivalents due to the purchase of shares in CMIC MEDICAL RESEARCH Co., Ltd.	¥	4,337	$	56

For the year ended September 30, 2011, the Companies acquired 100% shares in CMIC MEDICAL SUPPORT Co., Ltd. CMIC MEDICAL SUPPORT Co., Ltd. then became a consolidated subsidiary. Summary of the information on the assets and liabilities of the company at the start of consolidation is as follows:

	Thousands of yen	Thousands of U.S. dollars
	2011	2011
Current assets	¥ 276,564	$ 3,608
Non-current assets	54,483	710
Current liabilities	(142,995)	(1,865)
Non-current liabilities	(37,858)	(493)
Goodwill	54,139	706
Acquisition cost of the shares in CMIC MEDICAL SUPPORT Co., Ltd.	204,333	2,665
Cash and cash equivalents in CMIC MEDICAL SUPPORT Co., Ltd.	(47,939)	(625)
Net decrease in Cash and cash equivalents due to the purchase of shares in CMIC MEDICAL SUPPORT Co., Ltd.	¥ 156,393	$ 2,040

CMIC MEDICAL SUPPORT Co., Ltd. was merged into Site Support Institute Co., Ltd. on September 1, 2011.

For the year ended September 30, 2011, the Companies acquired 100% shares in CMIC BIORESEARCH CENTER Co., Ltd. CMIC BIORESEARCH CENTER Co., Ltd. then became a consolidated subsidiary. Summary of the information on the assets and liabilities of the company at the start of consolidation is as follows:

	Thousands of yen	Thousands of U.S. dollars
	2011	2011
Current assets	¥ 285,554	$ 3,725
Non-current assets	416,602	5,435
Current liabilities	(573,357)	(7,480)
Non-current liabilities	(195,489)	(2,550)
Goodwill	171,023	2,231
Acquisition cost of the shares in CMIC BIORESEARCH CENTER Co., Ltd.	104,333	1,361
Cash and cash equivalents in CMIC BIORESEARCH CENTER Co., Ltd.	-	-
Net decrease in Cash and cash equivalents due to the purchase of shares in CMIC BIORESEARCH CENTER Co., Ltd.	¥ 104,333	$ 1,361

(3)Contents of material non-cash transactions

Effective from the year ended September 30, 2011, the Companies adopted the" Accounting Standard for Asset Retirement Obligations"(ASBJ Statement No.18,issued on March 31,2008)and the "Guidance on Accounting Standard for Asset Retirement Obligations"(ASBJ Guidance No.21,issued on March 31,2008).The companies recorded ¥430,312 thousand($5,613 thousand) of the asset retirement obligations for the current fiscal year.

5. Leases

Lessees' Accounting

Finance leases which do not transfer ownership to lessees

(1) If finance leases with no ownership transfer to lessees were capitalized at September 30, 2010 and 2011, they would have been recorded on the financial statements as follows:

	Thousands of yen		Thousands of U.S.dollars
	2010	2011	2011
Acquisition cost:	¥ 1,409,754	¥ 1,062,676	$ 13,864
Buildings and structures	22,000	—	—
Machinery, equipment and vehicles	269,770	126,632	1,652
Tools, furniture and fixtures	1,058,471	899,795	11,739
Intangible assets	59,512	36,247	472
Accumulated depreciation	¥ 978,888	¥ 857,372	$ 11,185
Buildings and structures	20,608	—	—
Machinery, equipment and vehicles	224,573	112,388	1,466
Tools, furniture and fixtures	685,502	711,652	9,284
Intangible assets	48,205	33,331	434
Net book value	¥ 430,865	¥ 205,303	$ 2,678
Buildings and structures	1,391	—	—
Machinery, equipment and vehicles	45,197	14,244	185
Tools, furniture and fixtures	372,969	188,143	2,454
Intangible assets	11,307	2,916	38

(2) Future lease payments as of September 30, 2010 and 2011, exclusive of interest, under such leases are ¥451,,465 thousand and ¥217,910 thousand ($ 2,843 thousand), including ¥231,856 thousand and ¥178,701 thousand ($ 2,331 thousand) due within one year, respectively.

(3) Lease payments under finance leases which are accounted for in the same manner as operating leases for the years ended September 30, 2010 and 2011, except to the interest, are ¥350,695 thousand and ¥240,894 thousand ($ 3,142 thousand), respectively. Equivalent amount of depreciation for the years ended September 30, 2010 and 2011 amounted to ¥325,384 thousand and ¥222,370 thousand ($2,901 thousand), respectively. Equivalent amount of interest expenses for the years ended September 30, 2010 and 2011 amounted to ¥19,307 thousand and ¥10,756 thousand ($ 140 thousand), respectively.

(4) The depreciation equivalents are calculated using the straight-line method over the lease terms assuming no residual value.

(5) The interest equivalents are the difference between the sum of payments of lease and equivalents of the acquisition cost of lease assets, and an allocation of the interest equivalents is based on the interest method.

Operating leases

Future lease payments for non-cancelable operating as of September 30, 2010 and 2011,are ¥146,029 thousand and ¥160,873 thousand ($ 2,099 thousand), including ¥59,152 thousand and ¥97,478 thousand ($1,271 thousand) due within one year, respectively.

6. Financial Instruments

1. Overall status of financial instruments

(1) Policy for the use of financial instruments

The Companies manage temporary cash surpluses through low risk financial instruments. The Companies finance by debt from banks. The Companies use derivative transactions only for the purpose of hedging the exchange rate and the interest rate fluctuation risk and do not engage speculative transactions using these transactions.

