

# Consolidated Financial Statements

August 7, 2009

(For the nine months ended June 30, 2009)

Name of Company Listed: CMIC Co., Ltd.

Code Number: 2309

Representative:

Position: Chairman and CEO

Name of Contact Person:

Position: Managing Director Chief Disclosure Officer

Stock Listing: First Section of Tokyo Stock Exchange

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Scheduled Date of Filing of Quarterly Report: August 14, 2009

Scheduled Date of Commencement of Dividend Payments: –

## 1. Results for the Nine Months Ended June 2009 (October 1, 2008 through June 30, 2009)

(1) Consolidated financial results (Cumulative)

(Amounts less than one million yen are omitted)

(% indicates rate of gain or loss compared with the previous nine months ended June 2008)

	Net sales		Operating income		Ordinary profits		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended June 2009	21,330	–	1,828	–	1,790	–	815	–
Nine months ended June 2008	18,560	19.0	1,675	16.0	1,635	13.5	655	(22.9)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended June 2009	927.54	–
Nine months ended June 2008	815.11	–

(2) Consolidated financial position

(Amounts less than one million yen are omitted)

	Total assets	Net assets	Equity ratio	Equity per share
	Million yen	Million yen	%	Yen
June 2009	24,328	14,241	54.6	15,105.11
September 2008	22,073	14,051	59.5	14,693.16

Reference: Shareholders' equity: As of June 2009: 13,276 million yen, As of September 2008: 13,135 million yen

## 2. Dividend Status

(Base date)	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	End of FY	Annual
	Yen	Yen	Yen	Yen	Yen
FY ended September 2008	–	133.00	–	133.00	266.00
FY ending September 2009	–	167.00	–	–	–
FY ending September 2009 (Estimated)	–	–	–	167.00	334.00

Note: Revision of dividend forecast in this period (Y/N): None

## 3. Estimation of Business Results for the Fiscal Year Ending September 2009 (October 1, 2008 through September 30, 2009)

(% indicates rate of gain or loss compared with the previous FY)

	Net sales		Operating income		Ordinary profits		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY ending September 2009	29,345	13.8	2,633	15.7	2,564	17.2	1,258	51.6	1,431.25

Note: Revision of consolidated business results forecasts in this period (Y/N): None

#### 4. Other

- (1) Changes in major subsidiaries during the FY (Change in specific subsidiaries as a result of a change in the scope of consolidation): No  
New: - Eliminated: -
- (2) Use of simplified accounting procedures or accounting procedures specific to the preparation of quarterly financial statements: Yes
- (3) Changes in accounting principles, procedures or reporting methods used in preparation of quarterly financial statements (Changes in important items concerning preparation of quarterly financial statements)
- (i) Changes accompanying revision of accounting standards, etc.: Yes
  - (ii) Changes other than (i) above: None
- Note: For details, please refer to the section Business Results and Financial Position, subsection 4. Other Information.
- (4) Total number of outstanding shares (Common stock)
- (i) Total number of outstanding shares at the end of term end (Including treasury stock)  
As of June 2009: 894,957 shares, As of September 2008: 894,957 shares
  - (ii) Total treasury stock at the end of term end  
As of June 2009: 16,013 shares, As of September 2008: 1,002 shares
  - (iii) Average number of outstanding shares during the period  
For the nine months ended June 2009: 878,949 shares  
For the nine months ended June 2008: 803,937 shares

Note on the proper use of the business forecasts contained in this report, and other disclaimers.

- (1) Earnings forecasts and other forward-looking statements contained in this report are based on information currently available to the Company and certain assumptions that the Company has judged to be reasonable. Actual results may vary significantly from forecasts due to a variety of factors. For assumptions underpinning earnings forecasts and notes on the use of earnings forecasts, see page 3, "Business Results and Financial Position," and page 4, "3. Consolidated Operating Results Forecast."
- (2) From the fiscal year ending September 2009, the Company applies the Accounting Standard for Quarterly Financial Statements (ASBJ Statement No. 12) and Implementation Guidance for Accounting Standards for Quarterly Financial Statements (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are presented in accordance with the Rules regarding Quarterly Consolidated Financial Statements.