(2) Type and risk of financial instruments

Notes and accounts receivable-trade are exposed to the credit risk of the customer. Notes and accounts receivable-trade denominated in foreign currency are exposed to risk from foreign exchange rates fluctuations.
Investment securities are composed of shares and investment in limited liability partnerships with which the Companies have business relations. Those securities are exposed to the business risk of the entities and the risk from foreign exchange rates fluctuations.
Almost all notes and accounts payable-trade are settled within one year. Notes and accounts payable-trade denominated in foreign currency are exposed to the risk from foreign exchange rates fluctuations.
Short-term loans payable is finance mainly for operating activities and is exposed to the risk from interest rate fluctuation.
Long-term loans payable is finance mainly for M&A and operating activities.
Derivative transactions include forward foreign exchange contracts to hedge the risk associated with trade receivable and payable denominated in foreign currency, and interest rate swaps to hedge the interest rate risks for loans. Hedge accounting details with regards to hedging instruments, hedged items, hedging policy and assessment of hedge effectiveness are outlined in Hedge Accounting in the section 2,Significant accounting policies.

(3) Risk management

1) Credit risk

The Companies examine the credit information for the new customers before new transaction starts, periodically monitor the overdue balance, and take necessary actions such as negotiation for the payment and assessment of the financial position so that credit risks can be minimized.
The counterparty of derivative transactions is limited to financial institutions with high credit ratings and almost no credit risks are involved.

2) Market risk

The Companies have very small portion of trade receivable and payable denominated in foreign currency.
Certain consolidated subsidiaries use forward foreign exchange contracts to hedge the risk associated with trade receivable and payable denominated in foreign currency.
Market risk of investment securities are periodically assessed by checking the financial status of the issuers, and the merit of holding such securities are continuously reviewed, taking into account the Companies' relationship with respective issuers.
The finance division of the Company continues to monitor foreign exchange market to minimize the market risk. The Companies use interest-rate swaps for the purpose of reducing risk from interest rate fluctuation for loans from banks.
Derivative transactions are executed and managed by way of the approval by the responsible officer in the finance division of the Company in accordance with the internal rule.

3) Liquidity risk in funding

The Company centrally controls the cash position of both the Company and some domestic consolidated subsidiaries, and manages the cash flows, in order to reduce the liquidity risk and keep sufficient fund at the Company.

(4) Supplementary explanation on the fair value of financial instruments

The fair value of financial instruments is based on market price .In case of no market price available, the fair value is calculated based on the amount reasonably estimated. As a number of variables are incorporated in such calculation, the fair value estimated is subject to change as a result of the use of different assumptions .

2. Fair value of financial instruments

The book value, fair value and the differences as of September 30, 2011 are as follows:

	Thousands of yen			Thousand of U.S. dollars		
	Book value in consolidated balance sheet	Fair value	Difference between book value and fair value	Book value in consolidated balance sheet	Fair value	Difference between book value and fair value
(1) Cash and deposits	¥ 8,717,048	¥ 8,717,048	¥ -	$ 113,725	$ 113,725	$ -
(2) Notes and accounts receivable-trade	7,717,872	7,717,872	-	100,689	100,689	-
(3) Investment securities	300,505	300,505	-	3,920	3,920	-
Total assets	¥ 16,735,426	¥ 16,735,426	¥ -	$ 218,335	$ 218,335	$ -
(1) Notes and accounts payable-trade	1,366,183	1,366,183	-	17,823	17,823	-
(2) Short-term loans payable	3,000,000	3,000,000	-	39,138	39,138	-
(3) Long-term loans payable (*1)	7,483,700	7,558,254	74,554	97,634	98,607	972
Total liabilities	¥ 11,849,883	¥ 11,924,437	¥ 74,554	$ 154,597	$ 155,569	$ 972
Derivative transactions (*2)(*3)	¥ 1,603	¥ 1,603	¥ -	$ 20	$ 20	$ -

*1. Long-term loans payable includes current portion of long-term loans payable.

*2. The assets or liabilities arising from derivatives transactions are shown as a net amount.

*3. Interest-rate swaps for which the exceptional method is applied are valued at fair value which is included in the underlying long-term loans payable as such swaps are treated as a single transaction with the hedged long-term loans payable.

Note 1: Method of calculating fair value of financial instruments, and matters relating to Investment securities and derivative transactions.

Assets

(1) Cash and deposits, and (2) Notes and accounts receivable-trade

These items are recorded at book value, as the settlement is made in a short time and the fair value and book value are considered the same.

(3) Investment securities

For matters relating to Investment securities by the purpose of holding, please refer to “7. Securities”.

Liabilities

(1) Notes and accounts payable-trade

These items are recorded at book value, as the settlement is made in a short time and the fair value and book value are considered the same.

(2) Short-term loans payable

Book value is used for the fair value, as the fair value is almost identical to its book value, because it reflects the market rate for the short-term period.

(3) Long-term loans payable including current portion of long-term loans payable

The fair value of long-term loans payable with fixed interest rates is calculated based on the total amount of principal and interest discounted by the interest rate which would be applied if the debt were refinanced at the year-end. Book value is used as the fair value for long-term loans payable with floating interest rates, as the fair value of such debt is almost identical to its book value, because it reflects market rate for the short-term period. However, the fair value of certain long-term loans payable with floating interest rates to which the exceptional method of interest-rate swaps is applied is calculated by discounting the total amount of principal and interest that were treated as a single transaction with the interest rate swap using the interest rate that is reasonably estimated to be applicable to similar fixed rate loans payable.

Derivative transactions

For information relating to derivative transactions, please refer to "8.Derivative financial instruments".

Note 2: Financial instruments for which the appraisal of fair values is recognized as being extremely difficult.

	Thousands of yen	Thousands of U.S. dollars
Amount recorded on consolidated balance sheet		
Unlisted shares(*1) (*2)	84,457	1,101
Unlisted warrant(*1)	24,000	313
Stocks of affiliates(*1)	40,000	521
Investments in capital of affiliates(*1)	79,174	1,032
Investments in the investment limited partnerships, etc(*3)	35,383	461
Total	¥ 263,015	$ 3,431

*1. Unlisted shares, Unlisted warrants, stocks of affiliates and investments in capital of affiliates do not have a market value and it is not possible to estimate future cash flows from them. Accordingly, appraising the fair value of such items is extremely difficult, and they are excluded from Asset (3) Investment securities above.

*2. The Companies recorded impairment loss of ¥17,617 thousand ($ 229 thousand) for the fiscal year ended September 30, 2011.

*3. Investments in the investment limited partnerships is composed of non-listed shares, and etc. Accordingly, appraising the fair value of such item is recognized as being extremely difficult, and it is excluded from Assets (3) Investment securities above.

Note 3: Redemption schedule for monetary claims and marketable securities with maturities after the consolidated balance sheet date.

	Thousands of yen		Thousands of U.S. dollars	
	2012	2013 and thereafter	2012	2013 and thereafter
Cash and deposits	¥ 8,712,734	¥ -	$ 113,669	$ -
Notes and accounts receivable-trade	7,717,872	-	100,689	-
	¥ 16,430,607	¥ -	$ 214,358	$ -

Note 4: Redemption schedule for the long-term loans payable after the consolidated balance sheet date.

Please refer to "9.Short-term loans payable and Long-term loans payable".

7. Securities

(1) The Companies have no trading securities as of September 30, 2011.

(2) The Companies have no held-to-maturity securities as of September 30, 2011.

(3) The Companies have available-for-sale securities as of September 30, 2011.
The carrying value, the acquisition cost and the difference as of September 30, 2011 are as follows:

	Thousands of yen			Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Difference	Carrying value	Acquisition cost	Difference
Shares	¥ 300,505	¥ 202,499	¥ 98,005	$ 3,920	$ 2,641	$ 1,278

Unlisted shares (¥85,457 thousand ($1,114 thousand)) and unlisted warrant (¥24,000 thousand ($313 thousand)) are not included in the above table, because they have no market value and extremely difficult to estimate their future cash flow or fair value.
Investments in the investment limited partnerships (¥35,383 thousand ($461 thousand)) are not included in the above table, because assets of the partnership consist of unlisted shares and other assets/investments, which are extremely difficult to estimate their fair value.

(4) There was no sale of available-for-sale securities for the year ended September 30, 2011.

(5) The Company recorded an impairment loss of ¥17,617 thousand ($229 thousand) on securities which is non-listed with no available fair market value, for the year September 30, 2011.
If the market value of securities with fair market value other than trading securities became less than 50% of the acquisition cost, the difference is recognized as the impairment loss in principal. If the market value dropped by 30 and 50%, the impairment loss is calculated based on the possibility to recover the market value. If the value of shares with no market value dropped by over 50% of the acquisition cost, the amount considered to be impaired is recognized as the impairment loss unless the possibility of the recovery is rationalized by sufficient evidences.

8. Derivative financial instruments

(1) The following tables summarize derivative transactions as of September 30, 2011 for which hedge accounting have not been applied:

Currency related:

		Thousands of yen				Thousands of U.S.dollars			
		Contracted amount				Contracted amount			
		Total	Due after One year	Fair Value	Recognized gain(loss)	Total	Due after One year	Fair Value	Recognized gain(loss)
Non-market transactions	Forward foreign exchange contracts:								
	Buy:Yen/Sell:Won	¥26,411	-	¥ 1,603	¥ 1,603	$ 344	-	$ 20	$ 20
	Total	¥26,411	-	¥ 1,603	¥ 1,603	$ 344	-	$ 20	$ 20

(2) The following tables summarize derivative transaction as of September 30, 2011 for which hedge accounting has been applied

Interest related:

Hedge accounting method	Classification	Hedged item	Thousands of yen: Contracted amount: Total	Thousands of yen: Contracted amount: Due after One year	Thousands of yen: Fair Value	Thousands of U.S.dollars: Contracted amount: Total	Thousands of U.S.dollars: Contracted amount: Due after One year	Thousands of U.S.dollars: Fair Value
The exceptional method of interest rate swaps	Interest rate swap contracts: Pay/fixed and receive/floating	Long term loans payable	¥5,502,000	¥4,506,000	(*)	$ 71,780	$ 58,786	(*)

* Interest-rate swaps for which the exceptional method is applied are valued at fair value which is included in the underlying long-term loans payable as such swaps are treated as a single transaction with the hedged long-term loans payable.

9. Short-term loans payable and Long-term loans payable

(1) Short-term loans payable at September 30, 2010 and 2011 consist of the following:

	Thousands of yen 2010	Thousands of yen 2011	Thousands of U.S.dollars 2011
Short-term loans payable			
The weighted average interest rates of 0.83% and 0.57 % at September 30,2010 and 2011,respectivly	¥ 900,000	¥ 3,000,000	$ 39,138

(2) Long-term loans payable at September 30, 2010 and 2011 consist of the following:

	Thousands of yen 2010	Thousands of yen 2011	Thousands of U.S.dollars 2011
Long-term loans payable:			
Due 2011 to 2017 with the weighted average interest rates of 1.82% and 1.57 % at September 30,2010 and 2011,respectivly	¥ 7,341,300	¥ 7,483,700	$ 97,634
Less:			
Current portion of long-term loans payable			
The weighted average interest rates of 1.72% and 1.94% at September 30,2010 and 2011,respectivly	1,132,600	1,027,700	13,407
	¥ 6,208,700	¥ 6,456,000	$ 84,227

(3) The annual maturities of Long-term loans payable at September 30, 2011 are as follows:

Years ending September 30,	Thousands of yen 2011	Thousands of U.S. dollars 2011
2012	¥ 1,027,700	$ 13,407
2013	996,000	12,994
2014	1,646,000	21,474
2015	2,296,000	29,954
2016	996,000	12,994
Thereafter	522,000	6,810

10. Provision for retirement benefits

The companies 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 subsidiaries have general type of employee pension plans, defined benefit pension plans and defined contribution pension plans such as employee pension plans.