## Business Results and Financial Position

### 1. Summary of Business Results

In the nine-month period ended June 30, 2009, the Japanese economy remained in a severe slump. The global financial and economic crisis continued, leading to a decline in Japan's economic output. Despite the implementation of a range of response measures by the Japanese government, short- to medium-term prospects remained uncertain. In the pharmaceutical industry, as the government continued its policy of curbing medical expenditures and the so-called "2010 problem" drew nearer—referring to the imminent expiry of patents on certain major pharmaceutical products—international competition to develop new drugs grew more intense. This situation was partially reflected in an increase in large-scale mergers and acquisitions (M&A) transactions, including acquisitions of bio-ventures. Against this backdrop, the CRO industry (drug development support) and the SMO industry (site management organization)—in which the CMIC Group operates—maintained market growth despite some impact from the economic downturn. Market expansion was driven by such factors as pharmaceutical companies' rising research and development (R&D) expenditures, shortened drug development cycles and increasing use of outsourcing as a means of enhancing efficiency.

In this environment, the CMIC Group steadily carried out new-drug development support services related to project orders received from clients in Japan and overseas. As a result, cumulative results, on a consolidated basis, for the nine-month period to June 30, 2009, were as follows. Net sales amounted to ¥21,330 million, operating income totaled ¥1,828 million, ordinary profits amounted to ¥1,790 million, and net income was ¥815 million.

From the first quarter of the current fiscal year, classifications for consolidated business segments have been changed. Consequently, results for the corresponding period of the previous fiscal year have been restated in line with the new segment classifications for comparison purposes. Information relating to comparisons with the corresponding period of the previous fiscal year is included for reference purposes.

Performance by each of the Company's five business segments were as follows.

(Increase/decrease percentages are in comparison with the corresponding nine-month period of the previous fiscal year.)

#### CRO Business

Sales	¥12,476 million (5.3% increase)
Operating income	¥1,415 million (18.0% decrease)

The CRO business principally comprises services provided to pharmaceuticals companies related to support for drug development. In the nine-month period under review, sales from monitoring services increased compared with the previous fiscal year. Factors contributing to this increase included the ongoing implementation of large-scale, joint global clinical trials, which were launched in the previous fiscal year; the extension of existing projects; and an increase in new projects. In data management services, despite the strengthening of activities to win orders, including through the implementation of a training and technology transfer program undertaken in partnership with electronic data capture (EDC) vendors, sales declined compared with the previous fiscal year. This decrease principally reflected the relatively small number of projects for which sales will be recorded during the current fiscal year. In pre-clinical work, the Institute of Applied Medicine, Inc., won new customers and gained increased orders and larger orders from existing customers. Consequently, sales increased compared with the previous fiscal year. In pharmaceutical affairs consulting services, sales grew owing to such factors as the winning of new project orders in the healthcare field. As a result, sales by the CRO business increased ¥627 million, or 5.3%, to ¥12,476 million. Operating income for the segment decreased ¥309 million, or 18.0%, to ¥1,415 million. This fall in operating income was mainly attributable to the cost of building operational infrastructure necessary for future projects in the field of joint global clinical trials.

#### CMO Business

Sales	¥2,059 million (18.0% increase)
Operating loss	¥8 million (previous nine-month period: operating loss of ¥50 million)

The CMO business principally comprises services provided to pharmaceuticals companies related to support for drug manufacturing. CMIC SS CMO Co., Ltd., and CMIC CMO Korea Co., Ltd., undertake contract manufacturing of ethical drugs, over-the-counter (OTC) drugs and other products. CMIC-VPS Corporation of the United States manufactures investigational drugs and ethical drugs under contract. In the nine-month period under review, CMIC-VPS Corporation commenced contract manufacturing of commercial drugs, leading to an increase in sales. As a result, sales by the CMO business increased ¥314 million, or 18.0%, to ¥2,059 million, and operating loss amounted to ¥8 million, compared with an operating loss of ¥50 million in the corresponding period of the previous fiscal year.

#### CSO Business

Sales	¥1,405 million (4.3% decrease)
Operating income	¥1 million (97.9% decrease)

The CSO business principally comprises services provided to pharmaceuticals companies related to support for drug sales and marketing. In the nine-month period under review, although medical representative (MR) dispatch services grew steadily, sales at MDS Co., Ltd., declined owing to the impact of cost cutting by overseas-based pharmaceuticals companies. MDS mainly carries out medical communications services (planning and production of promotional materials). Consequently, sales in this segment decreased ¥62 million,

or 4.3%, to ¥1,405 million, and operating income amounted to ¥1 million, a decrease of ¥53 million, or 97.9%, compared with the corresponding period of the previous fiscal year.

#### Healthcare Business

Sales	¥4,785 million (71.0% increase)
Operating income	¥645 million (230.5% increase)

The Healthcare business principally comprises services provided to medical institutions, patients and consumers related to support for medical treatment and health maintenance and enhancement. In the nine-month period under review, sales grew mainly owing to the addition of operating results from Site Support Institute Co., Ltd. (SSI), which was converted into a consolidated subsidiary in April 2008. Orders and sales at SSI increased steadily, partially owing to completion of integration of its operations with CMIC-CRC Co., Ltd. SSI aggressively strove to expand its business through such moves as the acquisition of Medical Trials, Inc., which became a subsidiary. This acquisition is aimed at reinforcing SSI's network of medical institutions in the Kanto region. As a result, sales by the Healthcare business increased ¥1,986 million, or 71.0%, to ¥4,785 million, and operating income grew ¥450 million, or 230.5%, to ¥645 million.

#### Other Business

Sales	¥868 million (9.6% decrease)
Operating loss	¥229 million (previous nine-month period: operating loss of ¥248 million)

Other business mainly comprises new businesses and R&D-related services. In the nine-month period under review, the Company carried out development work on a diagnostic drug and undertook development of its overseas sales infrastructure. In addition, during the period under review, the Company signed a licensing agreement with French company Orphan Europe SARL. This agreement relates to the development of the acute porphyria drug Normosang® for the Japanese market. Consequently, sales by the Other business segment declined ¥92 million, or 9.6%, to ¥868 million, and operating loss amounted to ¥229 million compared with an operating loss of ¥248 million in the corresponding period of the previous fiscal year.

The segment sales and operating income (loss) presented above include internal Group transactions. Total consolidated results excluding internal Group transactions were net sales of ¥21,330 million, operating income of ¥1,828 million, ordinary profits of ¥1,790 million, and net income of ¥815 million.

## 2. Financial Position

### (1) Analysis of the Company's Assets, Liabilities and Net Assets

Total assets as of the end of the period under review stood at ¥24,328 million, an increase of ¥2,254 million compared with the end of the previous fiscal year. This increase was mainly attributable to an increase in cash on hand and in banks.

Total liabilities increased ¥2,064 million compared with the end of the previous fiscal year, to ¥10,086 million. This was mainly owing to an increase in short-term loans.

Net assets increased ¥190 million compared with the end of the previous fiscal year, to ¥14,241 million. This was largely due to an increase in retained earnings and the purchase of treasury stock.

### (2) Cash Flows

Cash and cash equivalents at end of the nine-month period amounted to ¥7,035 million, an increase of ¥965 million compared with the previous fiscal year-end.

Cash flows during the nine-month period under review are summarized as follows.

#### Cash flows from operating activities

Net cash provided by operating activities amounted to ¥1,777 million compared with ¥1,924 million in the corresponding period of the previous fiscal year. This result was mainly attributable to income before taxes and minority interests.

#### Cash flows from investing activities

Net cash used in investing activities totaled ¥1,114 million compared with ¥1,165 million in the corresponding period of the previous fiscal year. This was mainly attributable to the purchase of property and equipment.

#### Cash flows from financing activities

Net cash provided by financing activities amounted to ¥329 million compared with net cash used in financing activities amounting to ¥556 million in the corresponding period of the previous fiscal year. The major item within this total was increase in short-term loans.

## 3. Consolidated Operating Results Forecast

Consolidated operating results forecast for the fiscal year ending September 30, 2009, are unchanged from the forecasts announced on May 8, 2009.

The forecasts referred to above are based on information available at the time this release was made, and actual results may differ from these forecasts owing to a range of factors.

#### 4. Other Information

##### (1) Changes in Significant Consolidated Subsidiaries during the Period under Review (changes in specified subsidiaries involving changes in the scope of consolidation)

There were no applicable items during the period under review.