(1) Provision for retirement benefits included in the liability section of the consolidated balance sheet as of September 30, 2010 and 2011 are as follows:

	Thousands of yen				Thousands of U.S. dollars	
	2010		2011		2011	
Retirement benefit obligation	¥	(2,024,492)	¥	(2,734,793)	$	(35,678)
Plan assets		251,209		298,171		3,890
Unfunded projected benefit obligation	¥	(1,773,282)	¥	(2,436,621)	$	(31,788)
Unrecognized actuarial difference		87,425		46,653		608
Unrecognized prior service cost		124,346		85,884		1,120
Provision for retirement benefits	¥	(1,561,510)	¥	(2,304,084)	$	(30,059)

(2) Included in the consolidated statement of income for the years ended September 30, 2010 and 2011 are severance and retirement benefit expenses comprised of the followings:

	Thousands of yen				Thousands of U.S. dollars	
	2010		2011		2011	
Service costs	¥	412,824	¥	546,996	$	7,136
Interest cost		16,176		20,023		261
Amortization of unrecognized actuarial difference		84,712		87,425		1,140
Amortization of prior service cost		38,462		38,462		501
Amortization of changes to the law in principle		-		33,665		439
Severance and retirement benefit expenses	¥	552,176	¥	726,573	$	9,479

(3) Summary of assumption on benefit obligations, etc for the years ended September 30, 2010 and 2011 are as follows:

	2010	2011
Periodic distribution method of expected benefit	Straight-line method	Straight-line method
Discount rate	1.3%	1.3%
Amortization of unrecognized prior service cost	6 year	6 year
Amortization period of actuarial loss	1 year	1 year

11. Research and development expenses

Research and development expenses included in Selling, general and administrative expenses for the years ended September 30, 2010 and 2011 are as follows:

	Thousands of yen				Thousands of U.S. dollars	
	2010		2011		2011	
Selling, general and administrative expenses	¥	509,219	¥	194,353	$	2,535
	¥	509,219	¥	194,353	$	2,535

The amount of grants income which the Companies received from the government is deducted from the total research and development expenses.

12. Income taxes

(1) 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 2010 and 2011.

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, 2010 and 2011 are as follows:

	2010	2011
Statutory income tax rate	40.69 %	40.69 %
Effect on operating loss carry-forwards of subsidiaries	1.99	3.58
Permanently non-deductible expenses	0.64	0.89
Per capita inhabitants tax	1.41	1.55
Amortization of goodwill	0.92	2.31
Gain on negative goodwill	(3.41)	-
Effect on sales of subsidiaries	-	(0.73)
Provision for directors' bonuses	1.23	1.29
Use of net operating loss carry-forwards	(1.00)	(0.96)
Other	1.85	(1.90)
Actual effective income tax rate	44.32 %	46.72 %

(2) Significant components of the deferred tax assets and liabilities as of September 30, 2010 and 2011 are as follows:

	Thousands of yen		Thousands of U.S. dollars
	2010	2011	2011
Deferred tax assets			
Provision for bonuses	¥ 590,872	¥ 757,042	$ 9,876
Provision for loss on order received	86,980	199,415	2,601
Enterprise tax payable	98,692	100,783	1,314
Loss on valuation of inventories	133,675	126,084	1,644
Asset retirement obligations	-	157,612	2,056
Goodwill	-	182,798	2,384
Provision for retirement benefits	589,802	891,014	11,624
Net operating loss carry-forwards	190,572	748,134	9,760
Loss on valuation of Investment securities	236,227	284,812	3,715
Other	78,075	304,790	3,976
	2,004,898	3,752,489	48,956
Less: Valuation allowance	(351,529)	(1,276,780)	(16,657)
Total deferred tax assets	¥ 1,653,368	¥ 2,475,709	$ 32,298
Offset with deferred tax liabilities	(45,006)	(306,568)	(3,999)
Deferred tax assets	¥ 1,608,362	¥ 2,169,140	$ 28,299
Deferred tax liabilities			
Property, plant and equipment	(22,239)	-	-
Negative goodwill	(105,025)	(187,627)	(2,447)

Investment securities	-	(84,288)	(1,099)
Removal expenses associated with asset retirement obligations	-	(78,580)	(1,025)
Other	(17,488)	(79,414)	(1,036)
Total deferred tax liabilities	¥ (144,753)	¥ (429,910)	$ (5,608)
Offset with deferred tax assets	45,006	306,568	3,999
Deferred tax liabilities	¥ (99,746)	¥ (123,341)	$ (1,609)
Net deferred tax assets	¥ 1,508,615	¥ 2,045,798	$ 26,690

Net deferred tax assets are included in the consolidated balance sheet as the following

		Thousands of yen	Thousands of U.S. dollars
		2011	2011
Current assets	－deferred tax assets	¥ 1,126,484	$ 14,696
Non-current assets	－deferred tax assets	1,042,656	13,602
Current liabilities	－deferred tax liabilities	(74)	(0)
Non-current liabilities	－deferred tax liabilities	(123,267)	(1,608)

13. Net assets

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, the Company may, by a resolution of the Board of Directors designate an amount not exceeding one-half of the prices of the new shares as additional paid-in capital, which is included in Capital surplus.
Under the Japanese Corporate Law, in cases where a 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.
Legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit or could be capitalized by a resolution of shareholders' meeting.
Additional paid-in capital and legal earnings reserve may not be distributed as dividends.
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 Japanese laws and regulations.

14. Business combinations

（Business combinations by acquisition）

CMIC MEDICAL RESEARCH Co., Ltd.

1. Outline of the business combination

(1) Name and the primary business of the acquired company

Name: SUGI MEDICAL RESEARCH Co., Ltd.

Primary business: Contract research organization (CRO) services

(2) Primary reasons for the business combination

To increase number of sales staff and expand CRO business.

(3) Date of the business combination

May 31, 2011 (Date of share acquisition)

June 30, 2011 (Deemed acquisition date)

(4) Legal form of the business combination: Cash acquisition of 100% share of CMIC MEDICAL RESEARCH Co., Ltd.
(5) Name of the company after the combination: CMIC MEDICAL RESEARCH Co., Ltd.
(6) Ratio of voting rights acquired: 100%
(7) Reason to decide the acquiring company
The transaction was the share acquisition paid all for cash as the consideration.

2. Period of the operating results of the acquired company included in the consolidated statement of income
From July 1, 2011 to September 30, 2011

3. Acquisition cost and its breakdown

		Thousands of yen		Thousands of U.S. dollars	
Consideration of the share acquisition	Cash and deposit	¥	4	$	0
Direct costs for the acquisition	Advisory expenses		4,333		56
Total acquisition cost		¥	4,337	$	56

4. Amount of goodwill; Reason for recognition: Amortization method and period
(1) Amount of goodwill:

Thousands of yen		Thousands of U.S. dollars	
¥	779,646	$	10,171

(2) Reason for recognition
Goodwill is recognized as the excess of the acquisition amount over the fair value of net assets of the acquired company at the acquisition date.
(3) Amortization method and period: Straight-line method over five years

5. Assets and liabilities the Company received at the date of the business combination and its breakdown

	Thousands of yen		Thousands of U.S. dollars	
Current assets	¥	756,686	$	9,871
Non-current assets		33,990		443
Total assets	¥	790,676	$	10,315
Current liabilities		1,531,432		19,979
Non-current liabilities		34,553		450
Total liabilities	¥	1,565,986	$	20,430

6. Estimated impacts of the business combination on the consolidated statements of income assuming the business combination occurred at the beginning of the fiscal year
It is difficult to estimate the impacts and the Company did not receive the Auditors' opinion with regard to the estimation of impacts.

CMIC MEDICAL SUPPORT Co., Ltd.
1. Outline of the business combination
(1) Name and the primary business of the acquired company
Name: SUGI MEDICAL SUPPORT Co., Ltd.
Primary business: Healthcare services
(2) Primary reasons for the business combination
To increase number of sales staff and expand Healthcare business.
(3) Date of the business combination

May 31, 2011 (Date of share acquisition)
June 30, 2011 (Deemed acquisition date)

(4) Legal form of the business combination: Cash acquisition of 100% share of CMIC MEDICAL SUPPORT Co., Ltd.

(5) Name of the company after the combination: CMIC MEDICAL SUPPORT Co., Ltd.

(6) Ratio of voting rights acquired: 100%

(7) Reason to decide the acquiring company

The transaction was the share acquisition paid all for cash as the consideration.

2. Period of the operating results of the acquired company included in the consolidated statement of income

From July 1, 2011 to September 30, 2011

3. Acquisition cost and its breakdown

		Thousands of yen		Thousands of U.S. dollars	
Consideration of the share acquisition	Cash and deposit	¥	200,000	$	2,609
Direct costs for the acquisition	Advisory expenses		4,333		56
Total acquisition cost		¥	204,333	$	2,665

4. Amount of goodwill; Reason for recognition; Amortization method and period

(1) Amount of goodwill:

Thousands of yen		Thousands of U.S. dollars	
¥	54,139	$	706

(2) Reason for recognition

Goodwill is recognized as the excess of the acquisition amount over the fair value of net assets of the acquired company at the acquisition date.

(3) Amortization method and period: Straight-line method over five years

5. Assets and liabilities the Company received at the date of the business combination and its breakdown

	Thousands of yen		Thousands of U.S. dollars	
Current assets	¥	326,564	$	4,260
Non-current assets		54,483		710
Total assets	¥	381,047	$	4,971
Current liabilities		192,995		2,517
Non-current liabilities		37,858		493
Total liabilities	¥	230,854	$	3,011

6. Estimated impacts of the business combination on the consolidated statements of income assuming the business combination occurred at the beginning of the fiscal year

It is difficult to estimate the impacts and the Company did not receive the Auditors' opinion with regard to the estimation of impacts.

CMIC BIORESEARCH CENTER Co., Ltd.

1. Outline of the business combination

(1) Name and the primary business of the acquired company

Name: SUGI INSTITUTE OF BIOLOGICAL SCIENCE Co., Ltd.

Primary business: Contract research organization (CRO) services

(2) Primary reasons for the business combination

To increase number of sales staff and expand CRO business

(3) Date of the business combination

May 31, 2011 (Date of share acquisition)

June 30, 2011 (Deemed acquisition date)

(4) Legal form of the business combination: Cash acquisition of 100% share of CMIC BIORESEARCH CENTER Co., Ltd.

(5) Name of the company after the combination: CMIC BIORESEARCH CENTER Co., Ltd.

(6) Ratio of voting rights acquired: 100%

(7) Reason to decide the acquiring company

The transaction was the share acquisition paid all for cash as the consideration.

2. Period of the operating results of the acquired company included in the consolidated statement of income

From July 1, 2011 to September 30, 2011

3. Acquisition cost and its breakdown

		Thousands of yen		Thousands of U.S. dollars	
Consideration of the share acquisition	Cash and deposit	¥	100,000	$	1,304
Direct costs for the acquisition	Advisory expenses		4,333		56
Total acquisition cost		¥	104,333	$	1,361

4. Amount of goodwill; Reason for recognition; Amortization method and period

(1) Amount of goodwill:

Thousands of yen		Thousands of U.S. dollars	
¥	171,023	$	2,231

(2) Reason for recognition

Goodwill is recognized as the excess of the acquisition amount over the fair value of net assets of the acquired company at the acquisition date.

(3) Amortization method and period: Straight-line method over five years

5. Assets and liabilities the Company received at the date of the business combination and its breakdown

	Thousands of yen		Thousands of U.S. dollars	
Current assets	¥	314,113	$	4,098
Non-current assets		416,602		5,435
Total assets	¥	730,715	$	9,533
Current liabilities		601,916		7,852
Non-current liabilities		195,489		2,550
Total liabilities	¥	797,405	$	10,403

6. Estimated impacts of the business combination on the consolidated statements of income assuming the business combination occurred at the beginning of the fiscal year

It is difficult to estimate the impacts and the Company did not receive the Auditors' opinion with regard to the estimation of impacts.