##### (2) Simplified Accounting Methods and Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements

###### Simplified Accounting Methods

1. Calculation method for depreciation of fixed assets  
When the declining-balance method is adopted as the method for calculating depreciation of an asset, the amount of depreciation for each fiscal year is calculated by dividing the total depreciable amount proportionally over the depreciation period.
2. Calculation method for estimating doubtful accounts for general receivables  
The Company recognizes that there has been no significant change in the actual receivables default rate as of the end of the nine-month period under review compared with the end of the previous fiscal year. Consequently, the Company calculates its estimate for doubtful accounts based on the actual receivables default rate as of the end of the previous fiscal period.
3. Inventory valuation method  
For the valuation of inventory as of the end of the nine-month period under review, the Company did not carry out a physical inventory count. In lieu of a physical count, the Company calculated inventory valuation using a reasonable method based on the physical inventory taken for the previous fiscal year.
4. Calculation methods for income taxes, deferred tax assets and deferred tax liabilities  
For judgments related to the probability of recovering deferred tax assets, in cases where there are no recognized material changes in the operating environment or the situation relating to the occurrence of temporary differences since the end of the previous fiscal year, the Company adopts a method using business operating results forecasts and tax planning methods utilized in the previous fiscal year.

##### (3) Changes in Accounting Principles, Procedures and Presentation Methods for Preparation of Quarterly Consolidated Financial Statements

1. Application of Accounting Standard for Quarterly Financial Statements  
Commencing from the current fiscal year, the Company has applied Accounting Standard for Quarterly Financial Reporting (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and Guidance on the Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No. 14). The Company prepares its quarterly consolidated financial statements in accordance with the Regulations Concerning Quarterly Consolidated Financial Statements.
2. Application of Accounting Standard for Measurement of Inventories  
Previously, the Company stated inventories held for sale in the ordinary course of business mainly at cost determined principally by the specific identification method. However, commencing from the first-quarter period under review, the Company has adopted the Accounting Standard for Measurement of Inventories (ASBJ Statement No. 9, July 5, 2006). Accordingly, inventories are stated at cost determined principally by the specific identification method whereby the book value (balance sheet amounts) of inventory is marked down in line with any decrease in profitability of an asset. Application of this new standard caused no material impact on earnings compared with the previous method.
3. Application of Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements  
Commencing from the first-quarter period under review, the Company has applied Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statement (ASBJ Practical Issues Task Force (PITF) Report No.18, May 17, 2006) and has, accordingly, made any necessary revisions to its consolidated financial statements. As a result of this change, retained earnings increased ¥28,107 thousand compared with the previous method, but there was no material impact on earnings.
4. Application of Accounting Standard for Lease Transactions  
Previously, the Company recognized lease transactions under finance leases that do not involve the transfer of ownership of the leased asset as operating leases. However, in accordance with Accounting Standard for Lease Transactions (ASBJ Statement No. 13, revised March 30, 2007, based on Business Accounting Council Committee No. 1, June 17, 1993) and Guidance on Accounting Standard for Lease Transaction (ASBJ Guidance No. 16, revised March 30, 2007, based on Japan Institute of Certified Public Accountants (JICPA) Auditing Standards Committee, January 18, 1994), which became applicable for quarterly financial statements in fiscal years beginning on or after April 1, 2008, the Company has applied these accounting standards commencing from the first-quarter period under review. Accordingly, the finance lease transactions mentioned above have been recognized as normal sale and purchase transactions. With regard to the method of depreciation of leased assets under finance leases that do not involve the transfer of ownership of the leased asset, the Company has adopted the straight-line method

whereby the lease period is assumed as the depreciable life of the asset and the residual value is zero. With regard to finance leases that do not involve the transfer of ownership of the leased asset and for which the starting date of the lease is prior to the initial fiscal year in which these new accounting standards apply, the Company continues to recognize these lease transactions as operating leases. The application of the new accounting standards had no material impact on earnings.

## 1. Consolidated Balance Sheets

(Thousands of yen)

	June 2009	September 2008
<Assets>		
<b>I Current assets</b>		
Cash on hand and in banks	7,479,431	6,631,528
Trade notes and accounts receivables	5,279,429	5,164,862
Merchandise and finished goods	3,683	4,309
Work in process	1,573,777	1,403,981
Raw materials and supplies	175,774	112,338
Other current assets	1,337,423	1,043,981
Allowance for doubtful accounts	(2,892)	(8,181)
<b>Total current assets</b>	<b>15,846,628</b>	<b>14,352,818</b>
<b>II Fixed assets</b>		
<b>1. Property, plant and equipment</b>		
(1) Buildings and structures, net	2,283,231	1,882,640
(2) Other property, plant and equipment, net	2,653,053	2,631,053
<b>Total property, plant and equipment</b>	<b>4,936,284</b>	<b>4,513,693</b>
<b>2. Intangible assets</b>		
(1) Goodwill	708,817	617,613
(2) Other intangible assets	584,474	578,376
<b>Total intangible assets</b>	<b>1,293,291</b>	<b>1,195,989</b>
<b>3. Investments and other assets</b>		
(1) Investment securities	535,794	529,724
(2) Leasehold deposits	1,133,904	1,027,681
(3) Other investments	586,973	453,537
(4) Allowance for doubtful accounts	(4,737)	(287)
<b>Total investments and other assets</b>	<b>2,251,934</b>	<b>2,010,656</b>
<b>Total fixed assets</b>	<b>8,481,510</b>	<b>7,720,340</b>
<b>Total assets</b>	<b>24,328,138</b>	<b>22,073,159</b>