15. Assets retirement obligation

The asset retirement obligation is the estimated future restoration obligations pursuant to the office rental agreements and expenses mainly for removing asbestos associated with the “Ordinance on Prevention of Asbestos Hazards”. The asset retirement obligation is calculated based upon the estimated period of use ranging from 0.5 to 15 years and discounted by the rate ranging from 0.1% to 1.7%.

The asset retirement obligation as of September 30, 2011 is as follow.

	Thousands of yen		Thousands of U.S. dollars	
As of October 1, 2010 (*1)	¥	328,978	$	4,291
New obligations		26,240		342
Adjustment due to passage of time		3,946		51
Settlement payments		(25,197)		(328)
Other		71,146		928
As of September 30,2011	¥	405,115	$	5,285

*1 The balance of the asset retirement obligation at beginning of the fiscal year was determined based upon the guidance set forth in “Accounting Standards for Asset Retirement Obligations” (ASBJ Statement No.18 issued on March 31, 2008) and “Guidance on Accounting Standards for Assets Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008).

16. Investment and rental property

There is no material investment and rental property to be reported for the year ended September 30, 2011.

17. Segment information

1. General Information about Reportable Segments

Under the unique business model of a Pharmaceutical Value Creator (PVC), which contributes to enhance pharmaceutical companies' value, the Companies and its affiliates (the "Group") established internal operating-companies across the Group such as the CRO Company, the CMO Company, the CSO Company and the Healthcare Company. The Group also has an operating division that focuses on the development of diagnostic drugs, orphan drugs and other products, and comprehensively formulates strategies for its domestic and overseas operations covering all services and products of the Group.
Based on aforementioned internal operating companies, the Group has five reportable segments, the CRO business, CMO business, CSO business, Healthcare business and IPD business, which have been classified according to economic trait of the operations. Individual financial information of each reportable segments is available and the Board of Directors regularly reviews the information to allocate management resources and evaluate performances. The Companies and its affiliates are classified into reportable segments as follows.

Segment	Products/Services	CMIC Group Companies (as of Sept 30,2011)
CRO Business	Services provided to pharmaceutical companies related to support in drug development	CMIC Co., Ltd. CMIC MEDICAL RESEARCH Co., Ltd. CMIC BIORESEARCH CENTER Co., Ltd. (Overseas) CMIC Korea Co., Ltd. CMIC (Beijing) Co., Ltd. CMIC ASIA-PACIFIC, PTE. LTD. GCP CMIC ClinPlus *
CMO Business	Services provided to pharmaceutical companies related to : ・manufacturing ethical and over-the-counter (OTC) drugs ・analytical chemistry	CMIC Co., Ltd. CMIC CMO Co., Ltd. CMIC CMO TOYAMA Co., Ltd. Institute of Applied Medicine, Inc. (Overseas) CMIC CMO Korea Co., Ltd. CMIC CMO USA Corporation
CSO Business	Services provided to pharmaceutical companies related to support in drug sales and marketing	CMIC MPSS Co., Ltd. MDS Co., Ltd.
Healthcare Business	Services related to support in maintaining / promoting health and providing / receiving healthcare, targeted at medical institutions, patients, and consumers (e.g., SMO, healthcare information services)	CMIC Co., Ltd. Site Support Institute Co., Ltd. Healthclick Co., Ltd. CMIC BS Co., Ltd.
IPD Business	Operations related to the development and marketing of diagnostic drugs and orphan drugs	CMIC Co., Ltd.

Company with*is an affiliated company.

2. The method for calculating the amount of net sales, loss, assets and other items

Accounting policy applied to reportable segments are almost the same as that described in "Significant accounting policies". Segment profit is based on operating income. Inter-segment sales and transfer between segments are based on market prices. Corporate assets are not allocated to reporting segments. For the purpose of project management, allocation criteria applied to expenses and assets are different.

3. Segment information by business category

As of and for the year ended September 30,2010 (Thousands of yen)

	CRO	CMO	CSO	Healthcare	IPD	Total	Adjustment Notes1and3	Consolidated Note 2
Net sales								
External customers	15,086,650	9,262,949	3,322,768	8,171,536	17,626	35,861,532	–	35,861,532
Inter-segment	179,811	49,165	211,549	161,572	–	602,098	(602,098)	–
Total	15,266,461	9,312,115	3,534,317	8,333,108	17,626	36,463,630	(602,098)	35,861,532
Segment profit (loss)	2,746,628	454,497	93,729	657,672	(644,043)	3,308,484	2,559	3,311,043
Segment Assets	5.087,275	16,666,362	1,501,084	5,922,482	124,264	29,301,470	3,965,189	33,266,659
Others								
Depreciation	143,347	1,156,124	14,124	95,250	19,848	1,428,695	–	1,428,695
Amortization of goodwill	36,425	56,354	–	46,796	–	139,576	–	139,576
Increase in fixed assets	76,076	6,988,913	4,291	110,819	20,666	7,200,767	185,199	7,385,966

Notes: 1. The adjustment amount of ¥2,559 thousand in segment profit includes intersegment elimination and others.
2. Segment profit corresponds with operating income in the Consolidate Statement of Income.
3. The adjustment amount of ¥3,965,189 thousand in segment assets includes corporate assets of ¥6,389,674 thousand and intersegment elimination and others of (¥2,424,485) thousand. Depreciation and amortization included in corporate assets were allocated to each reporting segments.