(Thousands of yen)

	June 2009	September 2008
<Liabilities>		
<b>I Current liabilities</b>		
Trade notes and accounts payable	675,354	602,462
Short-term loans	2,179,600	629,600
Accrued income taxes	774,633	1,032,868
Reserve for employees' bonus	251,386	830,011
Other provisions	133,706	74,744
Other current liabilities	3,849,123	2,624,191
<b>Total current liabilities</b>	<b>7,863,804</b>	<b>5,793,878</b>
<b>II Long-term liabilities</b>		
Long-term debt	873,700	1,245,900
Employees' severance and retirement benefits	1,125,969	913,006
Other long-term liabilities	222,676	69,261
<b>Total long-term liabilities</b>	<b>2,222,345</b>	<b>2,228,167</b>
<b>Total liabilities</b>	<b>10,086,150</b>	<b>8,022,046</b>
<Net assets>		
<b>I Owners' equity</b>		
Common stock	3,087,750	3,087,750
Capital surplus	5,960,881	5,960,881
Retained earnings	4,837,961	4,254,539
Treasury stock	(416,285)	(36,650)
<b>Total owners' equity</b>	<b>13,470,307</b>	<b>13,266,520</b>
<b>II Accumulated gains from valuation and translation adjustments</b>		
Foreign currency translation adjustments	(193,758)	(131,493)
<b>Total accumulated gains from valuation and translation adjustments</b>	<b>(193,758)</b>	<b>(131,493)</b>
<b>III Minority interests</b>	<b>965,438</b>	<b>916,085</b>
<b>Total net assets</b>	<b>14,241,987</b>	<b>14,051,112</b>
<b>Total liabilities and net assets</b>	<b>24,328,138</b>	<b>22,073,159</b>

## 2. Consolidated Statements of Income

(Thousands of yen)

	Nine months ended June 2009 (October 1, 2008–June 30, 2009)
I Net sales	21,330,906
II Cost of sales	15,595,613
Gross profit	5,735,292
III Selling, general and administrative expenses	3,906,486
Operating income	1,828,805
IV Non-operating income	
Interest income	11,080
Received rents	16,536
Dividend income	7,379
Amortization of negative goodwill	26,878
Equity in earnings of an affiliated company	1,030
Other non-operating income	25,401
Total	88,305
V Non-operating expenses	
Interest expenses	29,976
Foreign exchange losses	19,690
Write-down of investment securities	58,188
Other non-operating expenses	18,987
Total	126,842
Ordinary profits	1,790,268
VI Extraordinary losses	
Loss on disposal of fixed assets	23,073
Amortization of prior service cost	29,328
Loss on devaluation of investment securities	10,531
Total	62,934
Income before income taxes and minority interests	1,727,334
Income taxes	
Current	1,196,929
Deferred	(365,310)
Total	831,619
Minority interests	80,452
Net income	815,262

### 3. Consolidated Statements of Cash Flows

(Thousands of yen)

	Nine months ended June 2009 (October 1, 2008–June 30, 2009)
<b>I Cash flows from operating activities</b>	
Income before income taxes and minority interests	1,727,334
Depreciation and amortization	474,872
Amortization of goodwill	82,402
Amortization of negative goodwill	(26,878)
Interest and dividend income	(18,459)
Interest expenses	29,976
Loss (gain) on devaluation of investment securities	10,531
Write-down of investment securities	58,188
Loss on disposal of fixed assets	23,073
Decrease (increase) in trade receivable	(83,395)
Decrease (increase) in inventories assets	(237,961)
Increase (decrease) in purchase liabilities	89,949
Other, net	1,116,532
<b>Subtotal</b>	<b>3,246,166</b>
Interest and dividends received	18,462
Interest paid	(31,035)
Income taxes paid	(1,456,227)
<b>Net cash provided by operating activities</b>	<b>1,777,365</b>
<b>II Cash flows from investing activities</b>	
Payments of time deposits	(318,318)
Withdrawal of time deposits	485,738
Purchase of property and equipment	(688,588)
Purchase of intangible assets	(258,515)
Purchase of investment securities	(98,077)
Purchase of subsidiaries' stock accompanying a change in the scope of consolidation	(143,670)
Other	(93,329)
<b>Net cash used in investing activities</b>	<b>(1,114,760)</b>
<b>III Cash flows from financing activities</b>	
Increase (decrease) in short-term loans	1,400,000
Proceeds from long-term debt	150,000
Repayment of long-term debt	(518,704)
Repayment of lease obligations	(40,447)
Dividends paid	(259,447)
Dividends paid to minority interests	(22,488)
Payment for purchases of treasury stock	(379,657)
<b>Net cash provided by financing activities</b>	<b>329,255</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>(26,803)</b>
<b>V Net increase (decrease) in cash and cash equivalents</b>	<b>965,056</b>
<b>VI Cash and cash equivalents at beginning of the period</b>	<b>6,070,677</b>
<b>VII Cash and cash equivalents at end of the period</b>	<b>7,035,733</b>

From the fiscal year ending September 2009, the Company applies the Accounting Standard for Quarterly Financial Statements (ASBJ Statement No. 12) and Implementation Guidance for Accounting Standards for Quarterly Financial Statements (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are presented in accordance with the Rules regarding Quarterly Consolidated Financial Statements.

#### 4. Notes regarding the Assumption of a Going Concern

There are no relevant items.

## 5. Segment Information

### (1) Segment Information by Business Category

Results for the Nine Months Ended June 2009 (October 1, 2008 through June 30, 2009) (Thousands of yen)

	CRO	CMO	CSO	Healthcare	Others	Total	Eliminations/ Headquarters	Consolidated
Net sales								
(1) Outside customers	12,420,021	2,046,193	1,405,495	4,707,280	751,915	21,330,906	—	21,330,906
(2) Inter-segment	56,397	12,854	9	78,086	116,638	263,986	(263,986)	—
Total	12,476,419	2,059,048	1,405,504	4,785,367	868,553	21,594,892	(263,986)	21,330,906
Operating income (losses)	1,415,294	(8,950)	1,142	645,325	(229,316)	1,823,495	5,310	1,828,805

- Notes: 1. Method for classifying business segments  
Businesses are classified by taking into account products and service groupings and market similarities.
2. Principal services included within each business segment  
 CRO: Monitoring services, data management services, pharmaceutical affairs consulting services, pre-clinical work  
 CMO: Contract manufacturing organization services  
 CSO: Pharmaceutical marketing support, MR dispatch  
 Healthcare: SMO services, provision of healthcare information via the internet  
 Others: Human resources organizational support, diagnostic drug development, new businesses
3. 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 17, 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.

When restated in accordance with the classification method adopted for the nine-month period under review, segment information for the nine-month period of the previous fiscal year is as follows.

Results for the Nine Months Ended June 2008 (October 1, 2007 through June 30, 2008) (Thousands of yen)

	CRO	CMO	CSO	Healthcare	Other	Total	Eliminations/ Headquarters	Consolidated
Net sales								
(1) Outside customers	11,834,920	1,737,196	1,468,386	2,655,315	864,842	18,560,662	—	18,560,662
(2) Inter-segment	14,196	7,260	—	143,453	96,141	261,052	(261,052)	—
Total	11,849,117	1,744,456	1,468,386	2,798,769	960,983	18,821,714	(261,052)	18,560,662
Operating income (losses)	1,725,240	(50,208)	54,545	195,244	(248,986)	1,675,835	—	1,675,835

### (2) Segment Information by Geographic Region

Nine Months Ended June 2009 (October 1, 2008 through June 30, 2009)

Due to the fact that sales in Japan exceeded 90% of net sales, segment information by geographic region is not included in this report.

### (3) Overseas Sales

Nine Months Ended June 2009 (October 1, 2008 through June 30, 2009)

Due to the fact that overseas sales were less than 10% of consolidated net sales, overseas sales information is not included in this report.

## 6. Note regarding Significant Change in Shareholders' Equity

There are no relevant items.