As of and for the year ended September 30,2011 (Thousands of yen)

	CRO	CMO	CSO	Healthcare	IPD	Total	Adjustment	Consolidated
Net sales								
External customers	16,407,941	13,525,386	4,514,113	9,073,681	33,910	43,555,034	–	43,555,034
Inter-segment	319,800	55,014	244,929	194,740	–	814,485	(814,485)	–
Total	16,727,742	13,580,401	4,759,043	9,268,421	33,910	44,369,519	(814,485)	43,555,034
Segment profit (loss)	2,667,185	958,325	86,414	584,894	(446,750)	3,850,068	(554)	3,849,514
Segment Assets	6,781,545	16,458,161	1,841,655	7,026,621	246,419	32,354,403	7,026,894	39,381,297
Others								
Depreciation	251,258	1,572,944	24,450	126,799	22,956	1,998,410	–	1,998,410
Amortization of goodwill	47,533	97,604	–	76,351	–	221,489	–	221,489
Increase in fixed assets	1,217,492	1,874,899	–	516,457	2,596	3,611,446	296,384	3,907,830

As of and for the year ended September 30,2011 (Thousands of U.S.dollars)

	CRO	CMO	CSO	Healthcare	IPD	Total	Adjustment Notes1and3	Consolidated Note 2
Net sales								
External customers	214,063	176,456	58,892	118,378	442	568,232	–	568,232
Inter-segment	4,172	717	3,195	2,540	–	10,626	(10,626)	–
Total	218,235	177,174,	62,087	120,918	442	578,858	(10,626)	568,232
Segment profit (loss)	34,796	12,602	1,127	7,630	(5,828)	50,229	(7)	50,221
Segment Assets	88,474	214,718	24,026	91,671	3,214	422,105	91,675	513,780
Others								
Depreciation	3,277	20,521	318	1,654	299	26,071	–	26,071
Amortization of goodwill	620	1,273	–	996	–	2,889	–	2,889
Increase in fixed assets	15,883	24,460	–	6,737	33	47,116	3,866	50,982

Notes: 1. The adjustment amount of (¥554) thousand ($7 thousand) in segment profit includes intersegment elimination and others.
2. Segment profit corresponds with operating income in the Consolidate Statement of Income.
3. The adjustment amount of ¥7,026,894 thousand ($91,675 thousand) in segment assets includes corporate assets of ¥9,037,089 thousand ($117,900 thousand) and intersegment elimination and others of (¥2,010,195) thousand ($26,225 thousand). Depreciation and amortization included in corporate assets were allocated to each reporting segments.

(Additional Information)
Effective from the fiscal year ended September 30, 2011, the Companies adopted the “Accounting Standard for Disclosures about Segments of an Enterprise Related information” (ASBJ Statement No.17, issued on March 27, 2009) and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprises about Segments of an Enterprise and Related information”(ASBJ Guidance No.20, issued on March 21,2008).

(Related Information)

1. Information by products and services

The disclosure of products and services is omitted because the same information is disclosed as segment information.

2. Segment Information by geographic areas

(1)The disclosure of geographical segment information on net sales is omitted as net sales of the domestic operations represent more than 90% of the consolidated net sales.

(2)The disclosure of geographical segment information on property, plant and equipment is omitted as those located in Japan represent more than 90% of property plants and equipment on the consolidated Balance Sheet.

3. Information by major customers

		Net sales	
Name of Customer	Related reportable segment	Thousands of yen	Thousands of U.S.dollars
DAIICHI SANKYO PROPHARMA Co., Ltd	CMO Business	8,022,921	104,669

18. Transactions with related parties

There are no material transactions with related parties to be reported for the year ended September 30, 2011.

19. Net assets and net income per share

	Yen		U.S. dollars
	2010	2011	2011
Net assets per share	¥ 16,978.15	¥ 926.76	$ 12.09
Net income per share	2,032.36	100.73	1.31

No diluted net income per share is presented for the years ended September 30, 2010 and 2011 since no potentially dilutive securities were issued.

On April 1, 2011 the company executed a twenty-for-one stock split.
Assuming that the stock split had taken place at the start of the previous fiscal year per-share information would have been as follows:

(Information for the previous fiscal year)

	Yen
	2010
Net assets per share	¥ 848.91
Net income per share	101.62

20. Subsequent event

（Company split to convert into a Holdings Company Structure）

The Company resolved at the Board of Directors meeting held on November 17, 2011 that CRO business in the Company transfer to the new company, CMIC Co., Ltd. (the “new company”) by means of company split and a Holdings Company Structure starts on January 4, 2012.
After this company split (the ”Company split”), the Company has plan to change its name to “CMIC HOLDINGS Co., Ltd.” and business purpose. The Company split was approved at the annual shareholders meeting on December 15, 2011.

(1) The purpose of Conversion to a Holdings Company Structure.
Through the implementation of its unique Pharmaceutical Value Creator (PVC) business model, the Group provides a comprehensive set of services in its five business domains CRO(Contract Research Organization) business, CMO(Contract Manufacturing Organization)business, CSO(Contract Sales Organization) business, Healthcare business, and IPD(Intellectual Property Development)business to support the pharmaceutical value chain from drug research and development through manufacturing to sales and marketing. As a result of the resolution adopted the Group’s business model will be clearer by speeding up the decision-making and accelerating growth at each of subsidiaries. Furthermore, the Group will establish a renewed group-wide management structure.

1) Strengthening the management function of the Group
The various business activities will be integrated and lead synergistic effects, and at the same time, the Group’s governance will be strengthened by allowing the holdings company to take on planning and driving the Group’s strategies.

2) Promoting proper allocation of resources
The holdings company will allocate the Group's resources from the viewpoint of overall optimization, and perform more speedily and smoothly a business restructuring that includes business collaboration and sale of business.

3) Speeding up the decision making at each subsidiaries
Each subsidiaries will speed up their decision-making and make management more efficient by making clear the

management responsibility and authority of each subsidiaries.

(2)Outline of the Company split

1) Schedule of the Company split

Annual shareholders meeting for relevant date of the Company split: September 30, 2011

Meeting of Board of Directors to resolve the Company split: November 7, 2011

Annual shareholders meeting to resolve the Company split: December 15, 2011

Scheduled date of the Company split (effective date): January 4, 2012

Scheduled date of a stock certificate: The new Company issues no stock certificate.

2) Method of company split

Incorporation-type Company split, in which CMIC HOLDINGS Co., Ltd. and the new company will be the Splitting Company and the Succeeding Company, respectively.

3) Share issued relating to company split.

All Shares regarding this Company split will be issued to the Company.

4) Reduction of the capital stock

There is no reduction in capital in relation to the Company split.

5) Treatment of warrant and corporate bond with warrant

There are no relevant matters.

6) Rights and obligations succeeded by the new company

Except for the matters which are stated in the minutes of understanding about the Company split, the new Company will succeed all rights, obligations and employment relationships of CRO business including status on contracts. The method of succession of liabilities is the cumulative taking of obligation by the Company.

7) Capability of Satisfying Liabilities

Both of the Company and the new company have concluded that there are no doubts as to their capability to satisfy the liabilities borne after the effective date of the Company split.

(3) Outlines of companies in relation to the Company split

The Company to split as of September 30, 2011

1) Name: CMIC Co., Ltd. (to be changed to “CMIC HOLDINGS Co., Ltd.” after the Company split)

2) Business purposes: Development, contract development, manufacturing, sales Import and export of drugs, quasi drugs medical instruments, diagnostic products, veterinary drugs, reagents, cosmetic medical, other scientific products and functional food products.

3) Date of establishment: March 14, 1985

4) Location of head office: 7-10-4 Nishigotanda Shinagawa-Ku Tokyo

5) Name and title of representative: Chairman and CEO, Kazuo Nakamura

6) Amount of capital stock: ¥3,087,750 thousand

7) Number of outstanding stocks: 18,221,860 shares

8) Amount of net assets: ¥16,908,734 thousand

9) Amount of total assets: ¥39,381,297 thousand

10) Fiscal year end: September, 30

11) Number of employee: 3,315(the Companies)

12) Major shareholders and shareholding ratio: Artemis Inc, - 34.94%, Kazuo Nakamura - 10.48%, Japan Trustee Service Bank-Ltd.- 5.66%, Taiyo Pearl Fund. L.P. - 5.12%, Keith Japan Co., Ltd. - 3.94%, The Master Trust Bank of Japan, Ltd.- 2.11%

The New Company as of January. 4, 2012.

1) Name: CMIC Co., Ltd.

2) Business purposes: Development and, contract development, of drugs, quasi drugs, medical instruments, diagnostic products, veterinary drugs, reagents, cosmetic medical, other scientific products and functional food products.

3) Date of establishment: January. 4, 2012.
4) Location of head office: 7-10-4 Nishigotanda Shinagawa-Ku Tokyo
5) Name and title of representative: Representative Director, Nobuo Nakamura
6) Amount of capital stock: ¥100,000 thousand
7) Number of outstanding stocks: 1,000
8) Amount of net assets: ¥125,000 thousand
9) Amount of total assets: ¥ 3,749 thousand
10) Fiscal year end: September, 30
11) Number of employee: 1,142
12) Major shareholders and shareholding ratios: the Company, CMIC HOLDINGS Co., Ltd. - 100.00%

(4) Outline of Split Business
1) The business split: CRO Business
2) Result of operation of the business split for the year ended September. 30, 2011.

(Thousands of yen)

	The business split (a)	The Company to split (b)	Ratio (a/b)
Sales	15,713,293	16,211,247	96.9%
Gross margin	4,793,946	4,629,528	103.6%
Operating income	2,597,529	805,670	322.4%

3) Assets and liabilities to be split as of September. 30, 2011.

(Thousands of yen)

Assets		Liabilities	
Items	Carrying amount	Items	Carrying amount
Current Assets	3,688,494	Current Liabilities	2,514,898
Non-Current Assets	61,426	Non-Current Liabilities	1,110,022
Total	3,749,921	Total	3,624,921

(5) Status of The new company of Incorporation-type Company split.
1) Name: CMIC Co., Ltd.
2) Business purposes: CRO Business
3) Location of head office: 7-10-4 Nishigotanda Shinagawa-Ku Tokyo
4) Name and title of representative: Representative Director President, Nobuo Nakamura
5) Amount of capital stock: ¥100,000 thousand
6) Fiscal year end: September, 30

(6) Status of The listed company after the Company split.
1) Name: CMIC HOLDINGS Co., Ltd.
2) Business purposes: Management and administration of subsidiary companies
3) Location of head office: 7-10-4 Nishigotanda Shinagawa-Ku Tokyo
4) Name and title of representative: Chairman and CEO, Kazuo Nakamura
5) Amount of capital: ¥3,087,750 thousand
6) Fiscal year end: September, 30

(Change of Corporate Tax Rate after consolidated reporting date)
Because of the “Law for Partial Revision of the Income Tax Act, etc., to Construct a Tax System Addressing Changes in the Socio-Economic Structure” (Law No.114 of 2011) and the “Act on Special Measures for Securing Necessary Financial Resources to Implement Measures for the Restoration of the Damages Following the Great East Japan Earthquake” (Law

No.117 of 2011) were promulgated on December 2, 2011, change of corporate tax rate will apply to fiscal year beginning on or after April 1, 2012.
As the result, the effective corporate tax rate used for calculation of deferred tax assets and liabilities concerning fiscal years beginning on or after Oct 1, 2012 will be changed from 40.69% to 38.01%. Also, the effective corporate tax rate used for calculations of deferred tax assets and liabilities concerning fiscal years beginning on or after Oct 1, 2015 will change from 40.69% to 35.64%.
If the Company recalculated deferred tax assets and liabilities on the basis of temporary differences at the end of the fiscal year, deferred tax assets (Non-current) decreased by ¥129,406 thousand, deferred tax liabilities (Non-current) decreased by ¥14,392 thousand, valuation difference on available-for-sale securities increased by ¥10,460 thousand and income taxes-deferred decreased by ¥125,474 thousand.