## 7. Other Information

### (1) Orders Results by Business Category

Order results classified by business segment for the previous fiscal year and the fiscal year under review are as follows.

(Millions of yen)

Business segment name	Nine months ended June 2008 (October 1, 2007– June 30, 2008)		Nine months ended June 2009 (October 1, 2008– June 30, 2009)		FY 2008 (October 1, 2007– September 30, 2008)	
	Orders	Order balance	Orders	Order balance	Orders	Order balance
CRO Business	13,036	13,980	9,658	14,152	20,408	16,914
CMO Business	1,851	323	2,152	367	2,485	260
CSO Business	1,868	610	2,092	1,206	2,210	519
Healthcare Business	7,406	6,650	6,105	8,379	9,269	6,981
Other Business	657	776	595	650	804	807
Total	24,820	22,342	20,604	24,756	35,177	25,483

Notes: 1. The amounts presented above are based on selling prices.

2. Inter-segment sales are excluded from the amounts shown above.

3. The amounts shown above do not include consumption tax, etc.

4. The order amount shown for Healthcare business for the nine-month period of the previous fiscal year and the full previous fiscal year includes the order balance held by SSI on April 1, 2008, the date it became a consolidated subsidiary. SSI's order balance on that date was ¥4,308 million.

5. Owing to the change in business segment classifications from the fiscal year ending September 30, 2009, figures for the nine-month period of the previous fiscal year and the full previous fiscal year have been restated in accordance with the new classifications.

### (2) Sales Results by Business Category

Sales results classified by business segment for the previous fiscal year and the fiscal year under review are as follows.

(Thousands of yen)

Business segment name	Nine months ended June 2008 (October 1, 2007– June 30, 2008)		Nine months ended June 2009 (October 1, 2008– June 30, 2009)		FY 2008 (October 1, 2007– September 30, 2008)	
	Orders	Order balance	Orders	Order balance	Orders	Order balance
CRO Business	11,834	12,420	16,273			
CMO Business	1,737	2,046	2,434			
CSO Business	1,468	1,405	1,901			
Healthcare Business	2,655	4,707	4,187			
Other Business	864	751	980			
Total	18,560	21,330	25,777			

Notes: 1. Inter-segment sales are excluded from the amounts shown above.

2. The amounts shown above do not include consumption tax, etc.

3. Owing to the change in business segment classifications from the fiscal year ending September 30, 2009, figures for the nine-month period of the previous fiscal year and the full previous fiscal year have been restated in accordance with the new classifications.

### (3) Subsequent Events

On July 31, 2009, the Company's Board of Directors resolved to sign a binding memorandum of understanding (MOU) with DAIICHI SANKYO CO., LTD., under which the Shizuoka Plant of DAIICHI SANKYO's wholly owned subsidiary DAIICHI SANKYO PROPHARMA CO., LTD. (Head Office: Tokyo; President: Masahiro Okabe), will be transferred to the ownership of CMIC. This transfer includes the land, buildings and facilities of the Shizuoka Plant. Under the MOU, CMIC will manufacture the plant's existing products under a contract manufacturing organization (CMO) relationship. On the same date, the Company signed an MOU with DAIICHI SANKYO CO., LTD., as outlined above.

#### 1. Reasons for the Acquisition

The CMIC Group has built a system to support the pharmaceutical development, manufacturing and marketing activities of pharmaceutical companies. Based on its unique business model as a Pharmaceutical Value Creator (PVC), CMIC strives to help pharmaceutical companies maximize their value. At present, CMIC is working to strengthen and enhance its support services and further expand its earnings base.

Through the plant acquisition announced this time, as the CMO market steadily expands, the CMIC Group's CMO business will become one of the largest CMOs in Japan, capable of manufacturing almost all formulation types domestically. A key trend among the CMIC Group's clients is toward divestiture of manufacturing operations and greater use of outsourcing. The CMIC Group is responding to this trend by working to meet the diverse needs of its clients even more flexibly and swiftly.

#### 2. Overview of the DAIICHI SANKYO PROPHARMA Shizuoka Plant

Location	1-588, Kanaya-azuma, Shimada, Shizuoka
Area	210,000 square meters
Commencement of operations	1965
Number of employees (as of July 2009)	387
Manufacturing capacity	Tablet formulations: 1.5 billion/year Capsule formulations: 500 million capsules/year Granule/powder formulations: 200 tons/year Injectable formulations: 3.0 million units/year
Principal products	Ethical drugs Cravit® tablets, Transamin capsules, Pantethine powder, Omnipaque® in syringes, etc.

#### 3. Method of Transfer

DAIICHI SANKYO will establish a new wholly owned subsidiary (name to be decided; hereafter "the new Shizuoka company"), which will assume the assets of the business to be transferred through an absorption-type company split.

#### 4. Schedule

October 2009	Establishment of new Shizuoka company
November 2009	Signing of definitive agreement
April 2010	Transfer of shares; commencement of operations

Reference Material

Financial Statements for the Nine-Month Period of the Fiscal Year Ended September 30, 2008

(1) Consolidated Statements of Income

(Thousands of yen)

	Nine months ended June 2008 (October 1, 2007–June 30, 2008)
I Net sales	18,560,662
II Cost of sales	13,399,004
Gross profit	5,161,658
III Selling, general and administrative expenses	3,485,822
Operating income	1,675,835
IV Non-operating income	108,474
V Non-operating expenses	148,768
Ordinary profits	1,635,541
VI Extraordinary income	304
VII Extraordinary losses	5,876
Income before income taxes and minority interests	1,629,969
Income taxes	865,911
Minority interests	108,758
Net income	655,299

## (2) Consolidated Statements of Cash Flows

(Thousands of yen)

	Nine months ended June 2008 (October 1, 2007–June 30, 2008)
<b>I Cash flows from operating activities</b>	
Income before income taxes and minority interests	1,629,969
Depreciation and amortization	349,173
Amortization of goodwill	73,614
Amortization of negative goodwill	(59,483)
Increase (decrease) in reserve for directors' bonus	(123,804)
Increase (decrease) in allowance for doubtful accounts	33
Increase (decrease) in employees' severance and retirement benefits	126,382
Increase (decrease) in allowance for losses on orders	15,000
Interest income	(18,198)
Interest expenses	30,701
Equity in losses (earnings) of an affiliated company	(1,436)
Foreign exchange loss (gain)	49,492
Gain on sales of investment in subsidiary	(265)
Write-down of investment securities	58,211
Loss on disposal of fixed assets	5,876
Gain on sales of fixed assets	(5)
Decrease (increase) in trade receivable	968,944
Decrease (increase) in inventories assets	(625,090)
Increase (decrease) in purchase liabilities	(11,005)
Increase (decrease) in accrued expenses	534,723
Increase (decrease) in advances from customers	341,334
Increase (decrease) in deposit received	(24,500)
Other, net	(158,967)
Subtotal	3,160,700
Interest and dividends received	18,532
Interest paid	(31,196)
Income taxes paid	(1,223,629)
<b>Net cash provided by operating activities</b>	<b>1,924,406</b>

(Thousands of yen)

	Nine months ended June 2008 (October 1, 2007–June 30, 2008)
<b>II Cash flows from investing activities</b>	
Payments of time deposits	(194,479)
Withdrawal of time deposits	262,452
Purchase of property and equipment	(477,013)
Proceeds from sale of property and equipment	5
Purchase of intangible assets	(281,316)
Pledging of leasehold deposit	(71,305)
Reversing of leasehold deposits	10,924
Purchase of investment securities	(188,322)
Proceeds from sales of investment in subsidiaries	4,075
Purchase of subsidiaries' stock accompanying a change in the scope of consolidation	(265,858)
Proceeds from collection of loans	35,218
<b>Net cash used in investing activities</b>	<b>(1,165,620)</b>
<b>III Cash flows from financing activities</b>	
Proceeds from long-term debt	279,000
Repayment of long-term debt	(537,380)
Repayment of lease obligations	(8,547)
Payment for purchases of treasury stock	(36,573)
Dividends paid	(160,641)
Dividends paid to minority interests	(12,510)
Dividends paid to former shareholders of newly consolidated subsidiary	(80,210)
<b>Net cash used in financing activities</b>	<b>(556,863)</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>(43,269)</b>
<b>V Net increase in cash and cash equivalents</b>	<b>158,654</b>
<b>VI Cash and cash equivalents at beginning of the period</b>	<b>4,505,932</b>
<b>VII Cash and cash equivalents from newly consolidated subsidiaries</b>	<b>2,317,387</b>
<b>VIIICash and cash equivalents at end of the period</b>	<b>6,981,974</b>